

# **NJ Transportation Bank**

## **Better Roads / Lower Budgets**

**April 6, 2022**

**Robert Fernandez**

COO – Transportation Bank

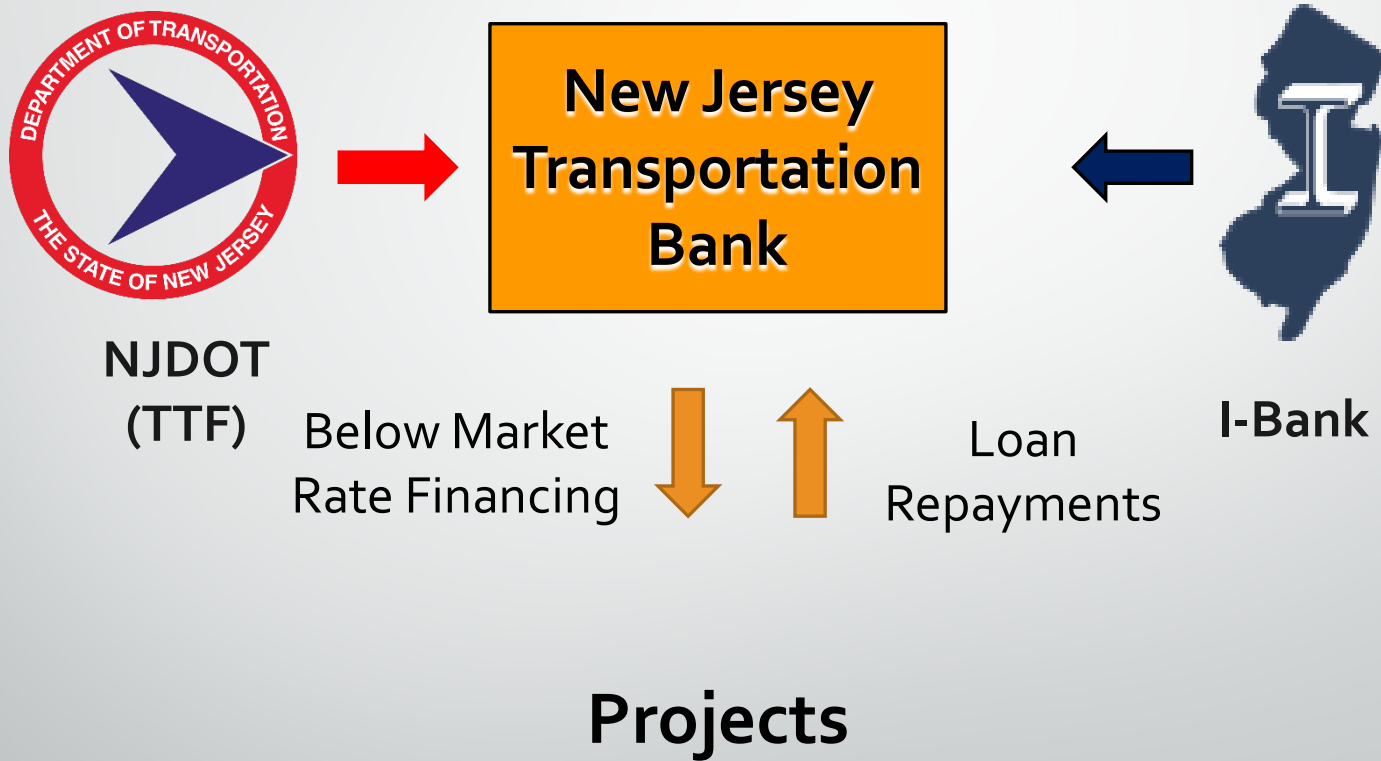


# Agenda

- Background
- Application Process
- Asset Categories & Prioritization
- Project Review Process
- Allocation Process
- Budgetary Benefits
- Financing Programs
- Perceived Constraints
- Submitting an Application in NJ-Moves



# Background: Partnership (Sources of Funds)



# Background: Partnership

## NJIB

- Application System
- Borrower Eligibility
- Loan Administration
- Disbursements

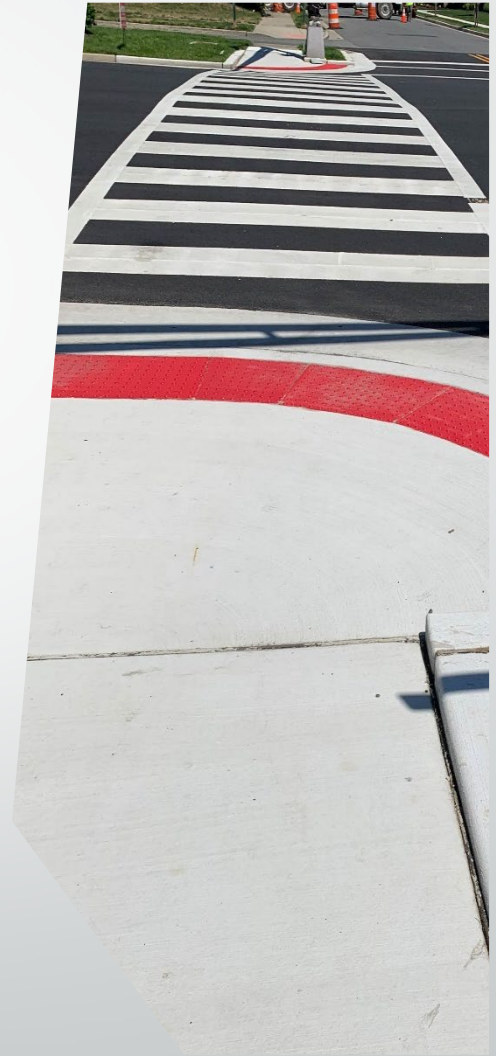
## NJDOT

- Project Priority System
- Project Eligibility
- Project Ranking
- Technical Review



# Background: Eligibility

- Project Eligibility
  - Must be a Transportation Project
  - Included on Project Priority List (PPL)
- Borrower Eligibility
  - Local Government Unit authorized to “construct, operate, and maintain public highways or Transportation Projects”

