



King County

Dow Constantine

King County Executive
401 Fifth Avenue, Suite 800
Seattle, WA 98104-1818

206-263-9600 Fax 206-296-0194
TTY Relay: 711
www.kingcounty.gov

September 24, 2021

The Honorable Claudia Balducci
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Balducci:

This letter transmits a proposed Ordinance that, if approved, would authorize the King County Executive to enter into a loan agreement with the Washington State Department of Ecology (Ecology). The loan would help finance capital costs for the Ship Canal Water Quality project, a joint project with Seattle Public Utilities (SPU), which is serving as the lead agency.

The proposed legislation would authorize the execution of an Ecology State Revolving Fund (SRF) 30-year loan agreement for state fiscal year 2021 in the amount of \$66,000,000 with an interest rate of 1.6 percent. This low-interest loan will save King County ratepayers \$20,669,816 in interest expense (\$10,856,221 net present value), compared with 30-year conventional bond financing.

The SRF loan will provide funding for King County's construction phase expenditures for the project. This includes property acquisition for an offline, 19-foot diameter deep storage tunnel, pump station, and related components to be constructed between the Ballard and Wallingford Combined Sewer Overflow (CSO) areas. It will reduce the frequency of CSO events, help ensure consistency with permit requirements, and protect water quality in the Lake Washington Ship Canal.

This proposed legislation furthers the King County Strategic Plan objective of exercising sound financial and risk management and building King County's long-term fiscal strength.

As the lead agency for the Joint Tunnel project, SPU followed the City of Seattle's policies in incorporating community input for the project.

Thank you for your consideration of this proposed Ordinance. This important legislation will save King County ratepayers money and protect water quality in our region.

The Honorable Claudia Balducci

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If your staff have any questions, please contact Kamuron Gurol, Division Director of the Wastewater Treatment Division of the Department of Natural Resources and Parks, at 206-263-5767.

Sincerely,



for

Dow Constantine
King County Executive

Enclosure

cc: King County Councilmembers

ATTN: Janine Weihe, Interim Chief of Staff

Melani Pedroza, Clerk of the Council

Shannon Braddock, Deputy Chief of Staff, Office of the Executive

Karan Gill, Director, Council Relations, Office of the Executive

Dwight Dively, Director, Office of Performance, Strategy and Budget

Christie True, Director, Department of Natural Resources and Parks (DNRP)

Kamuron Gurol, Division Director, Wastewater Treatment Division, DNRP