



Introduction: Prospective borrowers seeking Water Infrastructure Finance and Innovation Act (WIFIA) credit assistance must complete and submit a letter of interest to the U.S. Environmental Protection Agency (EPA). Based on the information provided in the letter of interest, EPA will invite selected prospective borrowers to submit an application for WIFIA credit assistance. EPA will only select those eligible projects that it expects to proceed to closing.

Purpose: Prospective borrowers submit the letter of interest materials to provide EPA with the necessary information to: 1) validate the eligibility of the prospective borrower and the prospective project; 2) perform a preliminary creditworthiness assessment; 3) perform a preliminary engineering feasibility assessment; and 4) evaluate the project against the selection criteria and identify which projects EPA will invite to submit applications.

Format: To be considered for WIFIA credit assistance, prospective borrowers must submit a letter of interest that describes: 1) the prospective borrower and the plans for the proposed project(s); 2) the proposed financial plan; 3) the status of the reports and studies required for the project(s); and 4) how the project meets the selection criteria of the WIFIA credit program. Please reference the latest Notice of Funding Availability (NOFA), the WIFIA program handbook, and frequently asked questions (FAQ) available at <http://www.epa.gov/wifia> for additional instructions and information.

Responses to all of the questions should be included in this form. Upon completion, the total length of the letter of interest form should not exceed 50 pages, excluding any attachments. Font size should not be smaller than 11-point Calibri.

Selection: Due to the wide variety of projects eligible for WIFIA assistance, in some cases EPA may request additional information to supplement the letter of interest so it may complete its analysis. EPA will invite some eligible prospective borrowers to submit applications based on its selection process.

Submission: Letters of interests must be submitted to EPA by the deadline stated in the Notice of Funding Availability (NOFA). Source documents may be draft or preliminary. Please provide the most recent version available at the time of submission.

The documents may be submitted in two ways:

- (1) Email the documents as attachments to wifia@epa.gov.
- (2) Upload the documents to EPA's SharePoint site. To be granted access to the SharePoint site, prospective borrowers can request access to SharePoint by emailing wifia@epa.gov. Requests to upload documents must be made in advance of the deadline as outlined in the NOFA.

Upon receipt, EPA will provide a confirmation email. If you have questions on completing this letter of interest, please consult the WIFIA website (www.epa.gov/wifia) or contact the WIFIA program office at wifia@epa.gov.



Confidential Business Information (CBI): A prospective borrower may assert a business confidentiality claim covering part or all of the information submitted to EPA as part of its letter of interest, in a manner consistent with 40 C.F.R. 2.203, 41 Fed. Reg. 36902 (Sept. 1, 1976), by placing on (or attaching to) the information a cover sheet, stamped or typed legend, or other suitable form of notice employing language such as trade secret, proprietary, or company confidential. The prospective borrower should also state whether it desires confidential treatment until a certain date or until the occurrence of a certain event. Information covered by a business confidentiality claim will be disclosed by EPA only to the extent and only by means of the procedures set forth under 40 C.F.R. Part 2, Subpart B. Information that is not accompanied by a business confidentiality claim when it is received by EPA may be made available to the public by EPA without further notice to the prospective borrower.

More information about CBI is available in the WIFIA program handbook and frequently asked questions (FAQ) available at <http://www.epa.gov/wifia>.

Burden: The public reporting and recordkeeping burden for this collection of information is estimated to average 50 hours per response. Send comments on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, included through the use of automated collection techniques to the Director, Regulatory Support Division, U.S. Environmental Protection Agency (2822T), 1200 Pennsylvania Ave., NW, Washington, D.C. 20460. Include the OMB control number in any correspondence. Do not send the completed form to this address.

Warning: Falsification or misrepresentation of information or failure to file or report information required to be reported may be the basis for denial of financial assistance by EPA. Knowing and willful falsification of information required to be submitted and false statements to a Federal Agency may also subject you to criminal prosecution. See, for example, 18 U.S.C. §1001.



LETTER OF INTEREST

Provide the following information in this form or as narrative answers. Narrative answers can reference source documents (include the name of the document and relevant pages or sections). Provide any referenced documents as attachments.

Section A: Prospective Borrower Information

1. Legal name of prospective borrower:

San Luis & Delta-Mendota Water Authority

2. Other names under which the prospective borrower does business:

N/A

3. Department and division name:

Engineering and Planning Department

4. Business street address:

842 6th Street, Los Banos, CA 93635

5. Mailing street address (if different from above):

P.O. Box 2157, Los Banos, CA 93635

6. Website:

www.sldmwa.org

7. Employer/taxpayer identification number (EIN/TIN):

#52-1717350

8. Dun and Bradstreet Data Universal Number System (DUNS) number:

#15-386-3097

9. Facility Registry Service (FRS) number, if available:

N/A



10. Type of entity (pick one):

- Corporation
- Partnership
- Joint Venture
- Trust
- Federal, State, or Local Governmental Entity, Agency, or Instrumentality
- Tribal Government or Consortium of Tribal Governments
- State Infrastructure Finance Authority

11. Describe the organizational structure of the proposed borrower, including structures such as a partnership, joint venture or trust. If multiple parties are involved in the project's construction, maintenance, and operation, describe the project's risk allocation framework.

The San Luis & Delta Mendota Water Authority (SLDMWA) was established as a joint powers authority in January 1992 and consists of 28 member agencies located within the San Joaquin, San Benito, and Santa Clara Valleys. SLDMWA's member agencies provide water to approximately 1.2 million acres of highly productive farmland, 2 million California residents, and millions of waterfowl dependent upon the nearly 200,000 acres of managed wetlands within this area of the Pacific Flyway.

One of the primary purposes of establishing SLDMWA was to assume the operation and maintenance (O&M) responsibilities of certain U.S. Department of the Interior, Bureau of Reclamation (Reclamation) Central Valley Project (CVP) facilities and do so at an optimum level and at a lower cost than Reclamation. SLDMWA provides O&M to the Delta-Mendota Canal (DMC), the O'Neill Pumping-Generating Plant, the San Luis Drain, DMC/California Aqueduct Intertie, and the Jones Pumping Plant (JPP). While Reclamation performs O&M of the Delta Cross Channel, and the Tracy Fish Collection Facility, SLDMWA has a service contract to provide emergency assistance at these facilities on an as-needed basis. SLDMWA's member agencies and other non-member CVP contractors pay O&M rates to SLDMWA on a per-acre-foot basis for water deliveries. Members also pay biannual dues.

In addition, SLDMWA informs and represents their members by developing, providing, and disseminating information to legislative, administrative, and judicial bodies concerning a variety of issues such as water supply, water quality, conservation, distribution, surface and groundwater management, and any other common interests of the member agencies.

SLDMWA is governed by a 19-member Board of Directors. The Board is organized into five divisions with directors selected from within each division. Each director, and respective alternate director, is a member of the governing body or an appointed staff member of his or her agency.



SLDMWA maintains a professional staff of 96 full-time employees and 1 part-time employee, with expertise in project operations, finance, and technical services. They perform all on-going services related to O&M and provide representation for their member entities. A copy of the FY2020 organization chart can be found in **Attachment A11**.

Attachment:

- A11_SLDMWA_Organization_Chart_2020.pdf

- 12.** If the prospective borrower is not a public entity or in the case of the prospective borrower being a state infrastructure finance authority, the sub-recipient(s) is not a public entity, is the project(s) publicly sponsored? Please explain.

N/A

- 13.** Identify the month and year the prospective borrower will submit an application. (Assume invitations to apply will be issued approximately 90 days from letter interest submission deadline and the application will generally require a draft Request for Proposals or 30% design documents and a preliminary rating letter on the proposed credit structure.)

SLDMWA has all of the information needed to prepare an application and can submit within 1-2 months of receiving the request by EPA. Application submission would be in December 2019, based on the expected schedule, to ensure that the renewed O&M Transfer Agreement is in place. SLDMWA intends to complete a finance agreement in early 2020.

- 14.** Identify the month and year the prospective borrower wants to close its WIFIA loan.

No later than July 2020.



Section B: Project Plan

1. Project name *(for purposes of identification assign a short name to the project)*:

Jones Pumping Plant Unit Motor Rehabilitation Project (Project)

2. Provide existing National Pollutant Discharge Elimination System (NPDES) and/ or Public Water System (PWS) number(s) (if applicable).

N/A

3. Project website(s):

www.sldmwa.org

4. Provide a brief description of the project(s) for which the prospective borrower is seeking funding (major project scope items such as capacity, diameter and length, treatment components, and other design features). Limit the description to the elements included in the estimated total projects costs in Question C2. (Word Limit: 500).

The Jones Pumping Plant (JPP), formerly known as the Tracy Pumping Plant, and the Delta-Mendota Canal (DMC) are key features of the Central Valley Project (CVP), a complex, multi-purpose network of water storage and conveyance facilities owned by the U.S. Department of the Interior, Bureau of Reclamation (Reclamation). The CVP transports water 450 miles from Northern California to the southern San Joaquin Valley.

The JPP, located about 60 miles east of San Francisco, is essential for supplying agricultural, urban, and environmental water to the west side of the San Joaquin Valley, the San Benito Valley, and the Santa Clara Valley, including parts of Silicon Valley. The JPP contains six pumps, each powered by a 22,500-horsepower electric motor with energy generated by CVP facilities, that lifts Delta water about 200 feet from an intake channel and into the DMC. The JPP total capacity is about 5,200 cubic feet per second (cfs), each unit with a pumping capacity between 850–1,050 cfs. The DMC then continues 117 miles south, eventually discharging into the San Joaquin River.

