## LEGISLATIVE HISTORY CHECKLIST Compiled by the NJ State Law Library

(Water supply--critical areas)

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COMMITTEE:

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Environment

SENATE:

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Yes

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DATE OF PASSAGE:

ASSEMBLY:

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FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT:

Yes

COMMITTEE STATEMENT:

ASSEMBLY:

Yes

SENATE:

No

FISCAL NOTE:

No

VETO MESSAGE:

No

MESSAGE ON SIGNING:

Yes

FOLLOWING WERE PRINTED:

REPORTS:

No

**HEARINGS:** 

No

See newspaper clippings--attached.

Report mentioned in statements not available as of 10-15-93.

KBG:pp

## [THIRD REPRINT] ASSEMBLY, No. 2250

## STATE OF NEW JERSEY

#### **INTRODUCED FEBRUARY 8, 1993**

By Assemblymen SHINN, Bryant and Roberts

AN ACT concerning water supply management, and amending and supplementing P.L.1981, c.262.

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BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

- 1. Section 6 of P.L.1981, c.262 (C.58:1A-6) is amended to read as follows:
- The department in developing the permit system established by <sup>1</sup>[this act] P.L.1981, c.262 (C.58:1A-1 et seq.)<sup>1</sup> shall:
- (1) Permit privileges previously allowed pursuant to lawful legislative or administrative action, except that the department may, after notice and public hearing, limit the exercise of these privileges to the extent currently exercised, subject to contract, or reasonably required for a demonstrated future need. All diversion permits issued by the Water Policy and Supply Council prior to [the effective date of this act] August 13, 1981 shall remain in effect until modified by the department pursuant to  $^{1}$ [this act] P.L.1981, c.262 (C.58:1A-1 et seq.) $^{1}$ . Persons having or claiming a right to divert more than 100,000 gallons of water per day pursuant to prior legislative or administrative action, including persons previously exempted from the requirement to obtain a permit, shall renew that right by applying for a diversion permit, or water usage certification, as the case may be, [within 180 days of the effective date of this act] no later than February 9, 1982. Thereafter, the conditions of the new diversion permit or water usage certification shall be deemed conclusive evidence of such previously allowed privileges.
- (2) Require any person diverting 100,000 or more gallons of water per day for agricultural or horticultural purposes to obtain approval of the appropriate county agricultural agent of a [5] five-year water usage certification program. This approval shall be based on standards and procedures established by the department. This program shall include the right to construct, repair or reconstruct dams or other structures, the right to divert water for irrigation, frost protection, harvesting and other agriculturally-related purposes, and the right to measure the amount of water diverted by means of a log or other appropriate record, and shall be obtained in lieu of any permit which would otherwise be required by <sup>1</sup>[this act] P.L.1981, c.262 (C.58:1A-1 et  $seq.)^1$ .

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter. Matter enclosed in superscript numerals has been adopted as follows:

Assembly AEN committee amendments adopted March 22, 1993.

Assembly floor amendments adopted March 29, 1993.

Assembly floor amendments adopted May 13, 1993.

(3) Require any person diverting more than 100,000 gallons per day of any waters of the State or proposing to construct any building or structure which may require a diversion of water to obtain a diversion permit. Prior to issuing a diversion permit, the department shall afford the general public with reasonable notice of a permit application, and with the opportunity to be heard thereon at a public hearing held by the department.

b. In exercising the water supply management and planning functions authorized by <sup>1</sup>P.L.1981, c.262 (C.58:1A-1 et seq.)<sup>1</sup>, particularly in a region of the State where excessive water usage or diversion present undue stress, or wherein conditions pose a significant threat to the long-term integrity of a water supply source, <sup>1</sup>including a diminution of surface water supply due to excess groundwater diversion, <sup>1</sup> the commissioner shall, after notice and public hearing <sup>1</sup>as provided by and required pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) <sup>1</sup>, designate that region as an area of critical water supply concern.

In designating an area of critical water supply concern, the department shall be required to demonstrate that the specific area is stressed to a degree which jeopardizes the integrity and viability of the water supply source or poses a threat to the public health, safety, or welfare. This designation shall conform to and satisfy the criteria of an area of critical water supply concern as defined in rules and regulations adopted by the department pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

Those specific areas previously designated by the department as <sup>1</sup>[areas of critical water supply concern] water supply critical and margin areas, considered as Depleted or Threatened Zones, respectively, <sup>1</sup> prior to the effective date of P.L., c. (pending in the Legislature as this bill) shall be considered to be areas of critical water supply concern <sup>1</sup>for the purposes of P.L.1981, c.262 (C.58:1A-1 et seq.) or P.L., c. (C. )(pending in the Legislature as this bill)<sup>1</sup>.

- c. In designated areas of critical water supply concern, the department, in consultation with affected <sup>1</sup>[water purveyors] permittees <sup>1</sup> and local governing bodies and after notice and public hearing, shall:
  - (1) study water supply availability;
  - (2) estimate future water supply needs;
- (3) identify appropriate and reasonable alternative water supply management strategies;
- (4) select <sup>1</sup>[preferred] and adopt appropriate <sup>1</sup> water supply alternatives; and
- (5) require affected permittees to prepare water supply plans consistent with the adopted water supply management alternatives.
- d. Following implementation of the adopted water supply management alternatives, the department shall monitor water levels and water quality within the designated area of critical water supply concern to determine the effectiveness of the alternative water supply management strategies selected. If the department determines that the alternatives selected are not

effective in protecting the water supply source of concern, the department may revise the designation and impose further restrictions in accordance with the procedures set forth in this section. The results of all monitoring conducted <sup>1</sup>[by the department] pursuant to this section shall be reported to all affected <sup>1</sup>[water purveyors] permittees on an annual basis.

