



FREQUENTLY ASKED QUESTIONS FOR WIFIA CREDIT ASSISTANCE JANUARY 10-APRIL 10, 2017 SELECTION ROUND

EPA prepared these Frequently Asked Questions (FAQs) and answers to assist prospective borrowers with preparing their WIFIA credit assistance letters of interest. Please review the [Notice of Funding Availability](#) (NOFA) and [WIFIA Program Handbook](#) when preparing your letter of interest. If the information the FAQs differs from the information in the statute, regulations, or NOFA, then the statute, regulations, or NOFA will take precedence. This document will be updated periodically as we receive and answer questions from prospective borrowers during this selection round.

To receive updates about the WIFIA program, sign up at <https://public.govdelivery.com/accounts/USAEPAOW/subscriber/new> and select "Finance and Funding."

GENERAL

Is this the first letter of interest selection round? Is it a competitive process?

Yes. The WIFIA program is new, and this is the first selection round. Project selection is a competitive process.

Does the letter of interest request process occur once or twice per year? What is the likelihood that a second round of letters of interest are accepted?

EPA will open a second selection round this fiscal year if funding is still available. If a second round is opened, the WIFIA program will accept letters of interest at the end of summer. Due to the level of interest demonstrated to date, the WIFIA program does not expect to extend past one round this fiscal year.

LETTER OF INTEREST SUBMISSION

What is the deadline for letter of interest submission?

Prospective borrowers should submit letters of interest electronically to wifia@epa.gov by midnight in their respective time zone on April 10, 2017.

How do I submit my letter of interest?

Prospective borrowers should submit letters of interest electronically to wifia@epa.gov. EPA is only able to accept e-mails of 25 MB or smaller with unzipped attachments. If necessary due to size restrictions, prospective borrowers may submit attachments separately, as long as they are received by the deadline.

- Submit the letter of interest form electronically to wifia@epa.gov and indicate that supporting materials will be sent separately. Send a USB drive or CD/DVD via express mail or courier delivery service to the attention of Director, WIFIA Program; US EPA William Jefferson Clinton West Building-room 6210 A; 1301 Constitution Ave, NW; Washington, DC 20004.

Or

- Submit the letter of interest form electronically to wifia@epa.gov and request a link to WIFIA's web portal, where you can securely upload additional files. Requests to upload documents should be made no later than 5:00 pm ET on Monday, April 10.

How do I know if my letter of interest was received by the deadline?

The WIFIA program will confirm receipt of your letter of interest via email to the primary and secondary contact listed on the letter of interest form.

How can I receive help in understanding and responding to the WIFIA program letter of interest?

EPA's WIFIA program will host a webinar for prospective borrowers that will provide a short overview of the WIFIA program and explain the process for submitting and evaluating WIFIA letters of interest. These identical webinars will be held twice on Thursday, February 9 at 2:00-3:30 pm ET and Tuesday, March 7, 2016 at 1:00-2:30 pm ET. To access the webinars, register in advance for either the [February 9](#) or [March 7](#) webinar. Following the webinars, EPA will post a copy of the presentation and a recording of the webinar on the [WIFIA website](#).

Due to the competitive nature of project selection, prospective borrowers should submit all inquiries in writing to wifia@epa.gov during the selection. In addition to answering the prospective borrower directly, the WIFIA program will compile the questions and their responses and include them in this FAQ.

Is EPA holding meetings with prospective borrowers to discuss projects before letter of interest submissions?

Yes. EPA will meet (in-person or by phone) with prospective borrowers. Contact the WIFIA program at wifia@epa.gov to set up a meeting.

Is there a fee for submitting a letter of interest?

No. EPA will not collect any fees until the application phase. EPA has structured the WIFIA fee schedule in this way so that an initial project review is conducted at no cost to the prospective borrower. Once a prospective borrower is invited to apply, it must submit the application fee with the application materials.

When will fees become effective?

EPA has proposed fees for the WIFIA program in the rule, Fees for Water Infrastructure Project Applications under WIFIA. Once this rule is final, the fees will become effective. More information on the proposed WIFIA fees can be found in the Federal Register for [Fees for WIFIA](#).

When do prospective borrowers need to pay the application and credit processing fees?

