



**WIFIA**  
P R O G R A M

## 2020 HAWAII WATER INFRASTRUCTURE FINANCE FORUM

JANUARY 23, 2020



# 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:** Congress appropriated \$25 million for credit subsidy which allowed EPA to select its first 12 projects (\$2 billion) to invite to apply for loans
- **FY2018:** Congress appropriated \$55 million for credit subsidy and EPA invited 39 projects (\$5 billion) to apply for WIFIA financing
- **FY2019:** Congress appropriated \$60 million for credit subsidy and EPA invited 38 projects (\$6 billion) to apply for WIFIA financing.
- WIFIA program has closed 14 loans totaling over \$3.5 billion in financing



# 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

\$55  
MILLION IN  
APPROPRIATIONS



\$5.5  
BILLION IN  
LOANS

\$11  
BILLION IN  
INFRASTRUCTURE  
INVESTMENT



# ELIGIBILITY

## Eligible borrowers

- Local, state, tribal, and federal 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
- 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



# IMPORTANT PROGRAM FEATURES

**\$20**  
MIL

Minimum project size for large communities.

**5**  
YEARS

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

**\$5**  
MIL

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.

**49%**

Maximum portion of eligible project costs that WIFIA can fund.



Projects must be creditworthy.

**35**  
YEARS

Maximum final maturity date from substantial completion.



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



# FLEXIBLE FINANCIAL TERMS

## Customized repayment schedule

- Repayment period is 35 years from substantial completion
- Payments may be deferred up to 5 years following substantial completion
- WIFIA loans can be amortized to complement other debt repayments

## Disbursements

- Multiple disbursements at no additional cost to the borrower
- May be synchronized with funding needs, reducing the amount of accrued interest

## Prepayment

- There is no penalty for prepayment

## Lien Priority

- WIFIA loans may be junior (i.e., subordinate) to the senior debt obligations in payment priority in some circumstances



# STATE REVOLVING FUNDS AND WIFIA

- The SRFs and WIFIA provide sources of low-cost infrastructure financing for much needed water infrastructure improvements
- The programs work in tandem to provide needed funding across a wide breadth of project types and sizes
- The SRFs, by design, provide benefits to smaller projects, typically under \$100 million, in communities that often have limited access to funding
- WIFIA is designed to provide benefits to much larger projects, typically over \$100 million
- By financing large projects WIFIA may free up SRF resources for smaller projects with limited financing options





# 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



# GENERAL TIPS

- **Use the letter of interest form available at** <https://www.epa.gov/wifia/how-apply-wifia-assistance-0#materials>
- **Read the instructions** in the NOFA and the program handbook prior to completing your letter of interest
- **Answer every question**, when relevant provide additional supporting material to support your answer
- **Provide specific references** 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
- **Submit early** in order to avoid issues with large file sizes at the deadline
- **Attend one of the webinars** offered following the NOFA release
- **Ask questions**— contact WIFIA program staff at [wifia@epa.gov](mailto:wifia@epa.gov)



# 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



# APPLICATION PROCESS

Example Project Y: \$250M low to medium risk capital project

PLEDGE	APPLICATION EVALUATION	TERM SHEET & LOAN AGREEMENT DEVELOPMENT	APPROVAL & CLOSING	WIFIA FEES
Existing Lien of System Revenues	4 Months			\$250,000

Example Project Z: \$1,000M innovative high risk capital project

PLEDGE	APPLICATION EVALUATION	TERM SHEET & LOAN AGREEMENT DEVELOPMENT	APPROVAL & CLOSING	WIFIA FEES
Public-Private Partnership with Customized Terms	12 Months			\$500,000+





# CASE STUDY: IFA

## State Revolving Fund Program

**BORROWER:** Indiana Finance Authority

**WIFIA LOAN AMOUNT:** \$436 million

**POPULATION SERVED BY PROJECTS:** 1.2 million

- WIFIA loan 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 communities facing challenges with adequate and reliable water infrastructure.



# CASE STUDY: OCWD

## Water Recycling and Groundwater Replenishment

**BORROWER:** Orange County Water District

**WIFIA LOAN AMOUNT:** \$135 million

**POPULATION SERVED BY SYSTEM:** 2.5 million people

- The Orange County Water District will expand its existing 100 million gallons per day (MGD) Groundwater Replenishment System to produce an additional 30 MGD drought-proof drinking water supply for its service area.
- The project will replenish the Orange County Groundwater Basin and reduce the need for imported water.



