



WIFIA PROGRAM

WHY BORROW FROM WIFIA?

PRODUCING ENOUGH
FOR 1 MILLION
PEOPLE IN 2...

G W R S
GROUNDWATER REPLENISHMENT SYSTEM

Tastes like water...
because it is water!

ORANGE COUNTY
WATER DISTRICT

WIFIA
PROGRAM

www.ocwd.com



WHAT IS WIFIA?

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.





PROGRAM OVERVIEW



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, not withstanding 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



WIFIA PORTFOLIO¹ AT A GLANCE

| Project Type | Number |
|----------------|--------|
| Wastewater | 46 |
| Drinking Water | 43 |
| Water Reuse | 18 |
| Combined | 14 |
| Stormwater | 8 |

| Population Served ² | Number |
|----------------------------------|--------|
| Over 1 M | 32 |
| 500,000 to 1 M | 13 |
| 100,000 to 500,000 | 54 |
| 25,000 to 100,000 | 20 |
| 25,000 or Less (Small Community) | 7 |

| Loan Amount | Number |
|----------------------------|--------|
| Over \$500 M (Very Large) | 8 |
| \$100 M to \$499 M (Large) | 55 |
| \$50 M to \$99 M (Medium) | 32 |
| Less than \$50 M (Small) | 34 |

| Region | Number |
|-----------|--------|
| Northeast | 8 |
| Midwest | 19 |
| South | 39 |
| West | 63 |

¹WIFIA Portfolio includes WIFIA & SWIFIA closed loans and selected projects that have submitted an application or plan to submit an application

²The 3 SWIFIA loans were not included in this data because specific projects have not been identified yet



CLOSED LOAN EXAMPLES

Saving all borrowers over \$4 billion and creating 47,000 jobs

| BORROWER | LOAN AMOUNT | INTEREST RATE | TRANSACTION INFO |
|-----------------------------------|-------------|--|---|
| ORANGE COUNTY WATER DISTRICT | \$135M | 3.06% at closing in 2018; the loan was re-executed in 2020 for an interest rate of 1.04% | The WIFIA loan is subordinate to other debt with a springing lien and gives the borrower the optional ability to use WIFIA to retire construction financing |
| TUALATIN VALLEY WATER DISTRICT | \$388M | 1.35% | This borrower and the City of Hillsboro closed separate loans to finance one project |
| CITY OF CORTLAND | \$16M | 1.08% | Small community borrower that used WIFIA as a supplement to limited state financing |
| HAMPTON ROADS SANITATION DISTRICT | \$226M | 1.42% | Took advantage of a master agreement to secure a large upfront commitment and then close multiple loans at different times |



PROGRAM FEATURES

1.7%

Average historical interest rate at closing. WIFIA lends at Treasury (SLGS) rates.

49%

Maximum portion of eligible project costs that WIFIA can fund. WIFIA provides 49% funding to most borrowers.

35

YEARS

Maximum final maturity date from substantial completion.

5

YEARS

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

Lien

Option to borrow on a subordinate lien.



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



HOW WIFIA BENEFITS BORROWERS

| | |
|------------------------|---|
| Favorable Rates | <ul style="list-style-type: none">• Fixed interest rate set at closing• Interest rate reduction available through loan re-execution |
| Generous Terms | <ul style="list-style-type: none">• No penalty for prepayment• Up to 35-year repayment, with up to 5-year deferral from substantial completion• Ability to backload repayments and sculpt repayment schedule• WIFIA can take a subordinate lien position |
| Flexibilities | <ul style="list-style-type: none">• WIFIA can accept financial models in a variety of formats• WIFIA can prioritize a borrower who wants to close a loan quickly• WIFIA can finance a program of projects under one loan agreement |

FEDERAL REQUIREMENTS



Projects receiving a WIFIA loan must comply with all relevant federal laws and regulations