The application fee is paid when the prospective borrower submits an application (not a letter of interest) for the project. The application fee allows EPA to proceed with application review and hire necessary financial, engineering, and legal support services. At closing, EPA will charge a credit processing fee that is equal to the remaining cost (minus the application fee) for financial, engineering and legal services for the project.

Is the application fee reimbursable if the project is not selected?

No, the application fees are not reimbursable. There is no fee to submit a letter of interest. Fees are only charged to prospective borrowers who are invited to submit an application. When a project is selected for application, EPA's intention is to bring that project to financial close. Consequently, it is expected that the fee will only be charged to entities that ultimately receive financing.

Are the letter of interest form and the pro forma available in a Word document and an Excel document?

No. The letter of interest form and pro forma are only available as PDFs on the WIFIA website. Additional narrative for the letter of interest can be submitted in a word document that does not exceed 25 pages.

When no space is provided for an answer in the letter of interest form is this information to be included in the narrative? Is the limit for this narrative is 25 pages?

When there is no space for an answer, you should include the answer in the accompanying narrative. However, you can refer to other documents in the narrative. For example, if you have a separate document with the project schedule, you can just reference it in the narrative and send the schedule file as an attachment. The narrative is limited to 25 pages. There are no limits on attachments.

The letter of interest submission is limited to 25 pages excluding attachments. Is there a limit to the number of attachments?

No. Prospective borrowers may send in as many attachments necessary to support its letter of interest. However, prospective borrowers should direct reviewers to the relevant sections in its letter of interest. In addition, sending excerpts of long documentation is allowed.

For project costs, how much of a contingency should be included in the project?

A robust contingency is critical to EPA's credit evaluation, which is designed to ensure both that the project can be built and the loan repaid.

How does a new public-private partnership (P3) or joint venture provide documentation of its financial history?

Historical information and performance is an important part of EPA's credit evaluation. Even if the entity has been newly created, EPA will request the financial statements of the system it will be servicing and that will be generating revenue. For a pure P3 entity with no recourse and nothing behind it, EPA does not expect 3 years of financial statements. However, the prospective borrower should include strong revenue projections and a pro forma.

What types of documents are needed to establish public sponsorship for private entities?

Prospective borrowers must submit evidence that the public entity affected by the project supports the project. They may submit a certified letter, formal agreement, MOU, or other documentation for this purpose.

Do we need council/board approval to submit a letter of interest?

No. The WIFIA program does not require council or board approval. As part of the letter of interest, prospective borrowers are required to describe the approval process that will be needed to receive WIFIA credit assistance.

How should we present a multi-year that will be co-financing with SRF-financing from multiple bond issues?

Prospective borrower should present the project in a manner that allows the full financing structure to be finalized at the closing of the WIFIA loan.

Is there a limit for the number of letters of interest a single prospective borrower can submit?

EPA recommends combining several projects in one letter of interest whenever possible, as long as the projects are secured by a common security pledge. However, if projects have different dedicated sources of repayment, prospective borrowers should submit separate letters of interest for each project.

We have a wastewater program for a city that includes multiple collection systems and wastewater treatment projects. Can we apply in a single letter of interest, or do we need to send in letter of interests for each of the individual projects?

Prospective borrowers can submit a single letter of interest for a group of projects, as long as they are secured by a common security pledge. EPA encourages prospective borrowers to bundling smaller projects to take advantage of the WIFIA program.

What qualifies as an “investment grade” rating in the WIFIA program?

The WIFIA program considers “investment grade” rating to be BBB- or higher.

What is a revenue feasibility study?

For a new or unestablished borrower, WIFIA requires a third party analysis of the revenue that can be expected to be earned from the project or system.

Is the financing of the 51% of project costs required to come from an SRF/USDA loan, or are other sources acceptable as well?

Borrowers are not required to finance the other 51% of project costs with USDA or SRF loans.

Can EPA waive the requirement mandating that WIFIA debt be on par with the senior lien in the event of bankruptcy, insolvency or liquidation?

No. It is neither negotiable nor waivable.

What does “contract framework” mean? (i.e. O&M)

Contract framework means any contract or framework for your O&M plan. This should identify who would be doing the work and who would be overseeing it.

What are the estimated terms of the loan? What are some of the customizable terms?

