



WIFIA

PROGRAM

LETTER OF INTEREST SUBMISSION & PROJECT SELECTION

February 9, 2017

March 7, 2017



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.



PURPOSE OF THE SESSION

The purpose of this webinar is to:

- Foster a greater understanding of the requirements of the WIFIA program
- Pave the way for successful letters of interest to the WIFIA program



SPEAKERS

- Jorianne Jernberg, US EPA, WIFIA Program Director (Moderator)
- Danusha Chandy, US EPA
- Karen Fligger, US EPA



OPPORTUNITY FOR QUESTIONS

- The WIFIA program welcomes clarifying questions information provided in the presentation
- Questions may be posed at any time by typing into the bottom left box of the screen
- The WIFIA program will include these questions in an FAQ, available on the WIFIA website
- Unanswered questions may be answered in a follow-up e-mail or through the FAQ



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

Email: wifia@epa.gov

Register to receive updates on the WIFIA program at <https://public.govdelivery.com/accounts/USAEPaOW/subscriber/new>. Select “Finance and Funding.”



APPLICATION PROCESS

Project Selection

- NOFA
- Letter of Interest submission
- Letter of Interest evaluation
- Invitation to apply

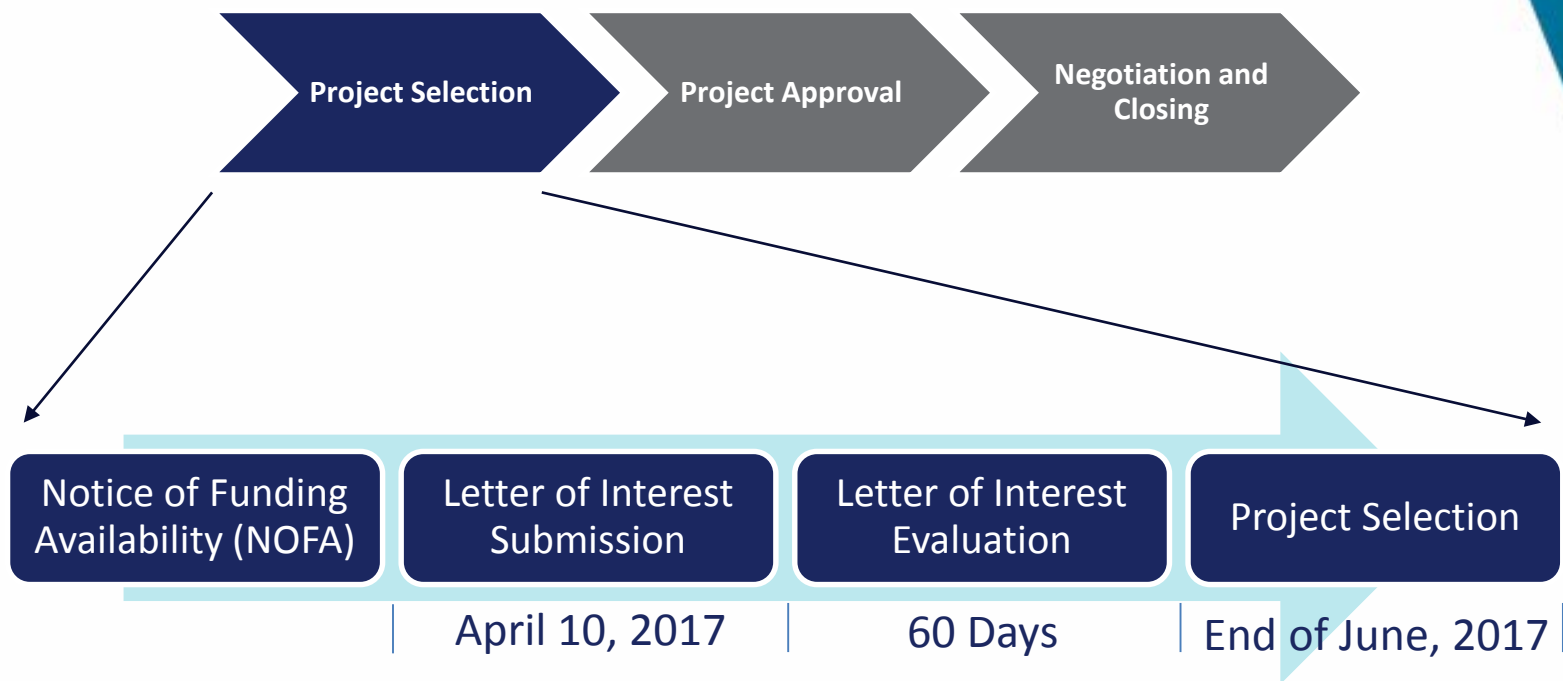
Project Approval

- Application submission
- Application evaluation
- Term sheet
- Application approval

