



Special Report

**Water
Infrastructure
Finance and
Innovation Act
Application
Process**

April 2019



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Introduction

The *Water Infrastructure Finance and Innovation Act* (WIFIA) program accelerates investment in our nation's water infrastructure by providing long-term, low-cost supplemental loans for nationally and regionally significant projects. This package focuses on the Letter of Interest (LOI) portion of the WIFIA application process. It includes information on how to write a LOI, the submission process and the evaluation of a WIFIA LOI.

The Environmental Protection Agency (EPA) released the Notice of Funding Availability ([NOFA](#)) for the 2019 WIFIA program on April 5, 2019. The LOI submission is due by **July 5, 2019**, and the LOI evaluation will begin approximately 3 months thereafter with project selection expected in early October 2019.

EPA will be hosting a webinar on three separate dates - May 8, May 13, and May 23 - to provide more information on the program. A link to the webinar, as well as the webinar materials, will be accessible on the [WIFIA website](#) at the time of the event. Registration for this webinar is currently open and we recommend pre-registration to secure a spot.

The 2019 WIFIA application process occurs in two phases:

- **Phase 1: Project Selection:** EPA releases a NOFA and solicits LOIs from prospective borrowers. In their LOIs, prospective borrowers demonstrate their project's eligibility, creditworthiness, engineering feasibility, readiness to proceed, and alignment with EPA's policy priorities. Based on this information, EPA selects projects that it intends to fund and invites prospective borrowers to continue to the application process.
- **Phase 2: Project Review, Negotiation, and Closing:** In Phase 2, each invitee must apply for its WIFIA loan. The WIFIA program conducts a detailed financial and engineering review of the project. Based on that review, the WIFIA program proposes terms and conditions for the project and negotiates them with the applicant until a mutual agreement is developed. Prior to closing, the WIFIA program must receive approval from the Administrator of the EPA and the Office of Management and Budget. At closing, the prospective borrower executes the credit agreement, which is the binding legal document that allows the borrower to receive WIFIA funds.

For more information or assistance with the WIFIA loan application process or TFG's other services, please contact Rebecca Bliss at (202) 999-5774 or rbliss@tfqnet.com.

Submitting WIFIA Letters of Interest and Project Selection

Submitting a LOI is the first step in the WIFIA application process. LOIs must be submitted by **July 5, 2019**. After EPA evaluates and scores the LOIs, a three-person committee (consisting of senior water managers from the EPA's Office of Wastewater Management, Office of Groundwater and Drinking Water, and Office of Water) will make final selections and notify prospective borrowers that they are invited to submit a full application. Prospective borrowers should confirm or turn down the invitation to submit a full application within 30 days. **There is no application fee to submit the LOI. Fees are only paid by selected applications along with the full application if selected.**

If your application is not selected, you can contact WIFIA staff to set up a "debrief" meeting or call to discuss why your application may not have been selected.

Note: EPA sets aside 15 percent of the budget authority appropriated each year for small communities, defined as systems that serve a population of less than 25,000.

Timeline for the LOI Submission



Letter of Interest Evaluation

EPA has identified four priorities for this selection round:

- Readiness for a project to proceed toward development.
- Provide for clean and safe drinking water, including reducing exposure to lead and emergent contaminants in the nation's drinking water systems.
- Repair, rehabilitate, and replace aging infrastructure and conveyance systems.
- New or innovative approaches including water reuse and recycling.

Components of a Letter of Interest

The LOI must contain the following seven sections:

1. **Prospective Borrower Information:** Describes the entity seeking WIFIA assistance, including its legal name, address, website, DUNS number, and employer/taxpayer identification number. A prospective borrower can also show support by including a certified letter signed by the approving state, tribal, or municipal department or similar agency; governor, mayor or other similar designated authority; statute or local ordinance, or any other means by which government approval can be evidenced.

