

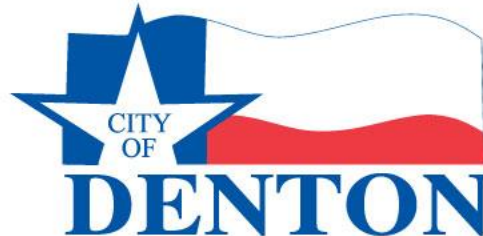
# U.S. Environmental Protection Agency Water Infrastructure Finance and Innovation Act Loan Application

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# Project Overview

- The Water Utilities Planning and Engineering Department is seeking \$770,970,583.07 (which is 49% of the total 5-year Capital Improvement Plan) in funding through the Water Infrastructure Finance and Innovation Act (WIFIA).
- The Water and Wastewater's Capital Improvements Program (CIP) projects included for this loan application are twofold.
  - ❖ **Phase-1**  
Water and Wastewater treatment plant capacity upgrades at Pecan Creek Water Reclamation plant, Clear Creek Water Reclamation Plant, and Ray Roberts Water Treatment Plant and major collection and distribution main expansion.
  - ❖ **Phase- 2**  
Includes improvements of lift stations, sewer collection main, and water distribution main replacements.
- The City of Denton is pursuing loans as master agreements instead of on an individual project basis due to WIFIA's flexibility in lending terms.
- The total project cost includes 20% contingency, and there is no penalty for not drawing the full contingency amount.
- Non-refundable \$100,000 application fee is required for the application.

# EPA WIFIA Loan Overview

- The WIFIA program, managed by the EPA, is designed to accelerate investment in water infrastructure by offering low-interest loans with long-term repayment options for large projects. WIFIA can finance up to 49% of eligible project costs, making it a strong candidate for larger infrastructure projects that require substantial funding.
- Applying for a WIFIA loan offers significant advantages for financing large-scale water and wastewater infrastructure projects
  - ❖ Rate Reset – One-time interest rate reset if rates decline before funds are drawn.
  - ❖ Flexible Terms – Repayment periods of up to 35 years, aligned with revenue generations.
  - ❖ Deferred Payments– No principal payments for up to 5 years after project completion.
  - ❖ Substantial Financing- Covers up to 49% of eligible project costs and can be combine with other funding sources.
  - ❖ Financial Sustainability- Helps strengthen long-term investment strategies
- The EPA works closely with applicants, negotiating terms and conditions until a mutually agreeable term sheet and loan agreement is finalized.

# EPA WIFIA Loan Process



# City of Denton – Proposed Timeline

- April 15, 2024 – Letter of Interest submitted to WIFIA program
- May 10, 2024 – Invitation to Apply received from WIFIA by City of Denton
- May 10, 2025 – Deadline to apply due to WIFIA rules
  - April 2025– Application Due for Loan #1
- Q3 2025 – Anticipated Loan #1 approval granted by WIFIA
- Q2 2025 – Anticipated Loan #2 application