Negotiation and Closing

- Negotiation activities
- Credit agreement execution

SUMMARY



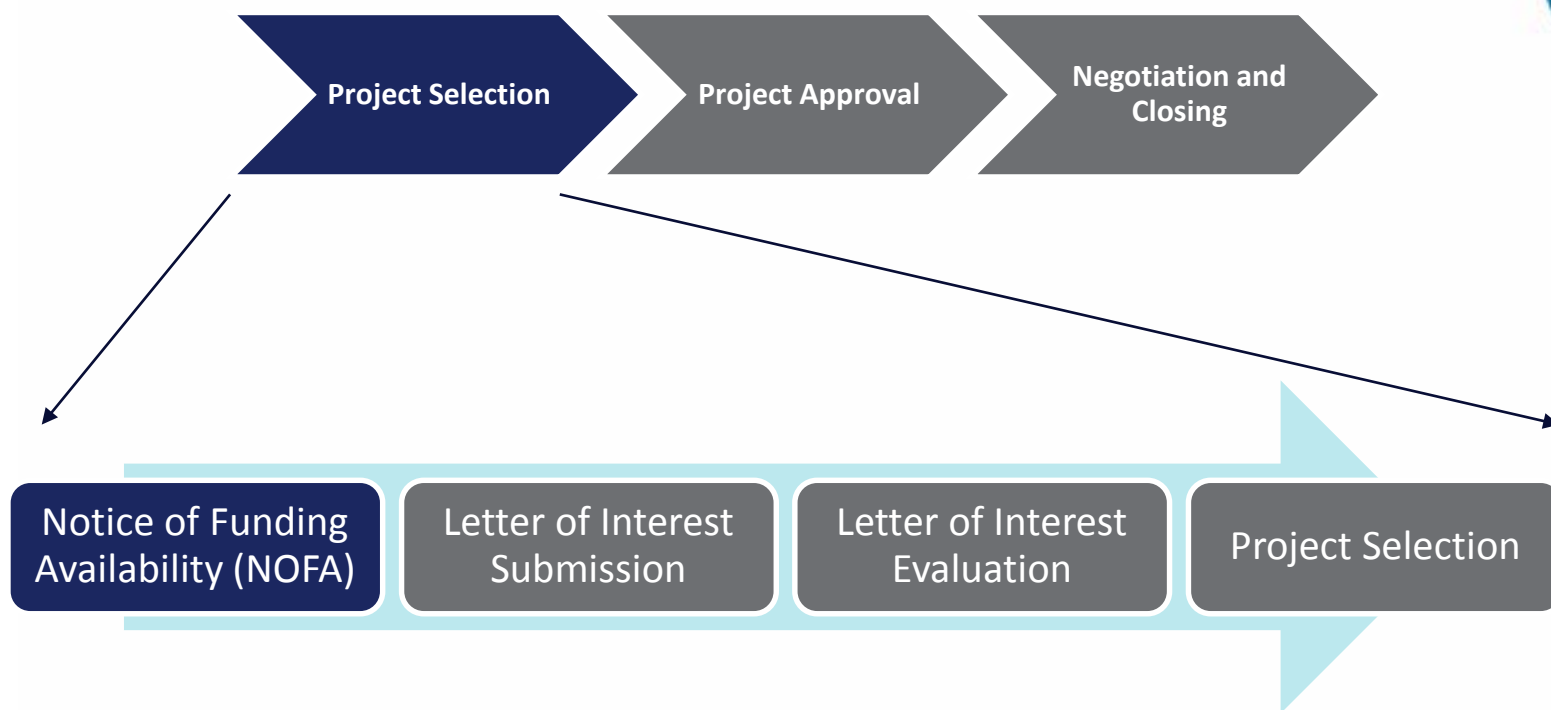
PROJECT SELECTION IS COMPETITIVE

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



LETTER OF INTEREST SUBMISSION



NOTICE OF FUNDING AVAILABILITY

- On January 10, 2017, EPA announced that it would accept letters of interest for WIFIA credit assistance until April 10, 2017
- EPA will make available \$17 million in budget authority to cover the subsidy cost of providing WIFIA credit assistance
 - This funding covers the federal government's anticipated cost of providing approximately \$1 billion in credit assistance
 - If the credit quality of projects is very high, we may be able to extend as much as \$2 billion in credit assistance
 - Therefore, the \$17 million can support a total of \$2-\$4 billion in water infrastructure investment



ELIGIBLE BORROWERS

The entity applying for a WIFIA loan must be one of the following:

- A corporation
- A partnership
- A joint venture
- A trust
- A federal, state or local government entity, agency, or instrumentality
- A tribal government or consortium of tribal governments
- A state infrastructure financing authority, as defined by the Clean Water Act and the Safe Drinking Water Act



ELIGIBLE PROJECTS

Prospective borrowers may only apply for WIFIA loans with the purpose of undertaking one or several eligible projects

1. **Wastewater projects that are eligible for the Clean Water State Revolving Fund** as described under section 603 of the Federal Water Pollution Control Act, notwithstanding the public ownership requirement under paragraph (1) of that subsection
2. **Drinking water projects that are eligible for the Drinking Water State Revolving Fund** as described in section 1452(a)(2) of the Safe Drinking Water Act
3. **Projects that enhance energy efficiency** in the operation of a public water system or a publicly owned treatment works
4. **Projects for repair, rehabilitation, or replacement** of a treatment works, community water system, or aging water distribution or waste collection facility (including a facility that serves a population or community of an Indian reservation)



ELIGIBLE PROJECTS

5. **A brackish or sea water desalination project, including chloride control, a managed aquifer recharge project, a water recycling project, or a project to provide alternative water supplies to reduce aquifer depletion**
6. **A project to prevent, reduce, or mitigate the effects of drought including projects that enhance the resilience of drought-stricken watersheds**
7. **The acquisition of real property or an interest in real property** that is either integral to an eligible project, or would mitigate the environmental impacts of water resources infrastructure projects otherwise eligible for WIFIA assistance, as determined by the Administrator.
8. **A combination of SRF-eligible wastewater or drinking water projects** for which a state infrastructure financing authority submits a single application
9. **A combination of eligible projects secured by a common security pledge**, for which a single eligible entity, or a combination of eligible entities, submits a single application



ELIGIBLE COSTS

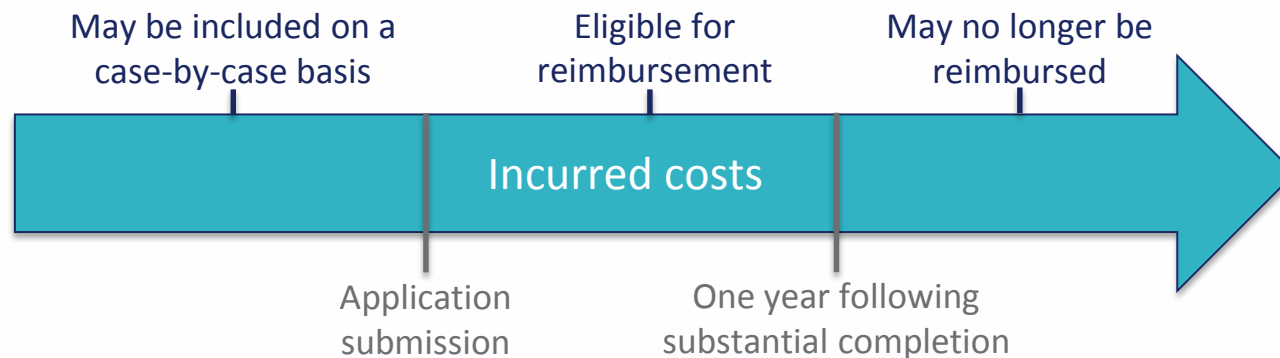
Eligible project costs are costs associated with the following activities, as defined in the statute

