



WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA



Opportunities for Funding Reuse Projects with the State Revolving Fund

Sara Konrad and Garrett Corral

Arizona Water Reuse 2019 Symposium



ABOUT US



The Water Infrastructure Finance Authority (WIFA) is Arizona's State Revolving Funds administrator, funding water and wastewater infrastructure throughout Arizona.

WIFA is dedicated to maintaining and improving water quality for all Arizonans, by providing financial and technical assistance for basic water infrastructure.



WIFA BY THE NUMBERS



\$2,303,819,797

IN LOANS
SINCE 1989



276

ACTIVE
LOANS



\$79,877,708

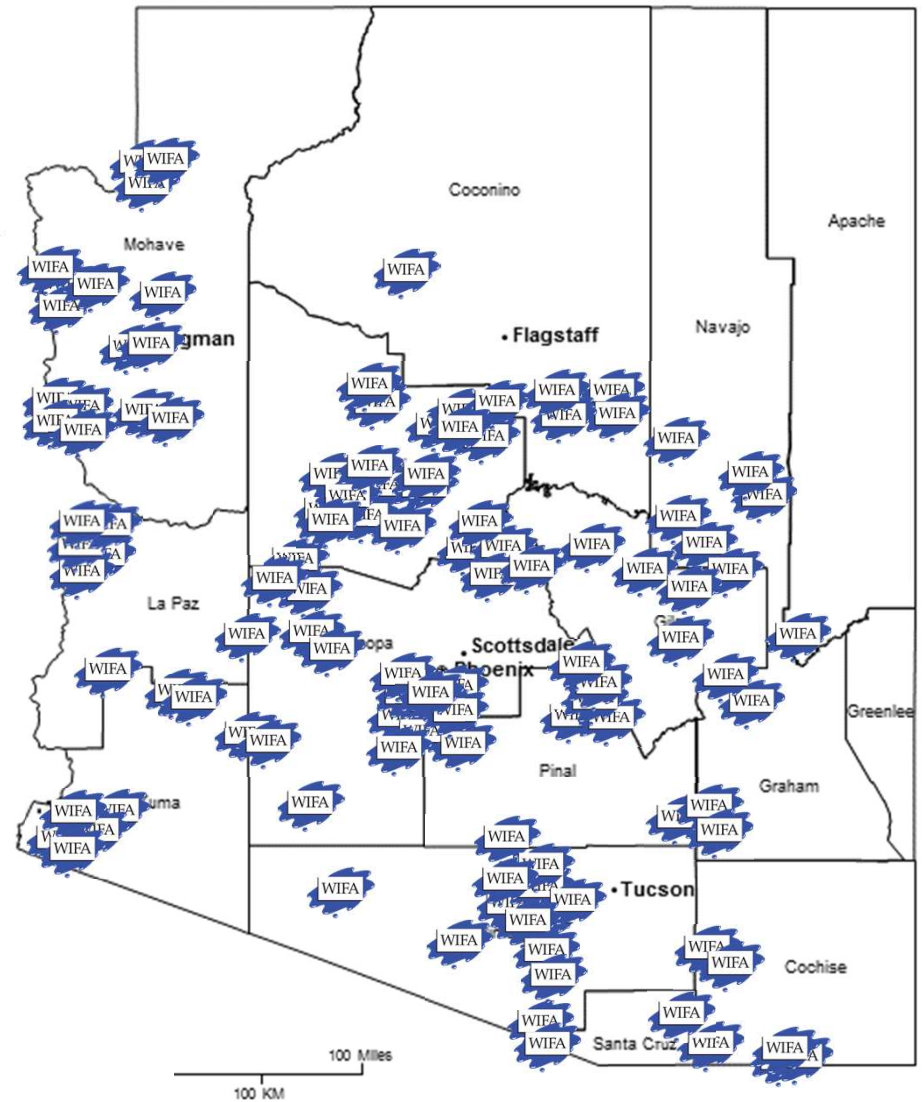
IN FORGIVABLE
PRINCIPAL





WIFA BY LOCATION

1989-2018





ELIGIBLE BORROWERS



- **Cities, towns, tribal entities and special districts:**
 - Own a community public water system
 - Own a wastewater facility
 - Manage stormwater
- **ACC-regulated private water companies**
 - For profit and non-profit
- County, state and federal entities are NOT eligible (*Pima County exception*)
- No population limit



