



2014 Water Resources Reform Development Act Water Infrastructure Finance and Innovation Program (WIFIA) Summary

The WIFIA program is a 5-year pilot program to be administered by both the Secretary of the Army and the Administrator of the EPA. Following is a brief summary of key features of the WIFIA program (which models a long-standing transportation program known as "TIFIA").

Eligible Entities

The following entities are eligible to participate in the pilot program:

- Corporation, partnership, joint venture or trust
- Federal, State or local government entity, agency or instrumentality
- Tribal government or consortium of tribal governments

Eligible Projects

The following are the types of projects eligible for assistance:

- Flood control
- Clean water and drinking water
- Enhancing energy efficiency in operations of public water systems/public treatment works
- Repair, rehabilitation or replacement of various water, treatment and waste water collection facilities
- Brackish or desalination
- Combination of projects from a State infrastructure financing authority or a combined security pledge

Eligible Uses

The following are eligible costs under the WIFIA program:

- Development phase activities
- Construction, reconstruction, rehabilitation and replacement
- Real property acquisition or real property interest
- Certain capitalized interest

Selection Criteria

The following criteria will be used to evaluate proposed projects:

- Creditworthiness
- National or regional significance with respect to economic and public benefits
- Extent of other public and private financing
- Ability of assistance under WIFIA to accelerate a project
- Use of new or innovative approaches
- Extent to which the project will address extreme weather events or maintain or protect the environment
- Whether a project serves regions with energy exploration or development activities
- The readiness of the project to proceed
- Extent to which the project addresses regions with significant water challenges
- Extent that the WIFIA assistance reduces overall Federal assistance for the project

Infrastructure Financing in WRRDA

Project Costs

- Eligible project costs must be “reasonably anticipated” to exceed \$20,000,000; except
- In communities of less than 25,000 people, the “reasonably anticipated” project costs are to exceed \$5,000,000

Terms and Conditions

Project sponsorship:

Projects not carried out by a State, local or tribal government must be publicly sponsored. Public sponsorship means that the non-government entity can demonstrate consultation with the appropriate government entity that is affected by the project or in which the project is located – and that the appropriate government entity supports the project.

Loan amounts:

A project approved under WIFIA can receive a secured loan:

- As long as the loan amount does not exceed 49% of the project’s total cost; OR
- If the secured loan does not receive an investment grade rating, the secured loan may not exceed the senior project obligations of the project – *whichever is the lesser of the two*

Secured loan conditions:

- Payment of the loan must come from State funds, dedicated user fees or local taxes
- Must include a security feature supporting the loan obligation
- Interest rates not less than the yield on US Treasury securities upon loan execution
- Maturity date shall be the earlier of:
 - 35 years after substantial completion; OR
 - the useful life of the project, if that is less than 35 years
- Loan may not be subordinate to other holders of project obligations

Loan guarantees:

The Secretary or the Administrator may provide loan guarantees in lieu of a secured loan under the WIFIA program.

Funding

Projects utilizing WIFIA assistance may NOT utilize any federal tax-exempt financing mechanisms.

Under the Federal Credit Reform Act, the WIFIA program must provide the required funding to cover the subsidy costs of any secured loans. The following amounts are provided to cover the subsidy costs and to administer the program. Because this is a new program, the amount of leveraging of these federal resources that can/will take place is unknown.

- FY 2015 - \$20 million
- FY 2016 - \$25 million
- FY 2017 - \$35 million
- FY 2018 - \$45 million
- FY 2019 - \$50 million