516 Third Avenue, Council Chambers, 10th Floor, Seattle, WA 98104

King County

Meeting Agenda

Budget and Fiscal Management Committee

Councilmembers:
Rod Dembowski, Chair;
Jorge L. Barón, Vice Chair;
Steffanie Fain, Rhonda Lewis, Teresa Mosqueda, Sarah Perry

Lead Staff: April Sanders (206-263-3412)
Co-Lead Gene Paul (206-477-9378)
Committee Clerk: Gabbi Williams (206-477-7470)

9:30 AM **Wednesday, September 9, 2026** **Hybrid Meeting**

Hybrid Meetings: Attend King County Council committee meetings in person in Council Chambers (Room 1001), 516 3rd Avenue in Seattle, or through remote access. Details on how to attend and/or provide comment remotely are listed below.

Pursuant to K.C.C. 1.24.035 A. and F., this meeting is also noticed as a meeting of the Metropolitan King County Council, whose agenda is limited to the committee business. In this meeting only the rules and procedures applicable to committees apply and not those applicable to full council meetings.

HOW TO PROVIDE PUBLIC COMMENT: The Budget and Fiscal Management Committee values community input and looks forward to hearing from you on agenda items.

There are three ways to provide public comment:
1. In person: You may attend the meeting and provide comment in the Council Chambers.
2. By email: You may comment in writing on current agenda items by submitting your email comments to committees@kingcounty.gov. If your email is received before 8:00 a.m. on the day of the meeting, your email comments will be distributed to the committee members and appropriate staff prior to the meeting.
3. Remote attendance at the meeting by phone or computer (see "Connecting to the Webinar" below).

Sign language and interpreter services can be arranged given sufficient notice (206-848-0355).
TTY Number - TTY 711.
Council Chambers is equipped with a hearing loop, which provides a wireless signal that is picked up by a hearing aid when it is set to 'T' (Telecoil) setting.

You are not required to sign up in advance. Comments are limited to current agenda items.

You have the right to language access services at no cost to you. To request these services, please contact Language Access Coordinator, Tera Chea at 206 477 9259 or email tera.chea2@kingcounty.gov by 8:00 a.m. three business days prior to the meeting.

CONNECTING TO THE WEBINAR:

Webinar ID: 867 1228 9077

By computer using the Zoom application at https://zoom.us/join and the Webinar ID above.

Via phone by calling 1-253-215-8782 and using the Webinar ID above.

HOW TO WATCH/LISTEN TO THE MEETING REMOTELY: There are several ways to watch or listen in to the meeting:
1) Stream online via this link: http://www.kingcounty.gov/kctv, or input the link web address into your web browser.
2) Watch King County TV on Comcast Channel 22 and 322(HD) and Astound Broadband Channels 22 and 711(HD)
3) Listen to the meeting by telephone – See "Connecting to the Webinar" above.

To help us manage the meeting, if you do not wish to be called upon for public comment please use the Livestream or King County TV options listed above, if possible, to watch or listen to the meeting.

To show a PDF of the written materials for an agenda item, click on the agenda item below.

1. Call to Order

2. Roll Call

3. Approval of Minutes p. 4

August 26, 2026 meeting minutes

4. Public Comment

Sign language and interpreter services can be arranged given sufficient notice (206-848-0355).
TTY Number - TTY 711.
Council Chambers is equipped with a hearing loop, which provides a wireless signal that is picked up by a hearing aid when it is set to 'T' (Telecoil) setting.

Consent

5. Proposed Ordinance No. 2026-0184 **p. 7**

AN ORDINANCE authorizing the King County executive to enter into an agreement with the Washington state Department of Ecology for loan financing of a wastewater capital project.

Sponsors: Dembowski

Jenny Giambattista, Council staff

6. Proposed Ordinance No. 2026-0187 **p. 62**

AN ORDINANCE authorizing the King County executive to execute an amendment to an agreement approved under Ordinance 19874 with the Washington state Department of Ecology for loan financing of a wastewater capital project.

Sponsors: Dembowski

Jenny Giambattista, Council staff

Discussion Only

7. Proposed Motion No. 2026-0195 **p. 79**

A MOTION acknowledging receipt of a report pertaining to Harborview Medical Center Medicaid Reserve spending plans, as required by the 2026-2027 Biennial Budget Ordinance, Ordinance 20023, Section 102, Proviso P4.

Sponsors: Dembowski

Nick Bowman, Council staff

Other Business

Adjournment

Sign language and interpreter services can be arranged given sufficient notice (206-848-0355).
TTY Number - TTY 711.
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516 Third Avenue, Council
Chambers, 10th Floor,
Seattle, WA 98104

King County

Meeting Minutes

Budget and Fiscal Management Committee

Councilmembers:
Rod Dembowski, Chair;
Jorge L. Barón, Vice Chair;
Steffanie Fain, Rhonda Lewis, Teresa Mosqueda, Sarah Perry

Lead Staff: April Sanders (206-263-3412)
Co-Lead Gene Paul (206-477-9378)
Committee Clerk: Gabbi Williams (206-477-7470)

9:30 AM	Wednesday, August 26, 2026	Hybrid Meeting

DRAFT MINUTES

1. Call to Order

Chair Dembowski called the meeting to order at 9:30 a.m.

2. Roll Call

Present: 5 - Barón, Dembowski, Fain, Lewis and Mosqueda

Excused: 1 - Perry

3. Approval of Minutes

Councilmember Barón moved approval of the July 22, 2026 meeting minutes. There being no objections, the minutes were approved.

4. Public Comment

The following individuals were present for public comment:
Alex Tsimmerman.

Consent

5. **Proposed Ordinance No. 2026-0217**

AN ORDINANCE relating to the temporary release of a restrictive covenant over the property commonly known as 12531 28th Avenue NE, Lake City, to support the construction and future operation of a community center and affordable housing within the city of Seattle.

A motion was made by Councilmember Barón that this Ordinance be Recommended Do Pass Consent. The motion carried by the following vote:

Yes: 5 - Barón, Dembowski, Fain, Lewis and Mosqueda

Excused: 1 - Perry

This matter was expedited to the September 1, 2026 council meeting.

Discussion and Possible Action

6. **Proposed Ordinance No. 2026-0160**

AN ORDINANCE relating to solid waste fees charged at recycling and transfer facilities, at the Cedar Hills regional landfill; amending Ordinance 12564, Section 2, as amended, and K.C.C.10.12.021 and establishing an effective date.

A motion was made by Councilmember Lewis that this Ordinance be Passed Out of Committee Without a Recommendation. The motion carried by the following vote:

Yes: 6 - Barón, Dembowski, Fain, Lewis, Mosqueda and Perry

April Sanders, Council staff, briefed the committee and answered questions from the members. Rebecca Singer, Director, Solid Waste Division, also addressed the committee and answered questions from the members.

Councilmember Lewis moved Amendment 1. The Amendment was adopted.

7. **Proposed Motion No. 2026-0233**

A MOTION requesting that the executive transmit two reports relating to solid waste division financial planning and rate increase implementation.

A motion was made by Councilmember Fain that this Motion be Recommended Do Pass. The motion carried by the following vote:

Yes: 5 - Barón, Dembowski, Fain, Lewis and Mosqueda

Excused: 1 - Perry

April Sanders, Council staff, briefed the committee and answered questions from the members.

Other Business

There was no further business to come before the committee.

Adjournment

The meeting was adjourned at 10:12 a.m.

Approved this _____________ day of _________________

Clerk's Signature

Metropolitan King County Council
Staff Report

Committee:	Budget and Fiscal Management Committee		
Agenda Item:	5	**Analyst:**	Jenny Giambattista
Proposed No.:	2026-0184	**Meeting Date:**	September 9, 2026

OVERVIEW

TOPIC: An ordinance authorizing the Executive to execute an agreement with the Washington State Department of Ecology for loan financing of a wastewater capital project.

LEGISLATION SUMMARY

This legislation would authorize the Executive to enter into a loan agreement with the Washington Department of Ecology for loan financing of capital costs associated with West Point Treatment Plant Raw Sewage Pump Replacement and Grit Classifier Replacement projects. It is a 30-year loan in the amount of $35,215,000 with an interest rate of 2.7%.

KEY ISSUES FROM THE ANALYSIS

No issues have been identified.

AMENDMENTS

No amendments have been offered.

BACKGROUND & TIMING CONSIDERATIONS

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The State Revolving Fund (SRF) Loan Program. The Clean Water Act established the State Revolving Fund low-interest loan program. Washington State administers this program under Chapter 173-98 WAC. It is managed by the Department of Ecology and provides low-interest and forgivable principal loan funding for wastewater treatment construction projects, eligible nonpoint source pollution control projects, and eligible “green” projects. The Department of Ecology makes SRF funding available annually. There is a limit to the amount of funding that an entity is eligible to receive in each SRF loan funding cycle. Since 2000, the WTD has been awarded over $711 million in SRF loans. The loan financing authorized by this ordinance would be used for the Raw Sewage Pump Replacement and Grit Classifier Replacement projects described below.

Raw Sewage Pump Replacement Project. **(Total expected cost at completion $182.4 million).** This project will increase the firm pumping capacity of the raw sewage pump (RSP) station from 330 million gallons per day (MGD) to 440 MGD by replacing the existing biogas driven engine pumps with higher capacity electric motor driven pumps. The project will also make seismic upgrades to the pump station and make improvements to meet National Fire Protection Association (NFPA 820) standards. In addition, the project will replace the existing boiler system prior to completion of the RSP replacement to provide the heat necessary to maintain a stable treatment process. The need for this replacement is driven by the age of the pumps and the need for redundancy for influent pumping during times of flooding.

Grit Classifier Replacement Project. **(Total expected cost at completion $10.6 million).** This project will replace or refurbish failing grit classifiers, cyclones, and grit hopper gates at West Point. This project will also implement modifications to associated structural, mechanical, electrical, and process equipment related to the grit classifier, piping, and equipment. The grit classifier equipment removes heavy inorganic materials, such as sand, gravel, and minerals from the wastewater flow during preliminary treatment. The grit classifiers that were installed in the early 1990s have deteriorated through wear and tear and are past their expected life. Their current conditions decrease equipment reliability substantially, increase maintenance cost significantly, and adversely affect plant safety. Timely replacement or refurbishment of this equipment is needed to extend its useful life for at least another 25 years.

ANALYSIS

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Staff have not identified any issues.

Proposed Ordinance 2026-0184 would authorize King County to enter into a loan agreement with Washington State Department of Ecology for loan financing of capital costs associated with the West Point Treatment Plant Raw Sewage Pump Replacement and Grit Classifier Replacement projects.

The following are the major agreement terms:

- Total loan amount: $35,215,000
- Loan Term: 30 years
- Effective Interest Rate[1]: 2.7 %

[1] Includes 0.5% Ecology Administration Charge

- Repayment: Semiannual payments of principal and interest commence one year after the project is completed and is repaid over 60 equal semiannual installments from the Water Quality Capital Improvement Fund.
- Effective date: July 1, 2024. The effective date goes back to the start of the design which allows WTD to go back to this date for purposes of submitting design expenditures for reimbursement.
- Expiration date: June 30, 2029. This expiration date is the last day in which eligible expenditures could be utilized for reimbursement so any expenditures after June 30, 2029 would be ineligible for loan participation.

Savings and Repayment. The estimated savings on utilizing SRF loan financing instead of conventional debt financing are detailed in the fiscal note. For this loan agreement, the 2.7% interest rate is projected to save King County $13.7 million, as compared to conventional 30-year bond financing.

Loan Requirements. The proposed SRF loan comes with various requirements, including quarterly reporting to Ecology. The Wastewater Treatment Division does not anticipate any difficulties in complying with the performance requirements for the loan.

Legal Review. Complete.

ATTACHMENTS

1. Proposed Ordinance 2026-0184 (and its attachment)
2. Transmittal Letter
3. Fiscal Note

KING COUNTY

ATTACHMENT 1

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

Ordinance

Proposed No. 2026-0184.1 **Sponsors** Dembowski

AN ORDINANCE authorizing the King County executive to enter into an agreement with the Washington state Department of Ecology for loan financing of a wastewater capital project.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. **Findings:**

A. The Washington state Department of Ecology has awarded the department of natural resources and parks $35,215,000.00 in a State Revolving Fund loan for the fiscal year 2026 cycle.

B. The low-interest loan will save King County $13,675,378.00 in interest payments over twenty years, which is $8,279,877.00 net present value, as compared to conventional bond financing.

C. The State Revolving Fund loan will assist in financing the construction phase for the Raw Sewage Pump Replacement and Grit Classifier Replacement projects at the West Point Treatment Plant that is part of King County's wastewater capital improvement program.

SECTION 2. A. The King County executive or designee is hereby authorized to enter into an agreement with the Washington state Department of Ecology for the construction phase of the West Point Raw Sewage Pump Replacement and Grit Classifier Replacement projects.

B. The maximum loan amount for the West Point Raw Sewage Pump Replacement and Grit Classifier Replacement projects shall be $35,215,000.00 plus interest.

C. The thirty-year loan agreement shall have an annual interest rate of 2.7 percent.

D. The loan agreement shall be substantially in the form of Attachment A to this ordinance.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

____

Sarah Perry, Chair

ATTEST:

____

Melani Pedroza, Clerk of the Council

APPROVED this _____ day of _______________, ______.

____

Girmay Zahilay, County Executive

Attachments: A. Agreement No. WQC-2026-KCoNRP-00201, Water Quality Combined Financial Assistance 2026 agreement Between the WA Department of Ecology and KCDNRP

Attachment A

Agreement No. WQC-2026-KCoNRP-00201

WATER QUALITY COMBINED FINANCIAL ASSISTANCE AGREEMENT

BETWEEN

THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY

AND

KING COUNTY - NATURAL RESOURCES AND PARKS DEPARTMENT

This is a binding Agreement entered into by and between the state of Washington, Department of Ecology, hereinafter referred to as “ECOLOGY,” and King County - Natural Resources and Parks Department, hereinafter referred to as the “RECIPIENT,” to carry out with the provided funds activities described herein.

GENERAL INFORMATION

Project Title:	WPTP Raw Sewage Pump Replacement and Grit Classifier Project (Construction)
Total Cost:	$35,215,000.00
Total Eligible Cost:	$35,215,000.00
Ecology Share:	$35,215,000.00
Recipient Share:	$0.00
The Effective Date of this Agreement is:	07/01/2024
The Expiration Date of this Agreement is no later than:	06/30/2029
Project Type:	Wastewater Facility

<u>Project Short Description:</u>
This project improves water quality in Puget Sound through the construction of improvements at the West Point Treatment Plant in King County. This project will upgrade the grit removal systems and increase the firm capacity of the raw sewage pump station by replacing the raw sewage pumps. Benefits include avoiding the release of raw, untreated wastewater to Elliott Bay and minimizing the volume of landfill disposal.

<u>Project Long Description:</u>
This project improves water quality in Puget Sound through the construction of improvements at the West Point Treatment Plant (WTP) in King County. This project will upgrade the grit removal systems and increase the firm capacity of the raw sewage pump station by replacing the raw sewage pumps. Benefits include avoiding the release of raw, untreated wastewater to Elliott Bay and minimizing the volume of landfill disposal.

The Washington State Department of Ecology (Ecology) Criteria for Sewage Works Design manual requires that pump stations have a firm capacity equal to or greater than the peak hourly design flow. For the WTP, this equates to a firm capacity equal to the plant's hydraulic capacity of 440 MGD.

Replacement pumps for the existing raw sewage pumps (RSPs) were installed in 1966. The RSPs were originally designed with a capacity of approximately 120 MGD each. When the WTP was upgraded to provide secondary treatment in the 1990s, the RSPs were rerated to approximately 110 MGD, with a total rated capacity of approximately 440 MGD, when all four pumps were in operation, to match the WTP’s hydraulic capacity. Currently, the firm capacity of the RSPs is 330 MGD with one pump out of service.

The project will increase the firm capacity of the raw sewage pump (RSP) station from 330 million gallons per day (MGD) to 440 MGD by replacing the existing biogas driven engine pumps with higher capacity electric motor driven pumps. The replacement pumps will provide increased reliability and will satisfy the firm pumping capacity criteria. The improvements will provide for transfer of the incoming wastewater to the treatment process and avoid the release of raw, untreated wastewater to Elliott Bay through the replacement of the 1966 RSPs.

Structural improvements and repairs will also be included in the project. Elements of the design will include: • Four 147 MGD dry pit bearing frame pumps in the existing pump room. • 54-inch-diameter discharge spool pieces and associated couplings. • Four concrete equipment pads with integrated pedestals. • Four new formed suction inlets to meet Hydraulic Institute performance criteria. • Four 900-horsepower (hp) electric motors on the engine level. • Elevated motor support platform on the engine level. • Replacement of the existing hot water boilers. • RSP building seismic upgrade including roof replacement. • HazMat mitigations • RSP ancillaries to support pump system improvement.

With limited redundancy, the reliability of the grit classifiers and associated equipment is critical to maintaining capacity of the grit removal system, limiting grit carryover to the digesters, and minimizing the volume of material disposed to the landfill. The project will replace the existing four grit classifiers and twelve cyclones with new washer/classifiers, and refurbish two grit hopper gates. Additional work will implement modifications to associated structural, mechanical, electrical and process equipment related to the grit, classifier, piping, and equipment.

<u>Overall Goal:</u>
The overall goal of this project is to upgrade the Raw Sewage Pump system to increase firm capacity of the pump station to match the WTP’s peak hourly design flow rate in accordance with Ecology standards and avoid the release of raw, untreated wastewater to Elliott Bay. In addition,the grit removal systems will be upgraded to minimize the volume of landfill disposal.

RECIPIENT INFORMATION

Organization Name: King County - Natural Resources and Parks Department

Federal Tax ID: 91-6001327
UEI Number: EU1QJXNMWKE9

Mailing Address: 201 S Jackson, KSC-NR-6200
Seattle, WA 98104-3855

Physical Address: 201 S Jackson, KSC-NR-6200
Seattle, Washington 98104-3855

Organization Email: steve.baruso@kingcounty.gov

Contacts

Project Manager	Mizanur Rahman Capital Project Manager 201 S Jackson, Suite 500 Seattle, Washington 98104-3855 Email: mizanur.rahman@kingcounty.gov Phone: (206) 477-5366
Billing Contact	Steve Baruso Grants Administrator 201 S Jackson St., KSC-NR-6200 Seattle, Washington 98104 Email: steve.baruso@kingcounty.gov Phone: (206) 477-5366
Authorized Signatory	Kamuron Gurol Division Director 201 S Jackson, Suite 500 Seattle, Washington 98104 Email: kgurol@kingcounty.gov Phone: (206) 549-1190

ECOLOGY INFORMATION

Mailing Address: Department of Ecology
Water Quality
PO BOX 47600
Olympia, WA 98504-7600

Physical Address: Water Quality
300 Desmond Drive SE
Lacey, WA 98503

Contacts

Project Manager	Sean Wilson PO Box 330316 Shoreline, Washington 98133-9716 Email: SEWI461@ecy.wa.gov Phone: (425) 577-4864
Financial Manager	Bri Castilleja PO Box 47600 Olympia, Washington 98504-7600 Email: bcas461@ecy.wa.gov Phone: (564) 233-9994
Technical Advisor	Sean Wilson PO Box 330316 Shoreline, Washington 98133-9716 Email: SEWI461@ecy.wa.gov Phone: (425) 577-4864

AUTHORIZING SIGNATURES

RECIPIENT agrees to furnish the necessary personnel, equipment, materials, services, and otherwise do all things necessary for or incidental to the performance of work as set forth in this Agreement.

RECIPIENT acknowledges that they had the opportunity to review the entire Agreement, including all the terms and conditions of this Agreement, Scope of Work, attachments, and incorporated or referenced documents, as well as all applicable laws, statutes, rules, regulations, and guidelines mentioned in this Agreement. Furthermore, the RECIPIENT has read, understood, and accepts all requirements contained within this Agreement.

This Agreement contains the entire understanding between the parties, and there are no other understandings or representations other than as set forth, or incorporated by reference, herein.

No subsequent modifications or amendments to this agreement will be of any force or effect unless in writing, signed by authorized representatives of the RECIPIENT and ECOLOGY and made a part of this agreement. ECOLOGY and RECIPIENT may change their respective staff contacts without the concurrence of either party.

This Agreement shall be subject to the written approval of Ecology's authorized representative and shall not be binding until so approved.

The signatories to this Agreement represent that they have the authority to execute this Agreement and bind their respective organizations to this Agreement.

IN WITNESS WHEREOF: the parties hereto, having read this Agreement in its entirety, including all attachments, do agree in each and every particular and have thus set their hands hereunto.

Washington State
Department of Ecology

By: ______________________________

Jon Kenning, PhD Date
Water Quality
Program Manager

Template Approved to Form by
Attorney General's Office

King County - Natural Resources and Parks
Department

By: ______________________________

Kamuron Gurol Date
Division Director

SCOPE OF WORK

Task Number: 1 **Task Cost:** $0.00

Task Title: Grant and Loan Administration

Task Description:
A. The RECIPIENT shall carry out all work necessary to meet ECOLOGY grant or loan administration requirements. Responsibilities include but are not limited to: Maintenance of project records; submittal of requests for reimbursement and corresponding backup documentation; progress reports; and the EAGL (Ecology Administration of Grants and Loans) recipient closeout report (including photos, if applicable). If the RECIPIENT elects to use a contractor to complete project elements, the RECIPIENT shall retain responsibility for the oversight and management of this funding agreement.

B. The RECIPIENT shall keep documentation that demonstrates the project is in compliance with applicable procurement, contracting, and interlocal agreement requirements; permitting requirements, including application for, receipt of, and compliance with all required permits, licenses, easements, or property rights necessary for the project; and submittal of required performance items. This documentation shall be available upon request.

C. The RECIPIENT shall maintain effective communication with ECOLOGY and maintain up-to-date staff contact information in the EAGL system. The RECIPIENT shall carry out this project in accordance with any completion dates outlined in this agreement.

Task Goal Statement:
Properly managed and fully documented project that meets ECOLOGY's grant or loan administrative requirements.

Task Expected Outcome:
* Timely and complete submittal of requests for reimbursement, quarterly progress reports, and Recipient Closeout Report.
* Properly maintained project documentation.

Recipient Task Coordinator: Steve Baruso

Grant and Loan Administration

Deliverables

Number	**Description**	**Due Date**
1.1	Progress Reports that include descriptions of work accomplished, project challenges or changes in the project schedule. Submitted at least quarterly.	
1.2	Recipient Closeout Report (EAGL Form)	

SCOPE OF WORK

Task Number: 2 **Task Cost:** $35,215,000.00

Task Title: Construction

Task Description:
A. The RECIPIENT will execute a contract with a contractor selected in compliance with state law. The RECIPIENT will include ECOLOGY's State Revolving Fund Specification Insert, Contract Clauses, and Pre-Selection Inserts in the construction contract documents as applicable. The RECIPIENT will submit Bid Tabs, the Notice of Award, a copy of the executed contract, and Notice to Proceed before ECOLOGY will provide reimbursement for work performed under this task.

B. The RECIPIENT will complete the construction in accordance with the approved construction contract documents. The construction project will include:

B.1. Replacement of the existing raw sewage pumps with new higher capacity electric motor driven pumps;

B.2. Improvements to various structural, mechanical, electrical, HVAC and instrumentation systems;

B.3. Improvements to the structural resiliency of the building, replacement of the three hot water boilers and associated improvements;

B.4. Replacement of the existing grit classifiers and cyclones with new washer/classifiers and associated cyclones;

B.5. General modifications to associated structural, mechanical, electrical process related to the grit, classifier, piping, and equipment.

C. The RECIPIENT will conduct a pre-construction conference.

D. The project includes the following items that meet the EPA green project reserve criteria for Energy Efficiency 3.5-9: optimized pumps with variable frequency drives (VFD). The RECIPIENT will provide Ecology with documentation, indicating how project elements satisfy the green project reserve criteria.

E. This project is subject to all federal requirements EPA applies to Clean Water State Revolving Funds. In addition to the federal requirements outlined in Section 4 of agreement terms and conditions, the RECIPIENT will maintain documentation of compliance with all single audit act, federal cross cutters, and federal procurement requirements for architectural and professional services (Chapter 11 of Title 40, U.S.C).

F. The RECIPIENT will not submit change orders for reimbursement under this agreement. However, change orders that are a significant deviation from the approved plans/specifications will be submitted for approval, prior to execution. A significant deviation shall be as defined in the Water Quality Program Orange Book, section G1-4.2.6 and mean a change in the selected treatment process, facility size, design criteria, or performance standards that result in changes in expected facility performance or environmental impacts. If the change order contains engineering content a P.E stamp is required.

Task Goal Statement:

See overall goal.

Task Expected Outcome:
See overall goal.

Construction

Deliverables

Number	Description	Due Date
2.1	Bid Tabs, the Notice of Award, a copy of the executed. construction contract and a copy of the Notice to Proceed.	
2.2	Minutes of the pre-construction meeting.	
2.3	Documentation of project elements that meet the EPA green project reserve criteria for Energy Efficiency 3.5-9.	
2.4	Only change orders that are a significant deviation from approved plans/specification will be submitted for approval.	

SCOPE OF WORK

Task Number: 3 **Task Cost:** $0.00

Task Title: Construction Management

Task Description:
A. The RECIPIENT will provide adequate and competent construction management and inspection for the Project. If professional services are procured, the RECIPIENT will procure them in accordance with state law. The RECIPIENT will include ECOLOGY's State Revolving Fund Specification Insert, Contract Clauses, and Pre-Selection Inserts, in the contract documents as applicable. The RECIPIENT will submit contracts for construction management services before ECOLOGY provides reimbursement for work performed under this task.

B. The RECIPIENT will develop a detailed Construction Quality Assurance Plan (WAC 173-240-075) and submit it to ECOLOGY prior to any ground disturbing activities. This plan will describe the activities which the RECIPIENT will undertake to achieve adequate and competent oversight of all construction work.

C. The RECIPIENT will ensure construction progresses according to a timely schedule developed to meet completion dates indicated in the construction contract. The RECIPIENT will revise or update the schedule whenever major changes occur and resubmit to ECOLOGY. A significant change in the scope of work may trigger a SERP review and should be discussed and coordinated with ECOLOGY. In the absence of any major changes, the RECIPIENT will describe progress of the construction in the monthly/quarterly progress reports.

D. At completion of construction, the RECIPIENT will provide ECOLOGY's Project Manager with a set of "as-built" plans by the expiration date of this agreement (i.e., record construction drawings which reflect changes, modifications, or other significant revisions made to the project during construction).

E. At substantial completion, the recipient will notify ECOLOGY and coordinate the project's closeout with ECOLOGY's Project Manager.

F. At project completion, the RECIPIENT will submit the Declaration of Construction Completion form to ECOLOGY in accordance with WAC 173-240-090. The form, when signed by a professional engineer, indicates that the project was completed in accordance with the plans, specifications, and major change orders approved by ECOLOGY, and is accurately shown on the as-built plans.

G. The RECIPIENT will prepare and submit Operation and Maintenance (O&M) manual amendments that address the equipment installed under this project and submit to the ECOLOGY permit manager during the early stages of the construction of a facility in accordance with WAC 173-240-080(3). The O&M amendments will be sufficient to allow the operator to operate the facility within the permit limits.

Task Goal Statement:
See overall goal.

Task Expected Outcome:
See overall goal.

Construction Management

Deliverables

Number	Description	Due Date
3.1	Executed contract for construction management services	
3.2	Documentation of the RECIPIENT’s process for procuring professional services.	
3.3	Construction Quality Assurance Plan.	
3.4	“As-built” plans.	
3.5	Declaration of Construction Completion.	
3.6	Operation and Maintenance Manual Amendments.	

BUDGET

Funding Distribution EL260638

NOTE: *The above funding distribution number is used to identify this specific agreement and budget on payment remittances and may be referenced on other communications from ECOLOGY. Your agreement may have multiple funding distribution numbers to identify each budget.*

Funding Title: SRF Loan (Federal)
Funding Type: Loan
Funding Effective Date: 07/01/2024 Funding Expiration Date: 06/30/2029
Funding Source:

Title: CWSRF-SFY26 (Federal-Base)

Fund: FD0727
Type: Federal
Funding Source %: 100%
Description: The Clean Water Act (CWA) (33 U.S.C 1251-1387) established the State Revolving Fund (SRF) low interest loans program (40. C.F.R. Part 31, 35 Sub Part K). Washington State administers the program under Chapter 173-98 WAC. This project has been identified as a Designated Equivalency project (DEP) and is subject to all federal requirements EPA applies to Clean Water State Revolving Funds. In addition to the federal requirements outlined in Section 4 and 5 of agreement terms and conditions, the RECIPIENT must maintain documentation of compliance with all federal cross cutters, federal procurement requirements for architectural and engineering services (Chapter 11 of Title 40, U.S.C) and Build America, Buy America Act (BABA). The portion of the project funded by this funding distribution is subject to the Single Audit Act (SAA) and Federal Funding Accountability and Transparency Act (FFATA) and funds disbursed using this funding distribution should be tracked and reported as federal funds on the recipients Schedule of Expenditures of Federal Awards (SEFA) reporting form.

Federal Awarding Agency: Environmental Protection Agency (EPA)
Federal Awarding Agency Contact: Ryan Gross
Federal Awarding Agency Phone: 206-553-6293
Federal Awarding Agency Email: Gross.Ryan@epa.gov
Federal Awarding Agency Address: 1200 Sixth Avenue, Suite 155, Seattle WA 98101-3144

ALN Catalog Name: Clean Water State Revolving Fund

ALN Number: 66.458
FAIN: 03J11601
Research Grant: 10000229
Federal Award Date: 8/13/2025
Total Federal Award Amount: $27,590,000.00

Federal Funds Obligated To Recipient: $27,590,000.00

Approved Indirect Costs Rate: Approved State Indirect Rate: 30%
Recipient Match %: 0%
InKind Interlocal Allowed: No
InKind Other Allowed: No
Is this Funding Distribution used to match a federal grant? No

Effective Interest Rate: 2.7% Interest Rate: 2.2% Admin Charge: 0.5%
Terms: 30 years
Project Start Date: 07/01/2024 Project Completion Date: 06/30/2029
Estimated Initiation of Operation date:
Loan Security: Revenue Secure Lien Obligation of the Recipient
Final Accrued Interest: $
Final Loan Amount: $
Repayment Schedule Number: 1251

SRF Loan (Federal)	Task Total
Construction	$ 27,590,000.00

Total: $ 27,590,000.00

BUDGET

Funding Distribution EL260639

NOTE: *The above funding distribution number is used to identify this specific agreement and budget on payment remittances and may be referenced on other communications from ECOLOGY. Your agreement may have multiple funding distribution numbers to identify each budget.*

Funding Title: SRF Loan (Federal BIL)
Funding Type: Loan
Funding Effective Date: 07/01/2024 Funding Expiration Date: 06/30/2029
Funding Source:

Title: CWSRF-SFY26 (Federal-BIL)

Fund: FD0727
Type: Federal
Funding Source %: 100%
Description: The Clean Water Act (CWA) (33 U.S.C 1251-1387) established the State Revolving Fund (SRF) low interest loans program (40. C.F.R. Part 31, 35 Sub Part K). Washington State administers the program under Chapter 173-98 WAC. This project has been identified to recieve Bipartison Infrastructure Law (BIL) funding and is a Designated Equivalency project (DEP). This project is subject to all federal requirements EPA applies to Clean Water State Revolving Funds. In addition to the federal requirements outlined in Section 4 and 5 of agreement terms and conditions, the RECIPIENT must maintain documentation of compliance with all federal cross cutters, federal procurement requirements for architectural and engineering services (Chapter 11 of Title 40, U.S.C) and Build America, Buy America Act (BABA). The portion of the project funded by this funding distribution is subject to the Single Audit Act (SAA) and Federal Funding Accountability and Transparency Act (FFATA) and funds disbursed using this funding distribution should be tracked and reported as federal funds on the recipients Schedule of Expenditures of Federal Awards (SEFA) reporting form.

