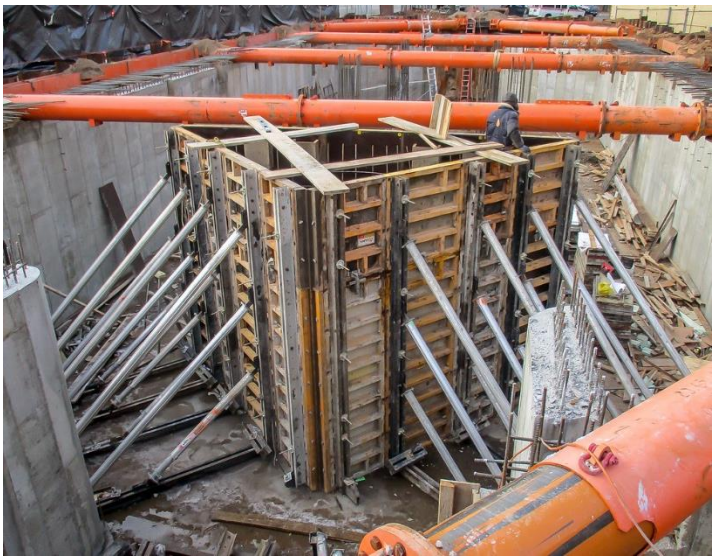


New Jersey Water Bank Applicant Guidance

For New Jersey's Clean Water and Drinking Water State Revolving Funds



Acknowledgements

This guidance document was prepared in accordance with N.J.A.C. 7:22, the Intended Use Plan, and supporting documentation to reflect the most recent Program information as of September 2023.

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Special thanks to the staff from the Department of Environmental Protection, Division of Water Quality and the New Jersey Infrastructure Bank.

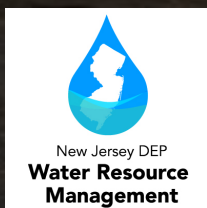


Photo: Passaic Valley Sewerage Commission
Decant Facility Improvements

Table of Contents

Overview	4
Eligibility.....	5
Eligible Applicants.....	5
Eligible Projects	6
Eligible Costs.....	10
Financing Information	11
Short Term and Long-Term Loans	11
Funding Packages	12
Principal Forgiveness (PF).....	13
Administrative Fees.....	13
Project Ranking.....	14
Funding Sources	15
Program Pathway	16
Step 1: Assembling Your Team	17
Step 2: Preliminary Technical Assistance	20
Step 3: Pre-Planning Phase.....	22
Step 4: Technical Assistance.....	24
Step 5: Short Term Loan Closing for Planning and Design	26
Step 6: Planning and Environmental Decision Document (EDD).....	27
Step 7: Engineering and Authorization to Advertise	32
Step 8: Completion of Loan Application.....	35
Step 9: Short Term Loan Closing for Start of Construction	36
Step 10: Construction Oversight	37
Step 11: Long-Term Loan Closing at the End of Construction.....	39
Moving Forward, Securing Financing	40
Resources	41

OVERVIEW

This **Applicant Guidance** is intended for any municipality, utilities authority or other eligible entity with an interest in obtaining financing for water infrastructure projects from the [New Jersey Water Bank](#)¹. It offers a roadmap for applicants outlining the steps involved in getting from an initial funding query through to final construction dollars. Other critical resources for developing a funding application include the Water Bank website, the current year's [Intended Use Plan](#), and other [Resources](#) linked at the end of this Guide.

The Applicant Guidance

- Provides an overview of financing available from the Water Bank
- Clarifies the sequence of required application activities, and
- Defines the standards that must be met at each step along the way.

Since issuing its first loan in 1987, the New Jersey Water Bank ('NJWB' or 'Water Bank'), has been jointly funded and managed by the [New Jersey Department of Environmental Protection \(DEP\)](#) and the [New Jersey Infrastructure Bank \(I-Bank\)](#). The Water Bank provides low-cost financing for clean water and drinking water projects. NJWB lending capital is composed of Federal and State Revolving Funds combined with proceeds from I-Bank issued bonds and other supplemental sources of monies. This capital is used to provide low interest rate loans for the planning, design and construction of water infrastructure projects and purchase of related equipment.

Quick Acronyms

CWSRF

Clean Water State Revolving Fund

DWSRF

Drinking Water State Revolving Fund

NJDEP/DEP

New Jersey Department of Environmental Protection

NJIB/I-Bank

New Jersey Infrastructure Bank

NJWB

New Jersey Water Bank

WISE Act

Water Infrastructure Savings Enabling Act

THE GOAL OF THE WATER BANK IS TO PROVIDE LOW INTEREST FUNDING FOR NEEDED WATER QUALITY IMPROVEMENT PROJECTS TO QUALIFIED BORROWERS.

¹ Prior to 2018, the New Jersey Water Bank was known as the New Jersey Environmental Infrastructure Financing Program (NJEIFP), a joint financing program of the DEP and New Jersey Environmental Infrastructure Trust

ELIGIBILITY

ELIGIBLE APPLICANTS

The following entities are eligible for Water Bank financing:

CLEAN WATER

- ✓ Owners of publicly owned treatment works (towns, boroughs, municipal utilities authorities, counties, regional water authorities, other local government units, etc.) with projects to improve water quality.
- ✓ Private entities, such as developers, are eligible through public conduit borrowers.
- ✓ Private colleges and universities may also be eligible for funding for nonpoint source pollution projects to help address water quality concerns under the [Clean Water State Revolving Fund \(CWSRF\)](#).

DRINKING WATER

- ✓ Public community water systems, both privately -and publicly-owned, and nonprofit non-community water systems (as defined by the [National Primary Drinking Water Regulations](#)) are eligible for Water Bank financing under the [Drinking Water State Revolving Fund \(DWSRF\)](#).
- ✓ Public community water systems owned by water commissions, water supply authorities, and water districts are also eligible.

Applicants must also satisfy [the Water Bank's creditworthiness standards](#). NJWB maintains creditworthiness standards that applicants must satisfy to be eligible for financing. Applicants can satisfy these requirements by identifying which of the following scenarios apply to their specific application:

- ✓ If an applicant has an investment-grade rating, as defined in the I-Bank's Credit Policy, from one of the following three (3) [Nationally Recognized Statistical Rating Organization \(NRSRO\)](#): Fitch Ratings, Inc., Moody's Investors Service, or S&P Global Ratings, the applicant satisfies the I-Bank's creditworthiness standards for NJWB financing.
- ✓ If a municipal applicant has a rating that is below investment grade, as defined in the I-Bank's Credit Policy, and receives state aid, NJWB can provide guidance on issuing bonds through the [State's Qualified Bond Act \(QBA\)](#) to satisfy the I-Bank's creditworthiness standards to qualify for NJWB financing.
- ✓ If an applicant does not have an investment-grade rating, as defined in the I-Bank's Credit Policy, and wishes to borrow an amount that results in more than \$50,000 in Annual Debt Service to either the State or the I-Bank, a private (or public) investment grade ratings assessment is required from one of the three NRSROs listed in the first point above to satisfy the creditworthiness standards in order to qualify for NJWB financing.
- ✓ The Credit Requirements are waived for any projects which receive 100% Principal Forgiveness.

Additionally, every applicant is required to issue a bond, note or other obligation to secure the repayment of NJWB funds, in accordance with the [New Jersey Local Bond Law, N.J.S.A. 40A:2-1 et seq.](#) The I-Bank provides a Water Infrastructure Savings Enabling (WISE) Act Calculator on its website at <https://wise.h2loans.com>. This calculator produces a Financing Cost Estimate (FCE) estimating the cost of financing a water infrastructure project through the I-Bank and DEP's joint Financing Program and compares this cost with the estimated cost of the Project Sponsor financing the project on its own. I-Bank staff and their advisors can provide detailed guidance on securing financing. For further information regarding the current regulations and policies of the I-Bank, call the I-Bank at (609) 219- 8600 or visit <https://www.njib.gov/nj/Legal+Structure+%252F+Policies.44>.

TIP: I-BANK STAFF CAN HELP INTERESTED BORROWERS IN THEIR INTERACTIONS WITH PRIVATE RATING AGENCIES OR THE NJ DEPARTMENT OF COMMUNITY AFFAIRS.

ELIGIBLE PROJECTS

NJWB funds all types of water infrastructure, including a wide variety of wastewater treatment works, traditional stormwater management, drinking water systems, eligible land acquisition, and landfill activities. Before starting the application process, ensure that your project is eligible for funding.

Make sure to check the NJWB's most recent Intended Use Plan (IUP) to verify the current types of eligible projects, which is available online here: <https://dep.nj.gov/wiip/intended-use-plan-and-project-priority-lists/>.

Additional information on eligible project types is also provided on the I-Bank website at <https://www.njib.gov/nj/+Clean+Water+Projects.23>. You may also contact DEP or I-Bank staff to verify eligibility.

DEP recommends potential applicants participate in a **pre-planning meeting** or conference call (engineers, administrator, bond counsel, etc.) prior to submission of a formal application for a Water Bank loan to determine project eligibility and project requirements and to explain all loan application documents (see **Step 3** of the Program Pathway).

Quick Acronyms

CSO

Combined Sewer Overflow

HDSRF

Hazardous Discharge Site Remediation Fund

IUP

Intended Use Plan

N.J.A.C

New Jersey Administrative Code

N.J.S.A

New Jersey Statutes Annotated

TIP: REACH OUT TO THE WATER BANK IF YOU ARE STILL UNSURE ABOUT ELIGIBILITY. YOU MAY EVEN QUALIFY FOR TECHNICAL ASSISTANCE (SEE STEP 2 OF THE PROGRAM PATHWAY).