# CASE STUDY: CVWD

## Stormwater

**PROJECT NAME:** Stormwater Channel Improvement Project

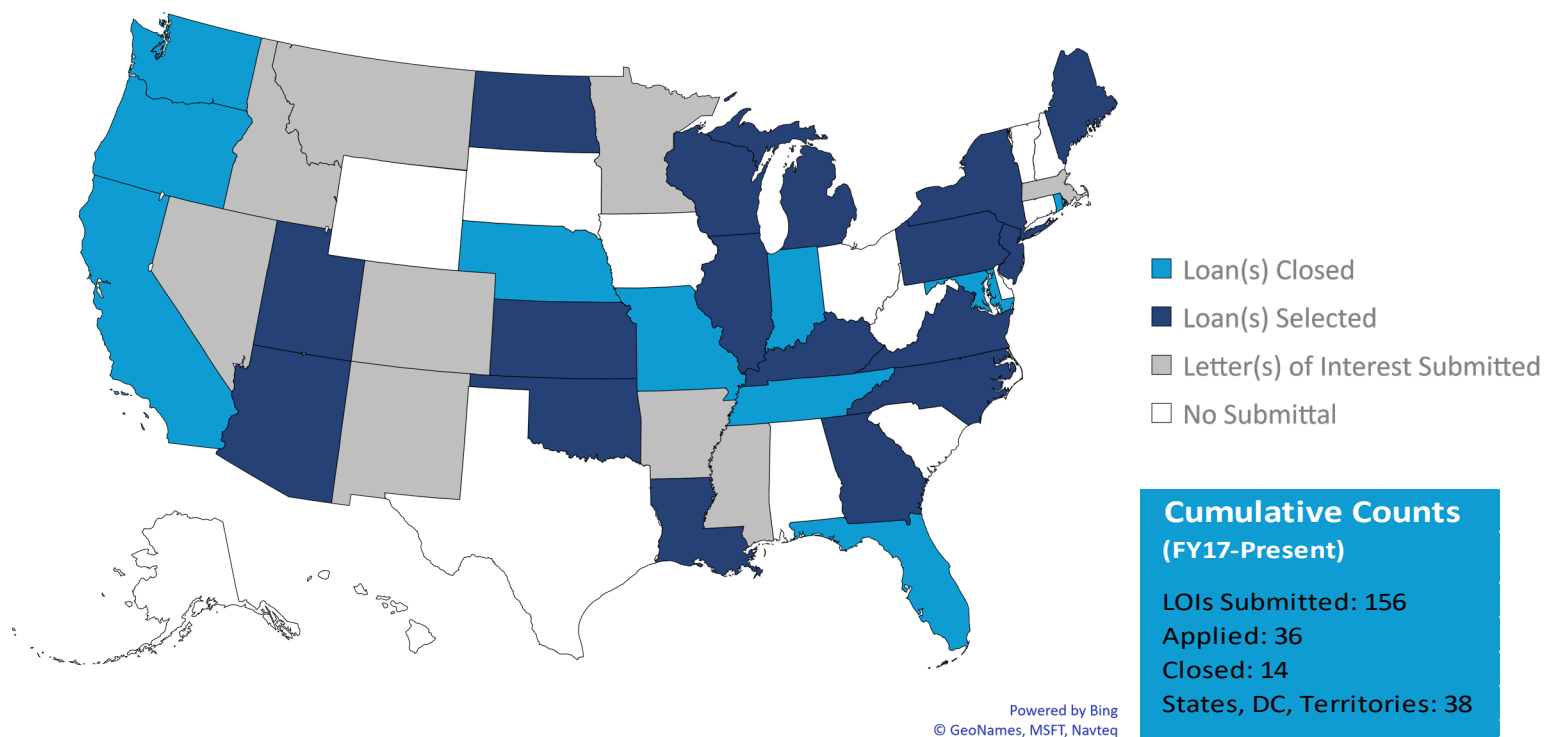
**INVITED WIFIA LOAN AMOUNT:** \$22 million

**POPULATION SERVED BY THE PROJECT:** 47,800

- Coachella Valley Stormwater Channel Improvement Project will make stormwater channel improvements to increase capacity to capture and convey stormwater, reduce stormwater runoff to the surrounding areas, and help the district meet design standards.
- The purpose of the proposed project is to design and construct channel improvements for the Coachella Valley Stormwater Channel to increase conveyance capacity for the 100-year flow, meet current design standards for stormwater management facilities, and remove lands from the Federal Emergency Management Agency (FEMA) Special Flood Hazard Area resulting from a 100-year storm event.

# WIFIA INTEREST AND IMPACT

Over \$3.5 billion of loans closed saving borrowers \$1.1 billion



# RESOURCES

## General information

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

- Program overview
- Links to laws and regulations
- Recordings and presentations from past webinars
- Frequently asked questions

## Application Materials and Resources

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

- Letter of Interest form
- Letter of Interest FAQ
- Application form
- WIFIA Program Handbook
- Sample financial pro forma



# CONTACT US

Website: [www.epa.gov/wifia](http://www.epa.gov/wifia)

Email: [wifia@epa.gov](mailto:wifia@epa.gov)

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

Jordan Dorfman

[Dorfman.jordan@epa.gov](mailto:Dorfman.jordan@epa.gov)

202-564-0614