- e. <sup>2</sup>[<sup>1</sup>Where a viable alternative source of water supply exists, the department shall prohibit the use of the Kirkwood-Cohansey aquifer as a water supply source, and shall not approve any ground water withdrawals therefrom, unless it can be demonstrated that the use or withdrawals will not result in any adverse ecological impact on the pinelands area.
- f. 1]2 Nothing in 1[this act] P.L.1981, c.262 (C.58:1A-1 et seq.) or P.L., c. (C. )(pending in the Legislature as this bill)1 shall prevent the department from including, or require the department to include, the presently 1[nonutilized] non-utilized1 existing privileges in [the] any new, modified or [any] future diversion [permits] permit issued to the present [possessors] holder of these privileges, except as otherwise expressly provided in subsection [a.] b. of [this] section 7 of P.L.1981, c.262 (C.58:1A-7).
- (cf: P.L.1981, c.277, s.3)

- 2. Section 7 of P.L.1981, c.262 (C.58:1A-7) is amended to read as follows:
  - 7. a. [Except as provided by section 6 of this act, no] No person may divert more than 100,000 gallons per day of any waters of the State or construct any building or structure which may require a diversion of water unless he obtains a diversion permit or water usage certification, as appropriate, pursuant to section 6 of P.L.1981, c.262 (C.58:1A-6). [Prior to issuing these permits, the department shall afford the general public with reasonable notice of permit applications, and with the opportunity to be heard thereon at a public hearing held by the department.]
- b. Every diversion permit issued [pursuant to this section and everyl or water usage certification approved pursuant to section 6 of [this act] P.L.1981, c.262 (C.58:1A-6) shall be renewed by the department upon the expiration thereof, with any conditions deemed appropriate by the department, for the same quantity of water, except that the department may, after notice and public hearing, limit that quantity to the amount currently diverted, subject to contract, or reasonably required for a demonstrated future need. In designated areas of critical water supply concern, the department may, after notice and public hearing, modify the conditions of an existing diversion permit or water usage certification in order to (1) limit or reduce the quantity of water which lawfully may be diverted to <sup>2</sup>[less than the amount currently diverted the safe or dependable yield of the resource<sup>2</sup>; (2) transfer <sup>2</sup>[points] the point <sup>2</sup> of diversion; or (3) require a permittee to utilize alternate sources of water<sup>2</sup>, upon a determination that the existing diversion or continued use of the same source in excess of the safe and dependable yield, as the case may be, adversely impacts or threatens to adversely impact the water resources of the State<sup>2</sup>.
- 55 (cf: P.L.1981, c.262, s.7)

- 3. (New section) Notwithstanding the provisions of P.L.1981, c.262 (C.58:1A-1 et seq.) or any other law, rule or regulation to the contrary, for a period not to exceed 10 years following the effective date of <sup>1</sup>[this act] P.L., c. (C. )(pending in the Legislature as this bill)1, the authority of the department to modify the conditions of an existing diversion permit issued or water usage certification approved pursuant to section 6 of P.L.1981, c.262 (C.58:1A-6) within the area designated and established by the department as Water Supply Critical Area II shall be limited as hereinafter provided:
  - a. No existing diversion permit or water usage certification shall be reduced to an amount less than that <sup>1</sup>withdrawn from the Depleted and Threatened Zone in 1991 or that <sup>1</sup> specified through application of the formulas set forth as follows <sup>1</sup>, whichever is less <sup>1</sup>:

#### (1) Depleted Zone base allocations:

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DZ = (0.65 \times D83) + (Dmax - D83) where:
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- DZ = Depleted Zone base allocation <sup>1</sup><u>issued to a person and expressed</u> <sup>1</sup> in million gallons per year (MGY);
- $D83 = {}^{1}\underline{A}$  person's total  ${}^{1}$  Annual Potomac-Raritan-Magothy aquifer system (PRM) withdrawal from the Depleted Zone in MGY  ${}^{1}$  in 1983  ${}^{1}$ ; and
- Dmax =  ${}^{1}A$  person's total<sup>1</sup> Annual PRM withdrawal from the Depleted Zone in any year between 1983 and 1991 in MGY.
- The calculation of the Depleted Zone base allocation shall be based on the selection of one year for each affected permittee.

#### (2) Threatened Zone base allocations:

The Threatened Zone base allocation shall be equal to the  $\frac{3}{\text{maximum}}$  annual withdrawal from the Threatened Zone in any year between 1983 and 1991 in MGY.

In the case of those permittees with diversion permits for Depleted Zone and Threatened Zone withdrawals, the same year shall be used to calculate Depleted Zone allocations and Threatened Zone allocations.

<sup>2</sup>The allocation for continued withdrawals for those industrial users whose withdrawals in 1991 were less than that withdrawn in any year between 1983 and 1990 due to economic conditions shall be calculated based upon the Depleted Zone and Threatened Zone formulas set forth in paragraphs (1) and (2) of this subsection and shall not be limited to the amount withdrawn in 1991. <sup>2</sup>

In the calculation of revised PRM diversion permit withdrawal levels, the department shall consider the permittee's historic water use from the Depleted Zone and Threatened Zone.

<sup>1</sup>[In the case where a major water conservation effort undertaken by a permittee after January 1, 1978 has resulted in reductions in water use in excess of 22% of annual PRM withdrawal, and the documented water use reductions achieved by the conservation effort have been submitted to the

department, not less than 50% of the reductions achieved by that conservation effort shall be credited toward the revised PRM diversion permit withdrawal levels for that permittee.]