Drinking Water

The main objective of drinking water funding is to protect public health in conformance with the objectives of the Safe Drinking Water Act. Eligible projects include but are not limited to:

- Projects to maintain compliance with existing regulations for contaminants with acute (e.g., Total Coliform Rule) or chronic health effects (e.g., Lead and Copper Rule)
- Projects that address the exceedance of a recommended upper limit for secondary contaminants
- Lead service line location and replacement
- Rehabilitation or development of sources to replace contaminated sources
- Treatment of unregulated contaminants
- Treatment facilities
- Storage facilities
- Transmission and distribution pipes
- Purchase or consolidation (i.e., restructure) of a water system that is unable to maintain compliance for technical, financial, or managerial reasons
- Emergency Repair Projects to replace an essential portion of a public water system, whose failure will disrupt water service to customers for a minimum of 24 hours total and/or poses a substantial threat to public health, safety, and welfare. Emergencies must have been reported to the DEP hotline before the project comes into the program
- Development and implementation of asset management programs for small water systems

Wastewater

Most projects associated with sewage collection, treatment, or disposal are eligible for financing, including correction of inflow/infiltration problems, sludge management and combined sewer overflows. Eligible wastewater projects for existing water quality needs include but are not limited to:

- Secondary and advanced wastewater treatment
- Flood resiliency that protects water infrastructure
- Sludge handling facilities
- Infiltration and inflow (I/I) correction
- Interceptors, pumping stations, and force mains
- Sewer system rehabilitation
- New collection systems
- Correction of Combined Sewer Overflows (CSOs)
- Solutions for malfunctioning septic systems
- Wastewater reuse and conservation projects
- Well Sealing
- Emergency Repair Projects to replace, in kind, the failure of an essential portion of a wastewater system that will disrupt service for a minimum of 24 hours total and/or poses a substantial threat to public health, safety, and welfare. Emergencies must have been reported to the DEP hotline before the project comes into the program

Stormwater

In addition to Green Infrastructure, eligible projects include construction, expansion, or replacement of stormwater management systems, including, but not limited to, the following:

- Non-point source pollution/ stormwater management
- Construction of regional basins
- Major stormwater system rehabilitation
- Replacement of existing storm drains
- Rehabilitation of tide gates
- Extension of outfall points
- Runoff control (manure/feedlots and stream bank stabilization/ restoration)
- Stream/lake embankment restoration
- Salt dome construction



Brownfields

The cleanup of abandoned and contaminated industrial sites is eligible for financing if a local or county government assumes the repayment obligation for the loan. NJWB provides loans to municipalities, counties and public authorities to support a wide range of cleanup and remediation activities necessary to restore [brownfield sites](#) for re-use, including the removal of contaminated soil, site-capping and the installation of stormwater controls.

Applicants interested in a brownfields project should also be aware of the [Hazardous Discharge Site Remediation Fund \(HDSRF\)](#), another important funding source administered jointly by DEP and the New Jersey Economic Development Authority (NJEDA) for the cleanup of brownfield sites. HDSRF grants and loans are available to public entities, private entities, and non-profit organizations for the remediation of a suspected or known discharge of a hazardous substance or hazardous waste.

Green Projects

Green projects are clean water projects that incorporate green infrastructure and water or energy efficiency improvements² (those that reduce greenhouse gas emissions, or rain gardens for stormwater management, for example).

Borough of Carteret Stormwater Resiliency Project

² Water Bank eligibility for energy efficiency improvements is limited to the pro rata share of capital costs that provide power to a publicly owned treatment works.

Green infrastructure includes such practices as:

- Replacement of existing pavement with porous pavement
- Utilization of bioretention
- Renewable energy
- Construction of green roofs
- Creation of rain gardens
- Other practices that restore natural hydrology and treat stormwater runoff through infiltration into the subsoil, treatment by vegetation or soil, or stored for reuse

Landfills

Landfill construction activities that have a water quality benefit are eligible for NJWB financing.

- Capping systems
- Liners
- Leachate collection systems
- Treatment systems
- Sewer connections
- Barge shelters
- Containment booms
- Litter fences
- Gas collection and treatment systems
- Monitoring wells
- Reclamation or reduction activities

Land Preservation

NJWB provides financing for the preservation of properties that protect stream headwaters and corridors, wetlands, and aquifer recharge areas. Placement of conservation easements on funded parcels is required to assure that water quality benefits are preserved in perpetuity.

Using NJWB financing for land preservation is compatible with the State's Green Acres Program, (<https://dep.nj.gov/greenacres/>) the Garden State Preservation Trust (<https://www.nj.gov/gspt/>), and Open Space programs financed by local and county Open Space taxes. Unlike Green Acres, properties preserved through NJWB can only be used for passive recreation.

Equipment Purchase

Equipment that provides a water quality benefit can be financed under NJWB, including but not limited to:

- Street sweepers
- Generators
- Sewer flushing and cleaning equipment
- Dump trucks
- Crawler loaders
- Skimmer boats
- Aquatic weed harvesters
- Outfall netting

Security Monitoring

Projects designed to improve security at otherwise funding-eligible wastewater and drinking water facilities are eligible for funding, including but not limited to:

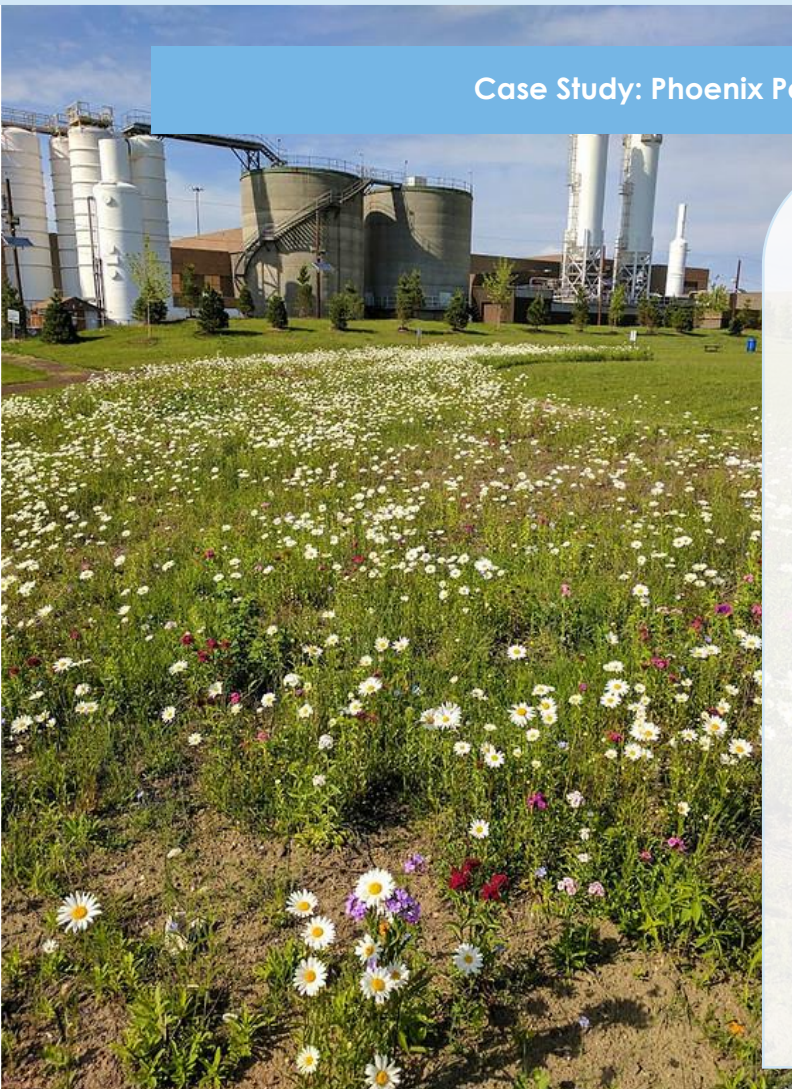
- Fencing
- Lighting
- Motion detectors
- Cameras
- Secure doors
- Alternative auxiliary power sources

ELIGIBLE COSTS

In addition to the capital improvements described above, the costs necessary to plan, design and construct a project are also eligible as a component of such financing. Eligible costs include planning, design, engineering fees, surveys, environmental or geological studies, legal, administrative, and other costs related to project plan preparation. The NJWB can finance such costs with a no-interest short-term loan for planning and design in advance of the start of construction. See [Step 5](#) of the Program Pathway to learn more. Note, however, that a capital improvement must be a component of each NJWB long-term loan.

For detailed information about which project costs are currently allowable, consult [N.J.A.C. 7:22-5.1](#) and the most recent [Intended Use Plan \(IUP\)](#).

Case Study: Phoenix Park, Camden County



The Phoenix Park project remediated the former American Minerals site in Camden, N.J., and converted the brownfield site into a recreational area with a stabilized access ramp near the overlook plaza and new trees. Approximately 9,000 square feet of wetlands were introduced near the water, and in the uplands area a native meadow was planted.

The Camden County Municipal Utilities Authority (CCMUA) received a **\$5.4 million in Water Bank loans**, with total savings estimated to be \$3.1 million, nearly 60% of the total project costs. The loans addressed a variety of stormwater controls and water quality improvements throughout Camden, including green infrastructure facilities, sewer reconstruction, and Phoenix Park.

Source: [New Jersey Infrastructure Bank, 2018](#)

FINANCING INFORMATION

SHORT-TERM AND LONG-TERM LOANS

All projects are encouraged to secure short-term loans at the time of execution of an engineering design contract for the entirety of the project (planning, design, and construction). Funding will be committed upon certification of each operable segment and upon satisfaction of the program's credit worthiness standards. These loans are currently available for terms of up to 5 full fiscal years.

When a project is at or near construction completion, long-term financing will be issued. For short-term loans issued upon certification of engineering contracts/agreements, long-term financing terms are established consistent with the IUP operative **at the time of certification of each construction contract**. For short-term loans issued at the time of certification of construction contracts, long-term financing terms are established consistent with the IUP operative **at the time of short-term loan closing**. For applicants financing the cost of construction through non-NJWB sources or self-funding, long-term financing terms are established consistent with the IUP operative **at the time of the long-term loan closing**.

The following short-term loans can be rolled into a NJWB capital improvement project or repaid in 2 years:

Planning and Design Loans

The Program offers short-term loans to cover the costs associated with planning and design of a water infrastructure project. Eligible costs include engineering fees, surveys, environmental or geological studies, and other costs related to project plan preparation.

Asset Management Plan Loans

Projects to develop and implement [Asset Management Plans \(AMP\)](#) are eligible for financing. AMPs document a utility's Asset Management Program where capital assets are inventoried, monitored, and managed over time to ensure the longevity and sustained viability of the assets as components of an effectively functioning system.

Other financing options are available from the [Statewide Assistance Infrastructure Loan or SAIL \(disaster relief\) Program](#) to assist project sponsors anticipating FEMA or other Federal disaster relief grants. For additional information on the SAIL disaster loan program, contact the I-Bank at 609-219-8600.

Quick Acronyms

AMP

Asset Management Plan

FEMA

Federal Emergency Management Agency

MCL

Maximum Contaminant Level

PF

Principal Forgiveness

PS

Priority System

WIFIA

Water Infrastructure Finance and Innovation Act

Loan Terms

Most long-term loans have a maximum term of 30 years but cannot exceed the useful life of the asset being financed. To assist with Combined Sewer Overflow (CSO) Abatement Projects, the NJWB has approved **extended term financing** to CSO projects for up to 45 years and for projects financed with proceeds of a WIFIA loan with a term up to 35 years, reducing annual debt service repayment amounts.

