Corps Water Infrastructure Financing Program (CWIFP)

Corps Water Infrastructure
FINANCING PROGRAM

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CWIFP Background & Status

- **What is the Corps Water Infrastructure Financing Program?**
  - USACE's Federal loan program
  - Authorized by the Water Infrastructure Finance and Innovation Act (WIFIA) in WRRDA 2014
  - Mirrors EPA's WIFIA program and DOT's TIFIA program

- **Current Status**
  - CWIFP Program Rules were posted in Federal Register on 10 June for 60 day public review which ended on 9 August.
  - USACE anticipates being ready to accept loan applications in June 2023, 30 days after the program rules posted in the Federal Register.
  - To date, CWIFP has received a total of $81 million for credit subsidy and an additional $15.4 million for administration of the program. This will allow USACE to issue up to approximately $7.5 billion in loans.
  - USACE has been developing CWIFP in partnership with EPA and other Federal partners to ensure efficient program development.

https://www.usace.army.mil/Missions/Civil-Works/Infrastructure/revolutionize/CWIFP/

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CWIFP Eligibility

- **Projects eligible for current funding:**
  - Project(s) to maintain, upgrade and repair dam(s) identified in the National Inventory of Dams owned by nonfederal entities that improve the safety of a dam or dams
  - Projects can include state-of-good-repair work & upgrades which improve overall condition of dam or reduce safety risks on downstream dams
- **CWIFP's existing legislative authorization also provides for:**
  - Project for flood damage reduction, hurricane and storm damage reduction, environmental restoration, coastal or inland harbor navigation improvement, or inland and intracoastal waterways navigation improvement including projects to restore aquatic ecosystems
- **A combination of projects may be combined under a single loan request, provided the CWIFP loan is repayable from a common revenue stream.**

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CWIFP Eligibility

Eligible Borrowers

- Local, State, and Tribal government entities
- Partnerships and joint ventures
- Corporations and trusts
- State revolving fund programs

Eligible Costs

- Development-phase activities
- Construction, reconstruction, rehab, and replacement activities
- Acquisition of property used to mitigate environmental impacts of eligible projects

CWIFP can fund loans up to 80% of project costs for most borrowers

- For projects or borrowers that do not serve economically disadvantaged communities in some way, CWIFP loans are limited to 49% of project costs
- Total Federal assistance for a project (CWIFP Loan plus other Federal grants, reimbursement agreements, etc.) cannot exceed 80%

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CWIFP Minimum Assistance Requirements

- Project must be **creditworthy**
  - » Investment-grade rating on the CWIFP loan and other project debt obligations
- Project must be **technically sound**
  - » Must meet all applicable engineering, safety, and other technical standards
- Project must be **economically justified**
  - » Anticipated benefits to the community(ies) must exceed the costs
- Project must be **environmentally acceptable**
  - » Must satisfy all necessary environmental requirements, including requirements associated with the Corps Programmatic Environmental Assessment prepared for this rule under NEPA
- Project must be **$20M** or more
- Project must **comply with applicable regulations**
  - » NEPA, Davis-Bacon, American Iron and Steel, Buy American, and all federal cross-cutters.
- Project must receive **public** sponsorship if undertaken by a private entity

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CWIFP Benefits

- **Low interest rates**: Rates are equal to U.S. Treasury rates and are not impacted by borrower credit or loan structure.
- **No interest rate risk**: Rates are locked at the time of loan closing and fixed for the life of the loan.
- **No negative arbitrage**: Interest accrues only once funds have been disbursed.

CWIFP could save a typical A-rated borrower ½-1% on average compared to capital markets. For a $100M loan, this difference in rates could save approximately $15-25M in interest payments over a 30-year loan.

