

(C)

Susan Gouveia

From: Lashway, Lisa
Sent: Wednesday, July 03, 2013 3:07 PM
To: Canning, Sean; Detoro, Fred
Cc: Susan Gouveia
Subject: FW: FFY 2014 Proposed Clean Water Project Priority List and the Proposed Intended Use Plan for Superstorm Sandy CWSRF Funding - Public Hearing
Attachments: cwf14p_PubNotice.pdf

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From: Hines, Judith [mailto:Judith.Hines@dep.state.nj.us]
Sent: Wednesday, July 03, 2013 3:03 PM
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'ajalloh.clerk@plainfield.com'; 'ctorres@plainsboronj.com'

Subject: FFY 2014 Proposed Clean Water Project Priority List and the Proposed Intended Use Plan for Superstorm Sandy CWSRF Funding - Public Hearing

Attached is a public notice issued by the Division of Water Quality regarding the FFY 2014 Proposed Clean Water Project Priority List and the Proposed Intended Use Plan for Superstorm Sandy and CWSRF Funding.

For the complete FFY 2014 Proposed Clean Water Project Priority List and the Proposed Intended Use Plan for Superstorm Sandy and CWSRF Funding from the NJDEP website please click or go to (<http://www.nj.gov/dep/dwq/cwpl.htm> or http://www.nj.gov/dep/dwq/pdf/cwf_2014P_cwpl.pdf).

Thank you,

Gene Chebra, P.E., Assistant Director

Mail Code 401-03D

Municipal Finance & Construction Element

Division of Water Quality

Department of Environmental Protection

PO Box 420

401 East State Street

Trenton, NJ 08625-0420

609-292-8961

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KIM GUADAGNO
Lt. Governor



State of New Jersey

BOB MARTIN
Commissioner

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PUBLIC NOTICE FOR THE PROPOSED FFY2014 PRIORITY SYSTEM, INTENDED USE PLAN AND PROJECT PRIORITY LIST DOCUMENT AND THE PROPOSED INTENDED USE PLAN FOR SUPERSTORM SANDY CWSRF FINANCING

July 2, 2013

Dear Interested Party:

The Department of Environmental Protection (Department) has developed the Proposed Federal Fiscal Year 2014 Priority System document for the administration of the Clean Water State Revolving Fund (CWSRF) program. In addition, the Department has developed its Intended Use Plan for the new federal Super Storm Sandy CWSRF allocation designed to provide financial assistance to facilities impacted by the storm and in need of implementing resiliency measures.

The Priority System document must be approved by the US Environmental Protection Agency (USEPA) for the Department to be awarded its capitalization grants used to finance infrastructure projects. The FFY2014 CWSRF capitalization grant is targeted to be awarded to the Department and available for loan awards to project sponsors beginning in September 2014, for use in the State Fiscal Year 2015 Financing Program (July 1, 2014 to June 30, 2015). 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).

On October 29, 2012, Superstorm Sandy made landfall in New Jersey which resulted in extensive flooding, power outages and other adverse impacts to infrastructure systems (including wastewater and stormwater conveyance and treatment facilities) throughout the State. Superstorm Sandy was the largest storm to hit the northeast U.S. in recorded history, knocking out power to millions and causing \$70 billion in damage to eight states. In a continued effort to assist municipalities recover and rebuild, the Department of Environmental Protection

(Department) in concert with the NJ Environmental Infrastructure Trust (Trust) have been working with other federal and State agencies to develop financial assistance programs to benefit those impacted by Superstorm Sandy and to finance other infrastructure improvements needed to help protect, maintain and improve water quality.

Sandy Financing Programs

The Department and the Trust have developed or is in the process of developing 3 distinct financing programs that can help finance projects impacted by Superstorm Sandy CWSRF monies and for non-impacted communities wishing to implement resiliency measures to protect wastewater and stormwater infrastructure.