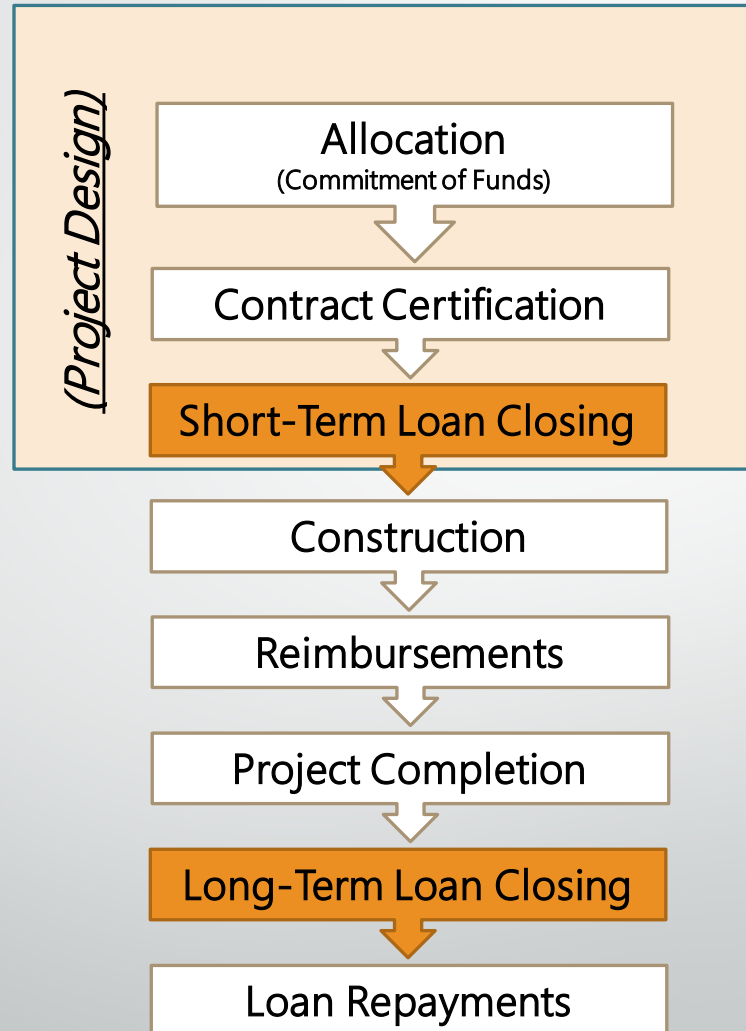


# Application Process

- Rolling application submissions (*anytime throughout year*)
- **NJ-Moves.com**
- Application meeting
- Quarterly allocation of funds

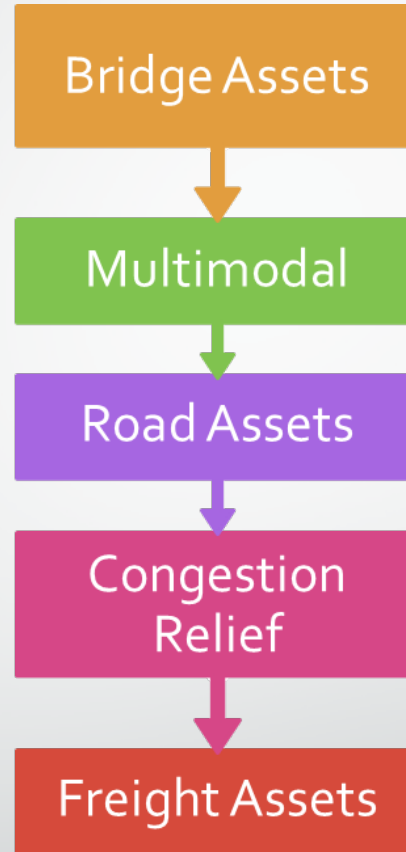


# Application Process





# Asset Categories & Prioritization





# Project Review Process

- **DOT – *similar to Municipal Local Aid reviews***
  - Technical
  - Environmental and
  - Civil Rights Reviews
- **NJIB – *similar to Water Bank processes***
  - Construction Readiness for allocation awards
  - Credit and LFB reviews
  - Legal / Compliance Reviews



# Allocation Process

- Allocation is the process of committing program funds for the full amount of the project
- Important points regarding allocation:
  - Project application must be submitted in NJ-Moves for allocation eligibility
  - Project must be rated and ranked on the Project Priority List (PPL)
  - Occurs quarterly throughout the year subject to available funds

Once allocated, a project has 12-months (24-months for bridge projects) to receive Concurrence of Award from NJDOT

- If a project does not meet the timeline for NJDOT's Concurrence of Award, the project is deallocated:
  - Loses 5-points from overall rating
  - Remains on PPL and can be re-allocated at any time



# Budgetary Benefits

Example savings based on \$5M Project and 20-year maturity Aa3 Borrower

100% Self-financed (Aa3 rated)		\$6.878 M
100% NJ Transportation Bank: (50% - No Interest / 50% - NJIB AAA Rating)		\$6.499 M
7.6% Project Cost Savings		
20% Local Aid Grant	80% Self-financed (Aa3 rated)	\$5.502 M
27.5% Project Cost Savings		
20% Local Aid Grant	80% NJ Trans Bank	\$5.199 M
33.6% Project Cost Savings		

- Grant-like program
- Trans Bank Alternatives Save between 7.6% – 33.6%

If you borrow funds for Project Financing, consider the Transportation Bank



# Financing Programs

- Short-Term Loans
- Long-Term Loans
- Alternative Program Loans (in development)
  - Federal Rural Program Initiative (RPI)
  - SAIL Disaster Relief Program



# Short-Term Loans

- Closed at first contract certification for entire estimated project cost
- Generous cost allowances (P&D, legal fees, permitting)
- Requisitions:
  - Payments on costs incurred (not paid)
  - Disbursement w/in 2-14 days
- Interest charged ONLY on funds drawn
  - More cost efficient than BANs
  - Any interest costs are rolled into long-term loan
- Generally no out-of-pocket payments during construction

## CONSTRUCTION LOAN PROGRAM INTEREST RATE

**0.88%**

04/01/2022 - 04/30/2022  
on dollars drawn.



# Long-Term Loans

- Converted at construction completion
- Max Maturity = Project's Useful Life (up to 31 yrs)
- Rate
  - ~ **25%** I-Bank AAA rate ( $\leq$  10 yrs) (SFY2023)
  - ~ **50%** I-Bank AAA rate ( $>$  10 yrs)
- I-Bank handles LFB approval - 5% down payment waived
- Credit Worthiness requirements:
  - Investment grade rating (excludes De-minimis borrowers)



# Perceived Constraints (from Survey Results)

- **Interest rates from other lenders / programs are better**
  - 50% of a loan obtained through I-Bank is interest-free
  - P&I payments commence between 3-5 years from allocation (no payments during short-term loan)
- **Community has enough capital on-hand to self-fund**
  - An I-Bank loan enables you to utilize capital on other endeavors
- **It's not beneficial for my town to take out a loan for a small project**
  - You can combine multiple projects into one loan
- **Time constraints due to assumed burdensome reviews**
  - I-Bank staff will work with you through every step to help expedite the process





# NJ-Moves

If you don't have an account, please  
call us at **(609) 219 - 6584**.



