



HOW WIFIA AND SRF FUNDING BENEFITS COMMUNITIES





WIFIA PROGRAM

PROGRAM FEATURES

\$20
MIL

Minimum project size for large communities

5
YEARS

Maximum time that repayment may be deferred after substantial completion of the project

\$5
MIL

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



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

49%

Maximum portion of eligible project costs that WIFIA can fund



Broad eligibility allows for wide variety of borrowers and projects, plus special program for SRF borrowers (SWIFIA)

35
YEARS

Maximum final maturity date from substantial completion



NEPA, Davis-Bacon, American Iron and Steel, Build America, Buy America, and all federal cross-cutter provisions apply

ELIGIBILITY

- WIFIA offers broad eligibility and can provide financing to a variety of credit-worthy borrowers, including local and tribal governments, state infrastructure financing authorities, and public-private partnerships, among others
- WIFIA can fund water infrastructure projects that support clean and safe water access and help communities address a variety of challenges, including regulatory compliance, water quality issues, drought or flooding, and aging infrastructure needs
- Eligible activities include project planning, design, development, and construction, land or equipment acquisition, a variety of carrying costs during construction, and financing-related costs



LOAN FEATURES AND BENEFITS

FAVORABLE RATES	<ul style="list-style-type: none">• Fixed interest rate locked in at closing• Interest does not accrue until loan is drawn• Borrower credit does not impact interest rate
GENEROUS TERMS	<ul style="list-style-type: none">• No penalty for prepayment• Sculpted repayment schedule to grow payments over time• WIFIA can take a subordinate lien position
FLEXIBLE FINANCING	<ul style="list-style-type: none">• Loan closing in as little as 4 months, or faster for repeat borrowers• Bespoke loan agreements that can fit into each borrower's existing indenture structure or be stand-alone issuances• Pairs well with other forms of funding and financing
BUNDLING FEATURES	<ul style="list-style-type: none">• Financing available for a combination of projects under one loan• Upfront commitment available for multiple projects taking place over time via a Master Agreement
LOAN MANAGEMENT	<ul style="list-style-type: none">• Ability to request monthly disbursements• Disbursements processed within 15 days of request• Dedicated loan management team responsive to borrower needs

SMALL BORROWERS

WIFIA financing has many benefits for small borrowers:

- Ability to cover up to 80% of eligible project costs (typically 49%)
- Smaller minimum project size (\$5M vs. \$20M)
- Lower application fees (\$25,000 vs. \$100,000)
- Opportunities for technical assistance



WIFIA PROJECT SPOTLIGHTS

CITY OF CORTLAND, NY

CLINTON AVENUE GATEWAY PROJECT

\$16.2M WIFIA loan helps finance \$37.8M infrastructure investment and create 120 jobs

- Improves the operational efficiency of Cortland's water and sewer systems by replacing systems that are over 100 years old and experiencing high failure rates
- Rehabilitates centrally located water and sewer distribution mains and deploys green infrastructure
- Helps bring cost certainty to full project scope, ensuring that all phases are constructed as planned
- Saves the City of Cortland ratepayers an estimated \$3.5 million by financing the project with a WIFIA loan compared to a bond issuance



MULTIPLE PROJECTS, ONE LOAN

Gain the certainty and ability to finance smaller projects by combining them

SPRINGFIELD WATER AND SEWER COMMISSION WATER AND WASTEWATER INFRASTRUCTURE RENEWAL PROGRAM

- Bundled a comprehensive package of drinking water, wastewater, and energy-efficiency projects into a single **\$250 million in WIFIA loan** to upgrade and modernize existing infrastructure
- Took advantage of WIFIA's loan deferrals, flexible repayments, and low fixed interest rate
- WIFIA lending accelerates system updates by 15 years and saves the City an estimated \$60 million.





