

September 28, 2015

Urban Water Solutions Initiative

Comments on Proposed Priority System, Intended Use Plan, and Project Priority List for Federal Fiscal Year 2016

Thank you for the opportunity to comment on New Jersey's Proposed Priority System, Intended Use Plan, and Project Priority List for Federal Fiscal Year 2015. These comments are submitted on behalf of the [Urban Water Solutions Initiative](#), a collaboration of organizations working to transform New Jersey's inadequate urban water infrastructure by leveraging innovative solutions that deliver sustainable infrastructure with multiple community benefits, including healthier, safer neighborhoods, clean waterways, local green jobs, flood and climate resilience, and ultimately economic growth. The Initiative is focusing much of its initial efforts on assisting places with combined sewer overflows (CSOs), in order to create models for other communities. Individual members of the Initiative may submit separate comments of specific relevance to their organizations and interests.

The Urban Water Solutions Initiative welcomes the New Jersey Environmental Infrastructure Financing Program's (NJEIFP) proposed steps to support communities and utilities with combined sewer overflow (CSO) permits. The new regulatory requirements to reduce or eliminate overflows of raw sewage, faced by the 25 CSO permittees, are both appropriate *and* challenging, especially from a financial perspective. They include an early requirement to develop a detailed Long Term Control Plan (LTCP) describing solutions. Thankfully, New Jersey CSO permittees have the opportunity to learn from other communities across the country that are using best practices to not only comply with regulations but do so in a manner that is cost efficient and delivers multiple community benefits. Such an approach will be key to building sustained public support for the substantial capital investments that will be needed.

In recognition of the need for supportive financing for CSO communities, the Urban Water Solutions Initiative included in its [2015 Objectives](#) the following recommendation:

The NJ Environmental Infrastructure Financing Program continue low-cost loans, principal forgiveness and grants for green infrastructure and increases financial support for LTCP development.

As a result, the Initiative is delighted to see the following components of the Proposed Priority System, Intended Use Plan, and Project Priority List for Federal Fiscal Year 2016, which directly address our recommendation.

- **Planning and Design Loans**
Proposing new 100% interest-free financing to help CSO permittees develop long-term control plans for the CSO sewershed (with loan terms up to 10 years) with the expectation that such plans will result in a capital improvement project. The Department is proposing to reserve \$10 million in SRF loan repayments for this purpose.
- **Construction Loans**
Proposing new 100% DEP interest-free financing (with no NJEIT loan component) to

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communities in a CSO watershed sponsoring construction projects that reduce or eliminate excessive infiltration/inflow or extraneous flows (with loan terms up to 30 years), which includes both green and gray infrastructure projects

- **Principal Forgiveness**

Proposing to continue to reserve 50% of the available principal forgiveness funds (expected to be between \$3 and \$6 million total) and provide principal forgiveness loans for Combined Sewer Overflow (CSO) abatement projects utilizing green practices (such as green roofs, blue roofs, rain gardens, porous pavement, and other activities that maintain and restore natural hydrology by infiltrating, evapotranspiring and harvesting and using stormwater.

We understand that applicants can use these programs in combination, for example pairing a principal forgiveness loan with a no-interest construction loan, or integrating a planning and design loan that results in a capital project with the longer-term construction loan that finances that project.

In conclusion, we commend the NJEIFP for proposing a comprehensive set of financing programs for CSO communities and we urge their adoption. These tools will help ensure CSO permittees have the resources they need to effectively meet clean water requirements and also strengthen their host communities. If you should have any questions, please do not hesitate to contact [Chris Sturm](mailto:Chris.Sturm@njfuture.org) at New Jersey Future, 609-393-0008, x114.