

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 an amended Water Quality Combined Financial Assistance Agreement with the State of Washington Department of Ecology to partially finance costs related to the construction of the Ship Canal Water Quality Project; and ratifying and confirming certain prior acts.

Summary and Background of the Legislation: The Ship Canal Water Quality Project is being built jointly by Seattle Public Utilities and the King County Wastewater Treatment Division. It involves a 2.7-mile-long underground storage tunnel to significantly reduce polluted stormwater and sewage that flows into the Lake Washington Ship Canal, Salmon Bay, and Lake Union.

This legislation would authorize the SPU General Manager/CEO to execute an amended loan agreement with the Washington Department of Ecology for the project. The amended agreement would provide SPU and additional \$59 million in low interest financing, saving utility ratepayers approximately \$14.9 million in borrowing costs compared to conventional bond financing.

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 heavy storms, the new tunnel will capture and temporarily store more than 29 million gallons of untreated stormwater and sewage until the treatment plant can receive it. The tunnel will improve water quality by keeping more than 75 million gallons of polluted stormwater and sewage on average each year from flowing into the Lake Washington Ship Canal, Salmon Bay, and Lake Union.

The Ship Canal 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.

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 No

| Project Name: | Project I.D.: | Project Location: | Start Date: | End Date: | Total Project Cost Through 2027: |
|-----------------------|---------------|-----------------------------|-------------|------------|----------------------------------|
| Ship Canal WQ Project | MC-SU-C3614 | Ballard/Fremont Wallingford | 8/13/2014 | 12/31/2025 | \$570,000,000 |

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? Yes 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

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

Traditional revenue bond financing of \$59 million would require an additional \$14.9 million to be collected from rate payers over the 30 year term the bonds.

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 be resilient to future rainfall increases resulting from climate change, thanks to which the facility will be able to significantly reduce sewer overflows into the Ship Canal when it is completed and 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

Summary Attachments: