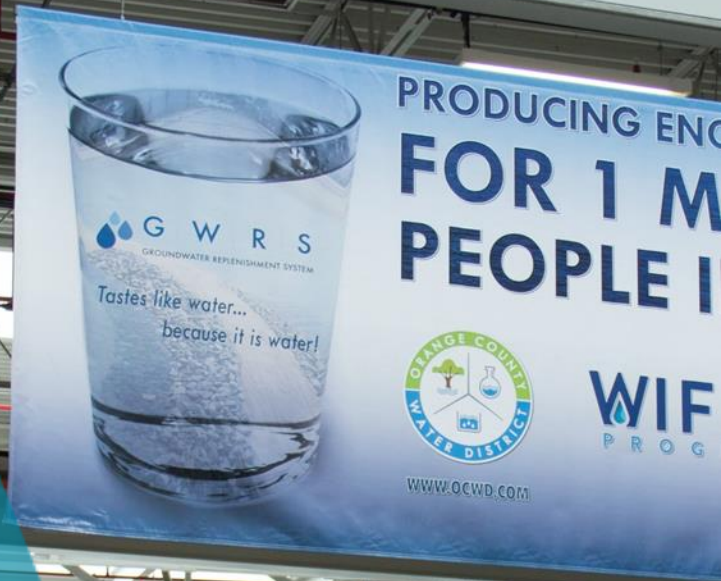




WIFIA PROGRAM

ELIGIBILITY WEBINAR

February 23, 2021



OPPORTUNITY FOR QUESTIONS

- You may call into this webinar by dialing +1 (202) 991-0477 and entering access code 606 006 716#
- The WIFIA program welcomes clarifying questions on information provided in the presentation
- Questions may be posed at any time by typing into the webinar dashboard; participants are muted during the webinar and may only communicate by typing
- Unanswered questions will be answered in a follow-up e-mail



AGENDA



OVERVIEW



PROJECT TYPE ELIGIBILITY



FEDERAL ASSET SCREENING



QUESTION & ANSWER SESSION





OVERVIEW



MISSION STATEMENT

The Water Infrastructure Finance and Innovation Act (WIFIA) program accelerates investment in our nation's water and wastewater infrastructure by providing long-term, low-cost, supplemental credit assistance under customized terms to creditworthy water and wastewater projects of national and regional significance.



BACKGROUND

- **2014:** Congress passed as part of Water Resources Reform and Development Act (WRRDA) of 2014 which established the WIFIA program
- **2014-2016:** EPA developed its first Federal Credit Program for water infrastructure
- **FY2017 - Present:** WIFIA program completed four rounds of project selection, inviting 144 projects to borrow over \$18 billion in financing.
- **FY2017 - Present:** EPA has closed 44 WIFIA loans, totaling \$8.3 billion