## Low cost State funds and assistance for Local Transportation Projects

NJ-Moves offers a streamlined application process to qualified municipalities, counties and regional transportation authorities interested in obtaining low interest-rate loans with subsidized interest rates for transportation infrastructure projects.

Your next project starts here.

### Log in

E-Mail

Password

Login

[Forgot Password?](#)

[How do I get an account?](#)

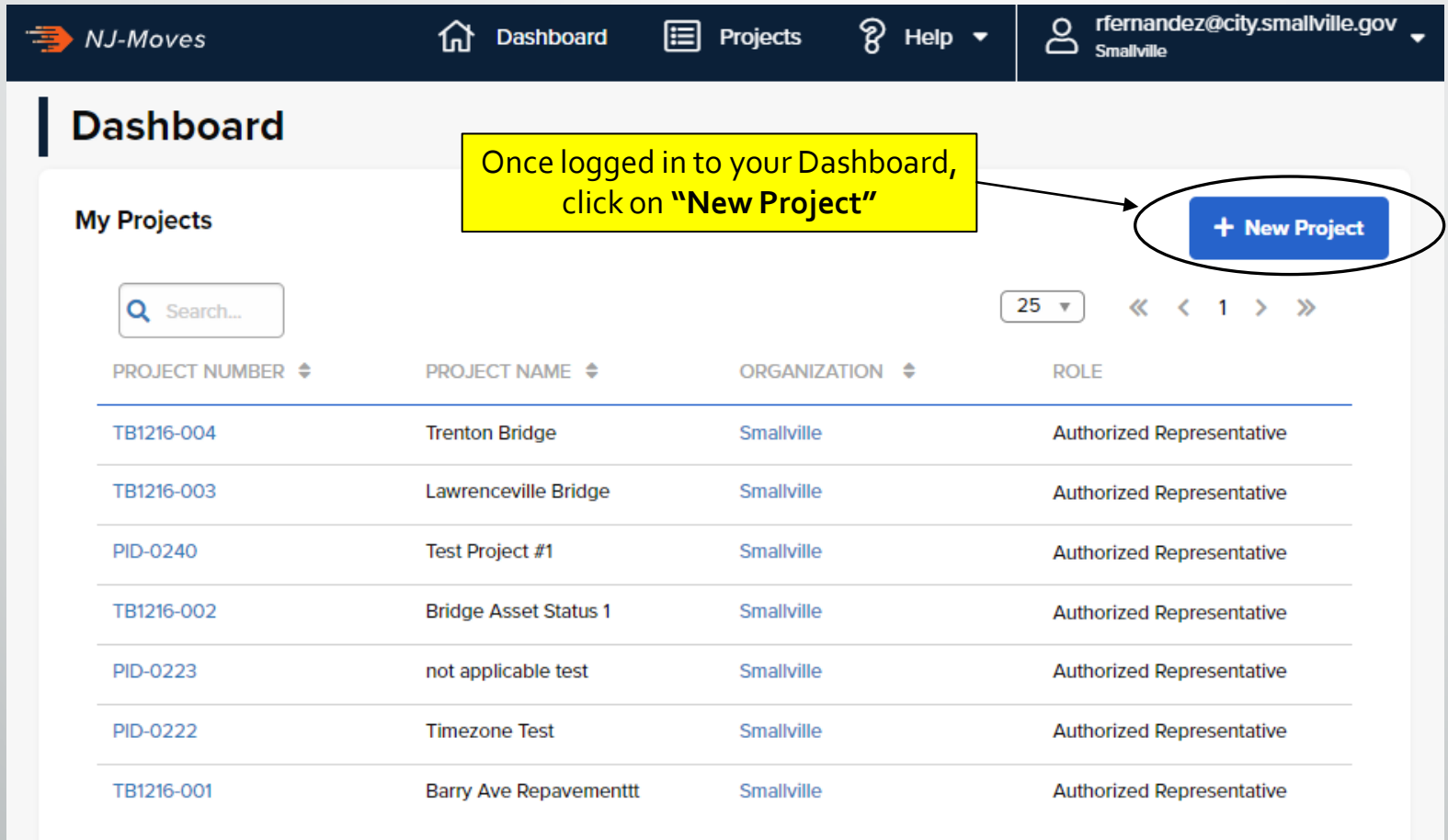
Once you have an account and are listed  
as an **Authorized Representative**, you  
can submit an application and assign  
roles & responsibilities to other key  
stakeholders.



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Questions? Call for support (609) 219-8600



# Submitting an Application in NJ-Moves



**NJ-Moves** Dashboard Projects Help

rfernandez@city.smallville.gov Smallville

## Dashboard

### My Projects

Search...

25 << < 1 > >>

PROJECT NUMBER	PROJECT NAME	ORGANIZATION	ROLE
TB1216-004	Trenton Bridge	Smallville	Authorized Representative
TB1216-003	Lawrenceville Bridge	Smallville	Authorized Representative
PID-0240	Test Project #1	Smallville	Authorized Representative
TB1216-002	Bridge Asset Status 1	Smallville	Authorized Representative
PID-0223	not applicable test	Smallville	Authorized Representative
PID-0222	Timezone Test	Smallville	Authorized Representative
TB1216-001	Barry Ave Repavementttt	Smallville	Authorized Representative



# Submitting an Application in NJ-Moves

(continued)

When creating a project, provide the following information:

- **Project Title**
- **Managing Local Government Unit**
- **Indicate if bids have been advertised**  
(*not eligible if yes*)

## Create Project

### PLEASE NOTE

Projects which have been advertised for construction are ineligible for Transportation Bank funding.

The Transportation Bank loan structure is unlikely to be financially attractive for projects (a) less than \$1 Million and (b) whose useful life is less than 10 years.

### \* Project Title ⓘ

Trenton Bridge

### Managing Organization:

Smallville

### Has the Project Been Advertised for Bids?

☐ Yes ☒ No

### \* Project Type

#### Bridge Asset

Bridge projects designed to keep existing bridges functioning and in a state of good repair, including work which rehabilitates or replaces existing bridges and/or bridge components (e.g., substructure and superstructure elements) to meet current design standards.

