

**State of New Jersey
Department of Environmental Protection
Water Supply Administration
Bureau of Safe Drinking Water**

**Capacity Development Strategy
Support Document**

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CHAPTER 1

CAPACITY DEVELOPMENT

OVERVIEW

This document has been prepared to address the basic requirements detailed in Section 1420(c)2 of the Safe Drinking Water Act, as amended in 1996, regarding the development of a capacity development strategy to ensure the technical, managerial, and financial capacity of existing public water systems in the State of New Jersey.

Public water system capacity is the ability to plan for, achieve, and maintain compliance with applicable drinking water standards. Capacity has three components: technical, managerial, and financial. Adequate capability in all three areas is necessary for a system to have capacity. Therefore, capacity development is the process by which a public water system acquires and maintains adequate technical, managerial, and financial capabilities to enable compliance with the Safe Drinking Water Act regulations and provide safe drinking water.

The Safe Drinking Water Act, as amended in 1996, establishes a focus on capacity development through two major provisions. First the law, under section 1420(a), requires States to develop and implement programs to ensure that new systems demonstrate capacity. Second, under section 1420(c), States must develop and implement programs to assist existing systems in acquiring and maintaining capacity.

Both sections 1420(a) and (c) establish Drinking Water State Revolving Fund withholding requirements for States failing to develop and implement the required programs. States which fail to establish a functional program to ensure that systems commencing operations after October 1, 1999 demonstrate technical, managerial, and financial capacity will incur a 20% DWSRF withholding starting in fiscal year 1999. States which fail to develop and implement a strategy to assist existing public water systems in acquiring and maintaining capacity by August 6, 2000 will incur a 10% withholding in fiscal year 2001, 15% withholding in fiscal year 2002, and 20% withholding for subsequent years.

NEW PUBLIC WATER SYSTEMS

The Federal Safe Drinking Water Act (SDWA) amendments of 1996 require that the State have legal authority to assure that all new public water systems demonstrate technical, managerial and financial (TMF) capacity. A preliminary determination made by the Division of Law indicated that the current New Jersey SDWA (NJSDWA) provides legal authority to the New Jersey Department of Environmental Protection (Department) for technical and possibly for managerial capacity requirements. However, it does not provide authority for financial capacity requirements. Certain other statutes implemented by the Department of Community Affairs (DCA) and the Board of Public Utilities Commission (BPU) allow the state to regulate financial requirements of municipally owned and investor owned water utilities, respectively. These statutes, however, did not go far enough and did not provide for the legal authority to regulate the financial requirements of the

remainder systems (Mobile Home Parks, Homeowners Associations, and others). As a result, the Department sought to have legislation introduced in early 1999 to amend the NJSDWA giving the Department legal authority to require TMF capacity.

Assembly Bill No. 2615 which was signed into law on August 2, 1999 (P.L.1999, Chapter 176) amends the NJSDWA (N.J.S.A. 58:12A) to give the Department explicit authority to require new public water systems to demonstrate TMF capacity.

The Department could not adopt any regulations pertaining to TMF capacity for new systems until it had statutory authority. Consequently, the Department adopted an interim policy, effective on October 1, 1999, to implement TMF requirements on new water systems. The interim policy is included in [Appendix 1](#). Since the interim policy has been in effect, the Department has applied TMF requirements to two new public community water systems.

Pursuant to recent amendments to the New Jersey Safe Drinking Water Act (N.J.S.A. 58:12A), the Department is required to establish and maintain a program to assure that all new public water systems have adequate technical, managerial and financial capacity to comply with the provisions of the NJSDWA. This requirement is being addressed by the adoption of a new rule at N.J.A.C. 7:10-13. The new rule was adopted by Commissioner Robert C. Shinn, Jr. on July 31, 2000 and should be published in the *New Jersey Register* on August 21, 2000. The operative date of the rule is the date of publication in the state register. Please refer to [Appendix 2](#) for the newly adopted TMF rules.

