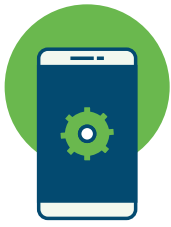


1 REDEFINE “DISADVANTAGED COMMUNITY”



To more accurately gauge local fiscal distress, NJDEP should change its definition of a “disadvantaged community” (DAC) from a primary reliance on median household income to a multi-dimensional tool, such as the NJ Department of Community Affairs’ Municipal Revitalization Index.

2 OTHER STATES: WATER AFFORDABILITY INDEX AND SMALL COMMUNITIES



New Jersey should adopt DAC-related innovations from other states, including a water affordability index and lowest quintile household income and by expanding funding for small DACs to help strike a better balance versus large water utilities.

3 “GAINSHARING” INITIATIVES



To incentivize DACs to pursue New Jersey Water Bank (NJWB) assistance, provide additional principal forgiveness and increase ranking points for initiatives that benefit all parties, such as water affordability programs, asset management plans, regionalization of water/sewer service, and prior adherence to NJWB policies.

4 EXPAND ADDITIONAL SUBSIDIZATION

Increase principal forgiveness (PF) subsidies and provide state-funded grants to DACs by repurposing a portion of existing state appropriations and NJWB loan repayments.



6 “FLAT CAP” ALTERNATIVES



To increase equity, the New Jersey Department of Environmental Protection (NJDEP) should implement alternatives to the existing “flat caps” on additional subsidization per DAC applicant.

8 SET ASIDE ACTIVITIES



Maximize federal set-aside activities in the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund to assist DACs, with particular emphasis on funding for pre-construction work (e.g., planning/design) and regionalization studies/implementation.

9 CREDIT WORTHINESS

New Jersey should adopt legislation authorizing measures to improve the credit worthiness of severely-disadvantaged communities.



10 FEDERAL EARMARKS

To preserve the integrity of the NJWB and ensure its continued success, the Governor’s Office should work with New Jersey’s congressional delegation to prompt Congress to eliminate or sharply restrict the use of federal earmarks that circumvent the normal priority-setting process by directing aid to specific utilities.



10 Recommended Actions

TO THE NEW JERSEY WATER BANK FOR ADVANCING EQUITY

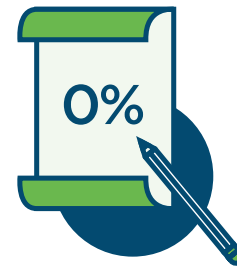
These recommendations, which are tempered to account for key tradeoffs and to preserve the program’s essential strengths, provide a baseline for ongoing consideration.

5 DISTRIBUTE SUBSIDIES MORE EQUITABLY

To maximize aid to the most fiscally-distressed DACs, additional subsidization should be distributed to projects on a sliding scale based on financial need.



7 EXPAND 0% INTEREST LOANS



To recognize DACs’ fiscal challenges and spur new project requests, the loan portion issued at 0% interest should be raised markedly.