

2. Specifies contaminants which, in the judgment of the Department may have any adverse effect on the health of persons;

3. Specifies for each such contaminant either maximum contaminant level if, in the judgment of the Department, it is economically and technologically feasible to ascertain the level of such contaminant in water in public water systems, or if in the judgment of the Department, it is not economically and technologically feasible to ascertain the level of such contaminant, each treatment technique known to the Department which leads to a reduction in the level of such contaminant sufficient to satisfy the requirements of Section 4 of the New Jersey Safe Drinking Water Act, N.J.S.A. 58:12-4;

4. Contains criteria and procedures to assure a supply of drinking water which dependably complies with such maximum contaminant levels, including quality control, sampling frequencies, and testing procedures to insure compliance with such levels and to insure proper operation and maintenance of the system, and requirements as to: the minimum quality of water which may be taken into the system, and siting for new facilities for public systems.

“Primary violation” means exceedance of an M.C.L. for any contaminant regulated under N.J.A.C. 7:10-5, where such exceedance has been determined by specific procedures as established under the National Regulations.

“Project” means any work relating to the rehabilitation of water supply facilities, the construction or rehabilitation of interconnections between water supply systems, or construction of water supply facilities or public water systems to address contamination problems.

“Public water system” means a system for the provision to the public of piped water for human consumption, if such system has at least 15 service connections or regularly serves at least 25 individuals daily at least 60 days out of the year. Such term includes:

1. Any collection, treatment, storage and distribution facilities under control of the operator of such system and used primarily in connection with such system; and
2. Any collection or pre-treatment storage facilities not under such control which are used primarily in connection with such system.

“Residences with contaminated wells” means residences in a residential area of more than 1,500 residential units that has been found by the local department of health, or board of health, and the county board of health, or department of health, to have at least 25 percent of the wells supplying **potable** water to the area with contaminants in excess of the maximum contaminant levels adopted by the Department

pursuant to P.L. 1983, c.443 (N.J.S.A. 58:12A-2 et seq.), as applicable.

“Secondary drinking water regulation” means a regulation applying to one or more water systems, and which specifies the recommended upper limits or optimum ranges of contaminants that are necessary to protect the public welfare. A secondary drinking water regulation may apply to any contaminant in drinking water which may adversely affect the taste, odor or appearance of such water or which may otherwise adversely affect the public welfare.

“Secondary violation” means exceedance of a recommended upper limit or optimum range for any contaminant regulated under N.J.A.C. 7:10-7 for which the applicant has received notification issued by the Department that exceedance of any secondary drinking water regulation causes adverse effects on the public welfare, and for which the applicant has received a directive issued by the Department to correct the exceedance.

“Transmission facilities” means those pipes and appurtenances, including, but not limited to, pump stations, valves, fire hydrants, meters, service connections, curb stops, surge chambers, interconnections and storage tanks, which convey finished water.

“Treatment facilities” means those processes, systems and structures needed to assure a quality of drinking water which dependably complies with the Act, including, but not limited to, pre-treatment, disinfection, filtration, chemical and physical handling and feeding equipment, pipes, machinery, control equipment, and appurtenances.

“Type A Funding” means loans awarded to local units out of appropriations made pursuant to the Water Supply Bond Act of 1981, P.L. 1981, c.261, to plan, design and construct projects to address contamination problems as identified by the Department (see this subchapter and N.J.A.C. 7:1A-5).

“Type B Funding” means loans awarded to municipalities, municipally owned public water systems, or privately owned public water systems as defined at N.J.S.A. 58:12A-3, out of appropriations other than appropriations made pursuant to the Water Supply Bond Act, P.L. 1981, c.261, as amended, or other bond acts, to plan, design and construct projects to address contamination problems as identified by the Department other than those addressed under Type C Funding (see this subchapter and N.J.A.C. 7:1A-7).

“Type C Funding” means loans awarded to municipalities, which meet the criteria set forth at N.J.A.C. 7:1A-7.4(b), out of appropriations deposited in the Water Supply Replacement Trust Fund to plan, design and construct projects to address contamination problems meeting special criteria as identified by the Department (see this subchapter and N.J.A.C. 7:1A-7).

"Water supply facilities" means and refers to the plants, structures, service and house connections, well sealings, interconnections between existing water supply facilities, machinery and equipment and other property, personal and mixed, constructed or operated, or to be constructed or operated, in whole or in part by or on behalf of the State, or of a political subdivision of the State or any agency thereof, for the purpose of augmenting the natural water resources of the State and making available an increased supply of water for all uses, and any and all appurtenances necessary, useful or convenient for the collecting, impounding, storing, improving, treating, filtering or transmitting of water, and for the preservation and protection of these resources and facilities and providing for the conservation and development of future water supply resources, and facilitating incidental recreational uses thereof.

As amended, R.1984 d.232, effective June 18, 1984.

See: 16 N.J.R. 631(a), 16 N.J.R. 1479(a).

"Contaminant", "Contamination problems", "Groundwater supply", "Local unit", "Maximum contaminant level", and "Primary drinking water regulation" defined; "Construct", "Eligible project scope", and "Project" revised.

Emergency amendment, R.1988 d.479, effective September 19, 1988 (expires November 18, 1988).

See: 20 N.J.R. 2470(a).

Substantially amended.

Adopted concurrent proposal, R.1988 d.574, effective November 18, 1988.

See: 20 N.J.R. 2470(a), 20 N.J.R. 3129(a).

Provisions of emergency amendment R.1988 d.479 readopted without change.

Amended by R.1992 d.252, effective June 15, 1992.

See: 24 N.J.R. 707(a), 24 N.J.R. 2245(a).

Amended "Act", "Administrator", "Applicant", "Commissioner", "Construct", "Contamination problems", "Department", "Eligible project scope", "Local unit", "Municipality", "Project", "Residences with contaminated wells", and "Type B Funding"; new definition "Public water system".

Amended by R.1997 d.223, effective May 19, 1997.

See: 29 N.J.R. 7(a), 29 N.J.R. 2268(a).

Added "Action level", "Acute violation", "Capital value", "Federal Act", "National Regulations", "Primary violation", "Secondary drinking water regulation", "Secondary violation", and "Treatment facilities"; and amended "Contaminant", "Contamination problems", "Department", "Eligible project scope", "Maximum contaminant level", "Primary drinking water regulation", "Project", and "Transmission facilities".

### 7:1A-2.3 Preapplication procedures

(a) Every applicant shall request an informal conference prior to making a formal application for a loan. During the conference the Department shall identify and explain all loan application documents. It shall also identify and answer questions concerning other Departmental permits the applicant must obtain prior to being awarded a loan. This conference is not part of the application procedure and verbal statements made during the conference shall not bind the Department. Such conferences may be waived at the discretion of the Department.

(b) Questions concerning the program and requests for a preapplication conference should be directed to:

Department of Environmental Protection  
Water Supply Element  
CN 426  
Trenton, New Jersey 08625

As amended, R.1984 d.232, effective June 18, 1984.

See: 16 N.J.R. 631(a), 16 N.J.R. 1479(a).

"Preapplication procedures" was formerly codified at N.J.A.C. 7:1A-2.4; the original text of N.J.A.C. 7:1A-2.3, "Eligibility and criteria", was recodified as N.J.A.C. 7:1A-3.1.

(a): conference waiver added.

Public Notice: Announcement that the application period for water supply bond rehabilitation and interconnection loan program is until June 30, 1988.

See: 20 N.J.R. 1297(c).

Emergency amendment, R.1988 d.479, effective September 19, 1988 (expires November 18, 1988).

See: 20 N.J.R. 2470(a).

Address change.

Adopted concurrent proposal, R.1988 d.574, effective November 18, 1988.

See: 20 N.J.R. 2470(a), 20 N.J.R. 3129(a).

Provisions of emergency amendment R.1988 d.479 readopted without change.

Amended by R.1992 d.252, effective June 15, 1992.

See: 24 N.J.R. 707(a), 24 N.J.R. 2245(a).

References to the Division of Water Resources changed to the Department of Environmental Protection and Energy.

Amended by R.1997 d.223, effective May 19, 1997.

See: 29 N.J.R. 7(a), 29 N.J.R. 2268(a).

In (b), amended Department name and address.

### 7:1A-2.4 Application procedures

(a) To apply for a water supply loan, an applicant shall comply with all the pertinent requirements of this section. The application shall be submitted to the Department on the forms provided for that purpose.

(b) An applicant for a water supply loan shall submit:

1. A completed loan application;

2. A description of how it plans to repay the loan and pay any other expenses necessary to fully complete and implement the project, the steps it has taken to implement this plan, and the steps it plans to take before receiving the loan that will guarantee that at the time of the signing of the loan award document it will be irrevocably committed to repay the loan and pay any other expenses necessary to fully complete, implement, operate and maintain the project;

3. Evidence that all Federal, State, regional and local agencies with jurisdiction over the area have been notified of the project, including but not limited to the applicable municipal planning board and environmental commission; county planning board and environmental commission; any areawide or regional agencies concerned; and any interconnected or other water systems that may be affected;

4. A written explanation of the need for the project along with distribution system maps of the project area(s);

5. A complete proposal outlining the problem, cause and effect of these problems, and the proposed solution along with a discussion of alternatives to the proposed solution. In the case of loans to address water supply contamination problems, a feasibility study, as approved by the Department, shall be submitted. In the case of rehabilitation loans, measures to insure a safe, continuous and adequately protected water supply to the affected project areas shall be included, as applicable. In the case of rehabilitation loans for pump stations and storage tanks and loans for treatment facilities, justification to the satisfaction of the Department for the proposed solution shall be included, including, but not limited to, a technical analysis, a professional certification, unresolved Departmental administrative orders, unresolved Departmental directive letters, evidence of verifiable system failures and malfunctions, or other justifications as deemed acceptable by the Department;

6. A proposed construction schedule for the project;

7. Proposed financial arrangements for both construction of the project and sale of water between the purveyors concerned, if any, and written confirmation that the proposed arrangements are acceptable to both purveyors and the New Jersey Board of Public Utilities, if applicable;

8. All other forms, agreements and subagreements the Department may require;

9. An estimate of preliminary, developmental, and construction costs by unit prices for the project. Labor, equipment, materials, supplies, overhead and contractor's and consultant's profit with supporting background and summary sheets may be requested by the Department to substantiate the estimates of unit costs. Total project costs and those project costs that the applicant anticipates to be eligible for a loan shall be separately summarized;

10. A brief description of the environmental impact of the proposed project, including brief identifications of environmental impacts of the proposed project on water quality, plant and animal life, project site land characteristics, historical sites and other environmental factors; and

11. Proof of ownership of the project, and the real property on which it is located, or the capability to use that property for water supply purposes;

12. All documentation and other information as may be necessary for the Department to adequately determine the applicant's priority point total pursuant to N.J.A.C. 7:1A-3.2, 4.2, 5.2 or 7.4(a), as appropriate.

(c) Applications shall be signed for the applicant by a person authorized by resolution or ordinance to file an application for a State loan, to represent the applicant in all matters relating to the application process, and to obligate the applicant to the terms and conditions of the loan award document.

1. Each application shall constitute an undertaking to accept the requirements of this chapter and the terms and conditions of the loan award document.

(d) Applications should be submitted well in advance of the application closing date for the application period in which the applicant wishes to be awarded a loan. There shall be at least one application period in each fiscal year. For the rehabilitation loan program, the application closing date for the application period shall be June 30.

1. For the interconnection loan program, the application closing date for the application period shall be June 30. In the case of loans for addressing water supply contamination problems, two annual application periods will be established with closing dates of December 31 and June 30 respectively. However, applications will be received and reviewed on a continuous basis. Those projects meeting exigency standards, as defined at N.J.A.C. 7:1A-5.2(b), shall be processed for immediate funding if available.

2. Additional application periods may be established as deemed necessary by the Department upon publication of a notice of the details of the additional application period in the New Jersey Register.

3. The application closing date for any application period may be extended, if deemed necessary by the Department, upon publication of a notice of extension in the New Jersey Register.

4. If the Department determines that funds are not available to award any loans in a given fiscal year, it may suspend the application period by providing notice of such suspension in the New Jersey Register by April 30.

(e) No loan shall be awarded until a State appropriation is made.

(f) Applications shall be sent to:

Department of Environmental Protection  
Water Supply Element  
CN 426  
Trenton, New Jersey 08625

As amended, R.1982 d.281, effective August 16, 1982.

See: 14 N.J.R. 499(c), 14 N.J.R. 915(a).

(b)8, 9, and 10 added.

As amended, R.1983 d.534, effective November 21, 1983.

See: 15 N.J.R. 1307(a), 15 N.J.R. 1940(a).

(b)8: "Summary sheets may be requested by the Department" was "summary sheets shall be included"; (c)1: "or persons" and "represent the applicant ... process," added; (d): "application period" was "year"; "initial application period" added to second sentence; (d)1 added.

As amended, R.1984 d.232, effective June 18, 1984.

See: 16 N.J.R. 631(a), 16 N.J.R. 1479(a).

"Application procedures" was formerly codified at N.J.A.C. 7:1A-2.5;

(b)-(e) extensively revised.

Emergency amendment, R.1988 d.479, effective September 19, 1988 (expires November 18, 1988).

See: 20 N.J.R. 2470(a).

Substituted "address" for "remedy"; deleted "bond"; added "N.J.A.C. 7:1A-7.4(a)" and changed address.

Adopted concurrent proposal, R.1988 d.574, effective November 18, 1988.

See: 20 N.J.R. 2470(a), 20 N.J.R. 3129(a).

Provisions of emergency amendment R.1988 d.479 readopted without change.

Amended by R.1992 d.252, effective June 15, 1992.

See: 24 N.J.R. 707(a), 24 N.J.R. 2245(a).

Provision for suspension of application period added at (d)4.

Amended by R.1997 d.223, effective May 19, 1997.

See: 29 N.J.R. 7(a), 29 N.J.R. 2268(a).

In (b)5, inserted last sentence; in (b)7, substituted "Board of Public Utilities" for "Board of Regulatory Commissioners"; in (b)12, substituted "Department" for "Division"; and in (f), amended Department name and address.

#### 7:1A-2.5 Use and disclosure of information

All loan applications, preapplications, and other submissions, when received by the Department, constitute public records. The Department shall make them available to persons who request their release, to the extent allowed by New Jersey and Federal law.

As amended, R.1984 d.232, effective June 18, 1984.

See: 16 N.J.R. 631(a), 16 N.J.R. 1479(a).

"Use and disclosure of information" was formerly codified at N.J.A.C. 7:1A-2.6.

Amended by R.1992 d.252, effective June 15, 1992.

See: 24 N.J.R. 707(a), 24 N.J.R. 2245(a).

Reference to Division changed to Department.

#### 7:1A-2.6 Evaluation of application

(a) The Department shall notify the applicant that it has received the application and is evaluating it pursuant to this section. Each application shall be subjected to:

1. Preliminary administrative review to determine the completeness of the application;
2. Program, technical, scientific and environmental evaluation to determine the merit and relevance of the project to the Department's program objectives, especially those recommendations described in the New Jersey Statewide Water Supply Plan;
3. Budget evaluation to determine whether proposed project costs are eligible, reasonable, applicable, and allowable; and
4. Final administrative evaluation;
5. In cases of loans for water supply contamination problems, priority scoring of each application shall be made as soon as possible.

As amended, R.1984 d.232, effective June 18, 1984.

See: 16 N.J.R. 631(a), 16 N.J.R. 1479(a).

"Evaluation of application" was formerly codified at N.J.A.C. 7:1A-2.7.

(a)5 added.

Amended by R.1992 d.252, effective June 15, 1992.

See: 24 N.J.R. 707(a), 24 N.J.R. 2245(a).

Reference to Division changed to Department.

#### 7:1A-2.7 Department approval/disapproval

(a) After a full review and evaluation of an application, the Department shall take one of the following actions:

1. Approve for priority ranking, if applicable, and possible loan;
2. Disapprove the application;
3. Approve for immediate funding, if available.

(b) The applicant shall be promptly notified in writing of any disapproval. A disapproval of an application shall not preclude its reconsideration or resubmittal if resubmitted by the applicant.

As amended, R.1983 d.534, effective November 21, 1983.

See: 15 N.J.R. 1307(a), 15 N.J.R. 1940(a).

(b): "approval" notification deleted: next application "year" changed to "period if resubmitted . . .".

As amended, R.1984 d.232, effective June 18, 1984.

See: 16 N.J.R. 631(a), 16 N.J.R. 1479(a).

"Department approval/disapproval" was formerly codified at N.J.A.C. 7:1A-2.8.

(a)1: "if applicable" added.

(a)3 added.

Amended by R.1992 d.252, effective June 15, 1992.

See: 24 N.J.R. 707(a), 24 N.J.R. 2245(a).

Department substituted for Division.

#### 7:1A-2.8 Amount and terms of loan

(a) The amount of the loan, determined by the Department, shall be based upon eligible project costs as set forth in this chapter.

(b) The interest rate for loans made pursuant to the Water Supply Bond Act of 1981, P.L. 1981, c.261, shall be established at a rate deemed appropriate by the Department of the Treasury, or as specified in appropriation acts.

(c) For rehabilitation and interconnection loans, the loan maturity period shall be for a period of no more than 10 years from the date payments to the borrower begin, unless a longer loan maturity period not to exceed 20 years can be justified to the satisfaction of the Department. For Type A funding the loan maturity period shall be for a period of no more than 20 years from the date that payments to the borrower begin. Principal and accrued interest may be prepaid by the borrower prior to the end of the loan maturity period without penalty.

(d) A rate schedule setting forth the amounts charged for sale of water by the borrower shall be established for each rehabilitation, interconnection or water supply replacement loan. For all borrowers, a portion of receipts, as stipulated by the loan award document, shall be dedicated to a specific fund for the purpose of assuring repayment of the loan by the borrower. The Department may require additional collateral to secure the loan when deemed necessary.