**GETTING
STARTED**

LOAN PROCESS

WIFIA review process is divided into 3 stages and the program strives for efficiency and responsiveness in each

- ✓ **Letters of interest reviewed based on transparent, published criteria**
- ✓ **Opportunities for pre-application support and technical assistance**
- ✓ **Dedicated loan management team responsive to borrower needs**
- ✓ **Efficient post-close processes, including 15-day turnaround for disbursements**



TIMEFRAME FACTORS

Loan closing timeframes are predictable and within a borrower's control

Faster Loan Closing	Longer Loan Closing
Projects for WIFIA loan are established and at 30-90% design	Projects not yet well defined
Borrower is highly rated and familiar with issuing debt	Revenue stream is riskier and requires substantial evaluation
Environmental studies and consultations complete or currently underway	Environmental impact of construction has not yet been determined and requires further studies
Responsive borrower	Borrower requires significant third-party approvals/agreements outside of the loan process
Borrower has dedicated person(s) to spearhead the WIFIA process and make decisions	Legal terms are extensively negotiated

FINANCING AVAILABLE

Each year, Congress appropriates funds to WIFIA

- This allows the WIFIA program to have money available on an ongoing basis
- WIFIA can finance up to 49% of the anticipated project costs **and is offering up to 80% of anticipated project costs for small communities**



PROJECT SELECTION

WIFIA and SWIFIA Letters of Interest (LOI) may be submitted at any time!

- Rolling selection provides:
 - ✓ Year-round access to WIFIA funding
 - ✓ Accelerated selection decisions allows for real-time financial decision-making by prospective borrowers
 - ✓ WIFIA LOI submission can be timed with cycles of other funding sources
 - ✓ WIFIA can provide technical assistance to prospective borrowers that need feedback on LOI package

Submission of an LOI is easy via EPA's SharePoint site!

- To request access, simply contact WIFIA@EPA.GOV

LEARN MORE

Meet with us!

- WIFIA program staff is happy to meet with all prospective borrowers interested in discussing the program prior to submission of a letter of interest. Email wifia@epa.gov to schedule a meeting.

Join monthly office hours!

- Wednesday, January 10, 2024, from 3:00 p.m. to 4:00 p.m. ET
- Wednesday, February 14, 2024, from 3:00 p.m. to 4:00 p.m. ET
- Wednesday, March 13, 2024, from 3:00 p.m. to 4:00 p.m. ET

Look for upcoming webinars!

- <https://www.epa.gov/wifia/wifia-webinars>



Clean Water
State Revolving Fund



STATE REVOLVING FUND PROGRAMS

SRF Overview

What are the SRFs?

- The **Drinking Water State Revolving Fund (DWSRF)** is a federal-state program that provides funding and financing to public water systems for wide range of drinking water infrastructure projects and activities.
- The **Clean Water State Revolving Fund (CWSRF)** is a federal-state program that provides funding and financing to wastewater and storm water systems for a wide range of infrastructure projects.