ELIGIBLE PROJECTS

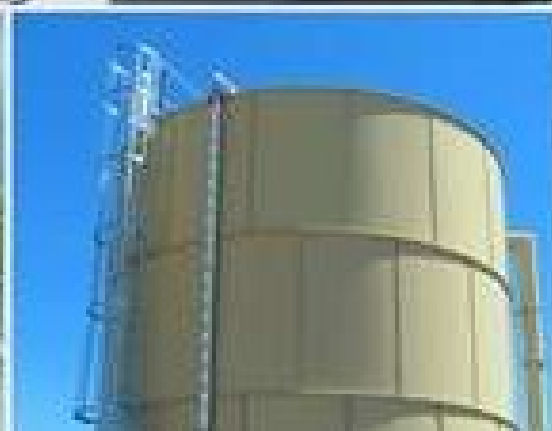


- **What types of infrastructure projects are eligible?**

- Drinking water
- Wastewater – including reuse
- Stormwater
- Watershed/stream restoration

- **What phases are eligible?**

- Planning, design
- Construction, improvement
- Acquisition





2014 CWA AMENDMENTS

- Stormwater management including green infrastructure, Low Impact Development and flood control
- Watershed management of wet weather discharge
- Integrated water resources planning
- Weather/climate-related resilience planning
- Forest restoration
- Riparian improvements





2014 CWA AMENDMENTS

The CWSRF may provide financial assistance *for reusing or recycling wastewater, stormwater, or subsurface drainage water;*

- Projects involving the reuse or recycling of wastewater, stormwater, or subsurface drainage water are eligible. This includes, as part of a reuse project, the **purchase and installation of treatment equipment sufficient to meet reuse standards**. Other eligible projects include, but are not limited to, **distribution systems to support effluent reuse**, including piping the effluent on the property of a private consumer, **recharge transmission lines**, **injection wells**, and **equipment to reuse effluent** (e.g., gray water, condensate, and wastewater effluent reuse systems).



WIFA REUSE PROJECTS

- To date: 27 projects that include reuse
 - \$65 million in recycled water costs
- Can be portion of loan
 - \$363 million total loan amounts for these 27 projects

2000 - Town of Kearny Wastewater Reclamation Facility

- Reclaimed water to wetland area, golf course, and Kearny's ball fields





REUSE PROJECTS AND INCENTIVES

Types of Reuse Projects

- New water reclamation facilities
- Facility upgrades and expansions
- Reclaimed water transmission and distribution
- Injection wells
- Dust control truck stations

Incentives

- Forgivable principal
- Interest rate reduction



WATER RECLAMATION FACILITY

Town of Cave Creek

Loan Amount	\$22,917,000
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Forgivable Principal	\$2,000,000
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- New 0.75 MGD Water Reclamation Facility
- Admin building, 4 miles of sewage collection system, 4 miles of effluent return line
- Effluent conveyed to storage ponds and used for irrigation

