ENVIRONMENTAL PROTECTION AGENCY

[FRL 9901-01-OW]

40 CFR Part 35

Notice of Funding Availability for Credit Assistance under SWIFIA Program

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice of funding availability.

SUMMARY: In the Further Consolidated Appropriations Act, 2022, signed by the President on March 15, 2022, Congress provided $5 million in budget authority solely for the cost of direct loans or guaranteed loans to state infrastructure financing authority borrowers for projects described in Section 5026(9) of the Water Infrastructure Finance and Innovation Act of 2014 (WIFIA). The state infrastructure financing authority WIFIA (SWIFIA) program will use this amount to cover the subsidy required to provide a much larger amount of credit assistance. The U.S. Environmental Protection Agency (EPA) estimates that this budget authority may provide approximately $1 billion in credit assistance and may finance approximately $2 billion in water
infrastructure investment. The purpose of this notice of funding availability (NOFA) is to solicit letters of interest (LOIs) from prospective state infrastructure financing authority borrowers seeking credit assistance from EPA under the SWIFIA program.

**ADDRESSES:** Prospective borrowers should submit all LOIs electronically via EPA’s SharePoint site. To be granted access to the SharePoint site, prospective borrowers should contact wifia@epa.gov and request a link to the SharePoint site, where they can securely upload their LOIs and then email wifia@epa.gov once the complete LOI package has been uploaded to the SharePoint site.

EPA will notify prospective borrowers that their LOI has been received via a confirmation email.

Prospective borrowers can access additional information, including the WIFIA program handbook and application materials, on the WIFIA website: https://www.epa.gov/wifia.

**SUPPLEMENTARY INFORMATION:**

_A. Submission and Review of Letters of Interest on a Rolling Basis_

EPA is changing the way it accepts LOIs to respond to both market conditions, including cost inflation and supply chain shortages and unparalleled Federal investment through the Infrastructure Investment and Jobs Act and the American Rescue Plan Act. The WIFIA program will be responsive to these conditions by moving to a rolling selection process, whereby LOIs may be submitted by prospective borrowers and received by EPA at any time throughout the year. A rolling selection process allows EPA to provide year-round access to WIFIA funding and quicker selection decisions to prospective borrowers.
B. Funding Availability Period

LOIs may be submitted by prospective borrowers and will be received by EPA on a rolling basis. The LOI submittal period will begin on September 6, 2022 and end on the earlier of (i) the date on which all budget authority made available under this NOFA is committed (notice of such to be provided on the WIFIA website: https://www.epa.gov/wifia), and (ii) publication of a subsequent notice ending this LOI submittal period or replacing this NOFA with an updated NOFA.

In addition, EPA reserves the right to make additional awards using FY2022 appropriated funding or funding authority carried over from previous fiscal years, consistent with agency policy and guidance, if additional funding is available after the original selections are made. Any funding authority not obligated in the fiscal year for which it is authorized remains available for obligation in subsequent years.

C. Summary of NOFA and Submission Instructions

EPA will evaluate and select proposed projects described in the LOIs using the selection criteria established in the statute and regulation, and further described in this NOFA as well as the WIFIA program handbook. This NOFA explains budgetary scoring factors to determine budgetary scoring compliance and outlines the process that prospective borrowers should follow to be considered for SWIFIA credit assistance.

For a project to be considered during the availability period, EPA must receive an LOI, via SharePoint, before the end of the availability period. EPA anticipates any future NOFA will include sufficient notice of the end of the period for borrowers to complete LOIs in progress.
When writing an LOI, prospective borrowers should complete the SWIFIA LOI form and follow the guidelines contained on the WIFIA program website: https://www.epa.gov/wifia/wifia-application-materials. Prospective borrowers should provide the LOI and any attachments as Microsoft Word documents or searchable PDF files, whenever possible, to facilitate EPA’s review. Additionally, state infrastructure financing authority prospective borrowers should ensure that financial information, including the pro forma financial statement, is in a formula-based Microsoft Excel document. Section VI of this NOFA provides additional details on the LOI’s content.