The allocation represented by one-half of the difference between the total PRM allocation based upon the formula set forth in this subsection and the total 1991 withdrawal shall be designated as water allocation credits pursuant to section 5 of P.L., c. (C. )(pending in the Legislature as this bill). These credits shall be available for transfer to areas designated for growth within the Water Allocation Credit Receiving Area as defined in subsection b. of this section. 1

Within the area designated and established by the department as Water Supply Critical Area II, those areas: (1) north of the Rancocas Creek from its confluence with the Delaware River to the intersection of the southwest branch of the Rancocas Creek with State Route 38; (2) north of State Route 38 to the start of County Route 530; and (3) north of County Route 530 to the intersection of County Route 530 and State Route 70 near the Burlington-Ocean county boundary, shall be recognized as <sup>1</sup>[an Optimized Pumping Zone] a Water Allocation Credit Receiving Area 1. The department shall not unreasonably withhold approval for <sup>1</sup>[additional ground water withdrawals from the PRM aquifer formation] the transfer of water allocation credits for local use only within this area unless it can be demonstrated <sup>1</sup>[by the department]<sup>1</sup> that the withdrawals will result in a significant adverse impact on the aquifer system. <sup>1</sup>The department shall not unreasonably withhold approval of a permit modification seeking an increase in allocation where the permittee has obtained water allocation credits in an amount equal to the requested increase in withdrawal.

<sup>2</sup>The areas described in paragraphs (1), (2) and (3) of this subsection shall be recognized as a Water Allocation Credit Receiving Area because hydrogeologic studies have shown that increased withdrawals from the PRM may be possible in this portion of the acquifer system without adverse impacts. Permittees within this area may receive water allocation credits and water conservation credits.

Water conservation credits shall be granted to any permittee in the Water Allocation Credit Receiving Area who can demonstrate a net reduction in annual water use over the 13-year period from 1978 through 1991, inclusive. The water conservation credits shall be equal to 50% of the difference between the maximum year withdrawal during this period and 1991, where the reduction can be documented as attributable to water conservation. The department shall approve the diversion permit modification to reflect the water conservation credits granted.<sup>2</sup>

<sup>2</sup>[Municipalities] Permittees<sup>2</sup> that have established water supply system interconnections in order to develop alternate supplies pursuant to an administrative order issued by the department prior to the effective date of P.L., c. (C. )(pending in the Legislature as this bill) shall have the continuing right to transfer water through the interconnection if the diversion permitted under subsection a. of this section provides for the withdrawal that exceeds the needs of the users

of the suppliers' system exclusive of the interconnection.

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The supplier of an interconnected system shall have the right to obtain water allocation credits in an amount that would allow transfer of additional volumes through the interconnection provided that such additional volume does not exceed 50% of the volume transferred through the interconnection in 1991. 1

- c. As used in this section, the boundary of the designated Water Supply Critical Area II corresponds to the average potentiometric contour 30 feet below sea level for the Potomac-Raritan-Magothy Aquifer as published in Water Levels in Major Artesian Aquifers of the New Jersey Coastal Plain, Water Resources Investigations Report 86-4028 of the United <sup>1</sup>[State] States <sup>1</sup> Department of the Interior Geological Survey, 1983 <sup>1</sup>, and the surrounding margin area <sup>1</sup>.
- 4. Section 8 of P.L.1981, c.262 (C.58:1A-8) is amended to readas follows:
  - 8. Every permit issued pursuant to <sup>1</sup>[this act] <u>P.L.1981, c.262</u> (C.58:1A-1 et seq.) or P.L. , c. (C. )(pending in the Legislature as this bill)<sup>1</sup> shall include provisions:
    - a. Fixing the term of the permit;
  - b. Fixing the maximum allowable diversion, expressed in terms of a daily  $^{1}[or]$ ,  $^{1}$  monthly  $^{1}or$  annual  $^{1}$  diversion;
  - c. Identifying and limiting the use or uses to which the water may be put;
  - d. Requiring the diverter to meter the water being diverted and report the amount and quality of the water being diverted;
  - e. Allowing the department to enter the diverter's facilities or property to inspect and monitor the diversion;
  - f. Requiring that all water diverted for a nonconsumptive use be returned to a reasonably proximate body of water designated by the department;
  - g. Allowing the transfer of a permit with the consent of the department, but only for the identical use of the waters by the transferee;
  - h. Governing the operations and maintenance of the specific facilities, equipment or premises not otherwise established in regulations because of the unique nature of the facilities, equipment or premises;
  - i. Permitting the department to modify, suspend or terminate the permit, after notice and <u>public</u> hearing, for violations of its conditions, <sup>1</sup>[this act] <u>P.L.1981</u>, <u>c.262</u> (C.58:1A-1 et seq.), <u>P.L.</u>, <u>c.</u> (C. )(pending in the <u>Legislature</u> as this bill)<sup>1</sup>, regulations adopted or orders issued by the department, and when deemed necessary for the public interest;
- j. Permitting the department to modify the conditions of a diversion permit issued or water usage certification approved pursuant to section 6 of P.L.1981, c.262 (C.58:1A-6) in a designated area of critical water supply concern in order to (1) limit or reduce the quantity of water which lawfully may be diverted<sup>2</sup> to the <u>safe or dependable yield of the resource<sup>2</sup>; (2)</u> transfer the point of diversion; or (3) require a permittee to utilize alternate sources of water, upon a determination that the existing diversion or continued use of the same source<sup>2</sup> in excess
- of the safe or dependable yield<sup>2</sup>, as the case may be, adversely

impacts or threatens to adversely impact the water resources of the State;

- k. Allowing the transfer <sup>1</sup>[to] of <sup>1</sup> water allocation to a different point of diversion within a designated area of critical water supply concern with the approval of the department.
- (cf: P.L.1981, c.262, s.8)

