



WIFIA

PROGRAM

PROJECT SELECTION WEBINAR

DECEMBER 6, 2016



PURPOSE OF THE SESSION

The purpose of this webinar series is to:

- Foster a greater understanding of the requirements of the WIFIA program
- Clarify the purpose and goals of the WIFIA program
- Pave the way for successful applications to the WIFIA program



CONTACT US

Website: www.epa.gov/wifia

Email: wifia@epa.gov

Register to receive updates on the WIFIA program at <https://public.govdelivery.com/accounts/USAEPAOW/subscriber/new>. Select “Finance and Funding.”



APPLICATION PROCESS

Project Selection

- NOFA
- Letter of Interest submission
- Letter of Interest evaluation
- Invitation to apply

Project Approval

- Application submission
- Application evaluation
- Term sheet
- Application approval

Negotiation and Closing

- Negotiation activities
- Credit agreement execution

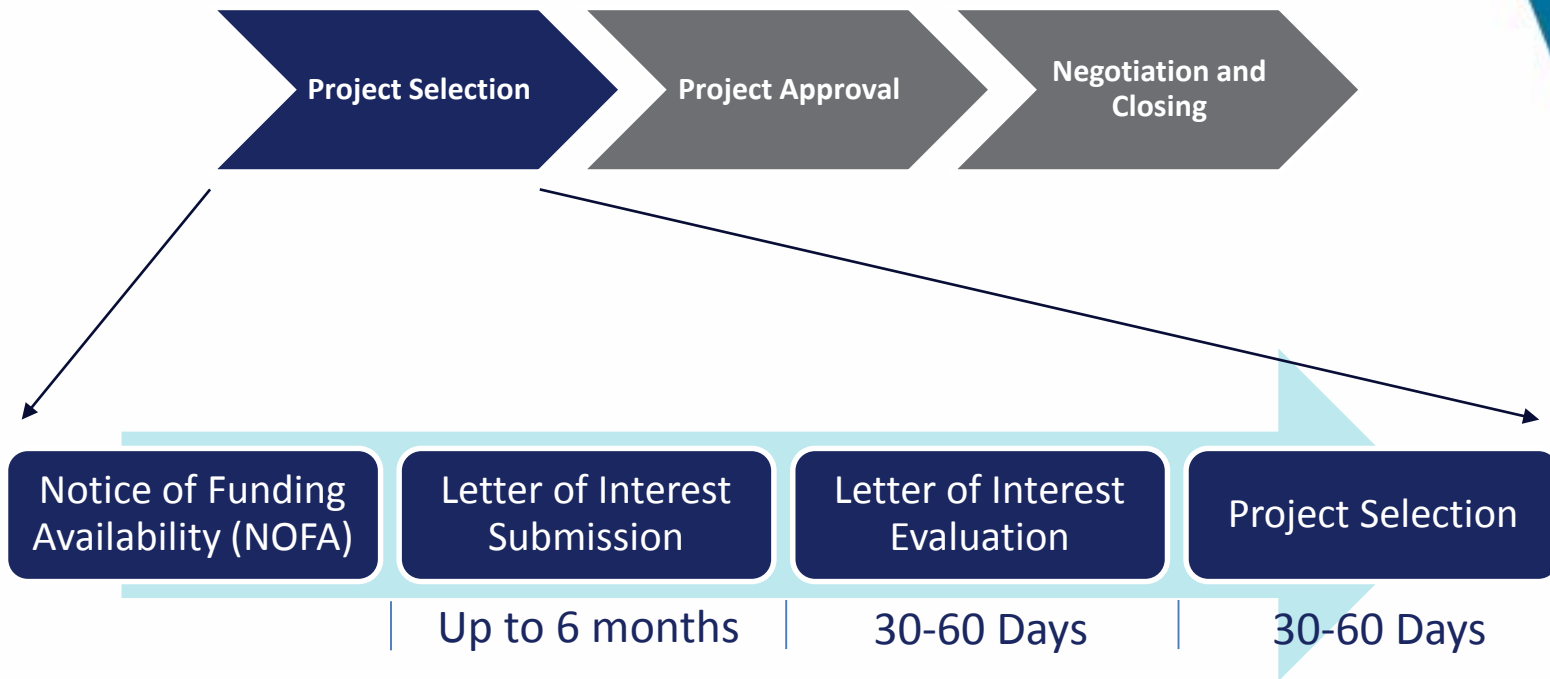


APPLICATION MATERIALS

- Draft application materials are available publicly at <https://www.regulations.gov/>
 - Search for “WIFIA”
- Require OMB approval before being finalized
- Once approved, it will be announced in the Federal Register and forms will be posted on the EPA website



SUMMARY



PROJECT SELECTION IS COMPETITIVE

Project selection is a competitive process to identify projects to invite to apply which are:

- Eligible
- Creditworthy
- Technically feasible
- Meet the public policy goals outlined in the WIFIA statute and regulation



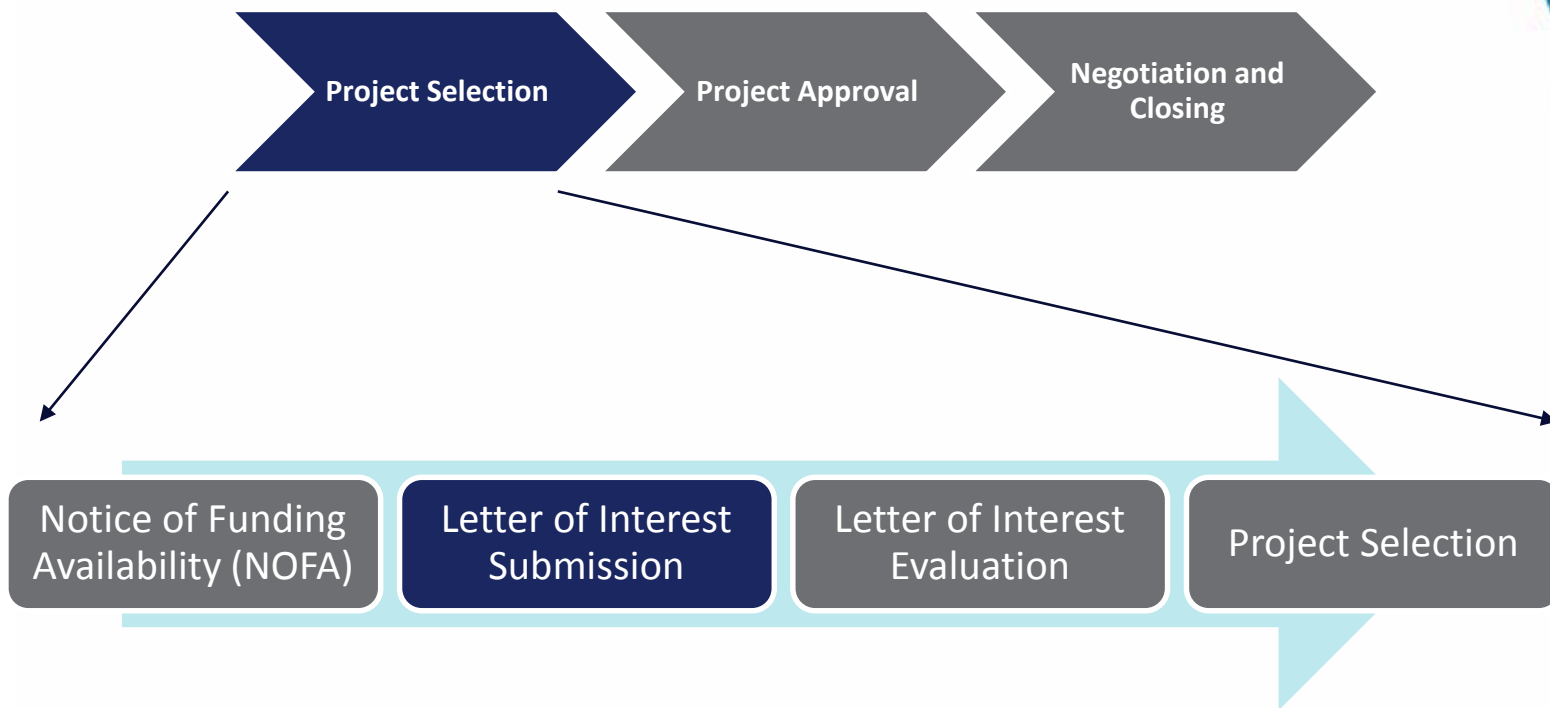
NOTICE OF FUNDING AVAILABILITY (NOFA)

Announcement in Federal Register for each new appropriation, which provides information on:

- Amount of funding to support WIFIA credit assistance
- EPA's priorities for this appropriation
- Weight given to each selection criterion
- Deadline for submitting Letters of Interest



LETTER OF INTEREST SUBMISSION



LETTER OF INTEREST SUBMISSION

Prospective borrowers provide the WIFIA program with enough information to:

- Validate the eligibility of the prospective borrower and the proposed project
- Perform a preliminary creditworthiness assessment
- Perform a preliminary engineering feasibility analysis
- Supply the WIFIA program with information to evaluate the project against the selection criteria defined in the NOFA



LETTER OF INTEREST

The WIFIA program website will provide the letter of interest form and guidance

Component
A: Letter of Interest Form
B: Project Plan
C: Project Operations and Maintenance Plan
D: Financing Plan
E: Selection Criteria
F: Contact Information
G: Certifications
H: Notification of State Infrastructure Financing Authority



SECTION A: PROSPECTIVE BORROWER INFORMATION

Purpose: To provide EPA specific information to understand the prospective borrower, its project, and assess its creditworthiness

Basic Information

- Taxpayer ID
- DUNS number
- Contact information
- Type of entity

- Corporation
- Partnership
- Joint Venture
- Trust
- Federal, State, or Local Governmental Entity, Agency, or Instrumentality
- Tribal Government or Consortium of Tribal Governments
- State Infrastructure Finance Authority
- Combination of the Above Entities



SECTION A: PROSPECTIVE BORROWER INFORMATION

Organization chart

- Provide a chart for the project including members or titles of project teams

Public sponsorship

- Demonstrated consultation and support of affected State, local, or tribal government

Readiness to proceed

- Confirmation of ability to submit an application within 365 days



SECTION B: PROJECT PLAN

Purpose: To provide EPA with a general description of the project and information to determine the projects eligibility