- **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 other preconstruction activities
- **Construction, reconstruction, rehabilitation, and replacement activities**
- **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 that would mitigate the environmental impacts of water resources infrastructure projects otherwise eligible for WIFIA credit assistance), construction contingencies, and acquisition of equipment
- **Capitalized interest** necessary to meet market requirements, reasonably required **reserve funds, capital issuance expenses**, and other **carrying costs** during construction



ELIGIBLE COSTS

- Eligible Costs incurred prior to submission of an application may be included as a part of eligible project costs
 - Such costs will be approved on a case-by-case basis
- Incurred eligible costs may be reimbursed up to one year following substantial completion of the project



THRESHOLD REQUIREMENTS

For WIFIA credit assistance, a project must meet the following criteria:

- The project and prospective borrower must be creditworthy and demonstrate a reasonable assurance of loan repayment
- The project must be reasonably anticipated to cost no less than \$20 million; \$5 million for SRF-eligible projects small community projects (serves a community of no more than 25,000)
- Project financing shall be repayable from a dedicated revenue source that also secures the senior project obligations of the project
- Private projects shall be publicly sponsored; a prospective private borrower must demonstrate that it has consulted with and gained the support of the affected state, local, or tribal government in which the project is located
- The prospective borrower must have developed an operations and maintenance plan that identifies adequate revenues to operate, maintain, and repair the project during its useful life



COMPLIANCE REQUIREMENTS

- Projects receiving a WIFIA loan must comply with all relevant federal laws and regulations, including, but not limited to:
 - Use of American Iron and Steel
 - Davis-Bacon Wage Requirement
 - National Environmental Policy Act
 - Floodplain management
 - National Historic Preservation Act
 - Endangered Species Act
 - All Civil Rights Acts

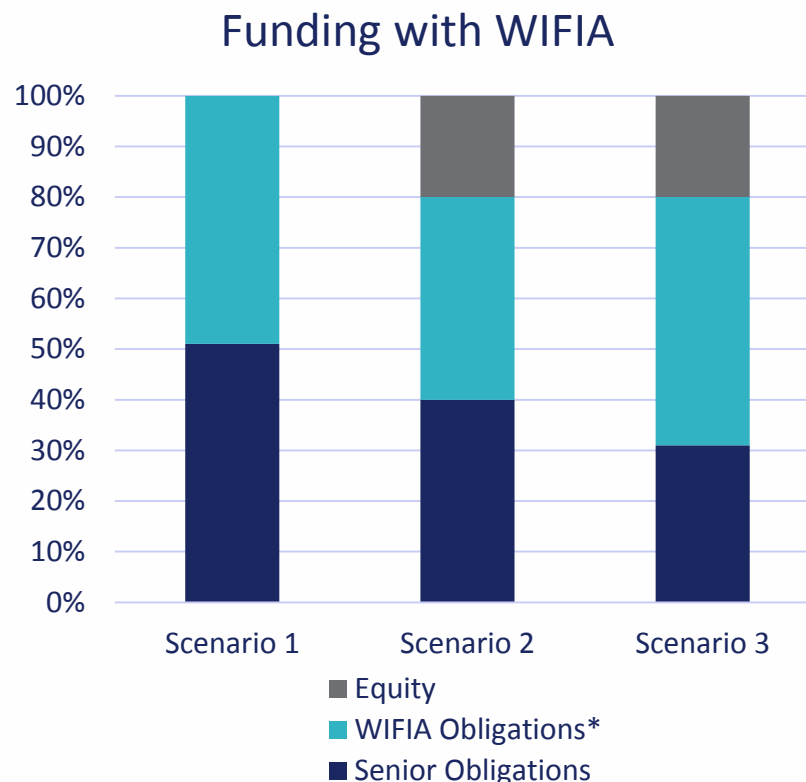
TYPES OF CREDIT ASSISTANCE

- EPA is permitted to provide both direct loans or loan guarantees
- A direct loan is disbursed by and repaid to the federal government
- A loan guarantee is a pledge by the Administrator to pay all or part of the principal and accrued interest on a loan or other debt obligation issued by a borrower and funded by a lender



AMOUNT OF WIFIA LOAN

- Maximum amount: 49% of the reasonably anticipated eligible project costs
 - The amount of the WIFIA loan may not exceed the amount of the project's senior obligations unless the WIFIA loan obtains an investment-grade rating
- Maximum federal involvement: 80% of total project costs



* In Scenario 3, the WIFIA obligations must have an investment-grade rating

FEES

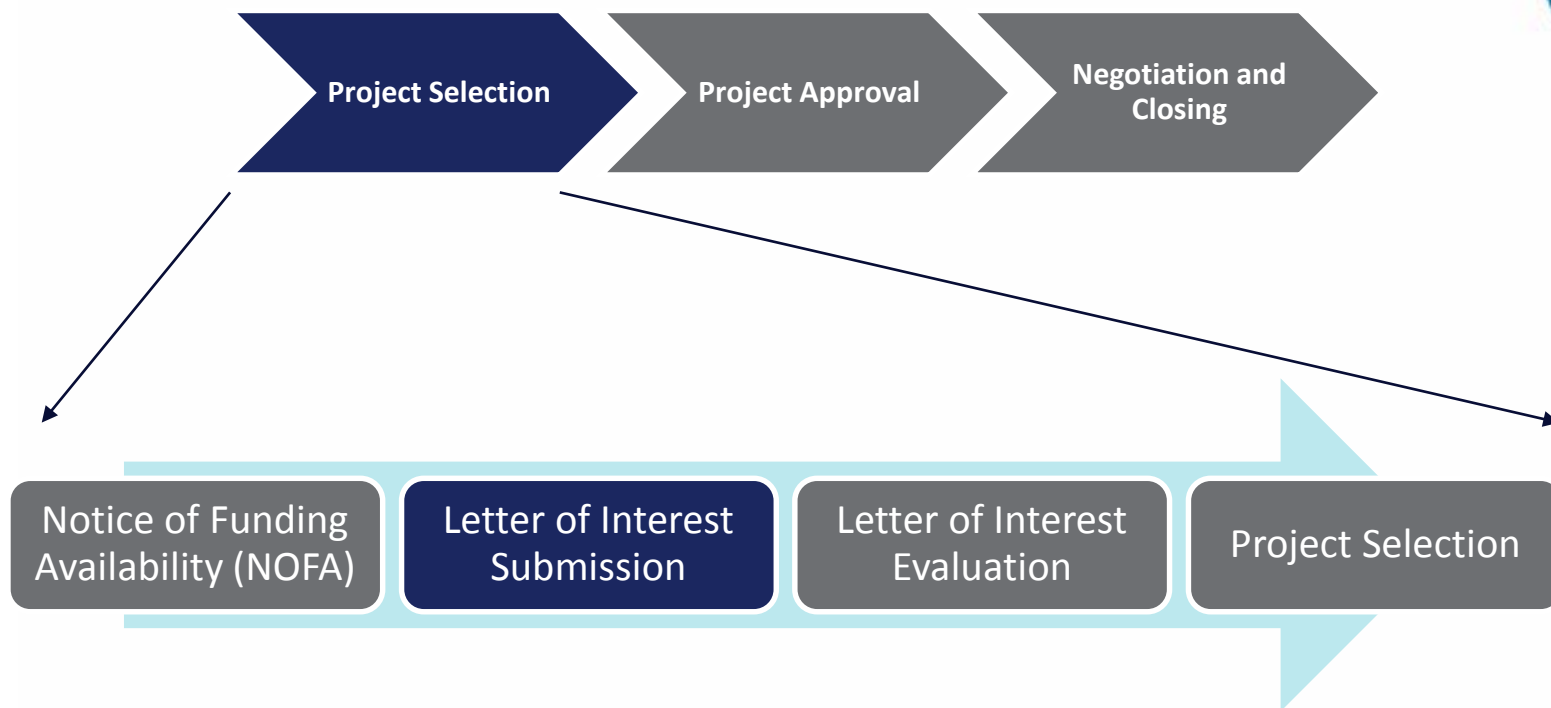
There is no fee to submit a letter of interest

EPA has proposed in “Fees for Water Infrastructure Project Applications under WIFIA”, found at Docket ID No. EPA-HQ-OW-2016-0568 at <http://www.regulations.gov> and is accepting comments on it until February 17, 2017

- Proposed fees:
 - Application fee of \$25,000 for projects serving communities of not more than 25,000 individuals or \$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. EPA estimates it will be between \$350,000 and \$700,000
- Financing of fees:
 - Borrowers may finance fees
 - Borrowers may not finance expenses solely related to obtaining the WIFIA credit assistance



LETTER OF INTEREST SUBMISSION



APPLICATION MATERIALS

Letters of Interest must be submitted using the appropriate form available at <https://www.epa.gov/wifia/wifia-application-materials-and-resources>

Related Topics: [Water Infrastructure Finance and Innovation Act](#)

[Contact Us](#)

[Share](#)

WIFIA Application Materials and Resources

WIFIA Program Handbook: The Handbook describes how EPA administers the WIFIA program. Upon reading this handbook, prospective borrowers should be able to understand the requirements and procedures for obtaining WIFIA credit assistance and complying with WIFIA program rules and regulations.

WIFIA Letter of Interest: Prospective borrowers must submit a letter of interest for their project to the WIFIA program. In the letter of interest, the prospective borrower provides information to demonstrate its projects eligibility, financial creditworthiness, engineering feasibility, and alignment with EPA's policy priorities.

WIFIA Letter of Interest Frequent Questions: Answers to frequent questions to assist prospective borrowers with preparing their WIFIA credit assistance letters of interest.

Sample Financial Pro Forma: Prospective borrowers are required to provide a summary financial pro forma as part of their letter of interest submission. This document serves as an example of the type of information that prospective borrowers should include in the pro forma provided to the WIFIA program.

WIFIA Application: If EPA selects the projects, then the prospective borrower is invited to submit an application. EPA will only select projects that it expects might reasonably proceed to closing.

You may need Adobe Reader to view files on this page. See EPA's [About PDF page](#) to learn more.

- [WIFIA Program Handbook \(PDF\)](#) (66 pp, 681 K)
- [WIFIA Letter of Interest \(PDF\)](#) (16 pp, 299 K)
- [WIFIA Letter of Interest Frequent Questions \(PDF\)](#) (4 pp, 327 K)
- [Sample Financial Pro Forma \(PDF\)](#) (7 pp, 2 MB)
- [WIFIA Application \(PDF\)](#) (14 pp, 234 K)



LETTER OF INTEREST SUBMISSION

Prospective borrowers provide the WIFIA program with enough information to:

- Validate the eligibility of the prospective borrower and the proposed project
- Perform a preliminary creditworthiness assessment
- Perform a preliminary engineering feasibility analysis
- Supply the WIFIA program with information to evaluate the project against the selection criteria defined in the NOFA



LETTER OF INTEREST

The WIFIA program website will provide the letter of interest form and guidance

Component
A: Prospective Borrower Information
B: Project Plan
C: Project Operations and Maintenance Plan
D: Financing Plan
E: Selection Criteria
F: Contact Information
G: Certifications
H: Notification of State Infrastructure Financing Authority



SECTION A: PROSPECTIVE BORROWER INFORMATION

Purpose: To provide EPA an overview of the prospective borrower to assess its eligibility

Basic Information

- Legal name
- Taxpayer ID
- Contact information
- Website
- DUNS number
- Type of entity
 - ☐ Corporation
 - ☐ Partnership
 - ☐ Joint Venture
 - ☐ Trust
 - ☐ Federal, State, or Local Governmental Entity, Agency, or Instrumentality
 - ☐ Tribal Government or Consortium of Tribal Governments
 - ☐ State Infrastructure Finance Authority
 - ☐ Combination of the Above Entities



SECTION A: PROSPECTIVE BORROWER INFORMATION

Organization chart

- Provide a chart for the project including members or titles of project teams

Public sponsorship

- Demonstrated consultation and support of affected State, local, or tribal government