#### Congestion Relief

Congestion Relief projects and programs focused on maintaining or increasing the movement of passengers and goods and may provide a safety and/or infrastructure preservation benefit with a goal of improving quality of life (e.g., highway operational improvements, bottleneck improvements, missing links, major widening, intelligent transportation systems and travel demand

Select the **Asset Category** (*Project Type*) and click on 'Create'

Close

Create



# Submitting an Application in NJ-Moves

(continued)

**NJ-Moves** Dashboard Projects Help **rfernandez@Smallville**

**Sponsor:** Smallville

**Project:** Trenton Bridge

**ID:** PID-0252

**Project Details**

**Project Details**

Project Name  
**Trenton Bridge**

Authorized Representative  
Robert Fernandez

NJIB Reviewers  
John Notte  
Jennifer Mascola  
George Rolon

[Withdraw Project from the Program](#)

**Project Type**  
Bridge Asset

**Project Rank**  
-

**Loan Amount**  
\$0

**Project County**

**Estimated Project Costs**

Design Costs	\$0
CM Costs	\$0
Building Costs	\$0
Contingency	\$0
Administrative fee of 1%	\$0
<b>Amount Borrowed From Transportation Bank</b>	<b>\$0</b>

**Overview**

Team Members

Project Files

Step 1

Step 2

Step 3

Step 4


Additional File Uploads


Once the Project is created, selected 'Overview'.





# Submitting an Application in NJ-Moves


(continued)

 NJ-Moves

 Dashboard

 Projects


 Help ▾


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Smallville


Sponsor:  
Smallville


Project:  
Trenton Bridge


ID:  
PID-0252


 Project Details


 Overview


 Team Members


 Project Files


 Step 1


 Step 2

 Step 3


 Step 4


 Additional File Uploads


 Long Term FAF


 > PID-0252 > Overview


Overview of Project Steps


 Step 1 - Project Information

 Step 2 - Engineering Contract/ Finance





 Step 3 - Plans and Specifications

 Step 4 - Bid Package


 Additional File Submissions


 Long Term FAF


Step 1 - Project Information


Borrower	NJDOT	NJIB
 Project Information	 Project Rating	 Step 1 Approvals
	 Project Cost Analysis	

Key:

 Task Complete

 Task In Process

 Task Is Submitted and Awaiting Review

 Task Unavailable

Once in the 'Overview' screen, simply select 'Project Information' to begin the application.


# Submitting an Application in NJ-Moves


## (continued)


**Sponsor:**  
Smallville


**Project:**  
Trenton Bridge

**ID:**  
PID-0252

 Project Details

 Overview

 Team Members


 Project Files


**1** Step 1

2 Step 2

3 Step 3

4 Step 4

 Additional File Uploads

 Long Term FAF

[Home](#) > [PID-0252](#) > [Step 1](#) > [Project Information](#)

### Step 1 - Basic Project Information

**Step 1 - Project Information.** This Project Information provides basic information regarding the basic project information(Part1/3) and the project type (Part2/3) and the project costs (Part3/3). The I-Bank will review the project sponsor information for compliance with legal and

[SEE MORE](#)

\* **Project Title:** ⓘ

Trenton Bridge

\* **Project County:**

Mercer County

**Project Municipality:**

Smallville

\* **Begin Limit:** ⓘ

Market Street

\* **End Limit:** ⓘ

West State Street

\* **Latitude:** ⓘ

40.209259069127896

\* **Longitude:** ⓘ

40.209238399412364

\* **Project Description:**

(Please describe in detail all expected limits of the project) ⓘ

Build a massive bridge that connects east and west districts of the town.

Status  33%

Save Progress

Submit

Basic Project Information

Project Type

Project Costs

Fill out the required fields that are listed with an '\*'.

# Submitting an Application in NJ-Moves

(continued)

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## Step 1 - Project Type

**\* Estimated Useful Life of the Project in Years:** ⓘ

**\* Project Type:**

Bridge Asset

**\* Bridge Project Type:**

Replacement

**\* Structural Sufficiency Rating:** ⓘ

 %

**\* Bridge Type:**

Thru Girder

**\* Status:**


Closed


**\* Is the structure located on the National Highway System:**

☒ Yes ☐ No

**\* Volume of Traffic (Current ADT):**

**\* Please upload a Project Location Map:** ⓘ

 Upload a File

 Site\_Map\_of\_Trenton\_Brid... X

**Status** 71%

[Save Progress](#) [Submit](#)

Basic Project Information

**Project Type**

Project Costs

[Scroll to Top](#)

Continue to fill out the required mandatory fields that are listed with an '\*'.



# Submitting an Application in NJ-Moves (continued)

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## Step 1 - Project Costs

### Engineering Design Costs

**\* Please select from the list below the type of Engineering Design Work Option that best fits your Project's situation.**

☐ Financing for Engineering Design Work is not being sought through the I-Bank.

☒ You have or plan to have a Project Specific Engineering Design Contract.

☐ You have a Non-Project Specific Engineering Design Contract.

☐ Force Account

**\* Enter your Estimated Engineering Design Costs:**

\$

### Construction Management Costs

**\* Please select from the list below the type of Construction Management Work Option that best fits your Project's situation.**

☐ Construction Management Costs are included in the Engineering Design Costs

☐ Financing for Construction Management Work is not being sought through the I-Bank.

☒ You have or plan to have a Project Specific Construction Management Contract

☐ You have a Non-Project Specific Construction Management Contract

☐ Force Account

**\* Enter your Estimated Construction Management Costs:**

\$

### Building / Construction Costs:

**\* Enter your Estimated Building/Construction Costs: (Examples: All Construction Costs, Crew Salaries, Material Costs, etc.)**

\$

**Status** 87%

[Save Progress](#) [Submit](#)

Basic Project Information

Project Type

**Project Costs**

Assign your Engineering Design, Construction Management, and Construction costs (estimated values, subject to change prior to allocation)

[Scroll to Top](#)



# Submitting an Application in NJ-Moves

(continued)

Dashboard

Contingency Costs:

Enter your Estimated Contingency Costs: (Examples: Bond Counsel, Administration Costs, Cost Overages, etc.)

1. Most I-Bank Projects have Contingency Costs of 10% of the Building Costs, which has been calculated and filled in for you below.  
2. You may adjust this cost, however any amount above the calculated 10% will be subject to I-Bank approval.

\$

Totals

Design Costs	\$150,000
CM Costs	\$700,000
Building Costs	\$5,000,000
Contingency	\$500,000
Estimated Total Project Amount	\$6,350,000

\* Are there funding sources other than the NJ Transportation Bank that MAY be utilized to pay for this project? \* (Examples: NJDOT Local Aid Grant, Federal Grants, FEMA, etc.)

Note: Any Additional Funding Sources identified may impact the amount available for financing through the I-Bank.

☐ No  
☒ Yes

\* List of all Transportation Bank and non-Transportation Bank funding sources that MAY be utilized to pay for project costs:

Funding Source	Amount
NJDOT Municipal Aid Grant	\$ <input type="text" value="350,000"/>

[Add another Source](#)

'Contingency Costs' are estimated to be **10% of Building/Construction costs** and are automatically factored into the total overall project cost.

