



**An Evaluation of Disadvantaged Communities and General  
Participation in the Water Infrastructure Investment Plan  
of the State of New Jersey**

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## Glossary

<b>ARPA</b>	American Rescue Plan Act of 2021
<b>BIL</b>	Bipartisan Infrastructure Law of 2021
<b>DAC</b>	Disadvantaged Communities
<b>CWSRF</b>	Clean Water State Revolving Fund
<b>DWSRF</b>	Drinking Water State Revolving Fund
<b>I-Bank</b>	New Jersey Infrastructure Bank
<b>IUP</b>	Intended Use Plan
<b>MHI</b>	Median Household Income
<b>NJDEP</b>	New Jersey Department of Environmental Protection
<b>OBC</b>	Overburdened Communities
<b>SFY</b>	State Fiscal Year
<b>SRF</b>	State Revolving Funds
<b>TAP</b>	Technical Assistance Program
<b>WIIP</b>	Water Infrastructure Investment Plan

## Executive Summary

Enhancing water infrastructure is important to the health and economy of every state in the country. States and the federal government have been providing subsidized loans and other financial assistance in order to alleviate the significant investment required to sustain and improve the aging infrastructure for water, wastewater and stormwater. In the state of New Jersey, the Department of Environmental Protection partners with the New Jersey Infrastructure Bank to jointly administer low-cost loans through the New Jersey Water Bank programs for clean water projects and drinking water projects. Funding for the state fiscal year from July 2023 to June 2024 comes from various sources:

- The Bipartisan Infrastructure Law adds almost \$100 million in additional principal forgiveness funds to the clean water program<sup>1</sup> and \$55 million to the drinking water program.<sup>2</sup>
- The American Rescue Plan Act funds principal forgiveness loans to applicants that are sponsoring eligible long-term control plans for Combined Sewer Overflow projects, and those that address Climate Change, Resilience, and multiple contaminants compliance.
- The Water Infrastructure Finance and Innovation Act funds a portion of the Infrastructure Bank's share of long-term loans. The loans are available at a lower interest rate than the market rate bonds.

The amount of funding available each year is just a drop in the bucket compared to the monumental cost of sustaining and upgrading the aging infrastructure. It has been estimated that the nation's water systems need almost \$1 trillion in the next twenty years to ensure reliable service.<sup>3</sup> Even then, not all the funding that is available each year is utilized fully. According to a study conducted jointly by Duke University's Nicholas Institute for Environmental Policy and Solutions and the Environmental Policy Innovation Center, \$9.6 billion in state revolving funds was not committed to projects in 2022 nationwide.<sup>4</sup> The states need to do a better job to open up

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<sup>1</sup> New Jersey Infrastructure Bank, "SFY 2024 Water Bank Clean Water Program". May 2023. <https://cdn.njib.gov/njeit/publications/2024/CleanWaterSFY2024Trifold.pdf>

<sup>2</sup> New Jersey Infrastructure Bank, "SFY 2024 Water Bank Drinking Water Program". May 2023. <https://cdn.njib.gov/njeit/publications/2024/DrinkingWaterSFY2024Trifold.pdf>

<sup>3</sup> American Water Works Association, "Dawn of the Replacement Era: Reinvesting in Drinking Water Infrastructure". May 2001.

<sup>4</sup> Katy Hansen, Govind Sawhney, Simon Warren and Martin Doyle; "Uncommitted State Revolving Funds", Duke Nicholas Institute for Environmental Policy Solutions and the Environmental Policy Innovation Center. April 2022.

more robust pipelines of demand for funding, especially from the disadvantaged communities, by making the application process easier, awarding more planning and development grants, and awarding more principal forgiveness, just to name a few.

In the state of New Jersey, 36.2 % of the total \$424.5 million for clean water state revolving fund was awarded to disadvantaged communities and 28.8% of \$102.6 million to drinking water state revolving fund in the state fiscal year ended June 2023 by the Department of Environmental Protection. For the first seven months of the state fiscal year 2024, the percentages stand at 26.7% for clean water and 18.3% for drinking water. In our survey conducted on utility authorities and municipalities in the state of New Jersey, the primary reason noted by the respondents for not applying for the state revolving funds was that they did not know about the program. They also cited the lack of expertise or personnel to manage the application process, which was noted as being too lengthy and cumbersome. Half of the respondents noted that the application process needs to be streamlined, while others also noted the need for guides and flowcharts to help navigate the process.

## **Introduction**

The Water Infrastructure Investment Plan (“WIIP”) is implemented through the state water bank program and is administered jointly by the state of New Jersey Department of Environmental Protection (“NJDEP”) and the New Jersey Infrastructure Bank (“I-Bank”). The plan is funded by state and federal level including the Bipartisan Infrastructure Law (“BIL”) and the American Rescue Plan Act (“ARPA”) that invest in the upgrade of wastewater, drinking water and storm water infrastructure in communities across the Garden State. The BIL will provide over \$1 billion to the state of New Jersey over a five-year period. The funds are part of the WIIP that makes hundreds of millions of dollars in funding available to local governments and utility authorities through two state revolving funds to improve or upgrade their clean water and drinking water infrastructure.

NJDEP sought to evaluate the programs for the state fiscal year 2023. The evaluation assesses the state revolving funds’ funding impact on disadvantaged communities and draws any correlation between the communities and their program participation. The evaluation is

extended to the first seven months of the state fiscal year 2024, which covers the months from July 2023 to January 2024.

NJDEP also sought to explore the factors that influence disadvantaged communities to participate in the funding program and identify any participation challenges there may be. The results of the evaluation will provide NJDEP with research findings and program recommendations to improve the program participation in future years.

Each fiscal year, NJDEP prepares an Intended Use Plan (“IUP”) to set project priorities and funding packages to facilitate the distribution of funds out of the state revolving funds. The IUP goes through a formal hearing process and a public comment period before it is finalized. The first IUP was issued in April of 2022 for funding of the state fiscal year from July 2022 to June 2023 (“SFY 2023”) and the process will repeat for the following fiscal years. The funding is meant to make transformative changes in how the state delivers water to the public and how to protect communities from flooding and keep pollutants out of the state’s waterways.