FUNDING PACKAGES

NJWB program is jointly administered by the DEP and the I-Bank, providing low-cost financing, including principal forgiveness (grant-like funding), interest free loans, and low interest loans for high priority projects. NJWB has incentivized many projects by developing funding packages with a combination of principal forgiveness and blended interest rate loans. Some common funding packages can be seen in the lists below.

Applicants can also see other grant and loan opportunities available through DEP in the [NJDEP Sustainability Funding and Incentive Guide](#).



CWSRF IUP Packages*

- CSO Long Term Control Plan (LTCP) ARPA Projects
- CSO Abatement
- CSO Abatement Affordability Criteria
- Water Quality Restoration
- Affordability Criteria
- Energy and Water Efficiency Projects
- Overflow and Stormwater Grant (OSG) CW SRF PF Loans
- Emerging Contaminants
- Brownfield Redevelopment

DWSRF IUP Packages*

- Affordability Projects
- High Rank Affordability Projects
- Nano Loan Program (Water Systems Serving 10,000 or Less)
- Very Small Water Systems Program (Serving 1,000 or Less)
- Lead Line Replacement
- Emerging Contaminants
- Climate Change/ Resilience or Projects to Comply with Multiple MCLs



*SFY24 funding packages are subject to change. Applicants should always check the [current IUP](#) to see details on which funding packages are available for that year and whether their project is eligible.

PRINCIPAL FORGIVENESS (PF)

Principal Forgiveness (PF) means that a portion of the total loan amount is not required to be paid back. Funding packages may include PF, especially for high priority projects. For example, a funding package might include 100% PF for the first \$2 million, meaning \$2 million of the final loan amount would be forgiven.

Please note that there are limited funds available each year and the types of projects that are eligible for principal forgiveness change annually. PF funds are distributed based on rank and readiness. Read the most [recent IUP](#) for more information, or reach out to the NJWB.

ADMINISTRATIVE FEES

Program fees include the following:

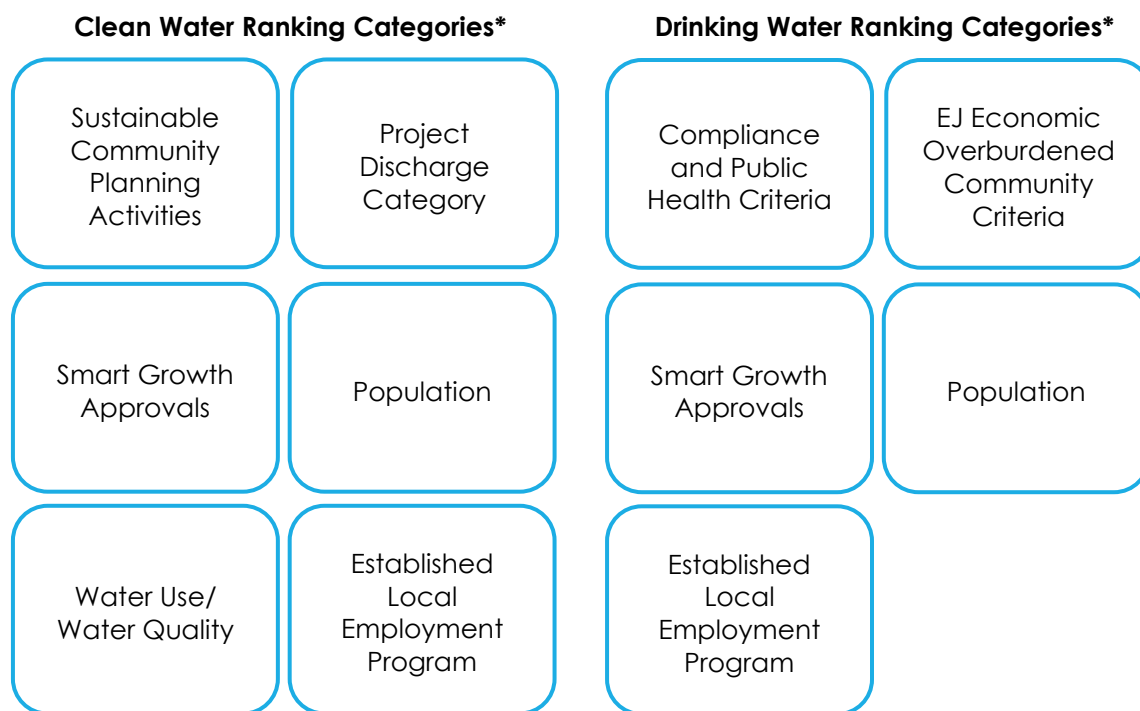
- ✓ **DEP Loan Origination Fee:** The DEP's Loan Origination Fee, calculated as 2% of project costs, offsets the cost of DEP's project review and construction management services provided to borrowers. Sponsors may finance half the cost of this fee obligation through a Short-Term Loan from the I-Bank. These funds are transferred directly to the DEP upon Short-Term Loan closing. The remaining 1% fee balance is paid by the Borrower to DEP as a component of the Borrower's first Long-Term Loan repayment or at the time of Short-Term Loan payoff for those projects who do not proceed to long-term conversion.
 - This fee may be waived in part or whole for projects if the NJWB uses independent engineering consultants for the review process. In those cases, a memorandum of agreement will be entered with the project sponsor to pay the outside engineering fees in lieu of all or part of DEP's Loan Origination Fee.
 - This fee may also be waived for NANO loans and the principal forgiveness portion of CSO Abatement/Affordability, Affordability, OSG, CDBG, and Small System AMP loans.
- ✓ **I-Bank Bond Origination Fee (One-Time Fee at Long-Term Conversion):** The I-Bank charges borrowers a one-time fee of 0.1% of the principal of the I-Bank loan amount to partially offset the costs associated with the I-Bank's applicable bond issuance expenses. This charge only covers a small part of the cost of the Bond issuance. The I-Bank subsidizes participants by paying the remaining full costs of issuance.
- ✓ **I-Bank Loan Administration Fee (Annual Fee over the Life of the Long-Term Loan):** The I-Bank charges SFY2024 borrowers an administrative fee of 0.17% per annum on the total original long-term loan amount for the duration of each loan. The administrative fee may be set lower than 0.17% per annum pursuant to limitations set forth in the United States Revenue Service Regulations. Administrative fees collected from borrowers of all financing program years may be utilized to fund the I-Bank's activities as enumerated in the corresponding year's operating budget, or provide loans, credit collateral, or match funds for the Program as appropriate or needed. Up to .02% of the total original loan amount collected as the administrative fee may be set aside and dedicated to assist environmental justice economic overburdened and small and rural communities as defined by USEPA or the Program's affordability criteria, with early technical assistance and any other form of aid to develop and support the success of capital projects. The I-Bank fee may vary by year.

PROJECT RANKING

Every year the NJWB develops a Proposed Priority System, Intended Use Plan, and Project Priority List as required by Federal and State law. The Priority System (PS) describes the ranking methodology for projects that are eligible for funding through NJWB. The Intended Use Plan (IUP) provides information on funds available through NJWB. The Project Priority List identifies projects for which project information has been received through H₂Oans, the Program has determined to be eligible for NJWB financing, have been ranked pursuant to the PS, and have identified the estimated total eligible project costs. The most recent Project Priority List can be found at <http://dep.nj.gov/wiip/intended-use-plan-and-project-priority-lists/>.

The NJWB's project prioritization methodology determines how limited funds are distributed among eligible projects. In prior years, NJWB has been able to finance all projects that fulfilled applicable requirements regardless of their project ranking due to the availability of the Financing Program's State and Federal funds; however, applicants should check with NJWB to inquire about availability of funds.

NJWB ranks all projects based on the total number of ranking points each project receives and places the projects on the Priority List according to their ranking. The Clean Water ranking system gives highest priority to Clean Water projects that address discharges of raw, diluted, or inadequately treated sewage to the state's waters during wet weather. These projects include the abatement of combined sewer overflows (CSOs) and addressing sanitary sewer systems that overflow. The Drinking Water ranking system prioritizes Drinking Water projects that address an immediate public health threat.



*SFY24 ranking categories and methodology are subject to change. Applicants should always check the [current IUP](#) to see details on current ranking methodology.

FUNDING SOURCES

Visit our [Spending Dashboard](#) to see a breakdown of funding sources and investments administered for Fiscal Year 2023 onwards.

WIIP and the Bipartisan Infrastructure Law

On November 15, 2021, President Joe Biden signed the BIL, which NJWB estimates could provide nearly \$1 billion in funding over the law's five-year appropriation to New Jersey's Clean Water and Drinking Water SRFs. For SFY 2024, New Jersey's SRFs estimated allocation totals \$228.1 million, which includes \$94.1 million for the Clean Water SRF and \$134.0 million for the Drinking Water SRF. The SFY 2024/FFY 2023 Drinking Water SRF BIL funds will be awarded in three separate capitalization grants, one estimated in the amount of \$37.4 million to be used for any eligible drinking water project (DW BIL SUPP), the second in the amount \$13.6 million to be used for projects that address emerging contaminants (DW BIL EC), and the third in the amount of \$83.0 million to be used for projects that address lead (DW BIL LSLR).

American Rescue Plan (ARPA)

New Jersey's SFY 2023 budget allocated \$300 million of ARPA funds to NJWB to make transformative investments in critical water infrastructure upgrades. After a 1% administrative set-aside, NJWB will use approximately \$45 million of the allocation to make principal forgiveness loans to certain Drinking Water SRF eligible projects to address climate change and resilience or to projects to address multiple maximum contaminant level violations as described in further detail below. The ARPA funds must be allocated to projects through funding agreements executed before December 31, 2024, and all funds must be disbursed to project sponsors by December 31, 2026. Therefore, these funds will be awarded to eligible drinking water projects on a readiness to proceed basis and any remaining SFY2023 funds will be carried over for use in SFY2024.

Additionally, NJWB will use approximately \$248 million of this budget allocation to make principal forgiveness loans to applicants sponsoring eligible Combined Sewer Overflow (CSO) projects listed on CSO Long Term Control Plans (LTCP) submitted to NJWB as described in the SFY 2024 Clean Water State Revolving Fund Intended Use Plan.

The remaining funds of approximately \$5 million are set aside for: (1) Projects that address contaminants in private residential wells; (2) Public Water System assessment, planning and design efforts which are likely to lead to the implementation of Drinking Water SRF eligible capital improvement projects; and (3) Water and Wastewater System 360-Degree Assessments that are expected to result in the identification and implementation of eligible Clean Water and Drinking Water State Revolving Fund capital improvement projects.

Quick Acronyms

ARPA

America Rescue Plan Act

BIL SUPP

Bipartisan Infrastructure Law Supplemental Grant

EC

Emerging Contaminants

LSLR

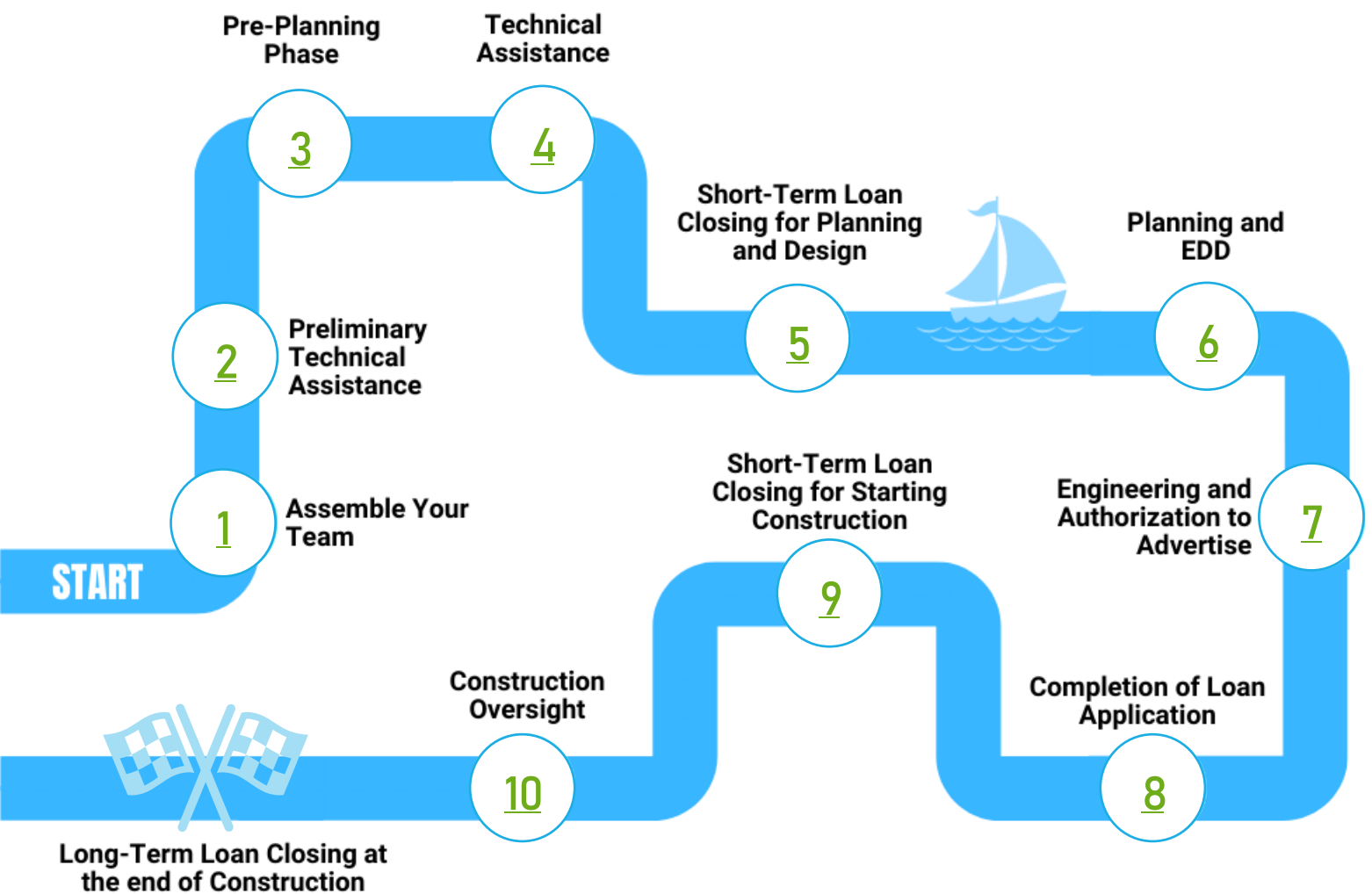
Lead Service Lead Replacement

WIIP

Water Infrastructure Investment Plan

PROGRAM PATHWAY

The route to public financing can seem complicated to navigate, particularly for resource constrained applicants or those who have never applied for public financing through the NJWB Program. This Program Pathway outlines the public financing process and the services available to provide a comprehensive understanding of the program. Applicants may or may not qualify for all services. For example, early technical assistance is only available to economically disadvantaged communities determined by the DEP while other forms of assistance are available to applicants with various projects and constraints. Follow the steps below to learn more.



STEP 1: ASSEMBLING YOUR TEAM

1

One of the most critical elements to ensure a successful application for NJWB financing is **assembling your application team**. While it can be difficult to get the correct partners at the table, it is also essential to identify and coordinate which municipal employees (including the project sponsor's financial team), consultants, and non-profit partners have experience and knowledge of the project and the NJWB Program prior to beginning the application process. For example, many Municipal Utilities Authorities, sewer departments and departments of public works have experience applying to NJWB for infrastructure projects, and as such, are excellent resources and potential partners. To date, all successfully funded NJWB applications for green infrastructure projects have utilized consultants and/or institutional or non-profit partners.

In addition, be sure to communicate with NJWB agencies – I-Bank and DEP – during the pre-planning process, as they are critical partners in ensuring the success of your funding application. As noted in the “Eligible Applicants” section above, NJWB recommends that potential applicants participate in a pre-planning meeting or conference call prior to submission of a formal application for a NJWB loan to determine whether their project meets project requirements and to explain all loan application documents. NJWB can also send a team to visit with your municipality and learn more about your proposed project.

Team Members in H₂LOans

H₂LOans is the online portal for NJWB funding application. It is located online at www.h2loans.com. Project Sponsors call the [I-Bank](#) to establish an account, at which time, I-Bank staff will review and set up the following user roles and create the project with the appropriate representative of the project sponsor. The H₂LOans application portal prompts applicants for information about their project team. Prior to beginning an application, ensure that you have the Authorized Official and Authorized Representative identified, as these are required roles. Assigning collaborators, such as consulting engineers and bond counsel, is optional but highly recommended.

What is H₂LOans?

H₂LOans is a web-based loan system wherein each project sponsoring organization has an Authorized Official (account owner), who designates an Authorized Representative (project manager) for each project who in turn identifies Collaborators for those projects. To get started, follow the steps below or visit [New Jersey Infrastructure Bank \(njib.gov\)](http://New Jersey Infrastructure Bank (njib.gov)).

- **Step 1.** To create an H₂LOans account, the project sponsor's Authorized Official will call the I-Bank at 609-219-8601.
- **Step 2.** Once an account login and password have been created, the Authorized Official can access the Sponsor's H₂LOans account using the login box at the www.njib.gov home page or www.h2loans.com.
- **Step 3.** Upon login, the Authorized Official will be provided with additional information as to the designation of an Authorized Representative (individual who creates/submits applications) and Collaborators (individuals who contribute to document content)

Authorized Official

The person responsible for setting up an organization's account in the H₂LOans system.

- Must be an official representative of a project sponsor/applicant's organization, who is authorized to obligate the organization; designates the Authorized Representative.
- Examples of Authorized Officials may include an administrator, manager, CFO, director, or other person with the authorization to enter into a contract with the Water Bank.

Authorized Representative

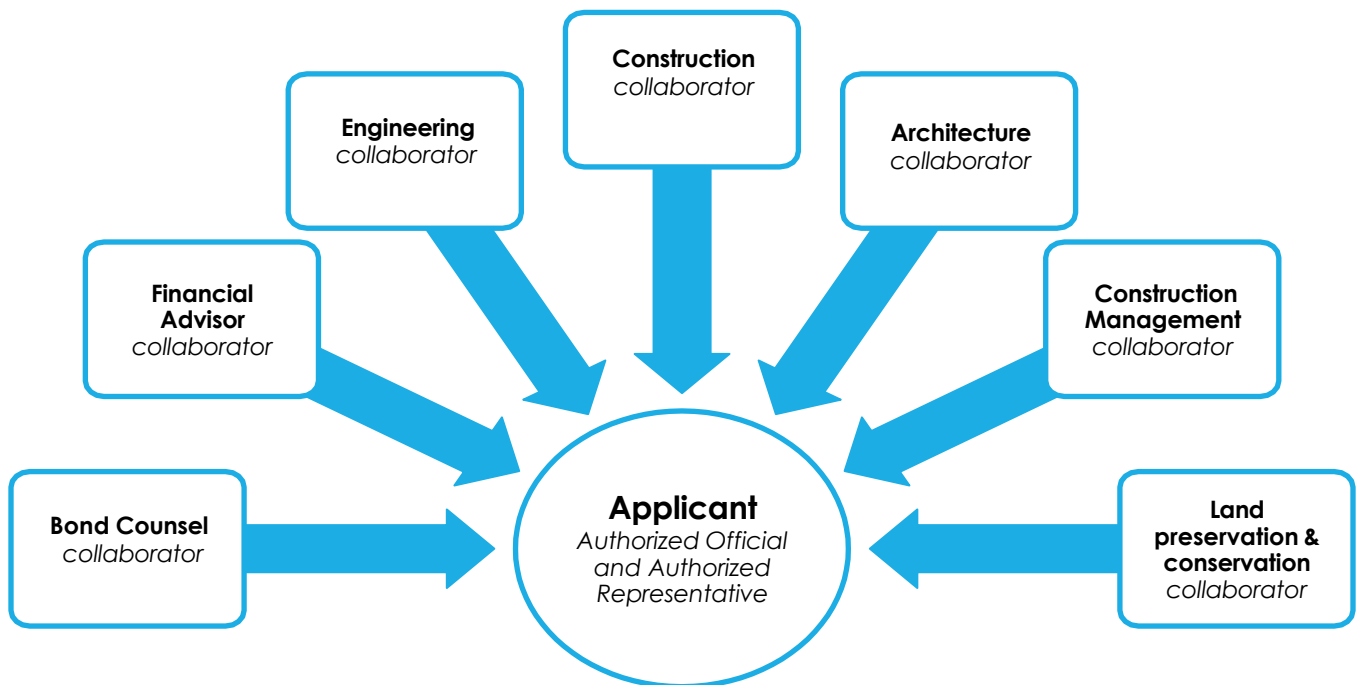
The sponsoring organization's internal project manager.

- Must be an official representative of the sponsoring organization, and may be an administrator, manager, CFO, director or professional engineer (directly employed by municipality).
- Responsible for designating collaborators and submitting any uploaded and final documentation.

Collaborators

Any individual who has access to H₂LOans to facilitate the design, construction, financial or legal work associated with such project.

- Collaborators are designated by an Authorized Representative and will receive an email from the system notifying them of their designation as well as providing them with a link with instructions on how to logon to H₂LOans and activate their account.
- Often include: consultants, non-profits or university partners, cooperating departments (to include engineering, water, sewer, public works, finance).