The scope of the Jones Pumping Plant Unit Motor Rehabilitation Project (Project) is to rehabilitate six unit motors' that have reached the end of their service life. The motor stator windings, or coils in the stationary component, help develop the electrical current necessary to move the motor, but all six stators are currently in an abnormal/deteriorated condition. The rehabilitation work consists of removing and replacing the stator core (approximately 32 tons of steel laminations), removing and replacing 228 stator coils, rehabilitating the nearly 70-year-old stator frame, and removing, refurbishing, and re-installing the 40 rotor field poles.

Each unit motor will be rehabilitated individually over the course of 46 months (approximately 9 months per unit). SLDMWA and Reclamation completed the necessary upgrades to one of the



units (Unit 6) in February 2019. SLDMWA is currently replacing a second unit (Unit 2) that is scheduled for completion in June 2020.

SLDMWA is seeking WIFIA funding based on the design and construction of all 6 units. Receipt of WIFIA funding will partially cover the cost of the two upgraded units and enable the replacement of the remaining four JPP unit motor (Units 1, 3, 4 and 5). SLDMWA anticipates that the remaining units would be rehabilitated under one multi-year contract, utilizing the same designs used to rehabilitate the first two units (Units 6 and 2).

5. Describe the project's purpose (including quantitative or qualitative details on public benefits the project will achieve). If the loan contains more than one project, describe the common purpose that the projects share (i.e. addressing sanitary sewer overflows or improving drinking water quality). (Word limit: 500).

The primary purpose of this Project is to extend the life of the JPP's unit motor for approximately 30 years and to improve the overall resiliency, reliability, and efficiency of the JPP.

In 2015, Reclamation concluded that each of the motors' units were nearing the end of their typical 35-year service life, noting the units were between 31 to 38 years old. The deterioration of the units was accelerated during California's 2012-16 drought. Drought-induced pumping restrictions required that the units be cycled more than normal, causing greater wear and tear on the already aging motors. If the unit motor stators are not replaced, and the units fail, the JPP could experience significant capacity reduction. Replacing the units also makes the JPP more reliable and resilient to extreme weather events, including future droughts.

The reliability of the JPP is critical for maintaining California's health, economy, and environment, and it has implications for the nation's economy. Water pumped by the JPP irrigates 1.2 million acres of highly productive farmland that produces food for global markets, supplies 2 million Californians' drinking water, and provides habitat for waterfowl and other species on nearly 200,000 acres of managed wetlands of critical importance along the Pacific Flyway. By ensuring reliable deliveries to Federal water contractors in the western San Joaquin Valley, the Project also enables the continued delivery of San Joaquin River water supplies to the CVP-Friant Division, supporting the communities and economy of the eastern San Joaquin Valley.

The Project provides the following benefits:

- **Economic:** The Project serves two of California's greatest economies: agriculture and technology. The Project serves both San Joaquin and San Benito Valleys where the agricultural industry is the primary regional economic driver, further delivering high quality agricultural products worldwide. Water pumped from the JPP also serves cities in Silicon Valley, a technology hub of innovation that generated \$300 billion in 2018—approximately 10 percent of California's GDP. Reliability of the JPP is crucial to maintaining these thriving industries.



- Health: The JPP and DMC provide drinking water to 2 million people across 7 counties, including many economically stressed areas. If the JPP experiences capacity loss, communities would need alternative sources of water, potentially of poor quality. The Project ensures reliability of a safe drinking water source for these communities by strengthening JPP reliability.
 - Environmental: The JPP and DMC deliver water to thousands of acres of wetlands and national wildlife refuges, as required by the Central Valley Project Improvement Act (CVPIA) of 1992. These water deliveries support waterfowl migrating through the Pacific Flyway, as well as sensitive species with State and Federal listings. If the JPP experiences capacity loss, these water-dependent habitats would experience water shortages and Reclamation would not have the ability to fulfill refuge water delivery requirements of the CVPIA.
6. Describe the location of the project(s); specify if the location is within an existing facility. Include a project map(s) for all project components or sub-projects, if available. Include location address(es), and/or latitude and longitude details for all project components or sub-projects.

The JPP is located at 15990 Kelso Road in Byron, California, an unincorporated area of Alameda County. It is situated 60 miles east of San Francisco, in the southern portion of the Sacramento-San Joaquin River Delta. A map of the project and surrounding area can be found in **Attachment B6**. All activities would occur at the existing JPP facility.

Attachment:

- B6_JPP_Motor_Unit_Rehabilitaiton_Project_Map.pdf
7. County(s) project(s) will serve:
- The Project will serve agricultural, urban, and environmental water needs in San Joaquin, Santa Clara, Stanislaus, San Benito, Merced, Fresno, and Kings Counties.
8. Population served by the project(s):
- The JPP serves a population of about 2 million people. These are the primary beneficiaries of this Project. However, the Project will also provide indirect benefits to communities in the eastern San Joaquin Valley by supporting the water reliability of the CVP-Friant Division. Thus, the secondary beneficiaries greatly expand the population served.
9. Total population served by system:
- The JPP system serves the same population as the Project—2 million people.
10. Total population served by system at project completion:
- The population served by the system at Project completion will be the same as currently served—2 million people.



11. Type of project delivery method (i.e., design-build, construction manager at-risk, design-bid-build) that is planned for this project(s):

The Project will be conducted as a design-bid-build process.

12. Present the overall project schedule start and end dates for key milestones and costs in the provided tables. For WIFIA loans with one project, fill out Row 1. For WIFIA loans with multiple projects, fill out and create as many rows as needed. Provide the detailed project schedule(s) and engineer’s cost estimate(s) as attachments.

Reclamation and SLDMWA completed the Project upgrades to Unit 6 in February 2019. The Project is on track with Unit 2 rehabilitation scheduled for completion in June 2020, followed by rehabilitation of another unit every 9 months from March 2020 to April 2023. Planning was completed prior to design and is not included in the Project described in this LOI. Note that all Project activities are operations and maintenance (O&M) activities and no permitting is required.

Project Name	Schedule			
	Planning	Design	Permitting	Construction
JPP Unit 6 Motor Rehabilitation Project	N/A – N/A	3/1/2017 – 11/30/2017	N/A – N/A	NTP 3/7/2018 CC 2/27/2019
JPP Unit 2 Motor Rehabilitation Project	N/A – N/A	4/1/2019 – 5/31/2019	N/A – N/A	NTP 8/16/2018 CC 6/19/2020
JPP Unit 1 Motor Rehabilitation Project	N/A – N/A	N/A – N/A	N/A – N/A	NTP 3/16/2020 CC 2/26/2021
JPP Unit 4 Motor Rehabilitation Project	N/A – N/A	N/A – N/A	N/A – N/A	NTP 11/16/2020 CC 11/5/20201
JPP Unit 3 Motor Rehabilitation Project	N/A – N/A	N/A – N/A	N/A – N/A	NTP 7/26/2021 CC 8/19/2022
JPP Unit 5 Motor Rehabilitation Project	N/A – N/A	N/A – N/A	N/A – N/A	NTP 4/18/2022 CC 4/28/2023

Key: JPP= Jones Pumping Plant; N/A= Not Applicable; NTP = Notice to Proceed; CC = Construction Complete

The Project costs presented below are broken down by units and cover design and construction costs (including construction management and administrative costs). The design work for Units 2, 1, 4, 3, and 5 were completed together and are shown as one lump sum under Unit 2. The construction cost of each unit differs slightly due to both inflation and some minor construction differences (i.e., scaffolding only needs to be done once). The total Project capital cost is



\$35,657,200 (including SLDMWA’s in-kind project cost of \$534,287, not shown in the table below).

Project Name	Costs			
	Planning	Design	Construction	Other
JPP Unit 6 Motor Rehabilitation Project	N/A	\$191,479 ¹	\$5,474,234 ¹	\$0
JPP Unit 2 Motor Rehabilitation Project	N/A	\$75,372	\$5,649,928	\$0
JPP Unit 1 Motor Rehabilitation Project	N/A	\$0	\$5,682,500	\$0
JPP Unit 4 Motor Rehabilitation Project	N/A	\$0	\$5,813,200	\$0
JPP Unit 3 Motor Rehabilitation Project	N/A	\$0	\$5,956,600	\$0
JPP Unit 5 Motor Rehabilitation Project	N/A	\$0	\$6,279,600	\$0

Key: JPP = Jones Pumping Plant; N/A = Not Applicable

Note: ¹ Unit 6 Costs are actual expenditures. The remaining costs are estimates.

Attachments:

- Attachment_B12.1_Detailed_Project_Schedule
- Attachment_B12.2_Unit_6_Costs
- Attachment_B12.3_Engineering Cost Estimate

13. Provide any analysis (i.e. preliminary engineering reports, feasibility studies, siting studies, project plans, etc.) completed in support of the project(s) scope, cost, and schedule. List referenced documents below and provide as attachments.

The Project was precipitated by the recommendations outlined in Reclamation’s 2015 Facility Condition Assessment (**Attachment B13.1**). Following the report’s prioritization, Unit 6 was the first motor scheduled for rehabilitation and was completed in February 2019 (see **Attachment B13.2** for Unit 6 rehabilitation design drawings). For Unit 6, Reclamation and SLDMWA developed a request for proposals (RFP) (**Attachment B13.3**) and Categorical Exclusion Checklist (**Attachment B13.4**). SLDMWA is currently moving forward with rehabilitating the other 5 unit motors, beginning with Unit 2. SLDMWA completed a Categorical Exclusion Checklist for compliance with the National Environmental Policy Act (NEPA) (**Attachment B13.5**) and issued an RFP for Units 1 through 5 in May 2019 (**Attachment B13.6**).