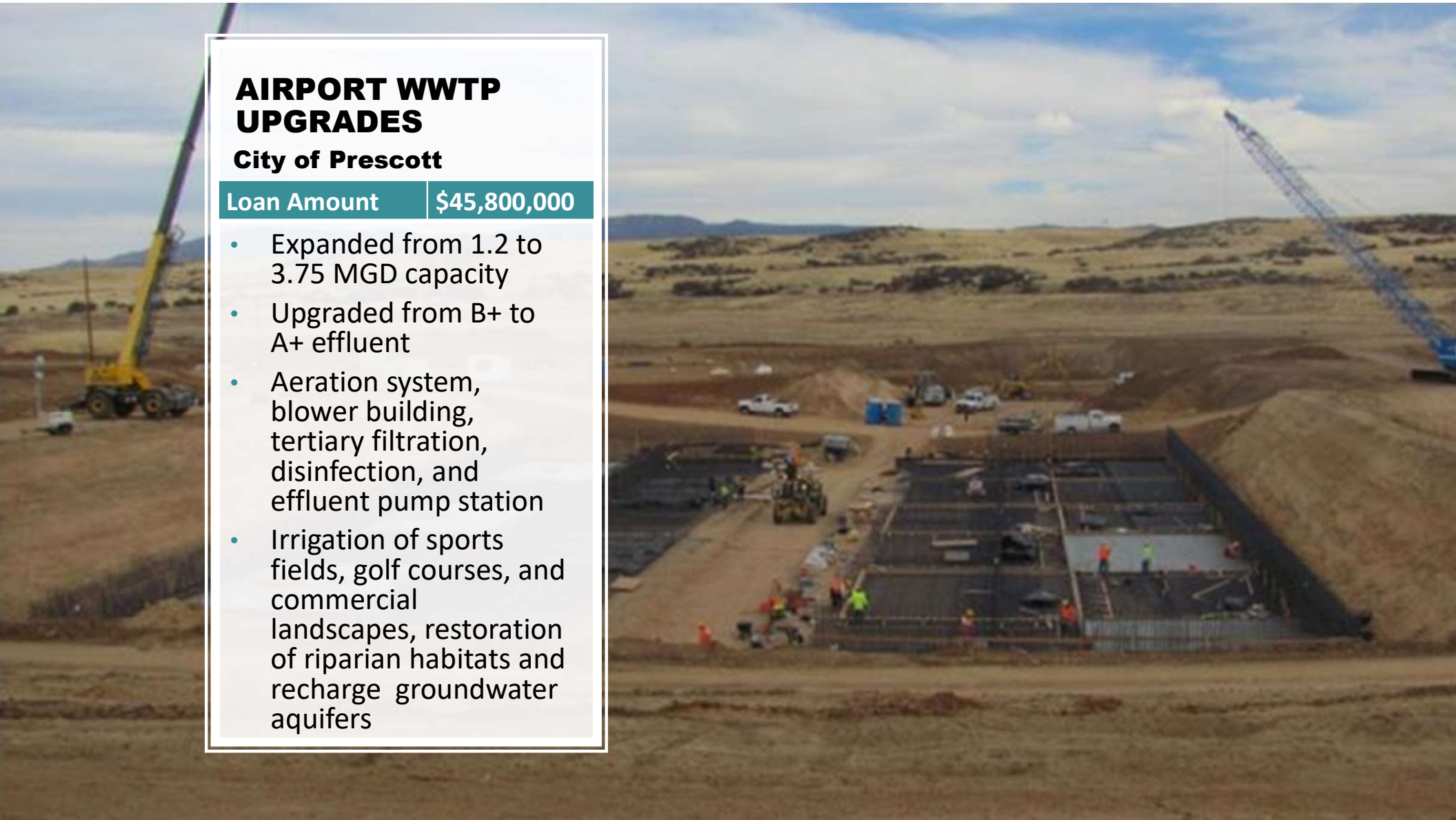


AIRPORT WWTP UPGRADES

City of Prescott

Loan Amount	\$45,800,000
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- Expanded from 1.2 to 3.75 MGD capacity
- Upgraded from B+ to A+ effluent
- Aeration system, blower building, tertiary filtration, disinfection, and effluent pump station
- Irrigation of sports fields, golf courses, and commercial landscapes, restoration of riparian habitats and recharge groundwater aquifers





RECLAIMED WATER BOOSTER STATION

City of Surprise

Loan Amount	\$1,500,000
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- Modified the Reclaimed Booster Station
- Pressurized reclaimed water to the City Stadium, ball fields, green belts and landscaping
- Approximately 2,000 acre feet/year of groundwater not pumped

RECLAIMED WATER SYSTEM UPGRADES

City of Buckeye

Loan Amount	\$6,518,785
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- 6.25 miles of reclaimed water line
- Electrical, instrumentation and operational modifications
- Irrigation of Sundance Park - ball fields and dog parks
- School and subdivision landscaping



