

Council Agenda Bill

AB Number

AB25-039

Agenda Bill Information

Title*

Resolution Accepting Additional Loan Funding from the Department of Ecology

Action*

Motion

Council Agenda Section

Committee Report

Council Meeting Date*

03/10/2025

Staff Member

Andrew Vining

Department*

Public Works

Committee

Parks and Public Works

Committee Date

02/04/2025

Exhibits

Packet Attachments - if any

Resolution- City of Snoqualmie -Additional DOE Loan Amount.docx

24.85KB

Summary

Introduction*

Brief summary.

This agenda bill seeks approval of a resolution accepting an additional 1.6 percent low-interest loan amount from the Department of Ecology Clean Water State Revolving Fund to support the Reclaimed Water System Improvement Project. On February 10th, 2025 City Council approved Resolution 1707 accepting a loan in the amount of \$6.866M to finance the design and construction of the Reclaimed water System Improvements. The City was recently awarded an additional \$1.785M in funding, bringing the total loan amount to \$8.651M under the same agreement and terms. The improvements will upgrade the aging reclaimed water distribution system and bring it into compliance with current state standards.

Proposed Motion

Approve Resolution XXX Accepting a Loan from the Department of Ecology.

Background/Overview*

What was done (legislative history, previous actions, ability to hyperlink)

State Legislation

The state legislature approved the Reclaimed Water Use Act in 1992 codified as RCW 90.46. This act encouraged using reclaimed water for land application, industrial, and commercial uses. In 1997 the Water Reclamation and Reuse Standards were developed to support this act. Most recently in 2006 this act was amended to expand uses of reclaimed water and directed state agencies to develop framework for safe and beneficial use of reclaimed water – this amendment is the origin of the reclaimed water rule.

Following the 2006 legislative direction state agencies (Department of Health and Department of Ecology) jointly began developing the framework over a 12-year period based on stakeholder feedback. In 2018 the Reclaimed Water Rule (WAC 0173-219) was adopted to encourage the use of reclaimed water to help meet the growing need for clean water across the state by establishing regulatory framework for the generation, distribution, and the use of reclaimed water for beneficial use. Concurrently agencies published the Reclaimed Water Facilities Manual or “Purple Book” which provides more in-depth guidance for utilities that produce reclaimed water.

City Legislation

Following the state adoption of Reclaimed Water Rule in 2018 the City began evaluating options to ensure compliance with updated state standards. On February 25, 2019 under [AB19-022](#) City Council authorized RH2 Engineering (RH2) to prepare a Reclaimed Water Irrigation System Analysis Feasibility Study to provide agency coordination and evaluate potential solutions to meet the Reclaimed Water Rule standards. During this period the City also renewed its Water Reclamation Facility NPDES Permit WA0022403 (Permit) which authorizes the production and distribution of up to 1.56 million gallons of Class A Reclaimed Water daily. The City provided comment to the City’s draft permit on February 24, 2020 and received responses from Ecology documented in the permit. The final Permit outlines necessary improvements to the City’s reclaimed water distribution system and an associated compliance schedule. The following agenda bills were approved by Council to facilitate these improvements and continue production of Class A water. On November 28, 2022 City Council approved [AB22-146](#) Resolution No. 1632 authorizing a contract with RH2 to complete a Reclaimed Water Distribution System Engineering Report. This contract was amended on October 3rd, 2023 under [AB23-110](#) which authorized RH2 to complete design of the reclaimed water reservoir improvements.

BACKGROUND

The City of Snoqualmie was awarded a \$6.866M low-interest loan as part of the 2025 clean water state revolving fund (CWSRF). The loan-terms include a 30-year 1.6 percent interest loan which may be applied to project design and construction costs incurred after January 1, 2024 thru project completion. City staff applied for \$6.866M funding during fall of 2023 and an additional \$1.785M during fall 2024. . On February 10th, 2025 City Council approved [Resolution 1707](#) accepting a loan in the amount of \$6.866M to finance the design and construction of the Reclaimed water System Improvements. On February 19th, 2025 the City was awarded the additional \$1.785M in funding. The City is on track to meet the conditions of the funding off including recent approval of the state environmental review process (SERP). Design of the Reclaimed Water System Improvements is complete and final permit review is underway such that the project will be advertised to contractors in March 2025. To meet the NPDES Permit requirements the improvements must be completed prior to June 30th, 2026.

The City's Class A reclaimed water storage and distribution system does not meet current state standards and must be improved to ensure compliance with new standards for safe and reliable delivery of reclaimed water to customers. The improvements will upgrade the aging reclaimed water distribution system and bring it into compliance with current state standards. The terms of this low-interest loan are more competitive than standard loan conditions.

City administration recommends acceptance of this \$8.651 M low-interest CWSRF funding offer.

Budgetary Status *

This action will reduce expenditures.

Fiscal Impact

Amount of Expenditure

Amount Budgeted

Appropriation Requested

Budget Summary

The approval of the Department of Ecology loan will not result in any immediate budgetary impacts as it has no associated fees beyond the stated interest rate. However, it has long-term implications on utility finances. The loan, intended to fund the Eagle Lake Water Reclamation Basin Improvement Project, is an underlying assumption within the Utility Rate Study and the proposed 2025-2030 Utility Capital Improvement Plan. The loan itself will result in higher fund balances as the reclaimed water storage and distribution system is built. Additionally, the lower-than-market interest rate will lead to decreased borrowing costs in the future as compared to a market-rate bond. Both of these factors aid in lower City utility rates, as proposed within the study.

Fiscal Impact Screenshot