- 5. (New section) a. There is established in the department the Water <sup>1</sup>Allocation <sup>1</sup> Credit Transfer Program. The purpose of this program is to provide for the transfer of <sup>1</sup>[an existing] a <sup>1</sup> privilege to divert water within an area of critical water supply concern, as designated by the commissioner pursuant to section 6 of P.L.1981, c.262 (C.58:1A-6), <sup>1</sup>[to an area capable of increasing supply,] <sup>1</sup> without adversely impacting the aquifer.
- b. Within 60 days of the effective date of P.L. , c. (pending in the Legislature as this bill), the department shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations necessary to implement the provisions of this section. These rules and regulations shall include:
- (1) A procedure for the review and approval or disapproval of the transfer of water  $^1$ [diversion]  $^1$  credits;  $^1$ [and]  $^2$  and  $^2$
- (2) A provision that a well for which all <sup>1</sup>[privilege] <u>privileges</u> <sup>1</sup> to divert <sup>1</sup>[has] <u>have</u> <sup>1</sup> been transferred shall be closed and capped to prevent the pumping of water from that well in the future <sup>2</sup>[; and
- (3) A provision prohibiting the use of the Kirkwood-Cohansey aquifer for a receiving well under the Water Credit Transfer Program, unless it can be demonstrated that the use will not result in any adverse ecological impact on the pinelands area 12.
- c. The department shall provide for the expeditious review and approval of a plan submitted by a county which facilitates the transfer of water <sup>1</sup>[diversion] <u>allocation</u> <sup>1</sup> credits. This review and approval may occur prior to the adoption of the rules and regulations required pursuant to this section.
- 6. (New section) a. The governing body of a county wherein an area of critical water supply concern has been designated by the commissioner pursuant to section 6 of P.L.1981, c.262 (C.58:1A-6) may establish a Water <sup>1</sup>Allocation <sup>1</sup> Credit Exchange to facilitate the transfer of water <sup>1</sup>[diversion] allocation <sup>1</sup> credits within the area of critical water supply concern.
- (1) Any two or more adjacent or proximate counties located within any portion of a designated area of critical water supply concern may establish a Regional Water <sup>1</sup>Allocation <sup>1</sup> Credit Exchange to facilitate the transfer of water <sup>1</sup>[diversion] allocation <sup>1</sup> credits within the area of critical water supply concern on a cooperative basis.
- (2) Any Water <sup>1</sup><u>Allocation</u> <sup>1</sup> Credit Exchange established in a county, by resolution of its governing body, prior to the effective date of <sup>1</sup>[this act] P.L., c. (C. )(pending in the Legislature as this bill) <sup>1</sup> shall be vested with the authority provided herein.
- (3) Any Regional Water <sup>1</sup>Allocation <sup>1</sup> Credit Exchange established in two or more adjacent or proximate counties, by resolution of their respective governing bodies, prior to the

effective date of <sup>1</sup>[this act] <u>P.L.</u>, <u>c.</u> (<u>C.</u>)(pending in the <u>Legislature as this bill</u>) shall be vested with the authority provided herein.

b. The owner of a sending well in a designated area of critical water supply concern may transfer a water  $^1$ [diversion]  $^1$  credit to the owner of a receiving well requiring the additional gallonage to meet the demand for water within its service area. This transfer may occur through a direct "arms length" transaction between the well owners,  $^1$ or between  $^1$  well owner and  $^1$ a $^1$  local government unit, or through the auspices of a county Water  $^1$ Allocation $^1$  Credit Exchange established for this purpose pursuant to the provisions of this section.

The transfer shall be subject to confirmation by the department. The department shall issue a determination within 30 days of receipt of a request for confirmation and shall not unreasonably withhold confirmation of the transfer unless it can be demonstrated <sup>1</sup>[by the department]<sup>1</sup> that the transfer will result in a significant adverse impact on the designated area of critical water supply concern. Upon confirmation of the transfer, the department shall modify the water allocation permits issued for diversions from the sending and receiving wells to reflect the <sup>1</sup>[diversion] water allocation credits being transferred <sup>1</sup>, in accordance with the provisions of section 6 of P.L.1981, c.262 (C.58:1A-6)<sup>1</sup>.

- c. The owner of a receiving well may increase the amount of gallons of water per  $^1[\text{day}]$   $\underline{\text{year}}^1$  pumped from that well at a level equaling the amount of the water  $^1[\text{diversion}]$   $\underline{\text{allocation}}^1$  credit.
- 7. (New section) The department shall prepare a report to the Governor and the Legislature on the Water <sup>1</sup>Allocation <sup>1</sup> Credit Transfer Program and make recommendations therein concerning the implementation and effectiveness of the program. The report shall be transmitted to the Governor, the President of the Senate and the Speaker of the General Assembly no later than <sup>1</sup>[18] 24 <sup>1</sup> months following the effective date of <sup>1</sup>[this act] P.L. , c. (C. ) (pending in the Legislature as this bill), and every 24 months thereafter <sup>1</sup>.
- 8. Section 9 of P.L.1981, c.262 (C.58:1A-9) is amended to read as follows:
- 9. The Board of [Public Utilities] Regulatory Commissioners shall fix just and reasonable rates for any public water supply system subject to its jurisdiction, as may be necessary for that system to comply with an order issued by the department or the terms and conditions of a permit issued pursuant to <sup>1</sup>[this act] P.L.1981, c.262 (C.58:1A-1 et seq.) or P.L., c. (C.) (pending in the Legislature as this bill)<sup>1</sup>.
- 47 (cf: P.L.1981, c.262, s.9)
- - 15. The department may:
- a. Perform any and all acts and issue such orders as are necessary to carry out the purposes and requirements of [this act]

  P.L.1981, c.262 (C.58:1A-1 et seq.) or P.L. , c. (C. )
- 54 (pending in the Legislature as this bill);

b. Administer and enforce the provisions of [this act] P.L.1981, c.262 (C.58:1A-1 et seq.) or P.L., c. (C. )(pending in the Legislature as this bill) and rules, regulations and orders [promulgated] adopted, issued or effective [hereunder] thereunder;

