



REQUEST FOR
ORDINANCE RESOLUTION RECEIVED

Request #: 13617
Ord./Res. #: 38728

AUG 15 2013

1. DATE: August 13, 2013

2. SPONSORED BY: COUNCIL MEMBER(S) N/A CITY CLERK'S OFFICE
3a. REQUESTING DEPARTMENT/DIVISION/PROGRAM Tacoma Public Utilities/Water Quality
3b. 'RECOMMENDED FOR ADOPTION' FROM [Committee Name]
3c. DID THIS ITEM GO BEFORE THE PUBLIC UTILITY BOARD?
4a. CONTACT (for questions): Craig Downs
4b. PERSON PRESENTING: Craig Downs
4c. ATTORNEY: Bill Fosbre

5. REQUESTED COUNCIL DATE: September 10, 2013

Tansy Hayward, Asst. City Manager

(If a specific council meeting date is required, explain why; i.e., grant application deadline, contract expiration date, required contract execution date, public notice or hearing required, etc.)

The contract requires signatures within 60 calendar days of the date on the loan document cover letter, which was dated July 25, 2013.

6. SUMMARY AGENDA TITLE: (A concise sentence, as it will appear on the Council agenda.)

Approve acceptance of a 2013 Drinking Water State Revolving Fund (DWSRF) Loan for the Green River Filtration Facility (GRFF) project.

7. BACKGROUND INFORMATION/GENERAL DISCUSSION: (Why is this request necessary? Are there legal requirements? What are the viable alternatives? Who has been involved in the process?)

The State Department of Health has a low interest (1.5% interest) loan program through the Drinking Water State Revolving Fund. Tacoma Water has been selected for a construction loan in the amount of \$12,120,000, which includes a 1% administrative fee.

8. LIST ALL MATERIAL AVAILABLE AS BACKUP INFORMATION FOR THE REQUEST AND INDICATE WHERE FILED:

Table with 2 columns: Source Documents/Backup Material, Location of Document. Includes entries for Letter from William A. Gaines to Board & Council and Loan Agreement.

REQUEST (CONT)

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9. WHICH OF THE CITY'S STRATEGIC GOALS DOES THIS ITEM SUPPORT? (CHECK THE GOAL THAT BEST APPLIES)

- A. A SAFE, CLEAN AND ATTRACTIVE COMMUNITY
- B. A DIVERSE, PRODUCTIVE AND SUSTAINABLE ECONOMY
- C. A HIGH-PERFORMING, OPEN AND ENGAGED GOVERNMENT

10. IF THIS CONTRACT IS FOR AN AMOUNT OF \$200,000 OR LESS, EXPLAIN WHY IT NEEDS LEGISLATIVE APPROVAL:

N/A

11. FINANCIAL IMPACT: EXPENDITURE REVENUE

- A. NO IMPACT (NO FISCAL NOTE)
- B. YES, OVER \$100,000, Fiscal Note Attached
- C. YES, UNDER \$100,000, (NO FISCAL NOTE)
Provide funding source information below:

FUNDING SOURCE: (Enter amount of funding from each source)

Fund Number & Name:	State \$	City \$	Other \$	Total Amount
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If an expenditure, is it budgeted? Yes No Where? Cost Center:
Acct #:

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FISCAL NOTE

Each piece of legislation that has a financial impact or creates positions authority requires a fiscal note. After preparation by departmental staff, the Management and Budget Office will review the fiscal note and make any necessary revisions before transmittal to the City Attorney's Office for legislation preparation.

DEPARTMENT:	CONTACT PERSON/PHONE:	BUDGET CONSULTANT/PHONE:
TPU-Water	Craig Downs – 396-3063	Barbara Ostrander / 502-8102

Is it currently budgeted? Yes No
 Is this a grant? Yes No If Yes, Operating Capital

EXPENDITURES:

FUND NAME & NUMBER *	COST CENTER	WBS	ACCOUNT	2013-2014 EXPENDITURES
Tacoma Water – 4600	581100		6611000	0
TOTAL				

* General Fund: Include Department

Purpose: Fund a portion of the Green River Filtration Facility (GRFF) project.

REVENUES:

FUND NAME & NUMBER	COST CENTER	WBS	ACCOUNT	2013-2014 REVENUES
Tacoma Water – 4600	581100		See Notes	12,000,000
TOTAL				

Notes: New Account to be set up by Fund Accountant

POSITION IMPACT:

POSITION TITLE	PERMANENT/PROJECT/ TEMPORARY POSITION	POSITION END DATE	2013-2014 FTE	FUTURE FTE

Total positions created or abrogated through this legislation, including FTE impact. FTE impact for temporary employees is estimated.

LONG-TERM FINANCIAL IMPACT OF LEGISLATION:

SPENDING PLAN & BUDGET	2013	2014	2015	2016	AFTER 2016	TOTAL
Salaries/Benefits						
Debt Service - Interest			227,250	172,710	1,554,390	1,954,350
Debt Service - Principal			606,000	606,000	10,908,000	12,120,000
Administration Fee		120,000				120,000
Capital		12,000,000				12,000,000
TOTAL		12,120,000	833,250	778,710	12,462,390	26,194,350

FISCAL NOTE (CONT)

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FUNDING SOURCE	2013	2014	2015	2016	AFTER 2016	TOTAL
2013 DWSRF Loan		12,000,000				12,000,000
Water Revenues		120,000	833,250	778,710	12,462,390	14,194,350
TOTAL		12,120,000	833,250	778,710	12,462,390	26,194,350

The financial cost of not implementing the legislation:

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 project in the amount of \$12,120,000.

The State Department of Health has a low interest loan program through the Drinking Water State Revolving Fund for qualifying public water system projects. Tacoma Water has been selected for a construction loan in the amount of \$12,120,000.

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

The interest rate is 1.5 percent, the term is 20 years, and there is a one percent loan fee. The loan fee accounts for \$120,000 of the total \$12,120,000 for which approval is sought.

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

OTHER ISSUES:

Based on current spending projections, Tacoma Water estimates that the loan will be drawn in 2014. Repayment of the loan is estimated to begin October 1, 2015.