



WIFIA

PROGRAM

LOW-COST LOANS FOR WATER INFRASTRUCTURE

ARIZONA STORMWATER FUNDING AND
FINANCING WORKSHOP





AGENDA



PROGRAM OVERVIEW



2022 SELECTION ROUND



RESOURCES & QUESTIONS



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.



CLOSED WIFIA LOANS

- ✓ Help meet regulatory compliance
- ✓ Improve climate resiliency
- ✓ Address lead and emerging contaminants
- ✓ Support economically stressed communities

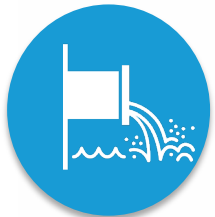




PROGRAM OVERVIEW



WIFIA PROGRAM



Broad eligibility allows for wide variety of borrowers and projects, plus special program for SRF borrowers (SWIFIA)



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



Minimum project size for large communities



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



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



Maximum final maturity date from substantial completion



Maximum portion of eligible project costs that WIFIA can fund (80% for small communities)



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



ELIGIBILITY

Eligible borrowers

- Local, state, and tribal government entities
- Partnerships and joint ventures
- Corporations and trusts
- State infrastructure financing authorities

Eligible projects

- Repair, rehabilitation, or replacement of drinking water, stormwater, and wastewater systems
- Green infrastructure, non-point sources pollution prevention, and habitat restoration projects
- Enhanced energy efficiency projects at drinking water and wastewater facilities
- 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





LOAN CHARACTERISTICS

FAVORABLE RATES	<ul style="list-style-type: none">• Fixed interest rate locked in at closing• Interest does not accrue until loan is drawn
GENEROUS TERMS	<ul style="list-style-type: none">• Multiple disbursements within 15 days of request• No penalty for prepayment• Sculpted repayment schedule to grow payments over time• WIFIA loan can take a subordinate lien position
STRUCTURING FLEXIBILITIES	<ul style="list-style-type: none">• Loan closing in as little as 4 months, or faster for repeat borrowers• Bespoke loan agreements that can fit into each borrower's existing indenture structure or be stand-alone issuances• Pairs well with other forms of funding and financing• Flexible format for financial models and post closing reports
BUNDLING FEATURES	<ul style="list-style-type: none">• Financing available for a combination of projects under one loan• Upfront commitment available for multiple projects taking place over time via a Master Agreement



WATERWAY FLOOD MANAGEMENT AND RESTORATION PROJECTS

BORROWER: Milwaukee Metropolitan Sewerage District

WIFIA LOAN AMOUNT: \$41 million (first of three loans in a Master Agreement)

Improve stormwater management and reduce flood risk in historically disadvantaged communities by implementing multiple projects:

- Designing and constructing of a 31-million-gallon stormwater management facility on 15 acres of abandoned industrial property, transforming it into a naturalized green space
- Designing and constructing a 210-acre-foot flood storage basin
- Increasing the capacity of the culverts
- Replacing 2,800 feet of concrete channel lining with a natural channel design
- Reconstructing 2,200 feet of nonconcrete lined stream channel.



STORMWATER CAPITAL IMPROVEMENT PLAN

BORROWER: City of San Diego, California
WIFIA LOAN AMOUNT: \$225,110,226 (first loan of master agreement)

Protect water quality, enhance water supply, and restore natural habitats to help meet water quality goals required under the municipal separate storm sewer system (MS4) permit

- Designing and constructing of both traditional and green infrastructure projects
- Modernizing aging, deteriorated drainage pipes and upgrade pump stations to protect the public from flooding
- Restoring riparian environments and reducing impervious surfaces





LOAN PROCESS



LOAN PROCESS

WIFIA review process is divided into 3 stages and the program strives for efficiency and responsiveness in each

- ✓ **Letters of interest reviewed based on transparent, published criteria**
- ✓ **45% of WIFIA loans have closed in 6 months or less and 85% of WIFIA loans have closed in 12 months or less from application submission**
- ✓ **Over \$1 billion disbursed to 29 borrowers with 100% of disbursements made within 15 days**

**Project
Selection**

**Project Review,
Negotiation, and
Closing**

**Project and Loan
Monitoring**



PROJECT SELECTION

\$5.5 billion is available for WIFIA loans plus \$1 billion for SRF borrowers starting September 6 until funding is exhausted

WIFIA selection will continue to emphasize EPA top priorities for water infrastructure investment

- Supporting economically stressed communities
- Protecting water infrastructure against the impacts of climate change
- Reducing exposure to lead and addressing emerging contaminants
- Implementing new or innovative approaches including cybersecurity and green infrastructure



ACCEPTING LETTERS OF INTEREST NOW!

