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WIFIA Program Closes Two New Loans in California.

WASHINGTON, DC, AND CALIFORNIA, AUG 3, 2018 — The WIFIA program has issued its third and fourth loans to Orange County Water District (OCWD) and San Francisco Public Utilities Commission (SFPUC). The San Francisco Public Utilities Commission received a $699 million loan to help finance its innovative Southeast Treatment Plant Biosolids Digester Facilities Project. This is the largest loan issued under EPA's Water Infrastructure Finance and Innovation Act (WIFIA) program to date.

"Today's nearly $700 million WIFIA water infrastructure loan reflects a core Administration priority: accelerating investment in America's water infrastructure in a way that delivers a cleaner, healthier environment and supports a thriving economy," said EPA Acting Administrator Andrew Wheeler. "This WIFIA loan will enable San Francisco to modernize its wastewater treatment facilities while creating valuable jobs in the community."

The San Francisco Public Utilities Commission will replace its outdated biosolids digester facilities with modern, efficient technology. The new facilities will transform wastewater solids into high-quality biosolids and biogas. Additionally, the new digesters will be located farther away from existing residences, feature advanced odor control, and will be built to be more resilient to earthquakes.

"Rebuilding our biosolids digester facilities is crucial to realizing our vision to transform San Francisco's largest wastewater treatment plant into a modern resource recovery facility. With the federal government's low-cost loan program, we can realize significant savings for our ratepayers and create high quality employment and contracting opportunities in parts of the City that need it most," said SFPUC General Manager Harlan L. Kelly, Jr.

The project is estimated to cost $1.43 billion and EPA's WIFIA loan will help finance nearly half that amount—up to $699 million. According to the San Francisco Public Utilities Commission's estimates, EPA's loan is expected to save the commission up to $398 million through the WIFIA program's low interest rates. Project construction is expected to begin in late 2018 and be completed in 2025.

Additionally, an innovative groundwater replenishment project expansion in Orange County received a $135 million loan to help finance its Groundwater Replenishment System final expansion.

The announcement was made by EPA's Regional Administrator for the Pacific Southwest Mike Stoker at the project's future site on Ward Street in Fountain Valley. Stoker was joined by U.S. Congressman Dana Rohrabacher, Orange County Water District Board President Denis Bilodeau, and Orange County Sanitation District General Manager James Herberg.

"This advanced water recycling and groundwater replenishment project will provide Orange County residents and businesses with an additional local drinking water supply," said Stoker. "Not only will this project protect local water resources, it will make Orange County more resilient to future droughts."

With EPA's WIFIA loan, the Orange County Water District (OCWD) will purify treated wastewater from the Orange County Sanitation District to produce an additional 30 million gallons per day of drinking water, which will be stored in the Orange County Groundwater Basin. This additional drought-proof drinking water supply reduces the region's need to import water, benefits the environment through reduced discharges into the ocean, and increases replenishment of the local groundwater source.

"WIFIA borrowing enhances the Groundwater Replenishment System's viability," stated Bilodeau. "The WIFIA loan program creates another tool in the proverbial toolbox to finance critical water infrastructure projects like ours. The cost of borrowing is less than the private market would have been, which helps make the cost of the final expansion feasible to ratepayers. OCWD is trying to reduce reliance on imported water from the Colorado River and become self-sufficient, but OCWD won't make water at any cost."

The Orange County Water District estimates the project will cost $282 million. EPA's WIFIA loan will help finance nearly half that amount—up to $135 million. Because the WIFIA program offers loans with low interest rates, the Orange County Water District is expected to save up to $16 million compared to municipal bonds. Project construction is expected to create 700 jobs and is scheduled to begin in 2019 and be completed in 2023.

In addition to significant cost savings, a WIFIA loan permits extended repayment terms of up to 35 years, the ability to repay at any time without penalty, subordination in payment priority to other debt, flexibility when the loan is drawn with no interest accrual until funds are disbursed, and the opportunity to use the loan with other assistance like the State Revolving Fund for the remaining 51 percent of a project's cost.

"Having been a proponent of the OCWD's Ground Water Replenishment System project since its inception, I am pleased that the OCWD has received a $135 million Water Infrastructure Finance and Innovation Act loan. This loan will help finance the final expansion of the GWRS, which will increase our drought-proof water supply and provide for the water needs of future generations of Orange County residents," said Congressman Dana Rohrabacher (CA-48).

"Today marks a major milestone for EPA's WIFIA program," said EPA Office of Water Assistant Administrator David Ross. "With our loan to the Orange County Water District, EPA has issued over $1 billion in WIFIA credit assistance this year, thanks to the hard work and dedication of the professionals within EPA's Office of Water."

WaterWorld

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