The final IUP also includes affordability criteria which NJDEP uses to identify applicants that have difficulty in financing projects without additional subsidization. Applicants that meet either of the two criteria will qualify for a portion of their project cost principal to be forgiven, with the remainder of the loan made up of a proportionate mix of interest-free loans and low-interest loans at the I-Bank’s AAA rate. The two affordability criteria are:

1. Disadvantaged Community (“DAC”) – A locality must not exceed 80% of the statewide Medium Household Income in order to qualify for this criterion. The 80% limiting factor is recommended by one of the U.S. Environmental Protection Agency guidelines.<sup>5</sup>
2. Overburdened Community (“OBC”) - A locality may qualify as a DAC if a particular census block group or the entire municipality has at least 35% of its households qualify as low-income per the Environmental Justice Economic Overburdened Community Criteria.<sup>6</sup>

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<sup>5</sup> U.S. Environmental Protection Agency, Clean Water Act Financial Capability Assessment Guide, Page 12-15, <https://www.epa.gov/system/files/documents/2023-01/cwa-financial-capability-assessment-guidance.pdf>

<sup>6</sup> State of New Jersey Department of Environmental Protection, State Fiscal Year 2023 Final IUP, Appendix 3, Page 47, Clean Water Affordability Criteria, [https://www.nj.gov/dep/wiip/docs/njwb\\_ffy22-sfy23\\_cwppl\\_finaliup.pdf#page=47](https://www.nj.gov/dep/wiip/docs/njwb_ffy22-sfy23_cwppl_finaliup.pdf#page=47)

## Goal and Objectives

Safe and clean water is vital to the health of the people of New Jersey. One of NJDEP's priorities is to protect the water by preventing pollution, cleaning up contamination, ensuring ample supply of water and investing in strong infrastructure. Cleaner environments promote stronger communities. The goal of the WIIP is to provide adequate funding to as many qualified applicants as possible within the funding capacity for water infrastructure projects through two State Revolving Fund programs ("SRF"):

- Clean Water State Revolving Fund ("CWSRF")
- Drinking Water State Revolving Fund ("DWSRF")

Both programs provide low-cost financing for the design, construction, and implementation of projects that help protect and improve water quality and ensure safe and adequate drinking water to local communities. NJDEP has set aside a significant portion of the principal forgiveness funded by the BIL and the ARPA. It has committed forty percent of overall benefits to disadvantaged communities that meet the disadvantaged community or the overburdened community criteria which include those that have historically been marginalized, underserved and/or overburdened by pollution.

NJDEP sought to evaluate the programs for SFY 2023 and the first seven months of the state fiscal year from July 2023 to June 2024 ("SFY 2024") to assess its impact. The results of the evaluation will assist NJDEP in improving future development plans. The objectives are to:

1. Measure the impact of SRF by quantitatively analyzing the programs' participation and project sponsors that qualify as disadvantaged communities.
2. Identify the factors that influence disadvantaged communities to participate in SRF, and how they rate their experience with the SRF and the Technical Assistance Program.
3. Identify the factors that influence general communities to participate in the SRF, how they rate their experience with the SRF, why they did not apply for the SRF in 2023, and what recommendation they have for improving the SRF's application or process.

The deliverables for this project are:

- a presentation that provides analytical findings from the administrative data analysis and the survey quantitative analysis, as well as recommendations from the survey respondents on how the programs can be improved in the future fiscal years, and
- a final report that synthesizes all three objectives and outlines the program goals, evaluation objectives, its findings, recommendations, limitations and conclusions.

## Methodology

Objectives	Methodology
1. DAC Participation in CWSRF and DWSRF	Administrative Data
2. Factors that Influence DAC Participation and Their Rating	Qualtrics Survey
3. Factors that Influence General Participation and Their Rating	Qualtrics Survey

**Objective 1** of measuring the impact of state revolving funds on DACs was met through a quantitative analysis of administrative data provided by NJDEP for SFY 2023 and first seven months of SFY 2024. The data is contained in four excel workbooks titled “SFY23 Clean Water SRF Funding Summary”, “SFY23 Drinking Water SRF Funding Summary”, “SFY24 Clean Water SRF Funding Summary” and “SFY24 Drinking Water SRF Funding Summary”. All summaries list the project sponsors, the short-term loan amounts, long-term funding package and the breakout of what portion of the package was principal forgiveness or loans. They also identify which project sponsor is a disadvantaged community. The data was analyzed to determine how much of the state revolving funds were actually distributed to project sponsors that met the affordability criteria to qualify as a disadvantage community or overburdened community.

**Objective 2** was met through a Qualtrics census survey (see Appendix A) that was sent out to all the project sponsors listed in the New Jersey Infrastructure Bank’s Living Lists for CWSRF and DWSRF that include, among other data, the applicants’ contact name, e-mail address, project name and dates of different stages of awards. The list does not identify which project sponsor met the affordability criteria that qualify them as disadvantaged communities or overburdened communities. The survey asks the respondents to voluntarily identify themselves

if they serve any disadvantaged communities, why they applied to the SRF, and how they rate their experience with the application process and its technical assistance program. The project sponsors on these lists may or may not have an active WIIP project in SFY 2023 or SFY 2024.

**Objective 3** was met through the same Qualtrics census survey that was sent out to all the project sponsors listed in the New Jersey Infrastructure Bank’s Living List for CWSRF and DWSRF. The survey included a qualitative question that enabled the respondents to provide recommendations or suggestions on how to improve the state revolving fund programs or its application process. This group of project sponsors may or may not have an active WIIP project in SFY 2023 or SFY 2024.

The program sponsor at NJDEP first sent an introduction email to all the project sponsors in the two living lists in the first week of October 2023, to notify them of the survey that will follow, and to encourage them to complete the survey within the time period allotted. The program evaluator then released the Qualtrics survey in mid-October to all two hundred and seventy-five contact e-mails in the I-Bank living lists that represented two hundred and forty-eight government agencies. Some project sponsors have the same contact information for both CWSRF and DWSRF, while others have different contacts for each of them. Follow-up reminders were sent to the participants every Monday during the four-week survey period to ensure as many responses as possible until the survey closed in mid-November. Response to the survey was completely voluntary and the identity of the respondents was kept confidential.

