

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
Seattle Public Utilities	Alexander Mockos/3-9066	Akshay Iyengar/4-0716

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to Seattle Public Utilities; authorizing the General Manager/CEO of Seattle Public Utilities to enter into a Water Quality Combined Financial Assistance Agreement between the State of Washington Department of Ecology and The City of Seattle, Public Utilities Department, to partially finance costs related to the construction of the Ship Canal Water Quality Project through a Clean Water State Revolving Fund Loan.

Summary and background of the Legislation: This legislation would authorize the Seattle Public Utilities General Manager to accept a \$66 million, low-interest loan from the Washington Department of Ecology for the Ship Canal Water Quality Project. The loan would save utility ratepayers approximately \$12 million in borrowing costs compared to conventional bond financing.

The Ship Canal Water Quality Project is a joint project being built by Seattle Public Utilities and King County Wastewater Treatment Division involving a 2.7-mile-long underground storage tunnel to significantly reduce the amount of polluted stormwater and sewage that flows into the Lake Washington Ship Canal, Salmon Bay, and Lake Union from Combined Sewer Overflows.

The project is required pursuant to a Consent Decree with the U.S. Environmental Protection Agency, the Washington Department of Ecology, and the U.S. Department of Justice to control untreated combined sewer overflows by December 31, 2025.

Approximately 85% of the City's overflows come from the combined sewers in Crown Hill, Ballard, Fremont, Wallingford, Queen Anne, Downtown, and Capitol Hill. During a heavy storm, the new tunnel will capture and temporarily store more than 29 million gallons of untreated stormwater and sewage until the treatment plant is ready for it. The tunnel will improve water quality by keeping more than 75 million gallons of polluted stormwater (from rain) and sewage on average each year from flowing into the Lake Washington Ship Canal, Salmon Bay, and Lake Union.

SPU and King County are sharing the \$570 million project cost of the project with SPU paying 65% of project costs and King County Paying 35%.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes X No

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Project Cost Through 2026:
Ship Canal WQ Project	C314056	Ballard/Fremont Wallingford	8/13/2014	12/31/2025	\$570 million

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes X No

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

No

Is there financial cost or other impacts of *not* implementing the legislation?

If this legislation were not implemented, \$66 million of Ship Canal WQ Project Costs would have to be bond funded at a higher rate (1.2% vs. 3.0%), resulting in a loss of about \$12 million in savings. These savings will be accounted for in the new rate study being proposed to Council.

3.a. Appropriations

Appropriations Notes:

No additional appropriation is being sought by this legislation. This loan will be used to finance the Ship Canal Project contained in the Drainage & Wastewater Fund Capital Improvement Program.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

No

b. Is a public hearing required for this legislation?

No

c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

d. Does this legislation affect a piece of property?

No

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

None

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

None

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

The Ship Canal Water Quality Project is designed and sized to enhance Seattle's resiliency to future rainfall increases resulting from climate change, and the facility will be able to significantly reduce sewer overflows into the Ship Canal when it is completed into the foreseeable future.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?

No

List attachments/exhibits below: