

**State of New Jersey
Department of Environmental Protection
Division of Water Supply
Bureau of Safe Drinking Water Technical Assistance**

Capacity Development Program

**ANNUAL REPORT ON
ONGOING IMPLEMENTATION
OF THE
CAPACITY DEVELOPMENT PROGRAM**

Period of July 1, 2009 to June 30, 2010

August 2010

Chris Christie
Governor

Kim Guadagno
Lt. Governor

Bob Martin
Commissioner

IMPLEMENTATION REPORT

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Introduction

The 1996 Amendments to the Federal Safe Drinking Water Act (SDWA) require states to prepare an annual report documenting the ongoing implementation of the Capacity Development Program for addressing capacity determinations for new systems and the application of the approved strategy for existing public water systems. The 1996 Amendments to the SDWA create a focus on ensuring and enhancing the technical, managerial and financial (TMF) capacity of public water systems to comply with the National Primary Drinking Water Regulations.

In accordance with Section 1420 (a) of the SDWA, each state shall have the legal authority to assure that all new community and non-transient non-community water systems demonstrate adequate technical, managerial and financial capacity. In New Jersey, Assembly Bill No. 2615 was signed into law on August 2, 1999 (P.L.1999 Chapter 176). This legislation amended the New Jersey Safe Drinking Water Act (N.J.S.A. 58:12A) to give New Jersey explicit legal authority to require new public water systems to demonstrate capacity. The New Jersey Department of Environmental Protection (Department) adopted new regulations at N.J.A.C. 7:10-13 which establish the requirements to assure that all new public community and non-transient non-community water systems have adequate capacity.

In accordance with Section 1420 (c) of the SDWA, each state is required to develop and implement a strategy to assist existing systems in acquiring and maintaining capacity. The United States Environmental Protection Agency (USEPA) approved the Department's Capacity Development Strategy on September 28, 2000.

This report will review the activities conducted by the Department from July 1, 2009 through June 30, 2010 regarding implementation of the Capacity Development Program.

New System Approval – Community Water Systems

Community Water Systems

The Department added five (5) new community water systems to its inventory of public water systems during the period of July 1, 2009 through June 30, 2010. Two (2) of the five (5) systems were reclassified from non-transient non-community water systems to community water systems. Three (3) systems were existing systems that were activated. These five (5) systems required no TMF analysis because the systems do not meet the definition of a "new system." The systems were not newly constructed nor expanded their infrastructure to become a community water system. Please see Table 1.

Table 1. New Community Water Systems

<u>PWSID No.</u>	<u>SYSTEM NAME</u>	<u>START DATE</u>	<u>COMMENTS</u>
0607300	Cumberland Co. Manor	7/14/2009	Existing Infrastructure Reclassified NT to CWS No TMF required
2116328	Camp Hope	8/6/2009	Existing infrastructure Reclassified NT to CWS No TMF required
1427018	Morris Chase/ Morris Hunt	11/20/2009	Existing Infrastructure Activated No TMF required
1024003	Meadows at Oldwick	1/20/2010	Existing Infrastructure Activated No TMF required
0329009	Pemberton Twp. Water Dept. Pemberton Heights	3/1/2010	Existing infrastructure Activated No TMF required

Key: *PWSID* – public water system identification number assigned by the Department based on the location of the water system; *CWS* — community water system; *T* — transient non-community water system; *NT* — non-transient non-community water system; *TMF* — technical, managerial, & financial

To date, no new community water system proposals have been denied approval based on TMF requirements.

New System Approval – Non-Transient Water Systems

Non-Transient Non-Community Water Systems

New Jersey added thirty (30) non-transient non-community water systems to its inventory of public water systems during the period of July 1, 2009 through June 30, 2010. Eight (8) of the thirty (30) systems required and received TMF approval under NJ Safe Drinking Water Act regulations at N.J.A.C. 7:10-13. Three (3) of the thirty (30) require, but have pending, a TMF review. The remaining nineteen (19) systems did not meet the definition of “new system.” These systems were not newly constructed nor expanded their infrastructure to become a non-transient non-community water system and consequently did not require a TMF review. These 19 systems were either existing yet recently discovered and classified public water systems; transient water systems

that were reclassified; or a reactivated existing non-transient non-community water systems. The following table lists the non-transient, non-community water systems added. Please see Table 2.

**Table 2. New Non-Transient Non-Community Water Systems
And Pending TMF Approvals**

PWSID No.	SYSTEM NAME	START DATE	COMMENTS
1432354	Goddard School	11/23/07	TMF Referral to Enforcement on 04/07/10 TMF Pending
1309419	Gately Building	01/26/2007	TMF approved on 2/4/10
1511427	Goddard School	5/20/08	TMF Referral to Enforcement on 4/7/10 TMF pending
0824314	WAWA Store #974	6/18/08	TMF Referral to Enforcement on 3/31/10 TMF pending
1406326	1 Mill Ridge lane	08/08/2008	TMF approved on 12/1/09
1406327	6 Mill Ridge lane	08/08/2008	TMF approved on 12/1/09
0326324	Brigadier Cemetery	10/7/08	TMF approved on 4/7/10
0809313	Godwin Pumps Distribution Center	07/07/2009	Existing infrastructure Reactivated No TMF required
1022305	Berry Patch Early Learning	07/14/2009	Existing infrastructure Reactivated No TMF required
1406328	2 Mill Ridge Lane	07/28/2009	Existing infrastructure Reactivated No TMF required
1406329	4 Mill Ridge Lane	07/28/2009	Existing infrastructure Reclassified T to NT No TMF required
1511422	West Commodore Industrial Park	08/14/2009	Existing infrastructure Reclassified T to NT No TMF required
1924362	Kiddie Academy- Wantage	08/26/2009	TMF approval on 10/21/09
1106400	84 Hopewell LLC	09/03/2009	Existing infrastructure Reclassified T to NT No TMF required
1326319	Pied Piper Pre School	09/14/2009	Existing infrastructure Reclassified T to NT No TMF required
1309425	Trump National Golf Clubl	10/20/2009	TMF approved on 10/20/09
1924362	Kiddie Academy	10/21/2009	TMF Approved on 10/21/09

PWSID No.	SYSTEM NAME	START DATE	COMMENTS
1910313	Toyota World of Newton	11/16/2009	Existing infrastructure Reactivated No TMF required
1351321	Phil's II	11/20/2009	Existing infrastructure Reclassified T to NT No TMF required
1808364	A Bright Beginning	12/9/09	Existing infrastructure Reclassified T to NT No TMF required
1924321	Ames Rubber Plant 3	12/11/09	Existing infrastructure Reclassified T to NT No TMF required
1615335	Omni Day School	01/08/10	Existing Infrastructure Reclassified T to NT No TMF required
1511430	Hope Day Center	01/08/10	Existing infrastructure Reactivated No TMF required
2123329	Mike's Tike's	01/13/10	Existing infrastructure Reclassified T to NT TMF required
2119303	Gulbrandsen Technologies	01/13/10	Existing infrastructure Reactivated No TMF required
1309424	Trump National Golf Club	02/03/10	Existing infrastructure Reactivated No TMF required
1021436	James Toyota	02/01/2010	TMF approved on 1/7/10
1908325	Green Apple Academy	3/10/10	Existing infrastructure Reclassified T to NT No TMF required
1615354	Lakewood Condo Association	3/17/10	Existing infrastructure Reclassified T to NT No TMF required
0317306	Sancoa International	5/26/10	Existing infrastructure Reactivated No TMF required

Key: *PWSID* – public water system identification number assigned by the Department based on the location of the water system; *CWS* — community water system; *T* — transient non-community water system; *NT* — non-transient non-community water system; *TMF* — technical, managerial, & financial

To date, no new non-transient non-community water system proposals have been denied approval based on TMF requirements.

Work Plan Activities

The Capacity Development Program SFY 2010 Work Plan was submitted to USEPA in June 2009. During the period of July 1, 2009 through June 30, 2010, the Capacity Development Program engaged in several activities related to implementation. The following is **list of tasks** included in the Capacity Development Program SFY 2010 Work Plan and a review of New Jersey's accomplishments and projected tasks for the 2010 fiscal year:

- 1. Finalize the SFY2009 Annual Report that documents the ongoing implementation of the capacity development program for addressing capacity determinations for new systems and the application of a focused effective strategy for existing public water systems. This report is due by August 2009.**

The SFY2009 Annual Report was finalized and sent to USEPA on August 14, 2009.

- 2. Prepare the SFY2010 Annual Report that documents the ongoing implementation of the capacity development program for addressing capacity determinations for new systems and the application of an effective strategy for existing public water systems. This report is due by August 2010.**

This SFY2010 Annual Report has been prepared to document the ongoing implementation of the Capacity Development Program for addressing capacity determinations for new systems and the application of an effective strategy for existing public water systems

- 3. Prepare 2010 Strategy List for inclusion with the SFY2010 Annual Report. This list will identify and prioritize the water systems to be offered assistance in developing technical, managerial, and financial capacity. A computer program will be created, tested, modified (if needed), and applied to query the New Jersey Environmental Management System (NJEMS) and/or Safe Drinking Water Information System (SDWIS) databases to generate the list. This list is due by August 2010.**

The 2010 Strategy List is included as Appendix I of this report. In addition to the systems identified through querying existing databases, the 2010 Strategy List also includes the systems identified by the compliance, permitting, enforcement, and technical assistance bureaus within the Department. Our intent to use this approach to develop the 2010 Strategy List was relayed to the USEPA in Appendix II of the SFY2009 Annual Report. A total of 66 systems are identified as High priorities for receiving capacity development assistance.

4. Continue the process of conducting on-site capacity evaluations for the 19 community and 20 non-community water systems identified on the Final 2007 Strategy List.

Appendix II provides a SFY2010 summary and status of Capacity Development Program activities for high-priority systems contained in the Final 2007 Strategy List.

Please note Valley View Manor (PWSID# 1001301) and Liberty Royal Rehab Center (PWSID# 1336308), identified as non-community water systems on the Final 2007 Strategy List, were reclassified as community water systems and are addressed as such in this report and Appendix II. Therefore, the Final 2007 Strategy List includes 21 community water systems and 18 non-community water systems. To date, the Capacity Development Program conducted on-site evaluations at 17 of the 21 community water systems and monitored the progress made by the remaining 4 community water systems to achieve compliance through enforcement of Administrative Consent Orders. A total of 3 community water systems have been removed from the Strategy List.

The Capacity Development Program has also worked with 16 of the 18 non-community water systems. During SFY10, one non-transient non-community system was deactivated due to its reclassification as a non-public water system. As a result of these efforts 12 non-community water systems have been removed from the Strategy List, 5 others are implementing steps to achieve capacity, and only one system requires evaluation, which is scheduled for 1QSFY2011.

5. Provide direct technical assistance to those water systems that fail to demonstrate adequate technical, managerial, and financial capacity. This function will be performed on an ongoing basis and will attempt to cooperatively incorporate the use of technical, managerial and financial assistance. Technical assistance will include direct consultation to assist targeted water systems to comply with existing regulations regarding construction and operation. Managerial and financial assistance will attempt to incorporate the concepts of Asset Management to establish water system priorities in maintaining, refurbishing, and replacing needed infrastructure. Once these priorities are determined, the water system can then develop meaningful projections of expenses and evaluate how to garner the revenues needed to effect improvements. The program anticipates becoming involved in meaningful rate setting discussions, when needed, so that targeted water systems can themselves determine how best to accrue the funds required to maintain their water system. USEPA's recently developed Check Up Program for Small Systems (CUPSS) or similar software will be used when appropriate.

The Capacity Development Program provided direct assistance to the community water systems and non-community water systems on the 2007 Final Strategy List, as summarized in Appendix II. Staff performed background research, conducted TMF capacity evaluations and site visits, developed and presented improvement plans, and helped systems implement the improvement plans. Staff also facilitated meetings among system representatives (e.g., owners, managers, licensed operators, and consulting engineers), regulatory agencies (e.g., enforcement inspectors, compliance managers, and permit reviewers), and/or representatives from other public water systems to identify/evaluate alternatives and approaches for developing system capacity.

A SFY 2010 highlight is that two (2) staff members in the Technical Assistance Unit received a "Certificate of Completion" for the CUPSS train-the-trainer series from the USEPA in SFY2010. These staffers continue to participate in CUPSS network calls and attend CUPSS training webcasts to keep current with enhancements to the CUPSS software. As a result the technical, managerial, and financial capacity development assistance continues its efforts to introduce and educate systems to the concept of asset management and CUPSS software. However, the Capacity Development Program acknowledges that getting systems to actually adopt and employ these tools is a challenge which will require more attention in SFY2011. Also, some systems have been advised of the potential to use the financial planning tools from the Boise State Environmental Finance Center (EFC) such as Rate Check Up, EFC Financial Dashboard, and Utility Budgeting Workbook. These efforts included joining the Syracuse EFC in presenting an "Enhanced Water Utility Management" course hosted by the New Jersey Water Association at 3 separate locations in June 2010.

- 6. The program plans to spend \$250,000 of previously awarded grant money to engage one or more third-party contractors to supplement our own efforts in providing on-site capacity evaluations, on-site technical assistance, and rate setting advice during SFY2010. The program will execute, manage, and coordinate service contract(s) to accomplish this goal. One third party contract will be executed by the end of December 2009 [sic] to provide for the conduct of site visits; technical, managerial and financial capacity evaluations; and asset management program implementation for targeted water systems. A separate service contract will to provide for conducting an independent review of New Jersey's Capacity Development program as identified in the initial Capacity Development strategy. Another third party contract will be developed to provide for water utility rate setting assistance when necessary.**

As previously reported, the Capacity Development Program completed a scope of work and assisted the Treasury Department in preparing a draft request for proposal (RFP) in SFY2009. The RFP is designed to solicit bids for the conduct of site visits,

TMF capacity evaluations, and asset management plan development/implementation by a third-party contractor. The Capacity Development Program continued its efforts to have the Treasury Department announce the RFP in 1QSFY2010 and then have the bids received, evaluated, and awarded by the end of 2QSFY2010. However, processing of the RFP was delayed by the Treasury Department and then suspended altogether (along with all spending plans) by the newly elected Governor until the new administration had the opportunity to decide whether or not the RFP should be authorized. The Capacity Development Program contacted the Treasury Department in June 2010 to obtain a status report and was informed the Governor approved authorization of the RFP. Therefore, the Capacity Development Program and Treasury Department now plan to announce the RFP in 1QSFY2011 then receive, evaluate, and award the bids by the end of 2QSFY2011.

Efforts continue on the development of a contract for services to replace and enhance the current Engineering Initiative Assistance contract overseen by the Drinking Water State Revolving Fund (SRF) Unit, which provides funds for the design and permitting costs SRF loan applicants would incur for system improvements, but all of the funds for the current contract are obligated. Future oversight of the next contract will continue to cover these "soft" costs and preserve the systems limited funding source alternatives for construction, operation, and maintenance of infrastructure needed for compliance.

The Capacity Development Program prepared a scope of work for an independent review of the program and obtained a cost estimate from the Cadmus Group. Both tasks were completed by May 2009 (4QSFY2009). Since the cost estimate provided by the Cadmus Group was significantly higher than initially projected, the Division of Water Supply decided not to proceed with the independent analysis.

As for the contract for rate setting assistance, this service would no doubt benefit those systems struggling with setting equitable rates that also cover the full cost of business. However, the Capacity Development Program needs to assess its ability to prepare, bid, and oversee another contract for services and determine if alternative means (e.g. refer systems to existing non-profits) before it commits to this activity.

7. Process technical, managerial, financial evaluations consistent with applicable State regulations (N.J.A.C. 7:10-13) for new community water systems, and non-transient, non-community water systems as identified by the Department and/or County Environmental Health Act (CEHA) agencies. This will be performed on an ongoing basis.

The Department added five (5) new community water systems to its inventory of public water systems during the period of July 1, 2009 through June 30, 2010. Two (2) of the five (5) systems were reclassified from NTNC water systems to CWS. Three systems (3) was activated. New Jersey added thirty (30) non-transient non-

community water systems to its inventory of public water systems during the period of July 1, 2009 through June 30, 2010. Eight (8) of the thirty (30) systems required and received TMF approval under NJ Safe Drinking Water Act regulations at N.J.A.C. 7:10-13. Three (3) of the thirty (30) require, but have pending, a TMF review. The remaining nineteen (19) systems did not meet the definition of "new system." Please refer to Tables 1 and 2.

8. Present revisions to Capacity Development Strategy to USEPA as part of the SFY2009 Annual Report.

The Capacity Development Program submitted its "Proposed Revisions to New Jersey's Capacity Development Strategy" as Appendix II of the SFY2009 Annual Report dated August 2009. After providing the opportunity for stakeholder involvement over the past year, the proposed revisions are being integrated into New Jersey's Capacity Development Strategy as presented in Appendix III of this report.

Stakeholder involvement was solicited from USEPA in the SFY2009 Report and during presentations at 5 separate public forums:

- Safe Drinking Water Course at Rutgers University in January 2010,
- NJ American Water Works Association Conference in Atlantic City in April 2010, and
- 3 separate locations for the "Enhanced Water Utility Management" course hosted by the New Jersey Water Association in June 2010.

The Capacity Development Program also presented the "Criteria and Benchmarks for Technical, Managerial, and Financial (TMF) Capacity" (see Appendix IV) to USEPA as part of the SFY2009 Annual Report and at each of the forums described above.

Reporting Criteria

In this Section of the Report, the Department has considered and responded to the Memorandum from Cynthia C. Dougherty, Director, Office of Ground Water and Drinking Water, USEPA, Washington, D.C. dated June 1, 2005 and the questions highlighted in the prepared "Reporting Criteria for Annual State Capacity Development Program Implementation Reports" as follows:

- **Has the State's legal authority (statutes/regulations) to implement the New Systems Program changed within the previous reporting year?**

The Department's regulations (N.J.A.C. 7:10-13) pertaining to the requirements of technical, managerial, and financial (TMF) capacity for new community and non-transient non-community water systems were readopted without changes effective April 30, 2010. These rules will expire April 30, 2015.

