



King County

Dow Constantine

King County Executive

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September 21, 2020

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 enacted, would authorize the execution of an amendment to a Washington State Department of Ecology (Ecology) State Revolving Fund (SRF) loan agreement for the Ship Canal Water Quality project. Approval of this proposed legislation would extend the expiration date of the loan agreement by one year, to December 31, 2021.

In 2019, the Council approved Ordinance 18959 authorizing the execution of the original Ecology SRF loan agreement in the amount of \$13,457,000 at an interest rate of 2.6 percent for a term of 30 years. A one-year extension would allow King County to use the SRF loan for 2021 reimbursable costs. The term for repayment of the loan remains at 30 years and the interest rate remains at 2.6 percent per the original agreement.

The SRF loan provides funding for King County's cost share of the design phase and property acquisition expenditures for the Ship Canal Water Quality project, a joint project between King County and Seattle Public Utilities. This project includes design, engineering, and property acquisition for an offline 19-foot diameter deep storage tunnel, pump station, and related infrastructure to be constructed between the Ballard and Wallingford Combined Sewer Overflow areas. This project will keep an average of more than 75 million gallons of combined stormwater and sewage out of the Lake Washington Ship Canal, Salmon Bay, and Lake Union annually.

The maximum loan amount for the design phase of the Ship Canal water quality project is \$13,457,000 plus final accrued interest. The original loan agreement is attached for reference as Agreement A and the related loan SRF loan agreement for the Georgetown Wet Weather Treatment Station is attached as Agreement B.

The proposed legislation furthers the King County Strategic Plan goal of financial stewardship by authorizing execution of an amendment that extends an SRF loan by one year to allow

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DNRP to seek reimbursement for design costs for 2021. This low-interest loan will save King County ratepayers \$1,459,643 in interest expense compared to 30-year conventional bond financing. The proposed legislation also supports the King County Strategic Plan goal of environmental sustainability by securing funds for a project designed to protect and restore water quality in the Puget Sound region.

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

If your staff have any questions, please contact Mark Isaacson, Division Director of the Wastewater Treatment Division of the Department of Natural Resources and Parks, at 206-477-4601.

Sincerely,



Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
 ATTN: Carolyn Busch, 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)
Mark Isaacson, Division Director, Wastewater Treatment Division, DNRP