Basic project information

- Location
- Population served
- Purpose
- Design features
- Estimated capital costs
- Development schedule

Project delivery method

Project purpose

Preliminary analysis

- Engineering reports
- Feasibility studies
- Preliminary designs

Alternatives analysis

Potential issues

- Pending legislation
- Community support
- Permitting

Authorizing actions



SECTION B: PROJECT PLAN

System master plan

Status of environmental review

Permitting status

Small community description

Community outreach efforts



SECTION C: PROJECT O&M PLAN

Purpose: To describe to EPA the prospective borrower's technical and financial ability to operate and maintain the project over the life of the WIFIA loan

Estimated useful life of project

Description of key O&M activities

- Repairs and replacements

Estimated costs and funding sources over time

Preliminary plan for performance of O&M

- (Self-perform/Contract out)

Contract framework

- Risk allocation



SECTION D: FINANCING PLAN

Purpose: To provide EPA with the prospective borrower's proposed plan for financing its project and additional information to assess the project's creditworthiness

Narrative of the proposed financial structure

Description of financial condition

- Current ability to meet debt service
- Description of experience in undertaking capital projects of a similar size and scope
- Year-end audited financial statements for the past three years

Estimated capital cost of project

- Eligible/ineligible
- Timing

Sources and uses of funds statement



SECTION D: FINANCING PLAN

Identify each source of funding, including

- Amounts
- Disbursement timing
- Lien priority
- Repayment profile
- Credit enhancements
- Other security features



SECTION D: FINANCING PLAN

Identify dedicated revenue source to be pledged to repayment of the WIFIA credit instrument

Supporting detail on dedicated revenue

- Legal authorities
- Historic track record
- Projected performance/sufficiency to meet project obligations
- Resiliency / risk exposure

Flow of funds, showing payment priorities associated with pledged revenues



SECTION D: FINANCING PLAN

Quantity of other existing claims on revenue source

Description of existing indebtedness (senior, parity, subordinate)

- Amounts
- Origination date
- Interest rate
- Amortization schedule
- Final maturity

Identification of future permitted claims on revenue source (e.g., additional indebtedness)



SECTION D: FINANCING PLAN

Description of how the senior obligations will garner an investment grade rating

Key rating considerations

Description of credit strengths and weaknesses

Anticipated debt service metrics during repayment period



SECTION D: FINANCING PLAN

Financial Pro Forma

- Key assumptions
- Project construction funding
- Cash flow performance through final maturity
- Calculation of debt service coverage during repayment period

Additional Information

- Project supplemental information as available (e.g., project feasibility studies)
- Consultation with state revolving loan authority



SECTION E: SELECTION CRITERIA

Purpose: to describe to EPA how the proposed project achieves the public policy benefits outlined in the WIFIA statute, regulation, and NOFA

- Prospective borrowers should make their case for being selected for WIFIA funding based on 13 selection criteria
- A review team will score each project based on the merits of the project scope as described in this section
- When possible, provide supporting documents
 - In the response, reference the specific applicable sections of the supporting documents
- More details on each criterion and how they will be scored will be available when funding is announced



SECTION E: SELECTION CRITERIA

1. The extent to which the project is **nationally or regionally significant**, with respect to the generation of economic and public health benefits
2. The extent to which the project financing plan **includes public or private financing** in addition to the WIFIA loan
3. The likelihood that the WIFIA loan would **enable the project to proceed at an earlier date** than the project would otherwise be able to proceed
4. The extent to which the project **uses new or innovative approaches** such as the use of energy efficient parts and systems, or the use of renewable or alternate sources of energy; green infrastructure; and the development of alternate sources of drinking water through desalination, aquifer recharge or water recycling



SECTION E: SELECTION CRITERIA

5. The extent to which the project **protects against extreme weather events**, such as floods or hurricanes, as well as the impacts of climate change
6. The extent to which the project **helps maintain or protect the environment or public health**
7. The extent to which a **project serves regions with significant energy exploration, development, or production areas**
8. The extent to which a project **serves regions with significant water resource challenges**, including the need to address water quality concerns in areas of regional, national, or international significance; water quantity concerns related to groundwater, surface water, or other resources; significant flood risk; water resource challenges identified in existing regional, state, or multistate agreements; and water resources with exceptional recreational value or ecological importance



SECTION E: SELECTION CRITERIA

9. The extent to which the project addresses identified **municipal, state, or regional priorities**
10. The **readiness of the project to proceed** toward development, including a demonstration by the prospective borrower that there is a reasonable expectation that the contracting process for construction of the project can commence by not later than 90 days after the date on which the WIFIA loan is obligated for the project
11. The extent to which the WIFIA loan **reduces the contribution of federal assistance to the project**



SECTION E: SELECTION CRITERIA

12. The extent to which the project addresses needs for **repair, rehabilitation or replacement** of a treatment works, community water system, or aging water distribution or wastewater collection system
13. The extent to which the project **serves economically stressed communities**, or pockets of economically stressed rate payers within otherwise non-economically stressed communities



SECTION F: CONTACT INFORMATION

Primary and secondary points of contact

- Name
- Title
- Organization
- Street address
- Phone
- Email



SECTION G: CERTIFICATIONS

The prospective borrower must acknowledge that they understand that if they receive a loan, they must comply with:

