



Current Water P3 Market and US EPA Activities

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Current P3 Market and EPA Activities

- The Challenge Faced in the Water Infrastructure Sector
- Water Infrastructure and Resiliency Finance Center (WIRFC) Mission, Current Activities, and Engagements
- EPA's P3 Goals and Perspective
- Areas of P3 Focus at EPA
 - Environmental Finance Centers (“EFCs”)
 - Regional Water Finance Forums
 - WIFIA
 - SRFs
- Current P3 State Legislation Status
- Next Steps

Water Infrastructure Challenge

- Aging infrastructure coupled with climate effects underscore the urgency to reinvest in water infrastructure.
- EPA estimates over **\$600 billion** is needed for water infrastructure capital improvements over the next 20 years.
- AWWA estimates **\$1 trillion** in pipe replacement needs.
- These challenges require a focus on better **communicating the value of water and forging better partnerships** among stakeholders to deliver state-of-the-art technological and funding solutions.





EPA's Water Infrastructure and Resiliency Finance Center (WIRFC)

We identify financing approaches for public health and environmental goals.

A Think and Do Tank

The Water Infrastructure and Resiliency Finance Center launched on January 16, 2015 to help communities make better-informed decisions for drinking water, wastewater, and stormwater infrastructure that are consistent with local needs.

Our Vision

The Center provides financial expertise on financing safe, sustainable, and resilient water sector infrastructure. The Center seeks to improve the quality of water infrastructure by promoting:

- Effective use of federal funding programs.
- Leading-edge financing solutions (“Best Practices”).
- Innovative procurement and partnership strategies (“P3/PBI”).
- Collaborative financial guidance and technical assistance efforts
- Data and learning clearinghouses that support effective financial decision making.

Current WIRFC Activities & Engagements

P3 Related Activities

- Regional Water Finance Forums
- Collaboration on Innovative Financing Practices
 - Environmental Finance Centers
 - Regional Water Finance Forums
 - State Revolving Funds (SRFs)
 - WIFIA
 - WaterCARE Communities
 - Other Partnerships

Selected Non- P3 Related Activities

- Stormwater Financing Clearinghouse
- Predevelopment Assistance for Disadvantaged Communities
- Compendium of Utility Customer Assistance Programs

Public Private Partnerships Models

- Public private partnerships have consisted of several different structures:
 - Brownfield asset monetization (using a P3 as “financing”)
 - Greenfield concession (using P3 as asset delivery)
- The water sector is increasingly looking at public private partnerships as Performance Based Infrastructure (PBI).
 - Typically a Design, Build, Finance, Operate, Maintain (DBFOM) structure which aims to utilize private sector expertise while retaining public ownership.
 - PBI seeks to review asset delivery throughout the project life-cycle, not just through capital completion.
- See U.S. Department of the Treasury, Office of Economic Policy, April 2015. *Expanding the Market for Infrastructure Public Private Partnerships*.
www.treasury.gov/connect/blog/Pages/Expanding-the-Market-for-Infrastructure-Public-Private-Partnerships-.aspx.

