



## MEMORANDUM

DATE: July 16, 2018

TO: Dan Duchniak, General Manager

FROM: Joe Ciurro, Administrative Services Manager

RE: EPA's WIFIA Letter of Interest Submission

The financing for the Great Water Alliance project has and will take several forms throughout the life of the project.

Currently, general obligation refunding bonds, note anticipation notes, Safe Drinking Water Loan Program (SDWLP) loans and bond anticipation notes (i.e. "draw-bond") are outstanding in relation to this project.

As stated in Waukesha Water Utility's 2018 Budget, the future financing plan calls for the issuance of additional SDWLP loans and the use of the Environmental Protection Agency's (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) program to secure low-interest, long-term debt financing.

The WIFIA program's primary guidelines include:

- \$20 million: Minimum project size
- 49%: Maximum portion of eligible project costs that WIFIA can fund.
- Total federal assistance may not exceed 80% of a project's eligible costs.
- 35 years: Maximum final maturity date from substantial completion.
- 5 years: Maximum time that repayment may be deferred after substantial completion of the project.
- Interest rate will be equal to or greater than the U.S. Treasury rate of a similar maturity at the date of closing.
  - As of July 13, 2018, the 30-year Treasury interest rate is 2.94%.
- Projects must be creditworthy and have a dedicated source of revenue.
- NEPA, Davis-Bacon, American Iron and Steel, and all other federal cross-cutter provisions apply.

The process to receive WIFIA's assistance starts with the submission of a Letter of Interest (LOI). During a 90-day evaluation period, the program selects projects that it invites to officially apply for financial assistance. At the point an application is submitted, a \$100,000 fee is due to WIFIA. Fortunately, there is no fee to submit a LOI.

WWU staff and our program manager, Greeley & Hansen, have been working towards completion of the LOI so that it can be submitted by the July 31, 2018 deadline. Management is asking that the Water Commission give authorization to staff to submit a LOI on behalf of the Waukesha Water Utility.

**Recommended Motion:** Move to authorize Waukesha Water Utility staff to submit a Letter of Interest for potential financing through the EPA's Water Infrastructure Finance and Innovation Act (WIFIA) program.