Readiness to proceed

- Confirmation of ability to submit an application within 365 days



SECTION B: PROJECT PLAN

Purpose: To provide EPA with a general description of the project and information to determine the its eligibility

Basic project information

- Name
- Website
- Location (with map)
- County
- Population served by project
- Total population served by system
- Project delivery method

Project description

Project purpose

Schedule



SECTION B: PROJECT PLAN

Preliminary analysis

- Engineering reports
- Feasibility studies
- Preliminary designs

Alternatives analysis

System Master Plan

Potential issues

- Pending legislation
- Community support
- Permitting

Authorizing actions

Environmental review process and current status

Permitting status

Community outreach efforts

Floodplain management



SECTION C: PROJECT O&M PLAN

Purpose: To describe to EPA the prospective borrower's technical and financial ability to operate and maintain the project over the life of the WIFIA loan

Estimated useful life of project

- Consider the economic useful life of the assets

Operations and maintenance plan

- Sources of revenue
- Performance guarantees
- Major maintenance reserves

Contract framework



SECTION D: FINANCING PLAN

Purpose: To provide EPA with the prospective borrower's proposed plan for financing its project and additional information to assess the project's creditworthiness

Narrative describing how the project's senior debt will garner an investment grade rating

- Financial structure of the project
- Projection of key financial ratios
- Existing rating on security pledge (if available)

Estimated total capital cost of project

- Broken down activity type and differentiating eligible and ineligible costs

SECTION D: FINANCING PLAN

Describe the terms of the prospective borrower's existing debt and equity financing sources (as applicable)

Identify each source of funding, including WIFIA assistance

- Amounts
- Origination date
- Final maturity date
- Estimated interest rate
- Pledged security
- Disbursement timing
- Repayment sources
- Amortization schedule
- Lien priority



SECTION D: FINANCING PLAN

Description of existing indebtedness (senior, parity, subordinate)

- Amounts
- Origination date
- Final maturity date
- Estimated interest rate
- Timing of disbursements
- Pledged security
- Repayment sources
- Amortization schedule
- Lien position

Description of financial condition

- Current ability to meet debt service
- Year -end audited financial statements for the past three years

Identify dedicated revenue source to be pledged to repayment of the WIFIA credit instrument

- Describe the preliminary revenue projections and assumptions



SECTION D: FINANCING PLAN

Describe the expected terms including:

- Amount
- Origination date
- Final maturity date
- Estimated interest rate
- Timing of disbursements
- Pledged security
- Projected amortization schedule
- Capitalized interest
- Lien position
- Any plans to raise capital for non-WIFIA funding

Provide a sources and uses of funds exhibit



SECTION D: FINANCING PLAN

Financial Pro Forma

- The project's funding sources
- The project obligations' dedicated source(s) of repayment
- The project's revenue sources
- Operations and maintenance costs
- Capital expenditures
- Debt service payments and reserve transfers, broken down by funding source and including WIFIA credit assistance
- Equity distributions

Sample Pro Forma is available at <https://www.epa.gov/wifia/wifia-application-materials-and-resources>



SECTION D: FINANCING PLAN

Revenue feasibility studies

- Describe the results and status of revenue feasibility studies
- For project financing, list all potential off-take agreements and describe the counterparty

Consultation with state revolving loan authority



SECTION E: SELECTION CRITERIA

Purpose: To describe to EPA how the proposed project achieves the public policy benefits outlined in the WIFIA statute, regulation, and NOFA

- Prospective borrowers should make their case for being selected for WIFIA funding based on 13 selection criteria
- A review team will score each project based on the merits of the project scope as described in this section
- When possible, provide supporting documents
 - In the response, reference the specific applicable sections of the supporting documents



1. NATIONAL OR REGIONAL SIGNIFICANCE

The extent to which the project is nationally or regionally significant, with respect to the generation of economic and public health benefits.

Scoring Considerations

- Does the project generate regional or national economic and/or public health benefits?
- A net negative impact will be eliminated from further consideration

2: ENABLES PROJECT TO PROCEED EARLIER

The likelihood that the WIFIA loan would enable the project to proceed at an earlier date than the project would otherwise be able to proceed.

Scoring Considerations

- How does WIFIA funding affect the project development schedule?
- Would WIFIA funding would allow the prospective borrower to implement other high priority projects sooner than anticipated?
- Without WIFIA funding, would the project be implemented?



3: NEW OR INNOVATIVE APPROACHES

The extent to which the project uses new or innovative approaches such as the use of energy efficient parts and systems, or the use of renewable or alternate sources of energy; green infrastructure; and the development of alternate sources of drinking water through desalination, aquifer recharge or water recycling.

Scoring Considerations

- Does the project incorporate any new or innovative approaches or technologies?
- Has the new or innovative approach or technology been pilot tested?
- Has the new or innovative approach or technology been implemented at full scale levels?
- Does project incorporate approaches or technologies that have the potential to significantly improve standard operations within the water and wastewater industries?



4: PROTECTION AGAINST EXTREME WEATHER EVENTS

The extent to which the project protects against extreme weather events, such as floods or hurricanes, as well as the impacts of climate change.

Scoring Considerations

- Does the project address extreme weather events, such as 100-year floods or natural disasters that have occurred in the past?
- Does the project address extreme weather events, such as the 500-year flood and/or climate change impacts for at least a 20-year planning period?
- How does the project sponsor intend to meet State, local, Tribal, and Territorial standards for flood risk and floodplain management?



5: PROTECT PUBLIC HEALTH OR ENVIRONMENT

The extent to which the project helps maintain or protect the environment or public health.

Scoring Considerations

- Do existing conditions meet regulatory requirements? Without implementing the project, could these conditions deteriorate?
- Does the project help significantly improve environmental or public health conditions, even if existing conditions meet regulatory requirements?
- Is the project necessary to resolve public health or environmental violations or enforcement actions?
- A net negative impact will be eliminated from further consideration



6: SERVES ENERGY PRODUCTION AREAS

The extent to which a project serves regions with significant energy exploration, development, or production areas.

This criterion will simply be scored on whether a project serves a population in a region with energy exploration, development, or production areas or not.

