

August 13, 2013

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 Drinking Water State Revolving Fund 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 Drinking Water State Revolving Fund (DWSRF) loan program, which is made available through the United States Environmental Protection Agency for qualifying public water system projects.

In March 2013, Tacoma Water submitted a loan application, and was selected for award of a 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.

By accepting this loan, Tacoma Water will be obligated to allow inspection and monitoring from the Washington State Department of Health. The loan is subject to termination for convenience or cause by the Washington State Public Works Board. 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

