



State of New Jersey

DEPARTMENT OF ENVIRONMENTAL PROTECTION

MAIL CODE 401-02B

WATER RESOURCES MANAGEMENT

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Commissioner

December 19, 2019

NOTICE OF OPEN PUBLIC COMMENT PERIOD DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN

Dear Interested Party:

The Department of Environmental Protection (Department) has prepared the following document for the administration of the Federal Fiscal Year (FFY) 2020/State Fiscal Year (SFY) 2021 Drinking Water State Revolving Fund (DWSRF):

PROPOSED

Drinking Water State Revolving Fund Intended Use Plan for Federal Fiscal Year 2020 (and State Fiscal Year 2021)

The Intended Use Plan (IUP) must be developed by the Department, undergo a public participation process and be approved by the US Environmental Protection Agency (USEPA) for the Department to be awarded its capitalization grants used to finance water infrastructure projects.

In November 2019, the Department finalized the DWSRF IUP for FFY2019 after a public comment period. The FFY2019 CWSRF IUP was proposed and finalized in a separate document. The FFY2020 Clean Water State Revolving Fund (CWSRF) IUP has also been proposed in a separate document. Copies of the final FFY2019 CWSRF and DWSRF IUPs and the Proposed FFY2020 IUPs are posted on the Department's web site at <http://www.nj.gov/dep/dwq/cwpl.htm>.

The FFY2020 DWSRF capitalization grant is targeted to be awarded to the Department in September 2020 or sooner, for use in the SFY2021 Financing Program (July 1, 2020 to June 30, 2021). The FFY2020/SFY2021 DWSRF IUP establishes the funding packages for eligible projects that close on financing between July 1, 2020 and June 30, 2021.

Drinking Water State Revolving Fund (DWSRF) Program

Because of the success of the DWSRF program over the last few years, a record number of projects have been funded. The current demand for drinking water funds has been much higher than anticipated and exceeds the current amount of available funds. Therefore, to accommodate the maximum number of these projects, and comply with the federal requirements, the FFY2020 IUP maintains base loan rates modified in FFY2018 and includes a funding cap of \$25 million per applicant per year for both publicly and privately-owned systems to ensure that limited funds are distributed among multiple high priority projects.

In FFY2020, the DWSRF program will continue to offer very attractive low-cost financing packages, including principal forgiveness (or grant-like funding), interest-free loans, and low interest loans for high priority projects. The Water Transfer Funding Act (S. 1689) allows for a one-time transfer of approximately \$110M of additional CWSRF funds to the DWSRF to provide principal forgiveness for high-priority lead abatement projects. It does not allocate any new money to the SRF loan program but the transfer from CWSRF to DWSRF provides helpful short-term flexibility.

The FFY2020 IUP will also fund projects based on both a project rank and readiness-to-proceed basis to ensure the highest priority projects (those impacting public health) will be funded as needed with the available funds. The Department is actively pursuing additional funding sources to address the increasing drinking water infrastructure financial needs and reserves the right to modify or waive any of the required caps should available funding increase.

A hearing on the Proposed FFY2020 DWSRF IUP (and the FFY2020 Proposed CWSRF IUP) will be held at the offices of the NJ Infrastructure Bank, 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey, in the large conference room on Tuesday, January 7, 2020. The hearing will commence at 10:00 a.m. and conclude at noon or the end of testimony (whichever is sooner). Presentations may be made orally or in writing; if written testimony is prepared, the oral presentation should be limited to a summary of the text. The period for submitting written comments on the proposal will close on January 20, 2020 (all comments must be received by that date). All comments submitted prior to the close of the comment period will be considered in the preparation of the final DWSRF IUP.

Written comments on the **DWSRF IUP** should be sent to the following address:

Mail Code 401-04Q
Patricia L. Gardner, Director
Division of Water Supply and Geoscience
PO Box 420
401 East State Street, 4th Floor, West Wing
Trenton, New Jersey 08625-0420
Or

watersupply@dep.nj.gov with “DWSRF Comments” in the subject line

The Proposed Priority System documents are posted on the Department’s web site at <http://www.nj.gov/dep/dwq/cwpl.htm> .

If you have any questions regarding the DWSRF IUP, please contact the following Department staff below:

Linda Doughty	Drinking Water SRF Project List and Policies	609-292-5550
Kristin Tedesco	Drinking Water SRF Project List and Policies	609-292-5550

Sincerely,



Patricia Gardner, Director
Division of Water Supply and Geoscience