EPA will invite each prospective borrower whose project proposal is selected for continuation in the process to submit a final application. Final applications should be received by EPA within 365 days of the invitation to apply, but EPA may extend the deadline on a case-by-case basis if the LOI schedule signals additional time may be needed.

D. Opportunities to Learn More About the SWIFIA Program

EPA will host a webinar to provide state infrastructure financing authority prospective borrowers further information about the SWIFIA loans and submitting an LOI. The webinar date and registration instructions can be found on the WIFIA program website: https://www.epa.gov/wifia/wifia-webinars.

Prospective borrowers with questions about the program or interest in meeting with the WIFIA program staff may send a request to wifia@epa.gov. EPA will meet with all prospective borrowers interested in discussing the program prior to submission of an LOI.
I. Background

II. Program Funding

III. Program Priorities

IV. Eligibility Requirements

V. Budgetary Scoring Determination for Non-Federal Projects

VI. Types of Credit Assistance

VII. Letters of Interest and Applications

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IX. Selection Criteria

X. Federal Requirements

I. Background

Congress enacted WIFIA as part of the Water Resources Reform and Development Act of 2014 (WRRDA). Codified at 33 U.S.C. 3901-3914, WIFIA authorizes a Federal credit program for water infrastructure projects to be administered by EPA. WIFIA authorizes EPA to provide Federal credit assistance in the form of secured (direct) loans or loan guarantees for eligible water infrastructure projects.

Congress amended WIFIA in America’s Water Infrastructure Act of 2018 (AWIA) to authorize Federal credit assistance exclusively for state infrastructure financing authority borrowers.
The WIFIA program’s mission is to accelerate investment in our nation’s water, wastewater, and stormwater infrastructure by providing long-term, low-cost, supplemental credit assistance under customized terms to creditworthy water infrastructure projects of national and regional significance.

II. Program Funding

Congress appropriated $5 million in funding to cover the subsidy cost of providing SWIFIA credit assistance. The subsidy cost covers the Federal government’s risk that the loan may not be paid back. EPA anticipates that the average subsidy cost for SWIFIA-funded projects will be relatively low; therefore, this funding can be leveraged into a much larger amount of credit assistance. EPA estimates that this appropriation will allow the agency to provide approximately $1 billion in long-term, low-cost financing to water infrastructure projects and accelerate approximately $2 billion in infrastructure investment around the country.

III. Program Priorities

This year, EPA identified the following priorities to address the water sector’s most pressing public health and environmental challenges:

A. Increasing Investment in Economically-Stressed Communities

EPA encourages the submission of projects that address the ever increasing needs of economically-stressed and disadvantaged communities to ensure they benefit from investments

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1 This estimated loan volume is provided for reference only. Consistent with the Federal Credit Reform Act of 1990 and the requirements of the Office of Management and Budget, the actual subsidy cost of providing credit assistance is based on individual project characteristics and calculated on a project-by-project basis. Thus, actual lending capacity may vary.
in water infrastructure, and therefore improve the public health and livability of these communities.

**B. Making Rapid Progress on Lead Service Line Replacement**

Many drinking water systems still have lead service lines. EPA encourages the submission of drinking water infrastructure projects that will help make rapid progress on replacing lead service lines so we can reduce exposure to lead and improve public health.

**C. Addressing PFAS and Emerging Contaminants**

EPA encourages the submission of projects that focus on reducing people’s exposure to perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other emerging contaminants through drinking water and/or projects that help address discharges of emerging contaminants from wastewater and/or stormwater systems.

**D. Supporting One Water Innovation and Resilience**

One of the defining features of WIFIA is the broad range of eligible projects that EPA can fund to flexibly support priority needs. EPA encourages borrowers to submit applications for water infrastructure projects that are new and innovative in regards to energy efficiency, addressing drought, or reducing water pollution and contaminants. In addition, EPA encourages the submission of water infrastructure projects that are more resilient to all threats—whether it is natural disasters (e.g., flooding, hurricanes), climate change, or threats such as bioterrorism and cyber-attacks.