- c. Present proper identification and then enter upon any land or water for the purpose of making any investigation, examination or survey contemplated by [this act] P.L.1981, c.262 (C.58:1A-1 et seq.) or P.L., c. (C.) (pending in the Legislature as this bill);
- d. Subpena and require the attendance of witnesses and the production by them of books and papers pertinent to the investigations and inquiries the department is authorized to make under [this act] P.L.1981, c.262 (C.58:1A-1 et seq.) or P.L. , c. (C. )(pending in the Legislature as this bill), and examine them and [such] those public records as shall be required in relation thereto;
- e. Order the interconnection of public water supply systems, whether in public or private ownership, whenever the department determines that the public interest requires that this interconnection be made, and require the furnishing of water by means of that system to another system, but no order shall be issued before comments have been solicited at a public hearing, notice of which has been published at least 30 days before the hearing, in one newspaper circulating generally in the area served by each involved public water supply system, called for the purpose of soliciting comments on the proposed action.
- f. Order any person diverting water to improve or repair its water supply facilities so that water loss is eliminated so far as practicable, safe yield is maintained and the drinking water quality standards adopted pursuant to the "Safe Drinking Water Act," P.L.1977, c.224 (C.58:12A-1 et seq.) are met;
- g. Enter into agreements, contracts, or cooperative arrangements under such terms and conditions as the department deems appropriate with other states, other State agencies, Federal agencies, municipalities, counties, educational institutions, investor-owned water companies, municipal utilities authorities, or other organizations or persons;
- h. Receive financial and technical assistance from the Federal Government and other public or private agencies;
- i. Participate in related programs of the Federal Government, other states, interstate agencies, or other public or private agencies or organizations;
- j. Establish adequate fiscal controls and accounting procedures to assure proper disbursement of and accounting for funds appropriated or otherwise provided for the purpose of carrying out the provisions of [this act] P.L.1981, c.262 (C.58:1A-1 et seq.) or P.L., c. (C.) (pending in the Legislature as this bill);
- or P.L., c. (C. )(pending in the Legislature as this bill);

  k. Delegate those responsibilities and duties to personnel of
  the department as deemed appropriate for the purpose of
  administering the requirements of [this act] P.L.1981, c.262
  (C.58:1A-1 et seq.) or P.L., c. (C. )(pending in the
  Legislature as this bill);
- l. Combine permits issued pursuant to [this act] P.L.1981, 54 c.262 (C.58:1A-1 et seq.) or P.L. , c. (C. )(pending in the

- Legislature as this bill) with permits issued pursuant to any other act whatsoever whenever that action would improve the administration of [both] those acts;
- m. Evaluate and determine the adequacy of ground and surface water supplies and develop methods to protect aquifer recharge areas.<sup>1</sup>
  - (cf: P.L.1981, c.262, s.15)

- 10. (New section) No action taken by the department pursuant to the provisions of P.L.1981, c.262 (C.58:1A-1 et seq.) or P.L., c. (C.) (pending in the Legislature as this bill) shall be inconsistent with the provisions of the "Pinelands Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.) or the comprehensive management plan for the pinelands area adopted pursuant to section 7 of P.L.1979, c.111 (C.13:18A-8).
- 15 211. Section 3 of P.L.1981, c.262 (C.58:1A-3) is amended to read as follows:
  - 3. As used in [this act] the provisions of P.L.1981, c.262 (C.58:1A-1 et seq.) and P.L., c. (C. ) (now before the Legislature as this bill):
  - a. "Commissioner" means the Commissioner of the Department of Environmental Protection or his designated representative;
  - b. "Consumptive use" means any use of water diverted from surface or ground waters other than a nonconsumptive use as defined in this act;
  - c. "Department" means the Department of Environmental Protection;
  - d. "Diversion" means the taking or impoundment of water from a river, stream, lake, pond, aquifer, well, other underground source, or other water body, whether or not the water is returned thereto, consumed, made to flow into another stream or basin, or discharged elsewhere;
  - e. "Nonconsumptive use" means the use of water diverted from surface or ground waters in such a manner that it is returned to the surface or ground water at or near the point from which it was taken without substantial diminution in quantity or substantial impairment of quality;
  - f. "Person" means any individual, corporation, company, partnership, firm, association, owner or operator of a water supply facility, political subdivision of the State and any state, or interstate agency or Federal agency;
  - g. "Waters" or "waters of the State" means all surface waters and ground waters in the State;
  - h. "Safe or dependable yield" or "safe yield" means that maintainable yield of water from a surface or ground water source or sources which is available continuously during projected future conditions, including a repetition of the most severe drought of record, without creating undesirable effects, as determined by the department.<sup>2</sup>
- 50 (cf: P.L.1981, c.262, s.3)
- $^{1}[9.]^{2}[11.^{1}]$  12.2 This act shall take effect immediately.

Provides for designated areas of critical water supply concern.

- (1) Any two or more adjacent or proximate counties located within any portion of a designated area of critical water supply concern may establish a Regional Water Credit Exchange to facilitate the transfer of water diversion credits within the area of critical water supply concern on a cooperative basis.
- (2) Any Water Credit Exchange established in a county, by resolution of its governing body, prior to the effective date of this act shall be vested with the authority provided herein.
- (3) Any Regional Water Credit Exchange established in two or more adjacent or proximate counties, by resolution of their respective governing bodies, prior to the effective date of this act shall be vested with the authority provided herein.
- b. The owner of a sending well in a designated area of critical water supply concern may transfer a water diversion credit to the owner of a receiving well requiring the additional gallonage to meet the demand for water within its service area. This transfer may occur through a direct "arms length" transaction between the well owners, well owner and local government unit, or through the auspices of a county Water Credit Exchange established for this purpose pursuant to the provisions of this section.

The transfer shall be subject to confirmation by the department. The department shall issue a determination within 30 days of receipt of a request for confirmation and shall not unreasonably withhold confirmation of the transfer unless it can be demonstrated by the department that the transfer will result in a significant adverse impact on the designated area of critical water supply concern. Upon confirmation of the transfer, the department shall modify the water allocation permits issued for diversions from the sending and receiving wells to reflect the diversion being transferred.

