

July 20, 2011

NOTICE OF PUBLIC HEARING/COMMENT PERIOD

REGARDING

PROPOSED FFY2012 DRINKING WATER PRIORITY SYSTEM, INTENDED USE PLAN AND PROJECT PRIORITY LIST

DRINKING WATER STATE REVOLVING FUND (DWSRF)

The Department of Environmental Protection (Department) has completed the development of the Proposed FFY2012 Drinking Water Priority System, Intended Use Plan and Project Priority List (IUP) documents to establish funding policies and the program schedule to administer the Environmental Infrastructure Financing Program.

Proposed Loan Terms are as stated, or will be amended, as needed, to meet the requirements in the FFY2012 DWSRF Federal Appropriation Bill: a minimum of 30 percent of the FFY2012 allotment will be distributed to projects as principal forgiveness. The proposed loan terms are that 20 percent of the total project costs (up to \$2 million) will be awarded as principal forgiveness loans; 40 percent of the total project costs (up to \$4 million) will be awarded as zero interest loans from the Department and 40 percent of the balance of the total project costs (up to \$4 million) will be awarded as a loan at the market rate from the New Jersey Environmental Infrastructure Trust (Trust). If the total project(s) cost (including the leveraged Trust portion) for a water system is more than \$10 million, then the remainder of the project will be covered by the following loan terms: the traditional DWSRF program, whereby 75 percent of the balance greater than \$10 million will be awarded as zero interest loans from the Department and 25 percent of the balance greater than \$10 million will be awarded as a market rate loan from the Trust.

Additionally, for very small systems serving a population less than 500, the loan terms are that 50 percent of the total project costs (up to \$2.5 million) will be awarded as principal forgiveness loans; 25 percent of the total project costs (up to \$1.25 million) will be awarded as zero interest loans from the Department and 25 percent of the balance of the total project cost (up to \$1.25 million) will be awarded as a loan at the market rate from the Trust. The \$5 million project limit applies as noted above. If the total project(s) cost (including the leveraged Trust portion) for a water system is more than \$5 million, then the remainder of the project will be covered by the loan terms of the traditional DWSRF program; 75 percent of the balance greater than \$5 million will be awarded as zero interest loans from the Department and 25 percent of the balance greater than \$5 million will be awarded as a loan at the market rate from the Trust.

Please note that loan terms for supplemental loans will be the same terms as were made for the original executed DWSRF loan.

Note that projects will be funded in ranked order, utilizing the principal forgiveness monies, until the 30 percent minimum is awarded. The balance of the projects will be eligible for the traditional DWSRF FY2012 financing program (75 percent zero interest, 25 percent market rate) in ranked order. This approach allows the principal forgiveness monies to be spread over more projects while still focusing the incentivized shares on high priority projects. The DWSRF 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 have applied.

A minimum of 20 percent of the State's FFY2012 DWSRF allocation will be used for projects that meet the requirements of the Green Project Reserve (GPR). Green infrastructure projects, such as solar panels or wind turbines, will be given priority for GPR funding in ranked order. Additionally, the GPR can be provided for other projects for water efficiency, energy efficiency or other environmentally innovative activities, as needed to reach the 20 percent goal.

To promote the GPR, the Department will also provide fifteen (15) additional priority points to any project that is a categorically eligible project, in accordance with Section I of the Intended Use Plan. An item was also added to Category A, last cycle, under the Project Priority Section, to ensure that green infrastructure projects will be eligible for DWSRF funding.

Please note that the first deadline is October 3, 2011 for the submittal of the planning documents and the letter of intent for the Drinking Water SRF. Also note that the March 5, 2012 submittal of the loan application and design documents to the Department must be received by close of business on that date. Additionally, the submittal of an electronic copy of the complete application package must be submitted to the Trust in electronic format by close of business on March 5, 2012. All electronic submissions to the Trust must be in a format as specified by the Trust. Please refer to the Trust website at www.njeit.org/forms.htm under loan applications for further guidance.

A complete copy of the proposal document and project list is available on the Department's website at <http://www.nj.gov/dep/watersupply>. Copies can also be mailed to those individuals that prefer to receive a hard copy by contacting Josephine Craver, Supervisor, Bureau of Safe Drinking Water Technical Assistance at (609) 292-5550.

A public hearing regarding the DWSRF IUP will be held at the offices of the New Jersey 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 the end of testimony. The hearing will be held in conjunction with the Priority System and Intended Use Plan hearing for the Clean Water SRF 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 this proposal will close on August 22, 2011 (all comments must be postmarked by that date). All comments submitted in accordance with the deadline will be considered in the preparation of the Final FFY2012 IUP documents.

Written comments on the Drinking Water proposal should be submitted by August 22, 2011 to:

NJ Department of Environmental Protection
Mail Code 401-03
Sandra Krietzman, Bureau Chief
Bureau of Safe Drinking Water Technical Assistance
P.O. Box 420
Trenton, NJ, 08625-0420

If you have any questions regarding the Drinking Water proposals, please contact one of the following:

Philip Royer, Section Chief	609-292-5550
Josephine Craver, Supervising Environmental Engineer	609-292-5550

Thank you for your anticipated input on this proposal document.