



TACOMA PUBLIC UTILITIES

3628 South 35th Street

Tacoma, Washington 98409-3192

March 26, 2014

To the Honorable Mayor and Members of the City Council and
To the Chairman and the Members of the Public Utility Board

Tacoma Water is requesting Public Utility Board and City Council approval to accept a 2013-Fall cycle Drinking Water State Revolving Fund (DWSRF) Loan for the Green River Filtration Facility (GRFF) project in the amount of \$12,120,000.

The GRFF project is necessary to comply with Cryptosporidium treatment requirements of the federal Long Term 2 Enhanced Surface Water Treatment Rule (LT2ESWTR).

The Washington State Department of Health is the funding source for the low interest DWSRF loan program, which is made available through the United States Environmental Protection Agency for qualifying public water system projects.

Tacoma Water initially submitted a loan application and was selected for the 2014 Public Works Trust Fund (PWTF) loan cycle; however, funding was not approved by the state legislature. Subsequently, an additional 2013 cycle for the DWSRF loan program was approved for selected drinking water utilities unfunded by the 2014 PWTF program. Tacoma Water was selected for award of a DWSRF construction loan of \$12,120,000 for the GRFF project. The interest rate of this loan is 1.5 percent, and the term is 20 years. There is a one percent loan fee, which accounts for \$120,000 of the total \$12,120,000 for which approval is sought.

Within 48 months of contract execution, project completion is required. Extensions may be granted at the discretion of the Department of Health and the Public Works Board.

If the Green River Filtration Facility project was financed with an equivalent amount of regular revenue bonds, the interest cost to Tacoma Water ratepayers would increase by an estimated amount of \$2,900,000 over the 20 year loan period.

Sincerely,

William A. Gaines
Director of Utilities/CEO