## Findings and Results

**Objective 1.** Measure the impact of CWSRF and DWSRF through a quantitative analysis of administrative data to understand the relationship between the programs’ participation and project sponsors that qualify as disadvantaged communities.

### Finding for CWSRF

**For the twelve months of SFY 2023 ended June 30, 2023,** 36.2% of the total project funding for clean water was distributed to disadvantaged communities. CWSRF distributed a total of \$424.5 million to one hundred twenty projects. NJDEP provided \$256.2 million of the total (60.4%), which is made up of \$69.0 million in principal forgiveness (16.3%), and \$187.2



million in interest-free loans (44.1%). The remaining \$168.3 million of the \$424.5 million total, or 39.6%, was provided by the I-Bank in the form of low-interest loans. The combined loan total of NJDEP and I-Bank was \$355.5 million, or 83.7% of the distributed total.

Table 1  
**Distribution of Funds to Disadvantaged Communities for Clean Water Projects  
in the Twelve Months of SFY 2023 Ended June 30, 2023**

<b>(in \$'Millions)</b>	<b>NJDEP</b>	<b>I-Bank</b>	<b>Total</b>	<b>DACs</b>	<b>Percentage*</b>
Principal Forgiveness <sup>7</sup>	\$69.0	-	\$69.0	<b>\$25.4</b>	<b>36.8%</b>
Loans	\$187.2	\$168.3	\$355.5	<b>\$128.3</b>	<b>36.1%</b>
<b>Total</b>	<b>\$256.2</b>	<b>\$168.3</b>	<b>\$424.5</b>	<b>\$153.7</b>	<b>36.2%</b>
Number of Projects			120	<b>37</b>	<b>30.8%</b>

\* DAC amount over sum of NJDEP and I-Bank amounts.

DAC projects amounted to \$153.7 million, or 36.2% of the total projects. There were thirty-seven projects labelled as DACs, or 30.8% of the total number of projects for that period. \$25.4 million of the DACs' total principal of \$153.5 million was forgiven (16.5%), while \$128.3 million was from loans (83.5%).

**For the first seven months of SFY 2024 ending January 31, 2024**, 26.7% of the total project funding was distributed to disadvantaged communities. CWSRF distributed a total of \$472.7 million to eighty clean water projects. NJDEP provided \$283.0 million of the total (59.9%), which is made up of \$78.4 million in principal forgiveness (16.6%) and \$204.6 million in interest-free loans (43.3%). The remaining \$189.7 million of the \$472.7 million total, or 40.1%, was provided by the I-Bank in the form of low-interest loans. The combined loan total of NJDEP and I-Bank was \$394.3 million, or 83.4% of the distributed total.

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<sup>7</sup> Principal forgiveness is awarded in several project categories, and some do not require applicants to qualify as disadvantaged communities. The categories include Clean Water Combined Sewer Overflow (CSO), Clean Water Energy and Water Efficiency, Clean Water ARPA, Drinking Water Contaminant, Drinking Water Nano and Drinking Water Very Small Water System.

Table 2  
**Distribution of Funds to Disadvantaged Communities for Clean Water Projects  
in First Seven Months of SFY 2024 Ending January 31, 2024**

(in \$'Millions)	NJDEP	I-Bank	Total	DACs	Percentage*
Principal Forgiveness	\$78.4	-	\$78.4	<b>\$28.0</b>	<b>35.7%</b>
Loans	\$204.6	\$189.7	\$394.3	<b>\$98.3</b>	<b>24.9%</b>
<b>Total</b>	<b>\$283.0</b>	<b>\$189.7</b>	<b>\$472.7</b>	<b>\$126.3</b>	<b>26.7%</b>
Number of Projects			80	<b>24</b>	<b>30.0%</b>

\* DAC amount over sum of NJDEP and I-Bank amounts.

DAC projects amounted to \$126.3 million, or 26.7% of the total projects. There were twenty-four projects labelled as DACs, or 30.0% of the total number of projects for that period. \$28.0 million of the DACs total principal of \$126.3 million was forgiven (22.2%), while the remaining \$98.3 million was from loans (77.8%).

### **Finding for DWSRF**

**For the twelve months of SFY 2023 ended June 30, 2023**, 28.8% of the total project funding for drinking water was distributed to disadvantaged communities. DWSRF distributed a total of \$102.6 million to twenty-nine projects. NJDEP provided \$58.7 million of the total (57.2%), which is made up of \$18.9 million in principal forgiveness (18.4%), and \$39.8 million in interest-free loans (38.8%). The remaining \$43.9 million of the \$102.6 million total, or 42.8%, was provided by the I-Bank in the form of low-interest loans. The combined loan total of NJDEP and I-Bank was \$83.7 million, or 81.6% of the distributed total.

Table 3  
**Distribution of Funds to Disadvantaged Communities for Drinking Water Projects  
in the Twelve Months of SFY 2023 Ended June 30, 2023**

(in \$'Millions)	NJDEP	I-Bank	Total	DACs	Percentage*
Principal Forgiveness	\$18.9	-	\$18.9	<b>\$6.0</b>	<b>31.7%</b>
Loans	\$39.8	\$43.9	\$83.7	<b>\$23.5</b>	<b>28.1%</b>
<b>Total</b>	<b>\$58.7</b>	<b>\$43.9</b>	<b>\$102.6</b>	<b>\$29.5</b>	<b>28.8%</b>
Number of Projects			29	<b>8</b>	<b>27.6%</b>

\* DAC amount over sum of NJDEP and I-Bank amounts.

DAC projects amounted to \$29.5 million, or 28.8% of the total projects. There were eight projects labelled as DACs, or 27.6% of the total number of projects. \$6.0 million of the DAC’s total principal was forgiven (20.3%) while the remaining \$23.5 million was from loans (79.7%).

**For the first seven months SFY 2024 ending January 31, 2024**, only 18.3% of the total project funding was distributed to disadvantaged communities. DWSRF distributed a total of \$21.9 million to seven drinking water projects. NJDEP provided \$13.6 million of the total (62.1%), which is made up of \$5.2 million in principal forgiveness (23.7%) and \$8.4 million in interest-free loans (38.4%). The remaining \$8.3 million of the \$21.9 million total, or 37.9%, was provided by the I-Bank in the form of low-interest loans. The combined loan total of NJDEP and I-Bank was \$16.7 million, or 76.3% of the distributed total.