Bond Counsel

NJWB applicants are encouraged to utilize the services of a bond counsel to comply with various NJWB financial requirements. In addition, the public entity applying for the loan will need an ordinance approving the project. Among other things, a bond counsel:

- ✓ Drafts documents relative to borrower official action
- ✓ Renders an opinion that the municipal bond issued as a guarantee for your repayment of the NJWB loan is valid and legally binding
- ✓ Renders an opinion whether the NJWB loan interest is free of Federal and state income tax
- ✓ Certifies that an applicant can move forward with the infrastructure project, even if the funding falls through

Consultants

Many municipalities and utility authorities choose to supplement their in-house team with experienced consulting firms to assist with the development of their application for NJWB funding. In fact, all applicants for NJWB financing utilize consultants for some aspect of their loan application. There are many consulting firms that have the institutional knowledge and experience to successfully develop a municipality's NJWB application.

Make Sure That You Have a Strong Staff Lead. The most successful applicants are very hands-on with their consultant(s), actively manage them, and frequently communicate on application status, outstanding submissions requirements (or deficiencies), and NJWB communications notifications on outstanding submission obligations. Finally, keep in mind that you don't have to be a large municipality or MUA to use consultants. In fact, consultants can make it easier for small municipalities to navigate the process.

STEP 2: PRELIMINARY TECHNICAL ASSISTANCE

2

Signed into law by Governor Phil Murphy on September 18, 2020, New Jersey's groundbreaking Environmental Justice Law, N.J.S.A. 13:1D-157, (Law) requires the DEP to evaluate the contributions of certain types of facilities that have the potential to increase environmental and public health stressors in overburdened communities. The law also directs the DEP to publish a list of overburdened communities and provide notice to the approximately 348 municipalities in which those communities are located. Preliminary technical assistance services further the objective of protecting disadvantaged communities while advancing the goals of both the State of New Jersey and the U.S. Environmental Protection Agency (EPA). **Those who do not qualify for preliminary technical assistance can skip this step.** Applicants eligible for preliminary technical assistance are:

- Projects Meeting the Affordability Criteria
- Overburdened Communities
- Small and Rural Communities

Learn more about affordability criteria in [Step 4](#). DEP selected Engagement Services Consultants (hereafter the "Consultant") will proactively reach out to applicants to offer preliminary technical assistance. Applicants can check to see if they qualify by filling out the [Technical Assistance Form](#) for Preliminary Technical Assistance. Services available to communities who qualify will receive assistance for the following services:

Public Outreach and Participation

The Consultant will work with the applicant to support a public participation to ensure community benefits are included in the final plan, including any capital projects selected for implementation through the NJWB. Public meetings and online seminar sessions will be organized and feedback will be solicited. Specifically, the Consultant will assist the applicant in developing a public relations and outreach campaign for educating rate payers and the general public and solicit feedback, organize public meetings / online seminar sessions, track, and compile comments into formal publications for the community. Assistance will include coordination with the communities, DEP, the I-Bank, the Technical Services Consultant³ – when applicable, and all relevant stakeholders.

Application Assistance and Miscellaneous

The Consultant will provide the applicant with assistance applying for NJWB financing through the [H₂LOans](#) portal. Such services may include but not be limited to account set-up, initial application, pre-planning and/or pre-construction meetings, and initial requisition submissions, and provide any other project related services not provided by the selected Technical Services Consultant.

Reporting

The Consultant will regularly coordinate with the DEP and I-Bank, including, but not limited to, providing monthly status reports, and attending monthly status meetings, as necessary.

³ The Technical Services Consultant performs Technical Assistance in accordance with Step 4, while the Engagement Services Consultant consists of Preliminary Technical Assistance.

Permits and Approvals

The Consultant will aid the community, in coordination with the Technical Assistance Consultant, to procure any permits and approvals needed for the project. It is expected that the design engineer, if applicable, will have the primary responsibility for this work. However, the Consultant may provide supplemental assistance on an as-needed basis, but only upon prior written approval from the NJWB.

Prioritization and Selection of Water Infrastructure Projects

The Consultant will work with the Technical Services Consultant, the community, the DEP and the I-Bank to create a prioritization system to select the most promising water infrastructure improvement projects, suggested criteria include:

1. Cost / Benefit including return horizon
2. Project impact
3. Environmental benefit
4. Community benefit
5. Status of development (i.e., a project may already be designed and have all required permits and approvals such that only assistance with the application phase in [H₂LOans](#) is needed

Procurement of Design Engineers

The Consultant will coordinate with the Technical Assistance Consultant to assist the community in procuring a professional design engineer which will develop biddable plans and specifications adhering to

the requirements of NJWB program. This assistance could include:

1. Developing a request for proposals for the required design services
2. Reviewing design proposals received and offering recommendations to the community
3. Coordinating with the design consultant on an as-needed basis to provide supplemental assistance and/or advise the public

Planning Reports

The Consultant will assist the community, in coordination with the Technical Assistance Consultant, in developing the environmental planning reports, and such other technical reports that are required for NJWB financing. Assistance will include coordination with the community, DEP staff, the Technical Assistance Consultant – when applicable, and all relevant stakeholders. The Consultant will also regularly coordinate with the DEP and I-Bank, including, but not limited to, providing monthly status reports, and attending monthly status meetings, as necessary.

Miscellaneous Services

The Consultant, at the request of the I-Bank, may be asked to provide other project related services. For any services requested, Program Staff will provide a Task Order which describes the requested services, the timeframe for providing the services, and required deliverables. In response to the Task Order, the Consultant will provide a not-to-exceed budget with all anticipated labor and non-labor costs.

3

STEP 3: PRE-PLANNING PHASE

After setting up your account in [H₂LOans](#), the next step is to submit your project information. When you call the I-Bank to create your [H₂LOans](#) account, a program representative can walk you through the process of entering program information in [H₂LOans](#). Enter your complete project information into the [H₂LOans](#) system during the pre-planning phase of project development.

You will be asked to provide the following information:

- ✓ Project Sponsor (Applicant)
- ✓ Project Name
- ✓ Project Location
- ✓ Project Type
- ✓ Project Description
- ✓ Project Cost Estimate
- ✓ Exposure to Climate Change Impacts
- ✓ Date funding is sought for project
- ✓ Date construction is to commence on project
- ✓ Borrower population served by the project
- ✓ Service area description for the project
- ✓ Median Annual Household Income
- ✓ Water quality-based need for the project

You will also be asked to respond to the following questions:

- ✓ Will the engineering design be performed by a firm whose services were secured pursuant to a publicly advertised procurement process?
- ✓ If funding is being sought for a prior project that was funded with one or more NJWB loans, provide that project number.
- ✓ Is the project site in a [State Endorsement or State Center Designation](#)?
- ✓ Is the project in a designated [Brownfields Development Area](#)?
- ✓ Is the project in a designated [Transit Village](#)?
- ✓ Is the Project located in or benefiting areas designated as [TDR Receiving Areas](#)?
- ✓ Does the project incorporate a Stormwater Runoff Point or Non-Point Source Control that is intended to benefit the ecological health of the [Barnegat Bay](#)?
- ✓ Are there any Local Environmental Enhancement Planning Activities associated with the project?

- ✓ Is this project limited to the acquisition of eligible equipment (and associated costs?) These may include:
 - Street sweepers
 - Generators
 - Sewer flushing and cleaning equipment
 - Dump trucks
 - Crawler loaders
 - Skimmer boats
 - Aquatic weed harvesters
 - Outfall netting may be financed under NJWB
- ✓ Will this eligible equipment acquisition require the construction of a concrete pad or building to house it?

Attend a Pre-Planning Meeting

For new applicants or complex projects, NJWB staff recommend participating in a pre-planning meeting after completing project information in [H₂LOans](#), but before you design the project to learn about the program and approvals required. The pre-planning meeting can be a crucial resource for applicants to understand all required documents, standards, and approvals before beginning work on their project. With new Resilience Requirements, NJWB recommends that all applicants and authorized representatives, regardless of experience with the program, attend a pre-planning meeting. The program can explain which requirements applicants need to prepare for before beginning any planning and design or engineering work.

The pre-planning meeting is open to applicants and their advisors, as well as relevant state and Federal agencies that may be providing permits or funding. For projects with stormwater components a review by the [DEP-Division of Water Quality Stormwater Management](#) unit may be required. Meeting requests are made through [H₂LOans](#) and NJWB staff will review this option when establishing your first project. You are not required to bring anything to the pre-planning meeting, but there are various documents and information that can assist with a smooth application process.

What to bring to your pre-planning meeting:

- ✓ Preliminary Site Plan
- ✓ Preliminary Estimate of Permits Needed
- ✓ Description of The Project and Scope
- ✓ Preliminary Flood Maps

STEP 4: TECHNICAL ASSISTANCE

4

A portion of BIL funds will be used by NJWB for technical assistance, primarily to disadvantaged communities. States have flexibility to use BIL set-aside funds for program implementation, which NJWB will be using towards our technical assistance program with selected Technical Assistance Consultants (or TA Consultants). Applicants who receive preliminary technical assistance will qualify for all the applicable services below. Most water and wastewater systems are eligible for technical assistance, but the program will prioritize aid to communities identified as disadvantaged or overburdened. The State's Clean Water and Drinking Water Affordability Criteria were created to identify projects that are within these communities. A project that meets either of the following criteria is considered to have satisfied the State's Affordability Criteria*:

A Project Affordability Score of

80

or less

Calculated based on a median household income factor, an unemployment factor, and a population trend factor.

Meet the Overburdened Communities Criteria of

80

ranking points

Criterion is met if at least 35% of the households served by the project, on a municipal basis, qualify as low-income households.

* Affordability Criteria may change in future fiscal years. Specifics and additional details about the Affordability Criteria can be found in the [Intended Use Plan](#).

The program is focusing on assisting facilities that:

- ✓ Serve Disadvantaged Communities with Lead, PFAS, and SDWA compliance issues, CSOs, sewer infrastructure rehab and upgrades, and more.
- ✓ May lack sufficient resources to perform full assessment of needs (e.g., LSLIs, AMPs, CIPs)
- ✓ May lack financial, managerial, and/or community support for infrastructure projects and require assistance with stakeholder outreach & engagement.
- ✓ May not be aware of funding opportunities or lack familiarity and comfort with navigating NJWB program application processes.
- ✓ May need eventual engineering services to assist with planning and design (drinking water only).

Technical Assistance Services

Technical Assistance Consultants, in coordination with the Water Bank, will provide the following services:

Program Navigation

- Provide experienced staff to facilitate project approval and ensure regular contact between applicants, DEP staff, I-Bank staff, and the project team.

