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Fitch: WIFIA Could Provide Long Overdue Boost to Water Infrastructure Projects.

Fitch Ratings-New York-04 May 2017: Water and sewer utilities throughout the country are faced with aging infrastructure and a rather large price tag to rectify it, which could pave the way for substantially more investment in the space, according to Fitch Ratings in a new report.

The California drought, the Flint, Michigan toxic water crisis and cases of elevated lead levels in drinking water across the nation have shed light on the effects of persistent underfunding of capex, delayed system upkeep and shortages of quality water. As such, the EPA estimates roughly \$655 billion in capital over the next 20 years is needed for water and wastewater infrastructure. Answering this challenge is the Water Infrastructure Finance and Innovation Act (WIFIA). Modeled after the successful Transportation Infrastructure Finance and Innovation Act of 1998, WIFIA's overarching goal is to precipitate steady investment in water infrastructure development.

"WIFIA-funded projects can potentially reduce the magnitude of increased costs to end users and temper the need to obtain rate increases related to capital," said Director Stacey Mawson. "WIFIA can also spur partnerships between the public and private sectors, creating a forum for eliciting innovative proposals and problem solving." As such, Fitch's approach to rating WIFIA-funded projects will incorporate perspectives from both its Global Infrastructure and U.S. Public Finance Water and Sewer criteria.

More infrastructure spending brought on by WIFIA means loans will be available at more appealing terms than the financial market, which can help support an investment grade rating on a project that would otherwise be non-investment grade. WIFIA has the potential to fund larger projects for which State Revolving Fund (SRF) loans are hard to procure and smaller municipal utilities that may not have market access. That said, 'WIFIA's success will in part depend on timely vetting and executing transactions to leverage the public and private commitment to move projects forward,' said Senior Director Yvette Dennis.