WWTP UPGRADES

Town of Camp Verde

Loan Amount	\$3,487,210
Forgivable Principal	\$1,000,000

Truck Pumping Station (\$50,000)

- Effluent storage tank, truck fill kiosk, controls and pumping system
- Future Town Ordinance planned to require all construction water to be reclaimed

Solar Installation (\$300,988)

- \$110,000 a year in power consumption for the entire wastewater system
- Conservative minimum expected annual electrical generation of the solar array is 207,847 kWh (annual cost savings of \$19,000)

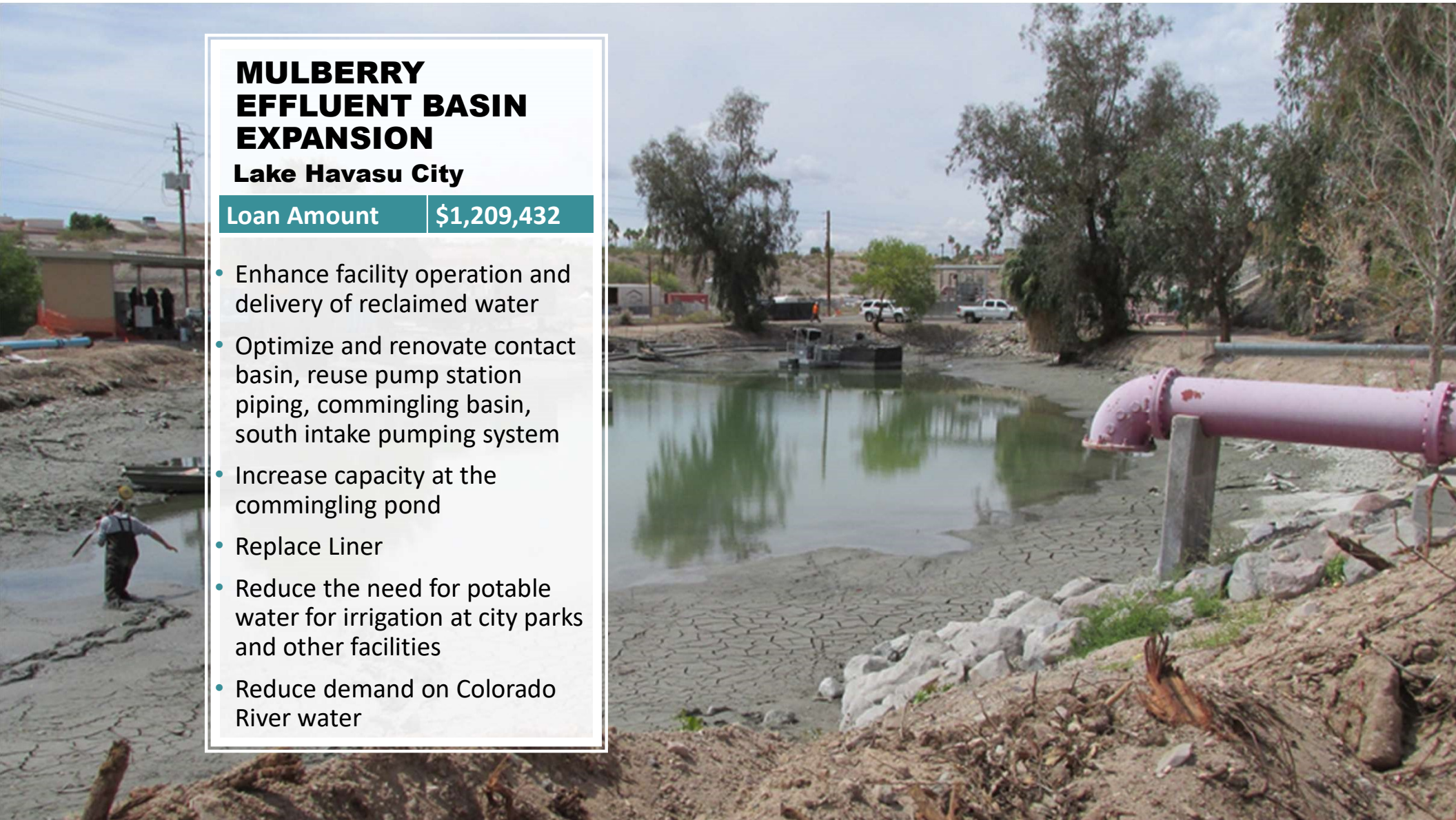


MULBERRY EFFLUENT BASIN EXPANSION

Lake Havasu City

Loan Amount	\$1,209,432
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- Enhance facility operation and delivery of reclaimed water
- Optimize and renovate contact basin, reuse pump station piping, commingling basin, south intake pumping system
- Increase capacity at the commingling pond
- Replace Liner
- Reduce the need for potable water for irrigation at city parks and other facilities
- Reduce demand on Colorado River water





WHY CHOOSE WIFA?

- Incentives for “green” projects
- Below market interest rates
- Financing available year-round
- No application deadlines
- No competition
- No minimum or maximum loan amount
- No application fees or closing costs





LOAN INCENTIVES

	Disadvantaged Community Designation (low income, high rates, "colonia")	Green Projects (water and energy efficient)	Stormwater Projects
Subsidized Rates	✓	✓	✓
