



ARIZONA WATER REUSE SYMPOSIUM

July 30, 2019 Flagstaff, AZ



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.



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

\$60 MILLION IN APPROPRIATIONS BILLION IN LOANS

\$12 BILLION IN INFRASTRUCTURE INVESTMENT

IMPORTANT PROGRAM FEATURES



Minimum project size for large communities.



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



Maximum portion of eligible project costs that WIFIA can fund.



Maximum final maturity date from substantial completion.

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

Maximum time that repayment

substantial completion of the

may be deferred after

project.



Projects must be creditworthy.



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



BENEFITS OVERVIEW

WIFIA's benefits can serve various borrower needs

Cheaper than alternatives

- Low, fixed interest rate
- Low fees

Flexible financial terms

- Customized repayment schedule
- Customized disbursements
- No penalty for prepayment
- Flexible co-financing
- No rate lock or commitment fees

Can attract other borrowers and allow for more senior debt

- Can take a lower lien priority, freeing up coverage for affordable senior debt
- Improves the position and confidence of other lenders





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





ELIGIBILITY

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



CRITERIA

Used for project selection:

- (D) The extent to which the project uses new or innovative approaches.
- (H) The extent to which a project serves regions with significant water resource challenges, including the need to address—
 - (i) water quality concerns in areas of regional, national, or international significance;
 - (ii) water quantity concerns related to groundwater, surface water, or other water sources;
 - (iv) water resource challenges identified in existing regional, State, or multistate agreements;
- (I) The extent to which the project addresses identified municipal, State, or regional priorities.



2019 NOTICE OF FUNDING AVAILABILITY

- Issued April 5
- Included as a priority for FY 2019: Water reuse and recycling
 - EPA highlighted water reuse and recycling as a new or innovative approach
 - EPA recognizes that reuse and recycling of water can play a critical role in helping states, tribes, and communities meet their future drinking water needs with a diversified portfolio of water sources
 - The practice can alleviate the effects of drought and assure groundwater resource sustainability and a secure water supply
- This priority is reflected in the weights attributed to each criteria:
 - o 20 points: The extent to which the project uses new or innovative approaches.



CASE STUDY: LOS ANGELES

Donald C. Tillman Advanced Water Purification Facility

- Plan to turn the City's wastewater into a sustainable water source for groundwater replenishment
- Advanced Water Purification Facility
 - Utilizes purification processes and technologies that could include ozonation, biologically activated carbon process, membrane filtration, reverse osmosis, ultra violet, 4 MG Sidestream testing and an advanced oxidation process (AOP).
 - Will provide potable recycled water to replenish the San Fernando Ground Water Basin with up to 30,000 acre–feet per year (31.3 mgd), and provide subsequent recovery via production wells





CASE STUDY: LOS ANGELES

Continued

- Divert additional wastewater from the Valley Spring Lane service area to the water reclamation plant service area
 - $\,\circ\,$ The increased flow will facilitate increased recycled water production
- Includes an equalization tank and maintenance facilities
- Total project costs of \$360 million
- Loan of \$180 million





CASE STUDY: MORRO BAY

Water Reclamation Project

- Replace its 63-year-old Morro Bay-Cayucos Wastewater Treatment Plant with a new water recycling facility
- Turn the City's wastewater into a sustainable water source for agricultural and municipal irrigation and groundwater replenishment
- Will provide advanced water treatment and produce approximately 1000 acre-feet per year of highly purified recycled water
- Water will be injected into the Morro Valley aquifer and recovered at the City's existing drinking water wells
- Reduces the reliance on imported state water
- Small community of around 10,000
- Total project costs of \$165 millionloan of \$82 million



CASE STUDY: ORANGE COUNTY

Groundwater Replenishment System Final Expansion

- Expand 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
- Replenish the Orange County Groundwater Basin and reduce the need for imported water
- Treated wastewater will be purified using a three-step process that produces high quality water and then stored in the groundwater basin
- Reduces approximately 40 MGD of secondary effluent from being discharged into the ocean
- Increases the replenishment of the groundwater basin.
- Provides an additional 31,000 acre-feet per year drought-proof water supply at a lower cost than imported water.
- Total project costs of \$282 million and loan of \$135 million



CASE STUDY: SAN DIEGO

Pure Water San Diego

- Construct a new advanced treatment facility to produce 30 million gallons per day (mgd) of purified water
- First phase in its multi-year Pure Water Program which will use proven technology to clean non-potable recycled water into safe, high quality, drinking water
- Includes expansion of a water reclamation plant for non-potable reuse and construction of a pure water facility that will provide 30 mgd of purified water
- Final build out will result in 83 mgd of purified water, 1/3 of the city's water supply
- Total project costs of \$1.4 billion and loan of \$614 million



FY 2018 SELECTED PROJECTS





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Information about selected projects is available at: https://www.epa.gov/wifia/wifia-selected-projects



FY 2018 SELECTED PROJECTS

- Number of projects selected: 39
- Total invited loan amount: Approximately \$5 billion
- Total infrastructure investment: Over \$10 billion
- Population served by the projects: 22 million people in 16 states and Washington, D.C.
- Types of borrowers: private corporations, public entities, and public-private partnerships
- Types of projects: wastewater collection and treatment, drinking water distribution and treatment, stormwater management, desalination, and water recycling projects





FY 2019 SUBMISSIONS

WIFIA FY 2019 Letters of Interest

(Grouped by Core Based Statistical Area)



• 51 LOI submitted

- \$6.6 billion requested
- \$13.9 billion in total project investment
- 10 projects address water reuse

Number of Projects: 51 Total Loan Amount Requested: \$6.6 billion Total Project Investment: \$13.9 billion



RESOURCES

General information

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

- Program overview
- Program benefits
- Links to laws and regulations
- Frequently asked questions

Application materials

https://www.epa.gov/wifia/how-apply-wifia-assistance-0#materials

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



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Resources

https://www.epa.gov/wifia/wifia-resources

- Program Handbook
- Recordings and presentations from past webinars
- Template Term Sheet

CONTACT US

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