- **Have there been any modifications to the State's control points? If so, describe the modification and any impacts these modifications have had on implementation of the New System's program.**

No changes have occurred in the past year. In 2006, the Department made a modification to one the State's control points: the Department began to issue PWSID #s to new systems (only non-transient water systems) which are in operation but have not yet satisfied the TMF requirements. This change has allowed the Department to provide monitoring guidance to those water systems which have inadvertently commenced operation without TMF approval and in turn to receive and process monitoring data for compliance evaluation purposes during the TMF review. Typically, when the Department assigns a PWSID number, the system is permitted to commence operation only after satisfaction of the TMF requirements. The limited application of this change has not adversely affected the Program.

- **Indicate whether any new system approved within the past three years under the Capacity Development Program has been on any of the annual Significant Non-Compliers (SNC) lists.**

The Department has recently reviewed the status of all new systems (community and non-transient water systems) which received TMF approval in the past three years. Based upon this review, no new systems, from the 2005, 2006, 2007, 2008 and 2009 Implementation Reports are currently on the SNC list.

- **Regarding the State's approved existing systems strategy, which programs, tools, and/or activities were used, and how did each assist existing public water systems in acquiring and maintaining TMF capacity?**

The Department has observed improvements in public water system compliance and attributes this improvement to improved data management capabilities and the successful implementation of the efforts and mechanisms under the Capacity Development Program, the Enforcement Program, Small Water System Technical Assistance Program, and Operator Certification Program. The Capacity Development Program is making progress in addressing non-compliance which continues to promote TMF capacity.

The significant elements that have brought about a higher level of compliance are detailed in the Governor's Report for calendar year 2008 and include:

- Zero Tolerance Policy
- Operator Certification Program (extended to NTNC water systems)
- Monitoring Schedules on web through Drinking Water Watch application
- Technical Assistance By the Department of Environmental Protection
- Violation evaluation

- Improved data management
- Maintenance of an accurate inventory of systems and the status/appropriateness of violations.
- Implementing the activities of the Capacity Development Strategy

In SFY10, the Department notified water systems that it was requiring most drinking water data to be submitted electronically via the Department's Electronic Environmental (E2) Reporting System. Certified drinking water laboratories must submit the data on behalf of the water systems. The Department anticipates that monitoring and reporting compliance will increase as a result of this reporting requirement.

- **How has the State continued to identify systems in need of capacity development assistance?**

The Department continues to identify systems in need of capacity development by preparing a Strategy List which identifies and prioritizes those public water systems most in need of capacity development. The Strategy List also enables the Department to prioritize the Program's resources for performing TMF capacity evaluations and providing assistance. The first strategy list was compiled in December 2001 from a review of the compliance status during the preceding 18-month timeframe from July 2000 – December 2001. The second strategy list was compiled in February 2004 from a review of the compliance status during the 18-month timeframe of January 2002 – July 2003.

An Interim 2007 Strategy List was developed as reported in August 2007. The list included high priority systems from the 2001 and 2004 lists that remained unresolved and out of compliance at that time. Additionally several systems, such as Sea Village Marina, were added based on staff's knowledge of the system. This list was adopted as the Final 2007 Strategy List as indicated in the SFY2008 Annual Report. The status for each of the 39 public water systems on the Final 2007 Strategy List is provided in Appendix II of this report.

The 2010 Strategy List is contained in Appendix I of this report and identifies 66 public water systems as High priorities for receiving assistance from the Program to develop their TMF capacity. This fourth list was compiled in July 2010 from a review of the compliance status during the 18-month timeframe of January 1, 2008 – June 30, 2009.

- **What was the State's approach in offering and/or providing assistance if statewide public water systems capacity concerns or capacity needs have been identified?**

The Capacity Development Program continues the process of performing background research; conducting TMF capacity evaluations and site visits; developing improvement plans; and helping systems implement those improvement plans. Staff also facilitated meetings among system representatives (e.g., owners, managers, licensed operators, and consulting engineers), regulatory agencies (e.g., enforcement inspectors, compliance managers, and permit reviewers), and/or representatives from other public water systems to identify/evaluate alternatives and approaches for developing system capacity. During this process, the Capacity Development Program relayed information on available tools and resources and provided training sessions at numerous locations and forums.

In order to improve water system operation, the Department has identified drinking-water related training needs for small water system owners and operators. By contract with the New Jersey Water Association, 18 training sessions were held in the past year to provide assistance to small water systems (those serving less than 10,000). One hundred forty (140) small systems were represented at these sessions. In addition, a contract with Rutgers University provided for a 50% tuition subsidy for drinking water-related training courses from July 1, 2009 to June 30, 2010. In that timeframe, 30 training courses were held. Three hundred ninety-six (396) operators attended at the reduced rate. The Department initiated this contract with Rutgers University in FY 2008. We plan to provide additional funding for a new contract in FY 2011.

For 2010, monitoring schedules for all 4,000 public water systems were posted on the Division of Water Supply's Drinking Water Watch website. https://www11.state.nj.us/DEP_WaterWatch_public/index.jsp. These schedules are continually updated based on population changes, treatment installation compliance status and error corrections. These schedules benefit the Capacity Development program because they inform the water systems regarding the type of compliance monitoring required and the associated sampling frequencies which help the systems maintain compliance. This tool benefits both the community water systems and non-community water systems.

The program has developed an intensive audit review of lead and copper compliance, especially monitoring and public education requirements, partially in response to USEPA audit activities. For the period of July 1, 2009 to June 30, 2010, no audit review processes were performed because of other priorities. Instead, some water system's sampling pools and consumer notifications were reviewed and the audit review will resume in SFY2011.

In SFY11, the Department plans to spend more time investigating rate setting and asset management programs for community water systems in order to assist water systems determine full cost pricing for their water.

- **If the State performed a review of implementation of the existing systems strategy, discuss the review and how findings have been or may be addressed.**

The Program conducted a review of the process used to develop its Strategy List for existing systems in SFY2010 as discussed in the Work Plan Activities section of this report as well as Appendices I and III. Instead of contracting for an independent analysis of the entire program, as discussed in the Work Plan Activities section of this report, the Division of Water Supply is putting resources into performing TMF reviews for the systems on the 2010 Strategy list.

- **Did the State make any modifications to the existing system strategy?**

Details on the modifications made to the existing strategy are discussed in the Work Plan Activities section of this report and presented in Appendix III. The benchmarks for measuring system capacity which the Program will use in the future are presented in Appendix IV of this report.

The Department previously made one program modification to the existing system capacity development strategy in 2005 that pertains to the preparation of the Strategy List. The Department's "Capacity Development Strategy", approved September 2000 by the USEPA, established that Strategy Lists would be prepared annually. Following the preparation of the 2001 Strategy List (December 2001) and the 2004 Strategy List (February 2004) it was deemed more practical (from a Program implementation viewpoint) to work with those systems on the Strategy List over several years and thus prepare a new Strategy list once every three years. This adaptation in preparing the Strategy List will continue and allows efforts regarding the TMF evaluation and improvement process to be implemented with more efficiency. This modification favorably affects the implementation of the Program by focusing efforts on TMF evaluations and technical assistance.

APPENDIX I

CAPACITY DEVELOPMENT PROGRAM:
2010 STRATEGY LIST
FOR PUBLIC WATER SYSTEMS

State of New Jersey
Department of Environmental Protection
Water Supply Administration
Bureau of Safe Drinking Water Technical Assistance

CAPACITY DEVELOPMENT PROGRAM

REPORT ON

STRATEGY LIST OF PUBLIC WATER SYSTEMS

August 2010

CHRIS CHRISTIE
Governor

BOB MARTIN
Commissioner

KIM GUADAGNO
Lt. Governor

Introduction

The Capacity Development Strategy (CDS) approved by the USEPA in September 2000 requires the Capacity Development Program (Program) to periodically generate a Strategy List which identifies and prioritizes the public water systems most in need of capacity development. This report contains the 2010 list of public water systems in need of capacity development and will be used to focus the Program's efforts to perform capacity evaluations and provide technical, managerial, and financial (TMF) assistance.

As of the date of this report, New Jersey has 3,951 public water systems in its inventory consisting of 615 community water systems, 815 non-transient non-community water systems, and 2,521 transient non-community water systems. The criteria for identifying and prioritizing public water systems as defined in the CDS were used to generate the 2010 Strategy List. However, the Program modified how it applied the Significant Non-Complier (SNC) status criterion and did not apply the Formal Enforcement Action (FEA) taken criterion. An "Identification by Regulatory Agency" criterion was added to the process. This criterion allowed the various offices in the Water Resource and Compliance & Enforcement programs to relay their first-hand observations, knowledge, and experience to identify public water systems which exhibit signs of deteriorating infrastructure, inadequate staffing, licensed operator problems, poor organization, lack of written policies/procedures, poor O&M practices, and/or indications of financial trouble. This information would serve to identify and prioritize systems with potentially serious TMF capacity issues to supplement the identification of systems with the most MCL violations, M&R violations and infrastructure deficiencies noted during compliance evaluation inspections.

The decision to adopt this modified approach to prepare the 2010 Strategy List reflected consideration of how to best apply the Program's available resources and its ability to generate a valid Strategy List for focusing Program resources. Plans for adopting a modified approach and conducting a survey to solicit direct input from regulatory agencies were relayed to the USEPA in the Proposed Revisions to New Jersey's Capacity Development Strategy (see Report on Ongoing Implementation of the Capacity Development Program, Period of July 1, 2008 to June 30, 2009 - Appendix II, NJDEP, 8/09). Please note the plan to conduct the survey was not fully implemented as proposed since county and local agencies were not surveyed. As such, this step is viewed as a first phase for implementing the plan. As implemented, the survey identified 27 community water systems (CWS) and 16 non-community water systems (NCWS).

Therefore, the Program views the decision to integrate the survey of regulatory agencies into the process for identifying and prioritizing public water systems as an improvement to implementing its Strategy. In addition, implementing the proposal to survey regulatory agencies in a phased manner will enable the Program to better evaluate this approach prior to full scale implementation which would require county and local agencies to dedicate time/resources to participate in the process. Based on its evaluation, the Program may decide to conduct a full-scale survey to prepare the 2013 Strategy List.

Summary of Findings

Once the systems were identified for inclusion on the 2010 Strategy List, they were prioritized by ranking them in accordance with the community water system (CWS) and non-community water system (NCWS) point scales provided in Attachments I and II, respectively. In summary, the public water systems were ranked using the following indicators: population served, type and classification of the system, type and number of maximum contaminant level violations, number of monitoring and reporting violations, inspection deficiencies, identification by regulatory agency, and existence on the 2007 Strategy List. SNC status was also reviewed, but no points were added based on this criterion. Using these criteria, systems were assigned a Low, Medium, or High priority status. Systems assigned a High priority are viewed as not having adequate capacity and requiring capacity development.

To ease the review of the information depicted in Attachments I and II, the score for systems assigned a low priority are shaded blue, medium priority are shaded green, and high priority are shaded red. Also, the PWSID numbers for systems carried over from the 2007 Strategy List are shaded yellow.

A summary of the findings is as follows:

- A. Population Served for CWS – 59 systems on the list serve a population less than 500, 26 systems serve a population between 500-3300, and 44 systems on the list serve greater than 3300.
- B. System Type for NCWS – 64 systems on the list serve a non-transient non-community water system and 182 systems on the list serve a transient non-community water system.
- C. System Classification for NCWS – 31 systems on the list were a school, daycare facility, or healthcare facility; 81 systems were a restaurant, deli, or campground; and 134 systems were a recreational or other miscellaneous facility.
- D. MCL Violations – 242 systems were found to have MCL violations, of those 42 were CWS and 200 were NCWS.
- E. Monitoring/Reporting Violations – 72 systems had ≥ 3 M/R violations, of those 27 were CWS and 45 were NCWS.
- F. Inspection Deficiencies – 75 CWS were found to have deficiencies related to infrastructure, operation & maintenance, and/or compliance.
- G. Identified by Regulatory Agency – 43 systems were identified by the survey, of those 27 were CWS and 16 were NCWS.
- H. Existed on the 2007 Strategy List – 24 systems were ranked on the 2007 Strategy List, of those 18 were CWS and 6 were NCWS.

The decision not to assign additional points is viewed as sound because a review of SNC status showed no additional CWS would have been identified for inclusion on the 2010 Strategy List and the priority status assigned to each CWS on the list would not have changed. Review of the SNC status for NCWS for the 2Q2009 also indicated that assigning additional points for this criterion would not have effected the number of High priority NCWS on the on the 2010 Strategy List.

Conclusion

Of the 615 CWS reviewed, 129 systems appeared on the strategy list with 37 ranked as High priority, 37 ranked as Medium priority, and 55 ranked as Low priority. Of the 3,336 NCWS reviewed, 246 systems appeared on the strategy list with 29 ranked as High priority, 74 ranked as Medium priority, and 143 ranked as Low priority. Therefore, the 2010 Strategy List identifies a total of 66 public water systems designated as High priority systems. This number is almost twice the number of High priority systems identified on the 2007 Strategy List which contained 39 High priority systems. However, the apparent increase is mainly due to the carry over of 18 CWS and 6 NCWS from the 2007 Strategy List. Please note most of the CWS and NCWS remaining from the 2007 Strategy List are making significant progress in developing their TMF capacity. Please refer to the "Report on Ongoing Implementation of the Capacity Development Program, Period of July 1, 2009 to June 30, 2010 - Appendix II" (NJDEP, 8/10) for summaries on the status of the systems that carried over from the 2007 Strategy List.

Program staff will continue to assist those systems which carried over from the 2007 Strategy List and begin to evaluate the High priority systems in the order specified in the CDS (see 1 through 4, below). By design this approach establishes that the Program will not attempt to evaluate all High priority systems at once, but rather through an organized, systematic approach. The Program also plans to solicit bids and select a contractor to perform TMF capacity evaluations and help develop/implement improvement plans. These plans are in progress and should be finalized by the end of December 2011. Once selected, the Program will use the contractor to supplement staff efforts in evaluating the High priority systems in the order specified in the CDS:

1. Community water systems with populations less than 3,300
2. Non-transient water systems that are schools, day care facilities and health care institutions
3. Transient non-community water systems which are restaurants and campgrounds, and
4. All other public water systems not covered above, starting with community water systems with populations greater than 3,300

The Small System Technical Assistance program will be informed about the small systems identified by the various offices in the Water Resource and Compliance & Enforcement programs which were assigned Medium priority on the 2010 Strategy List so assistance may be offered through that program.

References

The strategy list was compiled using the following sources of information:

1. New Jersey Environmental Management System (NJEMS) database including the Compliance Evaluation Inspections from January 2008 through June 2009.
2. State Drinking Water Information System (SDWIS) database including the MCL and M/R violations for the period January 1, 2008 through June 30, 2009.
3. New Jersey Drinking Water Watch
4. Electronic survey results from the Bureau of Water Allocation, Bureau of Safe Drinking Water Implementation, Bureau of Safe Drinking Water Technical Assistance, Bureau of Water System and Well Permitting, and Regional Water Compliance and Enforcement Offices.
5. Unaddressed Significant Non-Compliance (SNC) Report for Community Water Systems and Non-Community Water Systems for compliance period January 1, 2008 through June 30, 2009.

ATTACHMENT I

**CAPACITY DEVELOPMENT PROGRAM
REPORT ON
STRATEGY LIST OF PUBLIC WATER SYSTEMS
AUGUST 2010**

**PRIORITIZATION LIST FOR
COMMUNITY WATER SYSTEMS**

**CODES FOR STRATEGY LIST OF
PUBLIC COMMUNITY WATER SUPPLIES**

AUGUST 2010

Category	Definition	Points
Population Size		
	Less than 500	3
	500 – 3,300	2
	Greater than 3,300	1
MCL Violations		
1/08 – 6/09	Total Coliform	3
	Volatile Organic Chemicals	2
	Nitrates	3
	Inorganic Chemicals	2
	Lead/Copper (Action Levels)	2
	Radionuclides	2
	Synthetic Organic Chemicals	2
	1-3 MCL Violations (same parameter)	-
	4-6 MCL Violations	+1
	7-9 MCL Violations, etc.	+2, etc
Inspection Deficiencies		
1/08-6/09	System is cited for Non-compliance	3
	System is in Compliance	0
Monitoring/Reporting Violations ≥ 3		
1/08 – 6/09	Yes, M/R violations ≥ 3 violations	3
	4-6 M/R violations	+1
	7-9 M/R violations, etc.	+2, etc
	No, M/R violations, < 3 violations	0
Identified by Regulatory Agency		
	Yes	7
	No	0
Ranked on 2007 Strategy List		
	Yes	10
	No	0

PRIORITY CODES

High Priority = RED ≥ 12
 Medium Priority = GREEN = 7 to 11
 Low Priority = BLUE ≤ 6

Note: High Priority automatically assigned to systems previously identified on Final 2007 Strategy List and the PWSID numbers for these systems are highlighted yellow.