LOAN CLOSINGS TO DATE



44
LOANS
CLOSED

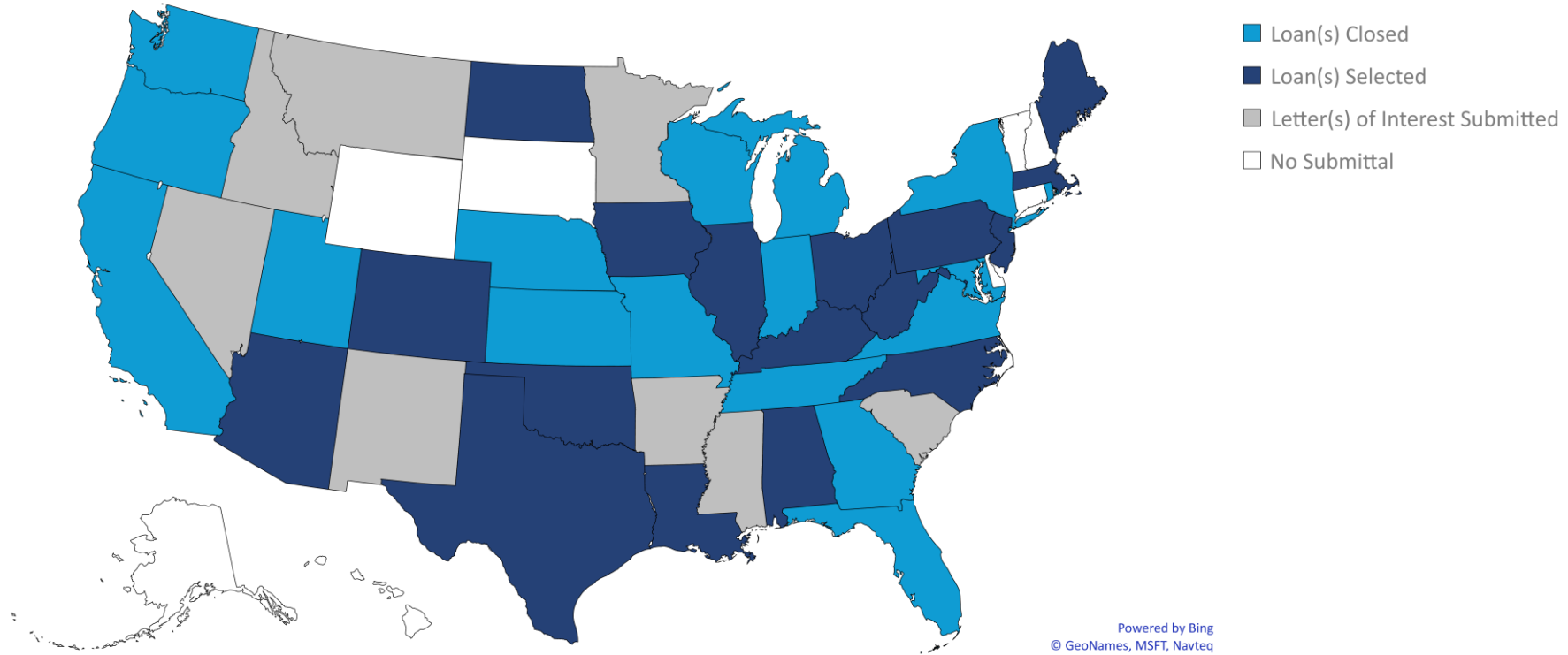
\$8.3 BILLION
TOTAL FINANCING

42,000
JOBS CREATED

27 MILLION
POPULATION SERVED



LOAN MAP



FEDERAL CREDIT PROGRAM

A small amount of federal funds supports a much larger amount of infrastructure investment

- Congress only appropriates money to cover the estimated losses for projects
- The remaining loan amount is borrowed from and repaid to Treasury
- Since WIFIA loans finance up to 49%, they stimulate additional investment in the project
- For FY2021, the WIFIA program will be able to lend approximately \$5 billion for WIFIA

\$50
MILLION IN
APPROPRIATIONS



\$5

BILLION IN
LOANS

\$10

BILLION IN
INFRASTRUCTURE
INVESTMENT



IMPORTANT PROGRAM FEATURES



Minimum project size for large communities.



Maximum time that repayment may be deferred after substantial completion of the project.



Minimum project size for small communities (population of 25,000 or less).



Interest rate will be equal to or greater than the U.S. Treasury rate of a similar maturity.



Maximum portion of eligible project costs that WIFIA can fund.



Projects must be creditworthy.



Maximum final maturity date from substantial completion.



NEPA, Davis-Bacon, American Iron and Steel, and all federal cross-cutter provisions apply.



WIFIA BENEFITS

- **Very low interest rate** equivalent to the U.S. Treasury rate of the same maturity based on the weighted average life
- **Highly flexible repayment schedule** during construction, allowing payment deferral during periods of high capital expenditure
- **Ability to preserve a borrower's senior debt capacity**, allowing borrowers issue future non-WIFIA project related debt at lower interest rates and with more favorable terms
- **Flexibility to sculpt the WIFIA repayment schedule** in order to reduce burden on rate payers. WIFIA repayments can be ramped up over time, allowing for small and steady rate increases to satisfy capital expenditures and debt service payments
- **Ability to back load repayments** offers significant saving compared to level repayment schedules, because cash outlays that are made sooner cost more than outlays in future years due to lost earning capacity on that cash
- Presence of low-cost, flexible WIFIA debt **improves the position and confidence of other lenders**. This may help borrowers obtain other sources of funding at more favorable terms



APPLICATION PROCESS

Project Selection

- Notice of Funding Availability
- Letter of Interest submission
- Letter of Interest evaluation
- Invitation to apply

Project Review, Negotiation, and Closing

- Application submission
- Application evaluation
- Due diligence
- Term sheet negotiation
- Loan agreement negotiation
- Closing



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



INVITATION TO APPLY

EPA intends to loan to the projects that it invites to apply

Selected projects

- Notified in writing of selection
- Within 30 days of the invitation, EPA will meet with the entity to discuss the application process
- The application deadline is 365 days from the notification date
- EPA will publicly announce selected projects

Non-selected projects

- Notified in writing that they were not selected
- May request a de-brief
- Must re-submit their LOI to be considered in future rounds



