

# 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, receive priority points for the highest rated element in that category. Individual projects cannot receive points in Category A for multiple elements. Projects for the same water system involving multiple elements with unrelated scopes are separated and priority points assigned accordingly for each project.

The Department 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. Updated rankings based on changes to the priority ranking system will be reflected in the next amendment to the Priority List.

The principal elements of the Priority System are: A) Compliance and Public Health Criteria, B) Environmental Justice Economic Overburdened Community Criteria, C) Smart Growth Approvals, D) Population, and E) Established Local Employment Program. Points are assigned for each of the five priority categories, as applicable, 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 the Department of any changes to project scope or any other circumstance that may affect the calculation of priority points. The Department recalculates, if appropriate, the prospective applicant's ranking utilizing the new information submitted and revises the priority ranking accordingly.

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

DWSRF funds are used 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 Program<sup>1</sup>**

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|----|---|------------|
| 1. | Systems that use 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 the Department requiring the correction of any noncompliance of its treatment facilities to address an immediate public health threat.  | 500 Points |
| 2. | Systems that use 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 the Department requiring the correction of any noncompliance of its treatment facilities to address an immediate public health threat. | 350 Points |
| 3. | Systems that use groundwater that have had any acute violation (either <i>E. coli</i> or nitrates).   | 300 Points |
| 4. | Systems that have had, or the Department reasonably expects to have, any primary maximum contaminant level (MCL) violations (except acute violations) or exceedance of action levels (Lead and Copper Rule). <sup>2</sup>   | 250 Points |
| 5. | Systems that have, or the Department reasonably expects to have, exceeded a groundwater quality criterion, or other guidance or advisory (such as a recommended MCL for unregulated contaminants) as deemed applicable by the Department.   | 200 points |
| 6. | Systems that were classified as vulnerable, because of a 2007 the Department Interconnection Study.   | 200 Points |
| 7. | Replacement of lead services lines or installation of corrosion control treatment for systems without a lead action level exceedance.   | 175 Points |
| 8. | Systems that are under an Administrative Consent Order or other formal enforcement action based on a notice of noncompliance by the Department for reasons other than water quality; i.e., inadequate storage, inadequate source, lack of emergency power, etc.   | 170 Points |

<sup>1</sup> 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.

<sup>2</sup> Systems with an ALE are eligible to receive the 250 points provided the system has an open violation with additional requirements to complete in order to return to compliance under the Federal rules.

9. Purchase and/or consolidation of a water system to comply with the SDWA for capacity development. 165 Points
10. 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. 165 Points
11. Existing treatment facilities that need to be rehabilitated, replaced, or repaired to ensure compliance with the SDWA. 160 Points
12. Systems that are proposing improvements to address resiliency and impacts of climate change, including drought or other related water supply management initiatives, as identified, or designated by the State. 150 Points
13. 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
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, cybersecurity, 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 the Department 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 Department 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 Safe Drinking Water Act (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 the Department. 1 Point

## Category B. Environmental Justice Economic Overburdened Community Criteria

Signed into law by Governor Phil Murphy on September 18, 2020, New Jersey's groundbreaking Environmental Justice Law, N.J.S.A. 13:1D-157, (Law) requires the New Jersey Department of Environmental Protection (DEP) to evaluate the contributions of certain facilities to existing environmental and public health stressors in overburdened communities when reviewing certain permit applications. The law also directs the Department to publish a list of overburdened communities and provide notice to the 331 municipalities in which those communities are located.

Projects are assigned 80 Environmental Justice Economic Overburdened Community Criteria 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 as determined by the United States Census Bureau). 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. Population served is based on the permanent population of the service area. Consideration will be given to projects with a qualifying service area population within a municipality that does not meet the 35% threshold.

Example:

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%%
<b>Total</b>		<b>30,000</b>	<b>1.00</b>	<b>35.83%</b>

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 Environmental Justice Economic Overburdened Community Criteria.

## Category C. Smart Growth Approvals

### 1. State Development and Redevelopment Plan

The Department seeks to coordinate and enhance the efforts to encourage smart growth through the implementation of the State Development and Redevelopment Plan. The Department assigns ranking points to eligible clean water projects consistent with an approved Water Quality Management Plan that serves municipalities that have been approved under the Center Designation or Plan Endorsement Process.

For a project serving more than one municipality, the points were included for ranking purposes if the designated center or the endorsed plan is a significant component of the overall project. For further information regarding the State Development and Redevelopment Plan, contact the Office of Planning Advocacy in the New Jersey Department of State at (609) 292-7156.

<b>Table IV. Ranking Points Related to State Planning Commission Approvals</b>	
<b>Community Type</b>	<b>Points</b>
Urban Centers and Complexes	50
Regional Centers	25
Existing Designated Towns	15
Existing Villages	10
Hamlets	5

Projects located in or benefiting areas designated as Brownfield Development Areas, Transfer of Development Rights receiving areas or Transit Villages receive 10 points, so that these projects will rank higher than similar projects that are not located in, or provide benefit to, these smart growth areas.

## 2. Green Project Reserve (GPR)

The Department promotes green infrastructure, water and energy efficiency, and environmental innovation in its water improvement projects. Therefore, the Department 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. 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. Population

As a tiebreaker, projects are assigned points based on the permanent population of the water system service area. Thus, if projects have the same number of ranking points after having received all eligible points, population points become the tiebreaker, with higher priority given to the project serving the larger population.

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:

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

## Category E. Established Local Employment Program

Projects are assigned one point to applicants that have an established program to employ at the project facility, or at related offices or facilities, persons who reside in the municipality in which the project is located, the service area of the project, or in surrounding municipalities that meet the criteria for State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et seq.)”.