**CAPACITY DEVELOPMENT STRATEGY LIST
COMMUNITY WATER SYSTEMS**

AUGUST 2010

PWSID #	PWS NAME	MCL POINTS	ADDL MCL POINTS	M&R	POP. SIZE	DEFICIENCIES	SURVEY	2007 LIST	PRIORITY STATUS
NJ0108009	STONE FIELD MOBILE HOME PARK			4	3	3			10
NJ0108019	OAK FOREST MOBILE HOME PARK	3			3				6
NJ0108021	SEA VILLAGE MARINA				3	3		10	16
NJ0108303	BAY BREEZE VILLAGE MOBIL HOME PARK				3	3			6
NJ0111007	EVERGREEN WOODS CAMPGROUND				3		7		10
NJ0112002	BLACK HORSE MANOR	3			3			10	16
NJ0113001	HAMMONTON WATER DEPT			3	1				4
NJ0117001	MULLICA WOODS MOBILE HOME PARK				3	3			6
NJ0122001	VENTNOR CITY WATER & SEWER UTILITY				1	3			4
NJ0233001	MAHWAH WATER DEPARTMENT			3	1	3			7
NJ0248001	RAMSEY WATER DEPT	21	2		1	3			27
NJ0251001	RIDGEWOOD WATER	6		4	1	3		10	24
NJ0257001	SADDLE BROOK WATER	6			1				7
NJ0265001	WALLINGTON WATER	3			1				4
NJ0301001	BUTTONWOOD MOBILE HOME PARK				3	3	7		13
NJ0303001	BORDENTOWN WATER	18	2		1	3			24
NJ0319001	MAPLE SHADE WATER DEPARTMENT			3	1				4
NJ0329004	PEMBERTON TWP DEPT MAIN	4			1				5
NJ0405001	BERLIN WATER DEPARTMENT				1	3			4
NJ0339001	NEW LISBON DEVELOPMENTAL CENTER				2	3		10	15
NJ0436007	WINSLOW TWP DMU	14	1		1	3		10	29
NJ0506001	DELSEA WOODS MOBILE HOME PARK				3		7		10
NJ0516002	CAROL LYNN TRAILER RESORT (WELL #2)				3	3			6
NJ0601001	BRIDGETON CITY WATER DEPT	26	3	3	1			10	43
NJ0605004	FAIRTON FEDERAL CORRECTIONAL				2	3			5
NJ0607300	CUMBERLAND CTY MANOR	3			3				6
NJ0609001	NJ STATE PRISON BAYSIDE				1	3			4
NJ0610002	COUNTRY MEADOWS RENTS & SALES MHP LLC				3	3			6
NJ0612001	BAYSHORE MOBILE HOME PARK				3			10	13
NJ0613004	UPPER DEERFIELD TWP WATER	24	2		2				28
NJ0614002	BERRYMANS BRANCH MHP	9			2				11
NJ0614003	VINELAND WATER & SEWER UTILITY	16	2	4	1				23
NJ0614005	BELLEVILLE WATER DEPT	10	1		2				13

**CAPACITY DEVELOPMENT STRATEGY LIST
COMMUNITY WATER SYSTEMS**

AUGUST 2010

PWSID #	PWS NAME	MCL POINTS	ADDL MCL POINTS	M&R	POP. SIZE	DEFICIENCIES	SURVEY	2007 LIST	PRIORITY STATUS
NJ0702001	CEDAR GROVE WATER DEPT	3			1				4
NJ0703001	CALDWELL WATER	6			1				7
NJ0707001	FAIRFIELD WATER	6			1	3			10
NJ0708001	GLEN RIDGE WATER DEPT			3	1				4
NJ0714001	NEWARK WATER DEPARTMENT				1	3			4
NJ0715001	LIVINGSTON TWP DIV OF WATER	3			1				4
NJ0801001	CLAYTON WATER DEPARTMENT				1	3			4
NJ0810004	MANTUA TOWNSHIP MUA			4	1				5
NJ0810005	MANOR WATER ASSOCIATIONS				3	3			6
NJ0811002	MONROE TWP MUA			4	1	3			8
NJ0811003	COLONIAL ESTATES				2	3		10	15
NJ0812001	NATIONAL PARK WATER DEPARTMENT			3	2				5
NJ0815001	PITMAN WATER DEPARTMENT				1	3			4
NJ0820001	W DEPTFORD TWP WATER			4	1				5
NJ0822001	WOODBURY CITY W DEPT				1	3			4
NJ1001301	VALLEY WIEW MANOR	12	1		3	3		10	29
NJ1005001	CLINTON W DEPT				1	3			4
NJ1007002	ROSEMONT WATER	12	1		3	3			19
NJ1009001	FLEMINGTON WATER	62	7		1	3		10	83
NJ1013001	HAMPTON BOROUGH				2	3	7		12
NJ1019002	SENATOR G.W. HAGEDORN PSYCHIATRIC HOSPIT				2	3			5
NJ1019003	CAMELOT AT SPRUCE RIDGE				3		7		10
NJ1019311	HUNTERDON HILLS RESIDENTIAL HOME				3	3			6
NJ1020001	MILFORD WATER	6			2	3			11
NJ1024002	HUNTERS GLEN	9			3		7		19
NJ1025001	EDNA MAHAN CORRECTIONAL				2	3			5
NJ1025308	PATTENBURG HOUSE			4	3	3			10
NJ1025313	STONE ARCH CARE CENTER				3	3			6
NJ1103001	AQUA NJ - HAMILTON SQUARE				1	3			4
NJ1107002	LAWRENCEVILLE WATER COMPANY			4	1				5
NJ1108001	PENNINGTON W DEPT				2	3			5
NJ1213002	MONROE TWP UTILITY DEPARTMENT			4	1	3			8
NJ1213313	THE GARDENS AT MONROE				3	3			6

**CAPACITY DEVELOPMENT STRATEGY LIST
COMMUNITY WATER SYSTEMS**

AUGUST 2010

PWSID #	PWS NAME	MCL POINTS	ADDL MCL POINTS	M&R	POP. SIZE	DEFICIENCIES	SURVEY	2007 LIST	PRIORITY STATUS
NJ1215001	NORTH BRUNSWICK W DEPT			6	1				7
NJ1309001	US NAVAL WEAPONS STATION				2	3			5
NJ1309002	S B WATER COMPANY			4	2				6
NJ1309415	BRANDYWINE ASSISTED LIVING AT COLTS NECK GRACEFIELD MANOR RESIDENTIAL				3	3			6
NJ1326321	HEALTH CARE				3	3			6
NJ1328002	MARLBORO MUA			4	1	3			8
NJ1328003	MARLBORO STATE HOSPITAL				3	3			6
NJ1332314	AVE CARE	3			3	3			9
NJ1336308	LIBERTY ROYAL REHAB CENTER				3	3		10	16
NJ1345001	NJ AMERICAN WATER - COASTAL NORTH			4	1				5
NJ1414009	MOUNTAIN SHORE WATER SUPPLY				3	3	7		13
NJ1414013	SUN VALLEY PARK	3			3	3		10	19
NJ1414024	YB PROPERTIES LLC	6			3				9
NJ1421305	GREEN BRIAR RESIDENTIAL HEALTH				3	3	7		13
NJ1427002	MOUNT OLIVE - GOLDMINE ESTATES				3	3		10	16
NJ1432003	RANDOLPH TWP WATER	3			1	3			7
NJ1436002	ROXBURY WATER CO	3			1				4
NJ1438001	CLIFFSIDE PARK WATER ASSOC INC			3	3	3		10	19
NJ1438004	WASHINGTON TWP MUA-SCHOO			4	1	3			8
NJ1438006	SHERWOOD VILLAGE	3			3	3			9
NJ1503001	BEACH HAVEN WATER DEPT				1	3			4
NJ1505312	CRYSTAL LAKE HEALTH CARE				3	3			6
NJ1511011	LUXURY COMMUNITY MOBILE HOME PARK	3			3	3		10	19
NJ1511016	MEADOWBROOK CO-OP INC	6			3				9
NJ1521001	OCEAN GATE				2	3	7		12
NJ1533001	BARNEGAT TWP WATER SEWER	3			1				4
NJ1603001	MANCHESTER UTILITIES AUTHORITY				1	3	7		11
NJ1612001	TOTOWA WATER DEPARTMENT WEST MILFORD TWP MUA - BIRCH HILL				1	3	7		11
NJ1615001	PARK				3		7		10
NJ1615002	WEST MILFORD TWP MUA - GREENBROOK				2		7		9
NJ1615003	PVWC HIGH CREST	3			2				5

**CAPACITY DEVELOPMENT STRATEGY LIST
COMMUNITY WATER SYSTEMS**

AUGUST 2010

PWSID #	PWS NAME	MCL POINTS	ADDL MCL POINTS	M&R	POP. SIZE	DEFICIENCIES	SURVEY	2007 LIST	PRIORITY STATUS
NJ1615006	WEST MILFORD TWP MUA - PARKWAY REFLECTION LAKES GARDEN APARTMENTS				3		7		10
NJ1615009	INC				3		7		10
NJ1615012	WEST MILFORD TWP MUA - AWOSTING WEST MILFORD TWP MUA - CRESCENT				2		7		9
NJ1615014	PARK				2		7		9
NJ1615016	WEST MILFORD TWP MUA - OLDE MILFORD				2		7		9
NJ1615017	WONDER LAKE PROPERTIES INC				3	3			6
NJ1615018	WEST MILFORD TWP MUA - BALD EAGLE				2		7		9
NJ1714003	BANCROFT NEURO HEALTH CENTER	6		4	3				13
NJ1715001	WOODSTOWN WATER DEPARTMENT			4	1	3			8
NJ1902346	WILLOW GLEN ACADEMY/ABBAY				3	3			6
NJ1904004	NORTH SHORE WATER ASSOCIATION				3	3	7		13
NJ1904008	WILLOR MANOR WATER CO				3	3	7		13
NJ1904009	BYRAM HMWNRS ASSOC WATER			3	3				6
NJ1905004	SUSSEX CNTY HLTH-THE HOMESTED				3	3			6
NJ1906001	HILLSIDE ESTATES AT FRANKLIN				3	3			6
NJ1911001	WALLKILL WATER CO				2		6		8
NJ1911002	LAKE STOCKHOLM INC				3	3			6
NJ1911003	LAKE TAMARACK W CO			4	2	3			9
NJ1911006	HARDYSTON TWP MUA			6	2				8
NJ1912007	ARTHUR RD WELL ASSOC				3	3	7		13
NJ1920001	STILLWATER WATER DISTRICT 1	6			2	3		10	21
NJ1922008	VERNON WATER CO				2	3	7		12
NJ1922009	VERNON WATER CO OAK HILL				3	3	7		13
NJ1922010	THE VILLAGE OF LAKE GLENWOOD				3	3	7		13
NJ1922013	UW VH DC SYSTEM	3			3				6
NJ1922014	GREAT GORGE TERRACE ASSO	34	2	5	3			10	54
NJ1922028	VALLEY VIEW APTS	10	1		3			10	24
NJ2013001	UNITED WATER RAHWAY	3			1				4
NJ2106304	FOREST MANOR RETIREMENT HOME	3			3				6
NJ2110003	AQUA NJ HARKERS HOLLOW	6			3				9
NJ2113003	TRIPLE BROOK MOBILE HOME				3		7		10
NJ2120002	AQUA NJ INC WARREN GLEN				3	3			6

ATTACHMENT II

**CAPACITY DEVELOPMENT PROGRAM
REPORT ON
STRATEGY LIST OF PUBLIC WATER SYSTEMS
AUGUST 2010**

**PRIORITIZATION LIST FOR
NON-COMMUNITY WATER SYSTEMS**

**CODES FOR STRATEGY LIST OF
PUBLIC NON-COMMUNITY WATER SUPPLIES**

AUGUST 2010

Category	Definition	Points
System Type	Non-transient non-community	2
	Transient non-community	1
System Classification	School	3
	Day Care Facility	3
	Health Care Facility	3
	Campground	2
	Restaurant/Deli	2
	Recreational Facility	1
	All Other Facilities	1
MCL Violations		
1/08– 6/09	Total Coliform	3
	Volatile Organic Chemicals	2
	Nitrates	3
	Inorganic Chemicals	2
	Lead/Copper (Action Levels)	2
	Radionuclides	2
	Synthetic Organic Chemicals	2
	1-3 MCL Violations (same parameter)	-
	4-6 MCL Violations	+1
	7-9 MCL Violations, etc.	+2, etc
Monitoring/Reporting Violations \geq 3		
1/08 – 6/09	Yes, M/R violations \geq 3 violations	3
	4-6 M/R violations	+1
	7-9 M/R Violations, etc.	+2, etc
	No, M/R violations < 3 violations	0
Identified by Regulatory Agency		
	Yes	7
	No	0
Ranked on 2007 Strategy List		
	Yes	10
	No	0

PRIORITY CODES

High Priority = RED \geq 12
 Medium Priority = GREEN = 7 to 11
 Low Priority = BLUE \leq 6

Note: High Priority automatically assigned to systems previously identified on Final 2007 Strategy List and the PWSID numbers for these systems are highlighted yellow.

**CAPACITY DEVELOPMENT STRATEGY LIST
NONCOMMUNITY WATER SYSTEMS
AUGUST 2010**

PWSID #	PWS NAME	PWS CAT.	MCL POINTS	ADDL. MCL POINTS	M&R	SURVEY	CLASS	2007 LIST	PRIORITY STATUS
NJ0105323	ST MARYS SCHOOL	NTNC (2)	6			7	2		17
NJ0105333	CAPPUCCIO'S EASTSIDE DELIE	NC (1)	3				2		6
NJ0105356	BERTUZZI'S FARM MKT	NC (1)	3				1		5
NJ0105360	SAINT MARY'S SCHOOL - WELL 2	NTNC (2)				7	3		12
NJ0107300	EGG HARBOR CITY CAMPGROUND	NC (1)	3				2		6
NJ0108352	DOT FAA ATL BLD 33 & BLD 208	NTNC (2)					1	10	13
NJ0109302	ESTELL MANOR SCHOOL	NTNC (2)	3			7	3		15
NJ0111445	CONOVER CENTER LLC	NC (1)			3		2		6
NJ0112321	PLAZA MOTEL	NC (1)	3				1		5
NJ0113353	TOMASELLO WINERY INC	NC (1)	3				1		5
NJ0117309	SIX PACKS PUB	NC (1)	3				2		6
NJ0120311	CHESTNUT LK CG	NC (1)	3				2		6
NJ0123309	RAILROAD DELI	NC (1)			4		2		7
NJ0301320	SPEEDY DELI	NC (1)	3				2		6
NJ0311302	CLASSIC DESSERT COMPANY	NC (1)	3				2		6
NJ0317303	BURLINGTON CTY SPEC SERVICES	NTNC (2)	9				3		14
NJ0332327	WAWA #458	NC (1)	3				2		6
NJ0335320	RUSSOS FRUIT & VEGETABLE MARKET	NC (1)	3				1		5
NJ0436314	RAY & ALICE'S SICKLERVILLE	NC (1)	6				2		9
NJ0436324	JOHNS MANVILLE	NTNC (2)	3				1		6
NJ0436398	ELM FIRE CO	NC (1)	6				1		8
NJ0436481	DONIO TRUCKING	NTNC (2)			3	7	1		13
NJ0436483	CHAUNCYS	NC (1)	3				2		6
NJ0504408	FAI'S CHINESE REST	NC (1)	3				2		6
NJ0511401	CHILDRENS COUNTRY PLACE	NTNC (2)	6				3		11
NJ0603301	CUMBERLAND CNTY TECHNICAL ED	NTNC (2)				7	3		12
NJ0603328	KLEM 4H ACTIVITY BLDG	NC (1)	3				1		5
NJ0605301	FAIRFIELD TWP INTER (BACK WELL)	NTNC (2)			3		3		8
NJ0605311	EMILY'S CAFÉ	NC (1)	3				2		6
NJ0607324	PRIOLOS PIZZA	NC (1)	3				2		6
NJ0610311	LAUREL LAKE PROP OWNERS ASSOC-CLUB HOUSE	NC (1)			3		1		5
NJ0610314	CUSTARD CORRAL	NC (1)	3				2		6

**CAPACITY DEVELOPMENT STRATEGY LIST
NONCOMMUNITY WATER SYSTEMS
AUGUST 2010**

PWSID #	PWS NAME	PWS CAT.	MCL POINTS	ADDL. MCL POINTS	M&R	SURVEY	CLASS	2007 LIST	PRIORITY STATUS
NJ0611302	SHILOH MARKET	NC (1)	3				1		5
NJ0613312	DEERFIELD CHRISTIAN NURSURY	NC (1)	6				1		8
NJ0613320	FRANCO'S PLACE	NC (1)	3				1		5
NJ0613325	TINO'S REST	NC (1)	3				2		6
NJ0613328	MATRIARK FAMILY CENTER	NTNC (2)			3		3		8
NJ0614313	VINELAND KOSHER POULTRY	NTNC (2)	4				2		8
NJ0614344	SENIOR CARE OF VINELAND	NTNC (2)			3		3		8
NJ0707309	HUNAN COTTAGE REST	NC (1)	3				2		6
NJ0707311	MAINLAND DEV CORP	NC (1)	3				1		5
NJ0722304	THE MANOR REST	NC (1)	10	1			2		15
NJ0805312	FRANKLIN SKATING CENTER	NC (1)	3				1		5
NJ0805340	KAVANAGHS IRISH PUB & GRILL	NC (1)			3		2		6
NJ0805353	LA PIZZA	NC (1)	3				2		6
NJ0805367	TRUTH BAPTIST CHURCH	NC (1)	6				1		8
NJ0805384	MALAGA DINER	NC (1)	3				2		6
NJ0805444	NEW LIFE IN CHRIST MINISTRY	NC (1)	3				1		5
NJ0808305	JD FORRESTS EWAN GENERAL STORE	NC (1)			3		2		6
NJ0809309	GODWIN PUMPS	NTNC (2)	6				1		9
NJ0811321	WILLIAMSTOWN BP	NC (1)			3		1		5
NJ0811417	CHILD CARE PARTNERS PRESCHOOL DAYCARE	NTNC (2)			3		3		8
NJ0824317	US DROP FORGE CO	NTNC (2)			3		1		6
NJ1006310	IVY LEAF SCHOOL	NTNC (2)	3				3		8
NJ1006313	ROUND VALLEY REC AREA	NC (1)	3				1		5
NJ1006340	HUNTERDON GROUP	NTNC (2)	6				1		9
NJ1006346	RED HORSE SHOPPES	NC (1)	3				1		5
NJ1006367	RED SCHOOLHOUSE MED. & PROF. COMPLEX-WEL	NTNC (2)	3				3		8
NJ1008300	ALBERT ELIAS RESIDENTIAL GROUP	NTNC (2)	6		3		3	10	24
NJ1010304	CLINTON ELKS LODGE 2334	NC (1)			3		1		5
NJ1010305	PERRICONE'S MARKET	NC (1)	3				2		6
NJ1015309	HOLLAND CTR	NC (1)	6				1		8
NJ1019304	TUSCANY GRILL	NC (1)	3				2		6
NJ1021337	MARINELLIS	NC (1)	9		3		2		15

