REVOLUTIONIZE
USACE CIVIL WORKS

WATER INFRASTRUCTURE
FINANCE AND INNOVATION
ACT (WIFIA)

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Overview

- Civil Works Infrastructure Challenges and Opportunities
- Describe Revolutionize USACE Civil Works
- USACE WIFIA Program
  - Overview
  - Basics
  - Current Status
  - Looking Ahead
CIVIL WORKS CHALLENGES & OPPORTUNITIES

- **Infrastructure Investment** = US Challenge

- **Corps Civil Works Portfolio**: 3,000+ Operational Projects, with Replacement Value of ~$268B

- **Expanding Demands for CW Infrastructure Maintenance, Operations, and Capital Investment**
  - Federally authorized projects: $100B portfolio of construction and deferred maintenance
  - Non-federal dams and levees: need for $120B investment

- **Corps annual budget ~$4.6B** ... *Requirements Significantly Outpacing Resources*

- We have a math problem!
CIVIL WORKS REALITIES

- USACE budget continues to be constrained
- Nation’s infrastructure investment gap is a **Shared** Federal, State and local responsibility
- Critical to focus on our **Partners, Stakeholders, and Commitments**
- Infrastructure **Investment** is key to national economy, jobs, global competitiveness, and public safety.
- **New tools are needed** because doing things the same way and expecting different results is not a viable strategy.
REVOLUTIONIZE USACE CIVIL WORKS

THREE OBJECTIVES

Accelerate Project Delivery
Start and finish projects faster

Transform Project Financing and Budgeting
More efficient project delivery using alternative financing tools and new budgeting processes

Improve Permitting and Regulation Reform
Streamlined permit processes and elimination of duplicative reviews to expedite delivery of projects
Problems to Address:
- Insufficient funding for the Nation’s infrastructure needs
- Unpredictable funding for federal projects

Focus Areas:
- Implement Alternative Financing Tools
  - Water Infrastructure Finance and Innovation Act (WIFIA) Loans
  - Public-Private Partnership (P3) policy
- Revolutionize Civil Works Budgeting
- Increase Funding Flexibility
USACE WIFIA Program Overview:

- **Purpose:** Accelerate non-federal investment in water resources infrastructure by providing long-term, low-cost loans to credit-worthy borrowers.

- **Driver:** Infrastructure projects are delayed or never implemented due to large up-front capital costs for investments with benefits that often exceed 50-years.

- **Market Gap:** Inability to spread large capital costs over life of project.
USACE WIFIA Program Overview:

- **Benefits:**
  - Increased infrastructure investment will enhance physical and economic security
  - Reduced disaster spending (Federal and non-Federal)
  - Significant leveraging of federal funds (EPA WIFIA example: ~$25M was used to issue more than $2B in loans)
  - Save non-Federal borrowers (and local taxpayers) up to 20-30% - based on loan terms, durations and credit risks

- **Project Eligibility:** Projects or portions of projects that are owned by non-federal entities
USACE WIFIA Program Basics:

- **Eligible Entities**: Corporation, partnership, joint venture, trust, public & tribal entity, state infrastructure financing authority
- **Eligible Projects**: Non Federally owned infrastructure corresponding to USACE primary missions (Flood Risk Management, Hurricane and Storm Damage Reduction, Ecosystem Restoration, and Navigation)
- **Activities Eligible for Assistance**: Activities related to planning and implementing project construction/rehabilitation
- **Eligible Project Costs**: Reasonably anticipated costs must be $20M or more; a single loan application can be made for combination of projects if secured by a common security pledge
- **Maximum Loan Amount**: Not to exceed 49% of reasonably anticipated project costs
USACE WIFIA Program Basics (Continued):

- **Maximum Federal Involvement**: Total amount of federal assistance may not exceed 80% of total project cost
- **Loan Repayment Sources**: Repayment must come from non-federal revenue sources
- **Loan Repayment Commencement**: Shall begin no later than 5 years after substantial completion of project
- **Loan Repayment Term**: Up to 35 years following substantial completion of project
USACE WIFIA Program Status

- MOU with EPA signed
- Developed program plan consistent with OMB Circulars A-129 and A-11
- Credit subsidy model (draft completed)
  - Developing program structure, policies, processes
  - Federal appropriations necessary for loans in Fiscal Year 2020
USACE WIFIA Program Looking Ahead:

- **Fiscal Year 19**
  - Develop initial credit policies
  - Develop application requirements and review processes
  - Draft program implementation rule
  - Finalize credit subsidy model

- **Fiscal Year 20**
  - Finalize program development
  - Formalize team and processes
  - Issue interim program implementation rule
  - Issue notice of funding availability, subject to appropriations
  - Process first loan packages
Contact Information

- USACE website for information: http://www.usace.army.mil/Missions/Civil-Works/Infrastructure/

- USACE CW P3 public website: https://www.usace.army.mil/Missions/Civil-Works/Infrastructure/Infra_P3_program/

- Contact our team: CW.Infrastructure.Team@usace.army.mil