

## **Drinking Water State Revolving Fund**

### **Summary of Responses to Comments for the “Proposed Amendments to the FFY 2010 Priority System, Intended Use Plan, Project Priority List and Response Document (IUP), February 24, 2010”**

One written comment was received during the comment period which closed on March 29, 2010.

#### COMMENT

Adams, Rehmann & Heggan Associates (ARH) representing the Town of Hammonton requested that the 2010 loan application cycle be reopened for new applications so that Hammonton might be eligible for the proposed 2010 financial term provisions as outlined in the IUP amendment of February 24, 2010, since the 2010 financial term provisions are only available to those on the 2010 funding cycle list. Hammonton has a project that is partially funded by the Department's Spillfund Compensation Program and if it were to have received additional principal forgiveness from the DWSRF program, the Town's share of the costs could have been reduced by approximately \$600,000 based on an estimated \$2.4 million project. ARH claimed the revised financing loan terms were not made available to all eligible water systems since the deadline to apply for 2010 financing was November 2, 2009 and March 1, 2010 for the 2010 funding cycle. Hammonton acknowledged that it did not submit the necessary documentation previously and is not eligible for the 2010 loan terms and funding cycle, although it might have done so if the loan terms were made available sooner.

#### RESPONSE

As stated in the IUP (FFY2010 Final, July 2009) Appendix A.1 - Critical Steps for DWSRF Loans and Appendix A.3 - FFY2010/SFY 2011 Drinking Water Financing Program Schedule, to qualify for the FFY2010 funding cycle, the following deadlines must be met:

- a. Commitment letter and planning document by October 5, 2009 (extended to November 2, 2009 via Amendment dated September 30, 2009), and
- b. Design document and loan application by March 1, 2010

A similar timetable has been published in each IUP annually since inception of the DWSRF program in 1998. While the Department recognizes the financial impact to Hammonton, it is important to treat all prospective loan applicants equally, fairly and transparently as all were informed of the above deadlines.

Loan terms for FFY2010 were changed due to the requirements in the approved 2010 federal appropriations bill, signed by the President and which became Public Law No: 111-088 on October 30, 2009. New Jersey is allotted \$28,995,000 for the DWSRF program, based in notification of USEPA dated January 15, 2010. Prior to the passing of the bill, the States did not have clear direction regarding the requirements associated with that appropriation. New Jersey published the amended terms of the New Jersey program shortly after notification to the states from USEPA.

In 2009, the funding cycle was reopened for five months due to the additional monies which became available from the American Recovery and Reinvestment Act (ARRA) in February 2009. A large influx of new applications were submitted which added months to the funding schedule. In fact, an additional loan closing was needed for the funded ARRA and Traditional projects. The timing of ranking and reviewing the additional projects and adding a second closing for the 2009 program set the review of the proposed 2010 projects back by approximately six months. Reopening the 2010 cycle would cause even further delays in reviewing and funding loan projects. There are still more projects under consideration for this cycle than can be reviewed and funded. Therefore, the Program stands by the decision to not reopen the 2010 funding cycle for acceptance of new applications. Any further delay of the 2010 funding cycle would then set back the 2011 funding cycle, and so forth.

Since New Jersey does not know what new requirements, such as principal forgiveness, could be included in the following year's Federal Appropriations Bill in these difficult economic times, it is recommended that a possible project meet the first deadline of October so that a project could be eligible for any possible amended favorable loan terms.