**CAPACITY DEVELOPMENT STRATEGY LIST
NONCOMMUNITY WATER SYSTEMS
AUGUST 2010**

PWSID #	PWS NAME	PWS CAT.	MCL POINTS	ADDL. MCL POINTS	M&R	SURVEY	CLASS	2007 LIST	PRIORITY STATUS
NJ1021373	FLEMINGTON LODGE #1829	NC (1)	6				1		8
NJ1021405	REAGENT CHEMICAL	NTNC (2)	3				1		6
NJ1021406	CROSS RDS CAFÉ	NC (1)	3				2		6
NJ1021421	VERDUCCI PIZZA	NC (1)	6				2		9
NJ1021432	COUNTRYSIDE PLZ	NC (1)	3				1		5
NJ1022338	READINGTON FARMS	NTNC (2)	3				1		6
NJ1022361	SALEM SQUARE	NTNC (2)	2				1		5
NJ1022383	LUNA RESTAURANT	NC (1)	6				2		9
NJ1025300	STATE OF NJ SPRUCE RUN RECREAT	NC (1)	9		3		1		14
NJ1025330	PEACEFUL VALLEY ORCHARDS	NC (1)	3				1		5
NJ1026301	ESC SCHOOL	NTNC (2)	12	1			3	10	28
NJ1026318	MT. AIRY HAPPY TIME SCHOOL	NTNC (2)	17	1			3		23
NJ1106313	HOPEWELL VALLEY GC	NC (1)	4				1		6
NJ1106328	WASH XING STATE PARK	NC (1)	21	2			1		25
NJ1106331	WASH XING STATE PARK	NC (1)	6				1		8
NJ1106335	WASH XING STATE PARK	NC (1)	3				1		5
NJ1106345	PENNINGTON BUSINESS PARK	NC (1)	6				1		8
NJ1106355	KOOLTRONIC INC	NTNC (2)	14	1			1		18
NJ1106362	CAMELOT NURSERY SCHOOL	NTNC (2)	2				3		7
NJ1106389	HOPEWELL VALLEY GC	NC (1)	4				1	10	16
NJ1108303	HOPEWELL VALLEY HEALTH AND FITNESS CENTE	NC (1)			3		1		5
NJ1108304	PENNINGTON EXXON SERVICE STATION	NC (1)	9				1		11
NJ1202305	CRANBURY MOBIL	NC (1)	3				1		5
NJ1202320	CRANBURY SWIM CLUB	NC (1)	3				1		5
NJ1309321	COLTSTOWN GROUP SHOPPING CENTER	NTNC (2)			4		1		7
NJ1309328	DELICIOUS ORCHARD MKT	NTNC (2)	3				1		6
NJ1309421	COLTS NECK EXXON	NC (1)			3		1		5
NJ1319404	KOBE RESTURANT	NC (1)				7	2		10
NJ1319332	ADELPHIA 72 CORP	NC (1)				7	1		10
NJ1319397	COUZINS GOOD 2 GO	NC (1)			3		2		6
NJ1319459	GETTY STATION #00658	NC (1)			3	7	2		13
NJ1326302	GUS REST	NC (1)	3				1		5

**CAPACITY DEVELOPMENT STRATEGY LIST
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PWSID #	PWS NAME	PWS CAT.	MCL POINTS	ADDL. MCL POINTS	M&R	SURVEY	CLASS	2007 LIST	PRIORITY STATUS
NJ1326358	LITTLE RED SCHOOL HOUSE	NTNC (2)	3				2		6
NJ1332334	MILLSTONE TWP FIRE	NC (1)			3		3		8
NJ1332351	MILLSTONE CTR	NC (1)	3				1	10	15
NJ1332379	WAGNER FARM PARK	NC (1)	3				2		6
NJ1352321	BRIELLE HILLS BLDG #1&2	NTNC (2)	9			7	1		18
NJ1352322	BRIELLE HILLS CONDO ASSOCIATION BLDG 8,9	NTNC (2)			4	7	1		14
NJ1352326	BRIELLE HILLS CONDO ASSOCIATION BLDG 6&7	NTNC (2)				7	1		10
NJ1352340	BRIELLE HILL CONDO-BLDG 3/4 & 5	NTNC (2)			4	7	1		14
NJ1352341	BRIELLE HILLS CONDO ASSN BLDG 11 & 12	NC (1)				7	1		9
NJ1407313	CHESHIRE BLDG/ A AND S CHESTER ASSOCIATE	NTNC (2)	3				1		6
NJ1407334	CHESTER TWP POLICE	NC (1)	3				1		5
NJ1410307	PARK MEADOWS IND.	NTNC (2)	2				1		5
NJ1413316	CHRIST THE KING CHURCH	NC (1)	6				1		8
NJ1413322	COUNTRY MILE VLG	NC (1)	6				1		8
NJ1414302	JEFFERSON HOUSE	NC (1)	3				2		6
NJ1414309	ROADSIDE DINER	NC (1)			3		2		6
NJ1414390	SKYLAND MEDICAL GRP	NC (1)	6				3		10
NJ1415301	LOTSA PASTA	NC (1)					2	10	13
NJ1415305	OUR LADY OF THE MAGNIFICAT	NTNC (2)	3				1		6
NJ1415306	WISE OWL LEARNING CTR	NC (1)	3				3		7
NJ1415311	ABC LEARNING@KINNELON METHODIST	NTNC (2)			3		3		8
NJ1427319	KENNEDYS PUB	NC (1)	3		3		2		9
NJ1427395	MT OLIVE SHOPPING PARKADE	NTNC (2)	6				1		9
NJ1427400	SANDSHORE INDUSTRIAL CONDO ASSOCIATION	NTNC (2)	15	1			1		19
NJ1432347	N & G PROPERTIES	NC (1)			4		1		6
NJ1432354	GODDARD SCHOOL	NTNC (2)			3		3		8
NJ1433303	GETTY PETROLEUM	NC (1)	3				1		5
NJ1435328	GREEN POND CHAPEL	NC (1)			3		1		5
NJ1436300	HOPATCONG SP	NC (1)	3				1		5

**CAPACITY DEVELOPMENT STRATEGY LIST
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PWSID #	PWS NAME	PWS CAT.	MCL POINTS	ADDL. MCL POINTS	M&R	SURVEY	CLASS	2007 LIST	PRIORITY STATUS
NJ1436310	SMILES	NC (1)	3				2		6
NJ1436329	PHILLIPS	NTNC (2)	9				1		12
NJ1436332	MEIER IND PARK	NTNC (2)	3				1		5
NJ1438300	WEST MORRIS CENTRAL HS	NTNC (2)	3				3		8
NJ1438309	LIEBENZELL MISSION	NC (1)	3				1		5
NJ1439301	TILCON ADMINISTRATION	NTNC (2)	3		3		1		9
NJ1505342	DOWNES MARINE	NC (1)	3				1		5
NJ1505388	OCEAN GATE YACHT BASIN, INC.	NC (1)			3		1		5
NJ1507322	ACE PLAZA	NTNC (2)	3				1		6
NJ1508300	SLEEPY HOLLOW RESTAURANT	NC (1)	6				2		9
NJ1511323	GAS PLUS	NC (1)	3				3		7
NJ1511427	THE GODDARD SCHOOL	NTNC (2)			5		3		10
NJ1514342	DR RICHTER	NC (1)	3				1		5
NJ1518329	HARRY WRIGHT LAKE	NC (1)	3				1		5
NJ1523303	PYRAMID PLAZA SHOPPING C	NC (1)	6		3		1		11
NJ1602301	SHELL OIL CO	NC (1)	3				1		5
NJ1602305	JIN-A-CHILD DAYCARE CTR	NTNC (2)	6				3		10
NJ1611304	RINGWOOD SP	NC (1)	3				1		5
NJ1611313	PRIME 15 STEAKHOUSE	NC (1)	3				2		6
NJ1614313	PASSAIC CTY GC	NC (1)	6				1		8
NJ1615301	CAMP OCAWASIN	NC (1)	6				2		9
NJ1615308	BELCHER RUN SHOPPING CENTER	NC (1)			4		2		7
NJ1615317	VILLAGE SQ INN	NC (1)	3				2		6
NJ1615324	MAPLE ROAD SCHOOL	NTNC (2)	3				3		8
NJ1615342	BEARFORT SHOPPING VLG	NTNC (2)	3				1		6
NJ1615364	VALLEY VIEW PUB	NC (1)			3		2		6
NJ1615377	MASONS MOUNTAINSIDE INN	NC (1)			4		2		7
NJ1615390	OLD SCHOOL PUB	NC (1)	6		4		2		13
NJ1615394	JESSIE'S COUNTRY KETTLE	NC (1)	3				2		6
NJ1615396	DUNKIN DONUTS	NC (1)			4		2		7
NJ1615399	PRIMOS PIZZARIA & DELI	NC (1)			3		2		6
NJ1615412	PASSPORT CAFE/ GREENWOOD LAKE AIRPORT MG	NC (1)	9				2		12

**CAPACITY DEVELOPMENT STRATEGY LIST
NONCOMMUNITY WATER SYSTEMS
AUGUST 2010**

PWSID #	PWS NAME	PWS CAT.	MCL POINTS	ADDL. MCL POINTS	M&R	SURVEY	CLASS	2007 LIST	PRIORITY STATUS
NJ1615420	MONTCLAIR YMNCA	NC (1)	3				1		5
NJ1615434	MR WON TON	NC (1)	3				2		6
NJ1701304	CAMP THEODORE ROOSEVELT	NC (1)	6				2		9
NJ1701319	CAMP THEODORE ROOSEVELT	NC (1)	6				2		9
NJ1705306	REMSTERVILLE LEARNING CT	NTNC (2)	3				3		8
NJ1706303	POLYONE CORPORATION	NTNC (2)			4		1		7
NJ1708300	DUPONT CHAMBER WORKS	NTNC (2)	3				1		6
NJ1709314	SUNOCO	NTNC (2)	3				1		5
NJ1709328	ARCHER EXTERIORS	NTNC (2)	3				1		6
NJ1710328	EATMORE INC	NTNC (2)	3		3		2		10
NJ1714326	ELMER SWIM CLUB	NC (1)	3				1		5
NJ1802300	FELLOWSHIP DEACONRY CAMP WELL	NC (1)	6				2		9
NJ1805322	AMI	NC (1)	4				1		6
NJ1806305	DUKE ISLAND PARK	NC (1)	6				1		8
NJ1806329	SAINT GOBAIN PERFORMANCE PLAST	NTNC (2)	10	1			1		14
NJ1806343	SCPC BALLFIELD	NC (1)	3				7		12
NJ1808304	COLONIAL PARK HORTICULTURE	NC (1)					7		9
NJ1808345	VILLAGE SHOPPER	NC (1)	3				1		5
NJ1808356	FRANKLIN MALL	NC (1)	3				1		5
NJ1810327	DUKE GARDENS FOUNDATION	NC (1)	3				1		5
NJ1902316	ANDOVER MINI MALL	NC (1)	3				1		5
NJ1902342	THE CELLAR	NC (1)	3				2		6
NJ1902354	BODHI MONASTERY	NC (1)	3				1		5
NJ1904309	CARTRIDGE ACTUATED DEVICES	NC (1)	3				1		5
NJ1904316	BYRAM DINER	NC (1)	3				2		6
NJ1904319	BYRAM TWP VOL FIRE	NC (1)	3				1		5
NJ1904340	NJ BAR & GRILL	NC (1)	6				2		9
NJ1904452	MT ALLAMUCHY	NC (1)	3				1		5
NJ1905304	BLUE RIBBON	NC (1)	3				2		6
NJ1905312	KYMER CG	NC (1)	3				2		6
NJ1905333	SUSSEX CTY FAIRGROUNDS	NC (1)	3				1		5
NJ1905337	MICHAEL ANTHONY'S	NC (1)	3				2		6
NJ1905342	KYMER CG	NC (1)	3				2		6

**CAPACITY DEVELOPMENT STRATEGY LIST
NONCOMMUNITY WATER SYSTEMS
AUGUST 2010**

PWSID #	PWS NAME	PWS CAT.	MCL POINTS	ADDL. MCL POINTS	M&R	SURVEY	CLASS	2007 LIST	PRIORITY STATUS
NJ1905348	OUR LADY QUEEN OF PEACE	NC (1)	3				1		5
NJ1906304	FRANKLIN ARMORY	NC (1)	3				1		5
NJ1906315	STERLING PLAZA OFFICE	NC (1)	6				1		9
NJ1908313	TRANQUILITY UNITED METHODIST CHURCH	NC (1)	3				1		5
NJ1908324	NVE, INC.	NC (1)	3				1		5
NJ1910302	CAMP AUXILIUM	NTNC (2)	3				3		8
NJ1910330	R & T NAUTILUS	NC (1)	3				1		5
NJ1910340	LOWES RETAIL STORE #1976	NTNC (2)			3		1		6
NJ1911334	SAMARTITAN LODGE	NC (1)	3				1		5
NJ1911348	HARDYSTON MUNICIPAL BUILDING	NC (1)			3		1		6
NJ1912307	ST JUDE CHURCH	NC (1)	3				1		5
NJ1913311	FRIAR MTN MINI MALL	NC (1)	3				1		5
NJ1917303	STOKES SF	NC (1)	3				2		6
NJ1917310	STOKES SF	NC (1)	3				2		6
NJ1917316	STOKES SF	NC (1)	3				2		6
NJ1917327	HAINESVILLE GENERAL STORE	NC (1)	6				1		8
NJ1918315	SPRINKLE SHACK	NC (1)	6				1		8
NJ1918339	SPARTA CAR WASH	NC (1)	3				1		5
NJ1920301	SWARTSWOOD STATE PARK	NC (1)	3				2		6
NJ1920304	CAMP NEJEDA	NC (1)	3				1		5
NJ1920319	STILLWATER INN PUB & FAMILY RESTAURANT	NC (1)	3		3		2		9
NJ1922302	TALL TIMBERS	NC (1)	3				1		5
NJ1922320	MARKET PLACE DELI	NC (1)	3				2		6
NJ1922334	HIDDEN VALLEY FAMILY CLUB	NC (1)	3				2		6
NJ1922384	TALL TIMBERS CAMPGROUND WELLS NO. 3 & 4	NC (1)	3				2		6
NJ1922393	LOCAL 638 DELI	NC (1)	6				2		9
NJ1922396	LAMP POST INN	NC (1)	3				2		6
NJ1922398	SOMEPLACE SPECIAL SQUARE - CONDO ASSOC	NC (1)	3				1		5
NJ1924329	FRANKLIN SUSSEX AUTOMALL	NTNC (2)	9				1		12
NJ1924330	DAIRY QUEEN	NC (1)	3				2		6
NJ1924331	ECONOPAC	NC (1)	6				1		8

**CAPACITY DEVELOPMENT STRATEGY LIST
NONCOMMUNITY WATER SYSTEMS
AUGUST 2010**

PWSID #	PWS NAME	PWS CAT.	MCL POINTS	ADDL. MCL POINTS	M&R	SURVEY	CLASS	2007 LIST	PRIORITY STATUS
NJ1924357	S-W BRANCH LIBRARY	NC (1)	3				1		5
NJ1924359	BEEMERVILLE ORCHARDS	NC (1)	3				1		5
NJ2016300	SNUFFY PANTAGIS ENTERPRISES	NC (1)	3				1		5
NJ2101302	VILLAR MATTAR	NC (1)	3				2		6
NJ2104312	LE WALTERS & SONS	NC (1)	3				1		5
NJ2104341	BLAIRSTOWN MUN BLDG	NC (1)	3				1		5
NJ2104343	SKYLANDS MEDICAL BLDG	NC (1)	3				3		7
NJ2104344	FIRST HOPE BANK	NTNC (2)				7	1		10
NJ2105309	VERIZON WORK CENTER	NC (1)	3				1		5
NJ2105323	NEW VILLAGE CONVENIENCE	NC (1)	3				2		6
NJ2105325	WORLD APOSTOLATE	NC (1)	3				1		5
NJ2106316	KIDS CAMP	NC (1)	3				2		6
NJ2109310	CAMP NO BE BO SCO	NC (1)	3				3		7
NJ2109318	MOHICAN OUTDOOR CTR	NC (1)	3				1		5
NJ2111303	GIOS PIZZA	NC (1)	3				2		6
NJ2112309	NYKUNS STORE	NC (1)	3				1		5
NJ2112323	INDEPENDENCE TWP FIRE DEPT	NC (1)	3				1		5
NJ2113314	VIENNA COMM CTR	NC (1)	3				2		6
NJ2113317	MARSHALLS FARM MKT	NC (1)	3				1		5
NJ2113320	OLD LOG CABIN	NC (1)	3				2		6
NJ2113326	CAMP TAYLOR CG	NC (1)	6				1		8
NJ2114316	JP KELLEYS	NC (1)	6				1		8
NJ2115315	LITTLE ACHIEVERS CHILDCARE	NTNC (2)	3				3		8
NJ2122320	WITTE CO	NTNC (2)	6				1		9
NJ2123300	BELVIDERE SHOPPING PLZ	NTNC (2)	3				2		7

APPENDIX II

**CAPACITY DEVELOPMENT PROGRAM
STATUS OF ACTIVITIES FOR SYSTEMS ON
2007 FINAL STRATEGY LIST**

2007 STRATEGY LIST – HIGH PRIORITY COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (06/30/10)
0108021	Sea Village Marina	Ongoing radionuclide (gross alpha) MCL violations and exceedances of NJ secondary standards for sodium and TDS. Lead and copper treatment never permitted as final. Only one well that may be also ground water under the influence of surface water (GWUI). Inadequate storage and auxiliary power. TMF, ownership and legal problems.	<p>Capacity Development Program (CDP) efforts from 2007 to present. New owner initiated plans to connect with NJ American Water (NJAW). Funding sought through DWSRF. Administrative Consent Order (ACO) for connection with NJWA effective 1/19/10. DWSRF milestones met to date include public hearing on 2/2/10, environmental decision document on 2/9/10, plans/specs submitted by 3/1/10, and authorization to advertise issued 3/11/10, NJAW master permit for main extension approved 2/22/10. Project on track until 5/12/10 when Department learned owner filed a voluntary bankruptcy petition on 3/12/10. NJ Environmental Infrastructure Trust told owner to discharge bankruptcy before 7/15/10 or project will no longer be eligible for 2010 DWSRF cycle.</p> <p>ACO still enforceable and bankruptcy/loss of DWSRF funding does not relieve owner from complying with terms of ACO. CDP issued 6/21/10 letter to new owner reiterating requirement to satisfy TMF requirements.</p> <p>CDP will continue to assist owner to obtain TMF capacity with emphasis on completing the water main extension.</p>
0112002	Black Horse Manor	Lead and copper Action Level exceedances and subsequent monitoring & reporting violations. Financial problems.	<p>Conducted TMF Capacity Evaluation site on 11/10/09. Findings report & improvement plan sent 11/19/09 identified need to address inadequate source and storage, recommended improved communications with regulators, and relayed importance of financial capacity for ensuring regulatory compliance and the long-term viability of the water system. Approval for operation issued on 6/10/10.</p>