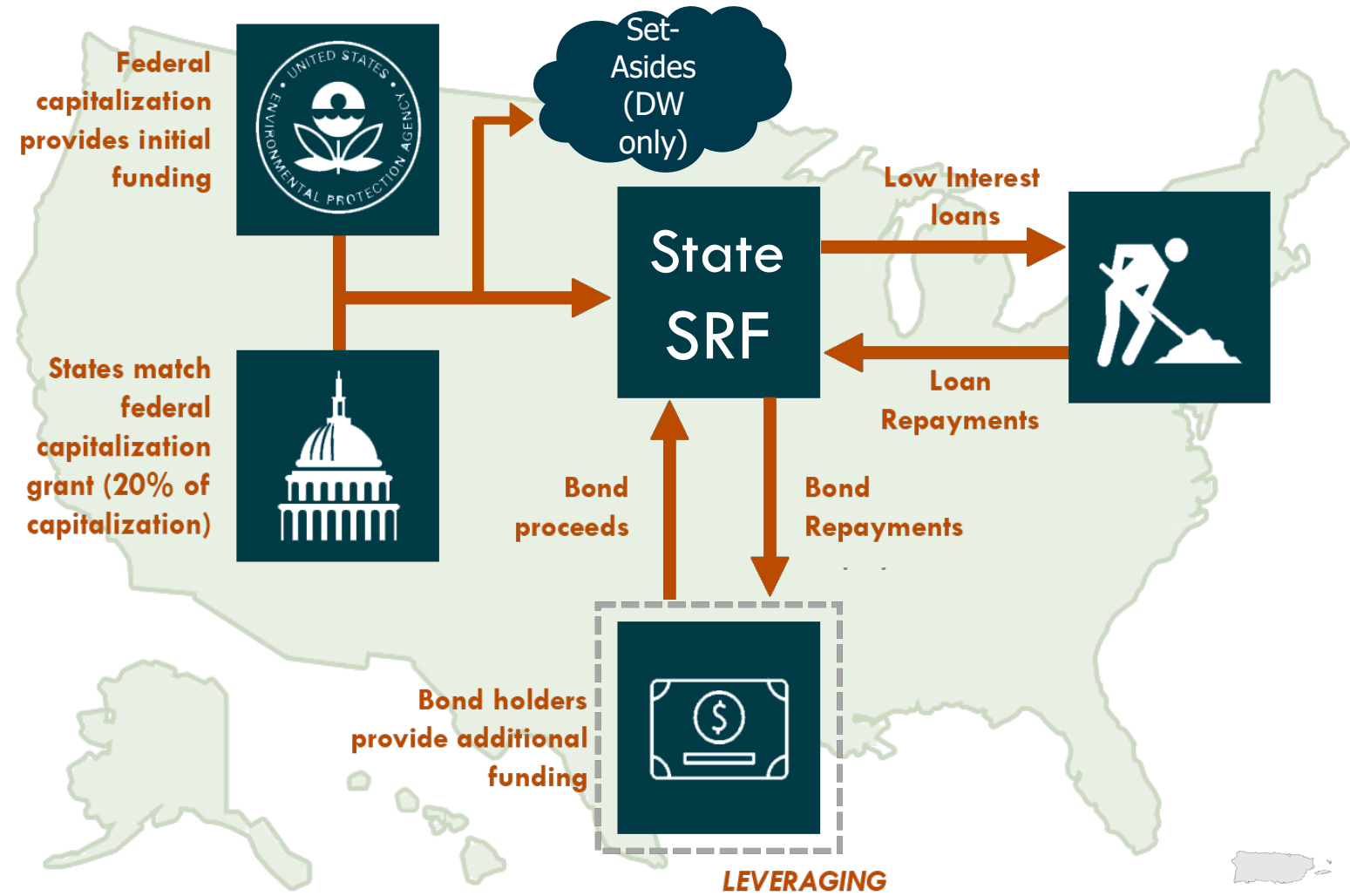
How do the SRFs work?

- Congress appropriates funding to EPA for the SRF programs. EPA then awards capitalization grants (i.e., seed money) to each state.
- For most appropriations, state provides a 20 percent match to those capitalization grants.

SRF Overview – How do the SRFs work?

- States then provide below-market rate loans and other authorized assistance to eligible recipients (e.g., water and wastewater systems) for water infrastructure projects. Loan terms are typically 20-40 years.
- States disburse SRF funds to those eligible recipients on construction costs that are incurred.
- Recipients repay their loans back into the state’s SRF.
- The state SRFs use these “recycled” funds to make additional loans, and the “revolving” cycle continues.

SRF Flow of Funds



SRF Benefits

- **Very low-cost financing**
 - Interest is typically charged at half the market rate, saving communities hundreds of thousands of dollars
 - Potential availability of “**additional subsidy,**” which are *grant-like funds*
- **Extended loan terms**
 - Can go up to 30 years (or 40 years for DWSRF)
 - Repayments begin up to 12 months (or 18 months for DWSRF) after construction completion
- **Serves diversity of communities of all sizes and socioeconomic status**
- **Wide range of project dollar sizes**
- **Availability of technical assistance**
- **Funding can be paired with other sources, including WIFIA, OSG, USDA-Rural Development and FEMA**

General SRF Application Process

States have developed processes for potential borrowers/projects to apply for SRF funding - please consult your state program to learn more.



Who is eligible to use the CWSRF?

- **Municipalities, intermunicipal, interstate or state agencies**
- **Nonprofit entities***
- **Private, for-profit entities***
- **Watershed groups***
- **Community groups***
- **Homeowner's Associations***
- **Individuals***

**Some states do not fund private systems/private entities.*

What Type of Projects Can Be Funded by the CWSRF?

