



WIFIA

PROGRAM

NATIONAL WATERWAYS CONFERENCE

SEPTEMBER 14, 2018



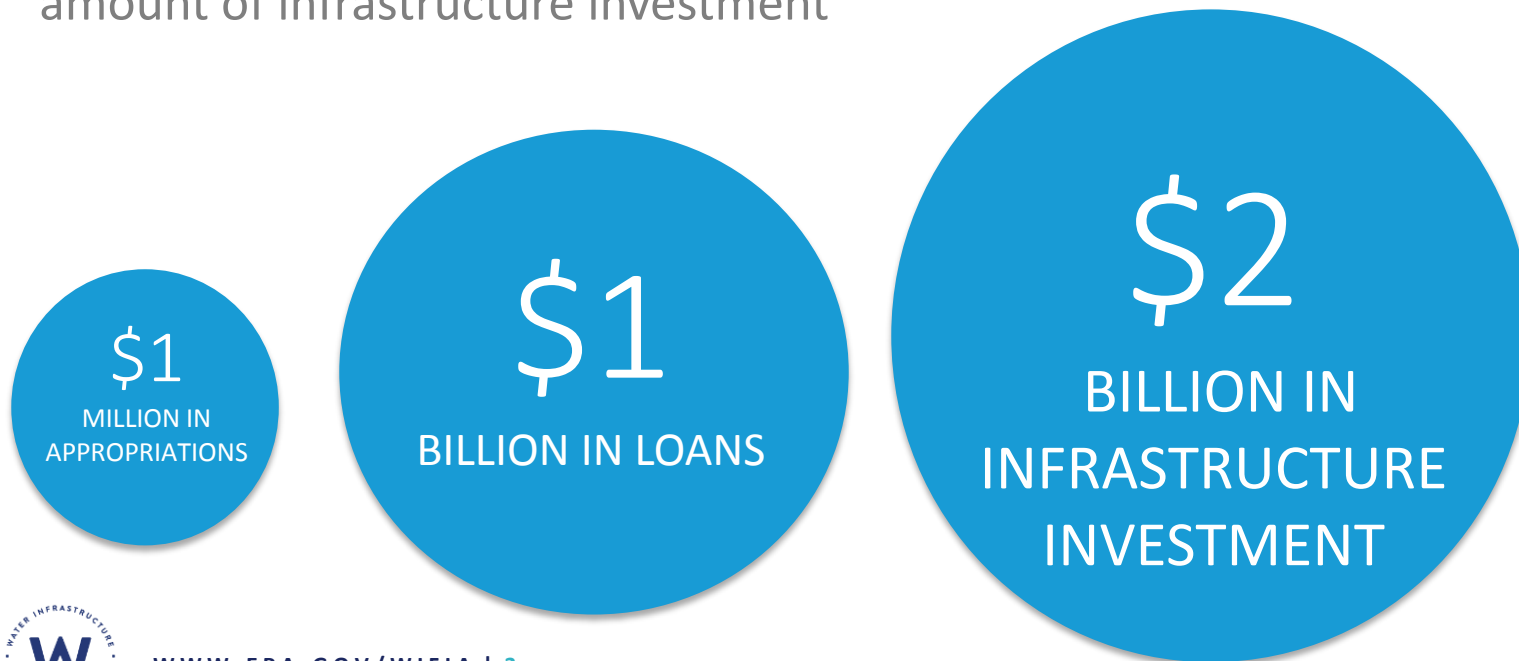
OVERVIEW

The Water Infrastructure Finance and Innovation Act (WIFIA) program accelerates investment by providing long-term, low-cost, loans and supplemental credit assistance under customized terms.



FEDERAL CREDIT PROGRAMS

- Leverage federal funding since Congress only needs to appropriate money to cover estimated losses and the remainder of the funding is borrowed from and repaid to Treasury
- A small amount of federal funds can support a larger amount of infrastructure investment