**IV. Eligibility Requirements**
The WIFIA statute and implementing rules set forth eligibility requirements for prospective borrowers, projects, and project costs. The requirements outlined below are described in greater detail in the WIFIA program handbook.

A. Eligible Applicants

Prospective borrowers must be a state infrastructure financing authority to be eligible for SWIFIA credit assistance. EPA defines state infrastructure financing authority as 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).

B. Eligible Projects

To be eligible for SWIFIA credit assistance, the SWIFIA project must be a combination of projects, each of which is eligible for assistance under section 603(c) of the Federal Water Pollution Control Act (33 U.S.C. 1383(c)) or section 1452(a)(2) of the Safe Drinking Water Act (42 U.S.C. 300j–12(a)(2)), for which a state infrastructure financing authority submits to the Administrator a single application.

C. Eligible Costs

As defined under 33 U.S.C. 3906 and described in the WIFIA program handbook, eligible project costs are costs for the SWIFIA project associated with the following activities:

(i) Development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting,
environmental review, permitting, preliminary engineering and design work, and other preconstruction activities;

(ii) Construction, reconstruction, rehabilitation, and replacement activities;

(iii) The acquisition of real property or an interest in real property (including water rights, land relating to the project, and improvements to land), environmental mitigation (including acquisitions pursuant to 33 U.S.C. 3905(8)), construction contingencies, and acquisition of equipment; and

(iv) Capitalized interest necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction.

Capitalized interest on WIFIA credit assistance may not be included as an eligible project cost.

D. Threshold Requirements

For a project to be eligible for SWIFIA credit assistance, a SWIFIA project must meet the following criteria:

(i) The SWIFIA project and obligor shall be creditworthy;

(ii) A SWIFIA project shall have eligible project costs that are reasonably anticipated to equal or exceed $20 million;

(iii) SWIFIA project financing shall be repayable, in whole or in part, from state or local taxes, user fees, or other dedicated revenue sources that also secure the senior SWIFIA project obligations of the SWIFIA project; shall include a rate covenant, coverage requirement,
or similar security feature supporting the SWIFIA project obligations; and may have a lien on revenues subject to any lien securing SWIFIA project obligations; and

(iv) The project shall have an operations and maintenance plan that identifies adequate revenues to operate, maintain, and repair the project during its useful life.

V. Budgetary Scoring Determination for Non-Federal Projects

To comply with Public Law 116-260, a project selected for WIFIA financing using funding appropriated in FY2022 will be assessed using two initial screening questions and sixteen scoring factors. These questions will help the Office of Management and Budget (OMB) determine compliance with budgetary scoring rules, a process that will be conducted in parallel to EPA’s LOI evaluation process outlined in this NOFA. The questions may be found in Federal Register publication: Water Infrastructure Finance and Innovation Act Program (WIFIA) Criteria Pursuant to Public Law 116-94 (85 FR 39189, June 30, 2020). These questions are also published in the WIFIA program handbook and further information about the scoring process may be referenced therein. EPA encourages project applicants to review the scoring criteria and provide sufficient information in the LOI or as an attachment to the LOI to facilitate EPA and OMB review of the prospective project considering the scoring criteria.

VI. Types of Credit Assistance

Under SWIFIA, EPA is offering senior loans, on parity with a state infrastructure financing authority’s other senior capital market debt of the same credit quality, to help the state infrastructure financing authority lend to multiple projects throughout the state. The maximum amount of SWIFIA credit assistance to a state infrastructure financing authority is 49 percent of
estimated eligible total costs of the eligible projects that are included in the SWIFIA project.

Prospective SWIFIA borrowers may request one of the following loan structures:

(i) EPA accepts the state infrastructure financing authority’s existing capital market debt indenture (to the extent the terms are permissible under Federal law and regulation and WIFIA program policies); or

(ii) The state infrastructure financing authority accepts EPA’s standard terms. More information on EPA’s standard terms is available at www.epa.gov/wifia.