- a. If a project is undertaken by an entity that is not a state or local government or an agency or instrumentality of a state or local government, or a tribal government or consortium of tribal governments, the project that the entity is undertaking must be publicly sponsored.
2. **Project Plan:** Prospective borrowers should provide a general description of the project, including its location, population served, permit numbers, purpose, design features, and development schedule. The prospective borrower should describe how the project can be categorized as one of the project types eligible for WIFIA assistance as described in the [program handbook](#).
 - a. In this section, the prospective borrower should summarize the status of the project's environmental review, engineering report, operations and maintenance agreements, and other approvals or analyses that are integral to the project's development.
3. **Financing Plan:** In this section, the prospective borrower should indicate the requested type and amount of WIFIA credit assistance as well as details the proposed sources and uses of funds for the project. The discussion of proposed financing should identify the sources of revenue or other security that would be pledged to the WIFIA assistance.
 - a. The prospective borrower also should describe the credit characteristics of the project and how the senior obligations of the project will achieve an investment-grade rating, as well as the anticipated rating on the WIFIA instrument.
 - b. It is also encouraged that a prospective borrower includes a summary financial pro forma, presented in a formula-based Microsoft Excel document, as well as revenue and expense projections for at least ten years.
4. **Selection Criteria:** In this section, the prospective borrower should describe the potential policy benefits achieved using WIFIA assistance with respect to each of the WIFIA program selection criteria. These criteria and their weights are enumerated in Section VII of the [NOFA](#) and further explained in the WIFIA [program handbook](#).
5. **Contact Information:** The prospective borrower should identify the point of contact with whom the WIFIA program should communicate regarding the LOI.
6. **Certifications:** The prospective borrower certified that it will abide by all applicable laws and regulations, including NEPA, the Federal Water Pollution Control Act, the American Iron and Steel requirements, and federal labor standards, among others, if selected to receive funding.
7. **SRF Notification:** The prospective borrower should acknowledge that the EPA will notify the state infrastructure financing authority in the state in which the project is located that it submitted an LOI and provide the submitted LOI and source documents to that authority.

Weight of Selection Criteria in Points

Criteria	Points
Project Impact	
Nationally or Regionally Significant	15
Protects against extreme weather events and maintains or protects the environment	5
Serves regions with significant energy exploration, development or production areas	5
Serves regions with significant water resource challenges, including the need to address (1) water quality concerns in areas of regional, national, or international significance; (2) water quantity concerns related to groundwater, surface water, or other water sources; (3) significant flood risk; (4) water resource challenges identified in existing regional state, or multistate agreements; or (5) water resources with exceptional recreational value or ecological importance	10
Addresses identified municipal, state, or regional priorities	10
Addresses the need for repair, rehabilitation or replacement of a treatment works, community water systems, or aging water distribution or wastewater collection system	25* <i>*Increase of 5 points from FY 2018</i>
Project serves economically stressed communities, or pockets of economically stressed rate payers within otherwise non-economically stressed communities	10
Project reduces exposure to lead in the nation's drinking water systems or addresses emergent contaminants	20
Project Readiness	
Readiness of the project to proceed toward development	50
Preliminary engineering feasibility analysis score	30* <i>*Decrease of 20 points from FY 2018</i>
The extent to which the project uses new or innovative approaches	20
Borrower Creditworthiness	

Criteria	Points
Likelihood that assistance under WIFIA would enable the project to proceed at an earlier date than the project would otherwise be able to proceed	10
The extent to which the project financing plan includes public or private financing in addition to assistance under WIFIA	10
The extent to which assistance under WIFIA reduces the contribution of Federal assistance to the project	10
The amount of budget authority required to fund the Federal credit instrument made available under WIFIA	10
Preliminary creditworthiness assessment score	60

Helpful Links and Additional Information

Included in this package are background materials from EPA and additional sources that provide background information on the WIFIA program and LOI process. These documents include:

- A successful loan application (TFG client Morro Bay, CA) from the 2018 LOI Submission process can be found [here](#);
- EPA's 'How to Apply for WIFIA Assistance,' [webpage](#);
- Sample WIFIA Letter of Interest Form word document provided by EPA can be downloaded [here](#);
- Sample Letter of Interest word document provided by EPA can be downloaded [here](#);
- Sample Financial Pro Forma PDF document provided by EPA can be downloaded [here](#);
- EPA's WIFIA Application can be downloaded [here](#);
- EPA's WIFIA Resources [webpage](#);
- EPA's WIFIA Information Sessions from 2018 can be found [here](#);
- Registration for the April 30, 2019 WIFIA Letter of Interest Submission and Selection Process for All Eligible Prospective Borrowers Webinar can be found [here](#);
- Registrations for the following webinars include: [May 8, 2019](#); [May 13, 2019](#); and [May 23, 2019](#).

Selected 2017 WIFIA Projects: Case Studies

Saco River Water Treatment Facility, Maine

Application Round: 2017

Applicant: Maine Water Company

Location: Biddeford, Maine

Total Project Costs: \$50 million

Requested WIFIA Loan Amount: \$24.5 million

Project Type: Public Water System

Project Description:

The privately-owned Maine Water Company will construct a new 20 million of gallons per day water treatment facility to replace the existing facility built in 1884. This project will provide public water service to the coastal municipalities in York County, Maine; improve system processes, redundancy, resiliency, and sustainability; and allow for expansion to serve neighboring water systems in southern Maine, consistent with Southern Maine Regional Water Council master plan.



