

**Comments on SFY25 Drinking Water and Clean Water Intended Use Plans
Submitted on Behalf of the Asset Management and Finance Committee of the Jersey Water
Works Collaborative**

Drinking water, wastewater, and stormwater infrastructure systems are essential to allowing individuals, neighborhoods and communities to thrive. [Jersey Water Works](#) is a collaborative effort of many diverse organizations and individuals who embrace the common purpose of transforming New Jersey's inadequate water infrastructure by investing in sustainable, cost-effective solutions that provide communities with clean water and waterways; healthier, safer neighborhoods; local jobs; flood and climate resilience; and economic growth. One of the collaborative's four shared goals is "Effective and Financially Sustainable Systems," which aims for communities to maintain and improve drinking water, wastewater, and stormwater infrastructure systems to deliver quality water services that meet community needs. The collaborative also seeks to ensure that operating budgets and capital investment are adequate and affordable, resulting in systems that operate efficiently and in a state of good repair.

The Jersey Water Works Asset Management and Finance Committee submits the following comments on the proposed Clean Water (CW) State Revolving Fund (SRF) and Drinking Water (DW) SRF Intended Use Plans (IUPs) for SFY25, with this goal in mind.

We recognize the immense efforts devoted to developing the IUPs by the New Jersey Department of Environmental Protection and are grateful for the opportunity to submit our comments. We appreciate the steps taken to provide more assistance to those communities who need more assistance using the concept of two tiers/buckets in the distribution of principal forgiveness to disadvantaged communities in the FY25 IUPs. We also recognize that many communities require both technical assistance and planning funding in order to access these funds. The modifications to the program should help minimize barriers from entry that often exist with those communities with the most need.

We do recommend the use in future IUPs of affordability tiers or other methodology that can ensure principal forgiveness is more extensive for the most constrained utilities, using factors beyond just median household income (e.g., lowest quintile income) or national poverty level (which does not correspond well to the New Jersey poverty level). The IUP Affordability Criteria currently do not reflect water utility costs, which is a critical aspect of affordability. Two service areas with the same Affordability Criteria score can have greatly different affordability stresses, depending on the utility rate schedules. Population trends can also be misleading; an area with

a growing low-income population will face different affordability issues than another area with a growing high-income population. Ongoing research, policy papers and policies nationally and for individual states (e.g., California) are showing the benefit of using a multi-parameter approach. Affordability remains an important goal of the Jersey Water Works Asset Management and Finance Committee and work over the years has included multiple work products, including the 2021 research [study](#) that presented a NJ Affordability methodology and was applied to assess the extent to which water and sewer costs pose a major financial burden for NJ households.

A major issue that New Jersey will be facing in years to come is the enormous increase in planned and required capital projects to address lead service lines, PFAS, CSOs, MS4 modifications, watershed improvement plan implementation, etc. Just for drinking water systems, the Water Quality Accountability Act (WQAA) reporting on three-year capital projects has increased more than three times between the 2021 and 2022 submittals. We recognize that the IUPs must reflect available funding, but NJDEP will require a greatly increased pool of funding to meet these future needs. Otherwise, utilities will either be required to self-finance projects (which may be impossible for some that cannot access market financing) or to request extended compliance schedules, neither of which is to New Jersey's benefit. The conclusion of ARPA funds and the sunset date for IJJA/BIL funding will likewise reduce available funds when we need to increase financial availability.

We thank you for your consideration and are grateful for the opportunity to submit these comments.

Sincerely

Jersey Water Works Asset Management and Finance Committee

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