Table 4  
**Distribution of Funds to Disadvantaged Communities for Drinking Water Projects  
in First Seven Months of SFY 2024 Ending January 31, 2024**

<b>(in \$’Millions)</b>	<b>NJDEP</b>	<b>I-Bank</b>	<b>Total</b>	<b>DACs</b>	<b>Percentage*</b>
Principal Forgiveness	\$5.2	-	\$5.2	<b>\$3.2</b>	<b>61.5%</b>
Loans	\$8.4	\$8.3	\$16.7	<b>\$0.8</b>	<b>4.8%</b>
<b>Total</b>	<b>\$13.6</b>	<b>\$8.3</b>	<b>\$21.9</b>	<b>\$4.0</b>	<b>18.3%</b>
Number of Projects			7	<b>1</b>	<b>14.3%</b>

\* DAC amount over sum of NJDEP and I-Bank amounts.

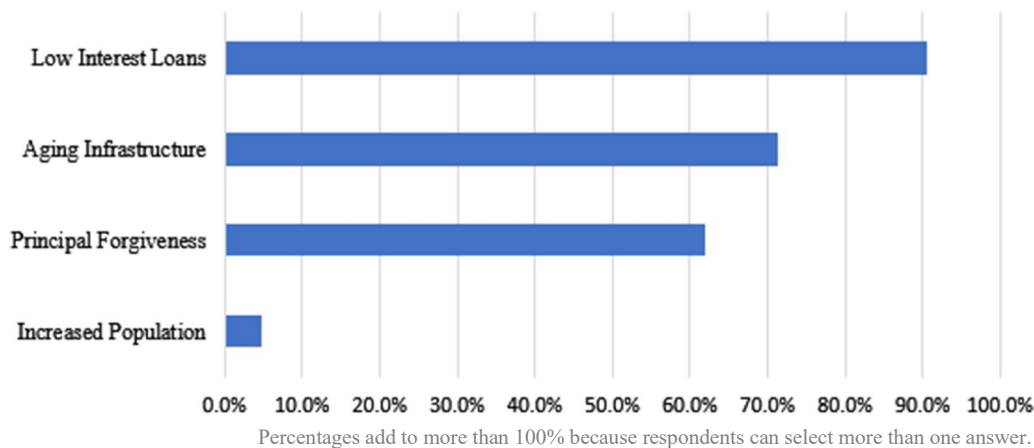
DAC projects amounted to \$4.0 million, or 18.3% of the total projects. There was only one project labelled as DAC, or 14.3% of the total number of projects. \$3.2 million of the DACs’ total principal was forgiven (80.0%) while the remaining \$0.8 million was from loans (20.0%).

**Objective 2.** Identify factors that influence disadvantaged communities to participate in SRF, and how they rate their experience with the SRF application process and the Technical Assistance Program (“TAP”). Refer to Appendix B for survey responses.

**Results from the Survey.** One hundred and ten participants completed the survey out of a total of two hundred seventy-five project sponsors, a 40.0% response rate. 69.4 % of those who responded to the survey were municipalities, while 25.0% were authorities, and 5.6% were either private/investor-owned water companies, commission owned by multiple municipalities,

improvement authorities or non-profit organizations. Twenty-eight of those who answered the survey question (25.4%) identified themselves as disadvantaged communities.<sup>8</sup> Almost all of the disadvantaged communities that answered the survey question (90.5%) selected low interest loans as one of the factors that influenced them to apply for CWSRF and/or DWSRF, while 71.4% of them selected aging infrastructure and 61.9% selected principal forgiveness.

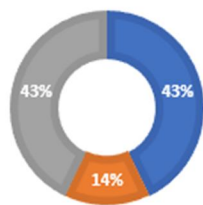
Chart 1  
**What Influence Disadvantaged Communities to Apply for SRF?**



When asked if the SRF application process was easy to navigate, the DAC’s that answered the survey question were evenly split at 42.9% agree or somewhat agree and 42.9% disagree or somewhat disagree. When asked if the TAP is helpful in navigating the application process, only 23.8% agree or somewhat agree while 19.0% disagree or somewhat disagree.

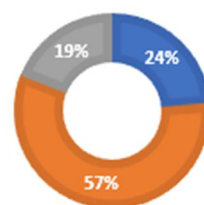
**THE SRF APPLICATION PROCESS IS EASY TO NAVIGATE (DAC ONLY)**

■ Strongly Agree or Somewhat Agree. ■ Neither Agree nor Disagree.  
 ■ Strongly Disagree or Somewhat Disagree.



**THE TAP WAS HELPFUL IN NAVIGATING THE APPLICATION PROCESS (DAC ONLY)**

■ Strongly Agree or Somewhat Agree. ■ Neither Agree nor Disagree.  
 ■ Strongly Disagree or Somewhat Disagree.



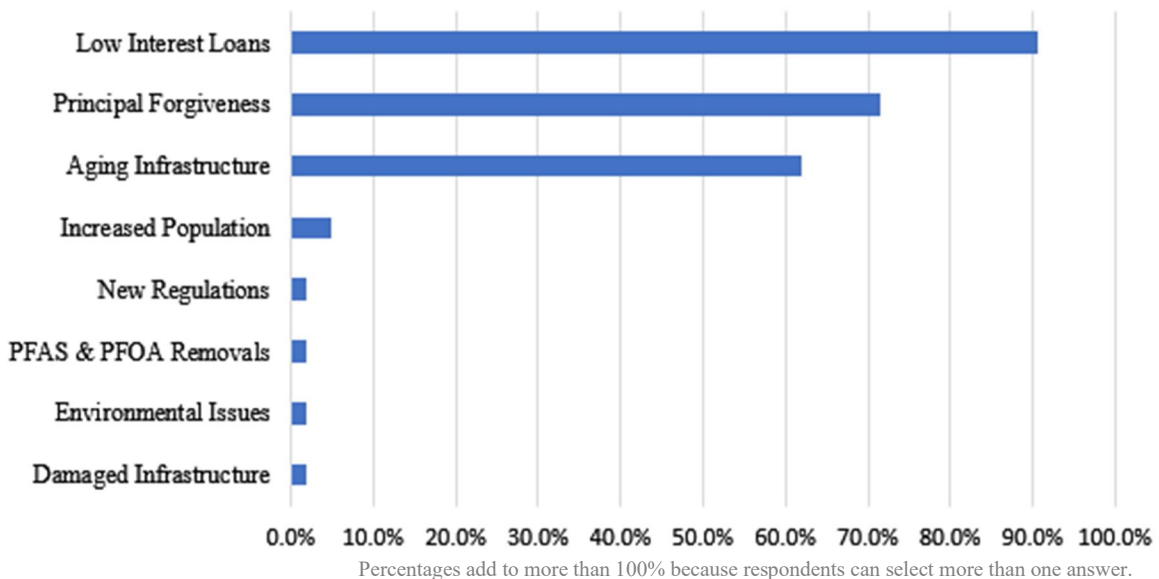
<sup>8</sup> 27.3% of the project sponsors, and 30.8% of the projects in the NJDEP “SFY23 Clean Water SRF Funding Summary” were disadvantaged communities, while 32.0% and 27.6%, respectively, were in “SFY23 Drinking Water SRF Funding Summary.”