Reclamation and SLDMWA have created a Technical Proposal Evaluation Committee to evaluate and rank each of the submitted proposals based on the criteria presented in the RFP. SLDMWA intends to award single award contracts to the best-value contractor, resulting in five separate contracts with separate Notice to Proceed (NTP). After the NTP of the first contract, the next NTP and each successive NTP will be awarded only with satisfactory performance on the previous contract. The advantage of this contracting approach provides an identical design for all 5 unit motors. Note that if the Unit 6 contractor also performs Unit 1 through 5 rehabilitation, all units will utilize the same design. In addition, with the same contractor performing all the work, there will be construction efficiencies and quality improvements developed from lessons learned throughout the construction contract which ultimately reduces cost and decreases the risk associated with schedule delays.

Attachments:

- Attachment_B13.1_Reclamation_Facility_Condition_Assessment_2015.pdf
- Attachment_B13.2_JPP_Design_Drawings.pdf
- Attachment_B13.3_Unit6_RFP.pdf
- Attachment_B13.4_Unit6_CatEx_Checklist.pdf
- Attachment_B13.5_Unit1-5_CatEx_Checklist.pdf
- Attachment_B13.6_Unit1-5_RFP.pdf



14. Briefly discuss any other issues that may affect the development and financing of the project(s), such as community support, pending legislation, or litigation.

Federal funding through Reclamation appropriations will not be sufficient and available in a timely manner for the remaining four units. To secure sufficient funding to complete the Project, SLDMWA is submitting this LOI with the intention that the Project can be fully funded and proceed as scheduled.

SLDMWA is working with Reclamation to renew the existing O&M Transfer Agreement (Transfer Agreement) for the JPP and DMC (**Attachment B14**), which is set to expire in March 2023. If the new agreement is not executed by March 2023, it is likely Reclamation will extend the existing Transfer Agreement until a long-term renewed agreement is executed.

Attachment:

- Attachment_B14_Transfer_Agreement.pdf

15. Describe the authorizing actions (e.g., local vote, board vote, ordinance) that would need to occur to enter into a loan agreement with the WIFIA program.

At a regular meeting held on June 6, 2019, the SLDMWA Board of Directors approved delegation of authority to the SLDMWA Executive Directors to submit a WIFIA LOI for the Project, demonstrating their readiness to submit a full application and receive funding through the WIFIA program.

To enter into a loan agreement with the WIFIA program, the SLDMWA Executive Director would require a majority vote from the SLDMWA Board of Directors authorizing the action.

16. Describe the status of the environmental review plan. Provide relevant environmental review documents as attachments.

If funded by the EPA, the Project could be subject to the provisions of both NEPA and the California Environmental Quality Act (CEQA).

In the Categorical Exclusion Checklists completed in December 2017 for Unit 6 (see **Attachment B13.4**) and June 2019 for Units 1, 2, 3, 4 and 5 (**Attachment B13.5**), Reclamation found that rehabilitation activities are covered by the following categorical exclusions under NEPA:

- *516 DM 14.5 D (1). Maintenance, rehabilitation, and replacement of existing facilities which may involve a minor change in size, location, and/or operation.*
- *516 DM 14.5 D (14). Approval, renewal, transfer, and execution of an original, amendatory, or supplemental water service or repayment contract where the only result will be to implement an administrative or financial practice or change.*

SLDMWA has completed the steps necessary for the Project to comply with CEQA. SLDMWA has determined that the Project is within a Class 2 exemption from further compliance with CEQA,



as an activity to rehabilitate or replace existing facilities on the same site as the facilities replaced, with negligible or no expansion of capacity.

Attachments:

- Attachment_B13.4_Unit6_CatEx_Checklist.pdf
- Attachment_B13.5_Unit1-5_CatEx_Checklist.pdf

17. If the environmental review for the project is underway or complete, complete the following table to identify the anticipated impacts and mitigations. Mark a “X” in the appropriate column to identify the Impacts Anticipated for each Resource Type and, if applicable, provide a short explanation of the mitigations.

Both NEPA and CEQA environmental reviews pertinent to this Project are complete.

Resource Type	Anticipated Impacts			Mitigations
	No Impact	Less Than Significant Impact	Potentially Significant Impact	
Water	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
Biological	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
Cultural	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
Others as Applicable	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A

18. Describe the status of any additional permits and approvals that the project(s) may require. Add additional rows as needed.

The Project does not require any additional permits or approvals. Project activities are not expected to create significant impacts to the environment. In the Categorical Exclusion Checklists (**Attachment B13.4** and **Attachment B13.5**), Reclamation concluded that the Project would not require additional compliance under Section 106 of the Historic Preservation Act, stating that:

“[The Project] ...does not have the potential to cause effects on historic properties pursuant to 36 CFR § 800.3(a)(1). As such, Reclamation has no further obligations under Section 106 of the National Historic Preservation Act (54 U.S.C. § 306108). Based on analysis of the project activities...the proposed action would have no significant impacts on properties listed, or eligible for listing on the National Register of Historic Places.”

Major Permits or Approvals Required	Approving Authority	Status	Expected Approval Date
N/A	N/A	N/A	N/A

Attachments:

- Attachment_B13.4_Unit6_CatEx_Checklist.pdf
- Attachment_B13.5_Unit1-5_CatEx_Checklist.pdf

19. If applicable, specify if a new or relocated discharge to surface or groundwater is expected or new or relocated water intakes is expected.



Not Applicable.

- 20.** If applicable, describe community outreach efforts conducted to date and planned for the project(s).

No community outreach efforts have been conducted to date for the Project. The Project is located at the existing JPP and has no foreseeable significant impact to the environment. As communicated to the SLDMWA Board of Directors and member agencies, Project costs will be recovered by SLDMWA through O&M rates for the delivery of water to CVP contractors under water service contracts with Reclamation. Therefore, no future community outreach efforts are needed or planned for the Project.

SLDMWA has received 15 letters of support for the Project from several of their member agencies, as well as Federal and State elected representatives, including U.S. Senators Diane Feinstein and Kamala Harris; and Representatives Ro Khana, Josh Harder, TJ Cox, and Jim Costa. The letters of support can be found in **Attachment B20**.

Attachment:

- Attachment_B20_Project_Letters_of_Support.pdf

- 21.** Describe any operation and maintenance contractual arrangements that may impact the operation of the project(s).

SLDMWA currently operates and maintains the JPP and DMC under a transfer agreement with Reclamation, originally executed on March 1, 1998 and amended on February 18, 2003 and June 30, 2004 (**Attachment B14**). This agreement is set to expire on March 1, 2023, and SLDMWA is working with Reclamation to renew the agreement for a term of 30 to 35 years. Reclamation has prepared a letter of intent (**Attachment B21**) stating that it will renew the agreement by December 2019. If the new agreement is not renewed by March 1, 2023, Reclamation would have to assume the responsibility to operate and maintain the JPP, which is unlikely. It is more likely that Reclamation would provide an extension to the existing agreement until a long-term renewal agreement is executed.

Attachments:

- Attachment_B14_Transfer_Agreement.pdf
- Attachment_B21_Reclamation_Letter_of_Intent.pdf



Section C: Financing Plan

1. Provide a sources and uses of funds table for the construction period(s), including the proposed WIFIA assistance. Note any ineligible project costs. More information about eligible costs is available in the [WIFIA program handbook](#).

Sources Category	Estimated Dollar Value
1. WIFIA Loan	\$17,472,028.00
2. Revenue Bonds	\$0.00
3. SRF Loan	\$0.00
4. Borrower Cash	\$7,150,000.00
5. Other (please specify) SLDMWA –Reclamation Loan	\$0.00
TOTAL SOURCES	\$35,657,200.00
Uses Category	Estimated Cost
1. Construction	\$32,774,862.00
2. Design	\$26,851.00
3. Planning	\$0.00
4. Land Acquisition	\$0.00
5. Other Capital Costs	\$534,287.00
6. Contingency	\$2,081,200.00
7. Total Capital Costs	\$35,657,200.00
8. Other (please specify) Ineligible Costs (WIFIA Fees)	\$650,000
TOTAL USES	\$36,307,200.00

NOTE: Use Category #5 is SLDMWA’s in-kind project cost associated with the Reclamation loan repayment contract (Contract No. 17-WC-20-5100) “SLDMWA Reclamation Loan” (**Attachment C4**) for JPP Unit 6. This amount is not included as a Project cost in the table in Section B-12.

2. Estimated total eligible project costs (in dollars):

Total estimated costs for the Jones Pumping Plant Unit Motor Rehabilitation Project (Project) are \$35,657,200.

3. Requested amount of the WIFIA loan (in dollars):

The requested amount of the WIFIA loan is \$17,472,028.

4. Provide a narrative describing the project(s) plan of finance. This should include a discussion of the proposed financial structure and any existing ratings on the security pledged for repayment of the WIFIA loan (if available) or a description of how the senior debt obligations will garner an investment-grade rating(s). Note availability and credit terms of other project funding sources. Include any preliminary revenue projections and explain underlying assumptions.