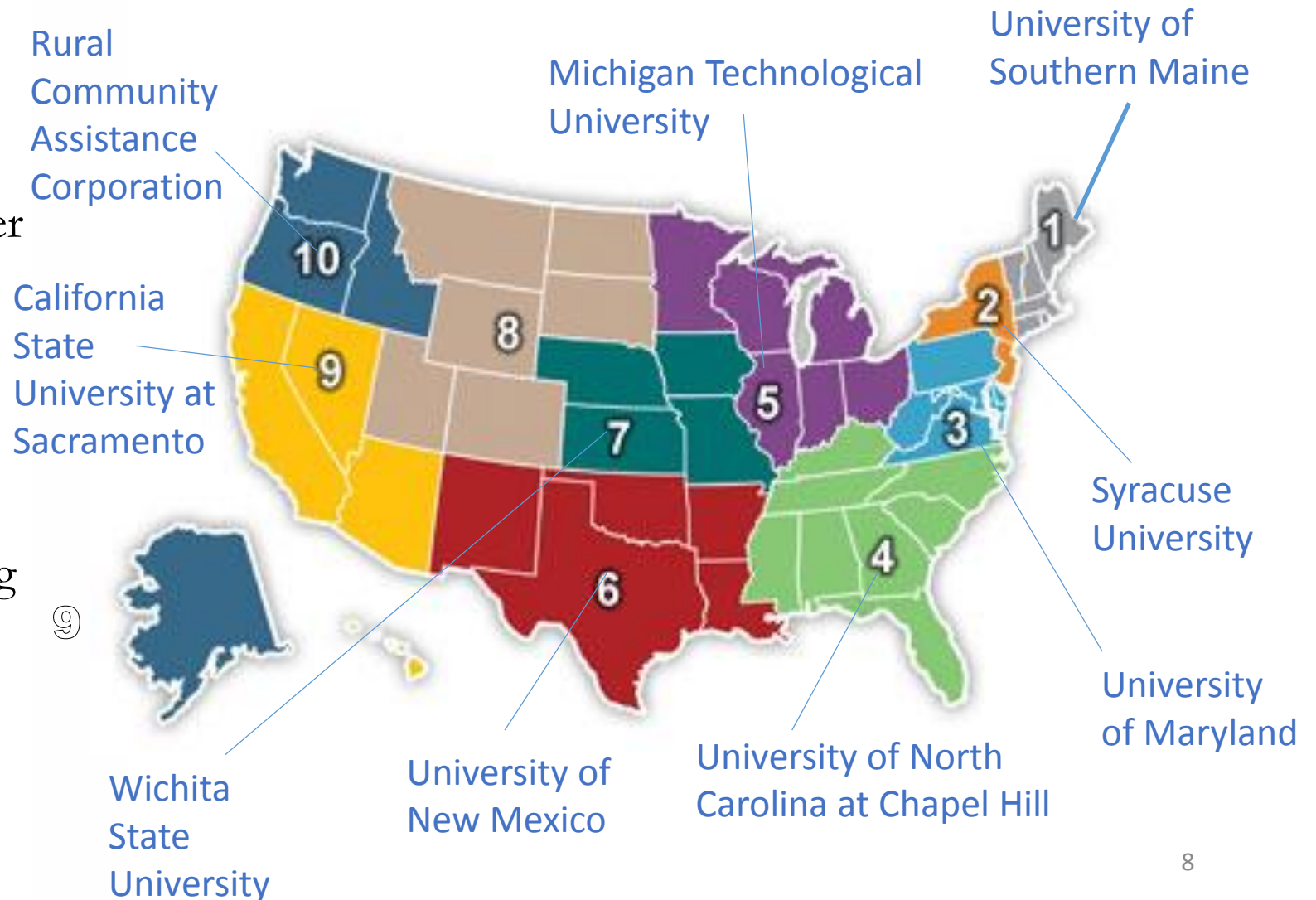


EPA's P3 Goals & Perspective

- EPA looks at public-private and public-public partnerships active in the water sector to determine if there is value in communities pursuing P3s opportunities for project delivery.
- The goal is to help communities make informed decisions and “level the playing field” in a space where asymmetrical information flow between the project sponsor and service providers can pose risk to desired outcomes.
- University of North Carolina, Environmental Finance Center will issue a report on select Water P3s late spring in furtherance of this goal.

Environmental Finance Center Network in EPA Regions

The Environmental Finance Centers deliver targeted technical assistance to, and partner with states, tribes, local governments, and the private sector in providing innovative solutions for system operations and financing costs.




Regional Water Finance Forums

- Bringing together communities with water infrastructure financing needs in an interactive peer-to-peer networking format.
- Hear how local utilities have financed resilient water infrastructure projects
- Have the opportunity to meet key regional funding and technical assistance contacts.
- Scheduled forums:
 - September 10-11, 2015 – Addison, TX
 - December 2, 2015 – Iselin, NJ
 - March 31, 2016 – Portland, OR
 - June 15-16, 2016 – Big Stone Gap, VA
 - September 2016 – R1 (Stormwater focus)
 - December 2016 – R9 (Stormwater focus)

Topics range from:

- **Communicating infrastructure needs to the public**
- **Strategically using the SRF**
- **Setting sustainable rates**
- **Incorporating asset management for preplanning**
- **Disaster funding**
- **Stormwater financing**
- **Utility partnerships**



Water Infrastructure Finance and Innovation Act (“WIFIA”)