**Objective 3.** Identify factors that influence the general communities to participate in the SRF, how they rate their experience with SRF application process, the reason for not applying for SRF in 2023, and what recommendation they have for improving the SRF application or process (see Appendix C).

**Results from the Survey.** More than half of the respondents who answered the survey question (55.8%) said that they applied to either CWSRF, DWSRF or both, while forty-two of them (44.2%) answered they did not apply for either program.

When asked what factors influenced them to apply for either programs, 82.7% of the respondents who answered the survey question selected low interest loans as the primary reason they applied for CWSRF and/or DWSRF, followed by 76.9% for principal forgiveness and 67.3% for aging infrastructure. Five other factors were also noted including one for PFAS and PFOA removals.<sup>9</sup>

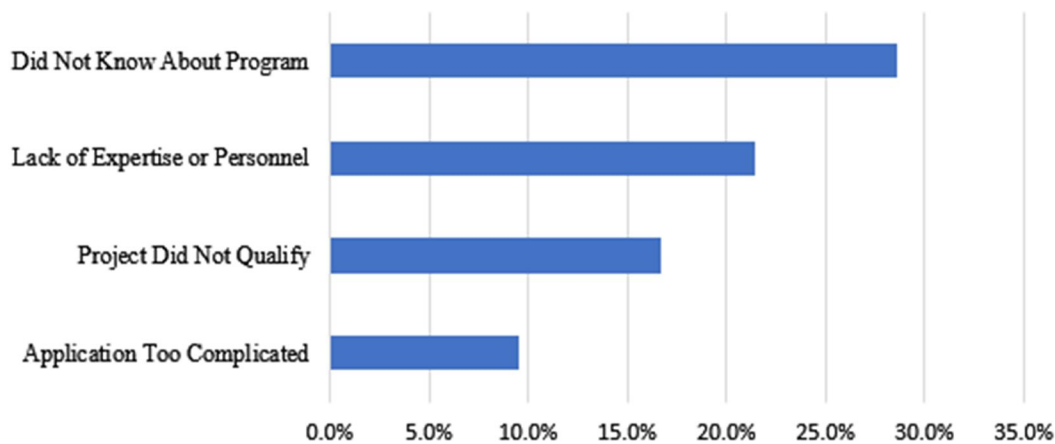
Chart 2  
**What Influence Entities to Apply for SRF in General?**



<sup>9</sup> The per-and polyfluoroalkyl substances (PFAS) are a group of chemicals used to make fluoropolymer coatings and products that resist heat, oil, stains, grease, and water. Fluoropolymer coatings can be in a variety of products. Many PFAS, including perfluoro octane sulfonic acid (PFOS) and perfluorooctanoic acid (PFOA), are a concern because they a) do not break down in the environment, b) can move through soils and contaminate drinking water sources, and c) build up (bioaccumulate) in fish and wildlife.

When asked the forty-two respondents why they did not apply for either program, 28.6% of them answered they did not know about the programs, while 21.4% of them answered they lack the expertise, personnel or time to complete the application process, and 16.7% of them answered their projects did not qualify for the program.

Chart 3  
**What is the Reason Entities Did Not Apply for SRF?**

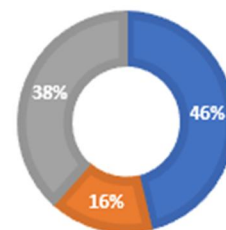


One notable other reason provided by one of the respondents was that they prefer grants over loans and that the federal red tape is too cumbersome to make the loan worthwhile. Other reasons included not having a utility or sewerage authority, or their budget was too small to qualify.

When asked to rate their experience with SRF and the ease of using its application, the response for all the respondents who answered the question was a little more inclined to agree than disagree, with 46.2% of respondents agree or somewhat agree that it is easy to use, while 38.4% disagree or somewhat disagree. The remaining 15.4% neither agree nor disagree.

**THE SRF APPLICATION PROCESS IS EASY TO NAVIGATE.**

- Strongly Agree or Somewhat Agree.
- Neither Agree nor Disagree.
- Strongly Disagree or Somewhat Disagree.



## Recommendations for Improvement

Thirty of the total one hundred and ten respondents, or 27.3%, provided recommendations for improvement on the programs. Half of those respondents complained about the process taking too much time and noted the need for a more streamlined process for approval and environmental review. They noted that the turn-around time for review is too lengthy, the coordination between finance and engineers needs to be more efficient and effective, and the review process is extremely time-consuming with cost impact detrimental to the project sponsor. They also noted that the NJDEP's engineering and technical review process is too long, with one respondent stating that its entire process took 2.5 years to complete.

**50.0%**  
**said the application  
is too long and  
review process is too  
lengthy.**

***“More principal forgiveness is needed.  
Turnaround time for reviews is too lengthy.”***

A municipal utility respondent in Southern New Jersey

**26.7%**  
**said the process needs  
better guides with  
flowcharts and better  
technical assistance.**

Eight of the of the respondents (26.7%) who provided a recommendation noted that the process needed a more comprehensive guide to navigate the process with technical assistance. They noted the need for clear guidance material that includes flowcharts to navigate through the funding process from start to finish. They noted that the process is still a little opaque. One respondent noted that it had to rely on consultants to help navigate the process. They noted the application needs to be more user-friendly, that the process is difficult to navigate, especially for smaller agencies. They also noted the need for help with preparing or submitting documents and providing clearer publicity on amounts available and conditions such as the finance rate, bidding, and prevailing wage requirements.