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CWIFP Benefits

- **Customized repayment schedules**: Repayment schedules can be structured to match anticipated cash flows over the life of the loan.
- **Long repayment periods**: Repayment periods of up to 35 years after completion of construction.
- **Deferred payments**: Payments can be deferred through the construction period up to five years after completion of the project.
- **No prepayment penalty**: Loans can be prepaid at any time without penalty.

Civil works projects typically have high upfront capital costs and useful lives that can exceed 50 years. Unlike traditional financing sources, CWIFP loans enable municipal, regional and state-level borrowers to spread the repayment of initial investment costs across the useful life of the asset.

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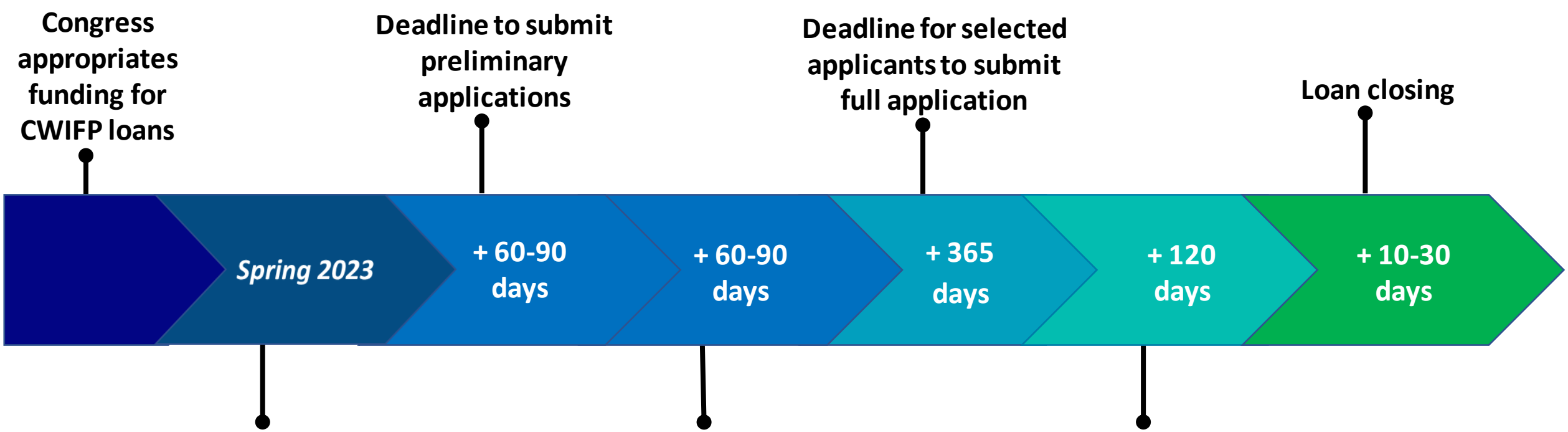
CWIFP Loan Process Timeline



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Pre-Application Process

Initial 2023 round will be a 90 day competitive selection, evaluating:

- Eligibility
- Creditworthiness
- Technical Feasibility
- Meeting the policy goals outlined in the WIFIA statute and regulation
- Competitive scoring will follow criteria and weights outlined in the NOFO
- Funding beyond 49% (up to 80%) will be provided on a first-come-first serve basis of pre-applications that qualify

Subsequent funding rounds will receive requests on a rolling basis

- Projects will be selected as the pre-application review is completed
- Projects will continue to be selected until all available subsidy is used. When all subsidy is used, CWIFP will update its website to reflect that fact
- CWIFP will accept pre-applications and generate a waiting list that will be fulfilled on a first-come-first serve basis when additional subsidy is appropriated by Congress

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Meeting with CWIFP Staff

CWIFP will meet with all prospective borrowers interested in discussing the program prior to submission of a pre-application

- Send requests to cwifp@usace.army.mil
- Meetings may be via video conference or phone

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Questions?

Visit our Program Website for additional information and FAQs:
https://www.usace.army.mil/Missions/Civil-Works/Infrastructure/revolutionize/CWIFP