- **Construction of publicly owned treatment works:** Projects include, primary and secondary treatment, advanced treatment, sewer system repair and replacement, CSO correction, resiliency, and security.
- **Nonpoint source projects:** Projects that implement a state's nonpoint source management plan, such as agricultural best management practices, streambank restoration, etc.
- **National estuary program projects:** Projects that implement a National Estuary Program Comprehensive Conservation and Management Plan, such as wetlands restoration and living shorelines.
- **Decentralized wastewater treatment systems:** Repair, replacement, or upgrade of decentralized wastewater treatment systems (i.e., septic tanks).
- **Stormwater:** Gray and green infrastructure to address water quality impacts of stormwater runoff.
- **Water conservation and efficiency:** Projects that reduce the demand for publicly owned treatment works' (POTW) capacity through reduced water consumption

What Type of Projects Can Be Funded by the CWSRF?

- **Watershed pilot projects:** Projects that implement watershed pilot projects related to watershed management of wet weather discharges, stormwater best management practices, watershed partnerships, integrated water resource planning, municipality-wide stormwater management planning, and increased resilience of treatment works.
- **Energy efficiency:** Projects that reduce the amount of thermoelectric energy used by a POTW, either through reduced energy consumption or use of renewable energy sources.
- **Water reuse:** Reclamation of wastewater, stormwater, or subsurface drainage water for potable or nonpotable reuse.
- **Security Measures at POTWs:** Physical security (e.g., Fencing, Security cameras) and cybersecurity measures to protect POTWs.
- **Planning:** Planning activities that have a reasonable prospect of resulting in a capital project are eligible.
- **Technical assistance:** Technical assistance for small, medium, and tribal publicly owned treatment works.

Who is Eligible to Use the DWSRF?

- Public or private* community water systems
 - A system serving at least 15 service connections used by year-round residents, or regularly serves at least 25 year-round residents
- Nonprofit non-community water systems
 - Including schools, publicly-owned campgrounds, parks, churches

**Some states do not fund private systems/private entities.*

What Type of Projects Can Be Funded by the DWSRF?

- **Treatment:** Projects to install or upgrade facilities to improve drinking water quality to comply with drinking water regulations
- **Transmission and distribution:** Rehabilitation, replacement, or installation of pipes to improve water pressure to safe levels or to prevent contamination caused by leaky or broken pipes, including lead service line replacement (public and private side)
- **Source:** Rehabilitation of wells or development of eligible sources to replace contaminated sources
- **Storage:** Installation or upgrade of finished water storage tanks to prevent microbiological contamination from entering the distribution system
- **Consolidation:** Interconnecting two or more water systems
- **Creation of new systems:** Construct a new system to serve homes with contaminated individual wells or consolidate existing systems into a new regional water system
- **Planning and design:** For all project types listed above.
- **Technical Assistance**

https://www.epa.gov/sites/default/files/2019-10/documents/dwsrf_eligibility_handbook_june_13_2017_updated_508_versioni.pdf

DWSRF Set-Asides

- Set-asides provide additional tools for states to help achieve the public health protection objectives of SDWA.
 - complement infrastructure financing
 - strengthen Public Water System Supervision (PWSS) program
 - to implement “preventive” SDWA programs
 - Capacity Development – technical, managerial, and financial (TMF)
 - Operator Certification
 - Source Water Protection

How Much Funding Can Be Set-Aside?

- States can take up to ~ 31% of their capitalization grant for set-aside activities

Purpose	Set-Aside Amount (up to)
Administration of DWSRF and Technical Assistance to Water Systems	<i>Greatest of: 4%, \$400k, or 1/5th of a Percent of Fund Valuation</i>
Technical Assistance to Small Water Systems (<10,000 population)	2%
State Program Management <ul style="list-style-type: none"> • Administer Public Water System Supervision and Source Water Protection Programs • Implement Capacity Development Strategy and Operator Certification Program 	10%
Local Assistance to Public Water Systems for Source Water Protection and Capacity Development <ul style="list-style-type: none"> • Loan to acquire land/conservation easement for Source Water Protection • Loan to implement voluntary Source Water Protection measures • Provide assistance to public water systems for Capacity Development Strategy • Establish/Implement Wellhead Protection Program and Source Water Protection 	15%