2007 STRATEGY LIST – HIGH PRIORITY COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (06/30/10)
			<p>Technical capacity issues (source & storage problems) corrected via construction/operation of new well & facilities.</p> <p>Contact system in 1QSFY2011 to discuss plans to improve managerial capacity.</p>
0251001	Ridgewood Water Dept.	Previously listed in 2001 and 2004.	<p>Long-term TMF capacity problems identified with this system. Multiple visits, meetings, and follow up activities have resulted in progress in numerous areas such as ground water under the direct influence of surface water (GWUDI) testing on source wells, repairs to well houses, and initiatives to develop O&M manual, asset inventory and asset management plan. Much more work required. Most recent CDP effort was issuing 3/25/10 comment letter on Strategic Planning - Master Business Plan dated 7/09 & follow-up discussion with Business Administrator.</p> <p>Plan to contact system, prioritize goals and associated tasks, and coordinate with BSDWI, BWA, NBWCE, & BSWP as needed.</p>
0326009	Wagon Wheel Estates	Previously listed in 2001. Second well no longer operating correctly. Inadequate storage.	<p>Capacity development efforts initiated in October 2008. Owner viewed our efforts to help develop TMF capacity as harassment. Told owner we would discontinue efforts and refer to Compliance & Enforcement (C&E).</p> <p><i>System removed from Strategy List.</i></p>
0339001	New Lisbon Development Center	Lead action level exceedances. Numerous monitoring and reporting violations (late & non-submittal).	<p>CDP efforts from 2008 to present include site visits, meetings, & calls with representatives of this State-run facility, the licensed operator, compliance manager, enforcement inspector, & permitting staff. Persistent efforts resulted in submission of new corrosion control treatment recommendation (CCTR) for Lead problem</p>

2007 STRATEGY LIST – HIGH PRIORITY COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (06/30/10)
			<p>& permit application WCP10001 for pH adjustment & disinfection treatment units previously installed without approval. CCTR under review by BSDWI. Permit application under technical review, deficiency letter sent 6/2/10. Expect approval of both documents 1QSFY2011.</p> <p>CDP issued 6/25/10 letter identifying poor managerial capacity with improvement plan recommendations. Follow-up in 1QSFY2011 to discuss organizational chart, storage tank rehab project, & well 3 decommissioning.</p>
0436007	Winslow Twp MUA	Ongoing radionuclide MCL violations at various points of entry. VOC MCL violations at some points of entry.	<p>CDP monitoring progress of system's efforts to comply with ACO effective 11/21/06 which requires operation of treatment facilities and meet MCLs for Gross Alpha and Radium for TP001003 (Well #1) & TP006021 (Well #8). Construction for TP001003 never done since MUA decided to bulk purchase from NJAW instead - must now decommission Well #1.</p> <p>Construction done at TP006021 & sampling performed to show treatment works. System wants to terminate current ACO.</p> <p>TP007025 now exceeds Ra 226/228 MCL of 5 pCi/L and TP003010 detecting levels above MCL, but does not have RAA exceedance. May impact MUA's ability to meet demand with these TPs out of service despite number of interconnections/bulk purchase contracts.</p> <p>Complete background research; coordinate w/ BSDWI, BSWP, BWA, & SBWCE; then contact system to perform TMF Capacity site inspection in 1QSFY2011.</p>
0601001	Bridgeton City	Ongoing radionuclide	CDP monitoring progress of system's

2007 STRATEGY LIST – HIGH PRIORITY COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (06/30/10)
	Water Dept.	MCL violations at various points of entry.	<p>efforts to correct Gross Alpha & Ra 226/228. Project to rout contaminated water from wells 18 & 19 to newly constructed treatment plant TP015040 complete and units operational on 5/19/09. Monitoring shows potable water from TP015040 is below Gross Alpha & Combined Radium MCLs. The 12/14/07 ACO was terminated on 5/19/09. Additional work outside of ACO per permit WCP090002 for radionuclide treatment on well 13 which currently meets MCL, but projected to exceed MCL in near future. ARRA stimulus funds secured to rehab existing 2.5 million gallon ground storage tank and construct 0.75 million gallon tank. Tank construction in progress.</p> <p>Complete background research; coordinate w/ BSDWI, BSWP, BWA, & SBWCE; then contact system to perform TMF Capacity site inspection in April/May 2010.</p>
0612001	Bayshore MHP	One well with nitrate MCL violations and second well with extremely high sodium levels exceeding the NJ secondary standards.	<p>Initial TMF capacity evaluation site visit in 09/08 with follow-up site visit on 09/17/09. Assisted SBWCE prepare ACO effective 12/9/09, which requires disposal system improvements, Ra & Nitrate treatment, and well #1 decommissioning. Helped system obtain treatment plant permit WCP090001 (approved 5/11/10) and NJPDES permit TWA100001 #10-0010 (approved 5/19/10).</p> <p>Continue to assist owner, SBWCE, BSDWI, & permitting groups to meet all milestones in ACO schedule and MCLs by 12/1/10.</p>
0811003	Colonial Estates	Ongoing radionuclide and mercury MCL violations. Connection to Monroe Twp. MUA was recently rejected	<p>Numerous meetings, site visits, letters, & calls on system requirements & options since 1/08. SFY2010 activities included 3/11/10 site inspection required because new treatment plant (completed in 3/08) failed due to fouling from iron & fines.</p>

2007 STRATEGY LIST – HIGH PRIORITY COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (06/30/10)
		by Colonial Estates.	<p>Learned system was bypassing treatment units since 1/10 without notifying public or Department. CDP advised system it demonstrated inability to operate a public water system and again recommended connection with MTMUA. SBWCE issued 4/19/10 NOV for failure to Public Notice. System implemented corrective action to restore treatment on 4/21/10. CDP attended 5/6/10 follow-up meeting with system and arranged/attended 5/18/10 meeting between system & MTMUA. Letter issued (7/6/10) requiring action plan, project milestones, & schedule for connection with MTMUA within 30 days.</p> <p>Continue efforts to assist owner to connect with MTMUA.</p>
1001301	Valley View Manor	Arsenic MCL violations.	<p>Contacted system in 8/09 to clarify requirements for modifying permit and bringing system into compliance. Multiple follow-up efforts with owner, engineer, treatment vender, BSDWI, BWSWP, SRF, and C&E resulting in system hiring PE in 2/10 to submit revised plans/specs & engineer's report to modify permit. Conducted 5/18/10 TMF capacity evaluation site visit & assisted in issuance of treatment plant permit WCP100001 (approved 6/3/10). Drafted TMF findings report & improvement plan (issued 7/16/10). System installing arsenic removal treatment & addressing storage/auxiliary power deficiencies.</p> <p>Continue to assist system complete project and implement improvement plan.</p>
1003001	Bloomsbury Twp	Violation of Bureau of Water Allocation permit # 5176 which expired 7/31/04. Third and final notice	<p>Numerous site visits and follow-up activities in 2008 leading to passing resolution #21-09 in February 2009 authorizing sale of water system infrastructure and property to Aqua New</p>

2007 STRATEGY LIST – HIGH PRIORITY COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (06/30/10)
		issued 9/27/06.	<p>Jersey. Sales agreement executed, sale approved by NJ Board of Public Utilities, and acquisition by Aqua NJ completed in 3/10.</p> <p><i>System removed from Strategy List.</i></p>
1009001	Flemington Borough	Numerous pending NOV's for arsenic.	<p>CDP monitoring progress of system's efforts to install arsenic removal per ACO (effective 4/28/08 & amended 8/26/08) which specifies a 3-phase compliance schedule - A) wells 5 & 7, B) well 1, & C) well 4. Required treatment plant permits WCP070001, WCP080001, & WCP080002 approved 8/31/07, 4/11/08, & 6/2/08, respectively. Permit WCP090002 approved 3/17/10 for well 6 (outside scope of ACO). Interconnections with NJAW, but no contract (see WCP090003 & SCI090001).</p> <p>Well 1 inactive since 8/09. Treatment unit for well 4 operational in 9/09, well 5 operational in 10/09, well 7 operational in 7/09. Wells 4, 5, & 7 continued MCL violations in 4Q2009 due to running annual average, but wells 4 & 5 returned to compliance in 1Q2010. Well 7 continued MCL violation in 1Q2010 and advised to determine if treatment is working.</p> <p>Complete background research; coordinate w/ BSDWI, BSWP, BWA, & NBWCE; then contact system to perform TMF Capacity site inspection in 1QSFY2001.</p>
1336308	Liberty Royal Rehab Center	Acute coliform MCL violations.	<p>Initial TMF capacity evaluation site visit conducted in 9/08. Follow-up visit conducted 12/22/09 in conjunction with CBWCE annual inspection. Efforts focused on re-evaluating connection w/ NJAW (PWSID# NJ1345001). Sent system letter with NJAW contact info on 2/9/10. Issued Findings</p>

2007 STRATEGY LIST – HIGH PRIORITY COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (06/30/10)
			<p>Report/Improvement plan for TMF deficiencies on 2/17/10. Follow-up letter sent 3/2/10 and spoke with owner several times in 3/10, NJAW on 3/5/10, & local fire marshal on 3/19/10. Efforts resulted in system securing engineer in 4/10 to develop plan for connection. Engineer has submitted documents to NJAW & is awaiting reply. Also needs more info from system & letter from fire marshal confirming existing well may be retained for fire suppression. Anticipate site visit in 1QSFY2011.</p> <p>Continue to coordinate and assist system in completing connection with NJAW.</p>
1414013	Sun Valley Park Co.	Using an unapproved source. Undersized mains and inadequate storage. Lacks adequate firm capacity to meet peak daily demand.	<p>Initial TMF visit on 06/12/09. All subsequent follow-up activities focused on assisting owner with submission of required permit applications and discussion of best alternative for developing long-term financial viability of the system. Participated in 10/1/09 conference call to review permit requirements, storage issues, and ACO compliance schedule. Attended internal meetings & actively pursued review of Highlands Protection & Planning Act (HPPA) exemption by Div. Watershed Mgmt resulting in HPPA exemption approval on 4/16/10. This decision is first milestone in project schedule. Assisted NBWCE finalize draft ACO for issuance to system owner.</p> <p>Continue to assist system, NBWCE, & BWSWP in completing project to permit unapproved source and install capital improvements required for TMF capacity.</p>
1427002	Mount Olive – Goldmine Estates	Well no. 1 does not recover during high demand. Well no. 2 (irrigation well) not	CDP monitoring progress of system's efforts to comply with ACO effective on 2/2/10. Met with BWSWP, BWA, and BSDWI staff and contacted BNWCE staff

2007 STRATEGY LIST – HIGH PRIORITY COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (06/30/10)
		permitted for potable use. Used tanker for temporary storage in 2005 & 2006.	<p>on status/issues. Multiple SDW & BWA permit applications approved, under review, or pending. Interconnections & permitting of unapproved source will address supply and storage requirements.</p> <p>Complete background research; coordinate w/ BSDWI, BWSWP, BWA, & NBWCE; then contact system to perform TMF Capacity site inspection in 1QSFY2001.</p>
1438001	Cliffside Park	Exceedances of NJ secondary standards for iron and manganese. Recent lead and copper Action Level exceedance. Corrosion control treatment system in use not permitted. Undersized mains and inadequate storage.	<p>CDP attended multiple meetings/visits with system, local officials, Washington Township MUA (WTMUA) and/or USDA. CDP trying to assist in implementing plans for WTMUA to acquire/operate the Cliffside Park system. WTMUA and home owners association met on 6/29/10 to discuss alternate locations for new well(s).</p> <p>Continue facilitating process and coordination with NBWCE.</p>
1511009	Pleasant Garden Apartments	Ongoing radionuclide MCL violations.	<p>Worked with system representative, Enforcement, and Region Manager to get system connected to Jackson Township MUA and decommission its wells.</p> <p><i>System removed from Strategy List.</i></p>
1511011	Luxury Mobile Home Park	Notice of Violation issued 3/27/07 for various violations	<p>System returned to compliance for past TCR MCL violations on 12/9/08. Initial TMF capacity evaluation site visit on 5/18/10. Per WCP09003 and SCI100001, new well is constructed & auxiliary power to be installed. Permit to operate new well submitted 4/27/10. Deficiencies with sources of supply, backup power, and storage will be corrected by completing this work. New well is also proposed as CCTR for Cu ALEs. CDP began drafting Findings Report/Improvement Plan in 6/10 and will issue in 1QSFY2011.</p>

2007 STRATEGY LIST – HIGH PRIORITY COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (06/30/10)
			Plan to assist system, CBWCE, and BWSWP to complete project & achieve TMF capacity.
1920001	Stillwater Water District	Ongoing radionuclide (gross alpha) MCL violations.	<p>ACO effective on 4/9/09. Initial TMF site visit on 05/29/09. Findings report & improvement plan issued 7/7/09. Identified need to evaluate wells for GWUDI, prioritize standpipe rehab project, decide fate/actions for inactive wells, and other infrastructure upgrades. Helped address treatment/permit issues and obtain permit approval in time to obtain ARRA funding - permit WCP090001 for Radium removal on Wells #5 & #5A approved 8/26/09. Progress reports show system expects to start operation & meet MCL at TP002007 before 12/1/10 ACO deadline. Attended 1/12/10 board meeting to review improvement plan & discuss applying asset management using CUPSS. Performed follow-up efforts from 1/12/10 board meeting and relayed findings to licensed operator via 2/9/10 email and 2/25/10 letter. GWUDI sampling initiated on wells in 4/10.</p> <p>Continue to assist system & coordinate with BNWCE, BSDWI, & BWSWP.</p>
1922014	Great Gorge Terrace Assoc.	Significant ongoing radionuclide MCL violations.	Continued coordination efforts with GGTC, SRF, BSDWI, NBWCE, & United Water NJ Vernon Valley (UW-VV #NJ1922026) to secure funding, set compliance schedule, draft ACO, & get permit(s) approved. GGTC closed on Interim Planning Loan (~ \$113,000) to cover design & permitting costs in 5/10. Water main extension permit application WCP10001 submitted by UW-VV on 3/2/10, administratively complete on 5/7/10, & technical review is underway

2007 STRATEGY LIST – HIGH PRIORITY COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (06/30/10)
			<p>with projected approval in 1QSFY2011. Execution of ACO projected for 2QSFY2011 w/ closing for full DWSRF loan in 12/10. UW-VV will then petition municipality to pass zoning ordinance & seek NJ Board of Public Utilities (BPU) approval to expand its franchise area.</p> <p>Continue to assist NBWCE with drafting ACO and GGTC with compliance efforts, including execution of developer agreement.</p>
1922028	Valley View Apartments	Uranium MCL violations at two points of entry. Connection to UW-Vernon Hills (1922015) still anticipated.	<p>TMF capacity evaluation site visit in 7/09. All efforts focused on getting system owner to connect with UW-VV (PWSID# NJ1922026). Assisted with coordination/communication among the stakeholders. Helped NBWCE draft ACO which was issued to VVA in 5/10. Reply is expected by late 7/10. Developer Agreement between VVA & UW-VV signed in 6/10 with escrow funds provided. UW-VV is now proceeding with steps to petition municipality to pass zoning ordinance & seek NJBPU approval to expand its franchise area.</p> <p>Help NBWCE finalize negotiations on ACO and assist VVA complete project.</p>

2007 STRATEGY LIST – HIGH PRIORITY NON-COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (6/30/10)
0106304	Buck Tavern	Acute coliform MCL violations.	<p>Owner initially had new well installed to correct problem, but still had coliform problems. Prior CDP activities resulted in installation of proper UV light disinfection unit. System has not had any coliform problem since unit was installed. Old well needed to be decommissioned, but owner did not want to decommission well with Cap Dev assistance so this matter was referred to Atlantic County Health Department and Well Permitting for follow-up/enforcement.</p> <p><i>System removed from Strategy List.</i></p>
0108352	DOT FAA Atl Bld 33& bld 208	Lead action level exceedance. Monthly coliform MCL violations.	<p>Preliminary TMF capacity evaluation site inspection on 11/10/09. Subsequent follow-up research shows full TMF review unnecessary. Facility received Environmental Stewardship Certification in 8 categories including EMS (enhanced asset management) and water reduction. SDWIS shows no violations since 4Q2007 and return to compliance in 3Q2008. BSWCE & BSDWI concur system has TMF Capacity.</p> <p>Confirm decision with system in 1QSFY2011 and then remove from Strategy List.</p>
0113350	Glossy Fruit Farms	Periodic acute coliform MCL violations.	<p>Initial TMF capacity evaluation site inspection was planned for early-mid 12/09. However, background research showed system was deactivated system to non-public status on 10/21/09 due to seasonal use (60 days/yr). Also, had no TCR or Nitrate violations since 3Q2007. No CDP action required.</p> <p><i>System removed from Strategy List.</i></p>
0603322	Cumberland	Acute nitrate MCL	Conducted site visit on 8/14/09. Efforts by

2007 STRATEGY LIST – HIGH PRIORITY NON-COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (6/30/10)
	County 4H Center	violations.	system, SWSTA, and CCHD adequately address TMF and did not identify any other areas requiring Cap Dev assistance. Issued letter to system on 9/1/09 stating T&M capacity is adequate. No violations since treatment installed in 2008. <i>System removed from Strategy List.</i>
0612300	Stow Creek Elementary School	Radiological public notice required 10/19/06. Nitrate monitoring and reporting violation 1/16/07.	Conducted TMF capacity evaluation site visit on 9/17/09. Sent letter to system on 10/9/09 stating T&M capacity is adequate with minor follow-up efforts recommended. Sent letter on 10/23/09 confirming follow-up satisfactory. No other areas required CDP assistance. <i>System removed from Strategy List.</i>
0614345	Cumberland County Road Dept.	Lead action level exceedance. Volatile organic chemical MCL violations.	Conducted TMF capacity evaluation site visit on 8/14/09. Confirmed the efforts performed by system, Small System Technical Assistance unit, and Cumberland County Health Dept adequately address TMF and did not identify any other areas requiring Cap Dev assistance. Sent letter to system on 9/1/09 stating T&M capacity is adequate. 6/30/10 follow-up review confirms system still in compliance. <i>System removed from Strategy List.</i>
1001300	Lester D Wilson School	IOC MCL violations	Conducted TMF capacity evaluation site visit on 11/20/09. No deficiencies identified. Sent letter to system on 12/4/09 stating T&M capacity is adequate. <i>System removed from Strategy List.</i>
1008300	Albert Elias Residential Group	Lead action level exceedance. Acute coliform MCL violation.	Conducted TMF capacity evaluation site visit for this State-run facility on 11/20/09. Issued Findings Report/Improvement Plan on 12/4/09. Reviewed 1/6/10 reply which outlined project designed to resolve technical capacity issues and issued

