



King County

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October 30, 2024

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

Dear Councilmember Upthegrove:

This letter transmits a proposed Ordinance that, if approved, would authorize the King County Executive to revise a loan agreement, in the form of Amendment No. 3 (sic) to the original loan, with the Washington State Department of Ecology (Ecology) for loan financing of capital costs associated with the joint Ship Canal Water Quality project. This project will benefit the public by protecting water quality in the region and the loan amendment will reduce costs to ratepayers.

The proposed legislation would authorize the execution of an Ecology State Revolving Fund (SRF) 30-year loan amendment that extends the expiration date of the loan agreement for Amendment No. 2 (sic) from January 1, 2025 to January 1, 2026.

Ordinance 19361 authorized the Executive to execute a loan agreement in the maximum amount of \$66,000,000 for the Ship Canal water quality. Ordinance 19575 authorized the Executive to execute Amendment 2 to the loan agreement that increased the loan amount by \$26,015,629, making the maximum loan amount for the Ship Canal water quality project \$92,015,629 plus interest. Amendment 3 extends the term of the loan from January 1, 2025 to January 1, 2026. The loans, as amended, will save King County ratepayers \$33,168,311 in interest payments over 30 years, which is \$19,144,710 net present value, as compared to conventional bond financing.

This SRF loan provides funding for King County's construction phase expenditures for the joint Ship Canal Water Quality project. As the lead agency for the joint Ship Canal Water Quality project, Seattle Public Utilities has informed King County that the project scope of work of the SRF loan, the tunnel contract, will be completed after January 1, 2025. This

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amendment extends the expiration date on the loan to address the extension in the project timeline.

This proposed legislation furthers the King County Strategic Climate Action Plan goal of preparing for climate change through financing a facility that will help contain and control stormwater.

Please note that while the amendment document is labeled as Amendment No. 3, it is actually the second Amendment. Due to a timing issue, Ecology did not provide the initial Amendment No. 1 to King County and then was unable to rename Amendment No. 2 once the loan documents were sent to King County.

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.

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: Stephanie Cirkovich, Chief of Staff
 Melani Pedroza, Clerk of the Council
Karan Gill, Chief of Staff, Office of the Executive
Penny Lipsou, Council Relations Director, Office of the Executive
John Taylor, Director, Department of Natural Resources and Parks (DNRP)
Kamuron Gurol, Division Director, Wastewater Treatment Division, DNRP