An '**Estimated Total Project Amount**' is calculated based upon the amounts provided above

If you applied for a NJDOT Local Aid Municipal Aid Grant (or any other), select '**Yes**' to this question and provide the details below.



# Submitting an Application in NJ-Moves

(continued)

Dashboard

Projects

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Smallville

## New Totals

Design Costs	\$150,000
CM Costs	\$700,000
Building Costs	\$5,000,000
Contingency	\$500,000
NJDOT Municipal Aid Grant	<b>-\$350,000</b>
<b>Adjusted Total Project Cost</b>	<b>\$6,000,000</b>
Administrative fee of 1%*	\$60,000
<b>Total amount borrowed from Transportation Bank</b>	<b>\$6,060,000</b>

Grant award is now factored into the **'New Totals'** as well as the first I-Bank **Loan Origination Fee** of 1%.

Status

89%

Save Progress

Submit

Basic Project Information

Project Type

Project Costs

\* This item represents the Administrative Loan Surcharge or Loan Origination Fee (the "Administrative Fee") imposed by the Transportation Bank as a portion of the cost of the project the Borrower. The projected of the Administrative Fee is based on the total estimated project. The Administrative Fee is imposed for engineering and environmental services and requisition review, disbursement and site inspection services provided by the Transportation Bank for the Borrower in with, and as a condition precedent to, the inclusion of the project in the SFY 2020 New Jersey Bank financing program of the New Jersey Infrastructure Bank (the "I-Bank"). The total Fee will be two percent (2%) of the final project cost. One-half (50%) of the Administrative will be financed for the Borrower as part of the I-Bank Construction Loan. Said one-half of the Fee is due upon short-term loan closing and will be drawn by the I-Bank from the proceeds of short-term loan on the Borrower's behalf. The Borrower shall pay such amount upon short-term loan closing shall pay the remaining balance of the Administrative Fee, which will be based upon the final project, upon maturity of the short-term loan.

If the Loan Amount you are seeking from the Transportation Bank is different from the Total amount borrowed from Transportation Bank listed above, then supply the amount you seek and a reason why.

\$

If you are seeking to borrow an amount that differs from the amount listed above, simply indicate the amount and provide an explanation.

# Submitting an Application in NJ-Moves

(continued)

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NJDOT Municipal Aid Grant	- \$350,000
Adjusted Total Project Cost	\$6,000,000
Administrative fee of 1%*	\$60,000
Total amount borrowed from Transportation Bank	\$6,060,000

\* This item represents the Administrative Loan Surcharge or Loan Origination Fee (the "Administrative Fee") imposed by the Transportation Bank as a portion of the cost of the project the Borrower. The projected of the Administrative Fee is based on the total estimated project. The Administrative Fee is imposed for engineering and environmental services and requisition review, disbursement and site inspection services provided by the Transportation Bank for the Borrower in with, and as a condition precedent to, the inclusion of the project in the SFY 2020 New Jersey Bank financing program of the New Jersey Infrastructure Bank (the "I-Bank"). The Total Fee will be two percent (2%) of the final project cost. One-half (50%) of the Administrative will be financed for the Borrower as part of the I-Bank Construction Loan. Said one-half of the Fee is due upon short-term loan closing and will be drawn by the I-Bank from the proceeds of short-term loan on the Borrower's behalf. The Borrower shall pay such amount upon short-term loan closing shall pay the remaining balance of the Administrative Fee, which will be based upon the final project, upon maturity of the short-term loan.

If the Loan Amount you are seeking from the Transportation Bank is different from the Total amount borrowed from Transportation Bank listed above, then supply the amount you seek and a reason why.

\$

• Is Initial Design Complete?

☐ Yes

☒ No

Estimated Date by which Design will be completed:

Estimated Date of Advertisement:

• Anticipated Construction Start Date:

Any additional comments can be made below:

Status 

100%

[Save Progress](#) [Submit](#)

Basic Project Information

Project Type

Project Costs

Indicate whether **Design** is complete. Then, provide estimated dates for the major project milestones.Once complete, select '**Submit**'.

# **New Jersey Infrastructure Bank**

## **Water Bank Financing Opportunities**

**George Rolon**  
Project Manager





I-Bank

# NJ Water Bank – Partnership



NJDEP

## A partnership between NJDEP and the I-Bank

- Low-cost financing for projects that improve water quality and protect public health.

## History:

- First loans issued in 1987
- **\$7.69 B** long-term loans PLUS **\$1.83 B** outstanding short-term loans
- **\$2.85 B** (est.) Interest costs and Principal Forgiveness savings



# Project Eligibility – Clean Water

## Water Quality Improvement

- Wastewater Infrastructure
- Stormwater Management
- Flood Resiliency
- Site Remediation
- Equipment Purchases
- Green Infrastructure
  - Energy Conservation
  - Renewable Energy (pro rata)
  - Co-Generation (pro rata)



Hoboken City Green Infrastructure



Camden County MUA





# Project Eligibility – Drinking Water

## Protect Public Health

- Lead Service Line Replacement
- Treatment Facilities
- Storage Facilities
- Water Mains
- Water Meter Upgrades
- Emergency Repair Projects



# Application Process - Overview

- Rolling Application submissions (anytime throughout year)
  - **Clean Water** projects: Funding award based upon Readiness
  - **Drinking Water** projects: Funding award based upon Priority Ranking *and* Readiness
- Project Priority List updated Quarterly (for Legislature)
- Multi-step application process

[www.h2loans.com](http://www.h2loans.com)



# H<sub>2</sub>Loans

## Web Portal for Applicants / Water Bank Staff

- Project Dashboard
- Online submittal of forms and information
- Document Upload
- Status Review
- Vendors/ Collaborators access
- 100% on-line Requisition submission process