The WIFIA interest rate is locked based on the treasury rate of comparable maturity on the date of the execution of the loan. Today’s rate is under 3 percent (for a 30-year loan). Interest rates can vary based on the amortization schedule and the average weighted life of the loan in question. The repayment and amortization schedule can be sculpted to meet the needs and special circumstances of the borrower.

Will the WIFIA loan be senior to, or on parity with, the borrower’s existing debt?

The lien position of the WIFIA loan is flexible area of the credit assistance offered. WIFIA has the statutory authority to take the subordinate position, if necessary. EPA will work with the prospective borrower after project selection to identify and negotiate the best positioning of the WIFIA debt instrument.

If the prospective borrower is a joint powers authority comprised of several different agencies, what level of detail is necessary for the members' pledge of revenues?

The WIFIA team needs to be able to understand what revenue will be dedicated to repaying the loan. To that end, the WIFIA team will have to see individual agency’s revenue as well as the overall revenues pledged to repayment.

Can prospective borrowers who are not selected request a de-brief on their letter of interest in order to better positioned to re-apply?

Yes. Prospective borrowers not selected in this round can request that EPA provide a de-brief on the submitted letter of interest.

ELIGIBLE ENTITIES, PROJECTS, AND COSTS

Who is eligible to apply for WIFIA credit assistance?

The entity applying for WIFIA credit assistance must be one of the following:

- A corporation.
- A partnership.
- A joint venture.
- A trust.
- A federal, state or local government entity, agency, or instrumentality.
- A tribal government or consortium of tribal governments.
- A state infrastructure financing authority, as defined by the Clean Water Act and the Safe Drinking Water Act.

Can municipal governments come together and jointly apply?

Yes. Municipal governments can submit a single letter of interest of a project with a common security pledge.

Are territories of the United States or entities within such territories eligible for WIFIA assistance?

Yes. For purposes of WIFIA, territories of the United States and the District of Columbia are considered states. Therefore, any eligible entity located in a territory or the District of Columbia may receive WIFIA assistance.

Are non-profit entities eligible for WIFIA assistance?

Yes. Non-profit entities are typically organized as corporations or partnerships, both of which are defined as eligible entities.

Are Joint Power Agencies eligible?

Yes, Joint Power Agencies are eligible.

What types of private entities are eligible? Is a university an eligible entity?

A private entity (including a private university) is eligible if it is organized as either a corporation (including LLCs), a partnership, a joint venture, or a trust. A public university is eligible as a State, or local

governmental entity, agency, or instrumentality. Individual people are the only ineligible entities. All private entities must demonstrate public support in order to receive WIFIA assistance.

Is financing available to wholesalers if they serve and sell to a group of retail water districts?

Yes. Wholesalers are eligible for the WIFIA program.

Can a project include both water and wastewater infrastructure?

Yes, it can include both.

In the Clean Water SRF, energy efficiency and renewable energy improvements are considered treatment works. Is this the case in WIFIA?

Yes. As long as the improvements are made as a part of a treatment works, the project is eligible. In broader terms, if a project or cost is eligible under the Clean Water SRF, then it is eligible for WIFIA credit assistance.

Is green infrastructure (use of living systems) eligible?

Yes, green infrastructure is eligible.

Can pipeline condition assessment be a part of a funded project for pipeline replacement?

Yes, pipeline assessment costs are an eligible project cost.

Would a private sewer lateral replacement program be eligible?

Yes. Private lateral replacement is eligible for WIFIA credit assistance.

Does WIFIA cover all costs such as project design and feasibility studies?

Costs such as project design, feasibility studies and consulting fees are eligible project costs.

Does a capital project required by federal consent decree qualify for funding?

Yes. Projects required to meet consent decrees or other regulations qualify for funding as long as they meet all other eligibility requirements.

Can the total eligible project costs include the costs of financing the 51%?

Yes.

Is there a minimum of \$5 million dollars to be loaned for a project? Does the minimum amount requirement apply to 49% of the project costs?

In order for a project to be eligible for WIFIA credit assistance, the project's eligible costs must be at least \$20 million. For small communities, the minimum is \$5 million. These minimum requirements

apply to the total project costs, not the 49% that can be financed with WIFIA credit assistance. For more information on this requirement please refer to the [Program Handbook](#), section 2.3: Credit Threshold.