VII. Letters of Interest and Applications

Each prospective borrower will be required to submit an LOI and, if invited, an application to EPA to be considered for approval. This section describes the LOI submission and application submission.

A. Letter of Interest (LOI)

Prospective borrowers seeking a SWIFIA loan must submit an LOI describing the SWIFIA project fundamentals and addressing the SWIFIA selection criteria.

The primary purpose of the LOI is to provide adequate information to EPA to validate the eligibility and creditworthiness of the prospective borrower and the prospective SWIFIA project and determine the extent to which the SWIFIA project meets the statutory selection criteria. Based on its review of the information provided in the LOI, EPA will invite prospective borrowers to submit applications for their projects. Prospective borrowers are encouraged to
review the WIFIA program handbook to help create the best justification possible for the project and a cohesive and comprehensive LOI submittal.

Prospective borrowers should utilize the LOI form on the WIFIA website and ensure that sufficient detail about the project is provided for EPA’s review. EPA will notify a prospective borrower if its SWIFIA project is deemed ineligible as described in Section IV of this NOFA.

Below is guidance on what EPA recommends be included in the LOI.

1. **Loan Information:** The prospective borrower provides information about its legal name, business address, program website, employer/taxpayer identification number, Unique Entity ID from SAM.gov, requested SWIFIA loan amount and SWIFIA project cost amount, type of SRF loans (clean water, drinking water, or both), and requested loan structure.

2. **Supporting Documents:** The prospective borrower provides the most recent version of the following documents: Intended Use Plan (IUP), SRF Operating Agreements with EPA Regional Office, documentation of the priority setting system, and bond indenture (if applicable).

3. **Contact Information:** The prospective borrower identifies the points of contact with whom the WIFIA program should communicate regarding the LOI. To complete EPA’s evaluation, the WIFIA program staff may contact a prospective borrower regarding specific information in the LOI.

4. **Certifications.** The prospective borrower certifies that it will abide by all applicable laws and regulations, if selected to receive funding.
B. Application

After EPA concludes its evaluation of a complete LOI package, a selection committee will invite the prospective borrower to apply based on satisfaction of the eligibility requirements. So long as budget authority remains available, EPA expects that all eligible state infrastructure financing authority prospective borrowers will be invited to apply for a SWIFIA loan.

An invitation to apply for WIFIA credit assistance does not guarantee EPA’s approval, which remains subject to a project’s continued eligibility, including creditworthiness, the successful negotiation of terms acceptable to EPA, and the availability of funds at the time at which all necessary recommendations and evaluations have been completed. However, the purpose of EPA’s LOI review is to pre-screen prospective borrowers to the extent practicable. It is expected that EPA will only invite prospective borrowers to apply if it anticipates that those prospective borrowers are able to obtain WIFIA credit assistance. Detailed information needs for the application are listed in the application form and described in the WIFIA program handbook.

VIII. Fees

There is no fee to submit an LOI. For information about application and post-closing costs, please refer to the WIFIA fee rule, Fees for Water Infrastructure Project Applications under WIFIA, 40 CFR 35.10080.

IX. Selection Criteria

This section specifies the criteria and process that EPA will use to evaluate LOIs and award applications for SWIFIA assistance.
The selection criteria described are the statutory selection criteria for state infrastructure financing authority borrowers. Following its eligibility determination, EPA will determine the extent to which the SWIFIA project meets the statutory selection criteria. They are as follows:

(i) The extent to which the project financing plan includes public or private financing in addition to assistance under [WIFIA]. 33 U.S.C. 3907(b)(2)(B); 40 CFR 35.10055(a)(10).

(ii) The likelihood that assistance under [WIFIA] would enable the project to proceed at an earlier date than the project would otherwise be able to proceed. 33 U.S.C. 3907(b)(2)(C); 40 CFR 35.10055(a)(2).