- National Environmental Policy Act (NEPA)
- National Historic Preservation Act
- American Iron and Steel Requirement
- Davis-Bacon Wage Requirement
- Archeological and Historic Preservation Act
- Environmental Justice
- Endangered Species Act
- All Civil Rights Acts
- Clean Water Act
- Clean Air Act
- Safe Drinking Water Act
- Coastal Zone Management Act
- Protection of Wetlands
- Farmland Protection Policy Act
- Magnuson-Stevens Fishery Conservation and Management Act
- Wild and Scenic Rivers Act

Non-exhaustive list available at: <https://www.federalregister.gov/documents/2016/12/19/2016-30194/credit-assistance-for-water-infrastructure-projects>



PEA

Analyzes the potential environmental impacts of water infrastructure projects eligible for WIFIA credit assistance

- Presents nationwide information on existing conditions
- Discusses potential impacts and mitigation measures that might typically occur during construction and operation of broad project types
- Provides mechanisms to evaluate site specific conditions and impacts for individual projects, and to determine if projects impacts fall within the PEA scope
- Does not require an additional public comment period



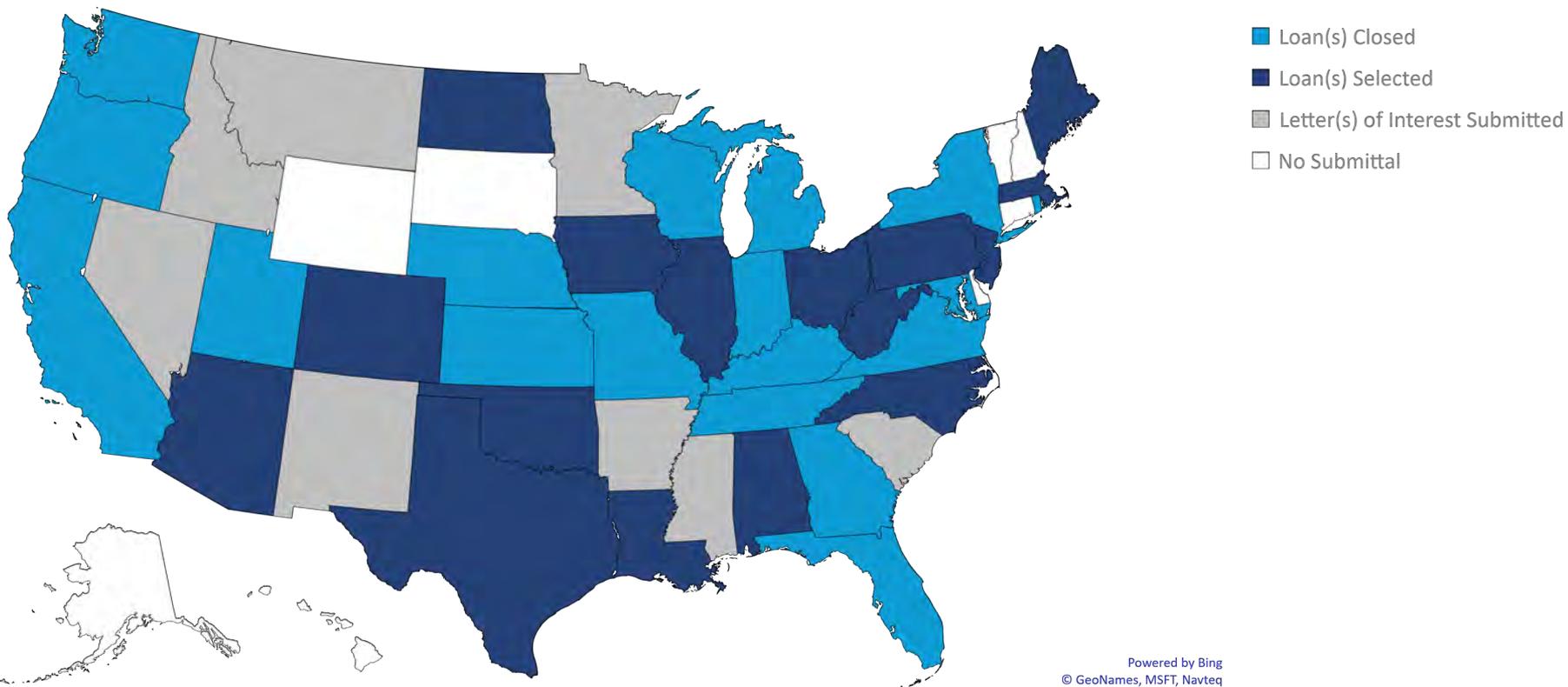
CURRENT STATUS

- The WIFIA program has invited 149 borrowers to submit applications from four selection rounds
- In FY 2020, WIFIA selected 55 of 67 submitted projects
 - Some submitted projects were not eligible
 - Created a waitlist for the first time to meet the strong demand from utilities across the country
- For FY 2021, EPA can lend approximately \$5.5 billion and the deadline to submit a Letter of Interest is July 23, 2021.