EXISTING PUBLIC WATER SYSTEMS

In developing and implementing a capacity development strategy, Section 1420(c)(2)(A-E) of the Safe Drinking Water Act requires States to consider, solicit public comment on, and include as appropriate the following five elements:

- The methods or criteria that the State will use to identify and prioritize the public water systems most in need of improving technical, managerial, and financial capacity.
[Section 1420(c)(2)(A)]
- A description of the institutional, regulatory, financial, tax, or legal factors at the Federal, State or local level that encourage or impair capacity development.
[Section 1420(c)(2)(B)]
- A description of how the State will use the authorities and resources of this title or other means to assist public water systems in complying with national primary drinking water regulations, encourage the development of partnerships between public water systems to enhance the technical, managerial, and financial capacity of the systems, and assist public water systems in the training and certification of operators.
[Section 1420(c)(2)(C)]

- A description of how the State will establish a baseline and measure improvements in capacity with respect to National Primary Drinking Water Regulations and State Drinking Water Laws.
[Section 1420(c)(2)(D)]
- An identification of the persons that have an interest in and are involved in the development and implementation of the capacity development strategy (including all appropriate agencies of Federal, State, and local governments, private and nonprofit public water system and public water system customers).
[Section 1420(c)(2)(E)]

Also, the State is required to document that it has complied with Section 1420(c) by addressing the following basic requirements:

- The state must certify that it solicited public comments on the five elements listed in Section 1420(c)(2)(A-E) as part of the preparation of its capacity development strategy. The State must describe relevant public comments and its responses to them. (Refer to Chapter 2 of this Capacity Development Strategy Support Document.)
- The State must describe which of the listed elements (A-E) the State has included or excluded from its strategy, and why each element was included or excluded. (Refer to Chapter 3 of this Capacity Development Strategy Support Document.)
- The State must describe how the selected elements together can be rationally considered to constitute a strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity. (Refer to Chapter 4 of this Capacity Development Strategy Support Document.)
- The State must describe how it will implement its strategy and evaluate its progress toward improving public water system capacity. (Refer to Chapter 5 of this Capacity Development Strategy Support Document.)

In addition to considering these elements, Section 1420(b) requires States to prepare, update, and submit to the Administrator a list of community water systems and non-transient, non-community water systems that have a history of significant noncompliance and, to the extent practical, the reasons for noncompliance. Please refer to **Appendix 3** for a copy of the report on public water systems with a History of Significant Non-Compliance.

CHAPTER 2

SOLICITATION AND CONSIDERATION OF PUBLIC COMMENTS

1. Describe how New Jersey, in preparing its capacity development strategy, solicited public comment on the program elements in Section 1420(c)(2)(A-E) of the SDWA, as amended in 1996.

In preparing the capacity development strategy, New Jersey solicited public comment on the program elements listed in 1420(c)(2)(A-E) of the Safe Drinking Water Act. The NJDEP held four stakeholder meetings to present and discuss the implementation of Capacity Development Strategy during calendar year 1998. Specifically, meetings were held on August 12, 1998, August 20, 1998, September 16, 1998 and September 24, 1998 at various locations throughout New Jersey. Refer to **Appendix 4** for documentation on meetings held.

The Department held four separate and distinct stakeholder meetings to introduce potential stakeholders to the issue of capacity development. These meetings were well attended. It is estimated that the cumulative number of attendees was approximately 500. Invitations to attend the meeting were sent to all public non-transient water system owners, all licensed water operators in the state (primarily employed by public community water systems), and all county health departments. All three groups were well represented, although the majority of attendees were licensed operators. Two topics were discussed: capacity development strategy for new and existing water systems and future licensed operator requirements. At each meeting a 35 – 45 minute presentation was made to provide an overview for capacity development. Issues the state had to consider in the development of the TMF capacity requirements and strategy were also presented. The participants were encouraged to ask questions and to provide comments. Most of their concerns, based on questions asked, were what would requirements be for the water systems. Some participants, however, did provide constructive comments for the strategy.