2007 STRATEGY LIST – HIGH PRIORITY NON-COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (6/30/10)
			<p>comments on 1/15/10. Initiated coordination efforts with system and permit, compliance, & enforcement offices. System contacted in 2/2010 and determined funding for most of project was rescinded by new administration. System proceeded with new well installation in 4/2010 and is planning to obtain permit to construct/operate as new source in 1QSFY2011. System intends to implement entire project when funding is restored.</p> <p>Continued assistance to system in completing project in phases as full-funding is restored.</p>
1026301	ESC School	Lead and copper action level exceedances. Arsenic MCL violation.	<p>Additional contaminants detected since system was listed. Continued site visits, follow-up activities, and coordination efforts performed to help system obtain permit approvals & install treatment units for radium, arsenic, sodium, pH adjustment, and disinfection. The pH adjustment is the only unit not installed, but is projected for completion in 1QSFY2011.</p> <p>Continue to assist until system is fully operational, monitoring shows a return to compliance, & licensed operator O&M manual is finalized. Coordinate w/ Hunterdon County Health Dept, permitting, & compliance offices.</p>
1106389	Hopewell Valley Golf Course #6	Arsenic MCL violations.	<p>Conducted TMF capacity evaluation site visit on 5/14/10. Issued 6/1/10 letter confirming system implemented corrective action required by Mercer County Health Dept (MCHD) for Arsenic. Total Coliform problem identified after 6/1/10 letter was issued. Multiple follow-up activities conducted w/ system, MCHD, & compliance office to investigate problem and determine course of action.</p>

2007 STRATEGY LIST – HIGH PRIORITY NON-COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (6/30/10)
			<p>infrastructure deficiency (well construction) may be cause.</p> <p>Coordinate w/ system, MCHD, & compliance office. Issue decision in 1QSFY2011.</p>
1202315	American Cabinetry	Total Coliform Rule NOV issued 6/15/07.	<p>Initial TMF site visit conducted in 01/08 subsequent to system deactivation (i.e. – non public status). Issued 05/13/08 letter requiring system to demonstrate TMF capacity prior to commencing operation as a NCWS if system is reactivated in the future.</p> <p><i>System removed from Strategy List.</i></p>
1332351	Millstone Center	Acute coliform MCL violations.	<p>Initial TMF site visit conducted 9/25/08 with follow-up visit on 5/25/10. Findings Report/ Improvement Plan issued on 6/17/10 indicating need to evaluate well for potential GWUDI & ensuring proper O&M of system as only TMF issues. System is initiating required sampling in 1QSFY2011.</p> <p>Assist system and review GWUDI data.</p>
1415301	Lotsa Pasta	TCR M&R NOV issued 6/15/07	<p>Background research performed in 6/2010 shows this transient system has had ongoing coliform problems for the last 12 years, was fined in 2007, and continues to pay the fines today. Efforts also establish system does not collect/report nitrate samples as required with very intermittent monitoring & reporting.</p> <p>CDP plans to contact system in 1QSFY2011 to schedule TMF capacity evaluation site visit & determine if system wants assistance since enforcement action has not altered system compliance.</p>
1615327	Westbrook School	Lead AL NOV issued 6/21/07.	<p>Background research performed in 6/2010 shows this non-transient facility installed four calcite filters in 2008 to correct Lead action level exceedances. System returned</p>

2007 STRATEGY LIST – HIGH PRIORITY NON-COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (6/30/10)
			to compliance in 4/2008 with no further violations since then. Based on the above, no CDP assistance is warranted and no action is planned. <i>System removed from Strategy List.</i>
1803304	Somerset Hills Country Club	Copper action level exceedance. Monthly coliform MCL violations.	System installed treatment prior CDP activities conducted in 2008 and 2009. CDP worked with system to decommission 2 abandoned wells and create O&M manual. Issued letter to system on 05/13/09 stating T&M capacity is adequate. Subsequent follow-up review shows no more MCL violations since treatment installed and return to compliance for last M&R violation in 4/2008 <i>System removed from Strategy List.</i>
1808361	Tabatchnick Fine Foods	Arsenic MCL violations.	CDP site visit and follow-up activities in conducted in 2008. Sent 05/18/08 letter stating system has technical capacity pending re-designating well use from industrial to public supply. System complied in 07/08. No other capacity issues identified. <i>System removed from Strategy List.</i>
1813324	Otto Kaufman Community Center	Coliform MCL violations and coliform monitoring and reporting violations.	Site visit and follow-up activities in 2008 and 2009. Issued TMF capacity evaluation findings in 05/8/09 letter requesting additional information. Issued letter on 8/27/09 stating Technical Capacity is satisfactory. No violations since 2007. <i>System removed from Strategy List.</i>
1922304	Days Inn-94 Motor Lodge	Nitrate monitoring and reporting issued 3/20/06.	Background research performed in 6/2010 shows this transient facility had bacteriological issues in 2006 & UV light disinfection unit was installed to remedy

2007 STRATEGY LIST – HIGH PRIORITY NON-COMMUNITY SYSTEMS

PWSID No.	SYSTEM NAME	INITIAL REASON LISTED	CURRENT STATUS/PLAN (6/30/10)
			<p>problem. System also determined Nitrate level was above the 85% level in 2006 & was told to perform quarterly monitoring. System installed a cation ion exchange unit to remedy problem. Facility has been in compliance since treatment units were installed. Based on the above, no CDP assistance is warranted & no action is planned.</p> <p><i>System removed from Strategy List.</i></p>

APPENDIX III

CAPACITY DEVELOPMENT PROGRAM

REVISIONS TO NEW JERSEY'S CAPACITY DEVELOPMENT STRATEGY

State of New Jersey
Department of Environmental Protection
Water Supply Administration
Bureau of Safe Drinking Water Technical Assistance

CAPACITY DEVELOPMENT PROGRAM
REVISIONS TO NEW JERSEY'S
CAPACITY DEVELOPMENT STRATEGY

August 2010

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

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Commissioner

Revisions to New Jersey's Capacity Development Strategy

Overview

The 1996 Amendments to the Federal Safe Drinking Water Act (SDWA) create a focus on ensuring and enhancing the technical, managerial and financial (TMF) capacity of public water systems (PWS) to comply with the National Primary Drinking Water Regulations.

In response, New Jersey developed and implemented a Capacity Development Program (Program) including a Capacity Development Strategy (CDS) which described how New Jersey planned to assist existing PWS to acquire and maintain TMF capacity. The United States Environmental Protection Agency (USEPA) approved New Jersey's CDS on September 28, 2000. As envisioned in the SDWA Amendments, the Program subsequently evaluated the CDS to determine if revisions were warranted.

The Division of Water Supply first notified USEPA Region II of its decision to consider revising the CDS in the Drinking Water State Revolving Fund (DWSRF) set-aside work plan for SFY2008 and continued to update USEPA in the Capacity Development (CD) Annual Report for SFY2008 and DWSRF set-aside work plan for SFY2009. This process resulted in the submission of a document entitled "Proposed Revisions to New Jersey's Capacity Development Strategy" to USEPA as part of the CD Annual Report for SFY 2009. The proposed revisions discussed the various phases of the capacity development process for existing systems and included components USEPA asked the Program to address, such as describing:

- the proposed changes
- how the changes will continue to help systems acquire and maintain TMF capacity, and
- the modified program implementation plan

In addition to providing USEPA an opportunity to establish a dialogue and help finalize the proposed revisions, the Program gave stakeholders the opportunity for involvement over the past year by soliciting input at various forums during SFY2010. Most notably, input was solicited at the annual Safe Drinking Water Course held at Rutgers University in January 2010, the NJ American Water Works Association annual conference in Atlantic City in April 2010, and at the "Enhanced Water Utility Management" training sessions hosted by the New Jersey Water Association (NJWA) at three (3) separate locations in June 2010. During this same period, the Program continued its evaluation of the CDS including scrutiny of the revisions it proposed last year, particularly those dealing with the generation of a Strategy List.

This current document now constitutes the "Revisions to the New Jersey's Capacity Development Strategy". The contents are organized to coincide with the step-by-step process associated with implementing the CDS and the phases are shown on the attached flow chart. Descriptions are provided on the aspects the Program will retain, where changes are made, and how those changes continue to help systems acquire and maintain TMF capacity.

A. Phase 1: System Review and Strategy List Development

Phase 1 consists of three steps as illustrated on the attached flow chart. These steps center on the essential task of developing a Strategy List to identify and prioritize the PWS most in need of developing their TMF capacity. This task requires a review of available information for all PWS and the application of both existing and newly developed methods/criteria to identify/prioritize PWS on the Strategy List. The task is currently performed on a triennial basis and will continue to be performed at this frequency.

The existing CDS and the revisions proposed last year were reviewed again along with the limited stakeholder response received. Based on this review, the original criteria and scoring system are considered sound. However, the Program modified how it applied the original criteria and added a newly developed criterion while preparing the 2010 Strategy List. The modified approach changed how the Significant Non-Compliance (SNC) status criterion was applied and did not apply the Formal Enforcement Action (FEA) taken criterion. However, the modified approach added an "Identification by Regulatory Agency" criterion which allowed the various offices in the Water Resource and Compliance & Enforcement programs to use their first-hand knowledge and experience to identify PWS for inclusion on the 2010 Strategy List. This added criterion focused on identifying PWS which exhibit signs of deteriorating infrastructure, inadequate staffing, licensed operator problems, poor organization, lack of written policies/procedures, poor O&M practices, and/or signs of financial trouble. The results of this survey enabled the Program to identify and prioritize systems with potentially serious TMF capacity issues and add them to the 2010 Strategy List along with systems identified via existing criteria (e.g. - MCL violations, M&R violations, and deficiencies noted during compliance evaluation inspections).

The decision to use a modified approach to prepare the 2010 Strategy List reflected consideration of how to best apply the Program's available resources without diminishing the quality of the end product - a valid Strategy List for focusing Program resources. As stated above, plans for adopting a modified approach and conducting a survey to solicit direct input from regulatory agencies were relayed to the USEPA as part of the CD Annual Report for SFY 2009. Please note the survey was not fully implemented as proposed because the county and local agencies were not surveyed. Therefore, the approach used to prepare the 2010 Strategy List is viewed as a first phase for implementing the plan. As implemented the survey identified 27 community water systems (CWS) and 16 non-community water systems (NCWS) which might not have otherwise been placed on the list or ranked high enough to receive Program assistance.

Therefore, the Program views the decision to integrate the survey of regulatory agencies into the process for identifying and prioritizing public water systems as an improvement to implementing its Strategy. In addition, implementing the survey of regulatory agencies in a phased manner will enable the Program to better evaluate this approach prior to full scale implementation which will require State, county and local agencies to dedicate more time/resources to participate in the process. Based on the outcome of this pending evaluation, the Program will decide whether or not a full-scale survey will be conducted to prepare the 2013 Strategy List.

The following paragraphs describe the changes adopted by the Program. These changes are mainly designed to improve the internal procedures used to develop the Strategy List, update

the list of informational resources involved, and describe the added criteria for identifying/prioritizing PWS.

1. New Jersey Environmental Management System (NJEMS) & State Drinking Water Information System (SDWIS)

The New Jersey Public Water System database no longer exists so the Program now employs the NJEMS and SDWIS databases. To date, the Program determined most of the criteria used to identify and prioritize PWS on the Strategy List are contained in NJEMS or SDWIS which allows the Program to automate much of the process. As a result, queries are now available to apply existing CDS criteria as search parameters to compile and organize data in the databases. The results are then transferred to a spreadsheet where the CDS point system is applied to calculate a priority level for each PWS on the Strategy List. The resulting output serves as a preliminary list which is finalized by Program staff using the information available through the following sources.

- a. Significant Noncompliance (SNC) List/Enforcement Targeting Tool (ETT)

The 1996 Amendments to Section 1420(b)(1) of the Federal Safe Drinking Water Act require each state to periodically submit to the USEPA Administrator a list of community water systems and non-transient, non-community water systems with a history of SNC, and, to the extent practical, the reason(s) for their non-compliance. The purpose of these lists is to serve as a tool to assist state capacity development programs to strategically target those systems most in need of TMF capacity development. Given the specific purpose for the SNC List, New Jersey will continue to use it when preparing future Strategy Lists although this will require the use of the ETT since it is replacing the SNC List. This step will continue to be performed manually unless/until queries can be designed to look for the fields in our databases which correspond to those criteria used to prepare the ETT. The Program will evaluate how to assign points for systems identified by the ETT when preparing future strategy lists.

- b. Survey Results

The idea that compliance equals capacity has guided previous capacity development efforts. However, this premise has been challenged of late as specific examples have been brought to the attention of the Program in recent years. The potential exists for a system to be in compliance based on water quality monitoring data, but otherwise be in real need of assistance to develop TMF capacity and long-term viability. Such systems might not be identified and/or rank high enough on the Strategy List to be targeted for assistance using the existing process. As discussed above, the Program conducted a survey to address this concern and identify such systems for inclusion on the 2010 Strategy List although the survey was limited to State agencies and is considered a first phase effort.

Moving forward, the Program plans to evaluate the results of this first phase and will directly survey State, county, and local agencies to identify PWS for possible placement on the Strategy List. This step will require the Program to develop forms and circulate them to the agencies approximately six (6) months prior to the due date for the next Strategy List. The forms will require the agencies to apply objective criteria and specify the reasons why the PWS is being identified for inclusion on the Strategy List. In addition, the existing point system must be modified to give added weight to PWS identified through this process and assign the appropriate priority level.

2. Added Criteria for Prioritizing PWS

- a. Strategy lists tend to include a number of PWS which are subject to enforcement action involving an Administrative Consent Order (ACO). In such instances, the Program plans to conduct an initial outreach effort to engage these PWS and provide an opportunity for developing TMF capacity concurrent with satisfying their ACO obligations. However, the Program may limit its involvement in such instances to assisting the PWS in complying with the ACO or simply monitoring their ACO compliance, deferring the conduct of a complete TMF capacity evaluation until the PWS has satisfied the terms of the ACO. Such decisions may also be resource dependent.
- b. The Program is reconsidering its previous proposal to allow PWS to simply ask to be added to the Strategy List and assigned a High priority due to limitations with available resources and the potential to divert resources from PWS most in need of assistance in developing TMF capacity. At this time, any PWS which contacts the Program will certainly be advised on available tools and resources for developing TMF capacity and potentially referred to the Small System Technical Assistance program for further assistance.

B. Phase 2: PWS Participation, Background Research, and Assignment

Phase 2 consists of three steps as illustrated on the attached flow chart. Once the Strategy List is finalized, the program must secure the PWS participation and evaluate/assist them in the order defined in the CDS:

1. Community water systems with populations less than 3,300
2. Non-transient water systems that are schools, day care facilities and health care institutions
3. Transient non-community water systems which are restaurants and campgrounds, and
4. All other public water systems not covered above, starting with community water systems with populations greater than 3,300.

Once the High priority PWS are addressed the CDS shifts attention to the Medium priority PWS and these systems are assisted in the same order as high priority PWS. This approach is sound and will be retained because it focuses on providing assistance to small, troubled PWS

first. However, the Program's ability to attend to Medium priority PWS will depend on factors such as the number of High priority PWS on the Strategy List, the level of effort the Program may need to provide to correct TMF capacity issues for those High priority PWS, and available resources.

The first step of this phase involves both oral and written communication with the PWS to explain the purpose of the contact, provide an overview of the Program, and encourage participation. The Program will then conduct the necessary background research for each participating PWS and produce a written Background Report which serves to educate the individual(s) assigned to conduct the TMF capacity evaluation and site visit(s) for the PWS. This Background Report will contain the basic information on the PWS along with the problem areas that should be initially pursued during the site visit(s). Letters will be issued to PWS which decline to participate to confirm their decision and their removal from the Strategy List with copies to the administrative authority for the PWS, including the regional Compliance and Enforcement office if warranted.

Program staff or the service provider will then contact the PWS to schedule and conduct the site visit(s) required to initiate the on-site TMF capacity evaluation.

C. Phase 3: TMF Capacity Development

Phase 3 consists of five steps as illustrated on the attached flow chart. These steps center on the core components of the CDS with respect to interaction with the PWS to identify where TMF capacity is lacking, develop plans for corrective action, and assist with implementing Program recommendations for improving TMF capacity.

The existing CDS process used NJWA as a service provider to conduct site visits for gathering the information necessary to assess TMF capacity. In accordance with the former contract for services, NJWA mainly focused on assessing technical and managerial capacity and relied on the PWS to perform a financial self-assessment. The information obtained was compiled into a Findings Report and submitted to the Program which would review the report and prepare an Improvement Plan designed to address TMF capacity problems. The Program would then send both documents to the PWS. NJWA then employed a circuit rider approach to assist the PWS implement the Improvement Plan. Once TMF capacity was achieved by implementing the Improvement Plan, the Program would issue a Closure Report and remove the PWS from the Strategy List. Periodic follow-up was prescribed to see if TMF capacity was being maintained. Various forms and templates were developed by the Program to facilitate this process.

This overall process addresses the requirements of the SDWA and is straightforward. However, while the circuit rider approach helped several PWS achieve and maintain TMF capacity, the Program felt more time and resources needed to be dedicated to many PWS on the Strategy List. The circuit rider approach involves providing on-site assistance during site visits of limited duration. However, experience with implementing the CDS shows that most TMF capacity problems develop over years or decades. Offering assistance through a series of brief site visits conducted on an infrequent basis is not an effective strategy for reversing

and correcting long-term TMF capacity problems. To address this concern, the Program will:

1. Enter into new contract for services for technical assistance

The contractor will conduct site visits and TMF capacity assessments, help the PWS develop/implement an asset management plan (AMP), and provide technical assistance to CWS. The contract for services will require the contractor to dedicate the time and resources necessary to correct the TMF capacity problems identified.

2. Use Program staff to provide direct assistance

Program staff will continue to conduct site visits, assess TMF capacity, and provide technical assistance to PWS to supplement the services provided by the contractor. The main focus for TNCWS and NCNTWS will be on technical capacity with some focus on managerial capacity. Financial capacity for these kinds of PWS is essentially linked to the success of the primary business associated with the PWS or the annual budget of the county/local government.

