



City of Tacoma

City Council Action Memorandum

TO: Hyun Kim, Interim City Manager
FROM: Keri Burchard-Juarez, Tacoma Water Superintendent
Jackie Flowers, Director of Tacoma Public Utilities
COPY: Tacoma City Council and City Clerk
SUBJECT: Request for Authorization to Apply for State Loan
DATE: November 25, 2025 Requested Council Date January 6, 2026

SUMMARY AND PURPOSE:

Tacoma Water requests authorization to apply to the Washington State Department of Health for a low interest Drinking Water State Revolving Fund loan of approximately \$1.0 million for two main replacement projects.

BACKGROUND:

The Drinking Water State Revolving Fund (DWSRF), supported by both federal and state funding and governed by applicable laws and regulations, provides funding opportunities for critical drinking water infrastructure improvements. Tacoma Water intends to apply for DWSRF funding to replace two aging sections of galvanized water main in the southern portion of our service territory. The first section involves replacing 750 feet of 2-inch galvanized/plastic main on A St South, and the second section replaces 580 feet of 1-inch galvanized main on the 9600 Block of East D Street. Both segments of main will be upgraded with 8-inch ductile iron pipe and include installation of new valves, fittings and four new fire hydrants. These improvements will improve service reliability and support future growth in the neighborhood.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

Tacoma Water engages with various communities through its capital improvement planning process every two years and provides sufficient notice for construction projects impacts. This request to apply for a low-interest loan opportunity with an interest rate of 1.75% and loan forgiveness of 50%, is a more cost-effective source of funding than bonds. Additionally, the 50% loan forgiveness portion provides approximately \$500,000 toward the project that our customers will not otherwise have to fund.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility:

Increase positive public perception of safety and overall quality of life.
Improve access and proximity by residents to diverse income levels and race/ethnicity to community facilities, services, infrastructure, and employment.

Economy/Workforce: *Equity Index Score: Very Low Opportunity*

Increase the number of infrastructure projects and improvements that support existing and new business developments.

Explain how your legislation will affect the selected indicator(s).

Tacoma Water's mission is to deliver clean, reliable water. Making cost-effective, strategic, and timely investments into service areas planned for needed infrastructure improvements ensures Tacoma Water can continue to meet



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its mission for the long-term and ensure safety and quality of life for the community it serves.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Do not apply for low-interest loan and 50% forgivable funding opportunity.		Tacoma Water will budget for the \$1.0 million capital improvement project using operating revenue.
2.		
3.		

EVALUATION AND FOLLOW UP:

If Tacoma Water is successful in receiving the \$1.0 million low-interest loan, staff will bring the loan terms and contract back to the Council for approval to enter into a funding agreement.

STAFF/SPONSOR RECOMMENDATION:

Staff recommends the approval of the request for authority to apply for the DWSRF loan through Washington State Department of Health.

FISCAL IMPACT:

What Funding is being used to support the expense? N/A

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

YES

This project is budgeted as part of our main replacement program.

Are there financial costs or other impacts of not implementing the legislation?

YES

If Tacoma Water does not pursue this funding opportunity, we risk missing out on \$1.0 in financial assistance through a low-interest and forgivable loan – an amount that would otherwise help reduce cost burden on customers.

Will the legislation have an ongoing/recurring fiscal impact?

No

Will the legislation change the City's FTE/personnel counts?

No

ATTACHMENTS:

- Request for Resolution