If the prospective borrower is a pool of eligible borrowers and projects, discuss the existing ratings and repayment schedules of the underlying borrowers and attach supporting documentation as available. Identify the single revenue pledge securing the WIFIA debt.

Attach recent rating agency reports, if available.

The proposed WIFIA loan is expected to achieve investment grade ratings and is proposed to be subordinate to simultaneously issued senior lien debt and the San Luis & Delta-Mendota Water Authority (SLDMWA) U.S. Bureau of Reclamation (Reclamation) loan (**Attachment C4**). SLDMWA has no credit rating on the outstanding debt supported by the revenues to be pledged, but has outstanding debt secured by different revenues.

SLDMWA intends to fund the Project with approximately \$7.15 million from operations and maintenance (O&M) rates; approximately \$6 million in future funding from Reclamation in additional senior lien obligations; and \$17.4 million from a WIFIA loan on a subordinate lien (the "Proposed Obligations").

SLDMWA has consistently planned its capital needs, generated needed capital resources, and effectively managed its operations and finances by increasing rates and charges as needed to maintain a prudent financial position and outlook. Given the essential service nature of the Jones Pumping Plant (JPP) infrastructure used to deliver Central Valley Project (CVP) water, SLDMWA expects to maintain established levels of financial planning and performance. This includes a focus on necessary increases in customer rates and charges to fully fund all required system and SLDMWA costs, including new capital, operations and maintenance, reserves, existing and future debt service (including the Project-related debt service), and local system capital needs. Historically, there have been no defaults on amounts billed under the water service contracts.

When issued in fiscal year 2024/2025, senior lien bondholders and debtors, and subordinate lien debtors, will be protected by a rate covenant that requires SLDMWA to maintain rates and charges to maintain senior lien debt service at 100 percent and subordinate lien debt service at 100 percent. The issuance of additional senior lien parity debt is permissible if no event of default exists under the indenture and an opinion of counsel is delivered to the trustee to the effect that such additional indebtedness is permitted by law and the additional indebtedness is secured by revenues on a parity with other senior lien debt.

SLDMWA projects senior and subordinate lien debt service coverage to remain in excess of 115 percent and 200 percent of debt service, respectively, through 2049. SLDMWA expects to issue future additional obligations for forthcoming capital needs; the debt service on such obligations is included as "Forecasted Other CIP Bonds." Detailed projected operating results, net revenues, and debt service coverage for the SLDMWA is provided in the financial pro forma.

Attachment:

- Attachment_C4_SLDMWA_Reclamation_Loan.pdf

5. Describe the proposed credit terms of the WIFIA assistance:
 - a. Identify the security pledge: Subordinate net revenues of the SLDMWA's Enterprise System



- b. State whether the WIFIA loan will be issued on a senior or subordinate lien. Note that all project debt must have the same security and priority as the WIFIA loan in a bankruptcy related event. Subordinate lien
- c. If subordinate, please note that other project debt cannot enjoy senior security without WIFIA springing parity security rights. So noted
- d. Identify the maturity date (term): 2049
- e. Identify the amortization structure (e.g. straight-line or sculpted): Straight-line

Proposed WIFIA Loan: SLDMWA expects to obtain a WIFIA loan during calendar year 2020, for a minimum amount of approximately \$17.4 million, with final maturity in 2049. It is proposed the WIFIA loan will be issued on a subordinate lien basis.

The proposed amortization schedule contemplates level annual repayment over a 26-year period (to match the term of the expected transfer agreement with Reclamation) immediately following substantial completion of the Project. SLDMWA expects to drawdown funds over a 3-year period, and to commence debt service payments during calendar year 2023. The estimated interest rate on the WIFIA loan is 2.88 percent. SLDMWA expects interest to accrue on the WIFIA loan during the drawdown period and estimates that an amount of approximately \$480,000 will be “rolled” into the WIFIA loan. SLDMWA anticipates funding a debt service reserve fund for the WIFIA loan (estimated to be 50 percent of annual debt service) by no later than the date of the initial disbursement of the WIFIA loan proceeds. SLDMWA expects to fund rate stabilization and debt service funds for future publicly sold senior lien debt obligations.

Senior Lien Financings: These financings are expected to be secured by a pledge of revenues, including a covenant to maintain rates and charges by SLDMWA at 100 percent of all debt service on senior parity obligations after payment of operating expenses.

Subordinate Financings: The WIFIA loan will be secured by a pledge of revenues available after the payment of senior obligations, including a covenant to maintain rates and charges by SLDMWA at 100 percent of debt service on subordinate lien financings after the payments of operating expenses and debt service on senior lien financings.

6. Describe the prospective borrower’s financial condition.

SLDMWA operates similarly to many other California joint powers authorities. It invoices CVP water service contractors for operating, debt, and capital expenses, and retains only minimum reserves (about \$2 million currently), intentionally choosing to leave important dollars at the contractors’ level where they can be used to directly support objectives at local levels. However, SLDMWA’s credit structure produces adequate coverage on its own, as it annually invoices contractors through its rate structure for capital expenditures, which are paid after debt service. There has never been a payment default by a contractor. With this concrete knowledge of timely resources, SLDMWA can operate efficiently to annually execute its budgets and expend revenues on operations, debt service, and capital. SLDMWA’s pledged revenues satisfy O&M expenses, capital expenditures, and debt service needs resulting in an average “all-in” debt service coverage of 141 percent over the life of the WIFIA loan. SLDMWA expects to obtain investment grade ratings on senior obligations and the WIFIA loan when issued in the public market (SLDMWA has one existing Reclamation loan outstanding (**Attachment C4**) that is payable beginning in fiscal year 2020).



Attachment:

- Attachment_C4_SLDMWA_Reclamation_Loan.pdf

7. Provide the year-end audited financial statement for the past three years, as available as an attachment. Provide the financial statement filenames in the textbox.

Attachments:

- Attachment_C7.1_SLDMWA_2015_Audited_Financials.pdf
- Attachment_C7.2_SLDMWA_2014_Audited_Financials.pdf
- Attachment_C7.3_SLDMWA_2013_Audited_Financials.pdf

SLDMWA expects to have audited financial statements for fiscal year 2016–2019 completed before the end of December 2019. **Table C7**, below, presents the schedule of completion for the audited financial statements. SLDMWA expects to have the audits available for EPA review in advance of the submittal of the full WIFIA application, if invited to submit an application. SLDMWA does not expect the estimated and unaudited financial results shown in the pro forma (see C8) to be materially different from the audits.

Table C7. SLDMWA Audit Schedule

Year	Field Audit to Begin	Draft to Present to Board of Directors	Note	Audit Firm: Principal Contact
2016	March 2019	July 2019	*	Sampson, Sampson & Patterson, LLP: Bill Patterson
2017	July 2019	Aug./Sept. 2019		Sampson, Sampson & Patterson, LLP: Bill Patterson
2018	July/Aug. 2019	Oct. 2019	**	Richardson & Company, LLP: Brian Nash
2019	July/Aug. 2019	No later than Dec. 2019	**	Richardson & Company, LLP: Brian Nash

Notes:

*Fiscal year 2016 field audit completed 4/26/2019

**Fiscal years 2018 and 2019 field audits to begin July-Aug. 2019, with audit firm goal to perform audits concurrently.

8. Attach a financial pro forma which presents key long-term (at least 10 years) revenue, expense, and debt repayment assumptions for the revenue pledged to repay the WIFIA loan through the final maturity of the proposed WIFIA debt, including up to three years of historical data, as available. The pro forma should be provided in an editable Microsoft Excel format, not in PDF or "values" format. The pro forma should include at a minimum the following:
- Sources of revenue
 - Operations and maintenance expenses
 - Dedicated source(s) of repayment
 - Capital expenditures
 - Debt service payments and reserve transfers, broken down by funding source and including the WIFIA credit assistance
 - Projected debt service coverage ratios for total existing debt and the WIFIA debt
 - The project's or system's debt balances broken down by funding sources
 - Equity distributions, if applicable



If available, include sensitivity projections for pessimistic, base and optimistic cases. A sample financial pro forma is available at <https://www.epa.gov/wifia/wifia-application-materials-and-resources>. Provide the financial pro forma filename in the textbox.

The financial pro forma for SLDMWA is provided as **Attachment C8**.

The financial pro forma assumes the WIFIA loan is repayable from revenues received from the CVP water service contractors under the Reclamation transfer agreement (**Attachment B14**). The water service contractors have a history of timely payments to SLDMWA on amounts owed through the O&M rates. SLDMWA anticipates this exemplary pattern of payments to continue through the life of the obligations. SLDMWA is projecting a minimum subordinate debt service coverage ratio of 262 percent, based on the revenues available to pay debt service on the subordinate lien WIFIA loan. The WIFIA loan will have a 29-year term with principal amortization beginning within six months of substantial completion of the Project in fiscal year 2024. The WIFIA loan is projected to finance 49 percent of the eligible Project costs and the remaining 51 percent is projected to be funded through SLDMWA O&M rates and an additional Reclamation loan.

Attachments:

- Attachment_C8_SLDMWA_Financial_Pro_Forma.xlsx
- Attachment_B14_Transfer_Agreement.pdf

9. Has the prospective borrower consulted with the applicable State Revolving Fund (SRF) program to procure SRF funding? If so, indicate whether it is applying for the SRF funding and where it is in the application process.

No, SLDMWA has not submitted an application to the State Revolving Fund program at this time for funding.