- Use of American Iron and Steel
- Davis-Bacon Wage Requirement
- National Environmental Policy Act (NEPA)
- Other applicable federal statutes and regulations
- Lobbying restrictions



SECTION G: CERTIFICATIONS

The prospective borrower must certify that:

- It is not currently or in the last three year been 1) debarred, suspended, or declared ineligible from participating in any Federal program; 2) formally proposed for debarment, with a final determination still pending; 3) voluntarily excluded from participation in a Federal transaction; or 4) indicted, convicted, or had a civil judgment rendered against it for any of the offenses listed in the Regulations
- Neither it nor any of its subsidiaries or affiliates are currently in default or delinquent on any debt or loans provided or guaranteed by the Federal Government
- The facts stated and the certifications and representations made in the letter of interest are true
- The undersigned is an authorized representative of the interested party



SECTION H: NOTIFICATION OF SRF

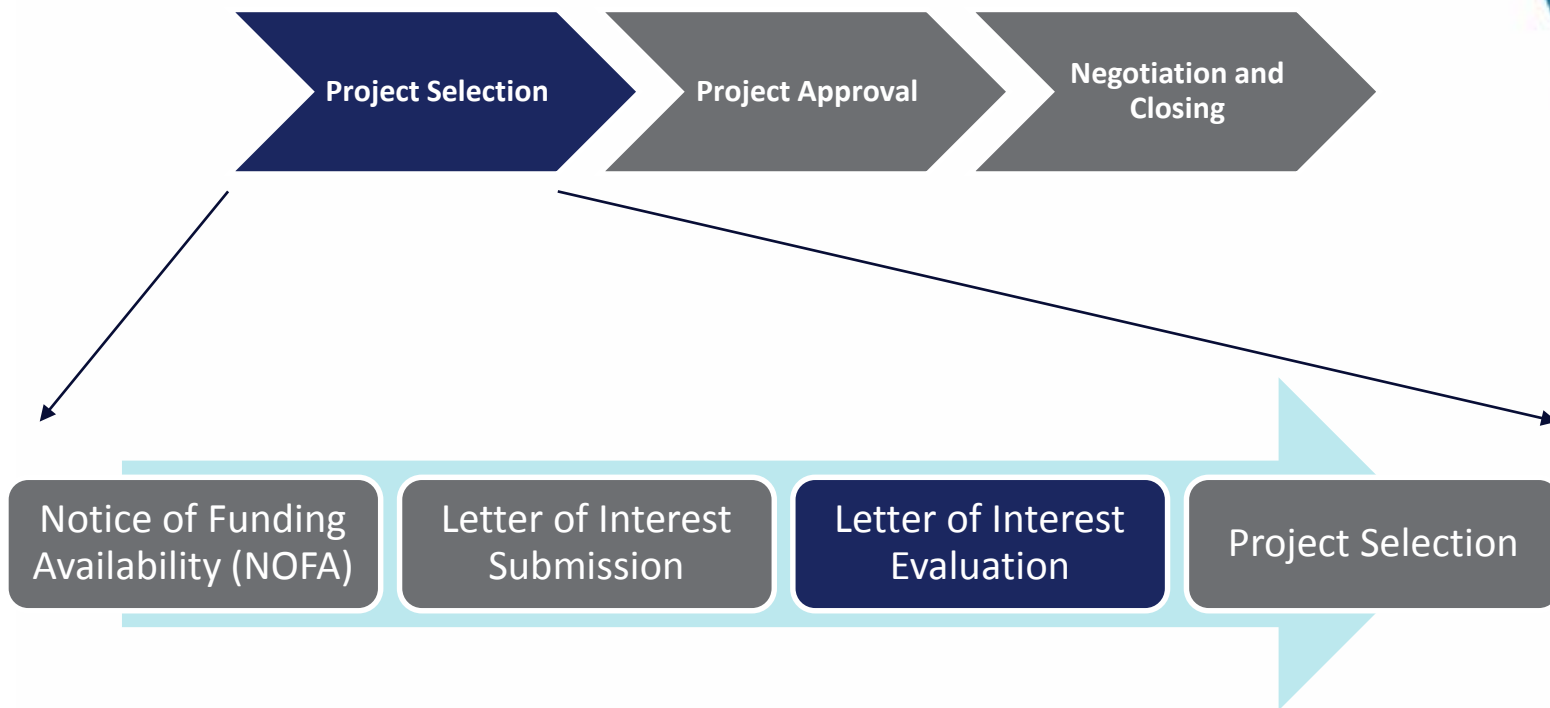
By statute, EPA must notify the appropriate State Infrastructure Financing Authority when it receives an application for an SRF-eligible project

The prospective borrower must acknowledge that:

- EPA will notify the appropriate State Infrastructure Financing Authority within 30 days of receiving the letter of interest
- EPA may provide the submitted letter of interest and source documents to that State infrastructure financing authority
 - Prospective borrower may opt out of having their letter of interest and source documents shared