APPLICATION PROCESS

Each application review is tailored to reflect the complexity and risk of the proposed project

Each project is reviewed for:

- Creditworthiness
- Engineering due diligence
- Legal aspects of the proposed project and credit structure





PROJECT TYPE ELIGIBILITY



ELIGIBILITY

Eligible borrowers

- Local, state, and tribal government entities
- Partnerships and joint ventures
- Corporations and trusts
- Clean Water and Drinking Water State Revolving Fund (SRF) programs

Eligible projects

- Projects that are eligible for the Clean Water SRF, notwithstanding the public ownership clause
- Projects that are eligible for the Drinking Water SRF
- Enhanced energy efficiency projects at drinking water and wastewater facilities
- Projects for repair, rehabilitation, or replacement of a treatment works, community water system, or aging water distribution or waste collection facility
- Brackish or seawater desalination, aquifer recharge, alternative water supply, and water recycling projects
- Drought prevention, reduction, or mitigation projects
- Acquisition of property if it is integral to the project or will mitigate the environmental impact of a project
- A combination of projects secured by a common security pledge or submitted under one application by an SRF program



CLEAN WATER SRF ELIGIBLE PROJECTS

(2) 1 or more activities that are eligible for assistance under section 1383(c) of this title, notwithstanding the public ownership requirement under paragraph (1) of that subsection.

- All projects eligible for the Clean Water State Revolving Fund program are eligible for the WIFIA program
- Additionally, WIFIA statutory language allows for privately-owned treat works to be eligible



CLEAN WATER SRF ELIGIBLE PROJECTS

The CWSRF can fund a wide range of water infrastructure projects in 11 main areas:

1. Construction of a wastewater treatment facility
2. Nonpoint source pollution control projects
3. National estuary program projects
4. Decentralized wastewater treatment systems
5. Stormwater management (both green and gray infrastructure)
6. Water conservation, efficiency, and reuse
7. Watershed pilot projects
8. Energy efficiency
9. Water reuse
10. Security measure at a treatment works
11. Technical assistance

Detailed explanations of CWSRF-eligibilities is available at <https://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf#eligibilities>.



STORMWATER CHANNEL IMPROVEMENT PROJECT

Borrower: Coachella Valley Water District

Location: Coachella, California

WIFIA Loan Amounts: \$59.1 million

Total WIFIA Projects Costs: \$120.7 million



The Coachella Valley Water District will make stormwater channel improvements to increase their capacity to capture and convey stormwater and help the district meet current design standards. As a result, the projects will reduce stormwater runoff to nearby and adjacent properties and maintain the environmental integrity of the area. In addition, the projects will remove lands from the Federal Emergency Management Agency (FEMA) Special Flood Hazard Area resulting from a 100-year storm event.



DRINKING WATER SRF ELIGIBLE PROJECTS

(3) 1 or more activities described in section 300j–12(a)(2) of title 42.

- Projects eligible for the Drinking Water State Revolving Fund are also eligible under WIFIA
- Consistent with the DWSRF, the system must be a Public Water System and have or be able to become one prior to closing
- Projects to finance the expansion of a Public Water System in anticipation of future population growth are statutorily prohibited from receiving DWSRF funding
- Projects intended primarily to address public health and/or regulatory compliance issues for the existing service population may be sized for a *reasonable* amount of population growth over the useful life of the project



DRINKING WATER SRF ELIGIBLE PROJECTS

The DWSRF can fund drinking water infrastructure projects in 8 main areas:

1. Treatment
2. Transmission and distribution
3. Source
4. Storage
5. Consolidation
6. Creation of new systems
7. Water security projects
8. Energy efficiency projects

More information is available in the DWSRF Eligibility Handbook available at <https://www.epa.gov/dwsrf/dwsrf-eligibility-handbook>.



WATER SUPPLY IMPROVEMENT PROGRAM

Borrower: City of Beaverton

Location: Beaverton, Oregon

WIFIA Loan Amount: \$81.1 million



The city of Beaverton Water Supply Improvement Program includes a combination of projects that will enhance the reliability and resiliency of the water system and meet the needs of a growing urban area. The program will construct major new transmission mains, new or improved connections to neighboring water systems, and additional seismically resilient storage. It will also expand service to a new area, install a system-wide advance metering infrastructure system, and work toward a new stormwater reuse system.



ENERGY EFFICIENCY PROJECTS

(4) A project for enhanced energy efficiency in the operation of a public water system or a publicly owned treatment works.