Forgivable Principal	Up to 50% of project costs	Up to 20% of project costs	Up to 20% of project costs
Lower Rates (CIFR)	✓	✓	



FORGIVABLE PRINCIPAL



WIFA will consider forgivable principal for any eligible project, including:

- Disadvantaged community (*up to 50% of project cost*)
- Green projects (*up to 20% of eligible project costs*)
 - Water and energy efficiency projects
- Projects that mitigate stormwater (*up to 20% of eligible project costs*)

Includes reclaimed and reuse projects





SAVINGS AT A GLANCE

Average Rate FY2019	
Governmental (20-year loan term)	2.096%
Governmental (30-year loan term)	2.672%

Rates are set two days before each loan closing.



FISCAL IMPACT OF WIFA FUNDING

Hypothetical Fiscal Impact of WIFA Financial Assistance	WIFA	Bond Deal
Total Project Cost	\$10,000,000.00	\$10,000,000.00
Cost of Issuance*	\$0.00	\$105,449.13
Funded Amount (Amount to be Repaid)	\$10,000,000.00	\$10,105,449.13
Term	20	20
Interest Rate Index**; WIFA AAA / Bond - Actual for AA	2.00%	2.61%
Subsidy Rate	85.00%	100.00%
Combined Interest & Fee Rate	1.700%	2.610%
WIFA Annual & Average Bond Debt Service	\$594,005.22	\$650,373.61
Effective Annual Rate	1.71%	2.72%
Total Savings to Term	\$1,145,018.01	
NPV of Total Savings (discount rate of Bond Deal)	\$918,324.04	

**WIFA does not charge any closing costs. A legal opinion by City or Bond Counsel is required. WIFA can incorporate any Financial Advisor and Counsel fees into the loan.*