LETTER OF INTEREST EVALUATION

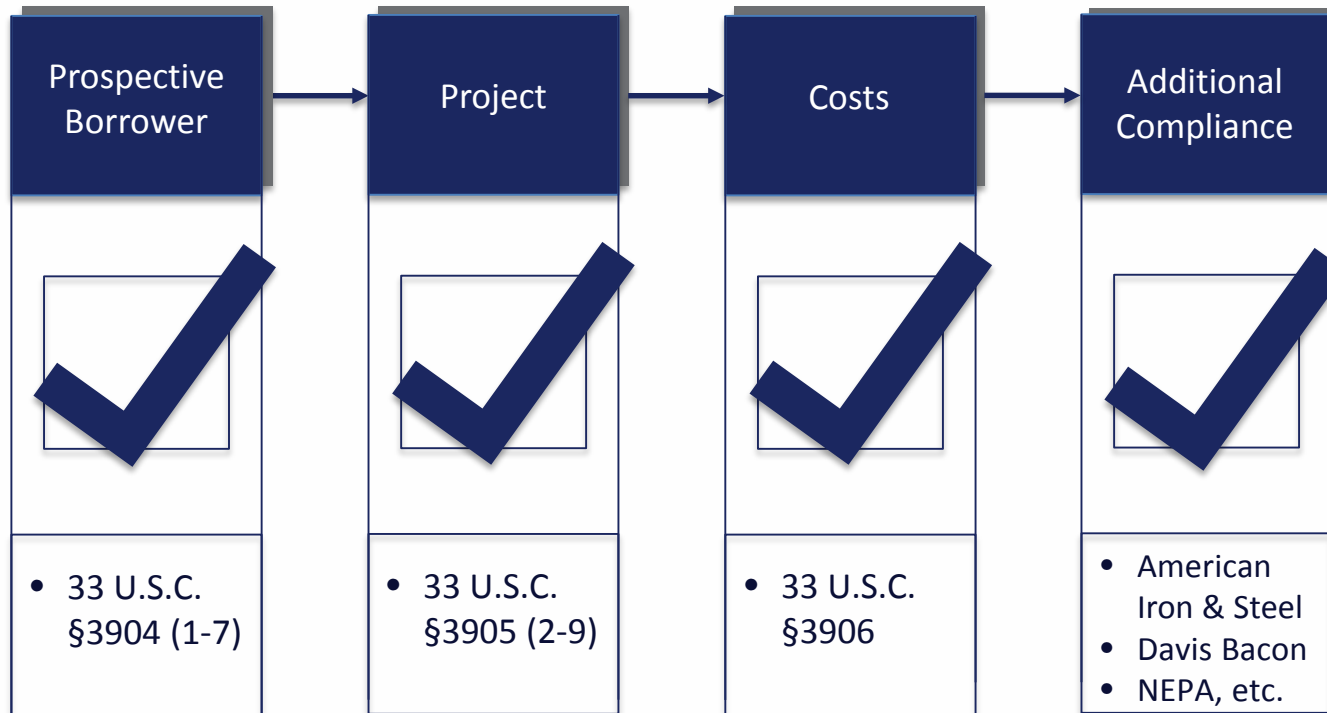


LETTER OF INTEREST EVALUATION

- Eligibility screening
- Preliminary creditworthiness assessment
- Preliminary engineering feasibility analysis
- Selection criteria scoring



ELIGIBILITY SCREENING



*U.S.C. links reference sections of the WIFIA statute

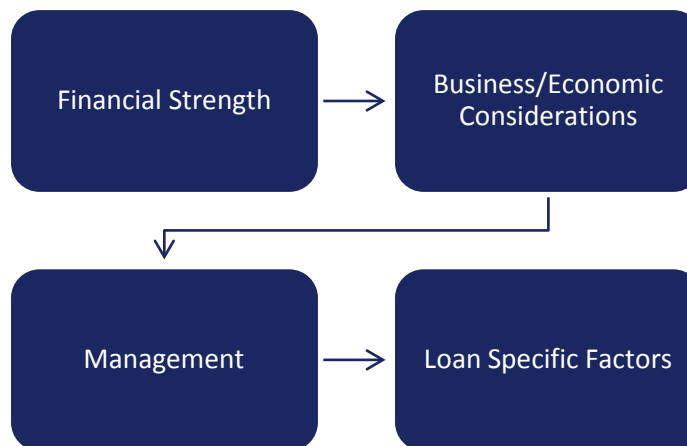


PRELIMINARY CREDITWORTHINESS ASSESSMENT

Purpose:

- To evaluate the reasonable assurance of repayment by the prospective borrower
- To estimate the amount of budget authority necessary to fund the WIFIA loan

Prospective borrowers and projects will be assessed for creditworthiness under each of the following categories:



PRELIMINARY ENGINEERING FEASIBILITY ANALYSIS

- An evaluation of the proposed project's design, operating, and engineering plans, to verify:
 - Appropriate project technology
 - Technical feasibility based on detailed engineering information
 - Reasonable operation and maintenance plan for the full length of the proposed loan
 - Protection from completion risk, as applicable



SELECTION CRITERIA SCORING

Each criteria has been weighted based upon EPA's mission and current priorities and factors influencing the successful implementation of the WIFIA program

Each project will be scored from 1 to 5 for each criteria, with 1 being lowest score and 5 being the highest score