- c. The owner of a receiving well may increase the amount of gallons of water per day pumped from that well at a level equaling the amount of the water diversion credit.
- 7. (New section) The department shall prepare a report to the Governor and the Legislature on the Water Credit Transfer Program and make recommendations therein concerning the implementation and effectiveness of the program. The report shall be transmitted to the Governor, the President of the Senate and the Speaker of the General Assembly no later than 18 months following the effective date of this act.
- 8. Section 9 of P.L.1981, c.262 (C.58:1A-9) is amended to read as follows:
- 9. The Board of [Public Utilities] <u>Regulatory Commissioners</u> shall fix just and reasonable rates for any public water supply system subject to its jurisdiction, as may be necessary for that system to comply with an order issued by the department or the terms and conditions of a permit issued pursuant to this act.
- 49 (cf: P.L.1981, c.262, s.9)
  - 9. This act shall take effect immediately.

1 2

#### **STATEMENT**

This bill revises the "Water Supply Management Act,"

P.L.1981, c.262 (C.58:1A-1 et seq.) to authorize the Department of Environmental Protection (DEP) to designate certain regions as areas of critical water supply concern and to accord statutory recognition to certain "critical areas" previously identified by the DEP as such areas.

Specifically, whenever the Commissioner of DEP determines that excessive usage or diversion of water in a particular region present undue stress, or wherein conditions significantly pose a threat to the long-term integrity of a water supply source, the Commissioner, after notice and public hearing, must designate that region as an area of critical water supply concern.

Those specific areas previously designated by the DEP as "critical areas" prior to the effective date of this bill would be considered to be areas of critical water supply concern.

In designating an area of critical water supply concern, the DEP must demonstrate that the specific area is stressed to a degree which jeopardizes the integrity and viability of the water supply or poses a threat to the public health, safety, or welfare. The designation must conform to and satisfy the criteria of an area of critical water supply concern as defined in rules and regulations adopted by the department.

In designated areas of critical water supply concern, the DEP, in consultation with affected water purveyors and local governing bodies and following notice and public hearing, is required to: (1) study water supply availability; (2) estimate future water supply needs; (3) identify appropriate and reasonable alternative water supply management strategies; (4) select preferred water supply alternatives; and (5) require affected water supply diversion permit holders to prepare water supply plans consistent with the adopted water supply management alternatives.

Following implementation of the adopted water supply management alternatives, the DEP would monitor water levels and water quality within the designated area of critical water supply concern to determine the effectiveness of the alternative water supply management strategies selected.

If the DEP determines that the alternatives selected are not effective in protecting the water supply source of concern, it may revise the designation and impose further restrictions in accordance with the aforementioned procedures. The results of all monitoring conducted by the DEP must be reported to all affected water purveyors on an annual basis.

The bill authorizes the DEP to modify the conditions of any new or existing water usage certification approval or diversion permit in a designated area of water supply concern in order to (1) limit or reduce the quantity of water which lawfully may be diverted; (2) transfer the point of diversion; or (3) require a permittee to utilize alternate sources of water, following a determination by the department that the continued use of the same source or existing diversion adversely impacts or threatens to adversely impact the water resources of the State.

The bill also provides that for a 10-year period following the bill's effective date, the authority of the DEP to modify the conditions of an existing diversion permit or water usage certification within the critical area designated by the DEP

1 (pursuant to Administrative Order No. 2 issued on January 15, 1993) as Water Supply Critical Area II, would be limited by the following requirements:

- (1) No existing diversion permit or water usage certification may be reduced to an amount less than that specified through application of the formulas set forth in the bill; and
- (2) Those areas: (a) north of the Rancocas Creek from its confluence with the Delaware River to the intersection of the southwest branch of the Rancocas Creek with State Route 38; (b) north of State Route 38 to the start of County Route 530; and (c) north of County Route 530 to the intersection of County Route 530 and State Route 70 near the Burlington-Ocean county boundary, would be recognized as an Optimized Pumping Zone, and the DEP may not unreasonably withhold approval additional withdrawals from ground water Potomac-Raritan-Magothy (PRM) aquifer formation within this area unless it can be demonstrated by the DEP that the withdrawals would result in a significant adverse impact on the aquifer system.

Further, where a major water conservation effort undertaken by a permittee after January 1, 1978 has resulted in reductions in water use in excess of 22% of annual PRM withdrawal, and the documented water use reductions achieved by the conservation effort have been submitted to the DEP, not less than 50% of the reductions achieved by that conservation effort must be credited by the DEP toward the revised PRM diversion permit withdrawal levels for that permittee.

The bill would establish a Water Transfer Credit Program in the DEP. The purpose of this program is to provide for the transfer of an existing privilege to divert water within an area of critical water supply concern to an area capable of increasing supply, without adversely impacting the aquifer.

Within 60 days of the bill's effective date, the DEP is required to adopt rules and regulations necessary to implement the program. These rules and regulations must include: (1) a procedure for the review and approval or disapproval of the transfer of water diversion credits; and (2) a provision that a well for which all privilege to divert has been transferred must be closed and capped to prevent the pumping of water from that well in the future.

The DEP would provide for the expeditious review and approval of a plan submitted by a county which facilitates the transfer of water diversion credits. This review and approval may occur prior to the adoption of the rules and regulations implementing the program.

Any county wherein an area of critical water supply concern has been designated may establish a Water Credit Exchange to facilitate the transfer of water diversion credits within that designated critical area. Any Water Credit Exchange established in a county, by resolution of its governing body, prior to the bill's effective date would be vested with the same authority as provided in the bill.

Any two or more adjacent or proximate counties located within any portion of a designated area of critical water supply concern

may establish a Regional Water Credit Exchange to facilitate the transfer of water diversion credits within that designated critical area on a cooperative, regional basis. Any Regional Water Credit Exchange established by resolution of the respective governing bodies of the affected counties prior to the bill's effective date would be vested with the same authority as provided in the bill.

The owner of a sending well in a designated area of critical water supply concern may transfer a water diversion credit to the owner of a receiving well requiring the additional gallonage to meet the demand for water within its service area. This transfer may occur through a direct "arms length" transaction between the well owners, well owner and local government unit, or through the auspices of a county Water Credit Exchange established for this purpose.

