

Long-term Low-cost Loans for Water Infrastructure

In December 2016, Congress passed the Water Infrastructure Improvements for the Nation Act which funds the Water Infrastructure Finance and Innovation Act (WIFIA) program administered by The U.S. Environmental Protection Agency (EPA). WIFIA is designed to accelerate investments and bring the public and private sectors together to deliver critical water projects across the country. WIFIA provides a critical long-term, low-cost customized capital solution to help catalyze investment in the sector. The WIFIA program presents an important and timely opportunity for local, state, and federal entities to build, rehabilitate, or expand their water and wastewater infrastructure.

Important WIFIA Dates and Milestones

EPA published a Notice of Funding Availability (NOFA) in the Federal Register on January 10, 2017. To participate in the program, a letter of interest (LOI) must be submitted by April 10, 2017. Project selection is expected to occur by July 1, 2017. A second submittal period may take place from August 17, 2017, through September 29, 2017, at the discretion of EPA.

How WIFIA Works

Program Priorities

Adaptation to extreme weather and climate change; enhanced energy efficiency; green infrastructure; repair, rehabilitation, and replacement of aging infrastructure

Funding Terms

Up to 49% of eligible project costs, repayment term of 35 years, up to 5 years of interest capitalization period, interest rate equal or greater to the U.S. Treasury rate of a similar maturity

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

Eligible Projects

Wastewater conveyance and treatment projects; drinking water treatment and distribution projects; enhanced energy efficiency projects at drinking water and wastewater facilities; desalination, aquifer recharge, and water recycling projects; acquisition of property if integral to an eligible project or will

mitigate environmental impact; a combination of eligible projects secured by a common security pledge or submitted under one application by an SRF program

Other Eligibility Requirements

\$20M minimum project size; \$5M minimum for small communities (population of 25,000 or less); any amount if bundled into a single application for at least \$20M; private borrower must demonstrate that it has the support of the affected state, local, or tribal government in which the project is located.

Eligible Costs

Development phase activities such as planning, environmental review, permitting, design, and other pre-construction activities; construction, reconstruction, rehabilitation, and replacement activities; real property and water rights acquisition, environmental mitigation, and construction contingencies; and capitalized interest, reserve funds, other

Credit Rating Requirement

Project application should include a preliminary rating opinion letter from at least one rating agency indicating that the senior obligations have the potential of achieving investment grade rating. At closing, must include final rating opinion from two credit rating agencies indicating that the senior obligations have an investment grade rating

Project Selection Criteria

The WIFIA program has identified 13 project priorities that will be used to determine which projects that submit a LOI will be invited to submit an application. The priorities are detailed in the NOFA issued by EPA. The budget authority currently provided to EPA is estimated to provide support for approximately \$2 billion in water infrastructure development projects.

How Tetra Tech Can Help

Tetra Tech provides full lifecycle support for energy and infrastructure projects from feasibility studies, technical, and environmental assessment, through structuring, negotiating, and financial close. Tetra Tech can support clients throughout the entire WIFIA process, including support with project selection, LOI, financial analysis, application, and negotiations.

How to Access WIFIA Funds

1 Project Selection

- Notice of funding availability
- Submit letter of interest
- Evaluation
- Invitation to apply

2 Project Approval

- Submit application
- Evaluation
- Term sheet
- Approval

3 Negotiation & Closing

- Negotiations
- Execution of credit agreement



Wastewater Conveyance and Treatment Projects

YCUA Wastewater Treatment Expansion, Ypsilanti, MI



Water Reclamation and Recycling Projects

Hillsborough County Northwest Water Reclamation Facility, Hillsborough County, FL



Aquifer Recharge

Clearwater Groundwater Replenishment Program, Clearwater, FL



Energy and Process Optimization

Howard F. Curren AWTP Process Optimization, Tampa, FL



Energy and Process Optimization

Fresno-Clovis Regional WRF Energy and Process Optimization, Fresno, CA



Drought Prevention, Reduction, or Mitigation Projects

Water Replenishment District of Southern California, Groundwater Reliability Improvement Project (GRIP), Pico Rivera, CA



Drinking Water Treatment and Distribution Projects

Carlsbad Desalination Plant Finished Water Transmission Main, San Diego County, CA



Brackish and Seawater Desalination

San Antonio Water System Brackish Groundwater Desalination Facility, San Antonio, TX

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Financial Advisory Services

Tetra Tech provides comprehensive, individually tailored project finance support to help our clients deliver water, energy, transportation, and other critical infrastructure across the globe. Tetra Tech's financial advisory services complement its technical expertise throughout the project life cycle, making Tetra Tech a full-service provider for public and private developers, investors, utilities, and lenders. Tetra Tech's financial team has experience advising TIFIA, a federal program supporting the financing of transportation projects, which served as a blueprint when designing WIFIA. This experience presents a significant advantage as the team is well informed on key structural and credit issues, which WIFIA will be focused.

Due Diligence & Risk Assessment

We perform financial and commercial due diligence and offer our experience to identify and assess project risks and develop tailored mitigation strategies.

Bids & Tendering

Our expert team supports bidding and tendering processes for a range of client needs, including asset procurement, management services, contracts, privatization, and public-private partnerships.

Capital Raise

Tetra Tech works closely with its clients to fully understand their strategic goals and helps them raise capital to finance their projects with the most optimal debt to equity mix and beneficial terms.

Development Support & Feasibility

We recognize that early preparation is key to project success, and thus include development support and feasibility studies as part of our integrated service package to help clients navigate the path forward.

Capital Structuring & Modeling

Our team is experienced in designing financial models, capital structuring, and financing plans that are based on the unique commercial, legal, and financial features of each project.

Credit Analysis & Negotiations

Tetra Tech performs comprehensive credit analysis and assists its clients in project negotiations at every step, from early development through financial close, including principal project agreements.

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