Section D: Selection Criteria

For each selection criterion, provide a response explaining the extent to which the project seeking the WIFIA loan relates to the criterion. When applicable, reference attachments. Detailed definitions for each selection criteria are provided in the WIFIA program handbook available at www.epa.gov/wifia.

- 1. National or regional significance:** Describe the extent to which the project is nationally or regionally significant, with respect to the generation of economic and public benefits, such as (1) the reduction of flood risk; (2) the improvement of water quality and quantity, including aquifer recharge; (3) the protection of drinking water, including source water protection; and (4) the support of international commerce.

The Jones Pumping Plant Unit Motor Rehabilitation Project (Project) is of both national and regional significance as it provides drinking water to a large population and supports vital industries. If this Project were not completed, and Jones Pumping Plant's (JPP) capacity were reduced, millions of individuals could experience water shortages and two of California's and the nation's largest economic sectors (technology and agriculture) would be threatened. The Project enhances the reliability of a safe drinking water supply for 2 million people in both urban and rural communities throughout central California. Water conveyed by the JPP is provided to urban areas in Silicon Valley and economically stressed communities across the westside of the San Joaquin Valley. In addition, there are many small communities across the San Joaquin Valley that are reliant on groundwater which is diminishing in both availability and quality. If JPP-supplied surface water was to become unavailable, users served by the JPP would rely more heavily on groundwater. This could exacerbate existing water quantity and quality problems for communities already reliant on groundwater. Additionally, JPP allows for operational flexibility and adaptive management of available supplies. This conveyance allows for aquifer recharge when additional supplies are available, which may improve both quantity and quality of groundwater in the San Joaquin Valley.

The JPP and Delta Mendota Canal (DMC) are crucial to supporting and drawing businesses to the thriving agricultural sectors in the San Joaquin and San Benito Valleys, and to the technology sector in the Silicon Valley. The JPP provides water for over 1.2 million acres of prime agricultural land within areas of San Joaquin, Stanislaus, Merced, Fresno, Kings, San Benito, and Santa Clara Counties. According to county agriculture reports, the seven counties in the JPP and DMC service area produced nearly \$19 billion in crops that were sold across the nation and globe in 2017 (**Attachment D1.1**).

Particularly in the San Joaquin Valley, where agricultural accounts for 20 percent of jobs, employment opportunities in these regions are tied to the reliability of water. The JPP and DMC also serve Valley Water, one of the primary water suppliers for Silicon Valley. The technology sector served by the Project accounts for 10 percent of California's gross domestic product (2018) (**Attachment D1.2**). This Project will ensure the reliability of water deliveries to these two economic sectors of statewide and national significance.

Attachments:

- Attachment_D1.1_2017_County_Crop_Reports.pdf
- Attachment_D1.2_Silicon_Valley_GDP.pdf



2. New or innovative approaches: Describe the extent to which the project uses new or innovative approaches, particularly water reuse and water recycling.

The Project uses innovative approaches to reduce the risk of unit failure, contributing to increased JPP reliability.

Prior to Unit 6 rehabilitation, the unit motor operated at high temperatures. High motor temperatures contribute to winding looseness, one of the top causes for premature and long-term motor failures. These failures can cost millions of dollars to repair, not including costs associated with significant delays to customer water deliveries. For the JPP Unit 6 rehabilitation, the core was redesigned in an innovative way to reduce the stator core temperature. The new design incorporates reductions in the core slot length as well the number of air flow vents. This new approach successfully reduced the Unit 6 overall operating temperature by 15.2 degrees Celsius (60 degrees Fahrenheit).

In addition to reducing the risk of premature and long-term motor failures, Unit 6 rehabilitation made improvements to the unit motor operational efficiency by reestablishing the centerline and preventing the unit motor from moving in the future. Since the JPP was completed in 1951, the motor's centerline has shifted. An improper centerline results in excessive bearing wear that causes additional friction, which leads to motor efficiency losses. To minimize vibrations and core overheating associated with an improper centerline, SLDMWA implemented an innovative approach that included designing and installing eight new vertical dowels, in addition to replacing the eight original horizontal dowels. Collectively, the replaced horizontal and new vertical dowels will keep the unit at the established centerline and improve the operational efficiency of JPP Unit 6.

Both of these innovative approaches have been incorporated into the rehabilitation design of JPP Units 1 through 5, increasing both the reliability and the operational efficiency of the JPP motors.

3. Protection against extreme weather events: Describe the extent to which the project (1) protects against extreme weather events, such as floods or hurricanes, or (2) helps maintain or protect the environment.

The Project will help communities served by the JPP and DMC adapt to the impacts of drought, as well as to help maintain and protect the environment. In its current state, the JPP is operating at an elevated risk of failure that is heightened during drought periods when the motors are cycled more frequently. The Project will reduce the likelihood of unexpected failures during a drought, allowing for the continued reliability of surface water supplies in times of shortage.

In the San Joaquin Valley, reliable surface water deliveries are crucial to providing quality drinking water and agricultural water. If the four remaining JPP units were to fail, and pumping capacity were reduced (especially during drought conditions), over 2 million people and 1.2 million irrigated acres would be at risk of severe water shortages and potentially emergency conditions. It is likely that poor-quality water pumped from overdrafted aquifers would replace water from the JPP, as it did during California's historic drought from 2012-16. In some areas, reduced surface water deliveries and overreliance on groundwater caused some wells to run dry. With the implementation of Groundwater Sustainability Plans (developed under the



Sustainable Groundwater Management Act of 2014 (SGMA)) beginning in 2020, it is likely that the availability of groundwater as a supplemental supply will be reduced. Thus, the JPP's operational reliability is necessary to combat the consequences of drought and to comply with legislative requirements.

If drought were to induce JPP unit motor failures, and sufficient water could not be delivered to meet an exchange contract with San Joaquin River water rights holders, Reclamation would be required to provide San Joaquin River supplies for these water rights. As a result, Central Valley Project (CVP) water supplies to the CVP-Friant Division would be significantly reduced, as occurred in 2014 and 2015. In response, groundwater pumping in the eastern San Joaquin Valley increased significantly, which contributed to extensive and rapid regional land subsidence.

In addition to protection against drought, the Project will also help maintain the environment. Water pumped from the JPP is diverted to several environmentally significant habitats throughout central California, such as the San Luis National Wildlife Refuge, San Joaquin River National Wildlife Refuge, and the Grasslands Wildlife Management Area. These refuges provide critical habitat along the Pacific Flyway for millions of migrating waterfowl. In addition, the refuges provide habitat for State and Federally endangered species like the California tiger salamander, long-horned fairy shrimp, and San Joaquin kit fox.

4. Serves energy exploration or production areas: Describe the extent to which a project serves regions with significant energy exploration, development, or production areas.

The Project serves areas in the San Joaquin Valley with growing renewable energy sectors, including hydroelectricity and solar power.

Water pumped by the JPP supports two pumping-generating plants: the O'Neill Pumping-Generating Plant (OPGP) and the Gianelli Pumping-Generating Plant (GPP). The OPGP, located 65 miles south of the JPP, lifts water from the DMC into the O'Neill Forebay, and generates up to 4,000 kilowatts of hydropower when water is released from the O'Neill Forebay to the DMC for subsequent delivery. The GPP then lifts water from the O'Neill Forebay into San Luis Reservoir and generates up to 424,000 kilowatts when water is released from San Luis Reservoir for delivery in the San Joaquin Valley. The electricity produced by these pumps is used for CVP operations and sold to commercial power customers through the Western Power Administration.

The OPGP and GPP facilities produce power intermittently, generally during the months of May through October when water demands exceed the amount of water pumped at JPP. The plants may produce more net energy during a drought period, when limited water is available for pumping into San Luis Reservoir, and water stored in San Luis Reservoir during previous years is released for delivery.

The JPP and DMC also support a population in a region with solar energy development. Several SLDMWA member agencies have worked with utilities and private companies to develop solar energy projects. Among them is a proposed state-of-the-art solar farm on 24,000 acres of land in southeastern central California. The privately-owned project, known as the Westlands Solar Park, is expected to be completed by 2025, and it will generate up to 2.4 gigawatts of solar power. Reliable water supply from the JPP will help support the region, allowing for continued stability as solar energy generation continues to grow.



-
- 5. Serves regions with water resource challenges:** Identify the water resource challenge and the extent to which a project serves regions with significant water resource challenges, including the need to address (1) water quality concerns in areas of regional, national, or international significance; (2) water quantity concerns related to groundwater, surface water, or other resources; (3) significant flood risk; (4) water resource challenges identified in existing regional, state, or multistate agreements; and (5) water resources with exceptional recreational value or ecological importance.

The area served by SLDMWA member agencies—especially the San Joaquin Valley—has severe, chronic water supply problems. Rainfall is scant and local surface water supplies are limited. Agricultural, urban, and environmental (wildlife refuges) water users rely on CVP water supplies conveyed by the JPP and groundwater as their primary water sources.

Overreliance on groundwater over the past several decades has resulted in adverse effects, including dry wells, land subsidence, groundwater overdraft, and groundwater quality degradation. The State of California has designated many of the underlying aquifers the JPP service area as critically overdrafted. The SGMA requires that water users develop and implement plans by 2020 to achieve sustainable groundwater conditions by 2040. Achieving compliance with SGMA will increase the importance of reliable CVP water supplies to the San Joaquin Valley. Because SGMA may reduce the availability of groundwater supplies, the Project will increase the reliability of the JPP to be operated under the full range of anticipated hydrologic conditions, which is crucial in helping to meet the water resource challenges in the area served by the JPP.