3. Apply Asset Management

The Program and service contractor will introduce asset management and recommend its use by the PWS as part of the Improvement Plan. The type of asset management tool selected for use at a given PWS will depend on the type, size, and overall capabilities of the facility. For example, the use of USEPA's Check Up Program for Small Systems (CUPSS) will likely be recommended to both small and medium size community water systems that demonstrate the capability to employ the tool. However, the use of other tools such as the "Asset Management: A Handbook for Small Water Systems (USEPA, 9/03) and "Taking Stock of Your Water System: A Simple Asset Inventory for Very Small Drinking Water Systems" (USEPA, 10/04) would likely be recommended to very small community water systems and non-community water systems. The Program will also recommend that medium to large-size community water systems which do not already employ asset management identify and begin utilizing an asset management program suitable for their needs.

4. Use TMF capacity benchmarks

The Program will apply the benchmarks developed for TMF capacity to gauge the level of capacity for a given PWS once the initial TMF capacity assessment is complete. The benchmarks would then be periodically re-evaluated to measure the progress a PWS in achieving TMF capacity once efforts are initiated to implement the Improvement Plan.

5. Update/expand existing forms and templates

The existing Technical/Managerial Capacity Assessment and Financial Self Assessment Forms will be updated and/or expanded to better facilitate AMP development.

Additional forms will be developed or adapted from other areas within Water Supply (e.g., Water System Construction Permit Forms) to provide for more efficient assessment of TMF capacity and to enable the Program to apply the scaled benchmarks it developed to initially gauge and measure improvement of TMF capacity.

6. Enter into new contract for services for Financial Planning and Rate Setting

The Program continues to value this service since it would no doubt benefit those systems struggling with setting equitable rates that also cover the full cost of business. However, the Program needs to assess its ability to prepare, bid, and oversee another contract for services and determine if alternative means (e.g. – refer systems to existing non-profits) are available before it commits to this activity.

While this assessment is being conducted, the Program will inform PWS on the importance of full cost pricing and budgeting along with the existence of available rate setting and budgeting software. The EFC Financial Dashboard and Rate Checkup™ (developed by the Boise State EFC), Small Utility Rate & Finances (Hawaii AWWA), and the DWSRF Rate Calculation (Missouri DNR) are examples of software available for use by PWS.

7. Provide training to Program staff

Additional training is required for Program staff on an ongoing basis. Topics for this training must cover federal and state SDWA regulations, how to efficiently navigate the Department's databases (i.e. – NJEMS, SDWIS, and Highview), asset management planning, treatment technologies, customer service, and public speaking.

Removing PWS from the Strategy List

The preferred path for removing a PWS from the Strategy List is when their cooperative efforts result in the development of adequate TMF capacity, a return to compliance with the SDWA rules, and the long-term viability and sustainability of the PWS. However, the reality is that assistance cannot bring certain PWS into compliance and enforcement is required to achieve this goal. The CDS addresses this situation by "...excluding a PWS from the CDS process if it is in SNC and is incapable of, or refuses to undertake feasible and appropriate actions to develop adequate TMF capacity." This component of the CDS is important and will be retained, but procedures are being proposed to guide when and how this type of PWS should be removed from the Strategy List.

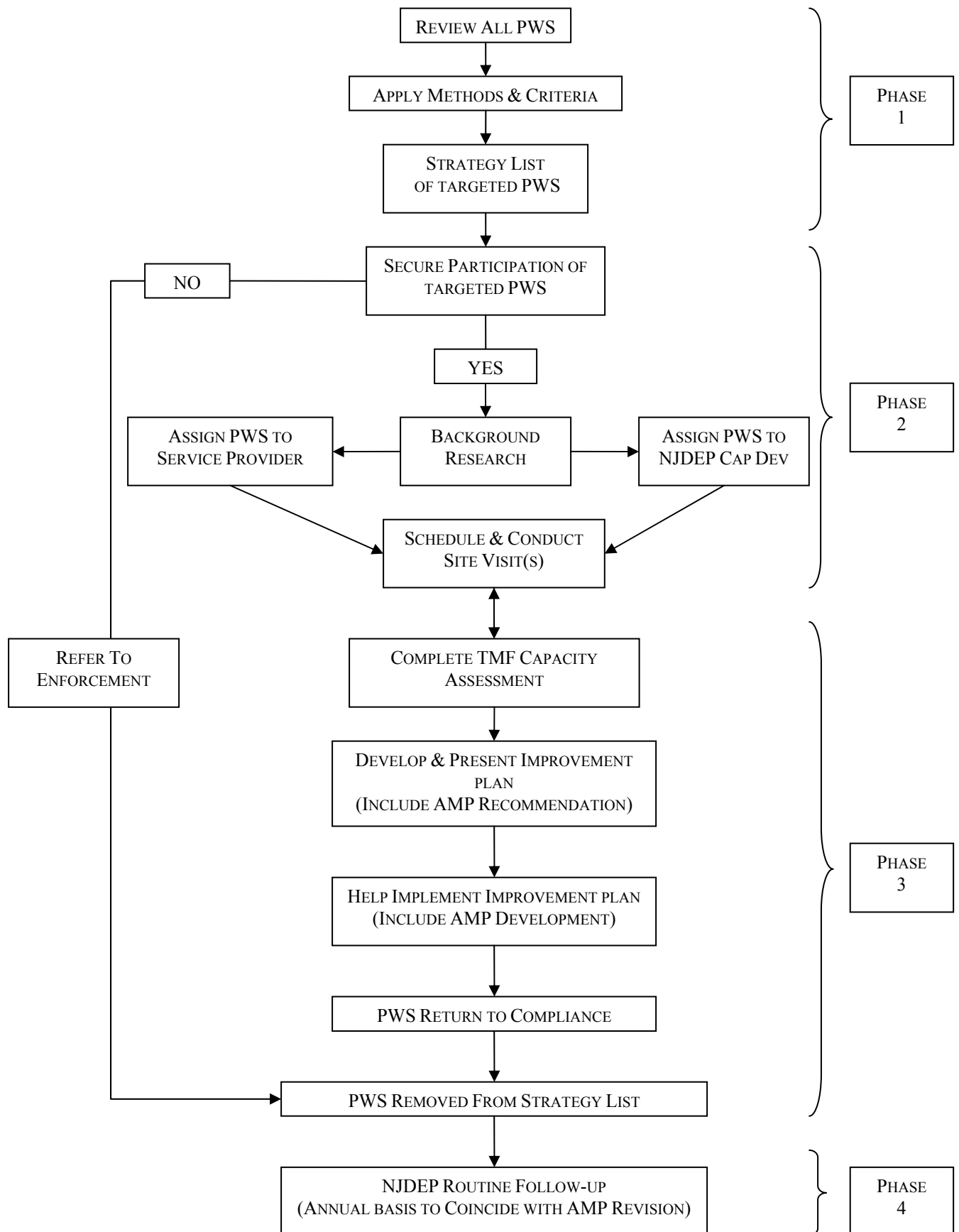
As currently written, the CDS calls for a PWS to be in SNC and either incapable of or unwilling to cooperate with the Program. To clarify, the Program should have the ability to exclude any PWS from the CDS process if it refuses assistance or is incapable of working cooperatively to develop adequate TMF capacity. SNC status should only be an additional indicator for excluding a PWS from the CDS process.

As part of this change, we propose to define a fair process to identify uncooperative PWS, remove them from the Strategy List, and refer them to enforcement to achieve compliance (if the PWS is not already subject to enforcement action). Until the Program defines the process, decisions will be made on a case-by-case basis.

D. Phase 4: Routine Follow-Up

The existing CDS specifies the performance of annual follow-up TMF assessments, but a formal procedure for documenting the performance of this task was not identified. This component of the CDS is important and will be retained. A tracking process will be implemented to identify which PWS are due for a follow-up TMF assessment with emphasis on scheduling this task to coincide with the annual review of the Asset Management Plan by the PWS. These follow-up efforts will be performed by Program staff.

TMF CAPACITY DEVELOPMENT PROCESS



Appendix IV

Criteria and Benchmarks for Technical, Managerial, and Financial (TMF) Capacity

Capacity Development Program

Criteria and Benchmarks for Technical, Managerial, and Financial (TMF) Capacity

The Federal Safe Drinking Water Act (SDWA), as amended in 1996, establishes a focus on capacity development through two major provisions. First, section 1420(a) requires States to develop and implement programs to ensure that new systems demonstrate capacity. Second, section 1420(c) requires States to develop and implement programs to assist existing systems in acquiring and maintaining capacity. New Jersey's original Capacity Development Strategy (CDS) was approved by USEPA on September 28, 2000 and addressed the basic requirements detailed in Section 1420(c)2 regarding the development of a strategy to ensure the TMF capacity of existing public water systems (PWS) in New Jersey. The CDS described how New Jersey identifies PWS for placement on its Strategy List and how assistance would be provided.

Capacity is the ability of a PWS to plan for, achieve and maintain compliance with all applicable drinking water standards. Capacity Development (CD) focuses on cultivating a system's TMF capabilities to improve the system's long term viability.

This document has been prepared as part of an effort to revise/update New Jersey's approved CDS and will incorporate the concept of asset management as a central tool to developing long term planning for affected water systems. Asset management helps achieve and maintain the long-term viability of water systems by addressing five core questions: What is the current state of assets? What is the desired level of service? What are the critical assets? What is the minimum life cycle cost of the assets? What is the long-term funding plan? The answers are then used to develop an Asset Management Plan (AMP).

The benchmarks described in this document help measure whether or not a PWS has adequate TMF capacity to sustain its long-term viability. These benchmarks supplement the criteria defined in the approved CDS and together they will serve as the future standards to evaluate TMF capacity.

The components of TMF capacity are discussed separately on the following pages along with the evaluation criteria and benchmarks developed to measure if a PWS is achieving and maintaining TMF capacity. These benchmarks focus on ensuring each PWS has a basic knowledge of its system and adequate TMF capabilities to sustain the long-term viability of the utility. This approach is consistent with the SDWA, as amended in 1996, and concentrates on establishing a cooperative partnership with existing PWS in need of assistance. Repeated reference is made to current regulations throughout this document since current regulations serve as a basis for comparison between the current status of a PWS and the status the PWS should strive to achieve.

Technical Capacity

Technical capacity refers to the adequacy of the source, infrastructure, operation, and maintenance of a PWS. Infrastructure refers to the physical/mechanical components of the source, treatment, storage, and distribution network of the PWS. To demonstrate adequate technical capacity, a PWS must have adequate source and infrastructure, qualified personnel with

sufficient technical knowledge available to operate and maintain the PWS, and an operator of the proper license and classification.

The approved CDS defines the following standards for determining if a PWS has adequate technical capacity:

1. The PWS is not in significant non-compliance (SNC) as defined by the USEPA,
2. The PWS does not have any continuing violations of New Jersey's Safe Drinking Water Act regulations (N.J.A.C. 7:10) and Water Supply Allocation Permit regulations (N.J.A.C. 7:19), and
3. The PWS is operating its system under a licensed operator of the appropriate license pursuant to N.J.A.C. 7:10A, "Licensing of Water Supply and Wastewater Treatment System Operators".

Technical capacity should address and/or include without limitation:

- the ability to consistently provide an ample quantity of safe drinking water to its customers
- projected water use
- a description of all major projects and planned expansions
- hydraulic analysis of distribution system and storage tank levels to address pressure problems
- source water adequacy
- source water protection
- water disposal issues
- licensed operator requirements
- laboratory needs
- compliance with state and federal regulations
- cross connection control program

The following sections clarify what information is needed to address the parameters listed above:

I. Infrastructure:

The PWS must possess basic knowledge on the location, age, construction, general condition, and anticipated service life remaining for all existing infrastructure associated with its source, treatment, storage, and distribution network. A scaled map showing the locations of the various infrastructure components must also be available. If the PWS does not have this basic information when the TMF capacity evaluation is performed, then the improvement plan for the PWS must specify the need to acquire the information. This knowledge is required for the PWS to develop an asset management plan that includes a capital improvement plan to operate, maintain, upgrade, refurbish, and/or replace existing infrastructure and add new infrastructure as necessary to operate the utility and maintain service in compliance with applicable laws, regulations, and standards. The capital improvement plan provides the description of all major projects and planned expansions. Possessing basic knowledge of the system and an asset management plan /capital improvement plan will serve as common benchmarks for all categories of infrastructure.

Records should be available to show the required permits/approvals were obtained and all conditions stipulated in those permits/approvals were met. If the records do not exist or are not available at the time of the TMF capacity evaluation, the improvement plan should instruct the

PWS to work with the appropriate regulatory agency to determine the need for such documentation.

Additional benchmarks for source, treatment, storage, and distribution system infrastructure are provided below to further define how to determine whether or not a PWS has adequate technical capacity for its infrastructure.

Source

Discussions of source infrastructure must inherently include a discussion of the source itself. In this regard, the PWS must know the current and future projected use/demand as a prerequisite to demonstrating adequate source water supply. Available information from recordkeeping will show whether or not current demand is being met. Reference sources (e.g., master plans, planning board records, business plans, or school board plans) may be available to support projections on future development and population growth. This information should be used to estimate future use/demand. The PWS will then be in a position to know if the existing supply source is adequate and will remain so, or if an additional source(s) of supply water is needed.

The benchmark is the ability to demonstrate the existence of an adequate supply of source water capable of meeting current use/demand and, at a minimum, a plan to secure an adequate supply of source water to meet future projected use/demand. “Adequate supply” includes the existence of any required backup/duplicate well(s) and/or interconnections pursuant to N.J.A.C. 7:10, as applicable. Any PWS subject to the New Jersey Water Supply Allocation Rules, N.J.A.C. 7:19 must also have a valid Water Supply Allocation Permit or Water Use Registration, as applicable.

Scaled Benchmarks:

- Unauthorized diversion or PWS has 4 or more violations over the term of a required permit/registration; current and future projected use/demand are unknown; current demand not met; no plans to address problems
- Authorized diversion but PWS has 2-3 violations over the term of a required permit/registration; current use/demand is known but not always met; future projected use/demand and associated permitting needs are unknown; no plans to address problems
- Authorized diversion but PWS has 1 violation over term of permit/registration; current use/ demand is known and met; future projected use/demand and associated permitting needs are not clear, but there are plans to address lack of information
- Authorized diversion with no violations over term of required permit/registration; current use/demand is known and met; future projected use/demand and associated permitting needs are known, plans are in place to secure adequate supply to meet future use/demand

The following sections address source infrastructure. References to wells and intakes in these sections include equipment and appurtenances associated with source infrastructure such as well houses, meters, electrical devices, valves, and pumps. The evaluation of source infrastructure requires an assessment of each well and/or intake using the benchmarks described below.

1. Ground Water

The PWS must know the type of materials used to construct the well, well depth, open-hole/ screen interval, casing depth, casing diameter, annular space, pump type, pump capacity, and other relevant specifications for each well. Each well should also be permitted for use as a potable supply. The PWS must also know the distance from any septic system(s) and/or surface water bodies so that potential sanitary hazards and/or concerns about ground water under the direct influence of surface (GWUDI) water may be evaluated. If the PWS does not know this information and/or a well(s) is not permitted for potable supply, the improvement plan must identify the need to obtain it so proper planning and/or appropriate action(s) is possible. Having the information described above and an asset management plan/capital improvement plan to operate/maintain the existing well(s), and eventually upgrade, refurbish, or replace the well(s) to conform to applicable regulations (N.J.A.C. 7:10 and N.J.A.C. 7:9D).

Scaled Benchmarks:

- Well not permitted and specifications are unknown, well condition is poor, water quality problems (e.g., coliform) exist, no plans to refurbish/replace the well.
- Well specifications known but do not conform to public supply well specifications, well not permitted as potable supply, well condition is poor, water quality problems (e.g., coliform) exist, no plans to refurbish/replace the well
- Well is permitted and design conforms to public supply well specifications, well condition is fair, sporadic water quality problems (e.g., coliform) exist and there are plans to refurbish/replace the well
- Well in good condition, permitted/designated as a public supply well, and no water quality (e.g., coliform) problems exist, and asset management plan/capital improvement plan contains long-term plans

2. Surface Water

New Jersey's Safe Drinking Water Act Regulations, N.J.A.C. 7:10-12 do not allow a public non-community water system (PNCWS) to use surface water as a source unless specifically approved by the administrative authority. When such approval is obtained, the regulations require the source infrastructure be constructed in compliance with standards for a public community water system (PCWS) as specified at N.J.A.C. 7:10-11. Any PCWS or PNCWS using surface water as a source should be able to

demonstrate the source infrastructure is constructed in compliance with applicable regulations (N.J.A.C. 7:10-11).

To expand on the basic knowledge needed for a surface water source, the PWS must know the details for all meters, gauges, pumps, devices, and/or equipment required by the applicable regulations and the distance from septic systems and/or sanitary lines.

The benchmarks for demonstrating adequate capacity for source infrastructure under this scenario will possess all the basic knowledge and an asset management plan/capital improvement plan to operate/maintain the existing intakes(s), and to eventually upgrade, refurbish, or replace the intake(s).

Scaled Benchmarks:

- Intake specifications and permit status are unknown, intake condition is poor, water quality problems exist, and there are no plans to refurbish or replace the intake
- Intake is permitted but old and older design does not conform to current regulations, intake condition is poor, water quality problems exist, and there are no plans to refurbish/ replace the intake
- Intake is permitted and design conforms to current regulations, intake condition is fair, sporadic water quality problems exist, and there are plans to refurbish/replace the intake
- Intake in good condition, constructed/permitted in accordance with applicable regulations, no water quality problems exist, and asset management plan/ capital improvement plan contains long-term plans

Having a source water protection plan, as applicable, would be an additional benchmark for PWS with ground water and/or surface water sources.

