

Stormwater and Nonpoint Source Pollution

Using the Environmental Infrastructure Financing Program



Municipal Finance And Construction

New Jersey Department of Environmental Protection
Division of Water Quality

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM

The New Jersey Environmental Infrastructure Financing Program (EIFP) is a partnership between the New Jersey Department of Environmental Protection (DEP) and the New Jersey Environmental Infrastructure Trust. The Legislature created the program to offer local governments and private water purveyors low-cost financing for construction of wastewater and drinking water infrastructure, landfill construction and closure, and stormwater and nonpoint source pollution management projects. Nonpoint source projects may include open space acquisition and remedial action such as a brownfields cleanup that produces a water quality improvement.

NONPOINT SOURCE POLLUTION

Nonpoint source pollution, unlike pollution from industrial and sewage treatment plants, can come from many different sources. Stormwater runoff carries pollutants into our streams, rivers, reservoirs and other bodies of water. These pollutants include:

- Excess fertilizers, herbicides, and insecticides from agricultural and residential areas
- Oil, grease, and toxic chemicals from urban runoff
- Sediment from improperly managed construction sites, crop and forest lands, and eroding stream banks
- Salt from irrigation practices
- Bacteria and nutrients from livestock, pet wastes, and faulty septic systems

An estimated 60 percent of current water pollution is attributed to stormwater runoff. Nonpoint source pollution can contaminate drinking water, destroy wildlife habitat, close beaches, kill fish and cause many other serious environmental and public health problems. Every year, millions of dollars are spent to restore and protect areas damaged by nonpoint source pollutants.

FINANCING THROUGH THE EIFP

EIFP borrowers receive two loans, a zero percent interest loan from DEP and a market rate loan from the sale of the Trust's AAA-rated tax-exempt bonds. Some projects will receive 75 percent of the total loan from DEP and 25 percent from the Trust, making the loans financed at only one-quarter of the market rate. Qualifying for the 75/25 financing are:

- Projects serving a designated urban center or urban complex
- Combined sewer overflow projects
- Open space acquisition projects

All other projects will receive 50 percent of the total loan from DEP and 50 percent from the Trust, making these loans financed at one-half of the market rate.

WHAT IS ELIGIBLE FOR FUNDING?

Any stormwater or nonpoint source pollution project that demonstrates water quality improvement may be eligible for funding. Projects include:

- Stormwater management systems or facilities

- Expansion of flood control basins
- Construction of regional basins
- Major stormwater system rehabilitation
- Storm drain replacement
- Purchase of equipment such as street sweepers, skimmer boats, and netting on outfalls
- Rehabilitation of tide gates
- Extension of outfall points
- Projects to improve water quality such as salt storage, runoff controls, and stream bank stabilization or restoration
- Well sealing

WHAT ELSE CAN BE FUNDED?

- Remedial work
- Wastewater projects
- Landfill construction and closure
- Drinking water projects
- Open space acquisition and conservation
- Security such as fencing, lighting, motion detectors, and cameras

CONTACT US FOR INFORMATION

- **Engineering Planning and Design** - (609) 984-6840
- **Environmental Planning, Design and Project Priority List** - (609) 292-3859
- **Financial Applications and Payments** - (609) 633-1208

ADVANTAGES OF BORROWING THROUGH THE EIFP

Lowest interest – Stormwater and nonpoint source pollution projects are eligible for loans at one-quarter or one-half of the market rate.

Reduced financing costs – Borrowers benefit from reduced costs due to the economies of scale of a pooled bond issue. Bond insurance is rarely needed, interest may be capitalized and principal payments deferred during construction, and the debt service reserve fund is capitalized by the state.

Match to other funding programs – The amount available to project sponsors for EIFP loans is unlimited and can be used to supplement grants and other loan programs.

HOW TO QUALIFY

October 1 of each year is the deadline for submitting a commitment letter and planning documents to qualify for a loan award in November of the following year.

Pre-award approval may be granted to allow applicants to proceed with a project before the loan award.

Short-term financing for approved work initiated before the loan award is also available through the EIFP.



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