

## INTEREST RATE RESETS



**One-time interest rate resets for undrawn loans save borrowers more money.**

One important benefit of the WIFIA program is that it offers fixed-rate loans. The interest rate of the WIFIA loan is determined on the closing date of the loan agreement and set for the life of the loan. In limited circumstances, the WIFIA program gives borrowers the flexibility to lower the WIFIA loan's interest rate. Lower interest rates save borrowers money, allowing them to:

- Keep rates lower for longer and not burden customers facing harsh economic challenges.
- Continue to invest in long-term viability of their infrastructure and maintain existing project schedules.
- Redirect millions of dollars a month towards basic operational, repair, and workforce needs.

In 2020, interest rates dropped to historic lows and the WIFIA program recognized that lowering borrowers' interest rates would provide significant savings to communities and help mitigate the public health and financial impacts of COVID-19. Since then, the WIFIA program has completed 12 interest rate resets, saving borrowers more than \$1 billion in addition to the original savings calculated at loan closing.

Interest rate resets are available one time for loans that have spent less than 50 percent of eligible project costs and have not drawn funds. Interest rate resets do not change the loan's terms and conditions and loan amount.

### CASE STUDY: SAN FRANCISCO PUBLIC UTILITIES COMMISSION

In July 2018, EPA and the San Francisco Public Utilities Commission closed a \$699 million WIFIA loan for the Southeast Treatment Plant Biosolids Digester Facilities. This project will provide a new, efficient solids treatment system, ensure treatment reliability by meeting current seismic standards and improving standard operations, and reduce the impact on the adjacent community by providing advanced odor control. In 2020, the San Francisco Public Utilities Commission took advantage of the WIFIA program's interest rate reset flexibility and reduced the interest rate on their 2018 WIFIA loan from 3.09% to 1.45%, saving an additional \$432 million over the life of the loan.



*Photo courtesy of SFPUC/ San Francisco Public Works/ MWA Architects*

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