SELECTION CRITERIA AND WEIGHTS

No.	Criteria	Weight (%)
1	National or regional significance	10
2	Enables project to proceed earlier	5
3	New or innovative approaches	10
4	Protection against extreme weather events	10
5	Maintain or protect the environment or public health	10
6	Serves energy exploration or production areas	5
7	Serves regions with water resource challenges	10
8	Addresses identified priorities	5
9	Readiness to proceed	5
10	Financing plan	5
11	Reduction of Federal assistance	5
12	Repair, rehabilitation, or replacement	10
13	Economically stressed communities	10



1. NATIONAL OR REGIONAL SIGNIFICANCE

The extent to which the project is nationally or regionally significant, with respect to the generation of economic and public health benefits



1. NATIONAL OR REGIONAL SIGNIFICANCE

Guidance

- **Economic benefits** - new jobs, tax revenues, keeping or attracting new industries, increased commerce, etc.
- **Public health benefits** - improving water quality; increasing reliability of drinking water delivery, quality and access; reducing flood risk; protecting source water; etc.
- **Region** - a service area within a municipality, portions of a municipality, multiple neighboring municipalities, a state or multiple states.
- **National impact** can be demonstrated by noting benefits to regions which are not served by the project
- **Regionalization** of systems can be considered an economic and public health benefit



1. NATIONAL OR REGIONAL SIGNIFICANCE

Scoring Considerations

- A net negative impact will be eliminated from further consideration
- Does the project generate regional or national economic and/or public health benefits?



2: ENABLES PROJECT TO PROCEED EARLIER

The likelihood that the WIFIA loan would enable the project to proceed at an earlier date than the project would otherwise be able to proceed



2: ENABLES PROJECT TO PROCEED EARLIER

Guidance

- The demonstrated effect of WIFIA funding on the project implementation schedule and a prospective borrowers existing Capital Improvement Plan
- A proposed project that is nearing its construction phase may need to be delayed to incorporate federal cross-cutters and other program requirements
- Even if WIFIA delays implementation of one project, it could have help accelerate other projects planned by the prospective borrower (because the WIFIA financing saves the prospective borrower money)



2: ENABLES PROJECT TO PROCEED EARLIER

Scoring Considerations

- How does WIFIA funding affect the project development schedule?
- Would WIFIA funding would allow the project sponsor to implement other high priority projects sooner than anticipated?
- Without WIFIA funding, would the project be implemented?



3: NEW OR INNOVATIVE APPROACHES

The extent to which the project uses new or innovative approaches such as the use of energy efficient parts and systems, or the use of renewable or alternate sources of energy; green infrastructure; and the development of alternate sources of drinking water through desalination, aquifer recharge or water recycling.



3: NEW OR INNOVATIVE APPROACHES

Can include:

- Development of distribution systems for recycled water
- Development of biosolids or other renewable resources
- Addressing emerging and yet unregulated contaminants or other water quality issues
- Use of new or enhanced technologies that improve drinking water treatment efficacy and/or reliability
- A novel application of an existing method or technology



3: NEW OR INNOVATIVE APPROACHES

Scoring Considerations

- Does the project incorporate any new or innovative approaches or technologies?
- Has the new or innovative approach or technology been pilot tested?
- Has the new or innovative approach or technology been implemented at full scale levels?
- Does project incorporate approaches or technologies that have the potential to significantly improve standard operations within the water and wastewater industries?



4: PROTECTION AGAINST EXTREME WEATHER EVENTS

The extent to which the project protects against extreme weather events, such as floods or hurricanes, as well as the impacts of climate change.



4: PROTECTION AGAINST EXTREME WEATHER EVENTS

Extreme weather impacts can include:

- Drought
- Water quality degradation
- Floods
- Ecosystem changes
- Service demand and use

Projects elements can include:

- Mitigation planning and risk assessments
- Flood protection or mitigation
- Backup power
- Emergency response plans
- Enhanced infrastructure resiliency
- Water recycling and reuse
- Managed aquifer recovery
- Green infrastructure which address flooding, drought, urban heat island effects, energy demand, protection of coastal areas, etc.



4: PROTECTION AGAINST EXTREME WEATHER EVENTS

Scoring Considerations

- Does the project address extreme weather events, such as 100-year floods or natural disasters that have occurred in the past?
- Does the project address extreme weather events, such as the 500-year flood and/or climate change impacts for at least a 20-year planning period?
- How does the project sponsor intend to meet State, local, Tribal, and Territorial standards for flood risk and floodplain management?

5: MAINTAIN OR PROTECT THE ENVIRONMENT OR PUBLIC HEALTH

The extent to which the project helps maintain or protect the environment or public health.

Guidance

- Elements of the Clean Water Act and the Safe Drinking Water Act
- Public health levels or alleviates public health concerns
- Environmental or public health violations



5: MAINTAIN OR PROTECT THE ENVIRONMENT OR PUBLIC HEALTH

Scoring Considerations

- A net negative impact will be eliminated from further consideration
- Do existing conditions meet regulatory requirements? Without implementing the project, could these conditions could deteriorate?
- Does the project help significantly improve environmental or public health conditions, even if existing conditions meet regulatory requirements?
- Is the project necessary to resolve public health or environmental violations or enforcement actions?