- Energy efficiency projects at a public water systems and publicly owned treatment works
- This type of project is also eligible for the Drinking Water and Clean Water SRF programs



ONE WATER MODERNIZATION PROGRAM

Borrower: City of Englewood

Location: Englewood, Colorado

Invited WIFIA Loan Amount: \$45 million



The One Water Modernization Program will modernize drinking water and wastewater treatment and conveyance processes, replace outdated electrical and control systems, expedite the replacement of lead pipes, modernize antiquated metering processes, establish a wastewater pilot and research center, initiate a water reuse project, and construct new operations complexes. The purpose of the projects is to enhance resiliency; ensure compliance with current and future regulations; and protect natural resources through conservation, reuse, and advanced treatment.



REPAIR, REHABILITATION, OR REPLACEMENT

(5) A project for repair, rehabilitation, or replacement of a treatment works, community water system, or aging water distribution or waste collection facility (including a facility that serves a population or community of an Indian reservation).

- Largely duplicative of projects eligible under the Drinking Water and Clean Water SRF program
- Notable exception is that the WIFIA program can finance repair, rehabilitation, and replacement of dams and raw water reservoirs that are owned and managed by the community water system



INFRASTRUCTURE REPAIR AND REHABILITATION PROJECT

Borrower: Birmingham Water Works

Location: Birmingham, Alabama

Invited WIFIA Loan Amount: \$147 million



The Infrastructure Repair and Rehabilitation Project will include three projects: 1) Lake Purdy dam rehabilitation; 2) water main replacement; and 3) distribution storage tank rehabilitation. The purpose of these projects is improving water resiliency, quality, and supply dependability, particularly during a drought.



ALTERNATIVE WATER SUPPLIES

(6) A brackish or sea water desalination project, including chloride control, a managed aquifer recharge project, a water recycling project, or a project to provide alternative water supplies to reduce aquifer depletion.

- Largely duplicative of other eligibilities
- Does not require the system to be a public or community water system which may expand the eligibility
- Should provide supporting documents to demonstrate aquifer depletion and how the project will provide alternative water supplies to address this
- Simply stating this is the project's purpose in the letter of interest is not enough

PURE WATER SAN DIEGO

Borrower: City of San Diego
Location: San Diego, California
WIFIA Loan Amount: \$614 million
Total WIFIA Project Costs: \$1.4 billion



The City of San Diego will construct a new water reuse/recycling facility to produce 30 million gallons per day (mgd) of purified water. This purified recycled water will blend with imported and locally sourced water and will be treated again at the Miramar Water Treatment Plant before being distributed to the public. The construction project will include new pump stations and conveyance systems, expansion of the existing North City Water Reclamation Plant, and improvements to the existing Miramar Reservoir Pump Station.



DROUGHT

(7) A project to prevent, reduce, or mitigate the effects of drought, including projects that enhance the resilience of drought-stricken watersheds.

- Does not require the system to be a public or community water system which may expand the eligibility
- Should provide supporting documents to demonstrate that the location of the project is impacted by drought and how the project will prevent, reduce, or mitigate the effects of drought
- Simply stating this is the project's purpose in the letter of interest is not enough
- Some projects for construction or rehabilitation of dams and reservoirs that are not eligible under the SRF-eligibilities and WIFIA rehabilitation eligibilities may be eligible if there is a direct connection to preventing, reducing, or mitigating drought



LAKE WOHLFORD DAM REPLACEMENT PROJECT

Borrower: City of Escondido

Location: Escondido, California

Invited WIFIA Loan Amount: \$42 million



The Lake Wohlford Dam Replacement Project will construct a replacement dam, integral spillway, a new outlet tower, and partially deconstruct the existing dam. The purpose of the project is to restore the reservoir to its former capacity which will mitigate the effects of drought, reduce reliance on imported water, improve raw water quality, and address safety hazards.



PROPERTY

*(8) Acquisition of real property or an interest in real property—
(A) if the acquisition is integral to a project described in paragraphs (1) through (6); or
(B) pursuant to an existing plan that, in the judgment of the Administrator or the Secretary, as applicable, would mitigate the environmental impacts of water resources infrastructure projects otherwise eligible for assistance under this section.*

- Should demonstrate that the real property meets the requirements of (8A) or (8B)



COMBINATION OF PROJECTS SUBMITTED BY SRF PROGRAM

(9) A combination of projects, each of which is eligible under paragraph (2) or (3), for which a State infrastructure financing authority submits to the Administrator a single application.

