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EPA Clears the Way for Much Needed Funds for Water and Sewer Repairs in Puerto Rico.

San Juan, Puerto Rico - The U.S. Environmental Protection Agency (EPA) and Puerto Rico Aqueduct and Sewer Authority (PRASA) announced the restructuring of more than 200 delinquent loans—totaling approximately \$571 million in principal—owed to Puerto Rico’s clean water and drinking water State Revolving Fund (SRF) programs. This restructuring clears the way for the commonwealth’s idled SRF programs to once again provide critically needed funding to improve Puerto Rico’s water and sewer systems, create local jobs, and ensure that the people of Puerto Rico have safe and clean water.

PRASA provides drinking water to 97% of Puerto Rico’s 3.2 million people and sewer service to more than half of the Island’s communities. The lack of access to funding from the SRF programs has been a major obstacle to making water infrastructure repairs and improvements across the commonwealth.

“EPA is pleased that Puerto Rico’s SRFs are back on track and able to provide critically important funding for clean and safe water,” said EPA Administrator Andrew Wheeler. “With this loan restructuring, EPA is protecting taxpayer dollars while ensuring that funding is available for water infrastructure projects that will help build a stronger, safer, and healthier Puerto Rico.”

“After nearly two years, Puerto Rico is still dealing with the aftermath of Hurricanes Irma and Maria, which devastated portions of Puerto Rico’s infrastructure and highlighted the critical need for lasting and sustainable improvements in Puerto Rico,” said EPA Regional Administrator Pete Lopez. “Empowering PRASA to once again receive state revolving funds is part of EPA’s comprehensive and continuing efforts to help Puerto Rico recover. We are dedicated to helping Puerto Rico rebuild stronger and better.”

After many years of successful repayment, PRASA was unable to meet its SRF loan repayment obligations as of July 1, 2016. Since then, the loans have been in forbearance while EPA and key Puerto Rican authorities have worked in good faith with PRASA to develop a restructuring agreement for PRASA’s debt. EPA’s SRF experts played a key role in facilitating the discussion and resolution.

The finalization of the restructuring agreement will ensure the repayment of PRASA’s SRF loans, and PRASA will be eligible to apply for financial assistance from the Puerto Rico SRFs, which will help ensure the continued protection of public health and the environment for the residents of Puerto Rico. The sound management of the state programs has ensured that the SRFs remain at the forefront of funding innovative solutions for treating wastewater, providing safe drinking water, addressing stormwater runoff, tackling non-point source pollution, and addressing a multitude of other environmental and public health issues facing this nation.

Background

Under the Clean Water and Drinking Water State Revolving Fund programs, EPA provides funding

to all 50 states and Puerto Rico to capitalize SRF loan programs. The states contribute an additional 20% to match the federal grants. The Puerto Rico Department of Natural and Environmental Resources (DNER) and the Puerto Rico Infrastructure Financing Authority (PRIFA) administer the clean water SRF; the Puerto Rico Department of Health (DOH) and PRIFA administer the drinking water SRF.

The 51 SRF programs function like infrastructure banks by providing low-interest loans to eligible recipients for drinking water and clean water infrastructure projects. As the loan principal and interest are repaid over time, it allows the state drinking and clean water funds to be recycled or “revolve.” As money is returned to a state’s revolving loan fund, the state makes new loans to other eligible recipients.

With more than 30 years of federal capitalization grants and state contributions, approximately \$80 billion has been invested into these programs. According to EPA’s estimate of national drinking water and wastewater needs, over \$743 billion is needed for water infrastructure improvements. Through loan repayments and investment earnings, the SRFs have leveraged the \$80 billion capital investment to provide more than \$170 billion in financial assistance to over 39,900 water quality infrastructure projects and 14,500 drinking water projects across the country.

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