LOAN MAP

WIFIA has received loan requests from projects in 44 states and territories



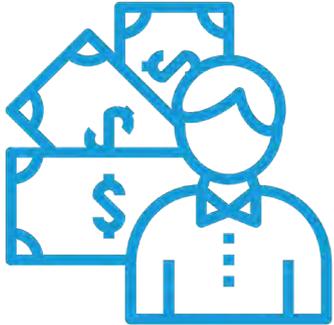
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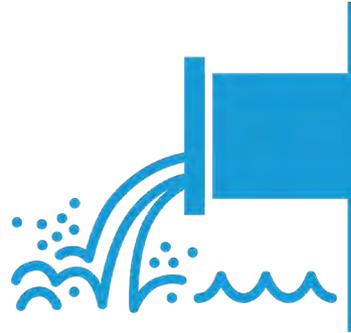


APPLICATION PROCESS

ELIGIBILITY SCREENING



Prospective borrower is an eligible entity



Proposed project is an eligible project



Total project costs exceed the required thresholds



Requested loan amount is 49% or less of anticipated eligible project costs (80% for small communities)

OMB SCREENING CRITERIA

- EPA is required to answer a series of questions about each LOI submitted and submit the responses to OMB
- EPA will reach out to borrowers on an individual basis if additional information is needed beyond what is provided in the LOI
- The goal of the questions is to screen out projects that would be considered a federal asset



SELECTION CRITERIA

- The WIFIA selection criteria are divided into three categories:
 - Project Impact
 - Project Readiness
 - Borrower Creditworthiness
- Each criterion within a category can provide a range of points with the maximum number of points indicated.
- Each category can provide up to 100 points out of a total of 300 available points



SELECTION WEIGHTS

| PROJECT READINESS CRITERIA | POINTS |
|--|--------|
| Readiness to proceed | 40 |
| Preliminary engineering feasibility analysis | 40 |
| New or innovative approaches | 20 |
| BORROWER CREDITWORTHINESS CRITERIA | POINTS |
| Enables project to proceed earlier | 10 |
| Financing plan | 10 |
| Reduction of Federal assistance | 10 |
| Required budget authority | 10 |
| Preliminary creditworthiness assessment | 60 |

