

Comments on the proposed Clean Water (CW) and Drinking Water (DW) State Revolving Fund (SRF) Intended Use Plans (IUPs) for SFY2027.

Jersey Water Works is a collaborative effort of many diverse organizations and individuals who embrace the common purpose of transforming New Jersey's inadequate water infrastructure by investing in sustainable, cost-effective solutions that provide communities with clean water and waterways; healthier, safer neighborhoods; local jobs; flood and climate resilience; and economic growth. One of the collaborative's four shared goals is "Effective and Financially Sustainable Systems," which aims for communities to maintain and improve drinking water, wastewater, and stormwater infrastructure systems to deliver quality water services that meet community needs, and that operating budgets and capital investment are adequate and affordable, resulting in systems that operate efficiently and in a state of good repair.

The Jersey Water Works Asset Management and Finance Committee submits the following questions on the proposed Clean Water (CW) SRF and Drinking Water (DW) SRF Intended Use Plans (IUPs) for SFY27, with this goal in mind.

Affordability Criteria and Disadvantaged Community (DAC) Definitions

The Committee appreciates the New Jersey Department of Environmental Protection's (NJDEP or Department) efforts to keep SRF affordability methodologies current. In SFY27, does NJDEP plan to update or expand the affordability criteria beyond a predominant reliance on median household income, including greater weighting for factors such as unemployment and population trends?

Has NJDEP considered incorporating system size (e.g., population served or number of connections) into the DAC/affordability framework to better identify small systems that face disproportionate cost burdens for major infrastructure investments?

Does NJDEP plan to incorporate rate burden (e.g., water bills as a share of household income) into the affordability criteria so that communities experiencing acute affordability stress are captured even when median income alone does not fall below the DAC threshold?

Has NJDEP evaluated incorporating additional indicators that other states use to define or prioritize disadvantaged communities, such as the percentage of residents receiving government assistance, human health-related factors, and/or overburdened community indicators?

Does NJDEP plan to tailor DAC/affordability criteria to specific project types (for example, using rate burden or other affordability indicators for lead service line replacement projects, or including public health-related factors for emerging contaminant projects)?

Principal Forgiveness (PF) and DEP Loan Share

Given that SFY27 is the final year of Bipartisan Infrastructure Law (BIL) funding, how does NJDEP plan to ensure principal forgiveness is deployed to its fullest extent for communities with the greatest need?

For affordability funding packages, does NJDEP plan to maximize the DEP 0% interest loan share to the greatest extent feasible, and if so, what constraints limit further expansion?

Tiering

The Committee appreciates NJDEP's continued use of tiering to distribute principal forgiveness. For SFY27, has NJDEP considered moving beyond a two-tier structure to a more graduated tiering approach that targets a greater share of benefit to the most distressed communities, and what factors (data, program design, administrative feasibility) affect that decision?

Transparency on Congressionally Directed Spending (Earmarks)

While recognizing that Congressionally Directed Spending (earmarks) is determined at the federal level, would NJDEP consider including an annual accounting in the IUP (or a linked appendix) identifying the portion of New Jersey's SRF capitalization that is directed by Congress to specific utilities/projects, and describing how this affects the funds remaining for New Jersey's SRF priority system and principal forgiveness?

Transparent Communication

Through stakeholder engagement, the Committee has heard that some systems may be apprehensive about applying to SRF programs due to concerns about enforcement related to violations. Does the NJDEP plan to provide clear, public-facing communication confirming that systems with violations remain eligible for SRF funding and clarifying how certain violations may affect ranking points?

The Committee commends NJDEP's "What's New for CW and DW" fact sheets and the transparency they provide. Does NJDEP plan to release similar communication tools that clearly summarize year-to-year policy changes that could impact SRF applications?

Jersey Water Works is grateful for the Department's continued engagement with stakeholders and for the opportunity to submit these questions.

Sincerely,

Jersey Water Works Asset Management and Finance Committee

Asset Management and Finance Committee

Chair: Christine Ballard, CDM Smith

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