The screenshot displays the H<sub>2</sub>Loans web portal interface. On the left is a blue sidebar with a 'Collapse Navigation' button and a list of menu items: Project Details, Project Review, Construction Review, Contracts, Project Costs, Loan Closing Details, File Uploads, Milestones, Project Event Logs, Project Administration, Request DLGS Approval, Deficiencies, Living List Data Fields, Loan Exhibits, and Requisitions. The main content area is titled 'Project Details' and includes a breadcrumb 'Home > Project Details'. It features a 'Details' tab and a 'Switch to Sponsor View' button. The 'Project Overview' section lists: Project Type: Clean Water, Project Rank: 66, Project Sponsor: Bayshore Regional Sewer Authority, Project Number: S340697-06, Project Name: Phase II Perm. Restor/Mitigation of Blower Bldg & Pwr Dist. System, Project Useful Life: N/A, and NJPDES Permit Number. The 'Description' section states: 'This project application includes work at the Bayshore Regional Sewerage Authority's (BRSA) Water Pollution Control Plant associated with the permanent restoration and mitigation of the existing Blower Building No. 1 and existing Blower Building No. 2, as well as the permanent restoration and mitigation of treatment plants power distribution system.' The 'Service Area' section lists: 'The municipalities of Hazlet, Holmdel, Union Beach, Keyport, Keansburg, Aberdeen, Matawan and parts of Marlboro'. The 'Water Quality Need' section states: 'Work is intended to restore and protect equipment and facilities impacted by Hurricane Sandy to enable the treatment plant to continue operations under future similar flood events'. On the right, the 'Project Review Status' section shows progress bars for: Environmental Planning Review (100%), Cultural Resource Review (100%), Engineering Review (100%), Environmental Design Review (100%), and SED Review (100%). A footnote at the bottom right reads: '\*\* Percentage complete does not reflect pending action items or sponsor responsiveness. Please view the project milestones page and/or event log for details.' At the bottom, a 'Form Status' table is partially visible with columns for Form, Status, and Actions.

< Collapse Navigation

Project Details

Project Review

Construction Review

Contracts

Project Costs

Loan Closing Details

File Uploads

Milestones

Project Event Logs

Project Administration

Request DLGS Approval

Deficiencies

Living List Data Fields

Loan Exhibits

Requisitions

Home > Project Details

### Project Details

#### Details

#### Project Overview

[Switch to Sponsor View](#)

**Project Type:** Clean Water  
**Project Rank:** 66  
**Project Sponsor:** Bayshore Regional Sewer Authority  
**Project Number:** S340697-06  
**Project Name:** Phase II Perm. Restor/Mitigation of Blower Bldg & Pwr Dist. System  
**Project Useful Life:** N/A  
**NJPDES Permit Number:**

#### Description

This project application includes work at the Bayshore Regional Sewerage Authority's (BRSA) Water Pollution Control Plant associated with the permanent restoration and mitigation of the existing Blower Building No. 1 and existing Blower Building No. 2, as well as the permanent restoration and mitigation of treatment plants power distribution system.

#### Service Area

The municipalities of Hazlet, Holmdel, Union Beach, Keyport, Keansburg, Aberdeen, Matawan and parts of Marlboro

#### Water Quality Need

Work is intended to restore and protect equipment and facilities impacted by Hurricane Sandy to enable the treatment plant to continue operations under future similar flood events

#### Project Review Status

##### Environmental Planning Review

100%

##### Cultural Resource Review

100%

##### Engineering Review

100%

##### Environmental Design Review

100%

##### SED Review

100%

\*\* Percentage complete does not reflect pending action items or sponsor responsiveness. Please view the project milestones page and/or event log for details.

#### Form Status

Form	Status	Actions
------	--------	---------

# Short-Term Loan

- Close Short-Term Loan for entire project cost upon DEP contract certification
- Payment Requisitions:
  - Costs incurred
  - Disbursement on-average in 2 weeks
  - Limited out-of-pocket costs
- Interest accrues only on funds drawn
  - More efficient than BANs
  - Any Short-Term interest costs are rolled into Long-Term Loan

## CONSTRUCTION LOAN PROGRAM INTEREST RATE

**0.341%**

04/01/2022 - 04/30/2022  
on dollars drawn.

## S.A.I.L. Short-Term Disaster Relief Program

- “Bridge” loans for FEMA eligible projects in a declared Emergency
  - I-Bank works in conjunction with NJOEM
  - Front funds ahead of FEMA/OEM Reimbursements;



# Long-Term Loan

- Long-Term Loans converted upon construction completion
- Financing Terms dictated by program year at time of each DEP construction contract certification
- Maximum Maturity = Lesser of “Useful life” or **30 (45)** years
- I-Bank handles LFB approval process
  - 5% down payment waived
- Credit Worthiness requirements:
  - Must have Investment grade rating
  - Maintain Investment grade rating for term of loan



**(DEP's DRAFT Intended Use Plan – IUP)**

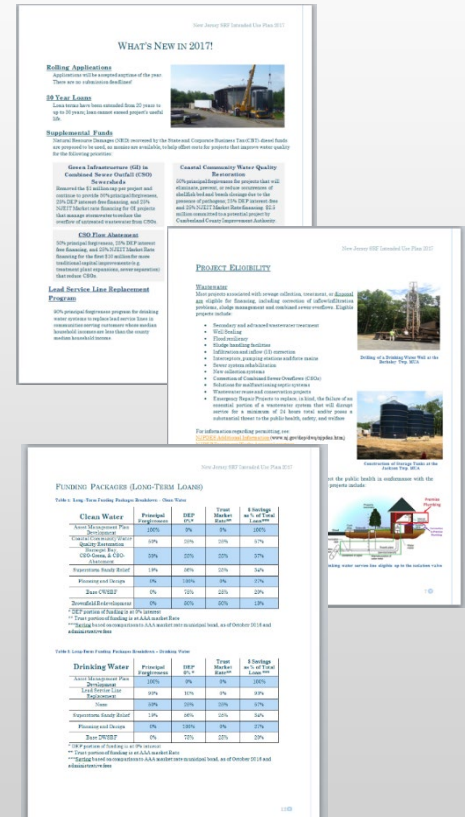
- Annual EPA Requirement – describes use of funds
- Typically proposed in Fall for upcoming SFY

Available at <https://www.nj.gov/dep/wiip/project-lists.html>

The period for submitting written comments on the proposal will close on **April 22, 2022** (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 CWSRF IUP and DWSRF IUP.

Comments or questions can be directed at  
to: [waterbankinfo@dep.nj.gov](mailto:waterbankinfo@dep.nj.gov).



