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State of New Jersey
DEPARTMENT OF ENVIRONMENTAL PROTECTION

New Jersey Environmental Infrastructure Trust

# - ECONOMIC RECOVERY PROGRAM FOR 2009 -
# CALL FOR PROJECTS

December 18, 2008

In anticipation of the approval of the federal economic recovery package that has been introduced by Congress, the Department of Environmental Protection (Department) and the New Jersey Environmental Infrastructure Trust are seeking projects that will be in a position to take advantage of these funds.

The economic recovery package (introduced as H.R. 7110) is intended to accelerate the construction of environmental infrastructure projects, create jobs and stimulate economic activity. Under the current bill, New Jersey could receive an additional $262 million to finance clean water projects and an additional $22 million for water supply projects. The economic recovery package is not expected to be enacted before the new administration takes office in January 2009. In anticipation of its enactment and given the proposed provisions that projects must be in a position to proceed within 120 days of the award of the funds to the State, USEPA has encouraged states to reach out to and communicate with potential fund recipients as soon as possible.

At this point, the federal legislation would channel the economic recovery funds through the existing Clean Water or Drinking Water State Revolving Fund (SRF) Programs. However, until the legislation is approved, details regarding the mechanisms to award the funds and the timeframes that must be adhered to in order to qualify for the monies has yet to be determined. While details may change, it is important to identify projects that will be ready to commence within the short time frames that will be established.

A wide variety of wastewater treatment, stormwater management, water supply and nonpoint source pollution projects will be eligible. At this point in time we do not know if the recovery package will allow for grants or will be limited to loans. Traditionally loans have been made at half-market rate (except for smart growth projects which have been financed at one quarter-market rate). The Department and the Trust are considering various financing options including blending the two loans so projects able to begin construction sooner can get a lower interest rate. The following blending of the Department and Trust loans is being considered:

| For projects that are certified on or before: | Department Share | Trust Share | Approximate Interest Rate |
|---|---|---|---|
| July 1, 2009 | 100% | 0% | 0% |
| July 31, 2009 | 90% | 10% | 0.5% |
| September 1, 2009 | 80% | 20% | 1.0% |

Projects would be required to advertise and award a construction contract representing at least 30 percent of the project scope within 90 days of project certification and issue a notice to proceed within 120 days of project certification to qualify for the enhanced incentive financing rates identified above. Open space land acquisition and conservation projects are not eligible to participate in the Economic Recovery Program for 2009, but continue to be eligible under the traditional funding policies of the New Jersey Environmental Infrastructure Financing Program. Projects that have already committed to the 2009 traditional program to the Department in October 2008 will automatically be considered for inclusion in the 2009 Economic Recovery Program.

As an added incentive to encourage project sponsors to seek financing through the Economic Recovery Program in 2009, the Program is also considering a proposal to provide planning and/or design loans. These loans would be offered by the Trust to help defray the cost of engineering services that are needed to get an infrastructure project designed and permitted so that it is in a position to meet the 2009 deadlines.

The first step for any project to qualify for funding is to have the project placed and ranked on the appropriate clean water or drinking water priority lists. Sponsors can either do this electronically at www.njeit.org or by contacting the appropriate clean water or drinking water contact below. To receive funds projects must have planning and design complete and must obtain the needed approvals and permits. In addition information regarding economic benefits, including job creation, will be needed.

Project sponsors are encouraged to contact Stanley V. Cach, Jr., Assistant Director, at 609-292-8961 as soon as possible, but no later than January 30, 2009, so that a pre-application meeting can be arranged to discuss program requirements, project scope and the project schedule's compatibility with the aggressive timeframes of the economic recovery plan.

For Clean Water, Drinking Water and Financing

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| Dennis Hart, Executive Director, NJ Environmental Infrastructure Trust | 609-219-8600 |
| Gautam Patel, Chief, Bureau of Financing and Construction Permits | 609-984-6840 |
| Eugene Chebra, Chief, Bureau of Administration and Management | 609-633-1208 |

For Drinking Water and DW Priority List

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| Phil Royer, Section Chief | 609-292-5550 |
| Josephine Craver, Supervisor | 609-292-5550 |

For Clean Water/Priority List

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| Scott Shymon, Supervisor | 609-292-3859 |