

Ship Canal Water Quality Project Project Update

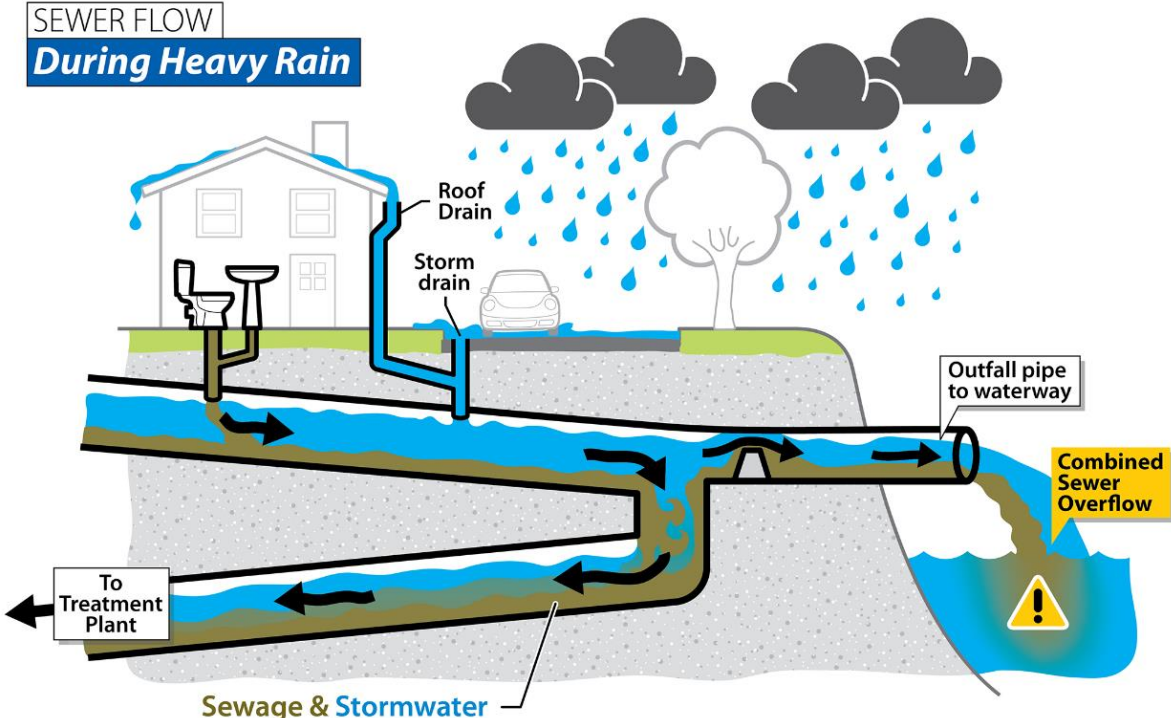
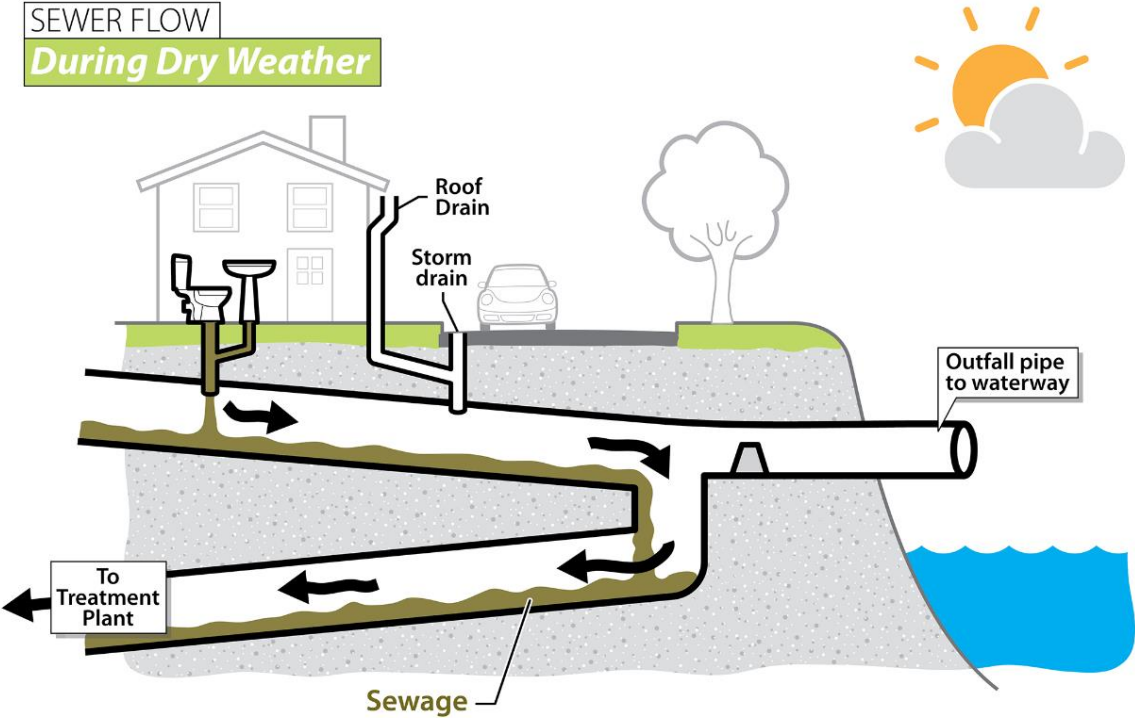
City Council – Transportation & Utilities Committee
June 16, 2021