***Rates are as of 07/19/2016 when bonds priced*



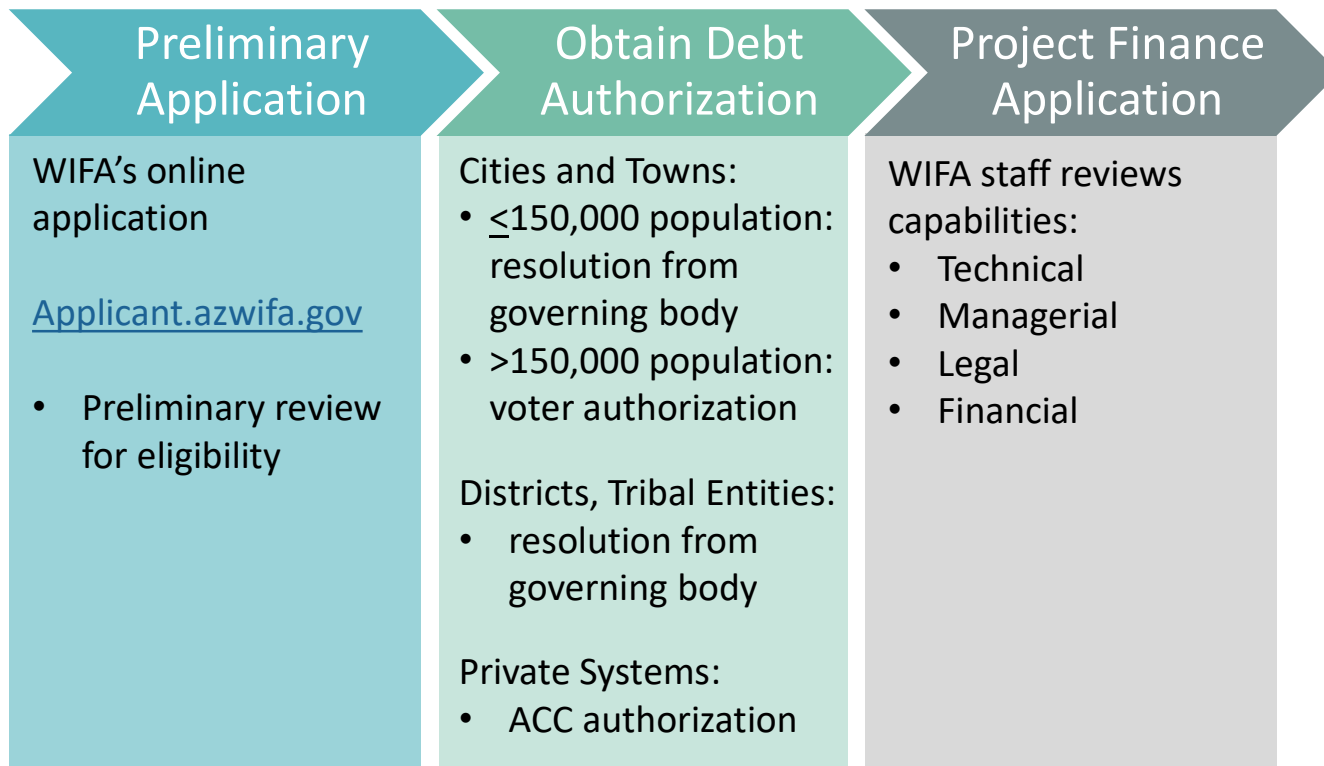
FISCAL IMPACT OF WIFA FUNDING

Hypothetical Fiscal Impact of WIFA Financial Assistance	WIFA	Bond Deal
Total Project Cost	\$10,000,000.00	\$10,000,000.00
Cost of Issuance*	\$0.00	\$105,449.13
Forgivable Principal	\$2,000,000.00	\$0.00
Funded Amount (Amount to be Repaid)	\$8,000,000.00	\$10,105,449.13
Term	20	20
Interest Rate Index**; WIFA AAA / Bond - Actual for AA	2.00%	2.61%
Subsidy Rate	85.00%	100.00%
Combined Interest & Fee Rate	1.700%	2.610%
WIFA Annual & Average Bond Debt Service	\$475,204.18	\$650,373.61
Effective Annual Rate	-0.50%	2.72%
Total Savings to Term	\$3,517,508.83	
NPV of Total Savings (discount rate of Bond Deal)	\$2,756,065.09	

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APPLICATION PROCESS

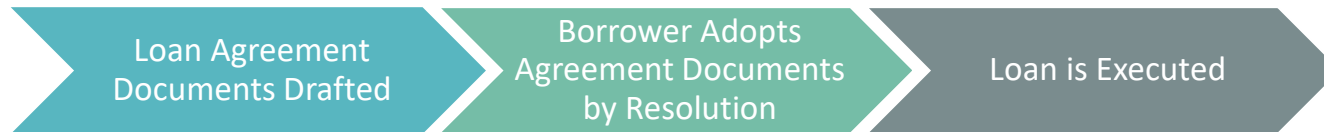




APPLICATION PROCESS

Following Board approval:

Funding can be available as soon as 3 weeks!