These transfers would be subject to confirmation by the DEP. The department must issue a determination within 30 days of receipt of a request for confirmation and cannot unreasonably withhold confirmation of the transfer unless it can be demonstrated by the DEP that the transfer will result in a significant adverse impact on the designated area of critical water supply concern. Upon confirmation of the transfer, the DEP would modify the water allocation permits issued for diversions from the sending and receiving wells to reflect the diversion being transferred. The owner of a receiving well may increase the amount of gallons of water per day pumped from that well at a level equaling the amount of the water diversion credit.

The bill requires the DEP to prepare a report to the Governor and the Legislature on the Water Credit Transfer Program and make recommendations on the program's implementation and effectiveness. This report must be transmitted to the Governor, the President of the Senate and the Speaker of the General Assembly no later than 18 months following the bill's effective date.

Provides for designated areas of critical water supply concern.

#### ASSEMBLY ENVIRONMENT COMMITTEE

STATEMENT TO

## ASSEMBLY, No. 2250

with Assembly committee amendments

### STATE OF NEW JERSEY

DATED: MARCH 11, 1993

The Assembly Environment Committee favorably reports Assembly Bill No. 2250 with committee amendments.

The bill, as amended, revises the "Water Supply Management Act," P.L.1981, c.262 (C.58:1A-1 et seq.) to authorize the Department of Environmental Protection (DEP) to designate certain regions as areas of critical water supply concern, to accord statutory recognition to certain "critical areas" previously identified by the DEP as areas of critical water supply concern, and to establish a Water Allocation Credit Transfer Program to provide for the transfer of privileges to divert water within an area of critical water supply concern when this transfer does not have an adverse impact on the water resource. Also, the bill, as amended, specifies that no action taken by the DEP pursuant to the "Water Supply Management Act" shall be inconsistent with the provisions of the "Pinelands Protection Act," P.L.1979, c.111 (C.13:18A-1 et seq.)

Specifically, whenever the Commissioner of DEP determines that excessive usage or diversion of water in a particular region presents undue stress, or wherein conditions significantly pose a threat to the long-term integrity of a water supply source, including a diminution of surface water supply due to excess groundwater diversion, the commissioner, after notice and public hearing, would designate that region as an area of critical water supply concern.

Those specific areas previously designated by the DEP as "critical areas" prior to the effective date of this bill would be considered to be areas of critical water supply concern.

In designating an area of critical water supply concern, the DEP must demonstrate that the specific area is stressed to a degree which jeopardizes the integrity and viability of the water supply or poses a threat to the public health, safety, or welfare. The designation must conform to and satisfy the criteria of an area of critical water supply concern as defined in rules and regulations adopted by the department.

In designated areas of critical water supply concern, the DEP, in consultation with affected permittees, including water purveyors, and local governing bodies and following notice and public hearing, is required to: (1) study water supply availability; (2) estimate future water supply needs; (3) identify appropriate and reasonable alternative water supply management strategies; (4) select appropriate water supply alternatives; and (5) require affected permittees to prepare water supply plans consistent with the adopted water supply management alternatives.

Following implementation of the adopted water supply management alternatives, the DEP would monitor water levels and water quality within the designated area of critical water supply concern to determine the effectiveness of the alternative water supply management strategies selected.

If the DEP determines that the alternatives selected are not effective in protecting the water supply source of concern, it may revise the designation and impose further restrictions in accordance with the aforementioned procedures. The results of all monitoring conducted must be reported to all affected permittees on an annual basis.

The bill, as amended, authorizes the DEP to modify the conditions of any water usage certification approval or diversion permit in a designated area of water supply concern in order to (1) limit or reduce the quantity of water which lawfully may be diverted; (2) transfer the point of diversion; or (3) require a permittee to utilize alternate sources of water, following a determination by the department that the continued use of the same source or existing diversion adversely impacts or threatens to adversely impact the water resources of the State. Furthermore, where a viable alternative source of water exists, the DEP is required to prohibit the use of the Kirkwood-Cohanasey aquifer, which is located beneath the Pinelands, unless it can be demonstrated that the use would not ecologically adversely affect the aquifer.

The bill, as amended, also provides that for a 10-year period following the bill's effective date, the authority of the DEP to modify the conditions of an existing diversion permit or water usage certification within the critical area designated by the DEP as Water Supply Critical Area II, would be limited by the following requirements:

- (1) No existing diversion permit or water usage certification may be reduced to an amount less than that specified through application of the formulas set forth in the bill;
- (2) Those areas: (a) north of the Rancocas Creek from its confluence with the Delaware River to the intersection of the southwest branch of the Rancocas Creek with State Route 38; (b) north of State Route 38 to the start of County Route 530; (c) north of County Route 530 to the intersection of County Route 530 and State Route 70 near the Burlington-Ocean county boundary; and (d) the surrounding margin area, would be recognized as a Water Allocation Credit Receiving Area, and the DEP may not unreasonably withhold approval for additional ground water withdrawals from the Potomac-Raritan-Magothy (PRM) aquifer formation within this area unless it can be demonstrated that the withdrawals would result in a significant adverse impact on the aquifer system;
- (3) Water allocation credits are to be designated as the allocation represented by one-half of the difference between the total PRM allocation based on the formula set forth in the bill and the total 1991 withdrawal, and these credits will be transferable to areas designated for growth in the Water Allocation Credit Receiving Area as provided for under the Water Allocation Credit Transfer Program created by this bill;

- (4) The DEP must approve reasonable permit modifications seeking an increase in allocation where the permittee has obtained water allocation credits equal to the requested increase in withdrawal;
- (5) Municipalities that established water supply system interconnections in order to develop alternate supplies and reduce their PRM shall continue to have the right to divert water through this system if the permitted diversion under this act provides for withdrawal that exceeds the needs of the users of the supplier's system exclusive of the interconnection; and
- (6) The supplier of the interconnected system shall have the right to obtain water allocation credits that would allow for the transfer of additional volumes through the interconnection provided that this additional volume does not exceed 50% of the volume transferred through the interconnection in 1991.