6: SERVES ENERGY EXPLORATION OR PRODUCTION AREAS

The extent to which a project serves regions with significant energy exploration, development, or production areas.

Guidance

A region can be a service area within a municipality, portions of a municipality, multiple neighboring municipalities, a state or multiple states.



6: SERVES ENERGY EXPLORATION OR PRODUCTION AREAS

Scoring Consideration

This criterion will simply be scored on whether a project serves a population in a region with energy exploration, development, or production areas or not.



7: SERVES REGIONS WITH WATER RESOURCE CHALLENGES

The extent to which a project serves regions with significant water resource challenges, including the need to address water quality concerns in areas of regional, national, or international significance; water quantity concerns related to groundwater, surface water, or other resources; significant flood risk; water resource challenges identified in existing regional, state, or multistate agreements; and water resources with exceptional recreational value or ecological importance.



7: SERVES REGIONS WITH WATER RESOURCE CHALLENGES

Water resource challenges can include:

- Water quality concerns in areas of regional, national, or international significance
- Water quantity concerns related to groundwater, surface water, or other resources
- Significant flood risk
- Projects dealing with water resources with exceptional recreational value or ecological importance
- Water resource challenges identified in existing regional, state, or multistate agreements



7: SERVES REGIONS WITH WATER RESOURCE CHALLENGES

Guidance

- A **region** can consist of a service area within a municipality, portions of a municipality, multiple neighboring municipalities, a state or multiple states.
- **Exceptional recreational value** considers the economic value of recreation activities and the scarcity of alternative water resources available for similar types of recreation.
- **Exceptional ecological importance** can include water bodies designated as Tier 3 Anti Degradation water bodies pursuant to the Clean Water Act, Water bodies designated by States or the EPA as Outstanding National Resource Waters (or similar distinction), National wild and scenic rivers, National Estuaries, and areas of multistate collaboration, such as the Long Island Sound.



7: SERVES REGIONS WITH WATER RESOURCE CHALLENGES

Scoring Considerations

- How does the project address a water resource challenge?
- How much of the challenge is expected to be alleviated by the project?
- How does the water resource challenge affect the prospective borrower's ability to serve their customers or maintain or improve service levels
- Does the challenge pose a significant risk to human health or life?
- What percent of the total project cost addresses the water resource challenge?



8: ADDRESSES IDENTIFIED PRIORITIES

The extent to which the project addresses identified municipal, state, or regional priorities.



8: ADDRESSES IDENTIFIED PRIORITIES

Guidance

- Can reference - economic development plans, system master plans, asset management plans, and regulatory implementation plans; or legislative, regulatory, or executive mandates
- Capital Improvement Plans will not be considered without additional documentation or supportive information

Scoring Considerations

Has the project has been identified as a municipal, state, or regional priority?



9: READINESS TO PROCEED

The readiness of the project to proceed toward development, including a demonstration by the prospective borrower that there is a reasonable expectation that the contracting process for construction of the project can commence by not later than 90 days after the date on which the WIFIA loan is obligated for the project.

Guidance

- Readiness to proceed - a reasonable expectation that the *contracting* process for construction of the project can commence by not later than 90 days after obligation
- Contracting process can vary depending on the project delivery method, i.e. traditional or alternative



9: READINESS TO PROCEED

Scoring Considerations

- Has the design or procurement document development phase of the project has begun?
- Are any other issues that may affect the development and financing of the project, such as community support, pending legislation, permitting, or litigation?
- When is the contracting process expected to commence?
- Are the contract or procurement documents completed or close to completion?



10: FINANCING PLAN

The extent to which the project financing plan includes public or private financing in addition to the WIFIA loan.



10: FINANCING PLAN

Guidance

Project's creditworthiness will be evaluated separately from the selection criteria scoring

Scoring Considerations

Has the other project funding and financing been identified yet?



11: REDUCTION OF FEDERAL ASSISTANCE

The extent to which the WIFIA loan reduces the contribution of federal assistance to the project.



11: REDUCTION OF FEDERAL ASSISTANCE

Guidance

- Prospective borrower should indicate whether any additional Federal assistance will be reduced if WIFIA funding is reduced
- Do not expect many projects to have other Federal assistance

Scoring Considerations

- Does WIFIA funding increase or decrease the contribution of Federal assistance to the project?



12: REPAIR, REHABILITATION, OR REPLACEMENT

The extent to which the project addresses needs for repair, rehabilitation or replacement of a treatment works, community water system, or aging water distribution or wastewater collection system.



12: REPAIR, REHABILITATION, OR REPLACEMENT

Guidance

Encouraged to provide documentation that confirms system needs that are being addressed through the proposed project

Scoring Considerations

What percent of the total project cost addresses repair, rehabilitation, and replacement?



13: ECONOMICALLY STRESSED COMMUNITIES

The extent to which the project serves economically stressed communities, or pockets of economically stressed rate payers within otherwise non-economically stressed communities.



