## REVISED STAFF REPORT

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| **Agenda Item:** | 5 | **Name:** | Mike Reed |
| **Proposed No**.: | 2020-0043 | **Date:** | February 26, 2020 |

**COMMITTEE ACTION**

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| ***Proposed Substitute Ordinance 2020-0043.2 authorizing the executive to enter into a loan agreement with the Washington State Department of Commerce Public Works Board for loan financing for the construction of the Georgetown Wet Weather Treatment Station (WWTS) project, passed out of committee on February 26, 2020, with a “Do Pass” recommendation. The Ordinance was amended in committee with Amendment 1 to make technical changes, including inserting code references and correcting section identification.*** |

**SUBJECT**

An ordinance authorizing the executive to enter into a loan agreement with the Washington State Department of Commerce Public Works Board for loan financing for a capital project of the Wastewater Treatment Division (WTD) in the Department of Natural Resources and Parks.

**SUMMARY**

Proposed Ordinance 2020-0043 would authorize the executive to enter into an agreement with the Public Works Board of the Washington State Department of Commerce for a project that has been awarded a Public Works Trust Fund (PWTF) loan of $5,000,000 for the construction of the Georgetown Wet Weather Treatment Station (WWTS) project. This 20-year loan is provided at an interest rate of 1.58%, and is estimated to save King County $2,385,415 in interest expense as compared to conventional bond financing.

Amendment 1 would make technical changes, including inserting code references and correcting section identification.

**BACKGROUND**

Georgetown Wet Weather Treatment Station

The Georgetown WWTS Project was approved as part of King County's long-term combined sewer overflow control plan under Ordinance 17413, and incorporated in King County's CSO consent decree entered into on July 3, 2013. The project involves the construction of a Wet Weather Treatment Station that will control two current CSO outfalls (Brandon and Michigan) from overflowing more than once per year at the Hanford outfall into the Duwamish River; this will be accomplished by treating storm-driven influent to a level acceptable to the Environmental Protection Agency (EPA) and Washington State Department of Ecology before discharging the treated effluent to the Duwamish River.

The facility will consist of the treatment station, conveyance pipelines and a new outfall structure, together with all the necessary appurtenances and facilities that will collectively treat, convey and discharge the treated effluent. This loan is structured so that it can be applied to any of these project elements. The project is located at the corner of Fourth Avenue South and South Michigan Street in the Georgetown community of Seattle.

Public Works Trust Fund Loan Programs

The purpose of the Public Works Trust Fund Construction Loan Program is to help local governments address critical infrastructure needs for water, sewer, storm water, roads, bridges and solid waste/recycling systems. The Washington State Public Works Board has administered this and other infrastructure loan programs since 1986. The Public Works Board reports executing several thousand agreements for infrastructure projects with cities, counties, special purpose districts and others.

**ANALYSIS**

Savings

This low interest loan agreement is estimated to save King County $2,385,415 in interest expense over 20 years as compared to conventional bond financing. The savings calculations are presented in the fiscal note that was transmitted with the legislation. The award of this loan will assist the County in its effort to control costs associated with this project.

Legal Review

Council’s legal counsel has reviewed this agreement and recommended a number of technical changes, including inserting code references and correcting section identification. An amendment has been prepared addressing the recommended changes.

A number of further recommendations by council’s legal counsel were discussed with the Public Works Board’s legal counsel; given PWB’s statewide contract template, they did not support those changes for this measure, but will consider revising the template to accommodate those changes in future agreements. Council’s legal counsel had no issues with this approach.

**AMENDMENT**

Amendment 1 would make technical changes, including inserting code references and correcting section identification.