Georgetown Wet Weather Treatment Station, Washington

Application Round: 2017

Applicant: King County

Location: King County, Washington

WIFIA Loan Amount: \$134.5 million

Population Served by System: 1.7 million

Number of Jobs Created: 1,400 jobs

Project Description:

King County will Construct a new Wet Weather Treatment Station using high-rate clarification, conveyance pipelines, and outfall structure to treat and conveyance combined sewer overflows prior to being discharged into the Lower Duwamish Waterway. When constructed, the station can treat up to 70 million gallons of combined rain and wastewater a day that would otherwise have discharged directly to the Duwamish without treatment during storm events. This project is designed to control two existing combined sewer overflows to meet the Washington State control board.



King County

Indiana Finance Authority, Indiana

Application Round: 2017

Applicant: Indiana Finance Authority

Location: Indiana Statewide

Total Project Costs: \$890 million

Requested WIFIA Loan Amount: \$436 million

Project Type: State Revolving Fund

Project Description:

The Indiana Finance Authority will expand the reach of its Clean Water and Drinking Water State Revolving Fund programs and fund dozens of additional projects in communities across the state.



Water Reclamation Project, Morro Bay, CA

Application Round: 2017

Applicant: City of Morro Bay

Location: Morro Bay, CA

Total Project Costs: \$167 million

Requested WIFIA Loan Amount: \$82 million

Population Served by System: 10,224 people

Project Type: Water Recycling

Project Description:

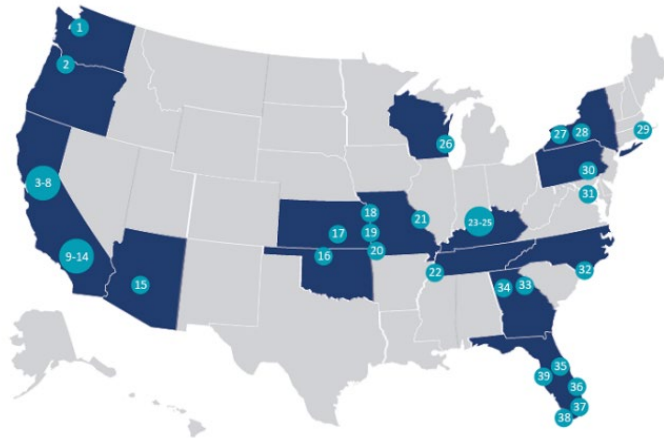
The City of Morro Bay, a small community, will replace its 63-year old Morro Bay-Cayucos Wastewater Treatment Plant with a new water recycling facility. This project will remove from operation the existing, outdated wastewater treatment plant, which discharges into the estuary. The replacement facility will recycle wastewater to help supplement the City water supply; reduce reliance on imported water; improve groundwater quality with the addition of highly treated water; and move a critical piece of infrastructure to reduce flood risk. *Note: EPA sets aside 15 percent of the budget authority appropriated each year for small communities, defined as systems that serve a population of less than 25,000.*



Copies of the above successful WIFIA projects' LOIs are available upon request from Rebecca Bliss, rbliss@tfgnet.com or (202) 999-5774.

FY 2018 Selected Projects

In the FY 2018 WIFIA program solicitation, 39 projects were selected in 16 states and Washington, D.C. to apply for WIFIA loans. In total, the selected borrowers will receive WIFIA loans totaling up to \$5 billion to help finance over \$10 billion in water infrastructure investments and create up to 155,000 jobs. Selected projects included:



FY 2018 WIFIA Projects

\$5B
WIFIA Loans
\$10B
Project Costs

Arizona

- [Water Main Replacement Program \(Phoenix, AZ\)](#)
- [Sanitation District No. 2 of Los Angeles County \(Los Angeles, CA\)](#)
- [City of Antioch \(Antioch, CA\)](#)

California

- [San Mateo-Foster City Public Financing Authority \(San Mateo, CA\)](#)
- [Coachella Valley Water District-Stormwater Channel \(Coachella, CA\)](#)
- [Coachella Valley Water District – North Indio Flood Control \(Coachella, CA\)](#)
- [Poseidon Resources \(Channelside\) LP \(Carlsbad, CA\)](#)
- [City of Stockton Public Financing Authority \(Stockton, CA\)](#)
- [Silicon Valley Clean Water \(Redwood City, CA\)](#)
- [City of Sunnyvale \(Sunnyvale, CA\)](#)
- [San Juan Water District \(Granite Bay, CA\)](#)
- [City of Los Angeles \(Los Angeles, CA\)](#)
- [Inland Empire Utilities Agency \(Chino, CA\)](#)

