



State of New Jersey

DEPARTMENT OF ENVIRONMENTAL PROTECTION
Mail Code 401-03D

Municipal Finance And Construction Element
Division Of Water Quality

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<http://www.nj.gov/dep/dwq/>

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

BOB MARTIN
Commissioner

NOTICE OF PUBLIC HEARING FOR THE PROPOSED FFY2012 PRIORITY SYSTEM, INTENDED USE PLAN AND PROJECT PRIORITY LIST DOCUMENT

- 2013 CLEAN WATER FINANCING PROGRAM -

July 22, 2011

Dear Interested Party:

The Department of Environmental Protection (Department) has developed the Proposed Federal Fiscal Year 2012 Priority System document for the administration of the Clean Water State Revolving Fund (CWSRF) program. The Priority System document must be approved for the Department to be awarded its annual capitalization grant from USEPA used to finance infrastructure projects. The FFY2012 CWSRF capitalization grant is targeted to be awarded to the Department and available for loan awards to project sponsors beginning in September 2012, for use in the State Fiscal Year 2013 Financing Program (July 1, 2012 to June 30, 2013). Projects eligible for assistance include a wide variety of wastewater treatment, combined sewer and stormwater management, as well as, nonpoint source pollution control projects (including open space land acquisition and conservation, landfill closure and construction, remedial action activities and well sealing).

For the 2013 Financing Program, the Department is proposing the following changes:

1. The Department will establish a Barnegat Bay Project Reserve and allocate \$10M in low-cost loans to insure that we continue to make progress and finance infrastructure projects that help to protect, maintain and/or improve the water quality of Barnegat Bay.
2. The Department is encouraging owners and operators of wastewater treatment and stormwater management facilities to develop and implement Asset Management Plans that consider the facility's assets, life cycle costs, and business risks to optimize capital investments. The Department is proposing to provide an additional 50 points to projects whose sponsor has an existing Asset

Management Plan and an additional 100 points to projects that are identified in an existing Asset Management Plan (consistent with the FFY2012 Drinking Water Program). To obtain these points, project sponsors will be required to have an authorized representative certify that the facilities that they own and operate have an approvable, up-to-date Asset Management Plan that considers the facility's assets, life cycle costs, and risks of system failures to optimize capital investments.

All local government units that have a project or projects listed or eligible for listing on the FFY2012 Priority List are required to commit to the following schedule by October 3, 2011 to be considered for the 2013 Financing Program. The commitment (also known as a Letter-of-Intent) is made through your user account at www.njeit.org/applicant. If you are new to the Financing Program, please contact the NJ Environmental Infrastructure Trust at 609-219-8600 to request a user account.

2013 Loan Program Schedule	
Activity	Deadline
Commitment Letter and Planning Documents	October 3, 2011
Design Documents and Loan Application	March 5, 2012
Loan Award	March 2013

All applicants are strongly encouraged to attend a pre-application meeting with appropriate staff within the Municipal Finance and Construction Element. To request a pre-application meeting, please contact Steve Betz, Acting Chief, Bureau of Engineering and Environmental Reviews at **(609) 633-1170**. The Department is continuing to require project sponsors to submit a planning checklist with the planning document submittal so that the submittals are more complete and the reviews can be expedited.

If the FFY2012 Federal Appropriation for the CWSRF allows states to use a portion of their allocations for principal forgiveness loans, the Department will reserve up to 30% of the FFY2012 allocation to provide principal forgiveness loans to project sponsors (which is the same percentage of the annual allocation that was reserved for principal forgiveness loans in the FFY2010 and FFY2011 Programs).

The 2013 Financing Program will offer two loan packages as follows:

1. For high-ranked projects, **the principal forgiveness package** includes a principal forgiveness loan for 20% of the allowable project costs, an interest-free loan for 40% of the allowable project costs and a market-rate loan from the New Jersey Environmental Infrastructure Trust (Trust) for the remaining allowable project costs. The Department plans to use the same \$10M in allowable cost limit per project sponsor for projects that qualify for the principal forgiveness package, so no one project sponsor would get more than \$2.0M in grant-like funding. If the total allowable costs (including the leveraged Trust portion) for a project is greater than \$10 million, then the remainder of the project costs will be covered by the Program's 2013 Financing Package described below.

2. For all new projects, **the 2013 Financing Package** includes an interest-free loan from the Department for up to 75% of the allowable project costs and a market-rate loan from the Trust for the remaining allowable costs.

Please note that loan terms for supplemental loans will be the same terms as were made for the original executed CWSRF loan with no provisions for principal forgiveness.

New projects will be funded in ranked order, utilizing the principal forgiveness monies, until up to 30 percent of the SFY2013 Clean Water allocation is awarded. This approach allows the principal forgiveness monies to be spread over more projects while still focusing the incentivized shares on high priority projects. The CWSRF program hopes to finance as many projects as possible, but funds are limited and there may not be enough money to fund all the projects that apply.

In addition, the Department's Vision Statement and Priorities List provide a strategic foundation for structural changes and include objectives to implement projects that will help to protect, maintain and improve water quality in and around the Barnegat Bay while determining the best long-term approach for restoring the ecological health of Barnegat Bay. To support efforts to improve the water quality of the Bay, the project ranking methodology for the 2013 Financing Program continues to provide an additional 300 priority points to nonpoint source and stormwater runoff control projects that are intended to benefit the Barnegat Bay.

A hearing on the Proposed FFY2012 Priority System document for Clean Water Financing will be held at the offices of the NJ Environmental Infrastructure Trust, 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey, in the large conference room on Tuesday, August 16, 2011. The hearing will commence at 10:00 a.m. and conclude at noon or the end of testimony (whichever is sooner) and will be held in conjunction with the Priority System and Intended Use Plan hearing for the Drinking Water Program. 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 August 22, 2011 (all comments must be received by that date).

Written comments should be sent to the following address:

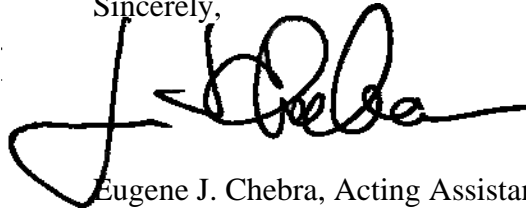
Mail Code 401-03D
Eugene Chebra, Acting Assistant Director
Municipal Finance and Construction Element
Division of Water Quality
PO Box 420
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All comments submitted prior to the close of the comment period will be considered in the preparation of the final FFY2012 Priority System documents.

The Priority System proposal document is posted on the Department's web site at <http://www.nj.gov/dep/dwq/cwpl.htm>. In addition to the complete Priority System, Intended Use Plan and Project Priority List, the web posting includes a project description and project ranking

worksheet for each listed project. For questions regarding this notice or to request a copy of the Priority System proposal, please contact Scott Shymon, Acting Chief, Policy, Program Development, and Administration Section at **(609) 633-1208**.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Chebra", with a long horizontal stroke extending to the right.

Eugene J. Chebra, Acting Assistant Director
Municipal Finance and Construction Element
Division of Water Quality