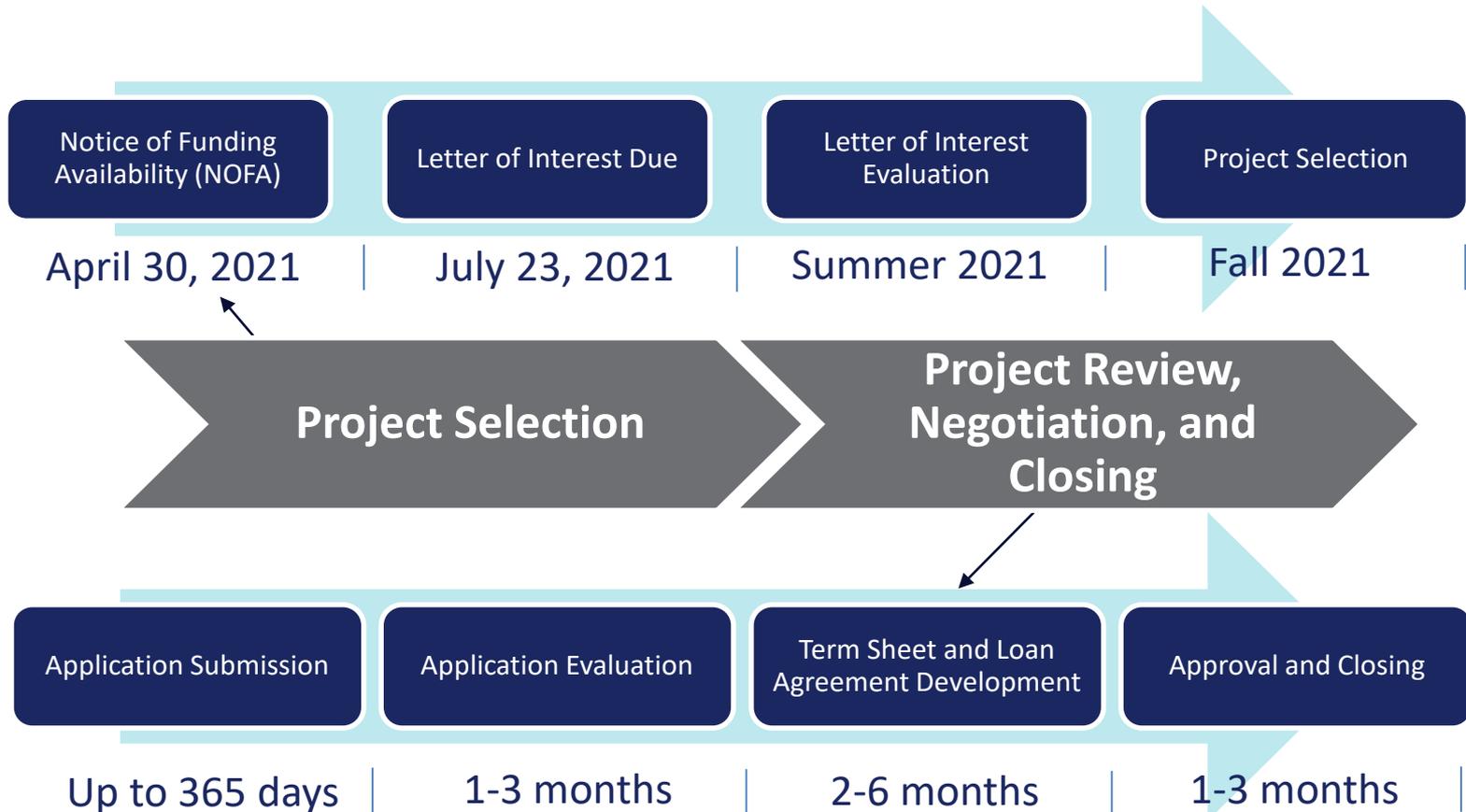
| PROJECT IMPACT CRITERIA | POINTS |
|--|--------|
| National or regional significance | 5 |
| Protection against extreme weather events | 20 |
| Serves energy exploration or production areas | 5 |
| Serves regions with water resource challenges | 5 |
| Addresses identified priorities | 5 |
| Repair, rehabilitation, or replacement | 20 |
| Economically stressed communities | 20 |
| Reduces exposure to lead & emergent contaminants | 20 |

TOTAL AVAILABLE POINTS: 300



LOAN PROCESS

- 31% of WIFIA loans have closed in 6 months or less and 73% of WIFIA loans have closed in 12 months or less from application submission



APPLICATION FEES

- Application fee
 - \$25,000 for small communities (not more than 25,000 individuals)
 - \$100,000 for all other projects
- Credit processing fee assessed at financial close to reimburse the EPA for the cost of hiring engineering, financial, and legal experts
 - Estimates \$100,000-\$300,000 for most projects
 - Very risky, complicated projects could have higher fees
- Financing of fees:
 - Borrowers may finance fees but may not finance expenses solely related to obtaining the WIFIA loan

Final WIFIA Fee Rule, "Fees for Water Infrastructure Project Applications under WIFIA," found at Docket ID No. EPA-HQ-OW-2016-0568 at <http://www.regulations.gov>



RESOURCES

WIFIA NOFA Webinar

- June 1st from 2 to 3:30 PM EST
- [Register Now](#)

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



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>

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