Presentations on capacity development were made at several other occasions, namely at the New Jersey Rural Water Association (NJRWA) half-day seminars and the Rutgers University Safe Drinking Water Act short courses. The capacity development presentations were made in conjunction with other topics on drinking water. Participants ranged from water system owners and operators to consulting engineers, local health officials and state regulators. Attendees at these events were encouraged to ask questions during the time allotted and were also encouraged to submit written comments and suggestions for the strategy to the Department.

In addition, several meetings have been held with the Board of Public Utilities (BPU), Division of Water and Sewer, to discuss various issues pertaining to compliance difficulties and viability of existing small water systems. These meetings are ongoing, and in general are held 3-4 times per year. Capacity development issues are frequently brought up and discussed.

Upon preparation in June 2000, a draft of the capacity development strategy was made available at the Department's Water Supply Administration web site to solicit public comment. The designated web site is at www.state.nj.us/dep/watersupply/news.htm. A notice indicating the availability of the draft capacity development strategy for review and comments was placed in several newspapers with general circulation throughout New Jersey. Also, the Department directly mailed notices indicating the availability of the draft Capacity Development Strategy to all active public water systems (community and non-community), County Environmental Health Act (CEHA) certified agencies, and all other stakeholders identified. Please refer to **Appendix 5** for documentation on the notices provided in the major newspapers and the direct mailings to stakeholders. A complete list and addresses of all the stakeholders is provided in **Appendix 6**.

2. Describe how New Jersey considered public comment on the program elements.

The following is a summary of the key issues raised in verbal and written comments:

- A. The general public was viewed as a stakeholder in this process and was solicited for comments on the capacity development strategy. Although no written comments were received during the comment period several verbal comments were received via the telephone. Commentors stressed the importance of keeping the strategy simple so that it can be easily implemented. Commentors also indicated their concern with an assistance program that is too cumbersome or involved to be beneficial to the public water systems and in turn to the consumers. Commentors also stressed the importance of ensuring safe drinking water and were supportive of a New Jersey Department of Environmental Protection (NJDEP) program that sought to assist public water systems in acquiring and maintaining their compliance with SDWA regulations.

NJDEP recognizes that the process for providing assistance must be timely and must avoid overburdening participating public water systems with procedures/processes for participation in the capacity development assistance program.

- B. Commentors requested that the strategy include more information on how and by whom the technical assistance will be provided.

Technical assistance is to be provided directly from NJDEP staff through the formation of a technical assistance unit and/or through third party contracts with the New Jersey Rural Water Association or any other similar organization. NJDEP will clarify who will be the potential technical assistance providers and how their participation will be implemented in revisions to the Capacity Development Strategy document.

- C. Commentors requested that the source of funding for this program be identified.

The source of funding for this program is to be allocated from set-aside monies associated with the Drinking Water State Revolving Fund. NJDEP will clarify the source of funding for implementation of this program in the revised Capacity

Development Strategy document. Further, the NJDEP annually publishes its “Drinking Water State Revolving Fund Proposed - Priority System, Intended Use Plan, and Project Priority List”.

- D. Commentors inquired whether the assistance to be provided under this program will come from increased permit fees and/or from a separate cost associated with this service.

NJDEP will obtain federal monies from the Drinking Water State Revolving Fund to support this project. The NJDEP will not require any additional revenues from the participating public water systems to implement this program.

- E. Commentors questioned whether New Jersey would provide funding for systems to participate in the process in order to undergo a capacity assessment or in the completion of the assessment forms.

NJDEP will not provide direct monetary resources to cover expenses for participation in the process. However, the NJDEP will expend monetary resources in the allocation of staff to provide technical assistance or in the payment of third party contractors to provide technical assistance to public water systems participating in this process.

