

APPENDIX 1: DRINKING WATER PROJECT RANKING

METHODOLOGY

Table 1 of Category A lists the types of projects eligible for DWSRF funding. A project must be assigned points from Category A to be eligible for ranking; points assigned from the remaining categories are in addition to the points received in Category A. Priority points are assigned only if the project scope includes actual repair, rehabilitation, or correction of a problem or improvement clearly related to priority Category A. Projects that include multiple elements, as listed in priority Category A, are separately listed by the elements involved and priority points assigned for each element.

DEP assigns points to each project using the Project Priority System and ranks all eligible projects according to the total number of points each project receives. All projects are subsequently placed on the Project Priority Comprehensive List according to their ranking. Projects with more points are ranked above those with fewer points. The addition of new projects to the Project Priority Comprehensive List, periodic revisions to the Priority System, or the identification of new information regarding a project, may result in changes to an individual project ranking.

The principal elements of the Priority System are: A) Compliance and Public Health Criteria, B) Water Supply Plans/Studies, C) State Designations, D) Affordability, and E) Population. Points are assigned for each of the five priority categories and are discussed in more detail below.

The order of project priority for funding is as follows:

1. Emergency Projects are considered a public health hazard and receive funding over other projects on the Comprehensive Priority List;
2. Surface Water Treatment Rule violations including uncovered finished water reservoirs;
3. MCL and Lead Action Level Exceedances;
4. Lead Service Line replacements in communities with an MHI less than the MHI for the State for water systems without a Lead Action Level Exceedance;
5. Unregulated contaminants (contaminants of emerging concerns);
6. Small Systems serving less than 10,000 persons, up to 15 % of DWSRF Funds;
7. Corrosion control and lead service line replacement in communities serving a population $\leq 1,000$ that have an MHI less than the MHI for the State;
8. Projects that have secured federal/non-profit grants to be leveraged with SRF funding,
9. Other projects currently on the comprehensive list.

The prospective applicant must notify DEP of any changes to project scope or any other circumstance that may affect the calculation of priority points. DEP recalculates, if appropriate, the prospective applicant's ranking utilizing the new information submitted and revises the priority ranking accordingly.

Points are assigned for each of the five priority categories discussed below, as applicable.

Category A. Compliance with the SDWA and Protection of Public Health

DWSRF funds are utilized to address contamination problems and to ensure compliance with the SDWA requirements. Priority is given to water systems in non-compliance with the surface water treatment requirements and those incurring acute primary maximum contaminant level (MCL) violations, or action level exceedances as defined in the National Primary Drinking Water Regulations and the New Jersey Safe

Drinking Water Regulations (N.J.A.C. 7:10). Table 1 describes the project elements that are eligible for DWSRF funds:

TABLE 1. Project Elements Eligible for
Project Priority Ranking in the Drinking Water State Revolving Fund Program⁷

1.	Systems that utilize surface water that are not in compliance with the surface water treatment technique requirements or have had any acute violations (either <i>E. coli</i> or nitrates) and have been issued an administrative order or directive by DEP requiring the correction of any noncompliance of its treatment facilities to address an immediate public health threat.	500 Points
2.	Systems that utilize groundwater under the direct influence of surface water, that are not in compliance with the surface water treatment technique requirements or have had any acute violations (either <i>E. coli</i> or nitrates) and have been issued an administrative order or directive by DEP requiring the correction of any noncompliance of its treatment facilities to address an immediate public health threat.	350 Points
3.	Systems that utilize groundwater that have had any acute violation (either <i>E. coli</i> or nitrates).	300 Points
4.	Systems that have had, or DEP reasonably expects to have, any primary maximum contaminant level (MCL) violations (except acute violations) or exceedance of action levels (Lead and Copper Rule).	250 Points
5.	Systems that have, or DEP reasonably expects to have, exceeded a groundwater quality criterion, guidance, or advisory as deemed applicable by the DEP.	200 points
6.	Systems that were classified as vulnerable, because of a 2007 DEP Interconnection Study.	200 Points
7.	Systems that have been issued a notice of noncompliance by DEP for reasons other than water quality; i.e. inadequate storage, inadequate source, lack of emergency power, etc.	175 Points
8.	Purchase and/or consolidation of a water system to comply with the SDWA for capacity development.	170 Points
9.	Systems that are proposing improvements for drought or other related water supply management initiatives, as identified or designated by the State.	160 Points

⁷ A project must be assigned points from Category A to be eligible for Project Priority List ranking; points assigned from Categories B through E supplement the points received in Category A.