7: SERVES REGIONS WITH WATER RESOURCE CHALLENGES

The extent to which a project serves regions with significant water resource challenges, including the need to address water quality concerns in areas of regional, national, or international significance; water quantity concerns related to groundwater, surface water, or other resources; significant flood risk; water resource challenges identified in existing regional, state, or multistate agreements; and water resources with exceptional recreational value or ecological importance.

7: SERVES REGIONS WITH WATER RESOURCE CHALLENGES

Scoring Considerations

- How does the project address a water resource challenge?
- How much of the challenge is expected to be alleviated by the project?
- How does the water resource challenge affect the prospective borrower's ability to serve their customers or maintain or improve service levels?
- Does the challenge pose a significant risk to human health or life?
- What percent of the total project cost addresses the water resource challenge?

8: ADDRESSES IDENTIFIED PRIORITIES

The extent to which the project addresses identified municipal, state, or regional priorities.

Scoring Considerations

- Has the project has been identified as a municipal, state, or regional priority?

9: READINESS TO PROCEED

The readiness of the project to proceed toward development, including a demonstration by the prospective borrower 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 the WIFIA loan is obligated for the project.

Scoring Considerations

- Has the design or procurement document development phase of the project has begun?
- Are any other issues that may affect the development and financing of the project, such as community support, pending legislation, permitting, or litigation?
- When is the contracting process expected to commence?
- Are the contract or procurement documents completed or close to completion?



10: FINANCING PLAN

The extent to which the project financing plan includes public or private financing in addition to the WIFIA loan.

Scoring Considerations

- Has the other project funding and financing been identified yet?



11: REDUCTION OF FEDERAL ASSISTANCE

The extent to which the WIFIA loan reduces the contribution of federal assistance to the project.

Scoring Considerations

- Does WIFIA funding increase or decrease the contribution of Federal assistance to the project?



12: REPAIR, REHABILITATION, OR REPLACEMENT

The extent to which the project addresses needs for repair, rehabilitation or replacement of a treatment works, community water system, or aging water distribution or wastewater collection system.

Scoring Considerations

- What percent of the total project cost addresses repair, rehabilitation, and replacement?



13: ECONOMICALLY STRESSED COMMUNITIES

The extent to which the project serves economically stressed communities, or pockets of economically stressed rate payers within otherwise non-economically stressed communities.

Scoring Considerations

- Does the project serve some economically stressed communities or rate payers?
- Does the project serve a community where a significant portion of the population are economically stressed communities?

SECTION F: CONTACT INFORMATION

Primary and secondary points of contact

- Name
- Title
- Organization
- Street address
- Phone
- Email



SECTION G:

CERTIFICATIONS

The prospective borrower must acknowledge that they understand that if they receive a loan, they must comply with:

- Use of American Iron and Steel
- Davis-Bacon Wage Requirement
- National Environmental Policy Act (NEPA)
- Other applicable federal statutes and regulations
- Lobbying restrictions



SECTION G:

CERTIFICATIONS

The prospective borrower must certify that:

- It is not currently or in the last three year been 1) debarred, suspended, or declared ineligible from participating in any Federal program; 2) formally proposed for debarment, with a final determination still pending; 3) voluntarily excluded from participation in a Federal transaction; or 4) indicted, convicted, or had a civil judgment rendered against it for any of the offenses listed in the Regulations
- Neither it nor any of its subsidiaries or affiliates are currently in default or delinquent on any debt or loans provided or guaranteed by the Federal Government
- The facts stated and the certifications and representations made in the letter of interest are true
- The undersigned is an authorized representative of the interested party

SECTION H: NOTIFICATION OF SRF

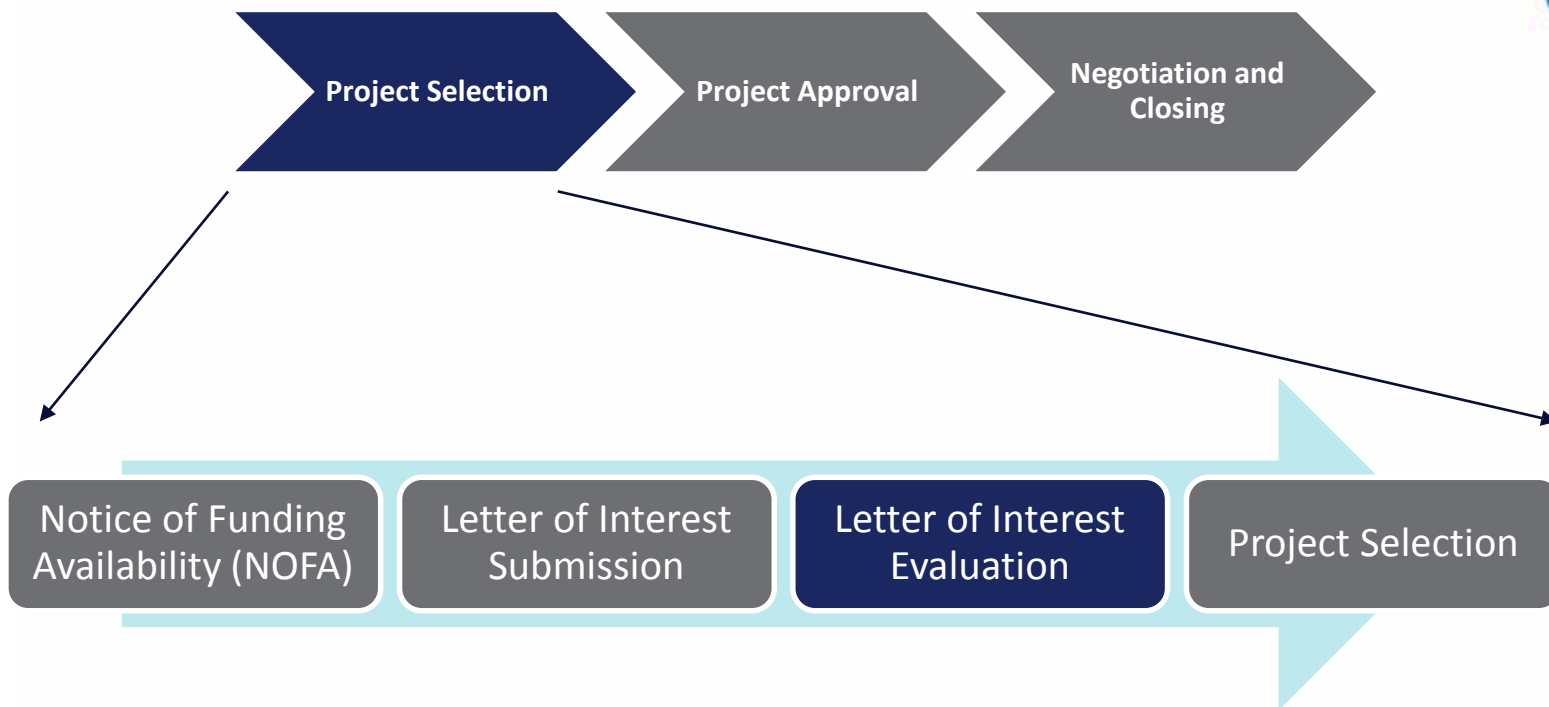
By statute, EPA must notify the appropriate State Infrastructure Financing Authority when it receives an application for an SRF-eligible project