(iii) The extent to which the project uses new or innovative approaches. 33 U.S.C. 3907(b)(2)(D); 40 CFR 35.10055(a)(3).


(v) The extent to which the project (1) protects against extreme weather events, such as floods or hurricanes; or (2) helps maintain or protect the environment. 33 U.S.C. 3907(b)(2)(F); 40 CFR 35.10055(a)(4); 40 CFR 35.10055(a)(5).

(vi) The extent to which the project serves regions with significant energy exploration, development, or production areas. 33 U.S.C. 3907(b)(2)(G); 40 CFR 35.10055(a)(6).

(vii) The extent to which a project serves regions with significant water resource challenges, including the need to address: (1) water quality concerns in areas of regional, national, or international significance; (2) water quantity concerns related to groundwater, surface water,
or other water sources; (3) significant flood risk; (4) water resource challenges identified in existing regional, state, or multistate agreements; or (5) water resources with exceptional recreational value or ecological importance. 33 U.S.C. 3907(b)(2)(H); 40 CFR 35.10055(a)(7).

(viii) The extent to which the project addresses identified municipal, state, or regional priorities. 33 U.S.C. 3907(b)(2)(I); 40 CFR 35.10055(a)(8).

(ix) The readiness of the project to proceed toward development, including a demonstration by the obligor 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 a Federal credit instrument is obligated for the project under [WIFIA]. 33 U.S.C. 3907(b)(2)(J); 40 CFR 35.10055(a)(9).

(x) The extent to which assistance under [WIFIA] reduces the contribution of Federal assistance to the project. 33 U.S.C. 3907(b)(2)(K); 40 CFR 35.10055(a)(11).

X. Federal Requirements

All state infrastructure financing authorities receiving SWIFIA assistance must comply with the applicable Federal requirements including (but not limited to) those listed below. Compliance with Federal requirements is not required for submitting a letter of interest, being invited to apply for a SWIFIA loan, or submitting an application. The WIFIA program will review selected projects for compliance with Federal requirements once they have submitted an application. Additional information about Federal compliance requirements, including WIFIA’s

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This document is a prepublication version, signed by Administrator, Michael S. Regan, on June 10, 2022. We have taken steps to ensure the accuracy of this version, but it is not the official version.
BABAA waiver and the *WIFIA Borrower Guide to Federal Requirements*, is available at https://www.epa.gov/wifia/wifia-federal-compliance-requirements.

(i) Build America, Buy America Act, Public Law No. 117-58, §§70911-70917;


(vii) Clean Air Act, 42 U.S.C. 7401 et seq., https://www.epa.gov/clean-air-act-overview;


(ix) Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq.;
(x) Coastal Zone Management Act, 16 U.S.C. 1451 et seq.,
https://coast.noaa.gov/czm/about/;

(xi) Endangered Species Act, 16 U.S.C. 1531 et seq.,
https://www.fws.gov/endangered/;

(xii) Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, Executive Order 12898, 59 FR 7629, February 16, 1994,

(xiii) Protection of Wetlands, Executive Order 11990, 42 FR 26961, May 25, 1977, as amended by Executive Order 12608, 52 FR 34617, September 14, 1987,
https://www.epa.gov/cwa-404;

(xiv) Farmland Protection Policy Act, 7 U.S.C. 4201 et seq.,
https://www.nrcs.usda.gov/wps/portal/nrcs/detail/?cid=nrcs143_008275;

(xv) Fish and Wildlife Coordination Act, 16 U.S.C. 661-666c, as amended,
https://www.fws.gov/;


(xvii) National Historic Preservation Act, 16 U.S.C. 470 et seq.,
https://www.nps.gov/archeology/tools/laws/NHPA.htm;


Detailed information about some of these requirements is outlined in the WIFIA program handbook and WIFIA Borrower Guide to Federal Requirements. Further information can be found at the links above.

**Authority:** 33 U.S.C.3901-3914; 40 CFR part 35.
Michael S. Regan,

Administrator.