WIFIA BENEFITS

- **Very low interest rate** equivalent to the U.S. Treasury rate of the same maturity based on the weighted average life (WAL)
- **Highly flexible repayment schedule** during construction, allowing payment deferral during periods of high capital expenditure
- **Ability to preserve a borrower's senior debt capacity**, allowing borrowers to issue future non-WIFIA project related debt at lower interest rates and with more favorable terms
- **Flexibility to sculpt the WIFIA repayment schedule** in order to reduce burden on rate payers. WIFIA repayments can be ramped up over time, allowing for small and steady rate increases to satisfy capital expenditures and debt service payments
- **Ability to back load repayments** offers significant saving compared to level repayment schedules, because cash outlays that are made sooner cost more than outlays in future years due to lost earning capacity on that cash
- Presence of low-cost, flexible WIFIA debt **improves the position and confidence of other lenders**. This may help borrowers obtain other sources of funding at more favorable terms



WIFIA BACKGROUND

- WIFIA is modeled on the Transportation Infrastructure Finance and Innovation Act (TIFIA) of 1998
- 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 to invite to apply for loans
- FY2018: Congress appropriated \$55 million for credit subsidy and EPA opened second selection round



EPA ELIGIBILITY

EPA 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



USACE ELIGIBILITY

USACE eligible projects

- Any project for flood damage reduction, hurricane and storm damage reduction, environmental restoration, coastal or inland harbor navigation improvement, or inland and intracoastal waterways navigation improvement that the Secretary determines is technically sound, economically justified, and environmentally acceptable, including:
 - a project to reduce flood damage;
 - a project to restore aquatic ecosystems;
 - a project to improve the inland and intracoastal waterways navigation system of the United States; and
 - a project to improve navigation of a coastal or inland harbor of the United States, including channel deepening and construction of associated general navigation features



CROSSOVER PROJECTS

Some projects are eligible under the EPA and USACE WIFIA program

- Flood damage reduction
 - A project that will reduce the impact of stormwater causing flooding conditions in a community
 - Hardening of water or wastewater infrastructure against the affects of hurricanes, floods, or rising sea levels
- Aquatic ecosystem restoration
 - Wetlands development and restoration
 - Removal of contaminated sediments
 - Invasive species control



CASE STUDY: STORMWATER

Project A

- Stormwater channel improvements to increase capacity to capture and convey stormwater and reduce stormwater runoff to surrounding areas
 - Increases conveyance capacity for 100-year flow
- Regional stormwater channel conveyance facility to manage and capture storm water and reduce reoccurring alluvial fan runoff and debris
 - Needed to manage the stormwater runoff that is carried by the alluvial fans to nearby and adjacent properties, and to maintain the environmental integrity of the area
- Total project costs of \$100 million



CASE STUDY: HABITAT RESTORATION

Project B

- Project to widen a five-mile segment of a river from 300 feet to over 1200 feet
- Converts 448 acres of farmland and dairy lands to natural uses
- Exposing the widened river corridor to natural riverine processes can result in the establishment of about 300 acres of additional active riverine/riparian habitat for common and sensitive species
- By removing farmland and dairy uses eliminates nutrient discharge into the river system
- Total project costs of \$60 million



FUTURE ELIGIBLE PROJECTS

The FY 2018 Water Resources Development Act includes language that will allow for EPA to manage USACE's WIFIA program

- Funds may be transferred to EPA to manage to provide and manage loans for USACE selected projects
- This will allow EPA to provide WIFIA funding to all USACE eligible projects including:
 - Coastal or inland harbor navigation improvements
 - Inland and intracoastal waterways navigation improvements



CASE STUDY: HARBOR NAVIGATION

Project C: future potential project

- Project deepens the federal channels of the Oakland Harbor and Port-maintained berths from a depth of 42 feet Mean Lower Low Water (MLLW) to 50 feet MLLW
- Approximately 12.8 million cubic yards of the sediment dredged during this project was used to create environmental enhancement and wetland habitat
- Port of Oakland is the non-federal sponsor and would need to be the WIFIA borrower
- Total project costs of \$425 million



IMPORTANT PROGRAM FEATURES



Minimum project size for large communities.



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



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.



Maximum portion of eligible project costs that WIFIA can fund.



Projects must be creditworthy.



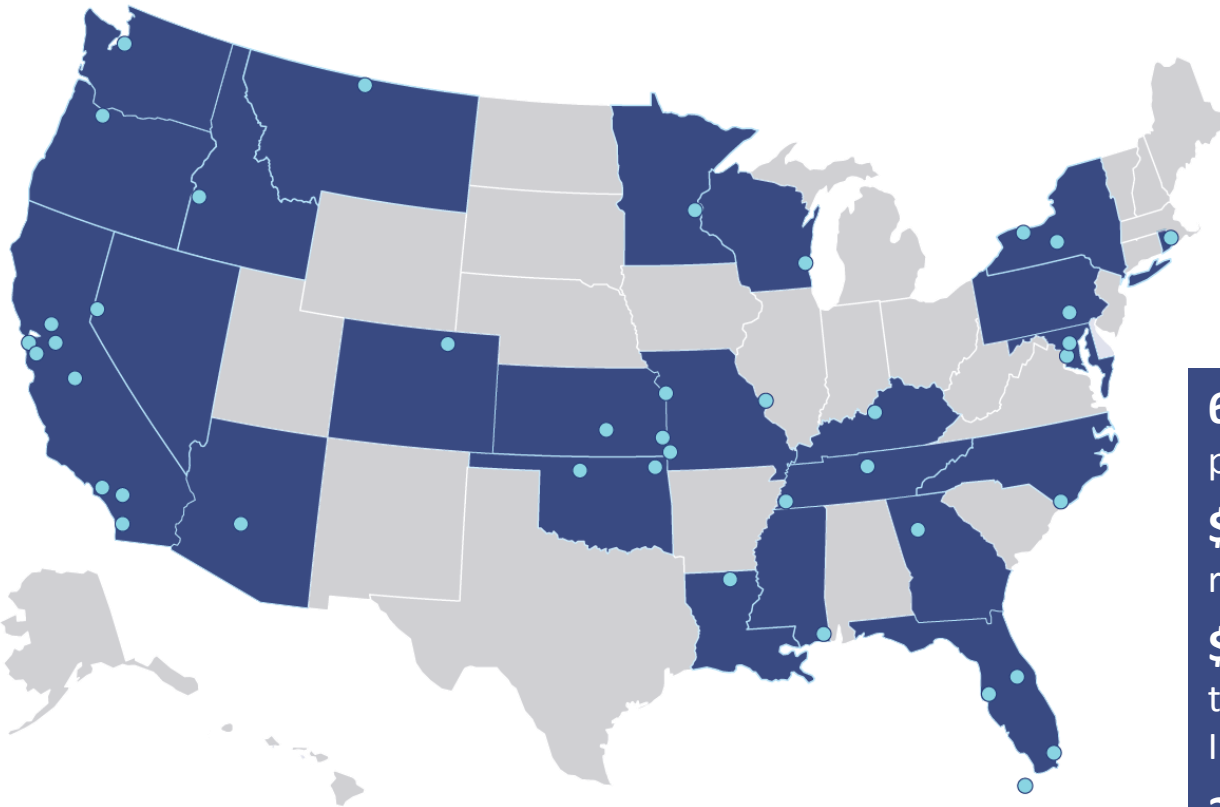
Maximum final maturity date from substantial completion.



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



2018 LOIS SUBMITTED



62 projects from **52**
prospective borrowers
\$9.1 billion in loans
requested
\$19.9 billion in
total project
Investment
26 states and
territories



EXECUTED TRANSACTIONS

Borrower	King County Wastewater Treatment Div.	City of Omaha	Orange County Water District	San Francisco PUC
Loan Amount:	\$134M	\$69M	\$135M	\$699M
Term:	30 years from project completion	30 years from project completion	35 years from project completion	35 years from project completion
Co-Financing	Revenue Bonds & SRF Loan	Revenue Bonds OR SRF Loan	COPs	Revenue Bonds and SRF Loan
Transaction Flexibilities:	<ul style="list-style-type: none"> 1) 10+ year interest only period 2) Sculpted Debt Service 	<ul style="list-style-type: none"> 1) WIFIA commitment prior to execution of an SRF agreement 2) Interest capitalization during construction 	<ul style="list-style-type: none"> 1) Optional ability to use WIFIA to retire construction financing 2) 5 year capitalized interest after construction 3) Springing Lien 	<ul style="list-style-type: none"> 1) Optional ability to use WIFIA to retire construction financing 2) Interest capitalization during construction 3) Sculpted Debt Service



WHAT'S NEXT

WRDA

USACE – WIFIA MOU

Bureau of Recreation RIFIA



CONTACT US

jernberg.jorianne@epa.gov

Website: www.epa.gov/wifia

Email: wifia@epa.gov

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