Four of the respondents (13.3%) who provided a recommendation noted that the affordability criteria need to change, and to make eligibility requirement more open to help project sponsors with crumbling infrastructure. They noted that more principal forgiveness is needed. 10.0% of the respondents

**13.3%**  
**said affordability  
criteria needs to change  
to increase principal  
forgiveness.**

noted that NJDEP should do a better job in informing entities about the program and to do more outreach for stakeholders. They noted the need for more information. One respondent noted that the project closeout should be determined by the engineers and the municipality, while another noted that the absorption of the other trusts into I-Bank added cost and duplicated efforts vastly.

However, not all the comments were negative. One respondent praised NJDEP for getting its 2023 project approved in record breaking time and thanked them for understanding their needs.

In an email interview with Andy Kricun, Managing Director of Moonshot Missions,<sup>10</sup> one of the leading water organizations in the Northeast, he recommended that a statewide study be undertaken to identify opportunities for consolidation or regionalization to achieve economies of scale, so that the water infrastructure gap can be reduced.

“There should be a proactive analysis of water utilities to identify disadvantaged communities with compliance challenges and then make subsequent proactive outreach to bring them to and through the state revolving fund programs”, said Mr. Kricun who used to be the Executive Director and Chief Engineer of Camden County Municipal Utilities Authority in New Jersey which serves disadvantaged communities. He further recommended a carrot (SRF funding) and stick (enforcement) approach for communities that may be unwilling to apply.

## Limitations

The evaluation did not independently verify the disadvantaged community status of the project sponsors listed in any of the SRF funding summaries for both fiscal years, nor did it verify if other project sponsors not listed as disadvantaged community should be classified as such. There have been papers written about the difference in the definition of “disadvantaged community” between states. Some have recommended that NJDEP move from the primary reliance of median household income to a multi-dimensional tool such as the NJ Department of Community Affairs’ Municipal Revitalization Index.<sup>11</sup>

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<sup>10</sup> Moonshot Missions is a non-profit organization based in Bethesda, Maryland dedicated to clean and healthy water and waterways in underserved communities and committed to achieving environmental and social justice within the water sector.

<sup>11</sup> New Jersey Future. Improving a Program That Works – Recommendations to the New Jersey Water Bank for Advancing Equity, Page 30. October 2023. <https://www.njfuture.org/research-reports/srfequity/NewJerseyFuture>



The respondents self-identified themselves in the survey as to whether they qualified as a disadvantaged community. The evaluation did not verify if they are indeed a disadvantaged community per the affordability criteria used by NJDEP. Further, since NJDEP affordability criteria is different from other states' programs, the results will not be transferable to other states. Even if a state's affordability criteria are the same as NJDEP, the make-up of municipalities and utilities and their demographics may not be the same.

The evaluation relied on I-Bank's living list of project sponsors to include in the survey. These sponsors have applied for funding at some point in time in the past. That list had two hundred forty-eight government agencies. There are about five hundred sixty-five municipalities and five hundred forty-two water and wastewater utilities in the state of New Jersey. Some of these municipalities are too small to have a utility authority while some, big or small, are served by the same regional utility or sewerage authority. The survey did not include any municipalities or utilities that have never applied to SRF. These agencies might provide different reasons for not doing so or additional recommendations for improvements. According to a New Jersey Future report on SRF equity, only about 34% of the utilities received an SRF award in the last five years.<sup>12</sup>

While the percentage of DAC respondents in the survey is comparable to the percentage of DACs in NJDEP's funding summaries for clean water and drinking water, the response rate of the overall survey is only 40.0%. The survey results may not be representative of the actual rating of WIIP if every single municipality and utility authority in the state responded to the survey.

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<sup>12</sup> New Jersey Future. Improving a Program That Works, Page 20. October 2023.

## Conclusion

The state revolving fund is an important funding source for municipalities and communities across the state of New Jersey as they face the monumental task of upgrading their aging water infrastructure. The giant wave of multimillion dollar costs that these communities currently face may make them delay the projects or not start them at all, which in turn may result in the inevitable collapse of this key and vital infrastructure for the people. Some well-funded municipalities may be able to weather through these costs with their steady tax revenue and investment grade bond rating, but disadvantaged communities with higher density population will continually need more assistance in financing their projects.

NJDEP has the task of bridging the capital needs gap for these communities as it continues its upstream effort to find ways to reach more disadvantaged communities and find new funding pipelines that will provide more principal forgiveness. It needs to consider funding for operations, maintenance and management of the water infrastructure, something that is not in the works yet. It needs to do a better job in streamlining the application process and speeding up the review process in order to make it less cumbersome for the project sponsors, so they will not need additional personnel with expertise or hire outside consultants to assist in their application and process. The state revolving fund is an essential funding tool for municipalities and utility authorities to fund their infrastructure improvements and NJDEP is working to gradually raise the high-water mark of efficiency and effectiveness of public funding and financing.



Aerial view of Atlantic County Utility Authority. Photo credit: ACUA

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## Appendices

### Appendix A - Survey questions in Qualtrics used for Objectives 2 and 3.

1. What type of entity is your organization? (Check one).
  - County.
  - Municipality.
  - Sewer/Utility Authority.
  - Private/Investor-Owned Water Company.
  - Other (please specify) \_\_\_\_\_.
  
2. Are there any disadvantaged communities in your entity's services area as defined by the State of New Jersey Department of Environmental Protection affordability criteria?<sup>13</sup> For more information on the criteria, please click [here](#) and refer to page 47 in the link.
  - Yes.
  - Not sure.
  - No.
  
3. Did your entity apply for the NJ Clean Water State Revolving Fund **or** the NJ Drinking Water State Revolving Fund between 2022 and present? (Check one).
  - Yes, both Clean Water SRF and Drinking Water SRF.
  - Yes, Clean Water SRF only.
  - Yes, Drinking Water SRF only.
  - No. (Skip Logic used in Qualtrics to skip to Question 7).
  