B. Treatment

As a prerequisite, the PWS must know which, if any, contaminants exceed their respective primary and/or secondary drinking water standards based on analytical results. Data from raw water samples from new well tests, SWSTA sampling, GWUDI investigations, and source water monitoring per the Ground Water Rule (40 CFR 141) should also be evaluated for this purpose. Data quantifying contaminants may be from compliance monitoring samples collected by the PWS and/or new well test, complete profile, and/or small water system technical assistance (SWSTA) samples collected by the Department. The PWS needs this knowledge to:

- make informed decisions about the need for and type(s) of treatment requirements required
- comply with federal and state drinking water laws/regulations

- provide consumers with a ready and reliable source of water that meets the primary and secondary drinking water standards

For existing treatment infrastructure, the PWS must possess the basic knowledge described at the beginning of this Technical Capacity section. Infrastructure includes without limitation any units for chemical feed systems, pre-treatment, filtration, treatment processes, and disinfection. The PWS must also have an inventory of the chemicals/materials required for the various treatment processes and have an asset management plan/ capital improvement plan to operate/maintain the existing unit(s) and eventually upgrade, refurbish, or replace each treatment unit to conform to the applicable standards (N.J.A.C. 7:10). These criteria serve as benchmarks for demonstrating adequate treatment capacity under this scenario.

For situations where the installation of new infrastructure is required to remediate contaminant(s) detected above their respective primary and/or secondary drinking water standard(s), the PWS must identify the type(s) of treatment chosen to remediate any such contaminant(s) and provide a schedule to install the required treatment. The schedule must depict timelines and milestones for obtaining permits/approvals and installing the treatment unit(s) on or before any compliance date mandated by applicable regulations or set by an enforcement document (e.g., administrative consent order). Installation of the required treatment unit(s) in conformance with the approved permit(s) will be the benchmark for demonstrating adequate treatment under this scenario. Having an asset management plan/capital improvement plan that integrates the operation and maintenance of the new unit(s) along with plans to operate, maintain, upgrade, refurbish, or replace the new unit(s) will serve as an additional benchmark.

In either scenario, demonstrating regulatory compliance with the applicable standard(s) through compliance monitoring sampling results will also serve as a benchmark. If the PWS was in SNC as defined by USEPA, then the PWS will not be removed from the Strategy List until the compliance monitoring results are processed and the PWS is no longer in SNC.

Scaled Benchmarks

- Water consistently has multiple contaminant(s) above primary standards; treatment unit(s) not installed or not maintained; no backup equipment available to meet demand when largest unit(s) out of service; no plans to address problems;
- Water consistently has at least 1 contaminant above primary standards; treatment unit(s) not installed or not maintained; no backup equipment available to meet demand when largest unit(s) out of service; no plans to address problems;
- Water occasionally has contaminant(s) above primary standards and consistently exceeds secondary standards, treatment unit(s) installed but O&M needs improvement; backup equipment in place to meet demand when largest unit(s) out of service, plan exists to address problems

- Water quality consistently meets primary and secondary standards, treatment unit(s) installed with proper O&M, backup equipment in place to meet demand when largest unit(s) out of service

C. Storage

For a PCWS, the system must know the basic information required to allow for a comparison to the requirements of N.J.A.C. 7:10-11.6 and 11.11 and whether the storage capacity is in compliance with the Water Supply Management Act Rules, N.J.A.C. 7:19-6.1 et seq.

For a PNCWS, the system must know the basic information necessary to facilitate a comparison with the requirements at N.J.A.C. 7:10-12.34 and 12.35.

The benchmarks for demonstrating adequate storage will be possession of this basic knowledge and an asset management plan/capital improvement plan to operate/maintain each existing storage facility, and eventually upgrade, refurbish, or replace the storage facility.

Scaled Benchmarks

- Storage capacity inadequate; facility past useful life, improperly designed, in disrepair, ill-equipped, and/or poorly maintained; finished water quality impaired; minimum pressure insufficient; no plans to address problems. Facility not inspected within last 5 years.
- Storage capacity adequate; facility has little remaining useful life, improperly designed, in disrepair, ill-equipped, and/or poorly maintained; finished water quality impaired; minimum pressure insufficient; no plans to address problems. Facility not inspected within last 5 years.
- Storage capacity adequate; facility has some remaining useful life and few if any design or equipment issues; existing O&M procedures could be improved; finished water quality satisfactory; sporadic problems with maintaining minimum pressure; plans exist to address problems. Facility inspected within last 5 years.
- Storage capacity adequate per applicable regulations; facility is new and/or in good condition with no design, repair, equipment, and/or maintenance deficiencies, finished water quality satisfactory, minimum pressure maintained. Facility routinely inspected at least every 5 years.

D. Distribution

For a PCWS, the system must know the basic information required to allow for a comparison to the requirements of N.J.A.C. 7:10-11.6, 11.9 and 11.10.

For a PNCWS, the system must know the basic information required to allow for a comparison to the requirements at N.J.A.C. 7:10-12.36 through 12.38.

In either situation, information from customer complaints, O&M records, and/or other sources must be used to identify conditions with the potential to affect water quality or service. Such conditions would include, but not be limited to areas with flow restrictions from deposits (e.g., iron or manganese), areas of low or high pressure, leaks/breaks, and improper/unauthorized connections. This information is necessary to identify what actions are required.

The benchmarks for demonstrating adequate distribution infrastructure will be possession of this basic knowledge and an asset management plan/capital improvement plan to operate/maintain the existing distribution system, and eventually upgrade, refurbish, or replace the various components of the distribution system.

Scaled Benchmarks

- Location, age, construction, and condition of distribution system components unknown; high percentage of unaccounted for water loss; history of customer complaints due to water quality, water pressure, and/or service interruptions with poor response times; no plans to address problems
- Limited knowledge on location, age, construction, and condition of distribution system; high percentage of unaccounted for water loss; history of customer complaints due to water quality, water pressure, and/or service interruptions with poor response times; no plans to address problems
- Location, age, construction, and condition of distribution system components known; low to moderate percentage of unaccounted for water loss; moderate volume of localized customer complaints due to water quality, water pressure, and/or service interruptions; poor response times; plans exist to address problems
- Location, age, construction, and condition of distribution system components known and mapped; low percentage of unaccounted for water loss; few if any customer complaints; water quality and pressure satisfactory; service interruptions are infrequent and receive prompt response when they occur

II. Qualified Personnel:

All system personnel involved with the operation and maintenance of the system must be qualified to perform the level of assigned work. To demonstrate their qualifications, the PWS must be able to show the personnel have the knowledge, training, and skills necessary for the position held and the tasks/duties routinely performed. The policies and procedures these personnel are to follow in the performance of their duties must be included in the written detailed operations and maintenance procedures prepared by the licensed operator (see item III, below). In addition, the name(s), title(s), job description(s) and other relevant information such

as training received/scheduled for these personnel must be included in the managerial plans (see Managerial Capacity section, below).

Scaled Benchmarks

- Personnel are unqualified to perform assigned work because they do not possess knowledge of system policies/procedures, have not been trained, and/or lack necessary skills
- Personnel are poorly qualified due to limited knowledge, received inadequate training, and/or do not possess all necessary skills
- Personnel are fairly qualified, but need to improve knowledge on system policies/procedures, require more training, and/or need to improve the skills they already possess
- Personnel are qualified to perform assigned work, know policies/procedures, are properly trained, and have all necessary skills

III. Licensed Operator:

For utilities where a licensed operator is required, the PWS must have a licensed operator of the appropriate license pursuant to N.J.A.C. 7:10A.

The licensed operator must perform the duties, maintain the records, and satisfy the reporting requirements of N.J.A.C. 7:10A-1.12. Regarding the requirement to have written detailed operations and maintenance procedures, this “O&M manual” must conform to the regulations, include all necessary plans (e.g., emergency management, source water protection, and water quality monitoring), and adhere to recognized industry standards for items including, but not limited to frequency of inspection and types of materials/additives used. An operations plan template is available from the Department for the licensed operator to use as guidance in preparing/revising an O&M manual. The O&M manual should also:

- provide clear, concise instructions for the licensed operator and/or qualified personnel to follow when performing assigned duties including without limitation the operation, routine inspection, preventive maintenance, necessary repair, and replacement of infrastructure components and/or any testing conducted on water;
- indicate which duties/tasks are not to be performed by the licensed operator and/or qualified personnel (e.g., do not perform work that require the services of licensed professionals such as well drillers, electricians, or plumbers);
- include provisions for personnel to document, record, and track work performed, and to report observations or recommended follow-up actions to the licensed operator and/or system manager to consider/implement;
- be consistent with any contracts for services maintained by the PWS (see Managerial Capacity section, below); and
- be routinely updated as warranted for consistency with the most recent version of the asset management plan/capital improvement plan for the PWS.

The licensed operator must demonstrate familiarity and ensure compliance with all applicable laws, rules, regulations, and license conditions. The licensed operator must submit the monthly Operating Report of Water Treatment Plants as required. These benchmarks clarify the responsibilities and the capabilities needed for a PWS to must demonstrate technical capacity for a licensed operator.

Scaled Benchmarks

- No licensed operator as required
- Licensed operator does not have the appropriate license; duties, recordkeeping, and reporting not performed as required; O&M manual does not exist or does not conform to regulations; licensed operator not familiar and/or does not ensure compliance with all applicable laws, rules, regulations, and license conditions; monthly reports not submitted as required.
- Licensed operator has appropriate license but needs to improve performance of duties, recordkeeping, and reporting; O&M manual exists but does not fully conform to regulations; monthly reports submitted as required.
- Licensed operator has appropriate license; performs all required duties, recordkeeping, and reporting as required; O&M manual current and conforms to regulations; licensed operator is familiar and ensures compliance with all applicable laws, rules, regulations, and license conditions; monthly reports submitted as required.

Managerial Capacity

Managerial capacity refers to the expertise required of the personnel who administer the overall water system operations. To assure adequate managerial capacity, the PWS must demonstrate that relative to its water system it has clear ownership, proper and organized staffing, effective interaction with regulators, and effective interaction with customers.

The approved CDS defines the following standards for determining if a PWS has adequate managerial capacity:

1. The owner(s) of the PWS is not in receivership;
2. The owner(s) of the PWS demonstrates clear ownership of the water system.
3. The PWS has a clear and defined organizational structure.
4. The PWS has established an emergency management plan.

Managerial capacity should address and/or include without limitation:

- identification of the owner(s) or other responsible legal body
- an organizational chart which also provides job descriptions and lists license/certification requirements for the personnel on the chart
- a representative who can be contacted in New Jersey
- operator training and certification
- licensed operator succession planning
- routine inspections of operations

- listing of O&M contracts
- emergency planning
- legal authority to implement requirements
- policies and procedures for interaction/communication with regulators
- policies and procedures for interaction/communication with customers

Consistent with the benchmarks for measuring all aspects of TMF capacity, a PWS must have asset management plan/capital improvement plan and use it to prepare/revise any other applicable plans required to demonstrate managerial capacity. Possession of a managerial plan that incorporates these plans (e.g., source water protection, water conservation, emergency response/management, security/safety, etc.) either directly or by reference to the licensed operator's O&M manual will serve as an additional benchmark.

Scaled Benchmarks

- PWS in receivership and/or cannot demonstrate clear ownership; organizational structure not clearly defined; no emergency management plan (if required), asset management plan/capital improvement plan, licensed operator succession plan or other required plans
- PWS not in receivership, but cannot demonstrate clear ownership; organizational structure not clearly defined; no emergency management plan (if required), asset management plan/capital improvement plan, licensed operator succession plan or other required plans
- PWS not in receivership and demonstrates clear ownership; organizational structure clearly defined; no emergency management plan (if required), asset management plan/capital improvement plan, licensed operator succession plan or other required plans
- PWS not in receivership and demonstrates clear ownership; organizational structure clearly defined; emergency management plan (if required), asset management plan/capital improvement plan, licensed operator succession plan and other required plans in place

Financial Capacity

Financial capacity refers to the monetary resources available to a PWS to support the cost of operating, maintaining, and improving the water system. To assure adequate financial capacity, the PWS must demonstrate it has sufficient revenues, credit worthiness, and fiscal management/controls to cover these costs.

The approved CDS defines the following standards for determining if a PWS has adequate financial capacity:

1. The PWS has an effective financial plan which accounts for revenues, operating expenses, reserves, and capital improvements for the next three years.
2. The PWS has an Operating Ratio and a Debt Service Coverage Ratio of greater than 1.0.
3. The PWS has sufficient reserve accounts to cover an operating cash reserve (12% of the annual O&M and general/administrative expenses) and emergency reserve for critical equipment replacement.

4. The PWS has an annual operating budget to demonstrate sufficient revenue to meet all expenses associated with SDWA compliance.

Other ratios (e.g., expense, sales, current, quick, per capita, receivable ratios) are also available to monitor the financial health of a PWS. The USEPA includes four indicators in its Check Up Program for Small System (CUPSS); the debt ratio (DR), expense ratio (ER), the OR, and sales ratio (SR). The Department is adding the DR, ER, and SR for consistency with USEPA and will retain the DSCR as an indicator, particularly for use with PNCWS.

Summaries of the DR, DSCR, ER, OR, and SR are provided below:

- DR - measures the amount of debt used by the PWS; in other terms, to what degree the utility is mortgaged. Values range from 0-1.0, where a lower number indicates better financial health. As an example, a DR of 0.6 means 60% of operations are financed with debt while the remaining 40% are financed by equity. Being burdened with heavy debt is not desirable for financial health.

The DR is calculated as follows:

$$\text{DR} = \text{Total Liabilities} / \text{Total Assets}$$

$$\text{Liability} = \text{Revenue from Loans}$$

$$\text{Assets} = \text{Savings Withdrawal} + \text{Revenue from Grants} + \text{Revenue from Fees}$$

- DSCR - measures the ability of a PWS to cover debt, over and above operating expenses. A DSCR that is 1.5 or greater is good, between 1.0-1.5 is considered acceptable, and less than 1.0 means there is insufficient revenue to cover the debt service. If a PWS has a DSCR less than 1.0, then it may be headed for bankruptcy or receivership.

The DSCR is calculated as follows:

$$\text{DSCR} = \text{Annual Gross Revenues} - \text{O\&M Expenses} / \text{Annual Principal \& Interest Charges}$$

- ER (operating expense/total expense) measures the amount of operating expenses compared to total expenses. Values range from 0 to 1.0. The higher the ratio, the more expenses are for operations, leaving less to cover non-operating costs (e.g., capital improvements and debt service) so a lower number indicates better financial health. When the ER is high, the PWS probably will not meet all of its capital related expenses, leading to a more rapid deterioration of the system infrastructure. In such instances, the PWS should try to identify ways to improve efficiency, reduce operating costs, manage finances better, and/or restructure rates.

The ER is calculated as follows:

$$\text{ER} = \text{Operating Expense} / \text{Total Expense}$$

$$\text{Operating Expense} = \text{Annual Operating Expense}$$

$$\text{Total Expense} = \text{Total Annual Cost of Doing Business}$$

- OR (operating revenue/operating expense) demonstrates the relationship between operating revenues and operating expenses. An OR greater than 1.0 indicates expenses are low relative

to revenues, an OR of 1.0 indicates revenues equal expenses, and an OR below 1.0 indicates operating expenses exceed operating revenues. The goal is to have a value greater than one.

The OR is calculated as follows:

$$\text{OR} = \text{Operating Revenue} / \text{Operating Expenses}$$

$$\text{Operating Revenue} = \text{Sum of Revenue from (Fees + Grants + Loans + Other Sources)}$$

$$\text{Operating Expense} = \text{Annual Operating Expense}$$

- SR (sales/total revenue) measures the percentage of total revenue generated by sales of operations (i.e. – from rates). An SR less than 1.0 may indicate the PWS is overly reliant on outside funding while an SR greater than 1.0 may indicate revenues are being drawn to non-utility purposes or generally mismanaged and this potential concern should be addressed. However, an SR greater than 1.0 generally indicates better financial health. Conversely, the ability of a PWS to sustain itself when the SR is less than 1.0 may be questionable, especially if the outside funding source(s) is jeopardized. The SR may be used to identify the need to adjust rates and illustrate/justify the level of any proposed rate increase to both consumers and regulators.

The SR is calculated as follows:

$$\text{SR} = \text{Sales} / \text{Total Revenue}$$

$$\text{Sales} = \text{Revenue from Fees} + \text{Other Revenue}$$

$$\text{Total Revenue} = \text{Sum of Revenue from (Fees + Grants + Loans + Savings Withdrawn + Other Revenues)}$$

Color coding helps to illustrate what these indicators are saying about the financial health of the PWS. Applying the symbolism associated with the colors red, yellow, and green is a generally accepted practice, is used in CUPSS, and is incorporated here.

For the DR and the ER, a value between 0 and 0.33 is **green**, a value between 0.34 and 0.66 is **yellow**, and a value between 0.66 and 1.0 is **red**.

For the DSCR, a value less than 1.0 is **red**, a value between 1.0 and 1.5 is **yellow**, and a value of 1.5 or greater is **green**.

For the OR, a value of 0.75 or lower is **red**, a value between 0.75 and 1.0 is **yellow**, and a value of 1.0 or greater is **green**.

For the SR, a value of less than 0.1 is **red**, a value between 0.1 and 0.5 is **yellow**, and a value greater than 0.5 is **green**.

Each of these ratios should be used to trigger responses by the PWS. Without going into detail for each ratio here, the following provides one possible example of how the PWS should respond to a high (**red**) DR. In such instances, the PWS should try to find ways to reduce debt, generate other revenues, or restructure rates to lower the DR and improve its financial health.

In summary, each of the ratios/indicators discussed above will serve as benchmarks for financial capacity along with the possession of an asset management plan/capital improvement plan that integrates the budgeting, reserve funding, and financial planning inherent in the process.

Scaled Benchmarks

- No financial plan for future revenues, operating expenses, reserves, and capital improvements; do not have information needed to calculate financial indicator ratios; insufficient reserve accounts; no annual operating budget; water system revenues are siphoned off for non-utility use.
- Financial plan exists, but does not cover future revenues, operating expenses, reserves, and capital improvements; financial indicator ratios in the red; insufficient reserve accounts; annual operating budget has insufficient revenue to meet all expenses; no asset management plan/ capital improvement plan, water system revenues are siphoned off for non-utility use.
- Financial plan exists and covers most but not all future revenues, operating expenses, reserves, and capital improvements; financial indicator ratios mix of red, yellow, and green; insufficient reserve accounts; annual operating budget has sufficient revenue to meet all expenses; no asset management plan/capital improvement plan, water system revenues dedicated for utility use.
- Financial plan covers future revenues, operating expenses, reserves, and capital improvements; financial indicator ratios in the green, sufficient reserve accounts; annual operating budget has sufficient revenue to meet all expenses; asset management plan/ capital improvement plan exists and is being implemented; water system revenues dedicated for utility use.