13: ECONOMICALLY STRESSED COMMUNITIES

Guidance

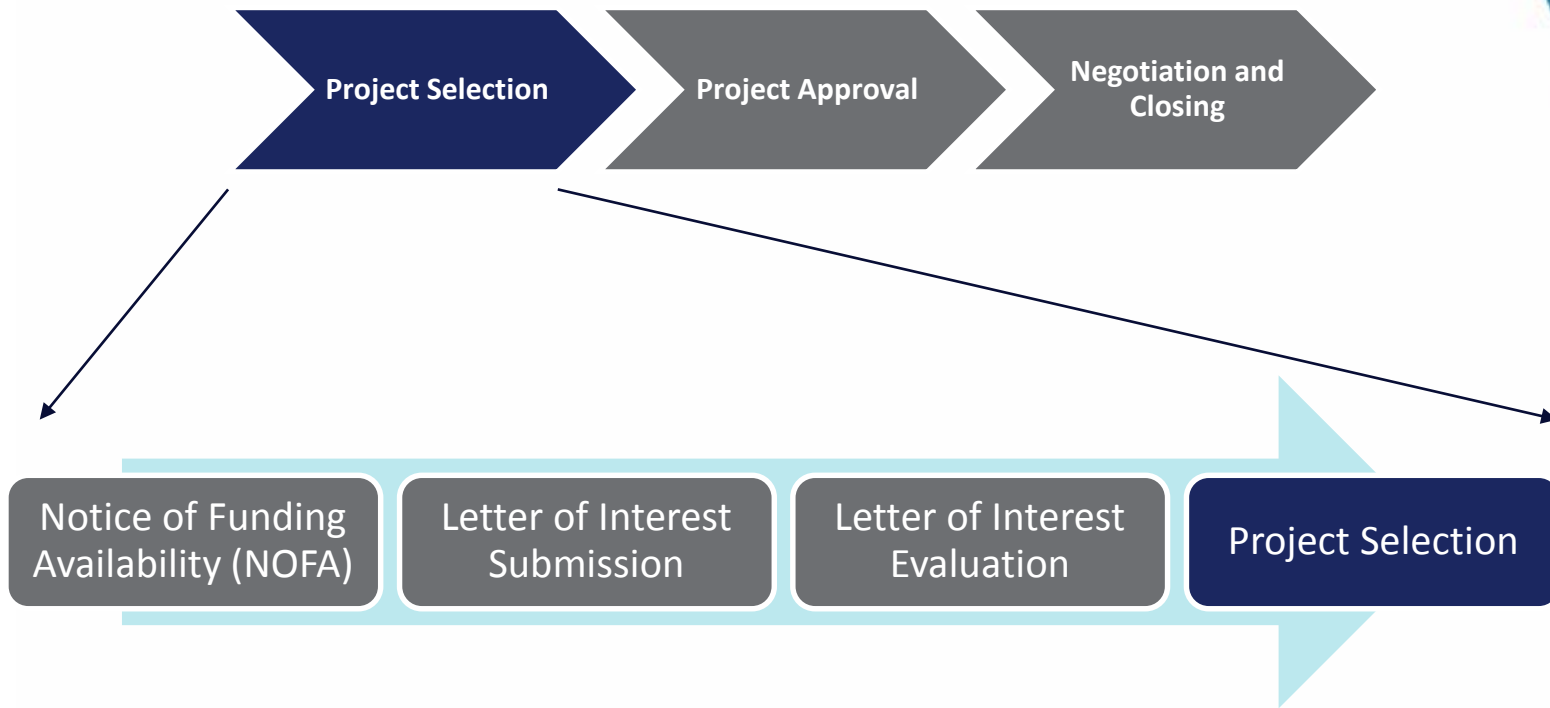
- Can include individuals with private wells and septic systems that do not have access to or cannot afford access to a public water or wastewater system
- Economic indicators can include: Median Household Income (MHI), Personal Income Per Capita (IPC), poverty rate or child poverty rate, percent of people under the age of 5 or over age 64, or other relevant federal, state, or local determinations of affordability

13: ECONOMICALLY STRESSED COMMUNITIES

Scoring Considerations

- Does the project serve some economically stressed communities or rate payers?
- Does the project serve a community where a significant portion of the population are economically stressed communities?

PROJECT SELECTION



PROJECT SELECTION PROCESS

The Selection Committee will select prospective borrowers to invite to apply

- Three-person committee comprised of a senior manager from
 - Office of Wastewater Management
 - Office of Groundwater and Drinking Water
 - Office of Water

The Selection Committee will consider:

- Selection score
- Preliminary engineering feasibility results
- Amount of budget authority necessary to provide WIFIA loans (as required by statute)

They may consider:

- Diversity of project types and geography within the portfolio



INVITATION TO APPLY

The WIFIA program will provide written notification inviting prospective borrowers to submit an application

- The deadline for application submittal is 365 days from the date of the notification
- Prospective borrowers are expected to confirm receipt of the notification and their intent to apply

EPA will post the names of prospective borrowers invited to apply on its website

Prospective borrowers who are not invited to apply must re-submit their letter of interest to be considered in future rounds



Q&A SESSION

Q&A Panel:

- Karen Fligger, US EPA
- Danusha Chandy, US EPA
- Jordan Dorfman, US EPA

Moderator:

- Anthony Curcio, Summit Consulting



CONTACT US

Website: www.epa.gov/wifia

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Register to receive updates on the WIFIA program at <https://public.govdelivery.com/accounts/USAEPAOW/subscriber/new>. Select “Finance and Funding.”