- F. Commentors questioned whether New Jersey will consider privatization of a water system as a corrective action for improving technical, managerial, financial capacity.

NJDEP’s strategy for assisting public water systems is to promote the individual system in acquiring and maintaining adequate technical, managerial and financial capacity to ensure compliance with regulations designed to ensure safe drinking water. However, a public water system that is in significant noncompliance and is incapable of, or refuses to undertake, feasible and appropriate actions to develop adequate TMF capacity will be excluded from this process and subject to appropriate enforcement actions. The NJDEP will encourage consolidation of the public water system when assistance through the enhancement process can not effectively improve a system’s TMF capacity to meet the minimum standards. In some instances, the NJDEP may pursue the acquisition of any failing public water system in accordance with the Small Water Company Takeover Act (N.J.S.A. 58:11-59).

- G. Commentors expressed an interest in NJDEP sponsored workshops and training classes and the availability of a library for resources to be used by managers and operators.

As described in the Capacity Development Strategy Document, the NJDEP is committed to providing technical assistance needed for implementing this component of New Jersey’s capacity development strategy.

CHAPTER 3

PROGRAM ELEMENTS

1. Describe how New Jersey considered the appropriateness of each program element listed in Section 1420(c)(2)(A-E) in deciding whether or not to include the element in its capacity development strategy.

New Jersey has considered the appropriateness of each program element listed in Section 1420(c)(2)(A-E) and has identified the key elements for inclusion in its strategy at this time. The elements selected for inclusion in New Jersey's capacity development strategy are A, C, D & E. New Jersey did not include element B at this time. New Jersey's capacity development strategy will employ those elements that identify non-viable public water systems and promote system sustainability.

[Section 1420(c)(2)(A)]

New Jersey's capacity development strategy includes the methods or criteria that the State will use to identify and prioritize the public water systems most in need of improving technical, managerial, and financial capacity. It became apparent to New Jersey that prioritizing the approximately 4,290 public water systems in New Jersey would be paramount in determining how available resources would be best utilized to assist existing systems.

New Jersey has selected the methods that permit identifying and prioritizing all public waters systems in need of improvement. New Jersey's methods will include an assessment of a public water system's compliance history and the status of significant non-compliance with federal and state Safe Drinking Water Act regulations and Water Supply Management Act regulations. In addition, New Jersey will use the findings of compliance inspections that note significant deficiencies of a system's infrastructure as assessed in accordance with the NJDEP's Manual of Procedures for Public Community Water Supply Inspections to further assess community water systems.

New Jersey's method for prioritizing systems will rank systems from high to low to reflect whether the system has adequate or inadequate technical, managerial, financial capacity. It is the goal of New Jersey to address all systems that do not have adequate capacity and, consequently, require capacity development. Due to resource constraints, New Jersey proposes to address those systems requiring capacity development in the following order: 1) the community water systems with populations less than 3,300, 2) the non-transient water systems that are schools, day care facilities and health care institutions 3) the transient non-community water systems which are restaurants and campgrounds, and 4) all other public water systems not covered above.

New Jersey's methods for prioritizing systems will be relatively easy to implement since the information needed is readily available in existing databases/reports. Reports on the compliance history of the public water systems can be easily generated from existing databases. Compliance inspections and reports for public water systems are routinely completed and available for review. The county health departments under agreement of CEHA will conduct compliance inspections at non-community water systems and provide report documents for non-community systems. The information on each public water system will be compiled from which a strategy list will be developed to ascertain the public water systems most in need of improving their TMF capacity. A separate database for maintaining the information reviewed will have to be developed. However, the overall determination on TMF capacity can be maintained in New Jersey's existing database for public water systems.