# SFY2023 Clean Water SRF PF (Anticipated\*)

- **\$36 million** for Eligible CW Projects sponsored by borrowers meeting the Clean Water Affordability Criteria
- **\$30 million** for CSO Abatement Projects
- **\$30 million** for CSO Abatement Projects sponsored by borrowers meeting the Clean Water Affordability Criteria
- **\$10 million** for Water and Energy Efficiency Projects
- **\$6 million** for Water Quality Restoration Projects
- **\$1 million** to projects awarded Overflow and Stormwater Grants (OSG)
- **\$4 million** for projects that address Emerging Contaminants

**\$117 Million in anticipated  
Principal Forgiveness Loans**

\*Please note that the PF set-asides referenced in this presentation are ANTICIPATED and could change prior to State Fiscal Year 2023



# SFY2023 Drinking Water SRF PF (Anticipated\*)

- **\$8 million** for systems serving 10,000 or fewer customers (Nano)
- **\$3 million** for projects at very small water systems with populations of 1,000 or fewer customers
- **\$25 million** for lead service line replacement projects
- **\$13 million** for projects that address Emerging Contaminants, at least 25% of which will be directed to those that meet the affordability criteria or small systems serving fewer than 25,000.
- **\$10 million** in additional principal forgiveness funds for lead or emerging contaminant projects in ranked order
- **\$5 million** for high-ranking affordability criteria projects

**\$64 Million in anticipated  
Principal Forgiveness Loans**

\*Please note that the PF set-asides referenced in this presentation are ANTICIPATED and could change prior to State Fiscal Year 2023

(formerly Disadvantaged Communities)

Applicants that meet either of the following two criteria are considered to have satisfied the State's **CWSRF / DWSRF Affordability Criteria\***:

1. Project Affordability Score of 80 or less; or
2. The project is eligible to receive 80 Environmental Justice Economic Overburdened Community Criteria CWSRF / DWSRF ranking points.

**Project Affordability Score =**

- Project Median Household Income (MHI) Factor**
- Project Unemployment (UE) Factor**
- Project Population Trend (PT) Factor**

Project MHI Factor =  $100 \times (\text{Project MHI} / \text{State MHI})$

Project UE Factor = 1 if Project Unemployment Rate > State Unemployment Rate

Project UE Factor = 0 if Project Unemployment Rate < or = State Unemployment Rate

Project PT Factor = 1 if Project Population Trend < State Population Trend

Project PT Factor = 0 if Project Population Trend > or = State Population Trend

\*Consideration will be given for projects with a qualifying service area population within a municipality that does not meet the CWSRF / DWSRF Affordability Criteria.



# Affordability Criteria

(formerly Disadvantaged Communities)

Projects are assigned 80 Environmental Justice Economic Overburdened Community Criteria (OBC) points if at least 35% of the households served by the project, on a municipal basis, qualify as low-income households (at or below twice the poverty threshold in accordance with the most recent United States Census). A weighted economic OBC criteria is calculated for a project sponsor whose water system serves more than one municipality as shown in the example below.\*

Municipalities Served	% low-income households	Populations Served	Fraction of total population served	Weighted % of low income households
Lancaster	30%	5,000	0.167	5.01%
Mayberry	40%	10,000	0.333	13.32%
Hometown	35%	15,000	0.500	17.50%%
Total		30,000	1.00	35.83%

Please note for applicants that service more than 10 municipalities, the 10 municipalities that have the highest populations served will be considered in the above table for the affordability factor.

\*Consideration will be given for projects with a qualifying service area population within a municipality that does not meet the 35% threshold.



# Set-Aside: Affordability Criteria

**CW:**                    **\$36 Million dedicated** (\$2M PF Cap per Applicant)

100% PF:	First \$2 million in project costs
50% 0 / 50% AAA:	Next \$2 million
75% 0 / 25% AAA:	\$4 million - \$10 million
50% 0 / 50% AAA:	\$10 million+

**DW:**                    **\$5 Million dedicated** (\$1M PF Cap per Applicant)

100% PF:	First \$1 million in project costs
75% 0 / 25% AAA:	\$1 million - \$11 million
50% 0 / 50% AAA:	\$11 million - \$25 million
100% AAA:	\$25* million+

**\*DW Only:** Total project costs are capped at \$25 million per applicant per year, including any portion of the project financed at the enhanced subsidization rate (Nano, Affordability, PFAS, Lead). Project costs over the specified caps can be financed 100% by the I-Bank as capacity allows.



# Set-Aside: Combined Sewer Overflow “CSO” Abatement (Green and Grey)

For CSO Abatement projects utilizing grey and green practices such as green roofs, rain gardens, porous pavement, and other activities that treat stormwater runoff infiltration into subsoil or filtration by vegetation or the harvesting of stormwater). \$5 Million will be specifically reserved for Green Infrastructure.

**CW: \$30 Million dedicated** (\$5 M PF Cap per Applicant)\*

50% PF / 25% O / 25% AAA:                      First \$10 million

50% O / 50% AAA:                                      \$10 million +

\*There is a total applicant principal forgiveness cap of \$5 million for CSO Abatement projects and CSO Abatement/Affordability projects in SFY23. For example, if an applicant is awarded \$5 million under the CSO Abatement/Affordability category, they would be limited by the cap and not eligible for additional principal forgiveness under the CSO Abatement principal forgiveness category in SFY23.



# Set-Aside: Combined Sewer Overflow Abatement AND Affordability “CSO/A”

For CSO Abatement projects sponsored by borrowers that also meet the Clean Water Affordability Criteria. \$5 Million will be specifically reserved for Green Infrastructure.

**CW: \$30 Million dedicated** (\$5 M + \$2 M PF Cap per Applicant)\*

100% PF:	First \$5 million in project costs
50% 0 / 50% AAA:	Next \$5 million
100% PF:	Next \$2 million**
50% 0 / 50% AAA:	Next \$2 million
75% 0 / 25% AAA:	\$14 million - \$20 million
50% 0 / 50% AAA:	\$20 million+

\*There is a total applicant principal forgiveness cap of \$5 million for CSO Abatement projects and CSO Abatement/Affordability projects in SFY23. For example, if an applicant is awarded \$5 million under the CSO Abatement/Affordability category, they would be limited by the cap and not eligible for additional principal forgiveness under the CSO Abatement principal forgiveness category in SFY23.

\*\*Subject to the availability and the applicable Affordability cap



# Set-Aside: Energy and Water Efficiency

For projects that address water and energy efficiency goals and meet the eligibility requirements for water and energy efficiency as defined in USEPA's Green Project Reserve Guidance.

<https://www.epa.gov/cwsrf/green-project-reserve-guidance-clean-water-state-revolving-fund-cwsrf>

**CW: \$10 Million dedicated** (\$2 M PF Cap per Applicant)

50% PF / 25% O / 25% AAA:	First \$4 million in project costs
75% O / 25% AAA:	\$4 million - \$10 million
50% O / 50% AAA:	\$10 million+



# Set-Aside: Lead Service Line Replacement Program (LSLRP)

For the replacement of lead pipes and lead components, including mains and service lines.