4. What influenced your entity to apply for NJ Clean Water State Revolving Fund **or** the NJ Drinking Water State Revolving Fund? (Select all that apply).
  - Aging Infrastructure.
  - Increased Population.
  - Low Interest Loans.
  - Principal Forgiveness (qualified applicants only).
  - Other (please specify) \_\_\_\_\_.
  
5. Please rate the following statement: The NJ State Revolving Fund application process is easy to navigate. (Check one).
  - Strongly Disagree.
  - Somewhat Disagree.
  - Neither Agree nor Disagree.
  - Somewhat Agree.
  - Strongly Agree.

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<sup>13</sup> New Jersey Department of Environmental Protection, Water Bank Financing Program, Appendix 3 Clean Water Affordability Criteria, Page 47, May 2022, [https://www.nj.gov/dep/wiip/docs/njwb\\_ffy22-sfy23\\_cwpl\\_finaliup.pdf#page=47](https://www.nj.gov/dep/wiip/docs/njwb_ffy22-sfy23_cwpl_finaliup.pdf#page=47)

6. Please rate the following statement: The enhanced Technical Assistance Program (NJ TAP)<sup>14</sup> was helpful in navigating the application process to prioritize aid to disadvantaged or overburdened communities. (Check one). For more information on NJ TAP, click [here](#).
- Strongly Disagree.
  - Somewhat Disagree.
  - Neither Agree nor Disagree.
  - Somewhat Agree.
  - Strongly Agree.
7. If “No” to Question 3, what was the reason your entity did not apply for the NJ State Revolving Fund’s Water Infrastructure Investment Program? (Select all the apply).
- Application process too complicated.
  - Did not know about the program.
  - Did not qualify.
  - Lack of expertise, personnel or time to complete the application process.
  - Other (please specify) \_\_\_\_\_.
  - Not applicable. My entity did apply.
8. Please provide any recommendations or suggestions you may have on the NJ State Revolving Fund program or its application process.
- \_\_\_\_\_.

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<sup>14</sup> New Jersey Department of Environmental Protection, March 3, 2023, [https://www.nj.gov/dep/newsrel/2023/23\\_0018.htm](https://www.nj.gov/dep/newsrel/2023/23_0018.htm).

## Appendix B – Survey response from Qualtrics for Objective 2.

### Qualtrics Survey

Total Number of Surveys Sent:	275
Total Number of Response Received:	110
Percentage of Response Rate:	40%

	ALL	
<b>Q1. What type of entity is your organization?</b>		
Municipalities.	75	69.4%
Authorities.	27	25.0%
Private/Investor-Owned Water Companies.	3	2.8%
Commission Owned by Multiple Municipalities.	3	2.8%
No Input.	2	
<b>Total</b>	<b>110</b>	<b>100.0%</b>

	ALL	
<b>Q2. Are there any disadvantaged communities in your service area?</b>		
Yes.	28	27.2%
Not Sure.	43	41.7%
No.	32	31.1%
No Input.	7	
<b>Total</b>	<b>110</b>	<b>100.0%</b>

	ALL	
<b>Q3. Did your entity apply for CWSRF or DWSRF?</b>		
Yes, both CWSRF and DWSRF	16	16.8%
Yes, CWSRF only	18	18.9%
Yes, DWSRF only	19	20.0%
No. (skip logic to Q7)	42	44.2%
No Input.	15	
<b>Total</b>	<b>110</b>	<b>100.0%</b>

	ALL	
<b>Q7. What was the reason your entity did not apply for NJSRF?</b>		
Did not know about program.	12	28.6%
Lack of expertise/personnel.	9	21.4%
Project did not qualify.	7	16.7%
Application too complicated.	4	9.5%
Various others (see Note 1).	10	23.8%
<b>Total</b>	<b>42</b>	<b>100.0%</b>

#### Note 1. Various other reasons cited:

"Applied through Pinelands Infrastructure Trust in 2019."	"No projects."	"Roll over from previous program."
"Do not know."	"Not a water provider."	"Small systems funding acquired."
"Does not have a water utility."	"Previously applied for designed project."	"Too small budget to qualify."
"Grants are preferred over loans and federal red tape is too cumbersome."		

Percentage calculation is based on total number of respondents who answered each survey question.

	ALL		DAC Only	
<b>Q4. What influenced your entity to apply for CWSRF or DWSRF?</b>				
Low Interest Loans	43	82.7%	19	90.5%
Aging Infrastructure	35	67.3%	15	71.4%
Principal Forgiveness	40	76.9%	13	61.9%
Increased Population	1	1.9%	1	4.8%
Damaged Infrastructure	1	1.9%		
Environmental Issues	1	1.9%		
PFAS & PFOA Removals	1	1.9%		
New Regulations	1	1.9%		
No Input	58		7	
<b>Total</b>	<b>110</b>	<b>236.5%</b>	<b>28</b>	<b>228.6%</b>

Percentages add to more than 100% because respondents can select more than one answer.

	ALL		DAC Only	
<b>Q5. The NJSRF application process is easy to navigate?</b>				
Strongly Disagree.	6	11.5%	1	4.8%
Somewhat Disagree.	14	26.9%	8	38.1%
Neither Agree nor Disagree.	8	15.4%	3	14.3%
Somewhat Agree.	19	36.5%	7	33.3%
Strongly Agree.	5	9.6%	2	9.5%
No Input	58		7	
<b>Total</b>	<b>110</b>	<b>100.0%</b>	<b>28</b>	<b>100.0%</b>

	ALL		DAC Only	
<b>Q6. The NJTAP was helpful in navigating the application process?</b>				
Strongly Disagree.	3	5.8%	0	0.0%
Somewhat Disagree.	7	13.5%	4	19.0%
Neither Agree nor Disagree.	32	61.5%	12	57.1%
Somewhat Agree.	8	15.4%	5	23.8%
Strongly Agree.	2	3.8%	0	0.0%
No Input	58		7	
<b>Total</b>	<b>110</b>	<b>100.0%</b>	<b>28</b>	<b>100.0%</b>