[Section 1420(c)(2)(B)]

New Jersey's capacity development strategy will not include a description of the institutional, regulatory, financial, tax, or legal factors at the Federal, State or local level that encourage or impair capacity development, at this time. Due to the diverse mixture of public water systems potentially requiring capacity development it was decided that the factors that encourage or impair capacity development would become more apparent as the strategy is implemented and addressed during updates/modifications of the strategy over time. However, several factors were considered during the preparation of the capacity development strategy that may encourage or impair capacity development. For instance, the NJDEP has not established the statutory and regulatory authority to compel a public water system to participate in the capacity development process. Clearly, New Jersey does expect to incorporate such a rule (proposed at N.J.A.C. 7:10-2.7) that will require existing systems to provide a demonstration of managerial and technical capacity if the system has undergone a change in status or ownership and/or is found by the NJDEP to be in significant noncompliance of the State Primary Drinking Water regulations. This factor will likely encourage implementation of the capacity development strategy. Until such time as the rule is adopted, the implementation of the capacity development process may be dependent upon the voluntary involvement of public water systems. The rule is expected to be promulgated on or before September 20, 2000.

[Section 1420(c)(2)(C)]

New Jersey's capacity development strategy includes a description of how the State will use the authorities and resources of this title or other means to assist public water systems in complying with national primary drinking water regulations, encourage the development of partnerships between public water systems to enhance the technical, managerial, and financial capacity of the systems, and assist public water systems in the training and certification of operators.

New Jersey's strategy will use the financial and programmatic resources of the 1996 Safe Drinking Water Amendments to assist public water system in complying with the National Primary Drinking Water Regulations by targeting those public water systems that fail to demonstrate adequate technical, managerial, financial capacity. A public water system that has been targeted for not having adequate technical, managerial, financial capacity will be encouraged to participate in the capacity development

enhancement process. The capacity development enhancement process will identify the underlying causes for the inadequate capacity and will develop an improvement plan that outlines corrective actions to address the causes. Technical assistance in this regard will be provided by the NJDEP or through third party contracts with technical assistance providers such as New Jersey Rural Water Association.

The NJDEP will establish a technical assistance unit comprised of staff from the drinking water and enforcement programs. The technical assistance unit will be principally responsible for providing one-on-one assistance to designated public water systems. Training for technical assistance unit participants on all aspects of the capacity development program will be proposed annually through Rutgers University and other educational institutions.

New Jersey will encourage the development of partnerships between public water systems to enhance their technical, managerial, and financial capacity by sponsoring workshops and encouraging participation by all public water systems. This interaction will provide the opportunity for networking among the different sizes and types of systems. New Jersey will also encourage large systems to invite small system representatives to their training sessions when appropriate. In addition, New Jersey will promote through seminars and roundtable sessions the interaction of similar size public water systems to discuss and learn from peers demonstrating adequate TMF capacity.

New Jersey will assist public water systems in the training and certification of operators. New Jersey will provide basic training classes for water treatment plant operation and distribution system operation and maintenance. Also, through coordination with community colleges, universities, and other organizations, additional training programs will be developed and implemented. New Jersey is proposing to amend its rules at N.J.A.C. 7:10A, governing the examination and licensing of operators of water supply distribution and treatment systems and wastewater collection and treatment systems. The rules were proposed July 3, 2000 and are expected to be adopted in October 2000. The proposed amendments are necessary in order to comply with the USEPA February 5, 1999 "*Guidelines for the Certification and Re-certification of the Operators of Community and Non-transient Non-community Public Water Systems*". The Federal SDWA amendments of 1996 required the USEPA to publish these guidelines to provide States with a minimum standard for the development, implementation, and enforcement of operator certification programs for public community and public non-transient non-community water systems. The guidelines require the owners of all public community and public non-transient non-community water systems to place the direct supervision of their water system, including each treatment facility and/or distribution system, under the responsible charge of an operator(s) holding a valid license. In addition, the guidelines indicate that States must establish training requirements for license renewal based on the level of certification held by an operator. Beginning two years after publication, the USEPA must withhold 20% of a State's Drinking Water State Revolving Fund capitalization grant funds unless the State has adopted and is implementing an operator certification program that meets the guideline requirements. The USEPA has provided State Revolving Fund monies to implement this program and also is developing a program to provide funding for the training of small system operators and unsalaried operators.