How do you define a small community water infrastructure project?

For the purposes of WIFIA, a small community water infrastructure project is one that is SRF-eligible and serves a community of not more than 25,000 individuals (not connections). For this purpose, the population of the community is determined by the population of the entire system which the project serves.

Are projects less than \$20 million eligible for the WIFIA program?

For projects serving a community with more than 25,000 individuals, the project must cost at least \$20 million. However, projects that serve no more than 25,000 individuals and are SRF-eligible can cost less. For these small communities, the minimum project cost is \$5 million

Is it possible to submit a single letter of interest and/or application based on a series of projects that are similar in nature? If so, does each individual project have to meet the \$20 million eligible cost threshold?

Yes, it is possible to submit one letter of interest for several projects in one program, or even a combination of separate project secured by a common security pledge. The \$20 million threshold will apply to the program or combination of projects as a whole and not at the individual project level.

Is there an upper limit on project cost or size?

There is no defined upper limit. EPA is bound by its budget authority, which sets the upper limit on loan volume at approximately \$2 billion for its current appropriation.

Can WIFIA financing be combined with a State Revolving Fund (SRF) loan?

Yes. A project can be funded with both WIFIA and SRF Funds, so long as the source of the SRF funds is not the EPA capitalization grant.

Would a project in the design phase be excluded from consideration?

No, a project in the design phase is eligible.

Can a program extend over a period of years?

Yes. EPA prefers the disbursement period to be 7 years or less. However, the length of the disbursement period is negotiable.

Are planned improvements intended to be used to meet the requirements of an administrative order considered eligible?

Yes, they are considered an eligible project as long as the prospective borrower, project, and activities are eligible.

Can lead service replacement master plan be funded through WIFIA?

Yes.

LETTER OF INTEREST EVALUATION

Is there a rank order to the project priorities?

No. Each of the four priority areas outlined in the [Notice of Funding Availability \(NOFA\)](#) have the same priority. The four priority areas are:

1. Adaptation to extreme weather and climate change including enhanced infrastructure resiliency, water recycling and reuse, and managed aquifer recovery;
2. Enhanced energy efficiency of treatment works, public water systems, and conveyance systems, including innovative, energy efficient nutrient treatment;
3. Green infrastructure; and
4. Repair, rehabilitation, and replacement of infrastructure and conveyance systems.

Are all selection criteria weighted the same?

No. The [Notice of Funding Availability \(NOFA\)](#) and [WIFIA program handbook](#), Appendix C outline the selection criteria weighting for this selection round.

Are the selection criteria the same for the \$5 million loans to small communities?

Yes. The WIFIA program will use the same selection criteria to evaluate all projects, including small community projects.

Is there a preference for large national and regional projects, or are projects of \$50M and under equally considered?

Project size is not a determinant of project selection. However, one of the selection criteria is national and regional significance.

Will EPA try to give each of its regions a similar dollar amount of projects?

While the WIFIA program will not necessarily finance one project in each region during the first round, the geographic diversity of investments is a goal of the WIFIA program in the long term.

FINANCE

Are there set terms for the loans offered?

Because this is a new program, the WIFIA team is currently in the process of developing a set of standard terms. However, one of the central benefits of the WIFIA credit assistance program is that it is able to provide customized terms depending on the borrower's needs.

What does the borrower's repayment schedule look like on a 30-year loan?

The repayment schedule is flexible to the borrower's needs. The WIFIA team can offer the repayment schedule types listed below as well as many others.

- Level debt amortization (like home loan mortgage)
- Payment deferral until after 5 years of substantial completion
- Inclusion of a period of interest only payments

Does "common security pledge" apply to all projects separately (i.e., all bundled projects each have a water revenue pledges for instance) or are all projects bundled together to form one massive security pledge?

The pledge must be common to all projects. If there are five different projects with separate revenue sources jointly applying to the WIFIA program, the pledge would be a combination of all five of those revenue streams pledged to the entire loan covering all 5 projects.

Will funding for approved WIFIA projects be made all at once, or are disbursements staggered as project expenses are incurred?

Financing will be provided on a reimbursement basis as described in chapter 3.2: Credit Policies in the [Program Handbook](#).