District of Columbia

- [District of Columbia Water and Sewer Authority \(Washington, District of Columbia\)](#)

Florida

- [Florida Keys Aqueduct Authority \(Key West, FL\)](#)
- [City of North Miami Beach Water \(North Miami Beach, FL\)](#)
- [Miami-Dade County \(Miami-Dade County, FL\)](#)
- [Tohopekaliga Water Authority \(Kissimmee, FL\)](#)
- [Pinellas County Utilities \(Largo, FL\)](#)

Georgia

- [DeKalb County Government \(Decatur, GA\)](#)

- [City of Atlanta \(Atlanta, GA\)](#)

Kansas

- [City of Wichita \(Wichita, KS\)](#)
- [City of Frontenac \(Frontenac, KS\)](#)

Kentucky

- [Louisville and Jefferson County Metropolitan Sewer-District- Upper Middle Fork \(Louisville, KY\)](#)
- [Louisville and Jefferson County Metropolitan Sewer District – Ohio River \(Louisville, KY\)](#)
- [Louisville and Jefferson County Metropolitan Sewer District – Morris Forman Biosolids \(Louisville, KY\)](#)

Missouri

- [American Water Capital Corporation \(St. Louis, MO\)](#)
- [American Water Capital Corporation \(Joplin, MO\)](#)
[Kansas City Missouri Water Services Department \(Kansas City, MO\)](#)

New York

- [City of Cortland \(Cortland, NY\)](#)
- [Monroe County \(Rochester, NY\)](#)

North Carolina

- [Brunswick County \(Bolivia, NC\)](#)

Oklahoma

- [Enid Municipal Authority \(Enid, OK\)](#)

Oregon

- [City of Hillsboro and Tualatin Valley Water District \(Hillsboro, Oregon\)](#)

Pennsylvania

- [City of Lancaster \(Lancaster, PA\)](#)

Rhode Island

- [Narragansett Bay Commission \(Providence, RI\)](#)

Tennessee

- [City of Memphis \(Memphis, TN\)](#)

Washington

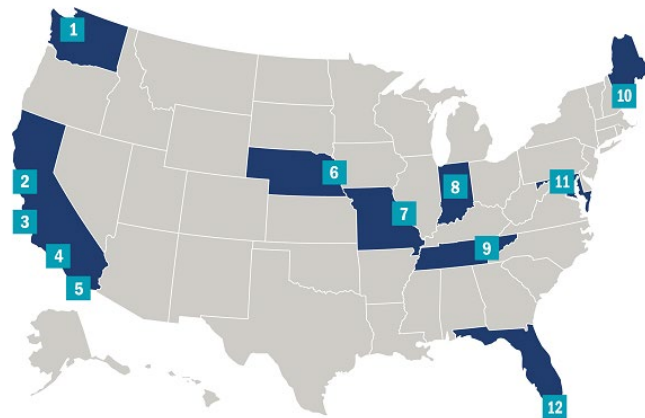
- [City of Seattle \(Seattle, WA\)](#)

Wisconsin

- [City of Waukesha Water Utility \(Waukesha, WI\)](#)

FY 2017 Selected Projects

In the FY 2017 WIFIA program solicitation, 12 projects were selected, and 20 million people impacted, EPA's WIFIA loans provided \$2.3 billion in loans and \$5.1 billion in project costs. The selected projects included 9 different states. Selected projects included:



FY 2017 WIFIA Projects

California

- [Groundwater Replenishment System Final Expansion \(Orange County, CA\)](#)
- [Pure Water San Diego \(San Diego, CA\)](#)
- [Southeast Water Pollution Control Plant Biosolids Digester Facilities Project \(San Francisco, CA\)](#)
- [Water Reclamation Project \(Morro Bay, CA\)](#)

Florida

- [Miami Ocean Outfall Reduction and Resiliency Enhancement Project \(Miami, FL\)](#)

Indiana

- [Indiana Finance Authority FY 2017](#)

Maine

- [Saco River Water Treatment Facility \(Biddeford, ME\)](#)

Maryland

- [Comprehensive Wastewater Repair, Rehabilitation and Replacement Program \(Baltimore, MD\)](#)

Missouri

- [Deer Creek Sanitary Tunnel and Sanitary Relief \(Saint Louis, MO\)](#)

Nebraska

- [Saddle Creek Combined Sewer Overflow Retention Treatment Basin \(Omaha, NE\)](#)

Tennessee

- [Water Treatment Plant Design and Construction \(Oak Ridge, TN\)](#)

Washington

- [Georgetown Wet Weather Treatment Station \(King County, WA\)](#)