Rolling selection:

- Provides year-round access to WIFIA funding
- Accelerates EPA selection decisions allows for real-time financial decision making by prospective borrowers
- WIFIA LOI submission can be times based on cycles of other funding sources
- Allows the WIFIA program to provide technical assistance to prospective borrowers that need feedback on LOI package
- Responds to changing market conditions due to cost inflation, rising interest rates, and new funding





PROJECT SELECTION

Project selection is a designed to identify qualified projects to invite to apply. Qualified projects will demonstrate they are:

- Eligible
- Creditworthy
- Technically feasible
- Meeting the strategic objectives outlined in the WIFIA statute and regulation





PROJECT SELECTION

- Each eligible and creditworthy project will be evaluated as to whether it satisfies each criteria category
- EPA can reach out with questions or clarifications
- Projects will be selected as the LOI review is completed
- Projects will continue selected until all available subsidy is used. When all subsidy is used, WIFIA will update its website to reflect that fact
- Selection Committee, comprised of senior EPA officials, will approve the selected projects on an ongoing basis



LETTER OF INTEREST TIPS

- Read the instructions in the NOFA and the program handbook prior to completing your LOI
- Answer every question and when relevant provide additional supporting material to support your answer
- Provide specific references and file names when pointing to supporting documents
- Remember your audience is learning about your system for the first time and needs contextual information to understand your project
- Attend one of the webinars or office hours offered following the NOFA release
- Ask questions: contact us at wifia@epa.gov



PROJECT REVIEW, NEGOTIATION, & CLOSING

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

- Each project is reviewed for:
 - Continued eligibility
 - Creditworthiness
 - Engineering due diligence and environmental compliance
 - Legal aspects of the proposed project and credit structure
- WIFIA program develops a bespoke loan agreement that meets stator requirements, mitigates risks, and offers flexibilities to meet borrowers needs
- WIFIA's Credit Council, Office of Management and Budget, and the Administrator review and approve each loan prior to closing





PROJECT AND LOAN MONITORING

Credit Monitoring and Notices

- Annual financial statements
- Annual budget or financial plan
- Financial disclosure notices via EMMA consistent with public debt requirements

Project Monitoring

- Construction monitoring reports through construction end
- Documentation to ensure Federal compliance

Disbursements

- Reimburse borrowers for incurred costs (can be invoiced but unpaid)
- EPA sends funds in just 15 days from request
- May occur as frequently as once per month





RESOURCES & QUESTIONS





MEETING WITH WIFIA PROGRAM STAFF

EPA will meet with all prospective borrowers interested in discussing the program prior to submission of a letter of interest

- Send requests to wifia@epa.gov
- Meetings may be via video conference or phone
- Meetings will be no more than 1-hour





RESOURCES

General information

<https://www.epa.gov/wifia/about-wifia>

- What is WIFIA?
- What is SWIFIA?
- WIFIA Benefits
- Laws and Regulations

Application materials

<https://www.epa.gov/wifia/wifia-application-materials>

- Letter of Interest form
- Letter of Interest checklist
- Sample Letter of Interest
- Sample financial pro forma

Program Resources

<https://www.epa.gov/wifia/wifia-program-resources>

- Template Term Sheet
- Federal Compliance Requirements
- Program Handbook
- FAQs

Learn More

<https://www.epa.gov/wifia/learn-more-about-wifia>

- Annual Report
- Videos
- Presentations and Factsheets



CONTACT US

Website: www.epa.gov/wifia

WIFIA Letter of Interest:
<https://www.epa.gov/wifia/wifia-application-materials>

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

Karen Fligger
fligger.karen@epa.gov
202-564-2992