**DW: \$25 Million dedicated** (\$5 M PF Cap per Applicant)

## Non-Affordability

50% PF / 25% 0 / 25% AAA:	First \$10 million in project costs
50% 0 / 50% AAA:	\$10 million to \$25 million
100% AAA:	\$25* million+

## Affordability

50% PF / 25% 0 / 25% AAA:	First \$10 million in project costs
75% 0 / 25% AAA:	\$10 million to \$20 million
50% 0 / 50% AAA:	\$20 million to \$25 million
100% AAA:	\$25* million+

\* Total project costs are capped at \$25 million per applicant per year, including any portion of the project financed at the enhanced subsidization rate (Nano, Affordability, PFAS, Lead). Project costs over the specified caps can be financed 100% by the I-Bank as capacity allows.





# Set-Aside: Emerging Contaminants

For projects that primarily address emerging contaminants, including PFAS.

**CW:** **\$4 Million dedicated** (\$2M PF Cap per Applicant)

100% PF:	First \$2 million in project costs
50% O / 50% AAA:	Next \$2 million
75% O / 25% AAA:	\$4 million - \$10 million
50% O / 50% AAA:	\$10 million+

**DW:** **\$13 Million dedicated** (\$1M PF Cap per Applicant)

## Non-Affordability

100% PF:	First \$1 million in project costs
50% O / 50% AAA:	\$1 million - \$25 million
100% AAA:	\$25* million+

## Affordability

100% PF:	First \$1 million in project costs
75% O / 25% AAA:	\$1 million - \$11 million
50% O / 50% AAA:	\$11 million - \$25 million
100% AAA:	\$25* million+

**\*DW Only:** Total project costs are capped at \$25 million per applicant per year, including any portion of the project financed at the enhanced subsidization rate (Nano, Affordability, PFAS, Lead). Project costs over the specified caps can be financed 100% by the I-Bank as capacity allows.



# Set-Aside: Water Quality Restoration

For Capital improvement projects and equipment purchases that will eliminate, prevent, or reduce documented occurrences of shellfish bed downgrades, beach closings and advisories due to the presence of harmful algal blooms (HABs). Projects would eliminate potential sources such as failing on-site wastewater systems, cross-connections between storm sewers and sanitary sewers. Eligible projects also include the expansion or replacement of stormwater management systems as well as the purchase of skimmer boats, aquatic weed harvesters and equipment to maintain stormwater management facilities.

**CW: \$6 Million dedicated** (\$2.5 M PF Cap per Applicant)

50% PF / 25% O / 25% AAA:	First \$5 million in project costs
75% O / 25% AAA:	\$5 million to \$10 million
50% O / 50% AAA:	\$25 million+



# Set-Aside: Sewer Overflow and Stormwater Reuse Grants (PF Share)

Approximately \$1 million will be reserved for OSG PFLs for projects that receive Sewer Overflow and Stormwater Reuse Grants from the USEPA. These projects are intended to address infrastructure needs for combined sewer overflows (CSO) or stormwater management. Project sponsors that receive a Sewer Overflow and Stormwater Reuse Grant for up to 80% of eligible project costs are eligible to receive a principal forgiveness loan for the remaining 20% of costs.

Total project costs are capped at \$1 million. The balance of the project would have to be separately funded and would be eligible for SRF financing at the rates offered for the applicable project type.



# Set-Aside: Small Systems (NANO)

For small Drinking Water systems serving 10,000 or fewer residents

**DW:**                    **\$8 Million dedicated** (\$500,000 PF Cap per Applicant)

## Non-Affordability

50% PF / 25% O / 25% AAA:	First \$1 million in project costs
50% O / 50% AAA:	\$1 million - \$25 million (Publicly Owned)
25% O / 75% AAA:	\$1 million - \$25 million (Privately Owned)
100% AAA:	\$25* million+

## Affordability

50% PF / 25% O / 25% AAA:	First \$1 million in project costs
75% O / 25% AAA:	\$1 million - \$11 million
50% O / 50% AAA:	\$11 million - \$25 million
100% AAA:	\$25* million+

**\*DW Only:** Total project costs are capped at \$25 million per applicant per year, including any portion of the project financed at the enhanced subsidization rate (Nano, Affordability, PFAS, Lead). Project costs over the specified caps can be financed 100% by the I-Bank as capacity allows.



# Set-Aside: Very Small Water Systems

For small Drinking Water systems serving 1,000 or fewer residents

**DW:**                    **\$3-5 Million dedicated** (\$750,000 PF Cap per Applicant)

100% PF:	First \$750,000 in project costs
50% O / 50% AAA:	\$750,000 - \$25 million (Publicly Owned)
25% O / 75% AAA:	\$750,000 - \$25 million (Privately Owned)
100% AAA:	\$25* million+

The DEP will not charge permit fees to these small systems.

**\*DW Only:** Total project costs are capped at \$25 million per applicant per year, including any portion of the project financed at the enhanced subsidization rate (Nano, Affordability, PFAS, Lead). Project costs over the specified caps can be financed 100% by the I-Bank as capacity allows.



# WISE Act Savings Calculator

<https://wise.h2loans.com>

Rating Agency	NJEIFP Credit Rating	hjh Credit Rating Provided by 11
Fitch	AAA	AA+
Moody's	Aaa	Aa1
S&P	AAA	AA+

Cost of Financing	NJEIFP	Independent Financing
Short Term Financing / BAN	1 Years	1 Years
Long Term Financing	30 Years	30 Years
Project Cost	\$10,000,000	\$10,000,000
Additional Costs (AIS, Engineering) <sup>2a</sup>	\$570,000	\$0
<b>Total Requested Amount</b>	<b>\$10,570,000</b>	<b>\$10,000,000</b>

Total Payments		
5% Upfront Cash Funding (LFB Requirement) <sup>2d</sup>	\$0	\$500,000
Interest Paid on Short-Term Loan	\$0	\$227,050
Bond Par Amount (Includes Underwriter Fees for NJEIT Admin Fee, DEP Fee financed for the Program, and any capitalized short-term loan interest)	\$5,420,000	\$9,600,000
Bond Loan Interest	\$3,056,564	\$5,695,828
Fund Loan	\$5,285,000	\$0
DEP Fee (Non-financed portion)	\$100,000	\$0
Total NJEIT Admin Fee (Annual Fee = \$16,260)	\$479,670	\$0
<b>Total Cost of Financing</b>	<b>\$14,341,234</b>	<b>\$16,022,878</b>

Assumptions		
Total DEP Fee <sup>2a</sup>	\$200,000	\$0
Annual NJEIT Admin Fee <sup>2b</sup>	\$16,260	\$0
Underwriters' Discount <sup>2a</sup>	\$27,100	\$96,000
Cost of Issuance <sup>2b</sup>	\$5,420	\$0
Effective Interest Rate (Estimated)	1.766%	3.357%

**TOTAL ESTIMATED SAVINGS THROUGH NJEIFP FINANCING:**

**\$1,639,953**

**(16.4% of Project Cost)**



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