Financial and Needs Assessments

- Conduct an initial system assessment and a fiscal assessment, provide engagement services, early technical assistance and expertise, community education, site evaluation, financing options evaluation, and strategic plan development.

Community Engagement and Outreach

- Engage communities and their utilities, providing community education and communication expertise, acting as a liaison between municipalities, utilities, DEP, and I-Bank, and organizing community outreach to generate interest and increase participation in the NJWB program.

DW and CW Technical Assistance

DW Only Engineering Technical Assistance

Lead Service Line Replacement (LSLR)

- Provide technical support services to assist water systems to develop:
 - *Lead Service Line Inventories (LSLIs) and Plans*
 - *Capital Improvement Plans (CIP) for Lead Replacement*
- Identify LSLR projects eligible for DWSRF funding
- Assist with filing DWSRF Application

Engineering Assistance (Non-Lead) for Medium/Large Systems

- Provide technical support services to assist water systems develop:
 - *Technical, Managerial & Financial (TMF) Evaluations*
 - *Asset Management Plans (AMPs)*
 - *Capital Improvement Plans (CIPs)*
- Assess systems to identify DWSRF eligible projects
- Assist with filing a DWSRF application
- Planning and design costs covered in future contract in advance of a DWSRF loan for any systems that need this assistance.

•Engineering for Small Systems (10,000 or less in population)

- Renewal of contract with New Jersey Water Association
- Asset management evaluation to identify best options to address existing compliance challenges and violations
- Covers planning and design costs in advance of a DWSRF loan

5

STEP 5: SHORT TERM LOAN CLOSING FOR PLANNING AND DESIGN

Typically, a short-term loan is a loan that covers the construction period of a project, for up to three (3) State fiscal years and is converted into a long-term loan once the construction period is over.

However, **a short-term loan may be closed in advance of construction for planning and design activities, based on a professional services agreement.** Short-term loans closed during the planning phase of a project are typically closed for the entire amount of a project's cost estimate and will be given up to two (2) calendar years to proceed to the construction phase in addition to the three (3) State fiscal years described above. Applicants may only draw funds for those expenses related to the engineering or construction contracts which have been certified for program eligibility by the NJWB. Terms of the short-term loan program are subject to change based on the applicable year's Financial Plan [\(May Report\)](#).

To close on a Short-Term Loan during the planning and design phase, applicants must complete the following steps through the [H₂LOans](#) application:

1. Submit a short-term Financial Addendum Form, prepared by your Bond Counsel
2. Engage your bond counsel. Have them communicate with the I-Bank's Bond Counsel
3. Submit an Engineering Agreement. On the form, you will provide the name, contract description, allowable cost, and total cost for the project's contractors
4. Division of Local Government Services ("DLGS") submission and approval (the I-Bank typically handles such activity at the request and on behalf of applicants)
5. Creditworthiness submission and approval

Following a short-term loan during the planning and design phase, applicants will be allowed to submit periodic loan requisition requests through [H₂LOans](#) for reimbursement of allowable costs incurred and proceed to utilize engineering consultants to prepare the environmental planning document and engineering design.

Applicants may skip this step if they plan to wait until start of construction to close on the short-term loan.

6

STEP 6: PLANNING AND ENVIRONMENTAL DECISION DOCUMENT (EDD)

The applicant is responsible for submitting all documents through [H₂LOans](#) to maintain the project schedule. They may be submitted any time throughout the calendar year. Planning and design activities include obtaining necessary permits and easements, engaging the public, as applicable, and submitting a Project Report. The Project Report includes Environmental Planning Document information, submitted for review to enable the NJWB to determine the level of Environmental Review and issue an **Environmental Decision Document (EDD)**. The Cultural Resources Survey and a review of Preliminary Engineering information, including the Resilience Requirements, also must be completed before issuance of the EDD.



Check out relevant Guidance Documents and Forms related to Step 6 on our [WIIP website!](#)

Learn more about permits [here!](#)

Permits

When you apply for NJWB financing, you will be required to submit an affidavit certifying that required permits and approvals have been received from applicable Federal, State, and local agencies. NJWB staff regularly help applicants navigate the permitting process. Typical permits include:

- ✓ Planning approvals – water quality management plan, water supply
- ✓ NJPDES permits for wastewater treatment facilities
- ✓ Drinking water permits for potable water treatment facilities
- ✓ Construction permits
- ✓ Treatment works approvals
- ✓ Stormwater regulation compliance
- ✓ Land use regulation
- ✓ Air quality
- ✓ Site remediation
- ✓ Dewatering

TIP: APPLY EARLY FOR ALL OF THE REQUIRED PERMITS YOU WILL NEED FOR YOUR PROJECT.

Public Participation

Depending on the project scope, certain applicants are required to inform and solicit input from the affected public regarding the intent to develop and implement water infrastructure projects **prior** to selection of the alternative which will become the proposed project. In fact, the online application requires that applicants describe public participation process to date. Many applicants are not required to undertake such measures and it is strongly

recommended that NJWB be contacted to discuss prior to engaging a consultant for such services.

Appropriate public participation mechanisms can include notices, newsletters, citizens' advisory groups, public meetings, and public hearings to solicit comments; however, the minimum requirements for public participation are specified in [N.J.A.C. 7:22-10.4, 10.5 and 10.6](#). In addition to a public hearing, NJWB may require supplemental measures to inform and solicit comments from the public. When a public hearing is required, applicants are required to take the following steps:

1. Prepare a public notice and submit it to DEP for approval prior to its publication. The notice should include a brief description of the proposed project, project location, project costs, that NJWB funding is being sought, and the time, date, and place of the public hearing.
2. Prepare a verbatim transcript or detailed minutes of the public hearing. The transcript or minutes, any written comments received on the proposed project, and a summary of significant public comments along with the response to the comments, must be submitted to DEP.

Project Report

The Project Report details the water system, explains the need for the project, evaluates alternatives, including no action, and describes the selected plan for the project. It demonstrates that a project is the most feasible, cost effective, and environmentally sound alternative. Some applicants confuse the Project Report with the Environmental Review. **The Project Report includes both environmental planning documents and preliminary engineering information for review by NJWB.** For more information, see [N.J.A.C. 7:22-10.3, N.J.A.C. 7:22-3.11\(d\)5](#), resilience guidance documents, and other relevant documents found on our website.

You will be asked to provide the following, as applicable:

- ✓ The need for the project in terms of Water Quality Benefit
- ✓ Written environmental description of project planning area, which includes proposed building/construction locations, types of proposed infrastructure and buildings, soil types, geological features, location of waterways, and location of all environmentally critical areas
- ✓ Geographical and demographic description of project planning area, which includes the most updated population, area in square miles, bordering communities/municipalities, and types of existing development
- ✓ Map of sewer/water service area
- ✓ Site plan depicting existing infrastructure and buildings, proposed construction, demolition, stockpiling and staging areas
- ✓ Map(s) clearly depicting topography and environmental features in the project planning area, including mean water line for relevant bodies of water
- ✓ Map of 0.2% Annual Chance Flood + 1 Foot or FHA Design Flood Elevation with proposed project
- ✓ Map of 0.2% Annual Chance Flood + Applicable Sea Level Rise or FHA Design Flood Elevation with proposed project
- ✓ Map of SLOSH Category 1 Hurricane Storm Surge Extent and any local mitigating infrastructure (levees, sea walls, etc.)
- ✓ Detailed description of all proposed construction, demolition, stockpiling and staging

- ✓ The size of the area of disturbance, in square feet or acres, which impacts vegetation as a result of construction, stockpiling and staging areas
- ✓ Discuss the effects of the project on both known and previously unidentified cultural resources
- ✓ Provide the size in square feet or acres of impacts to all environmentally critical areas
- ✓ Cubic yards of any dredged material proposed to be removed for the project and location of DEP-approved disposal area
- ✓ Present capacity and proposed capacity of facilities, as a result of project
- ✓ Discussion of the need for increase in capacity, if applicable
- ✓ Discussion of the qualifying criteria for the level of environmental review
- ✓ Alternative Analysis (including "No Action") summarizing basis for rejection or selection of alternatives with regard to water quality benefits, environmental impacts, resilience considerations, overall cost- effectiveness, and project costs
- ✓ Any Resilience Assessments required by NJWB
- ✓ User charge discussion including current user charges and proposed user charges as a result of project implementation
- ✓ Median Annual Household Income for each community to be served by the project
- ✓ Summary of all public involvement, participation, or notification for this project
- ✓ Status of any permits and approvals required for this project (DEP, Federal, or other state departments, commissions, or agencies) (Note that it is not required to have permit approval at this point in the process.)
- ✓ Social and economic impacts of project (e.g., noise, odors, air quality, aesthetics)
- ✓ For projects with stormwater components
 - Provide the sizes of stormwater drainage areas
 - Discussion of consistency with Stormwater Management Rules
 - A description of the impact of the most up to date extreme precipitation projections on the project, any mitigation measures, and reasons why any impacts are unavoidable
- ✓ For wastewater projects
 - Discussion of consistency with Water Quality Management Plan / Wastewater Management Plan in accordance with the provisions of N.J.A.C. 7:15, including a description of the Best Practicable Wastewater Treatment Technology

When environmental planning is complete, submit a *Letter of Intent/Project Environmental Planning Document* on [H2LOans](#). **A Letter of Intent should include:**

- ✓ a brief project description,
- ✓ water supply deficiency or need
- ✓ estimated project cost, and a
- ✓ project contact list. (See N.J.A.C. 7:22-3.7).

Resilience Requirements

New resilience requirements ensure that applicants seeking public funding assistance incorporate climate resilience when developing and justifying the selection of the most economical, effective, and practical project alternatives. These requirements include new mapping, consideration of climate change impacts, and resilience assessments, where applicable. **The Resilience Requirements are submitted as a part of the Project Report and are required to be considered in the Alternatives Analysis.** They are reviewed as a part of preliminary engineering review by the project engineer. To learn more about the standards and procedures, see the [Building Resilient Water Infrastructure Climate Change Resilience Guidance](#) or the [Applicant Supplemental Guide and Checklist](#).

Click on the Climate Change Impacts below to see if your project may be exposed:

Fluvial Flooding

0.2% Annual
Chance Flood
+ 1 Foot or FHA

Coastal Flooding

0.2% Annual
Chance Flood
+ SLR or FHA

Storm Surge

SLOSH Cat. 1
Hurricane
Storm Surge
Extent

Extreme Precipitation

New Jersey
Extreme
Precipitation
Tool Projections



Image: Middlesex
County Utilities Authority
Restoration & Flood
Mitigation

A Resilience Assessment may be required for projects exposed to any of these climate change impacts, depending on project type and level of vulnerability. For all loan applications, a **Resilience Acknowledgement Form** is required to be submitted to H₂LOans, verifying that the applicant and Authorized Representative acknowledge the new Resilience Requirements.