The bill, as amended, would establish a Water Allocation Credit Transfer Program in the DEP. The purpose of this program is to provide for the transfer of a privilege to divert water within an area of critical water supply concern, without adversely impacting the water resource.

Within 60 days of the bill's effective date, the DEP is required to adopt rules and regulations necessary to implement the program. These rules and regulations must include: (1) a procedure for the review and approval or disapproval of the transfer of water allocation credits; (2) a provision that a well for which all privileges to divert has been transferred must be closed and capped to prevent the pumping of water from that well in the future; and (3) a provision prohibiting the use of the Kirkwood-Cohansey aquifer for a receiving well unless it can be demonstrated that the use will not adversely impact the Pinelands area.

The DEP would provide for the expeditious review and approval of a plan submitted by a county which facilitates the transfer of water allocation credits. This review and approval may occur prior to the adoption of the rules and regulations implementing the program.

Any county wherein an area of critical water supply concern has been designated may establish a Water Allocation Credit Exchange to facilitate the transfer of water allocation credits within that designated critical area. Any Water Allocation Credit Exchange established in a county, by resolution of its governing body, prior to the bill's effective date would be vested with the same authority as provided in the bill.

Any two or more adjacent or proximate counties located within any portion of a designated area of critical water supply concern may establish a Regional Water Allocation Credit Exchange to facilitate the transfer of water allocation credits within that designated critical area on a cooperative, regional basis. Any Regional Water Allocation Credit Exchange established by resolution of the respective governing bodies of the affected counties prior to the bill's effective date would be vested with the same authority as provided in the bill.

The owner of a sending well in a designated area of critical water supply concern may transfer a water allocation credit to the

owner of a receiving well requiring the additional gallonage to meet the demand for water within its service area. This transfer may occur through a direct "arms length" transaction between the well owners, or between a well owner and local government unit, or through the auspices of a county Water Allocation Credit Exchange established for this purpose.

These transfers would be subject to confirmation by the DEP. The department must issue a determination within 30 days of receipt of a request for confirmation and cannot unreasonably withhold confirmation of the transfer unless it can be demonstrated that the transfer will result in a significant adverse impact on the designated area of critical water supply concern. Upon confirmation of the transfer, the DEP would modify the water allocation permits issued for diversions from the sending and receiving wells to reflect the allocation being transferred. The owner of a receiving well may increase the amount of gallons of water per day pumped from that well at a level equaling the amount of the water allocation credit.

Finally, the bill, as amended, expands the DEP's powers under the "Water Supply Management Act" to include enforcement of the provisions of this bill, and requires the DEP to prepare a report to the Governor and the Legislature on the Water Allocation Credit Transfer Program and make recommendations on the program's implementation and effectiveness. This report must be transmitted to the Governor, the President of the Senate and the Speaker of the General Assembly no later than 24 months following the effective date of this bill, and every 24 months thereafter.



# OFFICE OF THE GOVERNOR NEWS RELEASE

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Release:

Saturday July 24, 1993

# GOVERNOR SIGNS BILL TO EASE STRESS ON WATER SUPPLIES State Will Work with Affected Communities, Businesses

Governor Jim Florio today signed legislation that will help the state work with communities, businesses and other water users to find viable, cost-effective alternative supplies when they have had to reduce the amount of water they get from their current sources.

The measure clarifyles the state Department of Environmental Protection and Energy's (DEPE) authority to regulate withdrawals within regions of the state designated as "areas of critical water supply concern". These regions are areas where water supplies are significantly stressed or threatened due to excessive groundwater withdrawals.

The legislation will have an immediate application in the Camden metropolitan area which the DEPE previously identified as "Critical Area #2".

"This bill will help us protect our water resources and provide continued assurance of a safe, dependable supply," said Governor Florio. "When a water source is severely threatened, we will now be able to work together with communities, businesses and farmers to develop cooperative and appropriate alternative strategies which benefit us all."

Generally, an "area of critical water supply concern" would be declared when excessive withdrawals or other factors over-stress or pose a significant threat to a ground or surface water supply. Designation of an "area", however, would only occur after a careful study by DEPE to demonstrate that the integrity or viability of the water source is threatened or where public health is jeopardized.

Critical Arca #2, which consists primarily of portions of Burlington, Camden and Gloucester Counties served by the Potomac/Raritan/Magothy aquifer, joins Critical Area #1 (involving portions of Monmouth, Middlesex and Ocean counties), where in the early 1980's, large volume users in that area were required to cut consumption by 40 to 50 percent. Large volume users typically include business or municipal water supplies.

In response to a 1989 legal challenge, an Appellate Court found that DEPE lacked the statutory authority to order cutbacks. This legislation now gives the department the authority to implement the measures necessary to preserve the integrity of the water source.

Water users will be required to submit alternative water supply plans to DEPE, which is also responsible for drawing up regulations and implementing a water reduction plan according to a formula included in the legislation. While alternatives include drilling new wells or using surface water, the majority of the water supply is expected to be provided by the New Jersey-American Water Company's new Delaware River pipeline which is expected to be on line by 1996.

The legislation also establishes a Water Allocation Credit Transfer Program. Currently, users hold a Water Allocation Permit and have "diversion rights" to draw from the aquifer. If a user is no longer pumping water from the aquifer, it can transfer its diversion rights to another user. The transferred rights become a "credit" the new user can exercise to continue drawing water from the affected aquifer according to the new regulations and without adversely affecting the water supply. The transfer of credits will be redirected to the North Burlington County section of the critical area which is under less stress. This program is aimed at reducing hardship among users within the maximum usage guidelines provided by the new regulations.

A 2250/S 1691 was sponsored by Assemblyman Robert Shinn, Jr., and Senator John Dimon.