1. Base DEP/Trust Financing Program – designed for facilities not directly impacted by Superstorm Sandy and interested in implementing resiliency measures or other improvements to their wastewater or stormwater conveyance or treatment facilities. Financing is generally in the form of a low-interest loan as low as one-quarter the market rate, with limited opportunities for principal forgiveness.
2. Sandy SRF Financing Program- a subset of the base financing program only available to project sponsors whose facilities were impacted by Super storm Sandy and are implementing one or more of the purposes outlined in subsection 5. of the Sandy SRF Financing section below.
3. Short-term Statewide Assistance Infrastructure Loan Program (SAIL) – Administered by the Trust and designed for project sponsors that seek short-term cash flow assistance for project expenses which will ultimately be financed through federal grant programs such as HUD-CDBG, FEMA 406 or 404 reimbursement programs, and/or the local match requirements for such grant programs, or interim financing for NJEIFP project expenses. It is anticipated that loans issued to projects for which FEMA funds are sought shall not include Sandy SRF funds since FEMA grant funding may be jeopardized if the funding package includes an alternative source that is considered federal funding.

Base DEP/Trust Financing Program

The Base CWSRF can finance a wide variety of wastewater, stormwater and nonpoint source management projects under the traditional Priority System ranking methodology, including sponsors implementing resiliency measures or other improvements to their wastewater or stormwater conveyance or treatment facilities. Financing is generally in the form of a low-interest loan as low as one-quarter the market rate, with limited opportunities for principal forgiveness.

All local government units that have a project or projects listed or eligible for listing on the FFY2014 Priority List are required to commit to the following schedule by October 7, 2013 to be considered for the SFY2015 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.

CWSRF Program Schedule (FFY14/SFY15)	
Activity	Deadline
Commitment Letter (Letter of Intent) and Planning Documents	October 7, 2013
Design Documents and Loan Application	March 2, 2014

For the SFY 2015 Financing Program, the Department is proposing to reserve a maximum of \$500,000 to provide principal forgiveness loans for communities to repair and/or replace sanitary and stormwater sewers that are identified as having leaks and cracks in the area of Wreck Pond.

In addition, the Department is proposing to continue to reserve funds and provide principal forgiveness loans for Combined Sewer Overflow (CSO) abatement projects utilizing green practices (such as green roofs, rain gardens, porous pavement, and other activities that maintain and restore natural hydrology by infiltrating, evapotranspiring and harvesting and using stormwater) and for stormwater and non-point source pollution management projects in the Barnegat Bay Watershed.

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.

Complete details regarding the FFY14/SFY15 Base DEP/Trust Financing Program are included in the Proposed FFY14 Priority System document which is being issued for public comment in conjunction with the Sandy IUP.

Sandy SRF Financing Program

On January 23, 2013, the Disaster Relief Appropriations Act (DRAA) was approved by Congress and included in P.L. 113-2 which was signed by the President of the United States on January 29, 2013. The purpose of the DRAA was to provide additional funding to the State's Clean Water and Drinking Water SRF Programs to provide financial assistance to communities impacted by the Superstorm Sandy and for projects whose purpose is to reduce flood damage risk and vulnerability or to enhance resiliency to rapid hydrologic change or a natural disaster.

The DRAA and the USEPA Guidance contain the following provisions that will impact the development of Sandy SRF Programs in New Jersey:

1. USEPA allotted \$191,105,958 to New Jersey's Clean Water SRF and \$38,221,192 to the Drinking Water SRF.
2. The State must provide a 20% match to the Sandy SRF monies. The Department is coordinating with the Department of Community Affairs' Community Development

Block Grant (CDBG) program to meet this requirement. We are also evaluating alternative funding sources.

3. A minimum of 20%, and no more than 30%, of the SRF grant can be used for additional subsidization (or principal forgiveness loans (PFLs)).
4. The Sandy SRF monies must be expended within 24 months of obligation to the State (i.e, the award of the SRF capitalization grant) unless a waiver is granted by the federal Office of Management and Budget (OMB). USEPA is working with the states to seek a waiver from the 24-month spending limit and expects to have a waiver that would extend the limit 5-7 years.
5. The Sandy SRF assistance must be provided to facilities that were impacted by the Superstorm (including physical damage, loss of power, loss of mission-essential services, etc.) and for projects that are otherwise SRF eligible and serve at least one of the following purposes:
 - Reduces the likelihood of physical damage to a treatment works or drinking water system;
 - Reduces a treatment works' or water system's susceptibility to physical damage or ancillary impacts caused by floods;
 - Facilitates preparation for, adaptation to, or recovery from a sudden, unplanned change in the amount of and movement of water in proximity to a treatment works or water system; or,
 - Facilitates preparation for, adaptation to, or recovery from climate change or any other type of natural disaster.