- A combination of SRF-eligible projects that are submitted under one application by an SRF program
- State infrastructure financing authority is the State entity established or designated by the Governor of a State to receive a capitalization grant provided by, or otherwise carry out the requirements of, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et. seq.) or section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j–12)
- May apply under the WIFIA base program or the SWIFIA program



INDIANA FINANCE AUTHORITY

Location: Statewide

WIFIA Loan Amount: \$436 million

Total WIFIA Project Costs: \$890 million



By providing a loan to the Indiana Finance Authority, the WIFIA program will help finance 23 wastewater and drinking water projects. The projects will serve over 1.2 million people in both Indianapolis and small and medium Indiana communities facing challenges with adequate and reliable water infrastructure. Drinking water projects include improvements to water treatment plants, storage tanks, distribution system components, wells, pump stations, and resiliency features, as well as water conservation measures. Wastewater projects include improvements and increased capacity to wastewater treatment plants, tunnels to capture combined sewer overflows, and collection systems.



COMBINATION OF PROJECTS FOR NON-SRF BORROWERS

(10) A combination of projects secured by a common security pledge, each of which is eligible under paragraph (1), (2), (3), (4), (5), (6), (7), or (8), for which an eligible entity, or a combination of eligible entities, submits a single application.

- Must be submitted by an eligible entity and be secured by a common security pledge
 - Water and wastewater projects can be combined into a single loan when they have a combined revenue pledge
 - If the utility – through state or local mandate – cannot combine wastewater and drinking water (and stormwater) revenue into a common pledge, combining the projects would not be eligible
- Should serve a common purpose
- Should have similar construction time frames and have a construction period of 5-7 years



COMBINATION OF PROJECTS FOR NON-SRF BORROWERS

Program of Projects

- Similar work planned over a broad geographic area
- Specific locations does not have to be defined before loan closing
- Reach substantial completion no later than five years post loan closing or five years after the start of project construction

Combination of Projects

- Variety of types of work with common purpose
- Defined locations and defined scopes of work for each project at loan closing
- Similar construction timeframes
- Reach substantial completion within 5-7 years of loan closing or the start of project construction



COMPREHENSIVE WASTEWATER REPAIR, REHABILITATION, AND REPLACEMENT PROGRAM

Borrower: City of Baltimore

Location: Baltimore, Maryland

WIFIA Loan Amount: \$202 million

Total WIFIA Project Costs: \$942 million



The City of Baltimore will complete a program of 14 projects to repair, rehabilitate, and replace existing wastewater conveyances, update treatment plants, and manage stormwater. The sanitary sewer collection system projects include pipe and manhole rehabilitation. All collection system projects will be undertaken with a common purpose to eliminate sanitary sewer overflows (SSOs). The wastewater facility projects will all ensure the reliability and performance of the wastewater treatment plants.



PRIORITY AREAS SEWER ASSESSMENT & REHABILITATION PROGRAM CONSENT DECREE PACKAGES

Borrower: DeKalb County
Location: Decatur, Georgia
WIFIA Loan Amount: \$265 million
Total WIFIA Project Costs: \$541 million



The Priority Areas Sewer Assessment and Rehabilitation Program Consent Decree Packages project will rehabilitate and repair the highest priority areas of an aging wastewater collection and treatment system. This large program of rehabilitation work includes sewer replacement, trunk sewer upsizing, full or partial length sewer lining, and related activities at various locations within the County. The project will assess and rehabilitate the sewer system infrastructure to help eliminate sanitary sewer overflows and comply with the County's Consent Decree.



WIFIA ELIGIBILITY DETERMINATIONS

- Can be requested at any time
 - If you are not sure if your project is eligible, please reach out before completing your letter of interest
- Must be in writing
- Send 1-2-page project description and purpose to wifia@epa.gov
 - For drought and alternative water supply eligibilities, also provide supporting documents





FEDERAL ASSET SCREENING



FEDERAL ASSET SCREENING CRITERIA

- Each proposed project will be evaluated using 2 screening questions and 16 criteria
 - Is the project, in whole or in part, a project currently authorized by Congress for the Army Corps of Engineers or Bureau of Reclamation to construct?
 - Is the project, in whole or in part, a local cost share requirement for an Army Corps of Engineers or Bureau of Reclamation project?
- EPA will answer the questions about each projects requesting WIFIA financing and submit the responses to the Office of Management and Budget to determine eligibility
- The goal of the questions is to limit Federal participation in in a project consistent with the Federal Credit Reform Act and the 1967 Report of the President's Commission on Budget Concepts
- For more information, see the [Federal Register Notice](#)





QUESTION & ANSWER SESSION



CONTACT US

Website: www.epa.gov/wifia

Email: wifia@epa.gov

Sign-up to receive
announcements about the
WIFIA program at
<https://tinyurl.com/wifianews>