Set-Asides Eligibilities

- Activities that facilitate compliance with National Primary Drinking Water Regulations.
- Activities that significantly further the public health protection objectives of the Safe Drinking Water Act (SDWA).
- **KEY POINT:** If an activity is eligible for funding under the loan program, it probably is not eligible for set-aside funding.
 - Exceptions:
 - Project planning and design costs.
 - Costs for restructuring a system as part of a capacity development strategy.

Examples of Set-Asides Activities

- **4%**
 - Funding DWSRF staff
 - Developing cash flow management model
 - Developing outreach materials and reporting documentation
- **2%**
 - Planning and design, environmental review, assistance with other Fed requirements
 - Training for operators and other water system personnel
 - TMF capacity assistance
- **10%**
 - Develop and implement the Operator Certification, Capacity Development programs
 - Administer the source water protection program
- **15%**
 - Variety of source water protection activities, including loans for land acquisition for SWP
 - Capacity development activities



**BIPARTISAN
INFRASTRUCTURE
LAW**

Bipartisan Infrastructure Law (BIL)

- Signed by President Biden on November 15, 2021.
- Historic investment in key programs and initiatives implemented by the U.S. Environmental Protection Agency to build safer, healthier, cleaner communities.
- Includes \$50 billion to the EPA to strengthen the nation's drinking water and wastewater systems – the single largest investment in water that the federal government has ever made.
- Approximately \$43.4B of this funding through the existing CWSRFs and DWSRFs.

Available State Revolving Fund (SRF) Funding in the BIL

Appropriation	FY 2022 (\$)	FY 2023 (\$)	FY 2024 (\$)	FY 2025 (\$)	FY 2026 (\$)	Five Year Total (\$)
CWSRF General Supplemental	1,902,000,000	2,202,000,000	2,403,000,000	2,603,000,000	2,603,000,000	11,713,000,000
CWSRF Emerging Contaminants	100,000,000	225,000,000	225,000,000	225,000,000	225,000,000	1,000,000,000
DWSRF General Supplemental	1,902,000,000	2,202,000,000	2,403,000,000	2,603,000,000	2,603,000,000	11,713,000,000
DWSRF Emerging Contaminants	800,000,000	800,000,000	800,000,000	800,000,000	800,000,000	4,000,000,000
DWSRF Lead Service Line Replacement	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000	15,000,000,000

CWSRF Funding in the BIL: Overview

- EPA is making \$12,713,000,000 in **additional** capitalization grants available to the state CWSRFs over the next five years.
- Most of this money may fund any project eligible under the CWSRF; some funding is targeted towards projects focused on “emerging contaminants.”
- States have the authority to waive repayment on some of this new funding (e.g., forgive some or all the loan’s principal or provide grants).

DWSRF Funding in the BIL: Overview

- EPA is making \$30,713,000,000 in **additional** capitalization grants (i.e., seed funding) available to the state DWSRFs over the next five years.
- Some of this money may fund any project eligible under the DWSRF; some funding is targeted towards projects focused on PFAS and “emerging contaminants;” some funding is targeted towards the identification and replacement of lead service lines.
- States have the authority to waive repayment on some of this new funding (e.g., forgive some or all of the loan’s principal or provide grants).

How Do I Apply for SRF funding?

- Develop your plans and identify needs.
 - Develop a capital improvement plan.
 - State SRFs may provide planning and development assistance.
- Engage with your state SRF program.
 - Each state has a process and timeline for applications.
 - Discuss funding options (SRF base, SRF BIL, state funding, etc.) to build a plan for your community.
- Work early with your state to get projects on the Intended Use Plan
- Build an ongoing relationship with the state SRF.
 - BIL funds are over FY 2022-2026.
 - Base SRF programs are ongoing.