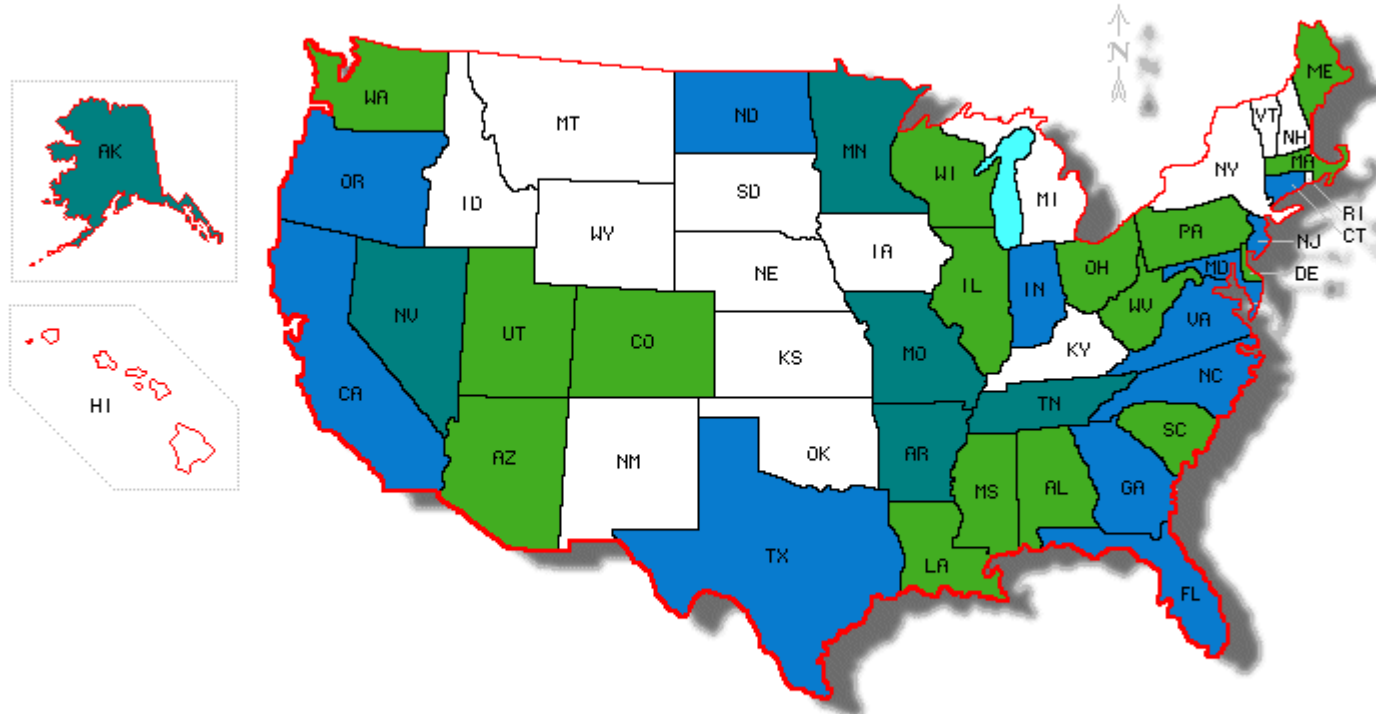
- Enacted June 2014 (amended December 2015 to allow tax-exempt funds into WIFIA projects) and will make EPA responsible for direct loans or loan guarantees for large infrastructure projects.
- Water Infrastructure Finance and Innovation Act (“WIFIA”) will support P3s. The Center will collaborate with the WIFIA group on various aspects of program design and project selection.
- WIFIA can help optimize the structure of a P3 deal and reduce overall costs.

State Revolving Funds

- The Clean Water and Drinking Water State Revolving Funds (SRFs) are the largest source of federal financial assistance for water infrastructure.
- SRFs are capitalized by federal appropriations, states provide at least 20% matching funds.
- Flexible terms set by state; grants, low or zero interest-rate guarantees or direct loans - loans are repaid to states; up to 100% of project costs; up to 20-year tenors.
- EPA is working with USDA and DHS on water related financing tools and innovation.
- The private sector might be able to leverage both the SRFs and WIFIA for improved financing terms.
- Financial strength provides opportunities to utilize guarantee and investment authority

All Known Water Sector P3s

- - Broad P3
- - Broad Trans.
- - Limited Trans.



Alabama (1)
Arizona (2)
California (9)
Connecticut
Delaware (1)
Florida (5)
Georgia (3)
Hawaii (1)
Kentucky (2)
Iowa (1)
Illinois (1)
Indiana (1)
Maryland (1)
Massachusetts (6)
New Jersey (4)
New Mexico (1)
New York (2)
Ohio (3)
Oregon (2)
Pennsylvania (5)
Rhode Island (6)
Texas (1)
Washington (4)
Wisconsin (1)

There are about 50 communities with long term Design Build Operate Maintain (DBOM)/concession contract in the water sector (according to Public Works Financing, October 2014) with a wide variation in P3 contracts.

Next Steps on the P3 Front for EPA

- Figure out what makes sense for the industry with continued research.
- Provide cutting-edge knowledge to the project sponsors looking for innovating solutions.
- Provide support to project sponsors to obtain the best financing arrangements possible inclusive of SRF and WIFIA funding options.
- Build working partnerships with public and private stakeholders

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EPA launched the Water Finance Center on January 16, 2015 to improve community water infrastructure and resiliency.

[Learn about the mission of the Center.](#)

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The Center provides *financial expertise* to communities that are financing *drinking water, wastewater, and stormwater infrastructure*

[See the Center's current activities](#)

About the Center



Effective Financing



Technical Assistance