Federal Awarding Agency:	Environmental Protection Agency (EPA)
Federal Awarding Agency Contact:	Ryan Gross
Federal Awarding Agency Phone:	206-553-6293
Federal Awarding Agency Email:	Gross.Ryan@epa.gov
Federal Awarding Agency Address:	1200 Sixth Avenue, Suite 155, Seattle WA 98101-3144
ALN Catalog Name:	Clean Water State Revolving Fund
ALN Number:	66.458
FAIN:	03J11701
Research Grant:	10000229
Federal Award Date:	8/6/2025
Total Federal Award Amount:	$42,840,000.00
Federal Funds Obligated To Recipient:	$7,625,000.00

Approved Indirect Costs Rate: Approved State Indirect Rate: 30%
Recipient Match %: 0%
InKind Interlocal Allowed: No
InKind Other Allowed: No
Is this Funding Distribution used to match a federal grant? No

Effective Interest Rate: 2.7% Interest Rate: 2.2% Admin Charge: 0.5%
Terms: 30 years
Project Start Date: 07/01/2024 Project Completion Date: 06/30/2029
Estimated Initiation of Operation date:
Loan Security: Revenue Secure Lien Obligation of the Recipient
Final Accrued Interest: $
Final Loan Amount: $
Repayment Schedule Number: 1233

SRF Loan (Federal BIL)	**Task Total**
Construction	$ 7,625,000.00

Total: $ 7,625,000.00

Funding Distribution Summary

Recipient / Ecology Share

Funding Distribution Name	Recipient Match %	Recipient Share	Ecology Share	Total
SRF Loan (Federal)	0.00 %	$ 0.00	$ 27,590,000.00	$ 27,590,000.00
SRF Loan (Federal BIL)	0.00 %	$ 0.00	$ 7,625,000.00	$ 7,625,000.00
Total		**$ 0.00**	**$ 35,215,000.00**	**$ 35,215,000.00**

AGREEMENT SPECIFIC TERMS AND CONDITIONS

N/A

SPECIAL TERMS AND CONDITIONS

WQC-2024—Water Quality Program Special Terms and Conditions (Update June 2023)
SECTION 1: DEFINITIONS
Unless otherwise provided, the following terms will have the respective meanings for all purposes of this agreement:
“Administration Charge” means a charge established in accordance with Chapter 90.50A RCW and Chapter 173-98 WAC, to be used to pay Ecology’s cost to administer the State Revolving Fund by placing a percentage of the interest earned in an Administrative Charge Account.
“Administrative Requirements” means the effective edition of ECOLOGY's Administrative Requirements for Recipients of Ecology Grants and Loans at the signing of this agreement.
“Annual Debt Service” for any calendar year means for any applicable bonds or loans including the loan, all interest plus all principal due on such bonds or loans in such year.
“Average Annual Debt Service” means, at the time of calculation, the sum of the Annual Debt Service for the remaining years of the loan to the last scheduled maturity of the loan divided by the number of those years.
“Accrued Interest” means the interest incurred as loan funds are disbursed.
“Acquisition” means the purchase or receipt of a donation of fee or less than fee interests in real property. These interests include, but are not limited to, conservation easements, access/trail easements, covenants, water rights, leases, and mineral rights.
“Build American Buy American (BABA)” means a portion of the Infrastructure Investment and Jobs Act and establishes a domestic content procurement preference for all Federal financial assistance obligated for infrastructure projects after May 14, 2022.
“Bipartisan Infrastructure Law (BIL)” means funding to improve drinking water, wastewater and stormwater infrastructure.
“Centennial Clean Water Program” means the state program funded from various state sources.
“Contract Documents” means the contract between the RECIPIENT and the construction contractor for construction of the project.
“Construction Materials” means an article, material, or supply (other than an item of primarily iron or steel; a manufactured product; cement and cementitious materials; aggregates such as stone, sand, or gravel; aggregate binding agents or additives; or non-permanent products) that is or consists primarily of, non-ferrous metals, plastic

and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables), (including optic glass), lumber, and drywall.
“Cost Effective Analysis” means a comparison of the relative cost-efficiencies of two or more potential ways of solving a water quality problem as described in Chapter 173-98-730 WAC.
“Davis Bacon Prevailing Wage Act” means the federal law mandating on-site workers on public works projects be paid certain wages, benefits, and overtime (also known as “prevailing wage” on all government-funded construction, alteration, and repair projects.
“Defease” or “Defeasance” means the setting aside in escrow or other special fund or account of sufficient investments and money dedicated to pay all principal of and interest on all or a portion of an obligation as it comes due.
“Effective Date” means the earliest date on which eligible costs may be incurred.
“Effective Interest Rate” means the total interest rate established by Ecology that includes the Administrative Charge.
“Estimated Loan Amount” means the initial amount of funds loaned to the RECIPIENT.
“Estimated Loan Repayment Schedule” means the schedule of loan repayments over the term of the loan based on the Estimated Loan Amount and the estimated schedule for completion of the project.
“Equivalency” means the amount of State Revolving Fund (SRF) funding each funding cycle equivalent to the EPA grant to Ecology.
“Equivalency Project” means State Revolving Fund (SRF) funded project(s) designated by ECOLOGY to receive federal funding and meet additional federal requirements.
“Expiration Date” means the latest date on which eligible costs may be incurred.
“Final Accrued Interest” means the interest accrued beginning with the first disbursement of funds to the RECIPIENT through such time as the loan is officially closed out and a final loan repayment schedule is issued.
“Final Loan Amount” means all principal of and accrued interest on the loan from the Project Start Date through the Project Completion Date.
“Final Loan Repayment Schedule” means the schedule of loan repayments over the term of the loan based on the Final Loan Amount and the initiation of operation or completion date, whichever comes first.
“Forgivable Principal” means the portion of a loan that is not required to be paid back by the borrower.
“General Obligation Debt” means an obligation of the RECIPIENT secured by annual ad valorem taxes levied by the RECIPIENT and by the full faith, credit, and resources of the RECIPIENT.
“General Obligation Payable from Special Assessments Debt” means an obligation of the RECIPIENT secured by a valid general obligation of the Recipient payable from special assessments to be imposed within the constitutional and statutory tax limitations provided by law without a vote of the electors of the RECIPIENT on all the taxable property within the boundaries of the RECIPIENT.
“Gross Revenue” means all of the earnings and revenues received by the RECIPIENT from the maintenance and operation of the Utility and all earnings from the investment of money on deposit in the Loan Fund, except (i) Utility Local Improvement Districts (ULID) Assessments, (ii) government grants, (iii) RECIPIENT taxes, (iv) principal proceeds of bonds and other obligations, or (v) earnings or proceeds (A) from any investments in a trust, Defeasance, or escrow fund created to Defease or refund Utility obligations or (B) in an obligation redemption fund or account other than the Loan Fund until commingled with other earnings and revenues of the Utility or (C) held in a special account for the purpose of paying a rebate to the United States Government under the Internal Revenue Code.
“Guidelines” means the ECOLOGY's Funding Guidelines that that correlate to the State Fiscal Year in which the project is funded.
“Initiation of Operation Date” means the actual date the facility financed with proceeds of the loan begins to operate for its intended purpose. (For loans only)
“Iron and Steel Products” means products made primarily of iron or steel including but may not be limited to: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

"Loan" means the Washington State Water Pollution Control Revolving Fund Loan or Centennial Clean Water Fund (Centennial) Loan made pursuant to this loan agreement.
"Loan Amount" means either an Estimated Loan Amount or a Final Loan Amount, as applicable.
"Loan Fund" means the special fund created by the RECIPIENT for the repayment of the principal of and interest on the loan.
"Loan Security" means the mechanism by which the RECIPIENT pledges to repay the loan.
"Loan Term" means the repayment period of the loan.
"Maintenance and Operation Expense" means all reasonable expenses incurred by the RECIPIENT in causing the Utility to be operated and maintained in good repair, working order, and condition including payments to other parties, but will not include any depreciation or RECIPIENT levied taxes or payments to the RECIPIENT in lieu of taxes.
"Manufactured Products" means, items and construction materials composed in whole or in part of non-ferrous metals such as aluminum plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concreate; glass, including optical fiber; and lumber.

"Produced in the United States" means for iron and steel products, that all manufacturing processes, from the initial melting state through the application of coatings, occurred in the Untied States.
"Net Revenue" means the Gross Revenue less the Maintenance and Operation Expense.
"Original Engineer's Estimate" means the engineer's estimate of construction costs included with bid documents.
"Prevailing Wage" means hourly wage, usual benefits, and overtime paid in the largest city in each county, to the majority of workers, laborers, and mechanics performing the same work. The rate is established separately for each county.
"Principal and Interest Account" means, for a loan that constitutes Revenue-Secured Debt, the account created in the loan fund to be first used to repay the principal of and interest on the loan.
"Project" means the project described in this agreement.
"Project Completion Date" means the date specified in the agreement on which the Scope of Work will be fully completed and is the last day eligible costs can be incurred. This term is only used in loan agreements.
"Project Schedule" means that schedule for the project specified in the agreement.
"Revenue-Secured Debt" means an obligation of the RECIPIENT secured by a pledge of the revenue of a utility and one not a general obligation of the RECIPIENT.
"Reserve Account" means, for a loan that constitutes a Revenue Secured Debt and if specifically identified as a term and condition of the funding agreement, the account of that name created in the loan fund to secure the payment of the principal of and interest on the loan.
"Risk-Based Determination" means an approach to sub-recipient monitoring and oversight based on risk factors associated to a RECIPIENT or project.
"Scope of Work" means the tasks and activities constituting the project.
"Section 319" means the section of the Clean Water Act that provides funding to address nonpoint sources of water pollution.
"Senior Lien Obligations" means all revenue bonds and other obligations of the RECIPIENT outstanding on the date of execution of this loan agreement (or subsequently issued on a parity therewith, including refunding obligations) or issued after the date of execution of this loan agreement having a claim or lien on the Gross Revenue of the Utility prior and superior to the claim or lien of the loan, subject only to Maintenance and Operation Expense.
"State Water Pollution Control Revolving Fund (Revolving Fund)" means the water pollution control revolving fund established by Chapter 90.50A.020 RCW.
"Termination Date" means the effective date of ECOLOGY's termination of the agreement.
"Termination Payment Date" means the date on which the RECIPIENT is required to repay to ECOLOGY any outstanding balance of the loan and all accrued interest.

"Total Eligible Project Cost" means the sum of all costs associated with a water quality project that have been determined to be eligible for ECOLOGY grant or loan funding, including any required recipient match.

"Total Project Cost" means the sum of all costs associated with a water quality project, including costs that are not eligible for ECOLOGY grant or loan funding.

"Unique Entity Identity Identifier (UEI)" means a 12-character alphanumeric ID assigned by SAM.gov. to an entity doing business with or receiving funds from the federal government. This number replaces the DUNS number.

"ULID" means any utility local improvement district of the RECIPIENT created for the acquisition or construction of additions to and extensions and betterments of the Utility.

"ULID Assessments" means all assessments levied and collected in any ULID. Such assessments are pledged to be paid into the Loan Fund (less any prepaid assessments permitted by law to be paid into a construction fund or account). ULID Assessments will include principal installments and any interest or penalties which may be due.

"Utility" means the sewer system, stormwater system, or the combined water and sewer system of the RECIPIENT, the Net Revenue of which is pledged to pay and secure the loan.

SECTION 2: CONDITIONS APPLY TO ALL RECIPIENTS OF WATER QUALITY COMBINED FINANCIAL ASSISTANCE FUNDING.

The Water Quality Financial Assistance Funding Guidelines are included in this agreement by reference and are available on ECOLOGY's Water Quality Program website.

A. Accounting Standards: The RECIPIENT shall maintain accurate records and accounts for the project (PROJECT Records) in accordance with Generally Accepted Accounting Principles (GAAP) as issued by the Governmental Accounting Standards Board (GASB), including standards related to the reporting of infrastructure assets or in accordance with the standards in Chapter 43.09.200 RCW "Local Government Accounting – Uniform System of Accounting."

B. Architectural and Engineering Services: The RECIPIENT certifies by signing this agreement that the requirements of Chapter 39.80 RCW, "Contracts for Architectural and Engineering Services," have been, or shall be, met in procuring qualified architectural/engineering services. The RECIPIENT shall identify and separate eligible and ineligible costs in the final architectural/engineering services contract and submit a copy of the contract to ECOLOGY.

C. Acquisition: The following provisions shall be in force only if the project described in this agreement is an acquisition project:

a. Evidence of Land Value and Title. The RECIPIENT shall submit documentation of the cost of the property rights and the type of ownership interest that has been acquired.

b. Legal Description of Real Property Rights Acquired. The legal description of the real property rights purchased with funding assistance provided through this agreement (and protected by a recorded conveyance of rights to the State of Washington) shall be incorporated into the agreement before final payment.

c. Conveyance of Rights to the State of Washington. Upon purchase of real property rights (both fee simple and lesser interests), the RECIPIENT shall execute the document necessary to convey certain rights and responsibilities to ECOLOGY, on behalf of the State of Washington. The documents required will depend on the project type, the real property rights being acquired, and whether or not those rights are being acquired in perpetuity (see options below). The RECIPIENT shall use language provided by ECOLOGY, to record the executed document in the County where the real property lies, and to provide a copy of the recorded document to ECOLOGY.

Documentation Options:

1. Deed of Right. The Deed of Right conveys to the people of the state of Washington the right to preserve, protect, and/or use the property for public purposes consistent with the fund source. RECIPIENTs shall use this document when acquiring real property rights that include the underlying land. This document may also be applicable for those easements where the RECIPIENT has acquired a perpetual easement for public purposes. The RECIPIENT must obtain ECOLOGY approval on the draft language prior to executing the deed of right.

2. Assignment of Rights. The Assignment of Rights document transfers certain rights such as access and enforcement

to ECOLOGY. The RECIPIENT shall use this document when an easement or lease is being acquired for water quality and habitat conservation. The Assignment of Rights requires the signature of the underlying landowner and must be incorporated by reference in the easement document.

3. Easements and Leases. The RECIPIENT may incorporate required language from the Deed of Right or Assignment of Rights directly into the easement or lease document, thereby eliminating the requirement for a separate document. Language will depend on the situation; therefore, the RECIPIENT must obtain ECOLOGY approval on the draft language prior to executing the easement or lease.

d. Real Property Acquisition and Relocation Assistance.

1. Federal Acquisition Policies. See Section 4 of this agreement for requirements specific to Section 319 and SRF funded projects.

2. State Acquisition Policies. When state funds are part of this agreement, the RECIPIENT agrees to comply with the terms and conditions of the Uniform Relocation Assistance and Real Property Acquisition Policy of the State of Washington, Chapter 8.26 RCW, and Chapter 468-100 WAC.

3. Housing and Relocation. In the event that housing and relocation costs, as required by federal law set out in subsection (1) above and/or state law set out in subsection (2) above, are involved in the execution of this project, the RECIPIENT agrees to provide any housing and relocation assistance required.

e. Hazardous Substances.

1. Certification. The RECIPIENT shall inspect, investigate, and conduct an environmental audit of the proposed acquisition site for the presence of hazardous substances, as defined in RCW 70.105D.020(10), and certify:

i. No hazardous substances were found on the site, or

ii. Any hazardous substances found have been treated and/or disposed of in compliance with applicable state and federal laws, and the site is deemed "clean."

2. Responsibility. Nothing in this provision alters the RECIPIENT's duties and liabilities regarding hazardous substances as set forth in RCW 70.105D.

3. Hold Harmless. The RECIPIENT will defend, protect and hold harmless ECOLOGY and any and all of its employees and/or agents, from and against any and all liability, cost (including but not limited to all costs of defense and attorneys' fees) and any and all loss of any nature from any and all claims or suits resulting from the presence of, or the release or threatened release of, hazardous substances on the property the RECIPIENT is acquiring.

f. Restriction On Conversion Of Real Property And/Or Facilities To Other Uses

The RECIPIENT shall not at any time convert any real property (including any interest therein) or facility acquired, developed, maintained, renovated, and/or restored pursuant to this agreement to uses other than those purposes for which funds were approved without prior approval of ECOLOGY. For acquisition projects that are term limited, such as one involving a lease or a term-limited restoration, renovation or development project or easement, this restriction on conversion shall apply only for the length of the term, unless otherwise provided in written documents or required by applicable state or federal law. In such case, the restriction applies to such projects for the length of the term specified by the lease, easement, deed, or landowner agreement.

D. Best Management Practices (BMP) Implementation: If the RECIPIENT installs BMPs that are not approved by ECOLOGY prior to installation, the RECIPIENT assumes the risk that part or all of the reimbursement for that activity may be delayed or ineligible. For more details regarding BMP Implementation, please reference the Water Quality Financial Assistance Funding Guidelines available on ECOLOGY's Water Quality Program funding website.

E. Electronic Fund Transfers: Payment will be issued through Washington State's Office of Financial Management's Statewide Payee Desk. To receive payment you must register as a statewide vendor by submitting a statewide vendor registration form and an IRS W-9 form at website, https://ofm.wa.gov/it-systems/statewide-vendorpayee-services. If you have questions about the vendor registration process or electronic fund transfers, you can contact Statewide Payee Help Desk at (360) 407-8180 or email PayeeRegistration@ofm.wa.gov.