A complete list of projects eligible for Sandy CWSRF financing is included in Attachment 1 of the IUP. Projects will be eligible for funding through the Sandy CWSRF Program based on the project's rank on the Priority List, the amount of available funds and the project sponsor's ability to meet the deadlines below.

Project sponsors are encouraged to make complete submittals as soon as they can so that project approvals and the rebuilding process can begin as soon as possible. The SFY15 project document submittal schedule for Sandy CWSRF funding is identified below and is similar to the base program schedule with a proposed modification designed specifically to incentivize early submissions and project approval *:

Sandy CWSRF Program Schedule (FFY14/SFY15)	
Activity	Deadline
Commitment Letter (Letter of Intent) and Planning Documents	October 7, 2013*
Design Documents and Loan Application	March 2, 2014*

* To ensure that all projects ranked below the Sandy CWSRF fundable range have an opportunity to access to NJEIFP funding, the Department is proposing to grant priority status to approved projects that are ranked below the fundable range in the Sandy CWSRF Program based on the date of project approval. As such, there is a strong incentive for applicants to submit necessary application related documents and secure approvals soon as possible. The Department is committing resources for the timely approval of all applications. Moreover, funding of such projects will be available immediately upon approval through either the Interim Financing Program or the SAIL Financing Program, further ensuring that such projects commence construction as soon as possible.

The Department is proposing to establish the reserve funds for the Sandy CWSRF Program as follows-

1. Asset Management: \$10 million*

*Approved scopes will require inventory and condition assessment w/in 2 years and a loan condition ensuring it results in a capital project as per USEPA requirements.

2. Auxiliary Power: \$25 million**

** of which \$5M will be dedicated to small systems (serving 10,000 or less)

In addition to the above set-asides, the Department is proposing to reserve 4% of the Sandy CWSRF allotment for program administration and reserving an amount equal to the 20% State Match to ensure that the source funding the State Match is used in a manner compatible with its source of origination.

Complete details regarding the Sandy CWSRF Financing Program are included in the Proposed FFY14 Priority System document which is being issued for public comment in conjunction with the Sandy IUP.

Statewide Assistance Infrastructure Loan Program

The Statewide Assistance Infrastructure Loan Program (SAIL) is designed for project sponsors that seek short-term cash flow assistance for project expenses which will ultimately be financed through federal grant programs such as HUD-CDBG, FEMA 406 or 404 reimbursement programs, and/or the local match requirements for such grant programs, or interim financing for NJEIFP project expenses. State Legislation has been passed under the designations S2815 and A4185 that will authorize the establishment of SAIL if signed by the Governor. SAIL is envisioned to be a short-term bridge loan program to help facilitate the cash flow needs of municipalities and authorities and pay for construction costs related to the repair of infrastructure damaged during Sandy and projects to improve infrastructure resiliency in future disasters. If enacted into law, SAIL will significantly broaden the options available for financing such projects by providing funding opportunities to projects otherwise unable to secure financing and expanding funding sources through low interest loans for terms up to 3 fiscal years. SAIL would be capitalized with Trust funds and be financed through bank lines-of-credit or similar short-term financial instruments to make financing available to eligible borrowers.

Projects will be financed on a first-approved, first-funded basis provided the project satisfies the requirements to be classified as a SAIL project under the proposed legislation (including listing of the project on the SAIL Disaster Recovery Emergency Financing Program List submitted to Legislature) and certification for eligibility by the Department and the Trust.

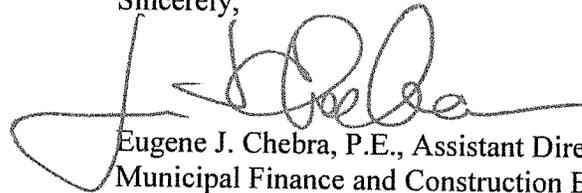
A hearing on the Proposed FFY2014 Priority System document including the Sandy CWSRF IUP for Clean Water Financing will be held at the offices of the NJ Environmental Infrastructure Trust, 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey, in the large conference room on Wednesday, July 24, 2013. 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 2, 2013 (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 FFY2014 Priority System and Sandy CWSRF documents.

Written comments should be sent to the following address:

Mail Code 401-03D
Eugene Chebra, P.E., Assistant Director
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

The Proposed Priority System document (including the Sandy CWSRF IUP) 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) 292-3114**.

Sincerely,



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