



King County

Dow Constantine

King County Executive

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May 6, 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. Approval of this proposed legislation would secure additional low-interest loan funds for the Georgetown Wet Weather Treatment Station project, resulting in savings for wastewater ratepayers.

In 2019, the Council approved Ordinance 18959 that authorized the execution of the original Ecology SRF loan agreement in the amount of \$11,543,000 at an interest rate of 2.6 percent for a term of 30 years. Ecology awarded the Department of Natural Resources and Parks (DNRP) an additional \$37,141,994 in loan funds for the Georgetown Wet Weather Treatment Station project for state fiscal year 2020. The new maximum loan amount for the SRF loan is \$48,684,994. The term remains the same as a 30-year loan and the interest rate for the additional loan funds is 2.7 percent. The interest rate for the original \$11,543,000 loan remains at 2.6 percent. These two loan agreements are attached for reference as Agreement A and Agreement B.

The additional SRF loan funds will go towards construction of the Georgetown Wet Weather Treatment Station, related pipes, and a new outfall pipe into the Duwamish River. Once complete, this wet weather facility will treat up to 70 million gallons of combined rain and wastewater a day that would otherwise discharge directly to the Duwamish River without treatment during storm events. This project is required under a 2013 federal consent decree to control combined sewer overflows (i.e., untreated wastewater and stormwater in the same pipe). The treatment station construction phase began in 2018 and is expected to be complete in 2022.

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The proposed legislation furthers the King County Strategic Plan goal of financial stewardship by authorizing execution of a low-interest loan that benefits King County ratepayers through cost savings. The additional low-interest loan funds will save ratepayers a total of \$5,886,627 in interest expense (\$5,939,308 net present value), compared to 30-year conventional bond financing.

The proposed legislation furthers the King County Strategic Plan goal of environmental sustainability by securing funds for a project designed to protect and restore water quality in the Duwamish River.

DNRP engaged neighbors on the Georgetown Wet Weather Treatment Station project itself through a Design Advisory Group comprised of individuals connected to the Georgetown community. Engagement tools included surveys, community meetings, and interviews. DNRP incorporated community input into the siting, landscaping, and design work for this project.

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,

A handwritten signature in black ink, appearing to read "Dow Constantine". The signature is written in a cursive, somewhat stylized font.

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