



City of Tacoma

City Council Action Memorandum

**TO:** Hyun Kim, 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 Execute DWSRF Loan  
**DATE:** May 12, 2026

---

### **SUMMARY AND PURPOSE:**

Tacoma Water requests a resolution authorizing the execution of a low-interest Drinking Water State Revolving Fund loan of \$1,074,552 with the Washington Department of Health for two main replacement projects.

### **BACKGROUND:**

The Drinking Water State Revolving Fund (DWSRF) provides financing to public water systems for eligible infrastructure improvements. The program is funded through both federal and state money and is subject to state laws and additional federal regulations.

Tacoma Water applied and was awarded funds to replace two sections of galvanized main in the southern portion of our service territory. The first section will replace 750 feet of 2-inch galvanized/plastic main on A Street South. The second section will replace 580 feet of 1-inch galvanized main along the 9600 block of East D Street. Both water mains will be replaced with 8-inch ductile iron main, and Tacoma will also install new valves, fittings, and four new fire hydrants. These improvements will enhance service reliability, support neighborhood resiliency and accommodate future growth.

### **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 is to execute alternative funding for a capital improvement project. This low-interest loan will provide an interest rate of 1.75% and a loan forgiveness of 50%. The interest rate is lower than alternate sources of funding such as bonds and loan forgiveness would provide \$537,276 towards the capital project that our customers would not have to fund.

### **2026 STRATEGIC PRIORITIES:**

#### **Equity and Accessibility: *(Mandatory)***

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: Select Index Score.***

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 provide 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 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 authorize Tacoma Water to execute contract for low-interest loan.	None.	Missed opportunity to save customers approximately \$537,276
2.		
3.		

**EVALUATION AND FOLLOW UP:**

Success will be measured by the successful completion of the project and having 50% of the loan forgiven. Tacoma Water will monitor the project through completion and manage the loan compliance and repayment schedule.

**STAFF/SPONSOR RECOMMENDATION:**

Tacoma Water staff recommends the Council approve the action.

**FISCAL IMPACT:**

Please provide a short summary of the fiscal impacts associated with the grant, agreement, policy action, or other action.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1.4600-CAPTL	TBD	TBD	\$537,276
2.			
<b>TOTAL</b>			

**What Funding is being used to support the expense?**

This project is budgeted as part of our capital improvement plan and main replacement program.

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

**YES**  
This project is budgeted as part of our capital improvement plan and main replacement program.

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

**YES**  
If Tacoma Water does not apply, then we will miss the opportunity to reduce the financial burden of our customers by \$537,276.

**Will the legislation have an ongoing/recurring fiscal impact?**

No

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

No



**City of Tacoma**

**City Council Action Memorandum**

**ATTACHMENTS:**

- DWSRF Loan Contract
- Board Memo dated April 8, 2026