10. Systems that have lost well capacity due to saltwater intrusion and a solution is needed to preserve the aquifer as a viable aquifer. 150 Points
11. Extension of water mains, including associated appurtenances and water system facilities, to private wells that have had any maximum contaminant level exceedances or have exceeded lead and copper action levels. 125 Points
12. Systems without a lead action level exceedance that: 1) are replacing known lead service lines in communities with an MHI less than the MHI for the State; and 2) are certified for principal forgiveness under the approximately \$110M available as a result of the Water Transfer Funding Act. 125 Points
13. Existing treatment facilities that need to be rehabilitated, replaced, or repaired to ensure compliance with the SDWA. 100 Points
14. Existing transmission or distribution mains with appurtenances that need to be rehabilitated, replaced, repaired or looped to prevent contamination caused by leaks or breaks in the pipe or improve water pressures to maintain safe levels or to ensure compliance with the SDWA. 75 Points
15. Existing pump stations or finished water storage facilities that need to be rehabilitated or replaced to maintain compliance with the SDWA. 60 Points
16. New finished water storage facilities or pump stations that are needed to maintain pressure in the system and/or prevent contamination. 50 Points
17. Addition or enhancement of security measures at drinking water facilities, including but not limited to fencing, lighting, motion detectors, cameras, secure doors and locks, and auxiliary power sources. 45 Points
18. Green Infrastructure: renewable energy generation such as solar panels, hydroelectric, geothermal or wind turbines or infrastructure built at the water system facilities such as green roofs, porous pavement, bioretention or grey water reuse. 45 Points
19. Systems which have had any exceedance of any secondary drinking water regulations that have received notification issued by DEP that exceedance of a secondary drinking water regulation causes adverse effects on the public welfare, and for which the system has received a directive issued by the DEP requiring correction of the exceedance. 40 Points
20. Installation of new water meters and/or other water conservation devices, including but not limited to retrofit plumbing fixtures. 35 Points
21. Construction of new or rehabilitation of existing interconnections between water systems to improve water pressures to maintain safe levels, promote availability of alternative source of supply, or to ensure compliance with the SDWA. 30 Points
22. Replacement of water meters. 25 Points

- 23. Redevelop wells, construct new wells, or construct or rehabilitate surface water sources with associated treatment facilities to meet the New Jersey SDWA rules for required pumping capacity. 15 Points
- 24. Other project elements, not including items 1 through 21 above, that ensure compliance with the SDWA and protect public health, as approved by DEP. 1 Point

Category B. Water Supply Plans/Studies

Planning water system improvements that advance comprehensive water supply concepts can facilitate cost effective drinking water system rehabilitation. To provide an incentive for appropriate planning, 50 points are given if the project is clearly identified in other appropriate plans (i.e. five-year master plan, five-year capital improvement plan, rate setting study or comprehensive water supply plan for a particular region or watershed) approved by a municipal or State agency (such as DEP, the New Jersey Department of Community Affairs or the New Jersey Board of Public Utilities) within the last five years.

Thirty-five (35) points are given to each project that demonstrates that its water system structurally inspects its finished storage facilities every five years. Also, 25 points are given for a system that has a valve exercise program. Documentation must be provided to receive the above-mentioned points.

Please note that having an Asset Management Plan is now a requirement for project sponsors seeking a DWSRF loan.

Category C. State Designations

1. State Plan

DEP assigns points to projects in municipalities that the State Planning Commission has approved under the Plan Endorsement or Center Designation Process. Please note that if a local entity has not received designation by the State Planning Commission, projects within that entity would receive zero points for this element.

- a. Projects located predominantly within or designed to provide service to a designated growth area that lies within a municipality that has received Plan Endorsement of its Master Plan from the New Jersey State Planning Commission or is an Urban Center or Urban Complex are eligible for 20 points.
- b. Projects located predominantly within or designed to provide service to a designated growth area that lies within a municipality that are identified in the Master Plan currently recognized as endorsed by the New Jersey State Planning Commission as a designated center other than an Urban Center (Regional Center, Town, Village, Hamlet) are eligible for 15 points.

For a current list of those local governments that have gained Plan Endorsement from the New Jersey State Planning Commission, please check the Office for Planning Advocacy at the Department of State website at <http://www.nj.gov/state/planning/plan.html> and then refer to the current State Plan Policy Map to determine if the project area lies within a designated growth area.

Contact the Office for Planning Advocacy, Department of State, P.O. Box 820, Trenton, N.J. 08625-0820 or call (609) 292-7156 for further information on the State Development and Redevelopment Plan.

2. Transit Village Initiative

The New Jersey Department of Transportation (NJDOT) participated in a multi-agency Smart Growth partnership known as the Transit Village Initiative. The Transit Village Initiative helps to redevelop and revitalize communities around transit facilities to make them an appealing choice for people to live, work and play, thereby reducing reliance on the automobile. The Transit Village Initiative is an excellent model for Smart Growth because it encourages investment in portions of New Jersey where infrastructure and public transit already exist. Aside from Smart Growth community revitalization, two other goals of the Transit Village Initiative are to reduce traffic congestion and improve air quality by increasing transit ridership. Therefore, DEP will provide five additional priority points to any project sponsored by a Transit Village community or to any project that is constructed within a Transit Village community. For more information about Transit Villages, please see <http://www.nj.gov/transportation/community/village/> and for a list of Transit Villages, please see <http://www.nj.gov/transportation/community/village/faq.shtm>.

3. Brownfield Development Area (BDA)

DEP sponsors a program to promote the re-use of formerly contaminated sites. DEP's Brownfield Program, spearheaded by the Office of Brownfield Reuse, serves as a vital component of the state's Smart Growth efforts to stem the tide of sprawl and channel new development into cities and towns. Under the innovative Brownfield Development Area (BDA) approach, DEP works with selected communities affected by multiple brownfield sites to design and implement plans for these properties simultaneously, so remediation and reuse can occur in a coordinated fashion. The DWSRF supports this initiative by providing five additional priority points to any project serving a BDA. For more information about Brownfield Development Area Initiative, please see <http://www.nj.gov/dep/srp/brownfields/bda>.

4. Green Project Reserve (GPR)

DEP promotes green infrastructure, water and energy efficiency, and environmental innovation in its water improvement projects. Therefore, DEP provides 15 additional priority points to any project that is a categorically eligible project.

Please note that the points from these four items of Category C can be cumulative. Please note for water systems that service more than one municipality; the municipality that has the highest population served will be counted for this category.

Category D. Affordability

The purpose of the affordability criteria is to determine which project sponsors' water systems are eligible for additional points under the Affordability Category.

Affordability is the degree of need for financial assistance based upon the New Jersey median household income compared to the municipal median household income (MHI). Affordability is determined by the following formula:

$$(\text{Municipal MHI} / \text{Statewide MHI}) \times 100 = \text{Affordability Factor}$$

Points are assigned as shown in Table 2.

TABLE 2. Point values assigned based on Affordability Factor calculation

1. Affordability factor of 100 or greater	0 Points
2. Affordability factor from 85 through 99	15 Points

- 3. Affordability factor from 66 through 84 30 Points
- 4. Affordability factor less than or equal to 65 80 Points

The median household income of the municipality which the water system serves and the statewide median household income will be determined from income data in the most recent United States Census, which is currently the 2010 Census.

DEP determined that for the purposes of the DWSRF Program, a municipality whose median household income is 35 % or more below the State’s MHI is considered a Disadvantaged Community and receives 80 priority points which is proportionately greater than the other affordability factor points. (New Jersey’s MHI is \$68,911 as reported in the 2010 Census.)

A weighted MHI is calculated for a project sponsor whose water system serves more than one municipality, as shown in the example below.

Example:

Municipalities Served	MHI	Populations Served	Fraction of total population served	Weighted municipal MHI
Lancaster	30,000	5,000	0.167	5,000
Mayberry	20,000	10,000	0.333	6,660
Holmeville	25,000	15,000	0.500	12,500
Total		30,000	1.00	24,160

Please note for water systems 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.

Category E. Population

As a tiebreaker, projects are assigned points based on the permanent population of the water system service area. For a resort community where the summer and winter populations vary greatly, the permanent population will be calculated by taking the sum of twice the winter population and once the summer population and dividing by three (see below). For water systems that service more than one municipality, a total of all the permanent population served in the multiple service areas is used. Priority points are calculated as the permanent population served by the water system divided by 100,000, expressed as a decimal. In the event that projects remain tied, the project which serves a greater proportionate population in the water system’s area is given higher priority.

Population served for resort communities will be calculated by the following equation:

$$[(2 \times \text{Winter Population}) + \text{Summer Population}] / 3 = \text{Weighted Permanent Population}$$