New Jersey will also create and maintain a library of resources to help operators and managers increase their TMF capacity. The availability of these resources will be publicized through hardcopy announcements and by use of New Jersey's Internet homepage. New Jersey will provide basic training classes for water treatment plant operation and distribution system operation and maintenance through coordination with community colleges, universities, and other organizations. Additional training programs will be developed and implemented as necessary.

[Section 1420(c)(2)(D)]

New Jersey's capacity development strategy includes a description of how the State will establish a baseline and measure improvements in capacity with respect to National Primary Drinking Water regulations and State Drinking Water Laws.

New Jersey will use various indicators to establish the baseline and measure improvements during implementation of the capacity development strategy. The following indicators will be used to assess compliance trends and to measure capacity improvements: a review of public water system significant non-compliance status, maximum contaminant level violations, and monitoring and reporting violations. The assessment of compliance will be revised and adapted in accordance with new regulations and enforcement tools.

Consequently, New Jersey will look beyond compliance data as the sole means for assessing capacity improvements. New Jersey will modify its approach for measuring improvements to include the following additional factors: Drinking Water State Revolving Fund dollars allocated, operator training workshops/seminars held and an account of their attendance, number and types of operator certifications, public notifications required and formal enforcement actions taken. In addition, the follow-up TMF assessments of public water systems on the strategy list will be used to measure improvements in capacity development. Combining these methods should enable New Jersey to fully assess its program in determining the basis of its effectiveness in reaching water systems.

[Section 1420(c)(2)(E)]

New Jersey's capacity development strategy includes an identification of the persons that have an interest in and are involved in the development and implementation of the capacity development strategy (including all appropriate agencies of Federal, State, and local governments, private and nonprofit public water system and public water system customers).

New Jersey recognizes that ensuring safe drinking water is a collaborative process, requiring the participation and shared responsibility of stakeholders. Consequently, New Jersey's process in identifying persons or agencies that have an interest in and are involved in the development and implementation of capacity development strategy evolved from past experience and current involvement.

County Environmental Health Act Certified Agencies were selected for several reasons. These agencies are certified by the NJDEP to implement environmental programs on behalf of the NJDEP. Particular to the drinking water program, these agencies have been delegated activities pertaining to approvals of new public non-community and non-public water systems. They also conduct sanitary surveys of existing non-community water systems and follow-up on any violation of the Safe Drinking Water Act committed by these systems. These agencies are primarily comprised of local county health departments and sometimes through subcontract include local municipal or regional health departments. Certainly, these agencies have an interest in being involved with the development of the strategy as it directly impacts their work. More importantly, they will be cooperating in the implementation of the strategy for non-community water systems.

Board of Public Utilities, Division of Water and Sewer was identified as an agency that could provide valuable input for the development of the strategy with a unique perspective as a regulatory agency that governs service and sets rates for the investor owned public water systems. The Division has provided input to the NJDEP on the financial and management aspects of investor owned water systems applying for a DWSRF loan. Additionally, the Division is consulted whenever the NJDEP makes TMF capacity determinations for approval of a new investor owned water system. The Division is also regularly involved in determining courses of action required of a non-viable water system that is subject to take-over. Their expertise and unique perspective broadens the NJDEP's ability to develop a strategy that would be considerate of investor owned systems.

Department of Community Affairs, Division of Local Government Services was identified as an agency for the involvement of capacity development strategy as this Division regulates the financial aspects of municipally owned water systems. The NJDEP values its perspective because there are many small community systems owned by municipal entities (water departments, water utility commissions, and municipal utility authorities). Like the Division of Water and Sewer within the BPU, the NJDEP consults with the Department of Community Affairs whenever the NJDEP makes TMF capacity determinations for approval of a new municipally owned water system.