The prospective borrower must acknowledge that:

- EPA will notify the appropriate State Infrastructure Financing Authority within 30 days of receiving the letter of interest
- EPA may provide the submitted letter of interest and source documents to that State infrastructure financing authority
 - Prospective borrower may opt out of having their letter of interest and source documents shared



LETTER OF INTEREST EVALUATION

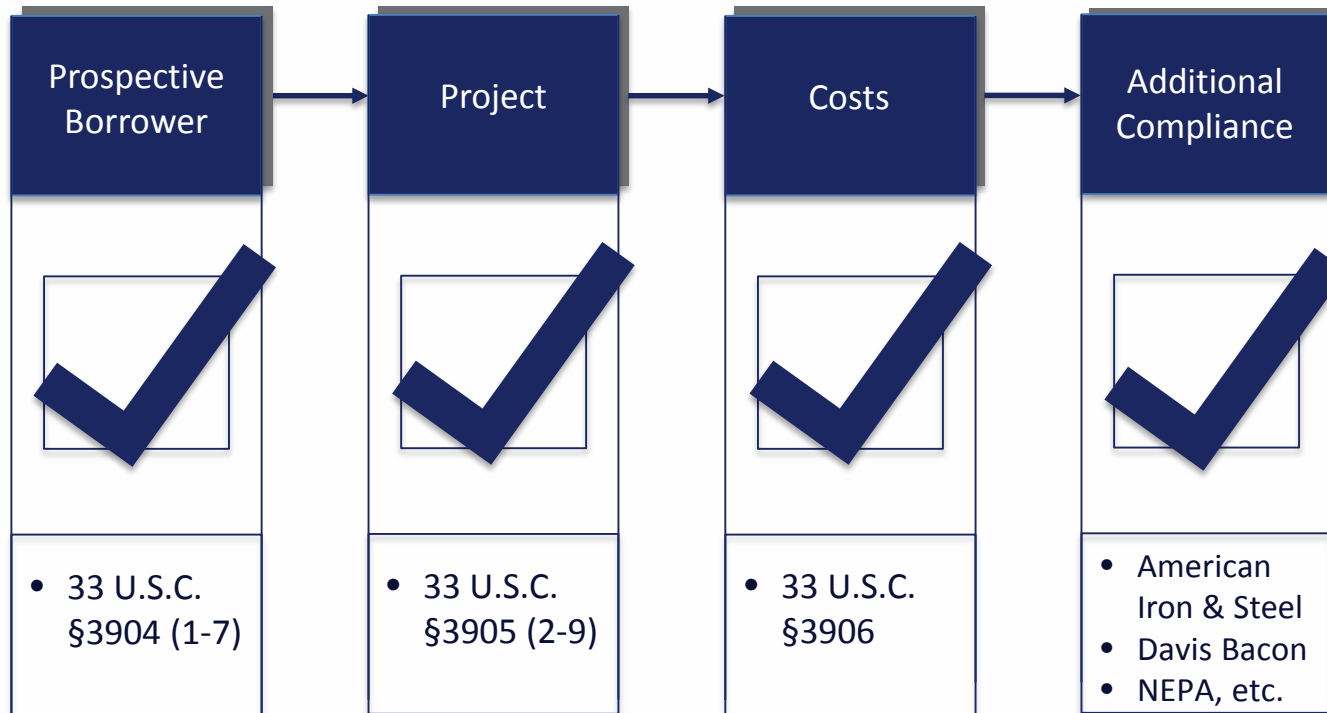


LETTER OF INTEREST EVALUATION

- Eligibility screening
- Preliminary creditworthiness assessment
- Preliminary engineering feasibility analysis
- Selection criteria scoring



ELIGIBILITY SCREENING



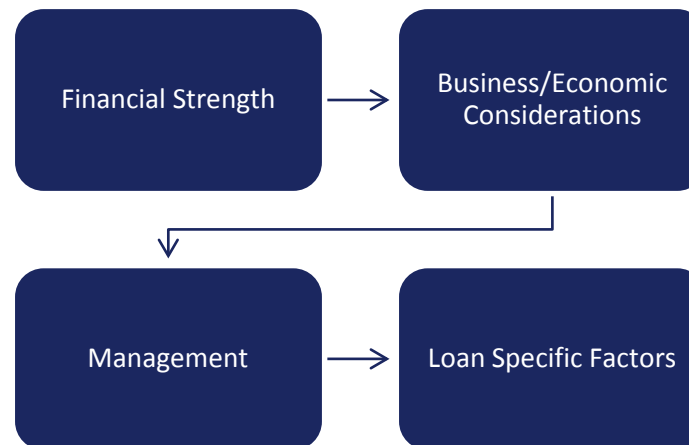
*U.S.C. links reference sections of the WIFIA statute

PRELIMINARY CREDITWORTHINESS ASSESSMENT

Purpose:

- To evaluate the reasonable assurance of repayment by the prospective borrower
- To estimate the amount of budget authority necessary to fund the WIFIA loan

Prospective borrowers and projects will be assessed for creditworthiness under each of the following categories:



