



State of New Jersey
DEPARTMENT OF ENVIRONMENTAL PROTECTION

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SHAWN M. LATOURETTE
Commissioner

September 1, 2022

Notice of Open Public Comment Period
Clean Water State Revolving Fund
Drinking Water State Revolving Fund
Intended Use Plans

Dear Interested Party:

The Department of Environmental Protection (Department) has prepared the following documents for the administration of the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF).

Amendments to the Final
Clean Water Intended Use Plan
Federal Fiscal Year 2022
State Fiscal Year 2023

Amendments to the Final
Drinking Water Intended Use Plan
Federal Fiscal Year 2022
State Fiscal Year 2023

These amended documents address the following revisions to the FFY 2022 programs:

1. \$248 million in American Rescue Plan Act (ARPA) funds will be allocated to provide principal forgiveness loans to applicants sponsoring CWSRF Water Combined Sewer Overflow Projects listed on Long Term Control Plans submitted to the Department.
2. \$45 million in ARPA funds will be allocated to provide to provide principal forgiveness loans to applicants sponsoring DWSRF projects that address climate change concerns and to ensure long-term drinking water resilience in New Jersey or projects for the installation of treatment to address multiple Maximum Contaminant Level (MCL) violations at one system.
3. New Jersey's \$4 million FFY 2022 Bipartisan Infrastructure Law CWSRF Emerging Contaminants Capitalization Grant allocation will be transferred to the DWSRF to finance drinking water projects that address emerging contaminants.
4. The annual applicant funding cap for DWSRF projects will be increased from \$25 million to \$40 million.
5. The project sponsor MHI factor will be rounded down to the nearest integer in the CWSRF and DWSRF Affordability Criteria calculation.

Background

The Intended Use Plan (IUP) must be developed annually, undergo a public participation process, and be approved by the US Environmental Protection Agency (USEPA) for the Department to be awarded its capitalization grants to support the New Jersey Water Bank. IUPs provide information on how funds, available through the Water Bank, will be used to provide financial assistance for infrastructure projects and identifies State policies governing loan awards.

New Jersey's SFY 2023 budget allocates \$300 million of ARPA funds to the Department to make transformative investments in critical water infrastructure upgrades. After setting aside 1% for administrative costs, the Department is proposing to allocate approximately \$248 million to Clean Water SRF Combined Sewer Overflow Projects on Long Term Control Plans submitted to the Department, approximately \$45 million to Drinking Water SRF projects to address climate change and resilience or projects to address multiple maximum contaminant level violations, and approximately \$5 million to the Department's Site Remediation Program to address contaminants in private residential wells. The ARPA funds must be allocated to projects through funding agreements executed before December 31, 2024 and all funds must be disbursed to project sponsors by December 31, 2026. The proposed amendments to the final FFY22 CWSRF and DWSRF IUPs describe how the funds will be used to provide funding to eligible clean water and drinking water projects.

In FFY2022, the Department reserved the right to transfer an amount not to exceed 33 percent of the state's FFY2022 DWSRF Emerging Contaminants grant from CWSRF to the DWSRF, or vice-versa. The final FFY2022 DWSRF Priority System, Intended Use Plan, and Project Priority List contains over \$108 million in allowable project costs for eligible emerging contaminant projects. Therefore, New Jersey will use the maximum FFY2022 DWSRF to CWSRF transfer authority for the Emerging Contaminants grants.

The DWSRF annual applicant funding cap is being raised from \$25 million to \$40 million. The program is in a position to increase the cap due to fund conservation measures implemented over the past several years, continued support from annual state appropriations, and increased federal funding from the Bipartisan Infrastructure Law. The increased cap will address concerns and comments recently received from DWSRF project sponsors with high annual funding needs.

The program is issuing a clarification to the CWSRF and DWSRF Affordability Criteria calculation. The project sponsor MHI factor will be rounded down to the nearest integer. As a result, five additional municipalities will meet the FFY 2022 CWSRF and DWSRF Affordability Criteria.

A hearing on the Proposed Amendments the Final FFY 2022 CWSRF and DWSRF IUPs will be conducted via Microsoft Teams on Wednesday September 14, 2022. The hearing will commence at 10:00 a.m. and conclude at noon or the end of testimony (whichever is sooner). If you would like to attend, please contact waterbankinfo@dep.nj.gov with "September 2022 IUP Hearing" the subject line. Please include your name, phone number, and affiliation in the body of the email. You will then be contacted by a DEP staff person who will provide you a link, and a call-in number for the meeting.

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 October 3, 2022 (all comments must be received by that date). All comments submitted prior to the close of the comment period will be considered in any changes to the FFY 2022 CWSRF IUP and DWSRF IUP.

Written comments on the Proposed Amendments to the Final FFY 2022 **CWSRF and DWSRF IUPs** should be sent to the following address:

Mail Code 401-03D
Paul Hauch, P.E., Bureau Chief
Municipal Finance and Construction Element
Division of Water Quality
PO Box 420
401 East State Street, 3rd Floor, West Wing
Trenton, New Jersey 08625-0420
Or
waterbankinfo@dep.nj.gov

The Proposed Priority System documents are posted on the Department's web site at <https://www.nj.gov/dep/wiip/project-lists.html>.

If you have any questions regarding the CWSRF IUP proposal, please contact Paul Hauch, Bureau Chief, Bureau of Construction Payments and Administration, Municipal Finance and Construction Element, Division of Water Quality at 609-292-8961 or Paul.Hauch@dep.nj.gov.

If you have any questions regarding the DWSRF IUP, please contact Kristin Tedesco, Bureau Chief, Bureau of Water System Engineering, Water System Operations Element, Division of Water Supply and Geoscience at 609-292-2957 or Kristin.Tedesco@dep.nj.gov.

Sincerely,


Patricia Ingelido, Director
Division of Water Supply & Geoscience


Janice Brogle, Director
Division of Water Quality