WIFIA/SRF COMPARISON

WIFIA, SRF CO-FUNDING

- Approximately half of the WIFIA program's projects are co-funded with the SRF.
- A WIFIA loan can help finance large CWSRF-eligible or DWSRF-eligible projects. This may be especially helpful in states that impose funding caps on SRF loans or that have smaller SRF programs.
- The WIFIA program is limited to funding 49% of eligible project costs, so the SRFs can be a great option to fund the remaining portion of the project.
- WIFIA loans generally offer more flexible repayment terms than SRF loans, allowing borrowers of co-financed SRF and WIFIA projects to repay their loans as they see fit.
- The WIFIA program can offer loan repayment terms that are typically longer than SRF repayment terms. Borrowers can take advantage of the WIFIA program's longer loan terms and "wrap" the WIFIA loan around other debt, including SRF loans.
- The WIFIA and SRF programs work together to streamline and eliminate duplication of efforts to comply with "crosscutters", such as the American Iron and Steel requirements, the Build America, Buy America Act, and NEPA/environmental review.

WIFIA, SRF COMPARISON CHART

	WIFIA	CWSRF	DWSRF
INTEREST RATES	2.50% (all closed loans)	1.25% (SFY22)	1.25% (SFY22)
SFY22 LOAN RANGES	\$13M - \$477M	\$2300 - \$660M	\$1140 - \$274M
REPAYMENT TERMS	35 years from substantial completion	20 to 30 years from substantial completion	30 to 40 years from substantial completion
REPAYMENT START	5 years after substantial completion	12 months after substantial completion	18 months after substantial completion
GRANT-LIKE DOLLARS?	No	Yes	Yes
MINIMUM PROJECT SIZE	\$5M (small); \$20M	None	None
REPAYMENT STRUCTURE	Maximum flexibility	Typically mortgage-style	Typically mortgage-style
FEDERAL FUNDING CAP?	80%	None	None

TACOMA SEWER AUTHORITY, WA

ELECTRICAL DISTRIBUTION SYSTEM REPLACEMENT PROJECT

- Received \$31 million in combined WIFIA, CWSRF financing to modernize the WWTP's entire electrical distribution system
- Improves the reliability and redundancy of the WWTP's primary electrical power
- Reduces the risk of plant failure, which would result in untreated wastewater spilling into Puyallup River



ORANGE COUNTY WATER DISTRICT, CA

GROUNDWATER REPLENISHMENT SYSTEM FINAL EXPANSION

- Received a \$135 million WIFIA loan and approximately \$182 million in CWSRF assistance for its groundwater replenishment system expansion
- Provides an additional 31,000 acre-feet per year drought-proof water supply at a lower cost than imported water.
- Reduces approximately 40 MGD of secondary effluent from being discharged into the ocean.
- Increases the replenishment of the groundwater basin.



PITTSBURGH WATER AND SEWER AUTHORITY, PA

WATER RELIABILITY PLAN

- Received a \$52 million WIFIA loan and approximately \$93 million in DWSRF assistance for its water reliability plan
- Supports the modernization of water transmission infrastructure to enable eventual replacement of the existing clearwell
- Upgrades to pump station and rehabilitation of water mains and reservoir liner and cover



WRAP-UP

WIFIA AND THE SRFs ARE BENEFICIAL FUNDING OPTIONS FOR WATER INFRASTRUCTURE INVESTMENTS.

- WIFIA – long loan terms, repayment deferral periods, larger upfront commitment, and more flexible repayment options compared to typical SRF loans.
- SRFs – long loan terms, lower interest rates, opportunities for grant-like dollars.
- WIFIA, SRFs pair well together and have co-funded dozens of projects across the country.

CONTACT US

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WIFIA

Website: www.epa.gov/wifia

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

Contact us at wifia@epa.gov

SRFs

State CWSRF Contacts: [State CWSRF Program Contacts | US EPA](#)

State DWSRF Contacts: [State DWSRF website and contact\(s\) | US EPA](#)

CWSRF@epa.gov

CWSRF: www.epa.gov/cwsrf

DWSRF: www.epa.gov/dwsrf

Bipartisan Infrastructure Law (BIL) SRF Memorandum: <https://www.epa.gov/dwsrf/bipartisan-infrastructure-law-srf-memorandum>