Do you offer any subsidy on the interest rate like the State Revolving Fund (SRF) programs do?

No. WIFIA cannot offer a subsidy. The floor for WIFIA interest rates are set at the treasury rates by statute.

APPLICATION PROCESS

What is the timeline for application submissions and responses this year (2017)?

- Letter of interest submissions are due by April 10 at midnight
- Invitations to apply are estimated to be sent at the end of June
- Prospective borrowers will then have up to a year (365 days) to submit an application; the expectation is that applications will be submitted much sooner

How long is the time period from letter of interest submission to closing the WIFIA Loan?

The letter of interest submission deadline is April 10, and the WIFIA team's goal is to send invitations to apply by the end of June. Once the invitations to apply have been sent out, the timing for loan closing will depend on a number of factors including:

- The amount of time it takes the applicant to respond to the invitation;
- The complexity of the project; and
- The amount of negotiation is necessary.

If applying for a large amount (\$500 Million), will EPA indicate how much they intend to lend if unable to finance the entire amount?

Yes. When invited to apply, the WIFIA team will inform prospective borrowers how much it intends to lend.

How long after letter of interest and application submissions should typical applicants expect to have funds made available?

The timing of funding availability depends on the necessary financing customization required for an individual project or program. WIFIA allows EPA staff to customize the process and design flexible, tailored financing for the prospective borrowers. Therefore, the financing timelines depend on the type revenue pledged to repay the credit, the amount of negotiation regarding the terms and conditions, and the complexity of the financing required.

What happens if the project goes longer than the estimated project schedule?

The steps taken in the case of delay depend on the circumstances that prevented the timely completion of the project. EPA has some flexibility as long as project management and progress has been deemed appropriate overall. In those scenarios, EPA can work with the loan recipient to ensure the project is eventually completed.

Does the WIFIA approval process require OMB approval in addition to the credit/investment committee?

Yes, as part of the project approval phase, OMB reviews and approves the credit subsidy estimation. For reference, view section 6.2.6 of the [WIFIA Program Handbook](#).

If you have to apply with 365 days, when do you have to start construction?

There is no deadline for starting construction. However, the term sheet cannot be signed without the submission of final bidding documents, permits, and/or specifications.

FEDERAL REQUIREMENTS

Will a Corps of Engineer NEPA review satisfy the WIFIA NEPA requirement?

The WIFIA program will accept any Army Corps and NEPA documents, but is required to make a decision on the NEPA review independently. The submitted documents are generally transferrable.

Are there any new waivers for American Iron and Steel (AIS) for certain cases?

Yes. EPA may grant AIS waivers for a case or category of cases upon request from the borrower. All national waivers issued by EPA, including the de minimis waiver, shall apply to projects receiving WIFIA credit assistance in the same manner as they apply to projects receiving assistance under the Clean Water and Drinking Water State Revolving Fund programs, other than those waivers related directly to the timing of SRF appropriations. American Iron and Steel national waivers are available on [EPA's website](#).

All guidance developed for compliance with AIS requirements for EPA's SRF programs apply to projects receiving WIFIA credit assistance. More information is available at [SRF AIS Requirement](#).

Does floodplain management have to comply with Executive Order 11988 or Executive Order 13690?

Both Executive Orders apply to projects financed by the WIFIA program. The WIFIA Program Handbook explains the floodplain management requirements in greater detail.

What are lobbying restrictions?

WIFIA credit assistance cannot be used to finance lobbying expenses.

Are there Disadvantaged Business Enterprise (DBE) requirements for contracts funded by WIFIA loans?

Yes. Federal Disadvantaged Business Enterprise (DBE) requirements are applicable to contracts funded by WIFIA loans.

Does the Qualification Based Selection (QBS) process need to be followed for the selection of the project's engineers?

The Qualification Based Selection process for selecting architectural and engineering firms as defined by the Federal Brooks Act, does not apply to WIFIA. However, many States have enacted mini-Brooks Acts that are the same, or very similar, to the Federal Brooks Act. State and local procurement laws must be followed, as applicable.

If our application is successful, what will some of the loan reporting requirements be?

Loan monitoring and reporting requirements are addressed in chapter 8.3: Loan Monitoring in the [Program Handbook](#). The requirements will also be reiterated in the loan agreement.