- 6. Addresses identified priorities:** Describe the extent to which the project addresses identified municipal, state, or regional priorities.

As shown in **Table D-6**, by improving the reliability of the JPP, the Project helps address municipal, regional, and state priorities identified in SLDMWA planning documents (SLDMWA Extraordinary O&M Projects 30-Year Plan), local and regional planning documents (Urban Water Management Plans, Westside-San Joaquin Integrated Regional Water Management Plan, San Francisco Bay Area Integrated Regional Water Management Plan), and state planning documents and legislation (California Water Plan, SGMA).



Table D6. Applicable Municipal, Regional, and State Priorities for the Project

Reference	Priorities	Relevance
SLDMWA Extraordinary O&M Projects 30-Year Plan	<ul style="list-style-type: none"> Rehabilitation (rewind) of all JPP unit rewinds identified as priority O&M projects for FY2020–FY2024 	<ul style="list-style-type: none"> The Project is identified in SLDMWA’s Extraordinary O&M Projects 30-Year Plan
2015 Urban Water Management Plans (multiple agencies)	<ul style="list-style-type: none"> Meet current and future water resource demands and reliability 	<ul style="list-style-type: none"> Several cities served by the JPP cite the need to meet current and future water demands and reliability; The Project will help enhance the reliability of these communities’ water supplies
2019 Westside-San Joaquin Integrated Regional Water Management Plan	<ul style="list-style-type: none"> Provide for more reliable water supply south of the Delta (Objective A) Practice conjunctive management (resource management strategy) 	<ul style="list-style-type: none"> The Project supports the reliability of water supply south of the Delta and supports conjunctive management by rehabilitating key surface water conveyance infrastructure, allowing more reliable surface water deliveries which can be used for groundwater recharge
2013 San Francisco Bay Area Integrated Regional Water Management Plan	<ul style="list-style-type: none"> Improve water supply reliability and quantity (Goal 2) Minimize vulnerability of infrastructure to catastrophes and security breaches (Goal 2.3) 	<ul style="list-style-type: none"> The Project increases water supply reliability to Santa Clara and San Benito Counties The Project minimizes the vulnerability of JPP operations during extreme weather events, such as droughts
2018 California Water Plan (draft)	<ul style="list-style-type: none"> Strengthen resiliency and operational flexibility of existing and future infrastructure (Goal 2.3) Empower California’s under-represented or vulnerable communities (Goal 2.3) 	<ul style="list-style-type: none"> The Project will strengthen the resiliency of the JPP The Project will improve the reliability of surface water deliveries to vulnerable communities across central California



Table D6. Applicable Municipal, Regional, and State Priorities for the Project (contd.)

Reference	Priorities	Relevance
California Water Action Plan 2016 Update	<ul style="list-style-type: none"> • Maintain important infrastructure • Improve sustainable groundwater management • Manage the supply status of community water systems 	<ul style="list-style-type: none"> • The Project rehabilitates a key feature of the CVP that is critically important to conveying water to urban, agricultural, and environmental water users • The Project supports sustainable groundwater management by increasing reliable delivery of surface water supplies for groundwater recharge and offsetting demand for groundwater supplies • The Project improves the reliability of surface water supplies for small community systems, especially in the western San Joaquin Valley
Sustainable Groundwater Management Act	<ul style="list-style-type: none"> • Avoid undesirable results such as lowering of groundwater levels, reduction in groundwater storage, sea-water intrusion, degraded water quality, and land subsidence 	<ul style="list-style-type: none"> • The Project supports SGMA goals for groundwater sustainability by increasing the reliable delivery of allocated surface water supplies in the western San Joaquin Valley; The availability of surface water is essential to recharging groundwater, as well as offsetting demand for groundwater in many aquifers that are already overdrafted • The Project ensures the reliability of surface water deliveries to meet San Joaquin River exchange contracts, which reduces the risk of water delivery reductions to the CVP-Friant Division, which would result in adverse effects to groundwater in the eastern San Joaquin Valley

KEY:

- CVP = Central Valley Project
- FY = fiscal year
- JPP = Jones Pumping Plant
- O&M = operations and maintenance
- SGMA = Sustainable Groundwater Management Act
- SLDMWA = San Luis & Delta-Mendota Water Authority



- 7. Repair, rehabilitation, or replacement:** Describe the extent to which the project addresses needs for repair, rehabilitation or replacement of a treatment works, community water system, or aging water distribution or wastewater collection system.

The Project fully addresses the identified need for repair, rehabilitation, or replacement of the motors' stator units in an aging water delivery system. As described in the Project description (B4), the Project will rehabilitate the six motor stators at JPP, which are an essential component in the delivery of CVP water from Northern California to the San Joaquin, San Benito, and Santa Clara Valleys.

The JPP was constructed between 1947 and 1951. All six motor stators were refurbished between 1977 and 1984 (26 to 33 years after the JPP was completed). However, the stator cores and rotor field polls are original and have been in service since 1951. In 2015, Reclamation performed a facility assessment where it was determined that all six motors are nearing the end of their service life and require rehabilitation (**Attachment B13.1**). The assessment noted that the average age of each unit motor is between 31 and 38 years old, but other Reclamation and U.S. Army Corps of Engineers facilities typically replace these windings in the 20 to 25-year age range.

The motors' condition was apparent in the facility assessment which characterized most major components in an "abnormal/deteriorated condition." The assessment recommended that the motor units be rehabilitated to reduce risk of failure. Based on the conditions of each motor at the time of assessment, Reclamation identified a refurbishment priority order of units 6, 2, 1, 4, 3, and then 5, recommending the first unit rewind begin within 2 to 3 years. Recognizing the urgency of rehabilitating the JPP motors, Reclamation and SLDMWA completed rehabilitation of Unit 6 in February 2019, as depicted in **Attachment D7.1** and outlined in their Extraordinary O&M Project Description and Justification sheets (**Attachment D7.2**). SLDMWA has already completed the planning and design for updating the remaining five units, starting with Unit 2. WIFIA funding will ensure that all five units can be rehabilitated within the short timeframe required for reliable operation of the JPP.

Attachments:

- Attachment_B13.1_Reclamation_Facility_Condition_Assessment_2015.pdf
- Attachment_D7.1_Unit6_Rehabilitation_Photos.pdf
- Attachment_D7.2_Project_Description_Justification_Sheets.pdf

- 8. Economically stressed communities:** Describe the extent to which the project serves economically stressed communities, or pockets of economically stressed rate payers within otherwise non-economically stressed communities.

Of the seven counties in the JPP service area:

- **five** have median household income levels below the statewide average
- **six** have personal income per capita below the statewide average
- **five** have poverty rates above the statewide average
- **five** have children (age 0-17) living in poverty at rates above the statewide average
- **six** have unemployment rates that exceed the statewide average



Table D8.1. Economic and Demographic Data for Counties Served by the JPP

Metric	Fresno County	Kings County	Merced County	San Benito County	San Joaquin County	Santa Clara County	Stanislaus County	Statewide Average
Median Household Income (2013-2017)	\$48,730	\$49,742	\$46,338	\$80,760	\$57,813	\$106,761	\$54,260	\$67,169
Personal Income Per Capita (2013-2017)	\$22,234	\$19,835	\$20,120	\$30,012	\$24,694	\$48,689	\$24,007	\$33,128
Poverty Rate (2013-2017)	21.1%	18.4%	23.0%	8.4%	15.5%	7.5%	14.0%	13.3%
Percent of Children Age 0-17 Living in Poverty (Dec. 2018)	36.5%	28.7%	33.4%	14.4%	23.1%	9.7%	23.2%	20.8%
Unemployment Rate (April 2019)	7.7%	8.3%	9.0%	5.3%	6.0%	2.3%	6.4%	3.9%

Note: Bold indicates income level below the statewide average or poverty or unemployment rate above the statewide average.

Sources: U.S. Census Bureau (Median Household Income, Personal Income Per Capita, Poverty Rate), U.S. Census Bureau, American Community Survey (Percent of Children Age 0-17 Living in Poverty), California Employment Development Department (Unemployment Rate)

The JPP service area includes approximately 2 million acres in the San Joaquin, San Benito, and Santa Clara Valleys. With the exception of one SLDMWA member, the JPP service area in the San Joaquin Valley is considered the boundary of the Westside-San Joaquin Integrated Regional Water Management Region. This region encompasses approximately 1.2 million acres, or 60 percent of the total JPP service area.

The 2019 Westside-San Joaquin Integrated Regional Water Management Plan (IRWMP) identified disadvantaged communities (DAC) and severely disadvantaged communities (SDAC) within the region (**Table D8.2**). The IRWMP defines a DAC as “a community with a Median Household Income (MHI) less than 80% of California’s statewide annual MHI,” and a SDAC as “those communities with an annual MHI less than 60% of the Statewide annual MHI.” The Westside-San Joaquin IRMP reports that 93 percent of the region is considered a DAC (see **Attachment D8.1** page 2-38), which correlates to approximately 56 percent of the total JPP service area.



US Environmental Protection Agency
WIFIA Program
Letter of Interest

OMB Control No. 2040-0292
Approval expires 12/31/2019



Table D8.2. Disadvantaged Communities in the San Joaquin Valley Served by the JPP

Census-Designated Place	Population	Median Household Income	Designation
<i>Statewide Average</i>	-	<i>\$67,169.00</i>	SDAC
Avenal	13,590	\$35,103	SDAC
Cantua Creek CDP	434	\$32,368	SDAC
Crows Landing CDP	255	\$26,786	SDAC
Dos Palos CDP	5,103	\$36,509	SDAC
Dos Palos Y	206	\$16,656	SDAC
Firebaugh	8,176	\$36,181	SDAC
Grayson CDP	990	\$29,787	SDAC
Gustine	5,684	\$37,770	SDAC
Huron	6,821	\$25,321	SDAC
Lemoore Station CDP	6,544	\$42,750	DAC
Los Banos	37,012	\$45,751	DAC
Mendota	11,394	\$26,094	SDAC
San Joaquin	4,011	\$24,234	SDAC
Santa Nella CDP	1,965	\$27,778	SDAC
South Dos Palos CDP	2,568	\$41,992	DAC
Stratford CDP	1,041	\$24,167	SDAC
Three Rocks CDP	258	\$35,789	SDAC
Tranquillity CDP	724	\$30,441	SDAC
Westley CDP	707	\$23,375	SDAC
Westside CDP	269	\$41,563	DAC

Key:

CDP = census designated place

SDAC = severely disadvantaged community

DAC = disadvantaged community

Data sources: Westside-San Joaquin Valley Integrated Regional Water Management Plan 2019; California Department of Water Resources (DWR) Disadvantaged Communities Mapping Tool. Determinations made by DWR using 2012-2016 American Community Survey Data (**Attachment D8.2**).

Attachments:

- Attachment_D8.1_Westside_San_Joaquin_Valley_IRWMP_2019.pdf
- Attachment_D8.2_DWR_DAC_Mapping_Screenshot.pdf

- 9. Reduces exposure to lead or emerging contaminants:** Describe the extent to which the project reduces exposure to lead or addresses emerging contaminants, including PFOA and PFAS, in the nation’s drinking water systems.

The Project reduces water quality issues within the area served by providing quality surface water to several cities and towns. Many of the communities, particularly economically stressed



communities, served by the Project in the western San Joaquin Valley and San Benito Valley rely solely or primarily on groundwater. The groundwater that serves these communities is typically high in arsenic and nitrates, posing significant public health issues. The San Joaquin Valley has the highest rates of drinking water contamination and the greatest number of public water systems with maximum contaminant level violations in the State, disproportionately impacting small, rural, economically stressed communities and communities of color.

These water quality issues may be exacerbated when groundwater overdraft causes the pollutants, such as arsenic, to concentrate. If surface water supplied by the JPP were to become unavailable, users served by the JPP would rely more heavily on groundwater, likely deteriorating the water quality. The Project will help ensure the reliability of good quality surface water supplies, likely reducing negative impacts to groundwater quality and offering disadvantaged communities an alternative to contaminated groundwater.

- 10. Readiness to proceed:** Describe the readiness of the project to proceed toward development, including a demonstration by the prospective borrower that there is a reasonable expectation that the contracting process for construction of the project can commence by not later than 90 days after the date on which a Federal credit instrument is obligated for the project.

SLDMWA is committed to timely implementation and is ready to proceed with an application should they be selected. At the time of this LOI submittal, SLDMWA and Reclamation have completed the design-bid-build for the first of six unit motor upgrades (February 2019) and have submitted a request for proposal for the remaining five unit motors (May 2019). They are currently on schedule to complete Unit 2 upgrades by June 2020. The remaining four units motor would use the same design drawings from Unit 2 and be upgraded in 9-month increments, following the completion of Unit 2 upgrades. For the complete schedule see **Attachment B12.1**.

SLDMWA is committed to protecting the Federal government's asset (the JPP), as demonstrated by its collaboration with Reclamation on the rehabilitation and funding for Unit 6 and 2, and in their preparedness for environmental compliance documentation.

Attachments:

- Attachment_B12.1_Detailed_Project_Schedule

- 11. Enables project to proceed earlier:** Describe the likelihood that assistance under WIFIA would enable the project to proceed at an earlier date than the project would otherwise be able to proceed.

WIFIA funding would assist SLDMWA in meeting the Project schedule, ensuring the long-term reliability of the JPP, minimizing Project cost, and lowering the risk of reduced water supply deliveries and the associated adverse economic, social, and environmental impacts in the region. SLDMWA has completed Project planning and design for all six units and the rehabilitation of one unit. Rehabilitation of the remaining five units is in progress and will proceed as quickly as possible to reduce the risk of operational limitations at the JPP. SLDMWA developed a Project schedule that provides for the rehabilitation of one unit motor stator every nine months, based on the logistical requirements associated with the sequencing of construction activities. This schedule assumes that a single contractor would progress



sequentially through the rehabilitation of each unit without interruption, so long as funds are available for continued work. This approach is efficient and cost-effective because it avoids the need for remobilization for the rehabilitation of each unit and minimizes the risk of pumping equipment failure. WIFIA funding would enable the Project to achieve this schedule.

If SLDMWA did not have access to WIFIA funding, SLDMWA would seek other funding sources such as capital market loans (most likely at significantly greater cost than would be required through a WIFIA loan) and Federal funding through annual appropriations to Reclamation. SLDMWA has been informed by Reclamation that Federal appropriations through Reclamation for the current fiscal year is limited and would result in future requests for additional Federal appropriations.

Without further loans from Reclamation or through WIFIA, SLDMWA would be compelled to choose between delaying the Project, using more expensive capital market funding, or funding the Project through significant annual O&M rate increases. The latter alternative potentially results in two inequities: first, it places immediate and undue financial pressure on already economically stressed communities, and second, it results in the current generation funding long-term assets over a short time frame thereby ignoring the concept of inter-generational equity. Further, it increases the risk of construction delays and cost as the timing of O&M payments to SLDMWA would not necessarily perfectly match the intended Project drawdown schedule. Dislocations between the receipt of revenues and scheduled expenditures might require SLDMWA to obtain costly bridge financing, resulting in further cost increases. Any delay in the overall Project schedule would increase overall Project costs due to delays in the progression of work and greater financing cost, by increasing the risk of failure of one or more of the deteriorating unit motor stator, and by increase the risk of water supply reductions in the region.

12. Financing plan: Describe the extent to which the project financing plan includes public or private financing in addition to assistance under WIFIA.

The financing plan for the Project includes loans through Reclamation and WIFIA and SLDMWA revenues (**Table D12.1**). SLDMWA intends to fund the Project with approximately \$7.15 million from O&M rates, some of which has been finalized through the FY2019/2020 budget (see **Attachment D12**) with additional funds pending in the FY2020/2021 budget; approximately \$6 million in future funding from Reclamation (not including the previously funded \$5 million from the existing SLDMWA Reclamation loan); and \$17.4 million from a WIFIA loan. Note that the total Federal assistance is 80 percent of the total Project cost.



Table D12.1. Project Financing

Project Funding Sources		Amount Funded	Percentage of Total	Status
Federal	WIFIA Loan	\$17,472,028	49%	N/A
	Reclamation Loan	\$11,035,172	31%	Request made, pending Reclamation approval
Non-Federal	San Luis & Delta-Mendota Water Authority	\$7,150,000	20%	FY2019/2020 funds approved, FY2020/2021 funds pending board approval
Total		\$35,657,200	100%	

An alternative plan of funding through revenue bonds is potentially more costly. The cost of agricultural products from the Central Valley has national significance and the ability to contain costs is instrumental in maintaining the SLDMWA’s agricultural water users competitive advantage. The WIFIA program is SLDMWA best opportunity to lower the overall cost of the Project. Since the Federal government owns the Project, public debt issued will need to bear higher taxable bond rates. Thus, revenue bond financings for SLDMWA will be more costly than most competing transactions seeking a WIFIA loan. It is estimated that a WIFIA loan will save the residents and businesses that receive water from the JPP approximately \$16 million on a gross basis and approximately \$9.6 million on a net present value basis through the expected life of the financing (assuming a public bond is issued with a true interest cost of 5.66 percent).

Attachments:

- Attachment_D12_SLDMWA_FY19-20_Budget.pdf

13. Reduction of Federal assistance: Describe the extent to which assistance under WIFIA reduces the contribution of Federal assistance to the project.

Assistance from WIFIA would not reduce Federal assistance to the Project. In the absence of WIFIA funding, SLDMWA could sell revenue bonds, and those proceeds, in combination with Federal funds appropriated to Reclamation in future years, would be applied to the Project, reducing the availability of those Federal funds to address priority needs on other Reclamation projects.



Section E: Contact Information

1. Primary point of contact

Name: Frances Mizuno
Title: Assistant Executive Director
Organization: San Luis & Delta-Mendota Water Authority
Street Address: P.O. Box 2157
City/State/Zip: Los Banos, CA 93635
Phone: 209-832-6200
E-mail: frances.mizuno@sldmwa.org

2. Secondary point of contact

Name: Bob Martin
Title: Engineering and Planning Manager
Organization: San Luis & Delta-Mendota Water Authority
Street Address: P.O. Box 2157
City/State/Zip: Los Banos, CA 93635
Phone: 209-832-6200
E-mail: bob.martin@sldmwa.org



Section F: Certifications

Please sign in the appropriate space and submit a scanned version of the signature page to EPA with your electronic Letter of Interest submission.

- 1. National Environmental Policy Act:** The prospective borrower acknowledges that any project receiving credit assistance under this program must comply with all provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and that EPA will not approve a loan for a project until a final agency determination, such as a Categorical Exclusion (CATEX), Finding of No Significant Impact (FONSI), or a Record of Decision (ROD), has been issued.
- 2. American Iron and Steel:** The prospective borrower acknowledges that any project receiving credit assistance under this program for the construction, alteration, maintenance, or repair of a project may only use iron and steel products produced in the United States and must comply with all applicable guidance.
- 3. Prevailing Wages:** The prospective borrower acknowledges that all laborers and mechanics employed by contractors or subcontractors on projects receiving credit assistance under this program shall be paid wages at rates not less than those prevailing for the same type of work on similar construction in the immediate locality, as determined by the Secretary of Labor, in accordance with sections 3141-3144, 3146, and 3147 of Title 40 (Davis-Bacon wage rules).
- 4. Lobbying:** Section 1352 of Title 31, United States Code provides that none of the funds appropriated by any Act of Congress may be expended by a recipient of a contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, or an employee of a Member of Congress in connection with the award or making of a Federal contract, grant, loan, or cooperative agreement or the modification thereof. The EPA interprets this provision to include the use of appropriated funds to influence or attempt to influence the selection for assistance under the WIFIA program.

WIFIA prospective borrowers must file a declaration: (a) with the submission of an application for WIFIA credit assistance; (b) upon receipt of WIFIA credit assistance (unless the information contained in the declaration accompanying the WIFIA application has not materially changed); and (c) at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the information contained in any declaration previously filed in connection with the WIFIA credit assistance.

The undersigned certifies, to the best of his or her knowledge and belief, that:

- 1.** No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- 2.** If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement,



- the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.
 5. *Debarment:* The undersigned further certifies that it is not currently: 1) debarred or suspended ineligible from participating in any Federal program; 2) formally proposed for debarment, with a final determination still pending; or 3) indicted, convicted, or had a civil judgment rendered against it for any of the offenses listed in the Regulations Governing Debarment and Suspension (Governmentwide Nonprocurement Debarment and Suspension Regulations: 2 C.F.R. Part 180 and Part 1532).
 6. *Default/Delinquency:* The undersigned further certifies that neither it nor any of its subsidiaries or affiliates are currently in default or delinquent on any debt or loans provided or guaranteed by the Federal Government.
 7. *Other Federal Requirements:* The prospective borrower acknowledges that it must comply with all other federal statutes and regulations, as applicable. A non-exhaustive list of federal cross-cutting statutes and regulations can be found at: <https://www.epa.gov/wifia/wifia-resources#complianceanchor>.
 8. *Signature:* By submitting this letter of interest, the undersigned certifies that the facts stated and the certifications and representations made in this letter of interest are true, to the best of the prospective borrower's knowledge and belief after due inquiry, and that the prospective borrower has not omitted any material facts. The undersigned is an authorized representative of the prospective borrower.

Signature: _____ see **Attachment F1** for scanned signature_____

Date Signed: 6/27/2019

Name: Federico Barajas
Title: Executive Director
Organization: San Luis & Delta-Mendota Water Authority
Street Address: P.O. Box 2157
City/State/Zip: Los Banos, CA
Phone: 916-321-4514
E-mail: Federico.barajas@sldmwa.org



Section G: Notification of State Infrastructure Financing Authority

Please sign in the appropriate space and submit a scanned version of the signature page to EPA with your electronic Letter of Interest submission.

By submitting this letter of interest, the undersigned acknowledges that EPA will (1) notify the appropriate State infrastructure financing authority in the State in which the project is located that the prospective borrower submitted this letter of interest; and (2) provide the submitted letter of interest and all source documents to that State infrastructure financing authority.

Prospective borrowers that **do not want their letter of interest and source documents shared with the State infrastructure financing authority** in the state in which the project is located may opt out by initialing here _____FB_____.

If a prospective borrower opts out of sharing a letter of interest, EPA will still notify the State infrastructure financing authority within 30 days of receiving a letter of interest.

Signature: _____see **Attachment G1** for scanned signature_____

Name: Federico Barajas

Date Signed: 6/27/2019



KEY DEFINITIONS

- (a) *Administrator* means the Administrator of EPA.
- (b) *Applicant* means the entity submitting the application for WIFIA credit assistance. Only prospective borrowers that are invited to submit a WIFIA application become applicants. The following entities are eligible to receive credit assistance: a corporation, a partnership, a joint venture, a trust, a Federal, State, or local government, a tribal government or consortium of tribal governments, and a State infrastructure financing authority.
- (c) *Community water system* has the meaning given the term in section 1401 of the Safe Drinking Water Act (42 U.S.C. 300f).
- (d) *Credit assistance* means a secured loan or loan guarantee under WIFIA.
- (e) *Credit agreement* means a contractual agreement between EPA and the prospective borrower (and the lender, if applicable) that formalizes the terms and conditions established in the term sheet (or conditional term sheet) and authorizes the execution of a secured loan or loan guarantee.
- (f) *Eligible project costs* mean amounts, substantially all of which are paid by, or for the account of, an prospective borrower in connection with a project, including the cost of:
- (1) Development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work, and other preconstruction activities;
 - (2) Construction, reconstruction, rehabilitation, and replacement activities;
 - (3) The acquisition of real property or an interest in real property (including water rights, land relating to the project, and improvements to land), environmental mitigation (including acquisitions pursuant to section 33 U.S.C. §3905(7)), construction contingencies, and acquisition of equipment; and
 - (4) Capitalized interest necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction.
- (g) *Federal credit instrument* means a secured loan or loan guarantee authorized to be made available under WIFIA with respect to a project.
- (h) *Investment-grade rating* means a rating category of BBB minus, Baa3, bbb minus, BBB (low), or higher assigned by a nationally recognized statistical rating organization (NRSRO) to project obligations offered into the capital markets.
- (i) *Iron and steel products* means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges,



pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

- (j) *Nationally Recognized Statistical Rating Organization (NRSRO)* means a credit rating agency identified and registered by the Office of Credit Ratings in the Securities and Exchange Commission.
- (k) *Project* means:
- (1) 1 or more activities that are [eligible](#) for assistance under section 603(c) of the Federal Water Pollution Control Act (33 U.S.C. 1383(c)), notwithstanding the public ownership requirement under paragraph (1) of that subsection.
 - (2) 1 or more [activities](#) described in section 1452(a)(2) of the Safe Drinking Water Act (42 U.S.C. 300j-12(a)(2)).
 - (3) A project for enhanced energy efficiency in the operation of a public water system or a publicly owned treatment works.
 - (4) A project for repair, rehabilitation, or replacement of a treatment works, community water system, or aging water distribution or waste collection facility (including a facility that serves a population or community of an Indian reservation).
 - (5) A brackish or sea water desalination project including chloride control.
 - (6) A managed aquifer recharge project, a water recycling project, or projects to provide alternative water supplies to reduce aquifer depletion.
 - (7) Acquisition of real property or an interest in real property—
 - (A) If the acquisition is integral to a project described in paragraphs (1) through (5); or
 - (B) Pursuant to an existing plan that, in the judgment of the Administrator or the Secretary, as applicable, would mitigate the environmental impacts of water resources infrastructure projects otherwise eligible for assistance under this section.
 - (8) A project to prevent, reduce, or mitigate the effects of drought, including projects that enhance the resilience of drought-stricken watersheds.
 - (9) A combination of projects, each of which is eligible under paragraph (1) or (2), for which a State infrastructure financing authority submits to the Administrator a single application.
 - (10) A combination of projects secured by a common security pledge, each of which is eligible under paragraph (1), (2), (3), (4), (5), (6), or (7), for which an eligible entity, or a combination of eligible entities, submits a single application.
- (l) *Prospective borrower* means an entity that is contemplating or is in the process of undertaking the WIFIA application process, or an entity that has undertaken these activities on behalf of another entity. The following entities are eligible to receive credit assistance: a corporation, a partnership, a joint venture, a trust, a Federal, State, or local government, a tribal government or consortium of tribal governments, and a State infrastructure financing authority. Prospective borrowers become applicants when they are invited to apply for WIFIA credit assistance.
- (m) *Public entity* means:
- (1) a Federal, State, or local Governmental entity, agency, or instrumentality; or
 - (2) a Tribal Government or consortium of Tribal Governments.



- (n) *Publicly sponsored* means the prospective borrower can demonstrate, to the satisfaction of the Administrator that it has consulted with the affected State, local or Tribal Government in which the project is located, or is otherwise affected by the project, and that such government supports the proposed project. Support can be shown by a certified letter signed by the approving municipal department or similar agency, mayor or other similar designated authority, local ordinance, or any other means by which local government approval can be evidenced.
- (o) *Small Community* means a community with a population of no more than 25,000 individuals.
- (p) *State* means any one of the fifty states, the District of Columbia, Puerto Rico, or any other territory or possession of the United States.
- (q) *State infrastructure financing authority* means the State entity established or designated by the Governor of a State to receive a capitalization grant provided by, or otherwise carry out the requirements of, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et. seq.) or section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12).
- (r) *Term sheet* means a contractual agreement between EPA and the project sponsor (and the lender, if applicable) that sets forth the key business terms and conditions of a Federal credit instrument. Execution of this document represents a legal obligation of budget authority.
- (s) *Treatment works* has the meaning given the term in section 212 of the Federal Water Pollution Control Act (33 U.S.C. 1292).
- (t) *WIFIA* means the Water Infrastructure Finance and Innovation Act of 2014, Pub. L. 113-121, 128 Stat, 1332, codified at 33 U.S.C. §§ 3901-3914.