Ship Canal Water Quality Project

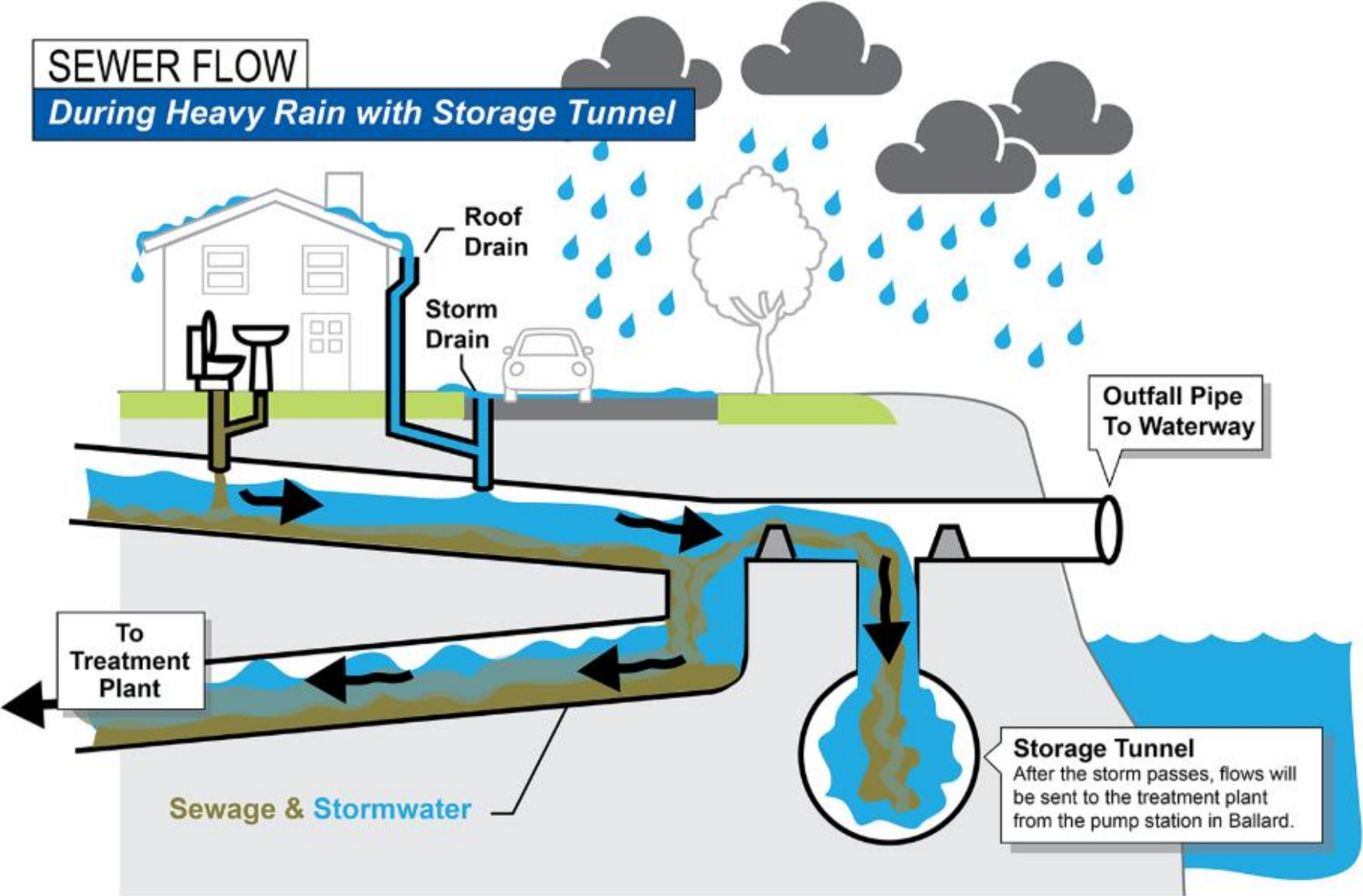
- Overview
- Construction Progress
- Uncertainties and Risks
- Cost and Schedule Status
- Clean Water State Revolving Fund Loan



Combined Sewer Overflows



Reducing Combined Sewage Overflows



Ship Canal Water Quality Project

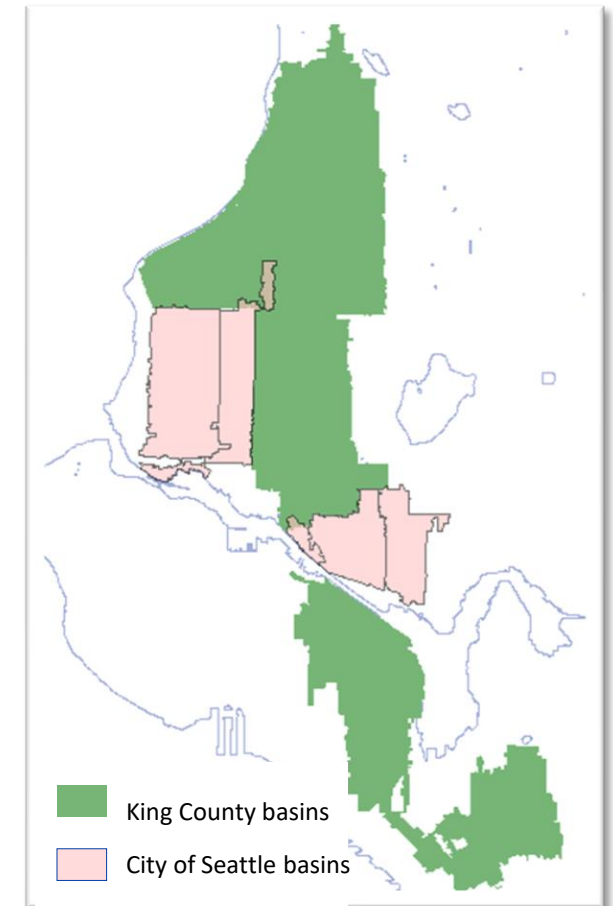
Part of regional efforts to protect people and waters from sewage and stormwater pollution.

Consent Decree

- With US Department of Justice, US Environmental Protection Agency, and WA Department of Ecology
- Less than 1 combined sewer overflow per outfall per year on a 20-year moving average

Joint Project: King County & City of Seattle

- 6 Outfalls: 2 KC, 4 Seattle
- Joint Project Agreement: City of Seattle (65%), King County (35%) on \$570M budget





Seattle
Public
Utilities



King County

Ship Canal Water Quality Project




Ballard Site

East Ballard Site


Fremont Site

Queen Anne Site

Wallingford Site

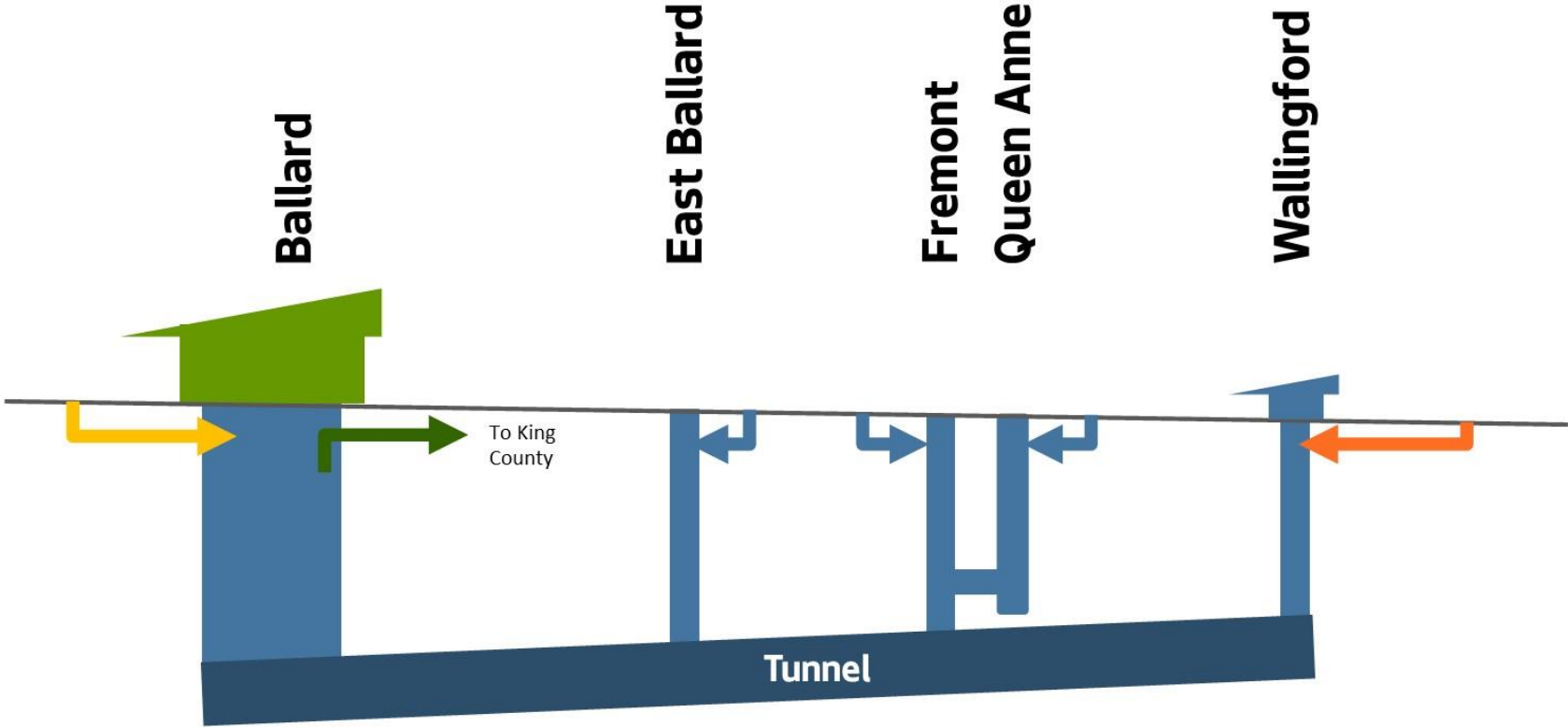
 Underground storage tunnel

 Project elements

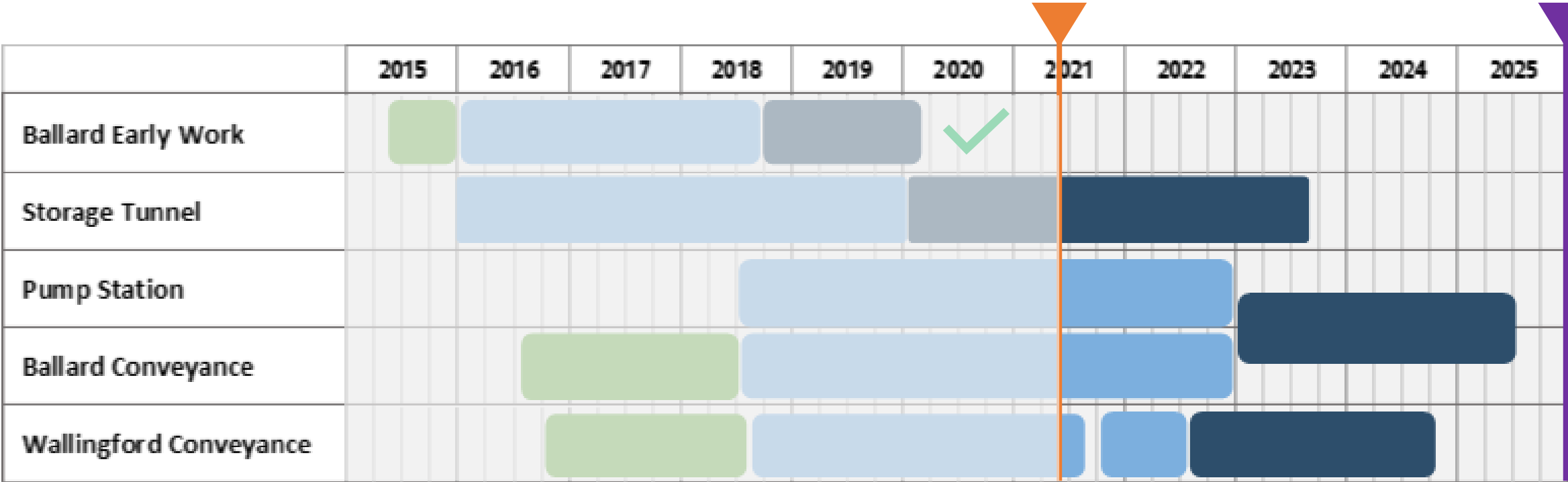
 Neighborhood boundary



Project Components



Project Schedule



Construction: Ballard Early Works



Construction: Storage Tunnel



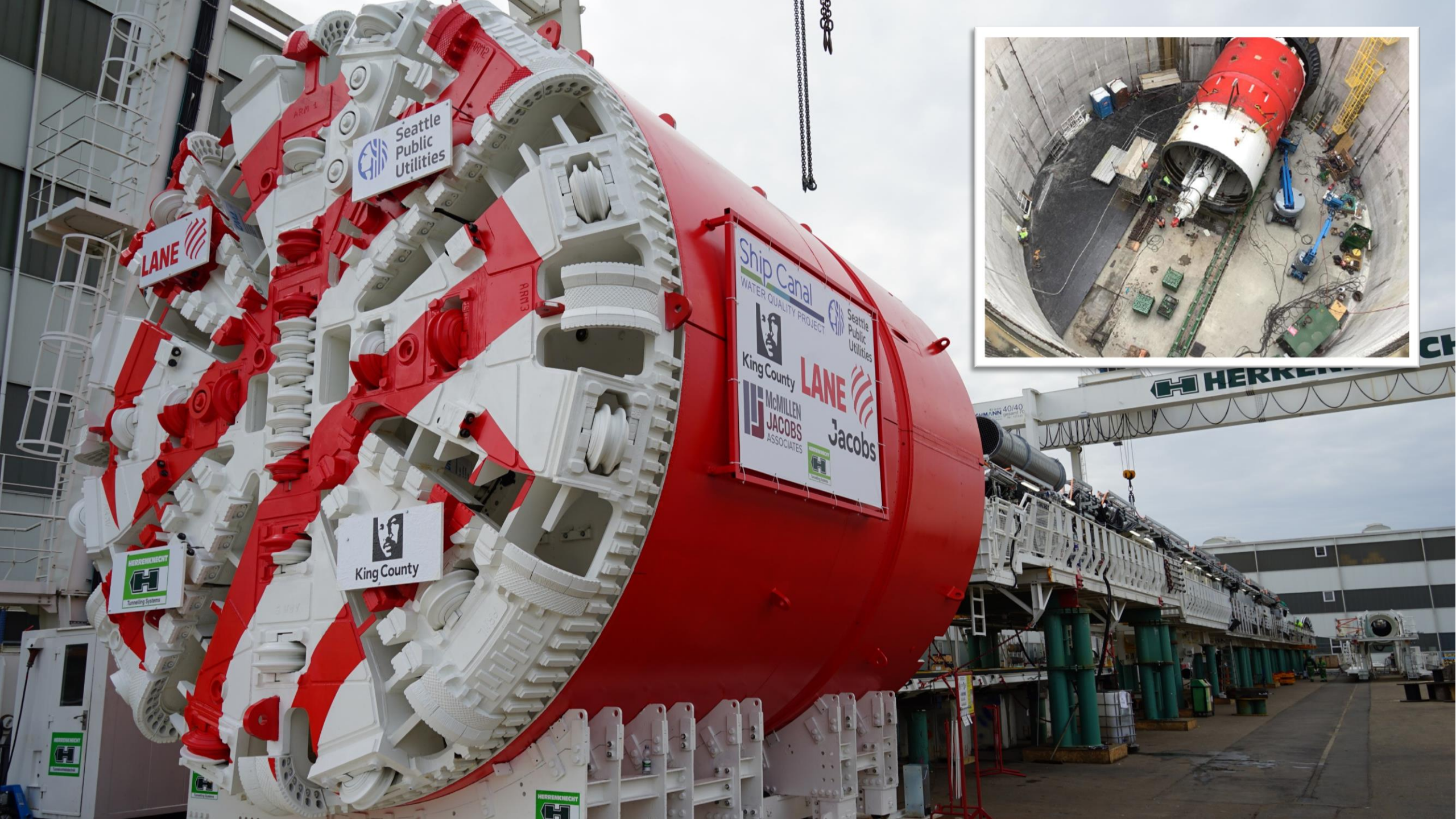


SUNSTATE EQUIPMENT

SUNSTATE
Equipment Co.
1-800-450-4400

WHITE CAP

MUNDO



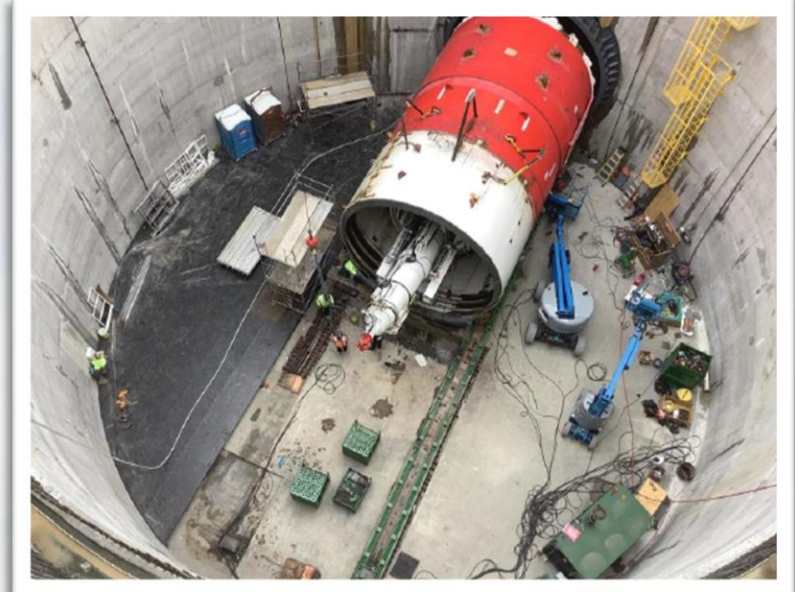
Seattle
Public
Utilities

LANE

Ship Canal
WATER QUALITY PROJECT
King County
McMILLEN
JACOBS
ASSOCIATES
LANE
Jacobs
Seattle
Public
Utilities

King County

HERRENKNECHT
Tunneling Systems



HERRENKNECHT

40/40



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Construction: Drop Shafts



Fremont Drop Shaft and 8 ft. Tunnel



Project Risks

Bidding

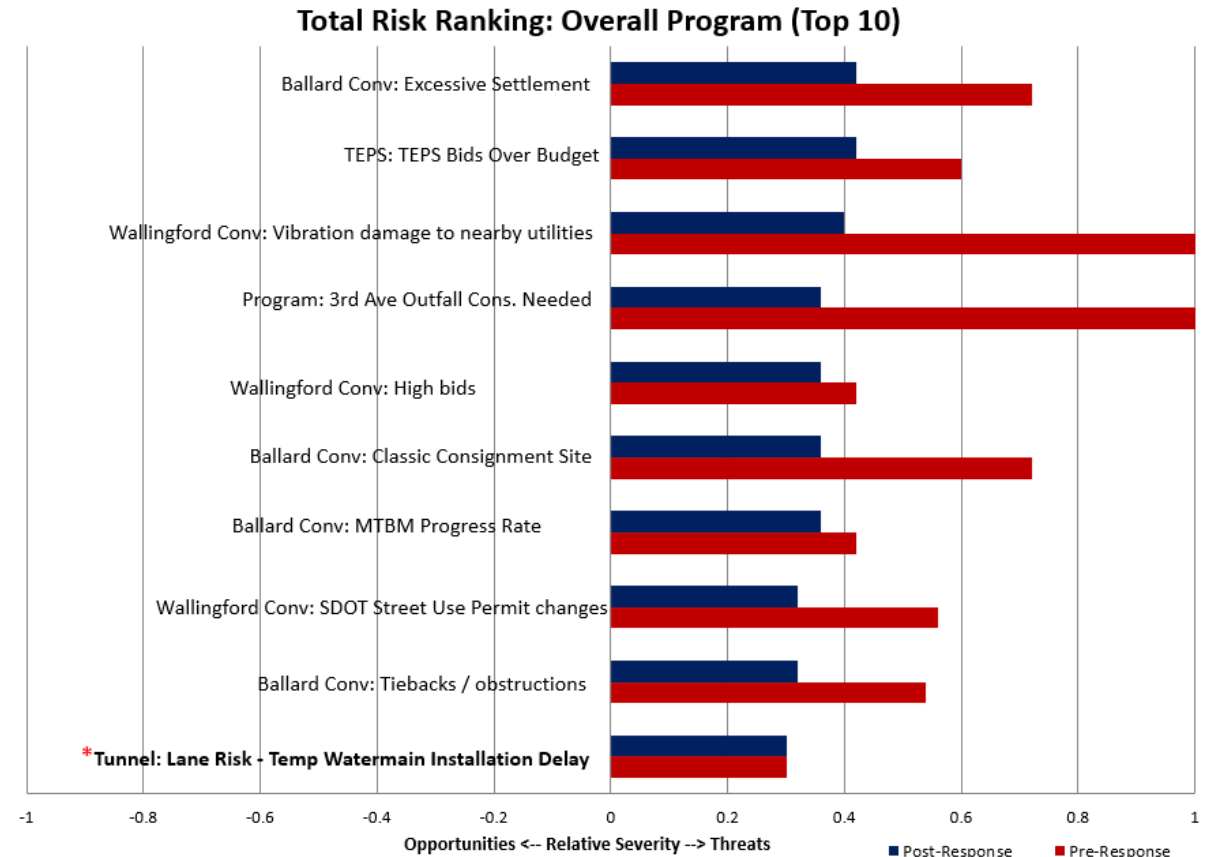
- Bid results on \$100M of remaining construction contracts

Construction

- Underground issues
- Significant safety issues
- Unknown risk events
- Community impacts

Risk Management

- Monitor 400 known risks
- Conduct monthly risk evaluations
- Partner with contractors on their risk management
- Update risk model every six months



Project Cost and Schedule Estimates

Cost

- \$570M with 65% confidence*

Schedule

- 74% confidence* to consent decree deadline at end of 2025

What is
“confidence”?

It is the likelihood that the **final value** will be at or below the **estimated value**.

Clean Water State Revolving Fund (CWSRF) Loan

Loan being voted on today:

- \$66 million dollar loan for costs associated with Storage Tunnel construction
- Saves ratepayers approximately \$12 million in borrowing costs compared to conventional bond financing
- Loan Interest rate 1.2% over 20 years



Loans for Ship Canal Water Quality Project

Type	Fiscal Year	Loan Amount	Status/Comment
CWSRF	2019	\$25M	Executed
EPA WIFIA	N/A	\$192M	Executed
CWSRF	2021	\$66M	Requesting approval today
CWSRF	2022	\$28M	Awarded but not negotiated yet

Total Loans: ~\$311M 80% of SPU project costs

Total savings compared with traditional municipal bonds ~ \$84M

EPA WIFIA = Environmental Protection Agency Water Infrastructure Finance and Innovation Act





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Ship Canal Water Quality Project