TIP: ALL APPLICANTS AND THEIR AUTHORIZED REPRESENTATIVES ARE ENCOURAGED TO GO TO THE PRE-PLANNING MEETING TO DETERMINE WHETHER A RESILIENCE ASSESSMENT IS REQUIRED.

Environmental Review and Cultural Resources Survey

The **Environmental Review** is based on applicable State and Federal regulations. Comments based on the review will be issued to the authorized representative or applicant. A response is requested within 30 days to maintain the project schedule. Based on the initial review of the environmental information within the Planning Document, the project is assigned an environmental review level: 1, 2, or 3. Level 2 or 3 projects have more anticipated impacts and must therefore go through a more extensive review process. NJWB may also provide recommendations for design changes which would help to minimize disturbance in environmentally sensitive areas and help the project achieve compliance with the regulations.

Each project is also reviewed by NJWB Cultural Resources Unit to determine its potential to affect historic properties. Often the planning documentation submitted through [H₂LOans](#) provides sufficient information to conduct the **Cultural Resources Review**; however, additional information may be requested. This review is generally conducted concurrently with the environmental review. Its purpose is to determine what type of cultural resource investigation is needed to attain compliance with applicable state and Federal cultural resource laws. The review determines whether a project will require a cultural resources survey based on numerous factors, including its potential to affect significant prehistoric or historic archaeological or above-ground resources, and the degree to which such resources, if present, may have been disturbed or compromised by either natural or human forces. The CR Unit will communicate with the applicant regarding the need for a cultural resources survey, and the type of survey required.

The conclusions of the Environmental and Cultural Resources review of the Planning Document are conveyed to the public by issuance of an **Environmental Decision Document** that is communicated to a list of stakeholders developed specifically for each project. In the Environmental Decision Document, the Environmental Reviewer summarizes project conditions, anticipated impacts, and any necessary mitigating measures. During the review of the plans and specifications, comments from the Environmental and Cultural Resources Reviewers are conveyed to the applicant or their representatives.

Additional information regarding NJWB requirements for Environmental Reviews and Cultural Resource Surveys are contained in [NJAC 7:22-10](#).

STEP 7: ENGINEERING AND AUTHORIZATION TO ADVERTISE

7

The NJWB will review submitted documents for compliance with rules and regulations. Review letters will be issued by the NJWB that may ask for additional steps to be taken and an **Environmental Decision Document (EDD)** will be issued and communicated to all interested parties. When all steps have been satisfied, the project will be given **Authorization to Advertise**.

Check out relevant
Guidance Documents and
Forms on our [website!](#)



Technical Documents

Various technical documents are required for review by NJWB, including the Bid Documents (Plans and Specification), any professional services agreements, and the Technical Design Report. **Use the most up to date SRF Mandatory Specification Checklist on the website link above to submit documentation.** Consider the following items when preparing technical documents for submission for NJWB funding:

- ✓ Ensure technical specifications coincide with information on the design drawings. It is important to have consistency with the documents, especially if they were prepared by different sources
- ✓ Include local municipal and county specifications as may be required to fully complete the scope of work
 - For example, if your project is within a municipal or county right-of-way be sure to review and include applicable road restoration details
- ✓ Address NJWB Resiliency Requirements
- ✓ Provide copies of relevant permits/approvals which are required
- ✓ Provide documentation of easements or a legal opinion as to mechanism to obtain such easement requirements, if applicable
- ✓ Include DEP employees as additional insured in the insurance coverage
- ✓ Cross-reference both DEP and municipal/local bid documents. This includes, for example, ensuring bid documents align with municipal procurement standards and funding agency requirements for wage rates
- ✓ Include the following in the bid documents:
 - Affirmative Action Affidavit
 - Affidavit regarding list of debarred, suspended, or disqualified contractors
 - Disclosure of Investment Activities in Iran
 - Bid Document Submission Checklist (cross-reference with local checklists)
 - Environmental Maintenance Bond

- EPA Form 5720-4
- N.J.A.C. 7:22-31
- Language in accordance with N.J.A.C. 7:22-3.17(d) regarding the Funding Statement
- Language in accordance with N.J.A.C. 7:14-2.7 regarding extra work compensation
- N.J.A.C. 7:22-3.17(f) entire sequence regarding the Socially and Economically Disadvantage (SED) requirement
- LPCL 40A: 11-16(c) language regarding award to the lowest responsible bidder
- LPCL 40A: 11-33-34 language regarding the Penalties for Falsification

TIP: CONSIDER DEVELOPING STANDARDIZED BID DOCUMENTS FOR USE IN MULTIPLE NJWB APPLICATIONS.

SED Review

Applicants pursuing financing must submit contract documents and utilization plans to demonstrate compliance with socially and economically disadvantaged business (SED) utilization in accordance with [N.J.A.C. 7:22-9](#).

The following are required for review:

- ✓ SED Utilization Plan
- ✓ SED Contract Language
- ✓ SED Project Bid Schedule 30-day Notice

Quick Resources:

[Applicant Sponsor's SED Contract Document/ Specifications Mandatory Items Checklist](#)

[Applicant Sponsor's SED Utilization Plan Mandatory Items Checklist](#)



Reviewers provide technical assistance regarding the solicitation and utilization of socially and economically disadvantaged firms (SEDs) to project sponsors, engineering firms, municipalities, public and private water companies, contractors, project compliance officers and subcontractors. They also provide assistance in the development of contract documents, project sponsor and contractor SED utilization plans.

Socially and Economically Disadvantaged (SED) Businesses include:

- ✓ Certified Disadvantaged Business Enterprises
- ✓ Certified Women's Business Enterprises
- ✓ Certified Minorities' Business Enterprises

Visit the [Office of Equal Opportunity and Public Contract Assistance website](#) to find the Minority and Women's vendors list and learn more.

TIP: ASK THE WATER BANK ABOUT HOW YOUR PROJECT CAN HAVE DEDICATED ENGINEERING REVIEW SERVICES THROUGH STAFF AUGMENTATION.

Engineering Review

Applicants pursuing financing must submit **an Engineering Agreement, specifications, and plans** for administrative and technical review by the Engineering Reviewer. Applicants can submit loan application documents at any time through NJWB's online application system, [H₂LOans](#). The review is based on various applicable State, Federal, and EPA regulations. Comments based on the review will be issued to the authorized representative or applicant.

A permitting review is required with all State permits approved before advertising. At the conclusion of the review process, an **Authorization to Advertise** will be issued for the contract. The applicant cannot advertise or procure without written consent from NJWB in the form of a letter on DEP letterhead. Doing so may render the project ineligible for NJWB funding under federal law. The Engineering Reviewer will act as the Project Manager and be the primary contact in NJWB for the applicant and their representatives.

Any construction contract in excess of \$12.5M will also require Office of State Comptroller (OSC) Review in advance of procurement.

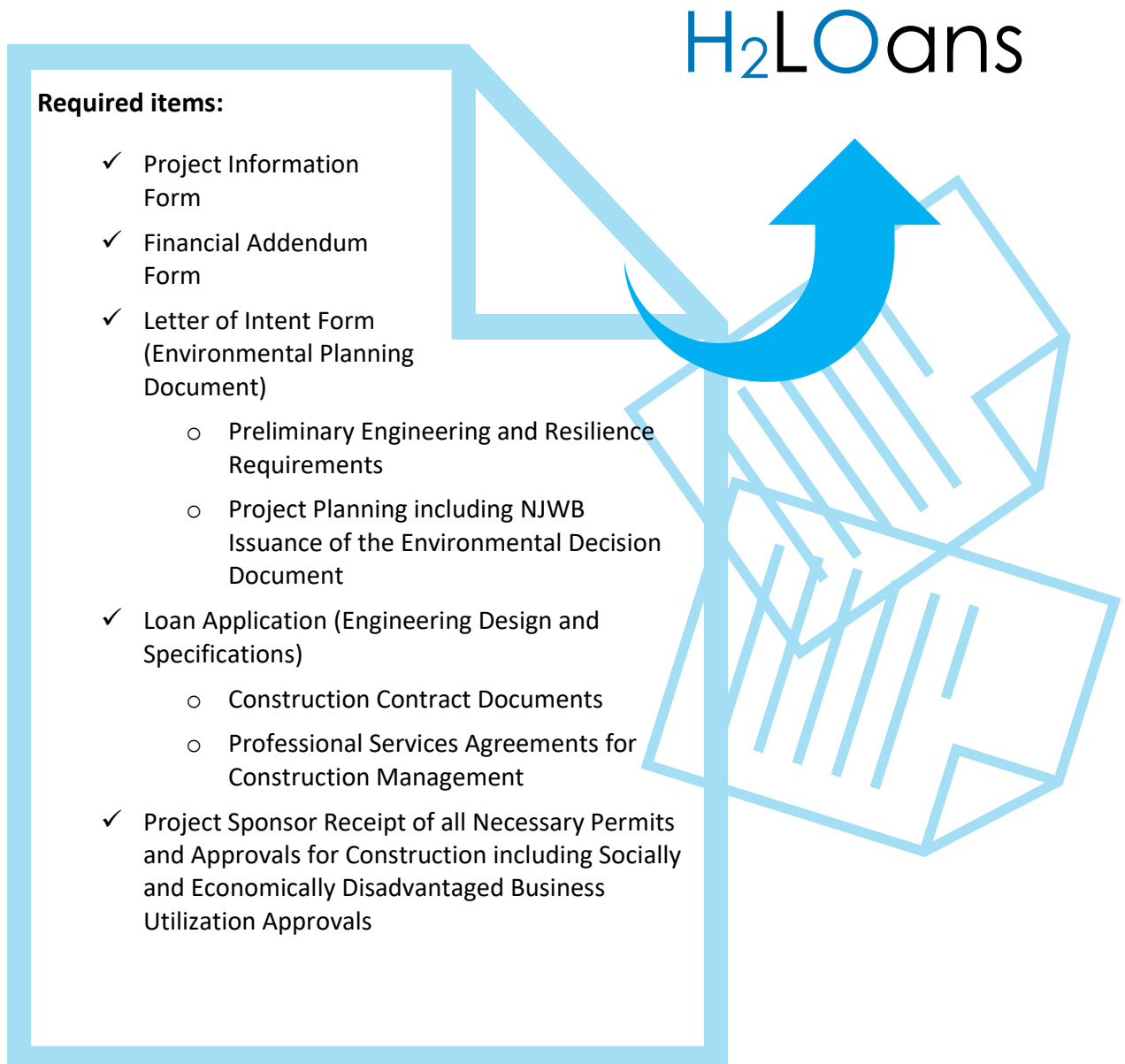
AUTHORIZATION TO ADVERTISE CHECKLIST

- ☐ Authorizing Resolution (LP-2B)
- ☐ Statement of Assurances (LP-3)
- ☐ Assurance of Compliance (LP-4)
- ☐ Building Costs (LP-5A/LP-5C)
- ☐ Contracts (LP-6A)
- ☐ Project Disbursement Schedule (LP-6B)
- ☐ Plans, Specifications, and Associated Documentation (LP-6C)
- ☐ Additional Information (LP-9)
- ☐ Professional Services (LP-11)
- ☐ Form LP-7 (Affidavit of Compliance) & Attachment A
 - Contract Documents and Utilization Plan submitted to SED
 - LURP Approvals
 - TWA/ NJPDES Permit
 - Water Supply Permit
 - Stormwater Review Required
 - Other
- ☐ Legal Opinion if easement or title is not in place
- ☐ Executed service agreement (if applicable)
- ☐ All addenda have been approved

8

STEP 8: COMPLETION OF LOAN APPLICATION

The project sponsor must obtain NJWB approvals for project planning and design activities, construction contracts, and professional services agreements; and will obtain all permits and approvals necessary for construction to complete the loan application. All forms will be submitted to H₂LOans and approved before the project can move on to short-term loan closing.



9

STEP 9: SHORT TERM LOAN CLOSING FOR START OF CONSTRUCTION

As outlined in Step 5 above, short-term loans are low interest rate loans that cover the construction period up to 3 full state fiscal years. Generally, short-term loans are then converted into long-term loans once the construction period is over. **Funding packages correspond to the year of construction certification.**

To close on a short-term loan at the start of construction, the following steps must be completed:

1. Receive Authorization to Advertise the construction contract prior to the advertisement of the related project.
2. Submit a short-term Financial Addendum Form (your Bond Counsel prepares).
3. Engage your bond counsel. Have them communicate with the I-Bank's bond counsel.
4. Upon bid opening, upload a complete bid package and **Authorization to Award** Request through [H2LOans](#).
5. NJWB will review the package and, if everything is in order, issue an Authorization to Award the construction contract.
6. After a thorough review of the project's compliance with all program requirements, NJWB will certify that the project is eligible to close on a loan.
7. NJWB will prepare the draft loan exhibits and circulate them to the project sponsor for review and comments.
8. Once all comments and revisions have been incorporated, NJWB will finalize the loan exhibits.

Other Required items:

- ✓ SED Participation during Planning and Design for contracting agencies submission
- ✓ Short-Term Financial Addendum Form submission
- ✓ Division of Local Government Services (DLGS) submission and approval
- ✓ Creditworthiness submission and approval

AUTHORIZATION TO AWARD CHECKLIST

- ☐ Date of Bid Opening
- ☐ Number of bids received
- ☐ Proof of Advertisement
- ☐ Bid tabulation, including pre-bid estimate
- ☐ Copy of low bidder proposals
- ☐ Letter recommending award to Contractor
- ☐ Legal opinion if award to other than low bidder
- ☐ Bid rejection with justification
- ☐ Documentation of justification if cost is higher than pre-bid estimate by 10%
- ☐ Bid protests files and status of resolution
- ☐ Easements or land acquisition
- ☐ Executed Engineering Agreement
- ☐ All addenda have been approved

10

STEP 10: CONSTRUCTION OVERSIGHT

After the Authorization to Award has been issued and prior to the start of construction, a **pre-construction meeting** is required to go over the Program's requirements, regulatory compliance, and reporting. Projects will require a sign or an online posting. Once requirements are met, the applicant will be issued a notice to proceed. Throughout construction, the applicant must comply with various local, State, and Federal laws and requirements. NJWB will periodically visit the site to conduct construction and environmental inspections and witness required materials and equipment testing.

Other additional Federal and State requirements include:

- NJ Prevailing Wage Act
- Affirmative Action
- Buy America Build America (BABA)
- American Iron and Steel (AIS) Requirement
- Retainage (N.J.S.A. 40A:11-16.3)



Image: Hillsborough Township Sewer Extension

Construction Phase and Interim Inspections:

NJWB will conduct quarterly inspections to monitor construction progress, ensure compliance with the regulations and requirements, and check on the administration of the project. The interim inspection includes but is not limited to:

- | | |
|----------------------------------|----------------------------|
| ✓ Status of the Project Schedule | ✓ Personnel |
| ✓ Status of the Contracts | ✓ Plans and Specifications |
| ✓ Special Conditions | ✓ Tests |
| ✓ General Safety | ✓ Required Documentation |
| ✓ Wage Rates and Requirements | ✓ Payment Estimates |
| ✓ Contractor Organization | ✓ Special Loan Conditions |
| ✓ Site Conditions | ✓ Status of Change Orders |
| ✓ Authority of the Engineer | |

Invoice Reviews:

Disbursement reviews and approvals related to the construction project are also conducted by NJWB. This process ensures that payments align with the progress and quality of the work completed. Documents including but not limited to engineering invoices, construction invoices, administrative fees, loan requisitions, and change orders will be reviewed for allowable and unallowable costs. Change orders must be reviewed and approved before beginning the change order activity. NJWB may assist in developing change orders.

Final Inspection and Project Performance Inspections:

Upon completion of the construction process, a final inspection is performed by NJWB to ensure the work meets the approved specifications. The owner must certify that they have an operation and maintenance manual before beginning operations. Once operations have begun, NJWB will maintain involvement for another year, conducting project performance inspections to verify the project's functionality and operational performance. At the end of one year, NJWB will perform a project certification inspection and the project engineer will submit a certificate of performance.

SED Utilization Requirements

NJWB mandates the appointment of a project compliance officer by the project sponsor to oversee SED utilization. This officer is responsible for coordinating and ensuring adherence to SED requirements. Monthly and quarterly reports about SED utilization progress, including contracts awarded and percentages of SED involvement, are required. If the NJWB suspects non-compliance, they can request documentation from the project sponsor or the contractor to assess the situation. Non-compliance may lead to penalties, including withholding of funds.

The project compliance officer responsibilities include:

- ✓ Approving a contractor's utilization plan
- ✓ Coordinating SED utilization on the project
- ✓ Monitoring and ensuring compliance with SED requirements
- ✓ Attending pre-bid meetings, preconstruction conferences, and monthly construction progress meetings
- ✓ Submitting OEO-003 and OEO-002 construction reports that detail the progress towards SED utilization, including the value of contracts awarded to SEDs, SED utilization percentages, types, and sizes of participating SEDs, and publicity efforts

TIP: CHOOSE YOUR COMPLIANCE OFFICER BEFORE THE PRECONSTRUCTION MEETING TO ALLOW THEM TO SUBMIT REPORTS AND OTHER DOCUMENTATION INTO H₂LOANS.

STEP 11: LONG-TERM LOAN CLOSING AT THE END OF CONSTRUCTION



Generally, the short-term loan will be converted into a long-term loan at the end of construction. To convert to a long-term loan, the following must be met:

- ✓ **Project Completion Notification:** The project sponsor informs the NJWB that the project is complete and is ready for a final inspection.
- ✓ **Final Inspections:** NJWB performs a final inspection to ensure the project has been completed in accordance with the proposed plan. Additionally, a final project performance inspection is conducted to evaluate if the project meets the required standards and operational expectations.
- ✓ **Final Loan Requisition:** Once the project has passed all inspections, the project sponsor submits the final loan requisition by the stated deadline for the deal, which provides the necessary documentation for cost reimbursements related to the project's construction phase.
- ✓ **Long-Term Financial Addendum Form Submission:** The project sponsor submits a long-term financial addendum form, which serves as an updated statement of the sponsor's financial health and capacity to service the long-term loan.
- ✓ **Drafting of Long-Term Loan Exhibits:** NJWB then prepares long-term loan exhibits, which detail the final allowable project costs.
- ✓ Upon satisfaction of the above, the I-Bank will add the project to its **loan conversion schedule**. I-Bank loan conversions for long-term financing typically occur twice a year.
- ✓ **Terms and Conditions** as well as the repayment schedule inclusive of fees and interest will be determined upon long-term loan closing.



Images: Before and After Roosevelt Borough Emergency Drinking Water Treatment Plant Improvements



MOVING FORWARD, SECURING FINANCING

The introduction of the Bipartisan Infrastructure Law and the Water Infrastructure Investment Plan signifies an unprecedented influx of funding dedicated to rejuvenating our nation's water infrastructure. This represents billions of dollars allocated towards strategic projects with water quality benefits over the next five years of BIL appropriations. **Prompt and proactive engagement with our program not only ensures you're positioned to capitalize on these funds, but also accelerates the advancement and completion of your infrastructure projects.** Given the competitive nature of such funding opportunities, timely action within our program framework can be instrumental to securing the necessary resources. Applicants should also ensure that they submit necessary documentation within their target fiscal years to obtain expected funding packages, which are subject to change from year to year.

We urge applicants to maintain continuous communication with our program throughout the project lifecycle. Your proactive outreach at critical milestones allows us to better assist in navigating funding opportunities and ensuring compliance with requisite guidelines. Interested applicants who have applied or are considering applying should reach out to the NJWB contacts found on the [WIIP website](#) or simply open an account on [H₂LOans](#). Your project manager and other NJWB staff will assist with Program Navigation and steer you towards critical resources to secure successful and timely financing.

The Water Bank...



Provided **\$8.3B in low-interest long-term loans** since 1987 and \$1.61B in outstanding in short-term construction loans.



Saved an estimated **\$3.06 B in financing costs**. Borrowers save \$0.5M in interest per \$1M borrowed.



Generated **154k direct construction jobs** through financed projects.



Financed **1,666 projects through 1,414 loans**.
72% Clean Water
28% Drinking Water

...as of the end of Sept 2023

RESOURCES

Rules:

[N.J.A.C. 7:22 – Financial Assistance Programs for Environmental Infrastructure Facilities](#)

Intended Use Plans and Project Priority Lists:

[DEP | Water Infrastructure Investment Plan | Intended Use Plan and Project Priority Lists](#)

Upcoming Water Infrastructure Investment Plan Sessions:

[DEP | Water Infrastructure Investment Plan | WIIP Sessions](#)

Water Bank Guidance Documents and Forms

[DEP | Water Infrastructure Investment Plan | Guidance and Forms](#)

New Jersey Infrastructure Bank (I-Bank)

[New Jersey Infrastructure Bank \(njib.gov\)](#)

I-Bank Publications (January Report and May Report)

[New Jersey Infrastructure Bank | NJ | Archived Program Publications](#)

H₂LOans

[https://www.h2loans.com/](#)