## Appendix C – Survey response from Qualtrics for Objective 3.

Q8. Please provide any recommendations or suggestions on NJ SRF program or its application process.		Grouping
1	"The pre planning process <b>needs to improve</b> . All possible impacts need to be identified early, to avoid the impact of the applicant finding out too late in the design process."	A
2	"More <b>principal forgiveness is needed</b> . Turn around time for reviews is <b>too lengthy</b> ."	A, C
3	"Time it <b>takes is too long</b> when you have pressing compliance concerns."	A
4	"Try to <b>streamline process</b> as best you can."	A
5	"Would benefit from <b>clearer publicity</b> on amounts available and conditions (finance rate, bidding and prevailing wage requirements)."	B
6	" <b>Help streamline the DEP approval process</b> . Especially if the Phases of work we are applying for have been the same and already approved. Each time, though we have to go through <b>longer delays</b> or some additional conditions which were never required and are still not, but we had to go through proving our position. One major delay and factor was regarding CAFRA. We never needed it before and still don't but had to go through a complete jurisdictional determination which cost substantially. In addition the <b>delays</b> which <b>were</b> not the <b>result of</b> our actions but over <b>regulatory reviews and processes</b> . This will now more than double our costs from when work should have already been completed in addition interest rates have increased substantially as a result of these regulatory delays. Ultimately this is not in the best interest of our ratepayers although the program is in the best interest! At the end of the day all entities should work together to <b>speed up the process</b> and lend out all of the money which is available."	A
7	"The environmental review process <b>should be streamlined</b> ."	A
8	"The review process has <b>too many rounds of new questions</b> by the staff doing project review."	A
9	"Make the application process and <b>eligibility requirements more open</b> to projects that help rebuild the crumbling infrastructure."	C
10	"The review process, especially within the DEP's engineering and technical review is <b>way too long</b> . We have a critical drinking water project prompted by NJ regulations aimed at something that the Governor and the DEP deem a public health priority. The project took <b>1.5 years to approve</b> and it will be <b>2.5 years between the initial application and the time our project is completed. That is unacceptable</b> ."	A
11	"A little faster progress time."	A
12	"Need better coordination between finance and engineering staff to allow for <b>more efficient and effective review</b> and processing."	A
13	"All employees who had prior SRF and NJ I-Bank / Water Bank project experience have left the utility, therefore it was <b>hard for me to navigate</b> the various steps because I had no one to ask about what to do next. I wasn't able to find a <b>comprehensive guide</b> to the steps. I had to rely on consultants and ask a lot of questions to I-Bank/Water Bank staff who were patient and informative. A class on it would be good."	B
14	"Just to keep in mind your participants are both engineers and non-engineers and to try to <b>make your application as user friendly</b> to both parties as possible."	B
15	"Provide more <b>clear access to guidance materials, including a flow chart</b> / outline for all the different steps that are needed to navigate the funding process from start to finish."	B
16	"Do a better job of <b>informing entities</b> ."	D
17	"Please continue to <b>make it easier and faster</b> to get approved for funding. Thanks."	A
18	"Program should not be open to privately owned companies. Qualification for low income <b>principal forgiveness should be loosened</b> , so as not to apply to only the extremely poor cities and communities."	C
19	" <b>Project closeout should be determined by the Engineer and Municipality</b> . This should not be mandated based off of percentage of completion as there may be change order and warranty issues that <b>hold up the finalization of the project</b> ."	A, E
20	"Would like <b>more information</b> ."	D
21	" <b>Affordability criteria must change</b> or the scoring threshold must be raised. We feel Willingboro meets the intent of the program for overburdened/distressed community, particularly coupled with the fact that we will need 3 PFAS removal facilities for compliance with proposed federal regs and we must start design now to be ready for effective dates. Also, <b>NJDEP not interested in expediting reviews</b> , e.g. 2 years ago WMUA submitted plans for improvements under ESIP and delays have been nonstop on minor items which these delays now will cost millions in increased interest rates. We have had to repair a boiler that was to be replaced by now."	A, C
22	" <b>Faster review process</b> ."	A
23	"The absorption of the other infrastructure trusts into the I-Bank, from our perspective, was <b>awful</b> . It resulted in a <b>vast duplication of efforts</b> to present the same materials to two agencies (Pinelands and DEP) and <b>added costs to the Township</b> which will <b>never be recouped</b> ."	F
24	"The program is a great benefit to NJ and manageable by larger applicants who have professional staff and resources to hire consultants. The <b>program is not as easy to navigate</b> for smaller systems that don't have a large engineering staff or budget for consultants. With NJ having so many small water systems (this comment doesn't apply to wastewater facilities), they would benefit from <b>more active help with preparing and submitting documents</b> ."	B



- 25 "The NJDEP's reviews are **extremely time consuming**. Anything that can be done to **expedite these reviews** would be very helpful in convincing entities to apply for NJ IBank loans/grants. The cost impact due to the delays has proven to be detrimental to projects in some cases due to the current economic climate." A
- 26 "Program is **difficult to navigate** for smaller systems. Also, as I understand it, many of the more compelling programs are not open to our community." B
- 27 "More **outreach for stakeholders**." D
- 28 "One of our projects got **approved** this year in **record breaking time**. **Thank you** for understanding the need." G
- 29 "Consider having a **technical assistant** to help an applicant **walk through the required steps**." B
- 30 "Some parts of the **process are still a little opaque**. H2O loans is very helpful and useful tool, but I think a flow chart with steps or a **checklist may be helpful**. There many small items that one can stumble on in the process and our utility has found it necessary to **rely on a consulting firm to help us navigate the process**." B

Grouping	Comments	# of Comments	Percentage
A	Faster progress, streamline approval process, turnaround time too lengthy.	15	50.0%
B	Comprehensive guides, flow charts, user-friendly application, help to navigate.	8	26.7%
C	Affordability criteria needs to change, more principal forgiveness needed.	4	13.3%
D	Do better job on information and outreach for stakeholders.	3	10.0%
E	Close of project should be determined by engineer and municipality.	1	3.3%
F	Absorption of other trusts into I-Bank added cost; vast duplication of efforts.	1	3.3%
G	Project got approved in record breaking time.	1	3.3%
Percentages add to more than 100% because some responses cover more than one category.		33	110.0%