

MEMORANDUM

To: Councilmember Herbold; Chair, Civil Rights, Utilities, Economic Development, and Arts Committee
Councilmember Sawant; Vice-chair
Councilmember O'Brien; Member

From: Peter Lindsay, Council Central Staff

Date: September 13, 2016

Subject: CB 118775 – Washington State Public Works Board Loan

CB 118775 authorizes the Director of Seattle Public Utilities (SPU) to accept a loan from the Washington State Public Works Board (WSPWB) for the Morse Lake Pump Plant (C103032) project in the Cedar River Municipal Watershed near North Bend. The WSPWB administers the Drinking Water Revolving Loan Fund (RLF)—providing low interest loans to projects finance projects that increase public health protection. SPU has applied for RLF loans on previous occasions including \$12.1 million in 2015. Early in 2016, SPU applied for and was granted additional loan funding in the amount of \$6 million for the Morse Lake Pump Plan project. The loan rate is 1.5 percent and the loan term is 20 years saving the utility about \$1.1 million in present value borrowing costs.

The Morse Lake Pump Plant project replaces the existing barge-mounted pump plants at Cherster Morse Lake—one of the sources of Seattle's drinking water. The pumps are designed for drought conditions and access water stored below the level that drains by gravity. The project is scoped to improve the reliability of Seattle's water supply and in-stream flows in the Cedar River during drought conditions as expressed in the Cedar River Habitat Conservation Plan.

The proposed legislation allows SPU to access a loan that will reduce borrowing costs paid by rate payers. Council Central staff have reviewed the legislation and have identified no issues of concern.

cc: Kirstan Arestad, Central Staff Executive Director
[*Deputy Director or Supervising Analyst*]