NO MINIMUM OR MAXIMUM LOAN AMOUNT



City of Peoria	\$49,013,733
City of Prescott	\$21,600,000
Town of Marana (PFOS treatment)	\$15,000,000
Town of Payson	\$11,000,000
Pine Strawberry Water Improvement District	\$8,000,000
Town of Camp Verde	\$3,487,210
Town of Marana (Adonis subdivision)	\$1,481,990
Payson Water Company	\$875,000
Q Mountain Water Company	\$576,776
Cordes Lakes Water Co.	\$402,423
Pine Creek Canyon DWID	\$250,000
Monte Vista Water Company	\$159,991
Rancheros Bonitos Water Company	\$100,000
Walden Meadows Community Co-Op	\$40,000





3 YEAR 1% INTEREST DESIGN LOANS



- Loan for project design phase
- Amortized with interest-only payments for a period of up to **3 years** with the principal due at maturity
- Design loans can be rolled into longer term construction loans
- **1%** flat rate

City of Williams Dogtown Transmission Lines

The City borrowed **\$2.5 million from WIFA**. Williams will use the design loan to fund an environmental assessment of the 8-mile pipeline and design the new transmission line.





FLEXIBLE LOAN TERMS



- Up to 30 years
- Cannot exceed the useful life of the infrastructure financed

Example: City of Prescott - Wastewater System Centralization Project Phase 1 - 30-year loan

\$21,600,000 - The City will centralize wastewater treatment at the recently expanded Airport Water Reclamation Facility (WRF) and make improvements to wastewater trunk main.





CAPITAL IMPROVEMENT PLAN (CIP) FINANCING

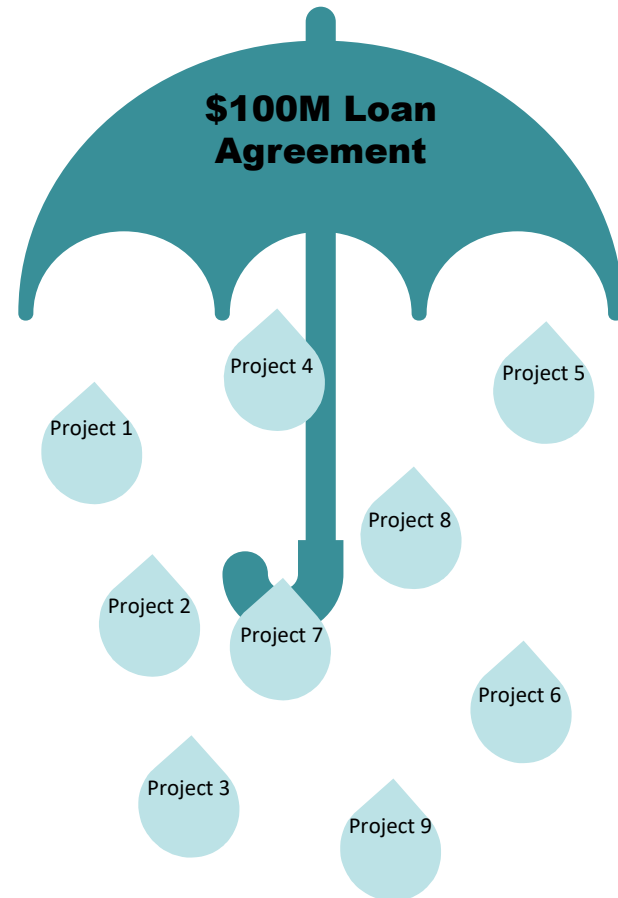
One Application

Provides flexibility to include any (or all) of eligible projects in the CIP in a single loan.

If a project is delayed, this model of financing makes it easy to direct the funding toward any other eligible project.

Loan amount is determined by the utility and may not cover the entire cost of the CIP.

Project completion period is typically up to three years, and the utility can undertake as many projects as possible.





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THANK YOU



Sara Konrad, skonrad@azwifa.gov, 602-364-1319
Garrett Corral, gcorral@azwifa.gov, 602-364-1236



www.azwifa.gov
Facebook.com/WIFAAZ
Twitter.com/WIFAfunding