F. Equipment Purchase: Equipment purchases over $5,000 and not included in the scope of work or the Ecology approved construction plans and specifications, must be pre-approved by ECOLOGY's project manager before purchase. All equipment purchases over $5,000 and not included in a contract for work being completed on the funded project, must also be reported on the Equipment Purchase Report in EAGL.

G. Funding Recognition: The RECIPIENT must inform the public about any ECOLOGY or EPA funding participation in this project through the use of project signs, acknowledgement in published materials, reports, the news media, websites, or other public announcements. Projects addressing site-specific locations must utilize appropriately sized and weather-resistant signs. Contact your Ecology Project Team to determine the appropriate recognition for your project.

H. Growth Management Planning: The RECIPIENT certifies by signing this agreement that it is in compliance with the requirements of Chapter 36.70A RCW, "Growth Management Planning by Selected Counties and Cities." If the status of compliance changes, either through RECIPIENT or legislative action, the RECIPIENT shall notify ECOLOGY in writing of this change within 30 days.

I. Interlocal: The RECIPIENT certifies by signing this agreement that all negotiated interlocal agreements necessary for the project are, or shall be, consistent with the terms of this agreement and Chapter 39.34 RCW, "Interlocal Cooperation Act." The RECIPIENT shall submit a copy of each interlocal agreement necessary for the project to ECOLOGY upon request.

J. Lobbying and Litigation: Costs incurred for the purposes of lobbying or litigation are not eligible for funding under this agreement.

K. Post Project Assessment Survey: The RECIPIENT agrees to participate in a brief survey regarding the key project results or water quality project outcomes and the status of long-term environmental results or goals from the project approximately three years after project completion. A representative from ECOLOGY's Water Quality Program may contact the RECIPIENT to request this data. ECOLOGY may also conduct site interviews and inspections, and may otherwise evaluate the project, as part of this assessment.

L. Project Status Evaluation: ECOLOGY may evaluate the status at any time. ECOLOGY's Project Manager and Financial Manager will meet with the RECIPIENT to review spending trends, completion of outcome measures, and overall project administration and performance. If the RECIPIENT fails to make satisfactory progress toward achieving project outcomes, ECOLOGY may change the scope of work, reduce grant funds, or increase oversight measures.

M. Technical Assistance: Technical assistance for agriculture activities provided under the terms of this agreement shall be consistent with the current U.S. Natural Resource Conservation Service ("NRCS") Field Office Technical Guide for Washington State and specific requirements outlined in the Water Quality Funding Guidelines. Technical assistance, proposed practices, or project designs that do not meet these standards may be eligible if approved in writing by ECOLOGY.

SECTION 3: CONDITIONS APPLY TO SECTION 319 AND CENTENNIAL CLEAN WATER FUNDED PROJECTS BEING USED TO MATCH SECTION 319 FUNDS.

The RECIPIENT must submit the following documents to ECOLOGY before this agreement is signed by ECOLOGY:

1. Federal Funding Accountability and Transparency Act (FFATA) Form is available on the Water Quality Program website and must be completed and submitted to Ecology. (This form is used for Section 319 (federal) funds only)
2. "Section 319 Initial Data Reporting" form must be completed in EAGL.

A. Data Reporting: The RECIPIENT must complete the "Section 319 Initial Data Reporting" form in EAGL before this agreement can be signed by Ecology. This form is used to gather general information about the project for EPA.

B. Funding Recognition and Outreach: In addition to Section 2.F. of these Special Terms and Conditions, the RECIPIENT shall provide signage that informs the public that the project is funded by EPA. The signage shall contain the EPA logo and follow usage requirements available at http://www2.epa.gov/stylebook/using-epa-seal-and-logo. To obtain the appropriate EPA logo or seal graphic file, the RECIPIENT may send a request to their Ecology Financial Manager.

To increase public awareness of projects serving communities where English is not the predominant language,

RECIPIENTS are encouraged to provide their outreach strategies communication in non-English languages. Translation costs for this purpose are allowable, provided the costs are reasonable. (Applies to both the Section 319 funded projects and the Centennial match projects)
The RECIPIENT shall use the following paragraph in all reports, documents, and signage developed under this agreement: (Applies to Section 319 funded projects only)
“This project has been funded wholly or in part by the United States Environmental Protection Agency under an assistance agreement to the Washington State Department of Ecology. The contents of this document do not necessarily reflect the views and policies of the Environmental Protection Agency, nor does the mention of trade names or commercial products constitute endorsement or recommendation for use.”
C. Load Reduction Reporting: The RECIPIENT shall complete the “Section 319 Annual Load Reduction Reporting” form in EAGL by January 15 of each year and at project close-out. ECOLOGY may hold reimbursements until the RECIPIENT has completed the form. This form is used to gather information on best management practices (BMPs) installed and associated pollutant load reductions that were funded as a part of this project.
D. Time Extension: The RECIPIENT may request a one-time extension for up to 12 months. However, the time extension cannot exceed the time limitation established in EPA’s assistance agreement. In the event a time extension is requested and approved by ECOLOGY, the RECIPIENT must complete all eligible work performed under this agreement by the expiration date. (For Section 319 funded projects only)

SECTION 4: CONDITIONS APPLY TO ALL FEDERAL FUNDING AGREEMENTS, INCLUDING SECTION 319, State Revolving Fund (SRF) Equivalency Projects, and SEWER OVERFLOW AND STORMWATER REUSE MUNICIPAL GRANT (OSG)
A. Acquisitions: RECIPIENTs shall comply with the terms and conditions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 84 Stat. 1894 (1970)--Public Law 91-646, as amended by the Surface Transportation and Uniform Relocation Assistance Act, PL 100-17-1987, and applicable regulations and procedures of the federal agency implementing that Act.
B. Audit Requirements: In accordance with 2 CFR 200.501(a), the RECIPIENT agrees to obtain a single audit from an independent auditor, if their organization expends $750,000 or more in total Federal funds in their fiscal year. The RECIPIENT must submit the form SF-SAC and a Single Audit Report Package within 9 months of the end of the fiscal year or 30 days after receiving the report from an independent auditor. The SF-SAC and a Single Audit Report Package MUST be submitted using the Federal Audit Clearinghouse’s Internet Data Entry System available at: https://facweb.census.gov/.
C. Archaeological Resources and Historic Properties (Section 106): This requires completion of the Ecology Cultural Resources Review Form, coordination with Ecology Cultural Resources staff, and receipt of the Ecology Final Determination prior to any property acquisition and above and below ground disturbing activities.
D. Architectural and Engineering Services Procurement: The RECIPIENT must procure architectural and engineering services in accordance with the federal requirements in Chapter 11 of Title 40, U.S.C. (see https://uscode.house.gov/view.xhtml?path=/prelim@title40/subtitle1/chapter11&edition=prelim).
E Build America, Buy America (BABA – Pub. L. No. 117-58, 70901-52) (Federally funded SRF Equivalency projects only): The RECIPIENT identified by ECOLOGY as receiving federal equivalency funding agrees to comply with all federal requirements applicable to the assistance received (including those imposed by the Infrastructure Investment and Jobs Act (“IIJA”/BIL), Public Law No. 117-58) which the RECIPIENT understands includes, but is not limited to, the following requirements: that all the iron and steel, manufactured products, and construction materials used in the Project are to be produced in the United States (“Build America, Buy America Requirements”) unless (i) the RECIPIENT has requested and obtained a waiver from the cognizant Agency pertaining to the Project or the Project is otherwise covered by a general applicability waiver; or (ii) all of the contributing Agencies have otherwise advised the RECIPIENT in writing that the Build America, Buy America Requirements are not applicable to the project. RECPIENT shall comply with all record keeping and reporting requirements under all applicable legal authorities,

including any reports required by the funding authority (such as EPA and/or a state), such as performance indicators of program deliverables, information on costs and project progress. The RECIPIENT identified by ECOLOGY as receiving federal equivalency funding, understands that (i) each contract and subcontract related to the project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the applicable legal requirements and this Agreement may result in a default hereunder that results in a repayment of the assistance agreement in advance of termination and/or repayment of assistance, and/or other remedial actions.

EPA has granted an adjustment period waiver of the requirements of Section 70914(a) of the BIL, pursuant to Section 70914(b)(1) (public interest waiver), for eligible projects financed by SRF projects that have initiated project design planning prior to May 14, 2022, the statutory effective date of the BABA requirements. This action permits the use of non-domestic manufactured products and construction materials in such projects funded by a Clean Water or Drinking Water SRF that may otherwise be prohibited under the BABA requirements of Section 70914. This action permits the use of non-domestic manufactured products and construction materials in such projects funded by a Clean Water or Drinking Water SRF that may otherwise be prohibited under the BABA requirements of Section 70914.

Sections 70917(a) and (b) of BIL provide a savings provision for existing statutory requirements that meet or exceed BABA requirements. The statutory American Iron and Steel (AIS) requirements of Clean Water Act (CWA) Section 608 and Safe Drinking Water Act (SDWA) Section 1452(a)(4) has previously applied to SRF projects and will continue to do so as part of BABA requirements.

Where manufactured products used in the project are required to be produced in the United States, manufactured product shall mean manufactured in the United States, and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation. The manufactured products included cover the majority of potential water infrastructure products, including complex products made up of a variety of material types and components. For water infrastructure projects, commonly manufactured products would include, but not be limited to, pumps, motors, blowers, aerators, generators, instrumentation and control systems, gauges, meters, measurement equipment, treatment equipment, dewatering equipment, actuators, and many other mechanical and electrical items.

F. Disadvantaged Business Enterprise (DBE): General Compliance, 40 CFR, Part 33. The RECIPIENT agrees to comply with the requirements of the Environmental Protection Agency's Program for Utilization of Small, Minority, and Women's Business Enterprises (MBE/WBE) 40CFR, Part 33 in procurement under this agreement.

Six Good Faith Efforts, 40 CFR, Part 33, Subpart C. The RECIPIENT agrees to make the following good faith efforts whenever procuring construction, equipment, services, and supplies under this agreement. Records documenting compliance with the following six good faith efforts shall be retained:

1) Ensure Disadvantaged Business Enterprises are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local and Government RECIPIENTs, this shall include placing Disadvantaged Business Enterprises on solicitation lists and soliciting them whenever they are potential sources.

2) Make information on forthcoming opportunities available to Disadvantaged Business Enterprises and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by Disadvantaged Business Enterprises in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of thirty (30) calendar days before the bid or proposal closing date.

3) Consider, in the contracting process, whether firms competing for large contracts could subcontract with Disadvantaged Business Enterprises. For Indian Tribal, State, and Local Government RECIPIENTs, this shall include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by Disadvantaged Business Enterprises in the competitive process.

4) Encourage contracting with a consortium of Disadvantaged Business Enterprises when a contract is too large for

one of these firms to handle individually.
5) Use services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
6) If the prime contractor awards subcontracts, require the prime contractor to take the five good faith efforts steps in paragraphs 1 through 5 above.
The RECIPIENT agrees to submit ECOLOGY’s Contractor Participation Report Form D with each payment request.
Contract Administration Provisions, 40 CFR, Section 33.302. The RECIPIENT agrees to comply with the contract administration provisions of 40 CFR, Section 33.302.
Non-discrimination Provision. The RECIPIENT shall not discriminate on the basis of race, color, national origin, or sex in the performance of this agreement. The RECIPIENT shall carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the RECIPIENT to carry out these requirements is a material breach of this agreement which may result in the termination of this contract or other legally available remedies.
This does not preclude the RECIPIENT from enacting broader nondiscrimination protections.
The RECIPIENT shall comply with all federal and state nondiscrimination laws, including but not limited to, Title VI and VII of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and Chapter 49.60 RCW, Washington’s Law Against Discrimination, and 42 U.S.C. 12101 et seq, the Americans with Disabilities Act (ADA).
In the event of the RECIPIENT’s noncompliance or refusal to comply with any applicable nondiscrimination law, regulation, or policy, this agreement may be rescinded, canceled, or terminated in whole or in part and the RECIPIENT may be declared ineligible for further funding from ECOLOGY. The RECIPIENT shall, however, be given a reasonable time in which to cure this noncompliance.
The RECIPIENT shall include the following terms and conditions in contracts with all contractors, subcontractors, engineers, vendors, and any other entity for work or services pertaining to this agreement.
“The Contractor will not discriminate on the basis of race, color, national origin, or sex in the performance of this Contract. The Contractor will carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under Environmental Protection Agency financial agreements. Failure by the Contractor to carry out these requirements is a material breach of this Contract which may result in termination of this Contract or other legally available remedies.”
Bidder List, 40 CFR, Section 33.501(b) and (c). The RECIPIENT agrees to create and maintain a bidders list. The bidders list shall include the following information for all firms that bid or quote on prime contracts, or bid or quote subcontracts, including both MBE/WBEs and non-MBE/WBEs.
1. Entity's name with point of contact
2. Entity's mailing address, telephone number, and e-mail address
3. The procurement on which the entity bid or quoted, and when
4. Entity's status as an MBE/WBE or non-MBE/WBE
G. Electronic and information Technology (EIT) Accessibility: RECIPIENTs shall ensure that loan funds provided under this agreement for costs in the development or purchase of EIT systems or products provide individuals with disabilities reasonable accommodations and an equal and effective opportunity to benefit from or participate in a program, including those offered through electronic and information technology as per Section 504 of the Rehabilitation Act, codified in 40 CFR Part 7. Systems or products funded under this agreement must be designed to meet the diverse needs of users without barriers or diminished function or quality. Systems shall include usability features or functions that accommodate the needs of persons with disabilities, including those who use assistive technology.
H. Federal Funding Accountability and Transparency Act (FFATA) Form, available on the Water Quality Program website.
I. Hotel-Motel Fire Safety Act: The RECIPIENT shall ensure that all space for conferences, meetings, conventions,

or training seminars funded in whole or in part with federal funds complies with the protection and control guidelines of the Hotel and Motel Fire Safety Act (15 USC 2225a, PL 101-391, as amended). Recipients may search the Hotel-Motel National Master List at http://www.usfa.dhs.gov/applications/hotel/ to see if a property is in compliance, or to find other information about the Act. Pursuant to 15 USC 2225a.

J. Prevailing Wage (Davis-Bacon Act): The RECIPIENT agrees, by signing this agreement, to comply with the Davis-Bacon Act prevailing wage requirements. This applies to the construction, alteration, and repair of treatment works carried out, in whole or in part, with assistance made available by the State Revolving Fund as authorized by Section 513, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1372). Laborers and mechanics employed by contractors and subcontractors shall be paid wages not less often than once a week and at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor.

The RECIPIENT shall obtain the wage determination for the area in which the project is located prior to issuing requests for bids, proposals, quotes, or other methods for soliciting contracts (solicitation). These wage determinations shall be incorporated into solicitations and any subsequent contracts. The RECIPIENT shall ensure that the required EPA contract language regarding Davis-Bacon Wages is in all contracts and subcontracts more than $2,000. The RECIPIENT shall maintain records sufficient to document compliance with the Davis-Bacon Act and make such records available for review upon request. Wage determinations and instructions for their use can be found at https://sam.gov/.

The RECIPIENT also agrees, by signing this agreement, to comply with State Prevailing Wages on Public Works, Chapter 39.12 RCW, as applicable. Compliance may include the determination whether the project involves “public work” and inclusion of the applicable prevailing wage rates in the bid specifications and contracts. The RECIPIENT agrees to maintain records sufficient to evidence compliance with Chapter 39.12 RCW and make such records available for review upon request. Where conflicts arise between the State prevailing wage rates and Davis-Bacon Act prevailing wage requirements the more stringent requirement shall govern. Washington State prevailing wage rates can be found at https://www.lni.wa.gov/licensing-permits/public-works-projects/prevailing-wage-rates/

K. Trafficking in Persons: The RECIPIENT and RECIPIENT employees that are private entities shall not engage in forms of trafficking in persons. This includes, but is not limited to, the procurement of a commercial sex act or forced labor. The RECIPIENT shall notify ECOLOGY immediately of any information received from any source alleging a violation under this provision.

L. Unique Entity Identity Identifier (UEI): The RECIPIENT agrees to register with and make their registration public in the System for Award Management (SAM.gov). The RECIPIENT will be assigned a UEI and agree to include their UEI Number under their organization’s information in EAGL. The UEI number must be entered into EAGL before a funding agreement is signed.

SECTION 5: CONDITIONS APPLY TO STATE REVOLVING FUND (SRF) LOAN FUNDED PROJECTS ONLY.
The RECIPIENT must submit the following documents/forms to ECOLOGY before this agreement is signed by ECOLOGY:

1. Financial Capability Assessment Documentation (upon request)
2. Opinion of RECIPIENT’s Legal Council – Form available on the Ecology website must be completed and uploaded to the General Uploads form in EAGL.
3. Authorizing Ordinance or Resolution – Must be uploaded to the General Uploads form in EAGL.
4. Federal Funding Accountability and Transparency Act (FFATA) Form (Required for all federally funded SRF Equivalency projects – Form available on the Ecology website must be completed and uploaded to the General Uploads form in EAGL.
5. CWSRF Federal Reporting Information form – Must be completed in EAGL.
6. Fiscal Sustainability Plan (Asset Management) Certification Form (Only required if the project includes construction of a wastewater or stormwater facility construction) – Must be completed in EAGL.
7. Cost and Effectiveness Analysis Certification Form (Required for all projects receiving SRF Loan funding) – Must

be completed in EAGL.
8. State Environmental Review Process (SERP) Documentation (Required for treatment works projects only) – Must be uploaded to the Environmental and Cultural Review form in EAGL.
A. Alteration and Eligibility of Project: During the term of this agreement, the RECIPIENT (1) shall not materially alter the design or structural character of the project without the prior written approval of ECOLOGY and (2) shall take no action which would adversely affect the eligibility of the project as defined by applicable funding program rules and state statutes, or which would cause a violation of any covenant, condition, or provision herein.
B. American Iron and Steel (Buy American – P.L 113-76, Consolidated Appropriations Act 2014, Section 436): This loan provision applies to projects for the construction, alteration, maintenance, or repair of a "treatment works" as defined in the Federal Water Pollution Control Act (33 USC 1381 et seq.) The RECIPIENT shall ensure that all iron and steel products used in the project are produced in the United States. Iron and Steel products means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. The RECIPIENT may request waiver from this requirement from the Administrator of the Environmental Protection Agency. The RECIPIENT must coordinate all waiver requests through ECOLOGY. This provision does not apply if the engineering plans and specifications for the project were approved by ECOLOGY prior to January 17, 2014. ECOLOGY reserves the right to request documentation of RECIPIENT'S compliance with this provision.
C. Authority of RECIPIENT: This agreement is authorized by the Constitution and laws of the state of Washington, including the RECIPIENT's authority, and by the RECIPIENT pursuant to the authorizing ordinance or resolution. The RECIPIENT shall submit a copy of the authorizing ordinance or resolution to the ECOLOGY Financial Manager before this agreement shall be signed by ECOLOGY.
D. Equivalency Projects: ECOLOGY designated equivalency project and alternative designated equivalency project RECIPIENTs agree to accept federal funds and the federal requirements that accompany the funds. This includes all the requirements in Section 4 and this Section.
E. Fiscal Sustainability Plan Certification: The RECIPIENT shall submit a completed Fiscal Sustainability Plan Certification before this agreement is signed by ECOLOGY. The Fiscal Sustainability Plan Certification is available from the ECOLOGY Financial Manager or on the Water Quality Program website.
F. Funding Recognition and Outreach: The RECIPIENT agrees to comply with the EPA SRF Signage Guidance to enhance public awareness of EPA assistance agreements nationwide. Signage guidance can be found at: https://ecology.wa.gov/About-us/How-we-operate/Grants-loans/Find-a-grant-or-loan/Water-Quality-grants-and-loans/Facility-project-resources.
G. Insurance: The RECIPIENT shall at all times carry fire and extended insurance coverage, public liability, and property damage, and such other forms of insurance with responsible insurers and policies payable to the RECIPIENT on such of the buildings, equipment, works, plants, facilities, and properties of the Utility as are ordinarily carried by municipal or privately-owned utilities engaged in the operation of like systems, and against such claims for damages as are ordinarily carried by municipal or privately-owned utilities engaged in the operation of like systems, or it shall self-insure or participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the RECIPIENT, to protect it against loss.
H. Litigation Authority: No litigation is now pending, or to the RECIPIENT's knowledge, threatened, seeking to restrain, or enjoin:
(i) the execution of this agreement; or
(ii) the fixing or collection of the revenues, rates, and charges or the formation of the ULID and the levy and collection of ULID Assessments therein pledged to pay the principal of and interest on the loan (for revenue secured lien obligations); or
(iii) the levy and collection of the taxes pledged to pay the principal of and interest on the loan (for general obligation-secured loans and general obligation payable from special-assessment-secured loans); or

(iv) in any manner questioning the proceedings and authority under which the agreement, the loan, or the project are authorized. Neither the corporate existence, or boundaries of the RECIPIENT nor the title of its present officers to their respective offices is being contested. No authority or proceeding for the execution of this agreement has been repealed, revoked, or rescinded.

I. Loan Interest Rate and Terms: This loan agreement shall remain in effect until the date of final repayment of the loan, unless terminated earlier according to the provisions herein.

When the Project Completion Date has occurred, ECOLOGY and the RECIPIENT shall execute an amendment to this loan agreement which details the final loan amount (Final Loan Amount), and ECOLOGY shall prepare a final loan repayment schedule. The Final Loan Amount shall be the combined total of actual disbursements made on the loan and all accrued interest to the computation date.

The Estimated Loan Amount and the Final Loan Amount (in either case, as applicable, a “Loan Amount”) shall bear interest based on the interest rate identified in this agreement as the “Effective Interest Rate,” per annum, calculated on the basis of a 365-day year. Interest on the Estimated Loan Amount shall accrue from and be compounded monthly based on the date that each payment is mailed to the RECIPIENT. The Final Loan Amount shall be repaid in equal installments, semiannually, over the term of this loan “Loan Term” as outlined in this agreement.

J. Loan Repayment:

Sources of Loan Repayment

1. Nature of RECIPIENT's Obligation. The obligation of the RECIPIENT to repay the loan from the sources identified below and to perform and observe all other agreements and obligations on its part, contained herein, shall be absolute and unconditional, and shall not be subject to diminution by setoff, counterclaim, or abatement of any kind. To secure the repayment of the loan from ECOLOGY, the RECIPIENT agrees to comply with all the covenants, agreements, and attachments contained herein.

2. For General Obligation. This loan is a General Obligation Debt of the RECIPIENT.

3. For General Obligation Payable from Special Assessments. This loan is a General Obligation Debt of the RECIPIENT payable from special assessments to be imposed within the constitutional and statutory tax limitations provided by law without a vote of the electors of the RECIPIENT on all the taxable property within the boundaries of the RECIPIENT.

4. For Revenue-Secured: Lien Position. This loan is a Revenue-Secured Debt of the RECIPIENT’s Utility. This loan shall constitute a lien and charge upon the Net Revenue junior and subordinate to the lien and charge upon such Net Revenue of any Senior Lien Obligations.

In addition, if this loan is also secured by Utility Local Improvement Districts (ULID) Assessments, this loan shall constitute a lien upon ULID Assessments in the ULID prior and superior to any other charges whatsoever.

5. Other Sources of Repayment. The RECIPIENT may repay any portion of the loan from any funds legally available to it.

6. Defeasance of the Loan. So long as ECOLOGY shall hold this loan, the RECIPIENT shall not be entitled to, and shall not affect, an economic Defeasance of the loan. The RECIPIENT shall not advance refund the loan.

If the RECIPIENT defeases or advance refunds the loan, it shall be required to use the proceeds thereof immediately upon their receipt, together with other available RECIPIENT funds, to repay both of the following:

(i) The Loan Amount with interest

(ii) Any other obligations of the RECIPIENT to ECOLOGY under this agreement, unless in its sole discretion ECOLOGY finds that repayment from those additional sources would not be in the public interest.

Failure to repay the Loan Amount plus interest within the time specified in ECOLOGY’s notice to make such repayment shall incur Late Charges and shall be treated as a Loan Default.

7. Refinancing or Early Repayment of the Project. So long as ECOLOGY shall hold this loan, the RECIPIENT shall give ECOLOGY thirty days written notice if the RECIPIENT intends to refinance or make early repayment of the loan.

Method and Conditions on Repayments

1. Semiannual Payments. Notwithstanding any other provision of this agreement, the first semiannual payment of principal and interest on this loan shall be due and payable no later than one year after the project completion date or initiation of operation date, whichever comes first.

Thereafter, equal payments shall be due every six months.

If the due date for any semiannual payment falls on a Saturday, Sunday, or designated holiday for Washington State agencies, the payment shall be due on the next business day for Washington State agencies.

Payments shall be mailed to:

Department of Ecology
Cashiering Unit
P.O. Box 47611
Olympia WA 98504-7611

In lieu of mailing payments, electronic fund transfers can be arranged by working with ECOLOGY's Financial Manager.

No change to the amount of the semiannual principal and interest payments shall be made without a mutually signed amendment to this agreement. The RECIPIENT shall continue to make semiannual payments based on this agreement until the amendment is effective, at which time the RECIPIENT's payments shall be made pursuant to the amended agreement.

2. Late Charges. If any amount of the Final Loan Amount or any other amount owed to ECOLOGY pursuant to this agreement remains unpaid after it becomes due and payable, ECOLOGY may assess a late charge. The late charge shall be one percent per month on the past due amount starting on the date the debt becomes past due and until it is paid in full.

3. Repayment Limitations. Repayment of the loan is subject to the following additional limitations, among others: those on defeasance, refinancing and advance refunding, termination, and default and recovery of payments.

4. Prepayment of Loan. So long as ECOLOGY shall hold this loan, the RECIPIENT may prepay the entire unpaid principal balance of and accrued interest on the loan or any portion of the remaining unpaid principal balance of the Loan Amount. Any prepayments on the loan shall be applied first to any accrued interest due and then to the outstanding principal balance of the Loan Amount. If the RECIPIENT elects to prepay the entire remaining unpaid balance and accrued interest, the RECIPIENT shall first contact ECOLOGY's Revenue/Receivable Manager of the Fiscal Office.

K. Loan Security

Due Regard: For loans secured with a Revenue Obligation: The RECIPIENT shall exercise due regard for Maintenance and Operation Expense and the debt service requirements of the Senior Lien Obligations and any other outstanding obligations pledging the Gross Revenue of the Utility, and it has not obligated itself to set aside and pay into the loan Fund a greater amount of the Gross Revenue of the Utility than, in its judgment, shall be available over and above such Maintenance and Operation Expense and those debt service requirements.

Where collecting adequate gross utility revenue requires connecting additional users, the RECIPIENT shall require the sewer system connections necessary to meet debt obligations and expected operation and maintenance expenses.

Levy and Collection of Taxes (if used to secure the repayment of the loan): For so long as the loan is outstanding, the RECIPIENT irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of its electors on all of the taxable property within the boundaries of the RECIPIENT in an amount sufficient, together with other money legally available and to be used therefore, to pay when due the principal of and interest on the loan, and the full faith, credit and resources of the RECIPIENT are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Not an Excess Indebtedness: For loans secured with a general obligation pledge or a general obligation pledge on special assessments: The RECIPIENT agrees that this agreement and the loan to be made do not create an indebtedness of the RECIPIENT in excess of any constitutional or statutory limitations.

Pledge of Net Revenue and ULID Assessments in the ULID (if used to secure the repayment of this loan): For so long as the loan is outstanding, the RECIPIENT irrevocably pledges the Net Revenue of the Utility, including applicable ULID Assessments in the ULID, to pay when due the principal of and interest on the loan.
Utility Local Improvement District (ULID) Assessment Collection (if used to secure the repayment of the loan): All ULID Assessments in the ULID shall be paid into the Loan Fund and used to pay the principal of and interest on the loan.
L. Maintenance and Operation of a Funded Utility: The RECIPIENT shall, at all times, maintain and keep the funded Utility in good repair, working order, and condition.
M. Opinion of RECIPIENT's Legal Counsel: The RECIPIENT must submit an "Opinion of Legal Counsel to the RECIPIENT" to ECOLOGY before this agreement will be signed. ECOLOGY will provide the form.
N. Prevailing Wage (Davis-Bacon Act): The RECIPIENT agrees, by signing this agreement, to comply with the Davis-Bacon Act prevailing wage requirements. This applies to the construction, alteration, and repair of treatment works carried out, in whole or in part, with assistance made available by the State Revolving Fund as authorized by Section 513, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1372). Laborers and mechanics employed by contractors and subcontractors shall be paid wages not less often than once a week and at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor.
The RECIPIENT shall obtain the wage determination for the area in which the project is located prior to issuing requests for bids, proposals, quotes, or other methods for soliciting contracts (solicitation). These wage determinations shall be incorporated into solicitations and any subsequent contracts. The RECIPIENT shall ensure that the required EPA contract language regarding Davis-Bacon Wages is in all contracts and subcontracts more than $2,000. The RECIPIENT shall maintain records sufficient to document compliance with the Davis-Bacon Act and make such records available for review upon request.
The RECIPIENT also agrees, by signing this agreement, to comply with State Prevailing Wages on Public Works, Chapter 39.12 RCW, as applicable. Compliance may include the determination whether the project involves "public work" and inclusion of the applicable prevailing wage rates in the bid specifications and contracts. The RECIPIENT agrees to maintain records sufficient to evidence compliance with Chapter 39.12 RCW and make such records available for review upon request.
O. Progress Reports: RECIPIENTS funded with State Revolving Fund Loan or Forgivable Principal shall include the following verification statement in the "General Comments" text box of each progress report.
"We verified that we are in compliance with all the requirements as outlined in our funding agreement(s) with the Department of Ecology. This includes but is not limited to:
- The Davis-Bacon Act, 29 CFR , prevailing wage requirements, certified weekly payroll, etc.
- The Disadvantaged Business Enterprise (DBE), 40 CFR, Part 33
- The American Iron and Steel Act (Buy American)
- The Build America Buy America Act (BABA) (equivalency projects only)"

P. Representations and Warranties: The RECIPIENT represents and warrants to ECOLOGY as follows:
Application: Material Information. All information and materials submitted by the RECIPIENT to ECOLOGY in connection with its loan application were, when made, and are, as of the date the RECIPIENT signs this agreement, true and correct. There is no material adverse information relating to the RECIPIENT, the project, the loan, or this agreement known to the RECIPIENT, which has not been disclosed in writing to ECOLOGY.
Existence; Authority. It is a duly formed and legally existing municipal corporation or political subdivision of the state of Washington or a federally recognized Indian Tribe. It has full corporate power and authority to execute, deliver, and perform all of its obligations under this agreement and to undertake the project identified herein.
Certification. Each payment request shall constitute a certification by the RECIPIENT to the effect that all representations and warranties made in this loan agreement remain true as of the date of the request and that no adverse developments, affecting the financial condition of the RECIPIENT or its ability to complete the project or to repay the principal of or interest on the loan, have occurred since the date of this loan agreement. Any changes in the

RECIPIENT's financial condition shall be disclosed in writing to ECOLOGY by the RECIPIENT in its request for payment.

Q. Sale or Disposition of Funded Utility: The RECIPIENT shall not sell, transfer, or otherwise dispose of any of the works, plant, properties, facilities, or other part of the funded Utility or any real or personal property comprising a part of the funded Utility unless:

1. The facilities or property transferred are not material to the operation of the funded Utility, or have become unserviceable, inadequate, obsolete, or unfit to be used in the operation of the funded Utility or are no longer necessary, material, or useful to the operation of the funded Utility; or
2. The aggregate depreciated cost value of the facilities or property being transferred in any fiscal year comprises no more than three percent of the total assets of the funded Utility; or
3. The RECIPIENT receives from the transferee an amount equal to an amount which will be in the same proportion to the net amount of Senior Lien Obligations and this LOAN then outstanding (defined as the total amount outstanding less the amount of cash and investments in the bond and loan funds securing such debt) as the Gross Revenue of the funded Utility from the portion of the funded Utility sold or disposed of for the preceding year bears to the total Gross Revenue for that period.
4. Expressed written agreement by the ECOLOGY.

The proceeds of any transfer under this paragraph must be used (1) to redeem promptly, or irrevocably set aside for the redemption of, Senior Lien Obligations and to redeem promptly the loan, and (2) to provide for part of the cost of additions to and betterments and extensions of the Utility.

R. Sewer-Use Ordinance or Resolution for Funded Wastewater Facility Projects: If not already in existence, the RECIPIENT shall adopt and shall enforce a sewer-use ordinance or resolution. Such ordinance or resolution shall be submitted to ECOLOGY upon request.

The sewer use ordinance must include provisions to:

1) Prohibit the introduction of toxic or hazardous wastes into the RECIPIENT's sewer system.
2) Prohibit inflow of stormwater into separated sewer systems.
3) Require that new sewers and connections be properly designed and constructed.

S. Termination and Default:

Termination and Default Events

1. For Insufficient ECOLOGY or RECIPIENT Funds. ECOLOGY may terminate this loan agreement for insufficient ECOLOGY or RECIPIENT funds.
2. For Failure to Commence Work. ECOLOGY may terminate this loan agreement for failure of the RECIPIENT to commence project work.
3. Past Due Payments. The RECIPIENT shall be in default of its obligations under this loan agreement when any loan repayment becomes 60 days past due.
4. Other Cause. The obligation of ECOLOGY to the RECIPIENT is contingent upon satisfactor

GENERAL FEDERAL CONDITIONS

If a portion or all of the funds for this agreement are provided through federal funding sources or this agreement is used to match a federal grant award, the following terms and conditions apply to you.

A. CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY EXCLUSION:

1. The RECIPIENT/CONTRACTOR, by signing this agreement, certifies that it is not suspended, debarred, proposed for debarment, declared ineligible or otherwise excluded from contracting with the federal government, or from receiving contracts paid for with federal funds. If the RECIPIENT/CONTRACTOR is unable to certify to the statements contained in the certification, they must provide an explanation as to why they cannot.

2. The RECIPIENT/CONTRACTOR shall provide immediate written notice to ECOLOGY if at any time the RECIPIENT/CONTRACTOR learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
3. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact ECOLOGY for assistance in obtaining a copy of those regulations.
4. The RECIPIENT/CONTRACTOR agrees it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under the applicable Code of Federal Regulations, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction.
5. The RECIPIENT/CONTRACTOR further agrees by signing this agreement, that it will include this clause titled "CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY EXCLUSION" without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
6. Pursuant to 2CFR180.330, the RECIPIENT/CONTRACTOR is responsible for ensuring that any lower tier covered transaction complies with certification of suspension and debarment requirements.
7. RECIPIENT/CONTRACTOR acknowledges that failing to disclose the information required in the Code of Federal Regulations may result in the delay or negation of this funding agreement, or pursuance of legal remedies, including suspension and debarment.
8. RECIPIENT/CONTRACTOR agrees to keep proof in its agreement file, that it, and all lower tier recipients or contractors, are not suspended or debarred, and will make this proof available to ECOLOGY before requests for reimbursements will be approved for payment. RECIPIENT/CONTRACTOR must run a search in <http://www.sam.gov> and print a copy of completed searches to document proof of compliance.

B. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA) REPORTING REQUIREMENTS:

CONTRACTOR/RECIPIENT must complete the FFATA Data Collection Form (ECY 070-395) and return it with the signed agreement to ECOLOGY.

Any CONTRACTOR/RECIPIENT that meets each of the criteria below must report compensation for its five top executives using the FFATA Data Collection Form.

- Receives more than $30,000 in federal funds under this award.
- Receives more than 80 percent of its annual gross revenues from federal funds.
- Receives more than $25,000,000 in annual federal funds.

Ecology will not pay any invoices until it has received a completed and signed FFATA Data Collection Form. Ecology is required to report the FFATA information for federally funded agreements, including the required Unique Entity Identifier in www.sam.gov <http://www.sam.gov/> within 30 days of agreement signature. The FFATA information will be available to the public at www.usaspending.gov <http://www.usaspending.gov/>.

For more details on FFATA requirements, see www.fsrs.gov <http://www.fsrs.gov/>.

C. FEDERAL FUNDING PROHIBITION ON CERTAIN TELECOMMUNICATIONS OR VIDEO SURVEILLANCE SERVICES OR EQUIPMENT:

As required by 2 CFR 200.216, federal grant or loan recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:

1. Procure or obtain;
2. Extend or renew a contract to procure or obtain; or
3. Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that use covered telecommunications equipment, video surveillance services or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232 <https://www.govinfo.gov/content/pkg/PLAW-115publ232/pdf/PLAW-115publ232.pdf>, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

Recipients, subrecipients, and borrowers also may not use federal funds to purchase certain prohibited equipment, systems, or services, including equipment, systems, or services produced or provided by entities identified in section 889, are recorded in the System for Award Management (SAM) <https://sam.gov/SAM/> exclusion list.

GENERAL TERMS AND CONDITIONS

Pertaining to Grant and Loan Agreements With the state of Washington, Department of Ecology

GENERAL TERMS AND CONDITIONS
For DEPARTMENT OF ECOLOGY GRANTS and LOANS
03/11/2026 Version

1. ADMINISTRATIVE REQUIREMENTS

a) RECIPIENT shall follow the "Administrative Requirements for Recipients of Ecology Grants and Loans – EAGL Edition." https://apps.ecology.wa.gov/publications/UIPages/SummaryPages/2601001.html
b) RECIPIENT shall complete all activities funded by this Agreement and be fully responsible for the proper management of all funds and resources made available under this Agreement.
c) RECIPIENT agrees to take complete responsibility for all actions taken under this Agreement, including ensuring all subgrantees and contractors comply with the terms and conditions of this Agreement. ECOLOGY reserves the right to request proof of compliance by subgrantees and contractors.
d) RECIPIENT's activities under this Agreement shall be subject to the review and approval by ECOLOGY for the extent and character of all work and services.

2. AMENDMENTS AND MODIFICATIONS

This Agreement may be altered, amended, or waived only by a written amendment executed by both parties. No subsequent modification(s) or amendment(s) of this Agreement will be of any force or effect unless in writing and signed by authorized representatives of both parties. ECOLOGY and the RECIPIENT may change their respective staff contacts and administrative information without the concurrence of either party.

3. ACCESSIBILITY REQUIREMENTS FOR COVERED TECHNOLOGY

The RECIPIENT must comply with the Washington State Office of the Chief Information Officer, OCIO Policy no. 188, Accessibility (https://ocio.wa.gov/policy/accessibility) as it relates to "covered technology." This requirement applies to all products supplied under the Agreement, providing equal access to information technology by individuals with disabilities, including and not limited to web sites/pages, web-based applications, software systems, video and audio content, and electronic documents intended for publishing on Ecology's public web site.

4. ARCHAEOLOGICAL AND CULTURAL RESOURCES

RECIPIENT shall take all reasonable action to avoid, minimize, or mitigate adverse effects to archaeological and historic archaeological sites, historic buildings/structures, traditional cultural places, sacred sites, or other cultural resources, hereby referred to as Cultural Resources.
The RECIPIENT must agree to hold harmless ECOLOGY in relation to any claim related to Cultural Resources discovered, disturbed, or damaged due to the RECIPIENT's project funded under this Agreement.
RECIPIENT shall:
a) Contact the ECOLOGY Program issuing the grant or loan to discuss any Cultural Resources requirements for their project:
• Cultural Resource Consultation and Review should be initiated early in the project planning process and must be completed prior to expenditure of Agreement funds as required by applicable State and Federal requirements.
* For state funded construction, demolition, or land acquisitions, comply with Governor Executive Order 21-02, Archaeological and Cultural Resources.
• For projects with any federal involvement, comply with the National Historic Preservation Act of 1966 (Section 106).

b) If required by the ECOLOGY Program, submit an Inadvertent Discovery Plan (IDP) to ECOLOGY prior to implementing any project that involves field activities. ECOLOGY will provide the IDP form.
RECIPIENT shall:
• Keep the IDP at the project site.
• Make the IDP readily available to anyone working at the project site.
• Discuss the IDP with staff, volunteers, and contractors working at the project site.
• Implement the IDP when Cultural Resources or human remains are found at the project site.
c) If any Cultural Resources are found while conducting work under this Agreement, follow the protocol outlined in the project IDP.
• Immediately stop work and notify the ECOLOGY Program, who will notify the Department of Archaeology and Historic Preservation at (360) 586-3065, any affected Tribe, and the local government.
d) If any human remains are found while conducting work under this Agreement, follow the protocol outlined in the project IDP.
• Immediately stop work and notify the local Law Enforcement Agency or Medical Examiner/Coroner's Office, the Department of Archaeology and Historic Preservation at (360) 790-1633, and then the ECOLOGY Program.
e) Comply with RCW 27.53, RCW 27.44, and RCW 68.50.645, and all other applicable local, state, and federal laws protecting Cultural Resources and human remains.

5. ASSIGNMENT
No right or claim of the RECIPIENT arising under this Agreement shall be transferred or assigned by the RECIPIENT.

6. COMMUNICATION
RECIPIENT shall make every effort to maintain effective communications with the RECIPIENT's designees, ECOLOGY, all affected local, state, or federal jurisdictions, and any interested individuals or groups.

7. COMPENSATION
a) Any work performed prior to effective date of this Agreement will be at the sole expense and risk of the RECIPIENT. ECOLOGY must sign the Agreement before any payment requests can be submitted.
b) Payments will be made on a reimbursable basis for approved and completed work as specified in this Agreement.
c) RECIPIENT is responsible to determine if costs are eligible. Any questions regarding eligibility should be clarified with ECOLOGY prior to incurring costs. Costs that are conditionally eligible require approval by ECOLOGY prior to expenditure.
d) RECIPIENT shall not invoice more than once per month unless agreed on by ECOLOGY.
e) ECOLOGY will not process payment requests without the proper reimbursement forms, Progress Report and supporting documentation. ECOLOGY will provide instructions for submitting payment requests.
f) ECOLOGY will pay the RECIPIENT thirty (30) days after receipt of a properly completed request for payment.
g) RECIPIENT will receive payment through Washington State's Office of Financial Management's Statewide Payee Desk. To receive payment you must register as a statewide vendor by submitting a statewide vendor registration form and an IRS W-9 form at website, https://ofm.wa.gov/tech-support/statewide-vendor-payee-services/. If you have questions about the vendor registration process, you can contact Statewide Payee Help Desk at (360) 407-8180 or email SupplierRegistration@ofm.wa.gov.
h) ECOLOGY may, at its sole discretion, withhold payments claimed by the RECIPIENT if the RECIPIENT fails to satisfactorily comply with any term or condition of this Agreement.
i) Monies withheld by ECOLOGY may be paid to the RECIPIENT when the work described herein, or a portion thereof, has been completed if, at ECOLOGY's sole discretion, such payment is reasonable and approved according to this Agreement, as appropriate, or upon completion of an audit as specified herein.

j) RECIPIENT must submit within thirty (30) days after the expiration date of this Agreement, all financial, performance, and other reports required by this Agreement. Failure to comply may result in delayed reimbursement.

8. COMPLIANCE WITH ALL LAWS

RECIPIENT agrees to comply fully with all applicable federal, state and local laws, orders, regulations, and permits related to this Agreement, including but not limited to:
a) RECIPIENT agrees to comply with all applicable laws, regulations, and policies of the United States and the State of Washington which affect wages and job safety.
b) RECIPIENT agrees to be bound by all applicable federal and state laws, regulations, and policies against discrimination.
c) RECIPIENT certifies full compliance with all applicable state industrial insurance requirements.
d) RECIPIENT agrees to secure and provide assurance to ECOLOGY that all the necessary approvals and permits required by authorities having jurisdiction over the project are obtained. RECIPIENT must include time in their project timeline for the permit and approval processes.
ECOLOGY shall have the right to immediately terminate for cause this Agreement as provided herein if the RECIPIENT fails to comply with above requirements.
If any provision of this Agreement violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

9. CONFLICT OF INTEREST

RECIPIENT and ECOLOGY agree that any officer, member, agent, or employee, who exercises any function or responsibility in the review, approval, or carrying out of this Agreement, shall not have any personal or financial interest, direct or indirect, nor affect the interest of any corporation, partnership, or association in which he/she is a part, in this Agreement or the proceeds thereof.

10. CONTRACTING FOR GOODS AND SERVICES

RECIPIENT may contract to buy goods or services related to its performance under this Agreement. RECIPIENT shall award all contracts for construction, purchase of goods, equipment, services, and professional architectural and engineering services through a competitive process, if required by State law. RECIPIENT is required to follow procurement procedures that ensure legal, fair, and open competition.
RECIPIENT must have a standard procurement process or follow current state procurement procedures. RECIPIENT may be required to provide written certification that they have followed their standard procurement procedures and applicable state law in awarding contracts under this Agreement.
ECOLOGY reserves the right to inspect and request copies of all procurement documentation, and review procurement practices related to this Agreement. Any costs incurred as a result of procurement practices not in compliance with state procurement law or the RECIPIENT's normal procedures may be disallowed at ECOLOGY's sole discretion.

11. DISPUTES

When there is a dispute with regard to the extent and character of the work, or any other matter related to this Agreement the determination of ECOLOGY will govern, although the RECIPIENT shall have the right to appeal decisions as provided for below:
a) RECIPIENT notifies the funding program of an appeal request.
b) Appeal request must be in writing and state the disputed issue(s).
c) RECIPIENT has the opportunity to be heard and offer evidence in support of its appeal.
d) ECOLOGY reviews the RECIPIENT's appeal.
e) ECOLOGY sends a written answer within ten (10) business days, unless more time is needed, after concluding the

review.
The decision of ECOLOGY from an appeal will be final and conclusive, unless within thirty (30) days from the date of such decision, the RECIPIENT furnishes to the Director of ECOLOGY a written appeal. The decision of the Director or duly authorized representative will be final and conclusive.
The parties agree that this dispute process will precede any action in a judicial or quasi-judicial tribunal.
Appeals of the Director's decision will be brought in the Superior Court of Thurston County. Review of the Director's decision will not be taken to Environmental and Land Use Hearings Office.
Pending final decision of a dispute, the RECIPIENT agrees to proceed diligently with the performance of this Agreement and in accordance with the decision rendered.
Nothing in this Agreement will be construed to limit the parties' choice of another mutually acceptable method, in addition to the dispute resolution procedure outlined above.

12. ENVIRONMENTAL DATA STANDARDS
a) RECIPIENT shall prepare a Quality Assurance Project Plan (QAPP) for a project that collects or uses environmental measurement data. RECIPIENTS unsure about whether a QAPP is required for their project shall contact the ECOLOGY Program issuing the grant or loan. If a QAPP is required, the RECIPIENT shall:
• Use ECOLOGY's QAPP Template/Checklist provided by the ECOLOGY, unless ECOLOGY Quality Assurance (QA) officer or the Program QA coordinator instructs otherwise.
• Follow ECOLOGY's Guidelines for Preparing Quality Assurance Project Plans for Environmental Studies, July 2004 (Ecology Publication No. 04-03-030).
• Submit the QAPP to ECOLOGY for review and approval before the start of the work.
b) RECIPIENT shall submit environmental data that was collected on a project to ECOLOGY using the Environmental Information Management system (EIM), unless the ECOLOGY Program instructs otherwise. The RECIPIENT must confirm with ECOLOGY that complete and correct data was successfully loaded into EIM, find instructions at: http://www.ecy.wa.gov/eim.
c) RECIPIENT shall follow ECOLOGY's data standards when Geographic Information System (GIS) data is collected and processed. Guidelines for Creating and Accessing GIS Data are available at: https://ecology.wa.gov/Research-Data/Data-resources/Geographic-Information-Systems-GIS/Standards. RECIPIENT, when requested by ECOLOGY, shall provide copies to ECOLOGY of all final GIS data layers, imagery, related tables, raw data collection files, map products, and all metadata and project documentation.

13. GOVERNING LAW
This Agreement will be governed by the laws of the State of Washington, and the venue of any action brought hereunder will be in the Superior Court of Thurston County.

14. INDEMNIFICATION
ECOLOGY will in no way be held responsible for payment of salaries, consultant's fees, and other costs related to the project described herein, except as provided in the Scope of Work.
To the extent that the Constitution and laws of the State of Washington permit, each party will indemnify and hold the other harmless from and against any liability for any or all injuries to persons or property arising from the negligent act or omission of that party or that party's agents or employees arising out of this Agreement.

15. INDEPENDENT STATUS
The employees, volunteers, or agents of each party who are engaged in the performance of this Agreement will continue to be employees, volunteers, or agents of that party and will not for any purpose be employees, volunteers, or agents of the other party.

16. KICKBACKS

RECIPIENT is prohibited from inducing by any means any person employed or otherwise involved in this Agreement to give up any part of the compensation to which he/she is otherwise entitled to or receive any fee, commission, or gift in return for award of a subcontract hereunder.

17. MINORITY AND WOMEN'S BUSINESS ENTERPRISES (MWBE)

RECIPIENT is encouraged to solicit and recruit, to the extent possible, certified minority-owned (MBE) and women-owned (WBE) businesses in purchases and contracts initiated under this Agreement.
Contract awards or rejections cannot be made based on MWBE participation; however, the RECIPIENT is encouraged to take the following actions, when possible, in any procurement under this Agreement:
a) Include qualified minority and women's businesses on solicitation lists whenever they are potential sources of goods or services.
b) Divide the total requirements, when economically feasible, into smaller tasks or quantities, to permit maximum participation by qualified minority and women's businesses.
c) Establish delivery schedules, where work requirements permit, which will encourage participation of qualified minority and women's businesses.
d) Use the services and assistance of the Washington State Office of Minority and Women's Business Enterprises (OMWBE) (866-208-1064) and the Office of Minority Business Enterprises of the U.S. Department of Commerce, as appropriate.

18. ORDER OF PRECEDENCE

In the event of inconsistency in this Agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order: (a) applicable federal and state statutes and regulations; (b) The Agreement; (c) Scope of Work; (d) Special Terms and Conditions; (e) Any provisions or terms incorporated herein by reference, including the "Administrative Requirements for Recipients of Ecology Grants and Loans"; (f) Ecology Funding Program Guidelines; and (g) General Terms and Conditions.

19. PRESENTATION AND PROMOTIONAL MATERIALS

ECOLOGY reserves the right to approve RECIPIENT's communication documents and materials related to the fulfillment of this Agreement:
a) If requested, RECIPIENT shall provide a draft copy to ECOLOGY for review and approval ten (10) business days prior to production and distribution.
b) RECIPIENT shall include time for ECOLOGY's review and approval process in their project timeline.
c) If requested, RECIPIENT shall provide ECOLOGY two (2) final copies and an electronic copy of any tangible products developed.
Copies include any printed materials, and all tangible products developed such as brochures, manuals, pamphlets, videos, audio tapes, CDs, curriculum, posters, media announcements, or gadgets with a message, such as a refrigerator magnet, and any online communications, such as web pages, blogs, and twitter campaigns. If it is not practical to provide a copy, then the RECIPIENT shall provide a description (photographs, drawings, printouts, etc.) that best represents the item.
Any communications intended for public distribution that uses ECOLOGY's logo shall comply with ECOLOGY's graphic requirements and any additional requirements specified in this Agreement. Before the use of ECOLOGY's logo contact ECOLOGY for guidelines.
RECIPIENT shall acknowledge in the communications that funding was provided by ECOLOGY.

20. PROGRESS REPORTING

a) RECIPIENT must satisfactorily demonstrate the timely use of funds by submitting payment requests and progress

reports to ECOLOGY. ECOLOGY reserves the right to amend or terminate this Agreement if the RECIPIENT does not document timely use of funds.
b) RECIPIENT must submit a progress report with each payment request. Payment requests will not be processed without a progress report. ECOLOGY will define the elements and frequency of progress reports.
c) RECIPIENT shall use ECOLOGY's provided progress report format.
d) Quarterly progress reports will cover the periods from January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31. Reports shall be submitted within thirty (30) days after the end of the quarter being reported.
e) RECIPIENT must submit within thirty (30) days of the expiration date of the project, unless an extension has been approved by ECOLOGY, all financial, performance, and other reports required by the Agreement and funding program guidelines. RECIPIENT shall use the ECOLOGY provided closeout report format.

21. PROPERTY RIGHTS

a) Copyrights and Patents. When the RECIPIENT creates any copyrightable materials or invents any patentable property under this Agreement, the RECIPIENT may copyright or patent the same but ECOLOGY retains a royalty free, nonexclusive, and irrevocable license to reproduce, publish, recover, or otherwise use the material(s) or property, and to authorize others to use the same for federal, state, or local government purposes.
b) Publications. When the RECIPIENT or persons employed by the RECIPIENT use or publish ECOLOGY information; present papers, lectures, or seminars involving information supplied by ECOLOGY; or use logos, reports, maps, or other data in printed reports, signs, brochures, pamphlets, etc., appropriate credit shall be given to ECOLOGY.
c) Presentation and Promotional Materials. ECOLOGY shall have the right to use or reproduce any printed or graphic materials produced in fulfillment of this Agreement, in any manner ECOLOGY deems appropriate. ECOLOGY shall acknowledge the RECIPIENT as the sole copyright owner in every use or reproduction of the materials.
d) Tangible Property Rights. ECOLOGY's current edition of "Administrative Requirements for Recipients of Ecology Grants and Loans," shall control the use and disposition of all real and personal property purchased wholly or in part with funds furnished by ECOLOGY in the absence of state and federal statutes, regulations, or policies to the contrary, or upon specific instructions with respect thereto in this Agreement.
e) Personal Property Furnished by ECOLOGY. When ECOLOGY provides personal property directly to the RECIPIENT for use in performance of the project, it shall be returned to ECOLOGY prior to final payment by ECOLOGY. If said property is lost, stolen, or damaged while in the RECIPIENT's possession, then ECOLOGY shall be reimbursed in cash or by setoff by the RECIPIENT for the fair market value of such property.
f) Acquisition Projects. The following provisions shall apply if the project covered by this Agreement includes funds for the acquisition of land or facilities:
1. RECIPIENT shall establish that the cost is fair value and reasonable prior to disbursement of funds provided for in this Agreement.
2. RECIPIENT shall provide satisfactory evidence of title or ability to acquire title for each parcel prior to disbursement of funds provided by this Agreement. Such evidence may include title insurance policies, Torrens certificates, or abstracts, and attorney's opinions establishing that the land is free from any impediment, lien, or claim which would impair the uses intended by this Agreement.
g) Conversions. Regardless of the Agreement expiration date, the RECIPIENT shall not at any time convert any equipment, property, or facility acquired or developed under this Agreement to uses other than those for which assistance was originally approved without prior written approval of ECOLOGY. Such approval may be conditioned upon payment to ECOLOGY of that portion of the proceeds of the sale, lease, or other conversion or encumbrance which monies granted pursuant to this Agreement bear to the total acquisition, purchase, or construction costs of such property.

22. RECORDS, AUDITS, AND INSPECTIONS

RECIPIENT shall maintain complete program and financial records relating to this Agreement, including any engineering documentation and field inspection reports of all construction work accomplished.
All records shall:
a) Be kept in a manner which provides an audit trail for all expenditures.
b) Be kept in a common file to facilitate audits and inspections.
c) Clearly indicate total receipts and expenditures related to this Agreement.
d) Be open for audit or inspection by ECOLOGY, or by any duly authorized audit representative of the State of Washington, for a period of at least three (3) years after the final grant payment or loan repayment, or any dispute resolution hereunder.
RECIPIENT shall provide clarification and make necessary adjustments if any audits or inspections identify discrepancies in the records.
ECOLOGY reserves the right to audit, or have a designated third party audit, applicable records to ensure that the state has been properly invoiced. Any remedies and penalties allowed by law to recover monies determined owed will be enforced. Repetitive instances of incorrect invoicing or inadequate records may be considered cause for termination.
All work performed under this Agreement and any property and equipment purchased shall be made available to ECOLOGY and to any authorized state, federal or local representative for inspection at any time during the course of this Agreement and for at least three (3) years following grant or loan termination or dispute resolution hereunder.
RECIPIENT shall provide right of access to ECOLOGY, or any other authorized representative, at all reasonable times, in order to monitor and evaluate performance, compliance, and any other conditions under this Agreement.

23. RECOVERY OF FUNDS
The right of the RECIPIENT to retain monies received as reimbursement payments is contingent upon satisfactory performance of this Agreement and completion of the work described in the Scope of Work.
All payments to the RECIPIENT are subject to approval and audit by ECOLOGY, and any unauthorized expenditure(s) or unallowable cost charged to this Agreement shall be refunded to ECOLOGY by the RECIPIENT.
RECIPIENT shall refund to ECOLOGY the full amount of any erroneous payment or overpayment under this Agreement.
RECIPIENT shall refund by check payable to ECOLOGY the amount of any such reduction of payments or repayments within thirty (30) days of a written notice. Interest will accrue at the rate of twelve percent (12%) per year from the time ECOLOGY demands repayment of funds.
Any property acquired under this Agreement, at the option of ECOLOGY, may become ECOLOGY's property and the RECIPIENT's liability to repay monies will be reduced by an amount reflecting the fair value of such property.

24. SEVERABILITY
If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, and to this end the provisions of this Agreement are declared to be severable.
25. STATE ENVIRONMENTAL POLICY ACT (SEPA)
RECIPIENT must demonstrate to ECOLOGY's satisfaction that compliance with the requirements of the State Environmental Policy Act (Chapter 43.21C RCW and Chapter 197-11 WAC) have been or will be met. Any reimbursements are subject to this provision.

26. SUSPENSION
When in the best interest of ECOLOGY, ECOLOGY may at any time, and without cause, suspend this Agreement or any portion thereof for a temporary period by written notice from ECOLOGY to the RECIPIENT. RECIPIENT shall resume performance on the next business day following the suspension period unless another day is specified by ECOLOGY.

27. SUSTAINABLE PRACTICES

In order to sustain Washington's natural resources and ecosystems, the RECIPIENT is fully encouraged to implement sustainable practices and to purchase environmentally preferable products under this Agreement.
a) Sustainable practices may include such activities as: use of clean energy, use of double-sided printing, hosting low impact meetings, and setting up recycling and composting programs.
b) Purchasing may include such items as: sustainably produced products and services, EPEAT registered computers and imaging equipment, independently certified green cleaning products, remanufactured toner cartridges, products with reduced packaging, office products that are refillable, rechargeable, and recyclable, 100% post-consumer recycled paper, and toxic free products.
For more suggestions visit the Washington State Procurement Manual web page, Green Purchasing, https://des.wa.gov/purchase/washington-state-procurement-manual/green-purchasing.

28. TERMINATION

a) For Cause
ECOLOGY may terminate for cause this Agreement with a seven (7) calendar days prior written notification to the RECIPIENT, at the sole discretion of ECOLOGY, for failing to perform an Agreement requirement or for a material breach of any term or condition. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.
Failure to Commence Work. ECOLOGY reserves the right to terminate this Agreement if RECIPIENT fails to commence work on the project funded within four (4) months after the effective date of this Agreement, or by any date mutually agreed upon in writing for commencement of work, or the time period defined within the Scope of Work.
Non-Performance. The obligation of ECOLOGY to the RECIPIENT is contingent upon satisfactory performance by the RECIPIENT of all of its obligations under this Agreement. In the event the RECIPIENT unjustifiably fails, in the opinion of ECOLOGY, to perform any obligation required of it by this Agreement, ECOLOGY may refuse to pay any further funds, terminate in whole or in part this Agreement, and exercise any other rights under this Agreement.
Despite the above, the RECIPIENT shall not be relieved of any liability to ECOLOGY for damages sustained by ECOLOGY and the State of Washington because of any breach of this Agreement by the RECIPIENT. ECOLOGY may withhold payments for the purpose of setoff until such time as the exact amount of damages due ECOLOGY from the RECIPIENT is determined.

b) For Convenience
ECOLOGY may terminate for convenience this Agreement, in whole or in part, for any reason when it is the best interest of ECOLOGY, with a thirty (30) calendar days prior written notification to the RECIPIENT, except as noted below. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.
Non-Allocation of Funds. ECOLOGY's ability to make payments is contingent on availability of funding. In the event funding from state, federal or other sources is withdrawn, reduced, or limited in any way after the effective date and prior to the completion or expiration date of this Agreement, ECOLOGY, at its sole discretion, may elect to terminate the Agreement, in whole or part, or renegotiate the Agreement, subject to new funding limitations or conditions. ECOLOGY may also elect to suspend performance of the Agreement until ECOLOGY determines the funding insufficiency is resolved. ECOLOGY may exercise any of these options with no notification or restrictions, although ECOLOGY will make a reasonable attempt to provide notice.
In the event of termination or suspension, ECOLOGY will reimburse eligible costs incurred by the RECIPIENT through the effective date of termination or suspension. Reimbursed costs must be agreed to by ECOLOGY and the RECIPIENT. In no event shall ECOLOGY's reimbursement exceed ECOLOGY's total responsibility under the Agreement and any amendments.

If payments have been discontinued by ECOLOGY due to unavailable funds, the RECIPIENT shall not be obligated to repay monies which had been paid to the RECIPIENT prior to such termination.
RECIPIENT’s obligation to continue or complete the work described in this Agreement shall be contingent upon availability of funds by the RECIPIENT's governing body.

c) By Mutual Agreement
ECOLOGY and the RECIPIENT may terminate this Agreement, in whole or in part, at any time, by mutual written agreement.

d) In Event of Termination
All finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, reports or other materials prepared by the RECIPIENT under this Agreement, at the option of ECOLOGY, will become property of ECOLOGY and the RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.
Nothing contained herein shall preclude ECOLOGY from demanding repayment of all funds paid to the RECIPIENT in accordance with Recovery of Funds, identified herein.

29. THIRD PARTY BENEFICIARY
RECIPIENT shall ensure that in all subcontracts entered into by the RECIPIENT pursuant to this Agreement, the state of Washington is named as an express third party beneficiary of such subcontracts with full rights as such.

30. WAIVER
Waiver of a default or breach of any provision of this Agreement is not a waiver of any subsequent default or breach, and will not be construed as a modification of the terms of this Agreement unless stated as such in writing by the authorized representative of ECOLOGY.

End of General Terms and Conditions

DEPARTMENT OF ECOLOGY
State of Washington

Estimated loan repayment schedule

Loan number:	EL260638	Loan amount:	$27,590,000.00
Agreement #:	WQC-2026-KCoNRP-00201	Term of loan:	30 Years
Recipient name:	KING COUNTY NATURAL RESOURCES	Effective interest rate:	2.700%
Amortization method:	Compound-365 D/Y	Interest compounded:	Monthly
Project Completion:	6/30/2029	Loan date:	6/30/2030
Schedule number:	AS-000001251	Schedule creation date:	5/1/2026

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
1	6/30/2030	684,381.25	(69,836.75)	614,548.00	139,670.00	27,659,836.75
Subtotal	**FY 2030**	**684,381.25**	**(69,836.75)**	**614,548.00**	**139,670.00**	**27,659,836.75**
2	12/30/2030	684,381.25	308,866.72	305,974.80	69,539.73	27,350,970.03
3	6/30/2031	684,381.25	313,059.95	302,558.10	68,763.20	27,037,910.08
Subtotal	**FY 2031**	**1,368,762.50**	**621,926.67**	**608,532.90**	**138,302.93**	**27,037,910.08**
4	12/30/2031	684,381.25	317,310.10	299,095.01	67,976.14	26,720,599.98
5	6/30/2032	684,381.25	321,617.96	295,584.90	67,178.39	26,398,982.02
Subtotal	**FY 2032**	**1,368,762.50**	**638,928.06**	**594,679.91**	**135,154.53**	**26,398,982.02**
6	12/30/2032	684,381.25	325,984.30	292,027.14	66,369.81	26,072,997.72
7	6/30/2033	684,381.25	330,409.91	288,421.09	65,550.25	25,742,587.81
Subtotal	**FY 2033**	**1,368,762.50**	**656,394.21**	**580,448.23**	**131,920.06**	**25,742,587.81**
8	12/30/2033	684,381.25	334,895.61	284,766.08	64,719.56	25,407,692.20
9	6/30/2034	684,381.25	339,442.21	281,061.44	63,877.60	25,068,249.99
Subtotal	**FY 2034**	**1,368,762.50**	**674,337.82**	**565,827.52**	**128,597.16**	**25,068,249.99**
10	12/30/2034	684,381.25	344,050.53	277,306.51	63,024.21	24,724,199.46
11	6/30/2035	684,381.25	348,721.42	273,500.60	62,159.23	24,375,478.04
Subtotal	**FY 2035**	**1,368,762.50**	**692,771.95**	**550,807.11**	**125,183.44**	**24,375,478.04**
12	12/30/2035	684,381.25	353,455.72	269,643.02	61,282.51	24,022,022.32
13	6/30/2036	684,381.25	358,254.29	265,733.08	60,393.88	23,663,768.03
Subtotal	**FY 2036**	**1,368,762.50**	**711,710.01**	**535,376.10**	**121,676.39**	**23,663,768.03**
14	12/30/2036	684,381.25	363,118.01	261,770.05	59,493.19	23,300,650.02
15	6/30/2037	684,381.25	368,047.76	257,753.21	58,580.28	22,932,602.26
Subtotal	**FY 2037**	**1,368,762.50**	**731,165.77**	**519,523.26**	**118,073.47**	**22,932,602.26**
16	12/30/2037	684,381.25	373,044.44	253,681.85	57,654.96	22,559,557.82
17	6/30/2038	684,381.25	378,108.95	249,555.21	56,717.09	22,181,448.87
Subtotal	**FY 2038**	**1,368,762.50**	**751,153.39**	**503,237.06**	**114,372.05**	**22,181,448.87**