PRELIMINARY ENGINEERING FEASIBILITY ANALYSIS

- An evaluation of the proposed project's design, operating, and engineering plans, to verify:
 - Appropriate project technology
 - Technical feasibility based on detailed engineering information
 - Reasonable operation and maintenance plan for the full length of the proposed loan
 - Protection from completion risk, as applicable

SELECTION CRITERIA SCORING

- Each criteria has been weighted based upon EPA's mission, priorities, and factors influencing the successful implementation of the WIFIA program
- Each project will be scored from 1 to 5 for each criteria, with 1 being lowest score and 5 being the highest score
- There is no threshold score that must be achieved in order to be selected

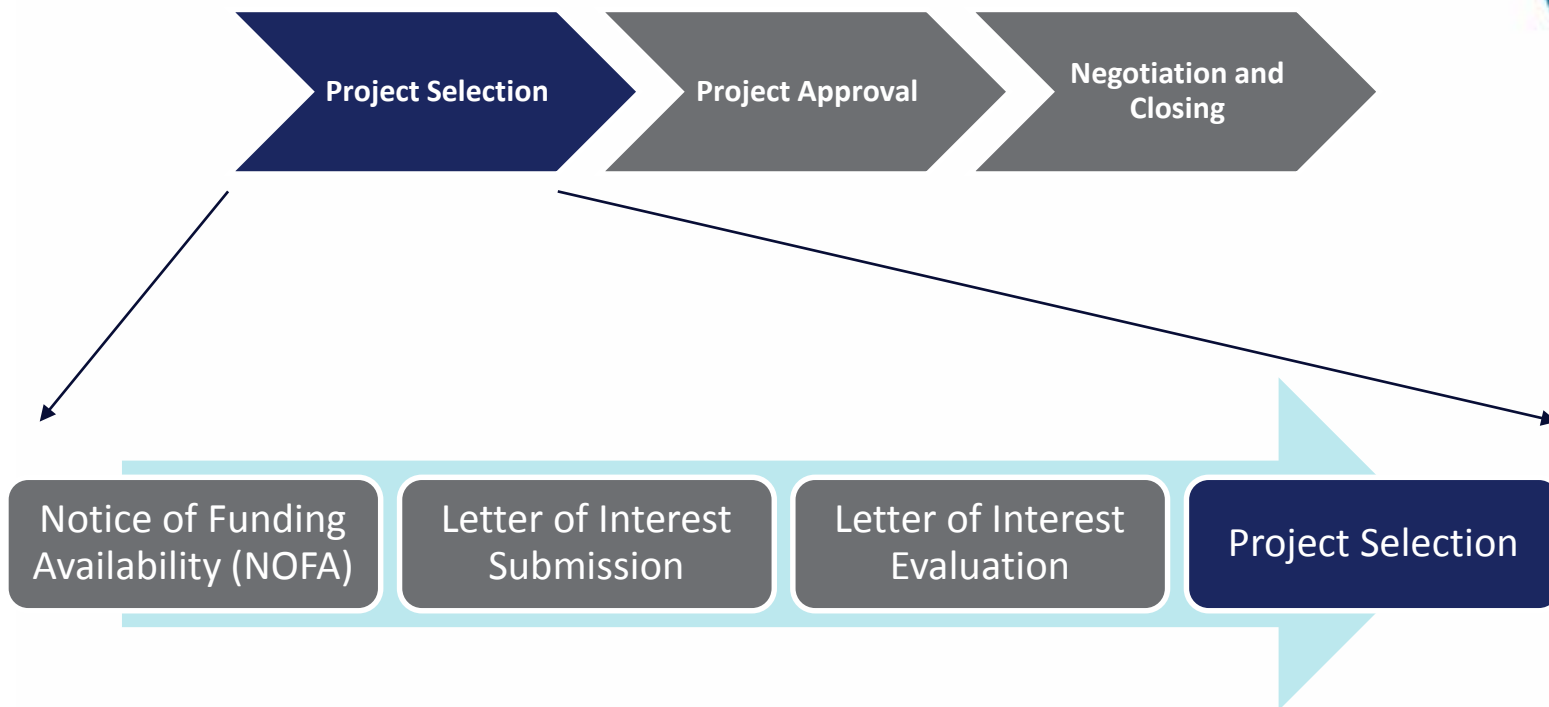


SELECTION CRITERIA AND WEIGHTS

No.	Criteria	Weight (%)
1	National or regional significance	10
2	Enables project to proceed earlier	5
3	New or innovative approaches	10
4	Protection against extreme weather events	10
5	Maintain or protect the environment or public health	10
6	Serves energy exploration or production areas	5
7	Serves regions with water resource challenges	10
8	Addresses identified priorities	5
9	Readiness to proceed	5
10	Financing plan	5
11	Reduction of Federal assistance	5
12	Repair, rehabilitation, or replacement	10
13	Economically stressed communities	10



PROJECT SELECTION



PROJECT SELECTION PROCESS

The Selection Committee will select prospective borrowers to invite to apply

- Three-person committee comprised of a senior manager from
 - Office of Wastewater Management
 - Office of Groundwater and Drinking Water
 - Office of Water

The Selection Committee will consider:

- Selection score
- Preliminary engineering feasibility results
- Amount of budget authority necessary to provide WIFIA loans (as required by statute)

They may consider:

- Diversity of project types and geography within the portfolio

INVITATION TO APPLY

The WIFIA program will provide written notification inviting prospective borrowers to submit an application

- The deadline for application submittal is 365 days from the date of the notification
- Prospective borrowers are expected to confirm receipt of the notification and their intent to apply

EPA will post the names of prospective borrowers invited to apply on its website

Prospective borrowers who are not invited to apply must re-submit their letter of interest to be considered in future rounds



Q&A SESSION

Q&A Panel:

- Karen Fligger, US EPA
- Danusha Chandy, US EPA

Moderator

- Jorianne Jernberg, US EPA



CONTACT US

Website: www.epa.gov/wifia

Email: wifia@epa.gov

Register to receive updates on the WIFIA program at <https://public.govdelivery.com/accounts/USAEPaOW/subscriber/new>. Select “Finance and Funding.”