The New Jersey Environmental Federation and the Sierra Club – New Jersey Chapter were provided an opportunity to be involved and comment on the draft strategy based on prior experience of wanting to participate in issues relating to drinking water. They provide a good balance in their participation as their perspective and interests are significantly different from all the others from whom the NJDEP solicited comments. Typically, their interest is from an environmental protection and advocacy point of view and they generally voice concerns of the consumers with similar interests.

The Association of New Jersey Environmental Commissions, the New Jersey Health Officers Association, and the American Water Works Association – New Jersey Section were solicited to participate because they are professional associations whose membership is typically directly involved with entities that either govern or own water

systems. Their involvement helps the NJDEP gain input into the strategy from a broader representation of organizations that are directly or indirectly involved with the provision of public water.

The New Jersey Rural Water Association and the New Jersey Rural Community Assistance Program were solicited to participate because of their uniqueness in providing assistance to small water systems. The NJRWA is very active in providing training to small systems and providing direct technical assistance via their “circuit rider.” Their input to the NJDEP is very valuable as their experience is varied from both investor and publicly owned water systems as well as other non-profit owned systems. Thus, the experience they bring to the process is broad based. Although the NJRCAP presence in New Jersey is limited, they do provide yet another perspective that generally focuses on small community development.

The New Jersey Manufactured Housing Association was solicited to participate because of their uniqueness of representation. Many of New Jersey’s small water systems serve mobile home parks. NJMHA is the organization that represents these small water systems. The challenges that these water systems face are usually different from those that are investor owned public utilities and municipally owned utilities. Thus, NJMHA provides the NJDEP with yet another and different perspective in the strategy development.

CHAPTER 4

BASIS OF CAPACITY DEVELOPMENT STRATEGY

1. Describe the basis on which New Jersey believes that the program elements it has chosen, when taken as a whole, constitute a strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity.

Although the SDWA requires New Jersey to consider each of the five potential programmatic elements for inclusion in its capacity development strategy, it does not require New Jersey to implement any particular element. Consequently, the four program elements selected are considered appropriate in designing the capacity development strategy because taken together these elements establish the basis for assisting public water systems in the acquisition and maintenance of technical, managerial, and financial capacity.

The strategy as developed provides the framework for: 1) identifying and prioritizing public water systems most in need of improving their technical, managerial, and financial capacity, 2) establishing how New Jersey will use the authority and resources of the SDWA to assist public water systems, 3) establishing a baseline and measuring improvements in capacity, and 4) identifying and involving stakeholders.

These four program elements establish the basis for creating an expansion of temporal and spatial frames of reference for capacity development. The chosen elements provide a basis for establishing the many important features in the strategy plan such as; standards, time lines, monitoring process, partnerships, training, corrective action, coordination of resources and services, and communication linkage with public water systems and staff. The program elements chosen also provide insight into establishing and developing records and follow-up procedures, mentor programs, pooling system resources, and developing tools and resources. In addition, the selected elements are also appropriate because they require attention to the economic analyses at the state and local level.

Another key element of the strategy is to work with small manageable groups of public water systems where significant resources can be directed, as opposed to spreading available resources thin to target as many systems as possible. As one group of systems is identified to have capacity problems and appropriate corrective actions are developed and implemented, New Jersey will move on to the next target group of systems.

Other key elements of New Jersey's capacity development strategy include the linking of existing enforcement, source water protection, and training programs with capacity development. Also, New Jersey will maintain an active and supportive stakeholders group to help attain the goals of the strategy. To accomplish this, New Jersey will work with outside groups such as Cadmus to support stakeholder participation. Lastly, New

Jersey's capacity development strategy allows for the use of regionalization and consolidation efforts in those areas of the state with a significant density of small systems. This effort will enhance the ability of the remaining public water systems to comply with capacity development requirements.

