



TACOMA PUBLIC UTILITIES

3628 South 35th Street

Tacoma, Washington 98409-3192

May 29, 2015

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 2014 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 applied in September 2014 and was selected for award of a DWSRF construction loan of \$12,120,000 for the GRFF project. This loan is the last of multiple DWSRF loans obtained by Tacoma Water and provides reimbursement funding for expenses related to the construction of the Green River Filtration Facility project dating back to July 1, 2010. 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