Implementation of the program elements selected in New Jersey's Capacity Development Strategy is expected to achieve the goal of assisting existing public water systems in acquiring/enhancing their infrastructure and operations, management, and finances. Such accomplishments will ensure existing public water systems consistent compliance with the Safe Drinking Water Act regulations in providing safe drinking water consistently, reliably, and cost effectively. The flexibility of New Jersey's plan to use all available tools and resources should strengthen the implementation of an effective Capacity Development Strategy.

CHAPTER 5

IMPLEMENTATION EFFORTS FOR CAPACITY DEVELOPMENT STRATEGY

1. Describe New Jersey's current implementation efforts for its capacity development strategy.

New Jersey's current implementation efforts have focused on the preparation of a state program for capacity development strategy and the preparation of materials to address the basic requirements of Section 1420(c) of the Safe Drinking Water Act, as amended in 1996.

In addition, New Jersey's current implementation efforts include, but are not limited to, the following:

- A. The preparation of the list of community water systems and non-transient non-community water systems that have a history of significant non-compliance and the reasons for their noncompliance. This report was prepared as required by Section 1420(b) and included with this Capacity Development Strategy Support Document as Appendix 3.
- B. The preparation of databases to compile findings on all public water systems compliance history, in addition to the status of significant non-compliance, with federal and state Safe Drinking Water Act regulations and Water Supply Management Act regulations and the generation of a report document on such (in progress).
- C. The preparation of databases to compile the findings of compliance evaluation inspections conducted at public water systems that note significant deficiencies in a public water system's infrastructure and the generation of a report document on such (in progress).
- D. The creation and maintenance of a library of resources within NJDEP. The resources of information will include, but are not limited to, the following: materials on water treatment plant operation, distribution system operation and maintenance, treatment technologies for various contaminants, and monitoring and reporting requirements of the federal and state Safe Drinking Water Act regulations to help licensed operators and managers of public water systems increase their TMF capacity.
- E. New Jersey is working to establish a baseline on public water systems using the indicators established in the Capacity Development Strategy dated August 2000. This baseline will be necessary in measuring improvements in public water system TMF capacity during implementation of the strategy. The baseline will also be instrumental in the preparation of two (2) future reports:

1. In accordance with Section 1420(b)(2), New Jersey must submit and report to the EPA Administrator by August 6, 2001, detailing the success of initial capacity development efforts in helping public water systems listed as having a history of significant non-compliance improve their TMF capacity.
2. In accordance with Section 1420(c)(3), New Jersey must submit and report to the State Governor by August 6, 2002, detailing the efficacy and progress made toward improving the TMF capacity of public water systems in New Jersey.

These efforts can be enhanced, strengthened, and improved by implementing the main features of the planned capacity development strategy.

2. Describe New Jersey's future plans for strategy implementation.

The future plans for strategy implementation are set forth in the State Program on Capacity Development Strategy, dated August 2000. Copy attached.

In addition, New Jersey's future implementation efforts include, but are not limited to, the following:

- A. The selection of NJDEP staff for formation of a technical assistance unit within NJDEP for capacity development-related issues.
- B. The coordination of contracts for training of the NJDEP's technical assistance unit, other technical assistance providers, licensed operators and managers of public water systems on issues related to capacity development through courses developed and provided by such institutions as Rutgers University, the Mid-Atlantic Technology Assistance Center of Maryland and other educational institutions.
- C. The coordination of contracts with the Cadmus Group, Inc. and the National Conference of State Legislatures to obtain an objective analysis of New Jersey's capacity development program in regards to compliance with federal law.
- D. The coordination of contracts with New Jersey Rural Water Association as a provision for providing technical assistance to small public water systems for capacity development-related issues.

This State program on capacity development should be considered to be a first step in strategy implementation since it is anticipated that the process of planning and implementation will be both dynamic and evolving. It is expected that with further experience and study the strategy implementation plan will attain a high level of effectiveness as it is periodically evaluated, updated and enhanced.