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
18	12/30/2038	684,381.25	383,242.22	245,372.54	55,766.49	21,798,206.65
19	6/30/2039	684,381.25	388,445.18	241,133.09	54,802.98	21,409,761.47
Subtotal	**FY 2039**	**1,368,762.50**	**771,687.40**	**486,505.63**	**110,569.47**	**21,409,761.47**
20	12/30/2039	684,381.25	393,718.78	236,836.09	53,826.38	21,016,042.69
21	6/30/2040	684,381.25	399,063.97	232,480.75	52,836.53	20,616,978.72
Subtotal	**FY 2040**	**1,368,762.50**	**792,782.75**	**469,316.84**	**106,662.91**	**20,616,978.72**
22	12/30/2040	684,381.25	404,481.73	228,066.28	51,833.24	20,212,496.99
23	6/30/2041	684,381.25	409,973.04	223,591.87	50,816.34	19,802,523.95
Subtotal	**FY 2041**	**1,368,762.50**	**814,454.77**	**451,658.15**	**102,649.58**	**19,802,523.95**
24	12/30/2041	684,381.25	415,538.90	219,056.73	49,785.62	19,386,985.05
25	6/30/2042	684,381.25	421,180.33	214,460.01	48,740.91	18,965,804.72
Subtotal	**FY 2042**	**1,368,762.50**	**836,719.23**	**433,516.74**	**98,526.53**	**18,965,804.72**
26	12/30/2042	684,381.25	426,898.34	209,800.89	47,682.02	18,538,906.38
27	6/30/2043	684,381.25	432,693.99	205,078.51	46,608.75	18,106,212.39
Subtotal	**FY 2043**	**1,368,762.50**	**859,592.33**	**414,879.40**	**94,290.77**	**18,106,212.39**
28	12/30/2043	684,381.25	438,568.31	200,292.03	45,520.91	17,667,644.08
29	6/30/2044	684,381.25	444,522.39	195,440.55	44,418.31	17,223,121.69
Subtotal	**FY 2044**	**1,368,762.50**	**883,090.70**	**395,732.58**	**89,939.22**	**17,223,121.69**
30	12/30/2044	684,381.25	450,557.30	190,523.22	43,300.73	16,772,564.39
31	6/30/2045	684,381.25	456,674.14	185,539.13	42,167.98	16,315,890.25
Subtotal	**FY 2045**	**1,368,762.50**	**907,231.44**	**376,062.35**	**85,468.71**	**16,315,890.25**
32	12/30/2045	684,381.25	462,874.02	180,487.37	41,019.86	15,853,016.23
33	6/30/2046	684,381.25	469,158.07	175,367.04	39,856.14	15,383,858.16
Subtotal	**FY 2046**	**1,368,762.50**	**932,032.09**	**355,854.41**	**80,876.00**	**15,383,858.16**
34	12/30/2046	684,381.25	475,527.44	170,177.18	38,676.63	14,908,330.72
35	6/30/2047	684,381.25	481,983.28	164,916.86	37,481.11	14,426,347.44
Subtotal	**FY 2047**	**1,368,762.50**	**957,510.72**	**335,094.04**	**76,157.74**	**14,426,347.44**
36	12/30/2047	684,381.25	488,526.77	159,585.13	36,269.35	13,937,820.67
37	6/30/2048	684,381.25	495,159.09	154,181.02	35,041.14	13,442,661.58
Subtotal	**FY 2048**	**1,368,762.50**	**983,685.86**	**313,766.15**	**71,310.49**	**13,442,661.58**
38	12/30/2048	684,381.25	501,881.45	148,703.54	33,796.26	12,940,780.13
39	6/30/2049	684,381.25	508,695.07	143,151.70	32,534.48	12,432,085.06
Subtotal	**FY 2049**	**1,368,762.50**	**1,010,576.52**	**291,855.24**	**66,330.74**	**12,432,085.06**
40	12/30/2049	684,381.25	515,601.20	137,524.49	31,255.56	11,916,483.86
41	6/30/2050	684,381.25	522,601.09	131,820.87	29,959.29	11,393,882.77

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
Subtotal	**FY 2050**	**1,368,762.50**	**1,038,202.29**	**269,345.36**	**61,214.85**	**11,393,882.77**
42	12/30/2050	684,381.25	529,696.01	126,039.83	28,645.41	10,864,186.76
43	6/30/2051	684,381.25	536,887.25	120,180.30	27,313.70	10,327,299.51
Subtotal	**FY 2051**	**1,368,762.50**	**1,066,583.26**	**246,220.13**	**55,959.11**	**10,327,299.51**
44	12/30/2051	684,381.25	544,176.12	114,241.22	25,963.91	9,783,123.39
45	6/30/2052	684,381.25	551,563.95	108,221.50	24,595.80	9,231,559.44
Subtotal	**FY 2052**	**1,368,762.50**	**1,095,740.07**	**222,462.72**	**50,559.71**	**9,231,559.44**
46	12/30/2052	684,381.25	559,052.07	102,120.07	23,209.11	8,672,507.37
47	6/30/2053	684,381.25	566,641.85	95,935.81	21,803.59	8,105,865.52
Subtotal	**FY 2053**	**1,368,762.50**	**1,125,693.92**	**198,055.88**	**45,012.70**	**8,105,865.52**
48	12/30/2053	684,381.25	574,334.68	89,667.58	20,378.99	7,531,530.84
49	6/30/2054	684,381.25	582,131.94	83,314.25	18,935.06	6,949,398.90
Subtotal	**FY 2054**	**1,368,762.50**	**1,156,466.62**	**172,981.83**	**39,314.05**	**6,949,398.90**
50	12/30/2054	684,381.25	590,035.06	76,874.67	17,471.52	6,359,363.84
51	6/30/2055	684,381.25	598,045.47	70,347.67	15,988.11	5,761,318.37
Subtotal	**FY 2055**	**1,368,762.50**	**1,188,080.53**	**147,222.34**	**33,459.63**	**5,761,318.37**
52	12/30/2055	684,381.25	606,164.64	63,732.05	14,484.56	5,155,153.73
53	6/30/2056	684,381.25	614,394.03	57,026.62	12,960.60	4,540,759.70
Subtotal	**FY 2056**	**1,368,762.50**	**1,220,558.67**	**120,758.67**	**27,445.16**	**4,540,759.70**
54	12/30/2056	684,381.25	622,735.14	50,230.16	11,415.95	3,918,024.56
55	6/30/2057	684,381.25	631,189.50	43,341.43	9,850.32	3,286,835.06
Subtotal	**FY 2057**	**1,368,762.50**	**1,253,924.64**	**93,571.59**	**21,266.27**	**3,286,835.06**
56	12/30/2057	684,381.25	639,758.63	36,359.17	8,263.45	2,647,076.43
57	6/30/2058	684,381.25	648,444.10	29,282.12	6,655.03	1,998,632.33
Subtotal	**FY 2058**	**1,368,762.50**	**1,288,202.73**	**65,641.29**	**14,918.48**	**1,998,632.33**
58	12/30/2058	684,381.25	657,247.49	22,108.99	5,024.77	1,341,384.84
59	6/30/2059	684,381.25	666,170.39	14,838.48	3,372.38	675,214.45
60	12/30/2059	684,381.27	675,214.45	7,469.26	1,697.56	0.00
Subtotal	**Undefined**	**2,053,143.77**	**1,998,632.33**	**44,416.73**	**10,094.71**	**0.00**
Grand total		**41,062,875.02**	**27,590,000.00**	**10,977,898.16**	**2,494,976.86**	**0.00**

DEPARTMENT OF ECOLOGY State of Washington

Estimated loan repayment schedule

Loan number:	EL260639	Loan amount:	$7,625,000.00
Agreement #:	WQC-2026-KCoNRP-00201	Term of loan:	30 Years
Recipient name:	KING COUNTY NATURAL RESOURCES	Effective interest rate:	2.700%
Amortization method:	Compound-365 D/Y	Interest compounded:	Monthly
Project Completion:	6/30/2029	Loan date:	6/30/2030
Schedule number:	AS-000001233	Schedule creation date:	4/8/2026

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
1	6/30/2030	189,141.25	(19,300.66)	169,841.56	38,600.35	7,644,300.66
Subtotal	**FY 2030**	**189,141.25**	**(19,300.66)**	**169,841.56**	**38,600.35**	**7,644,300.66**
2	12/30/2030	189,141.25	85,360.96	84,561.72	19,218.57	7,558,939.70
3	6/30/2031	189,141.25	86,519.83	83,617.45	19,003.97	7,472,419.87
Subtotal	**FY 2031**	**378,282.50**	**171,880.79**	**168,179.17**	**38,222.54**	**7,472,419.87**
4	12/30/2031	189,141.25	87,694.44	82,660.36	18,786.45	7,384,725.43
5	6/30/2032	189,141.25	88,884.99	81,690.29	18,565.97	7,295,840.44
Subtotal	**FY 2032**	**378,282.50**	**176,579.43**	**164,350.65**	**37,352.42**	**7,295,840.44**
6	12/30/2032	189,141.25	90,091.71	80,707.03	18,342.51	7,205,748.73
7	6/30/2033	189,141.25	91,314.81	79,710.43	18,116.01	7,114,433.92
Subtotal	**FY 2033**	**378,282.50**	**181,406.52**	**160,417.46**	**36,458.52**	**7,114,433.92**
8	12/30/2033	189,141.25	92,554.52	78,700.30	17,886.43	7,021,879.40
9	6/30/2034	189,141.25	93,811.05	77,676.46	17,653.74	6,928,068.35
Subtotal	**FY 2034**	**378,282.50**	**186,365.57**	**156,376.76**	**35,540.17**	**6,928,068.35**
10	12/30/2034	189,141.25	95,084.65	76,638.71	17,417.89	6,832,983.70
11	6/30/2035	189,141.25	96,375.53	75,586.88	17,178.84	6,736,608.17
Subtotal	**FY 2035**	**378,282.50**	**191,460.18**	**152,225.59**	**34,596.73**	**6,736,608.17**
12	12/30/2035	189,141.25	97,683.94	74,520.77	16,936.54	6,638,924.23
13	6/30/2036	189,141.25	99,010.11	73,440.19	16,690.95	6,539,914.12
Subtotal	**FY 2036**	**378,282.50**	**196,694.05**	**147,960.96**	**33,627.49**	**6,539,914.12**
14	12/30/2036	189,141.25	100,354.29	72,344.93	16,442.03	6,439,559.83
15	6/30/2037	189,141.25	101,716.72	71,234.80	16,189.73	6,337,843.11
Subtotal	**FY 2037**	**378,282.50**	**202,071.01**	**143,579.73**	**32,631.76**	**6,337,843.11**
16	12/30/2037	189,141.25	103,097.64	70,109.61	15,934.00	6,234,745.47
17	6/30/2038	189,141.25	104,497.31	68,969.14	15,674.80	6,130,248.16
Subtotal	**FY 2038**	**378,282.50**	**207,594.95**	**139,078.75**	**31,608.80**	**6,130,248.16**

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
18	12/30/2038	189,141.25	105,915.99	67,813.17	15,412.09	6,024,332.17
19	6/30/2039	189,141.25	107,353.92	66,641.53	15,145.80	5,916,978.25
Subtotal	**FY 2039**	**378,282.50**	**213,269.91**	**134,454.70**	**30,557.89**	**5,916,978.25**
20	12/30/2039	189,141.25	108,811.37	65,453.98	14,875.90	5,808,166.88
21	6/30/2040	189,141.25	110,288.61	64,250.30	14,602.34	5,697,878.27
Subtotal	**FY 2040**	**378,282.50**	**219,099.98**	**129,704.28**	**29,478.24**	**5,697,878.27**
22	12/30/2040	189,141.25	111,785.91	63,030.28	14,325.06	5,586,092.36
23	6/30/2041	189,141.25	113,303.53	61,793.70	14,044.02	5,472,788.83
Subtotal	**FY 2041**	**378,282.50**	**225,089.44**	**124,823.98**	**28,369.08**	**5,472,788.83**
24	12/30/2041	189,141.25	114,841.76	60,540.33	13,759.16	5,357,947.07
25	6/30/2042	189,141.25	116,400.87	59,269.94	13,470.44	5,241,546.20
Subtotal	**FY 2042**	**378,282.50**	**231,242.63**	**119,810.27**	**27,229.60**	**5,241,546.20**
26	12/30/2042	189,141.25	117,981.15	57,982.30	13,177.80	5,123,565.05
27	6/30/2043	189,141.25	119,582.88	56,677.19	12,881.18	5,003,982.17
Subtotal	**FY 2043**	**378,282.50**	**237,564.03**	**114,659.49**	**26,058.98**	**5,003,982.17**
28	12/30/2043	189,141.25	121,206.36	55,354.35	12,580.54	4,882,775.81
29	6/30/2044	189,141.25	122,851.88	54,013.56	12,275.81	4,759,923.93
Subtotal	**FY 2044**	**378,282.50**	**244,058.24**	**109,367.91**	**24,856.35**	**4,759,923.93**
30	12/30/2044	189,141.25	124,519.73	52,654.57	11,966.95	4,635,404.20
31	6/30/2045	189,141.25	126,210.23	51,277.13	11,653.89	4,509,193.97
Subtotal	**FY 2045**	**378,282.50**	**250,729.96**	**103,931.70**	**23,620.84**	**4,509,193.97**
32	12/30/2045	189,141.25	127,923.69	49,880.97	11,336.59	4,381,270.28
33	6/30/2046	189,141.25	129,660.40	48,465.88	11,014.97	4,251,609.88
Subtotal	**FY 2046**	**378,282.50**	**257,584.09**	**98,346.85**	**22,351.56**	**4,251,609.88**
34	12/30/2046	189,141.25	131,420.69	47,031.57	10,688.99	4,120,189.19
35	6/30/2047	189,141.25	133,204.88	45,577.78	10,358.59	3,986,984.31
Subtotal	**FY 2047**	**378,282.50**	**264,625.57**	**92,609.35**	**21,047.58**	**3,986,984.31**
36	12/30/2047	189,141.25	135,013.29	44,104.26	10,023.70	3,851,971.02
37	6/30/2048	189,141.25	136,846.25	42,610.74	9,684.26	3,715,124.77
Subtotal	**FY 2048**	**378,282.50**	**271,859.54**	**86,715.00**	**19,707.96**	**3,715,124.77**
38	12/30/2048	189,141.25	138,704.10	41,096.94	9,340.21	3,576,420.67
39	6/30/2049	189,141.25	140,587.17	39,562.58	8,991.50	3,435,833.50
Subtotal	**FY 2049**	**378,282.50**	**279,291.27**	**80,659.52**	**18,331.71**	**3,435,833.50**
40	12/30/2049	189,141.25	142,495.81	38,007.40	8,638.04	3,293,337.69
41	6/30/2050	189,141.25	144,430.35	36,431.10	8,279.80	3,148,907.34

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
Subtotal	**FY 2050**	**378,282.50**	**286,926.16**	**74,438.50**	**16,917.84**	**3,148,907.34**
42	12/30/2050	189,141.25	146,391.16	34,833.41	7,916.68	3,002,516.18
43	6/30/2051	189,141.25	148,378.59	33,214.02	7,548.64	2,854,137.59
Subtotal	**FY 2051**	**378,282.50**	**294,769.75**	**68,047.43**	**15,465.32**	**2,854,137.59**
44	12/30/2051	189,141.25	150,393.01	31,572.64	7,175.60	2,703,744.58
45	6/30/2052	189,141.25	152,434.77	29,908.98	6,797.50	2,551,309.81
Subtotal	**FY 2052**	**378,282.50**	**302,827.78**	**61,481.62**	**13,973.10**	**2,551,309.81**
46	12/30/2052	189,141.25	154,504.25	28,222.74	6,414.26	2,396,805.56
47	6/30/2053	189,141.25	156,601.82	26,513.61	6,025.82	2,240,203.74
Subtotal	**FY 2053**	**378,282.50**	**311,106.07**	**54,736.35**	**12,440.08**	**2,240,203.74**
48	12/30/2053	189,141.25	158,727.87	24,781.27	5,632.11	2,081,475.87
49	6/30/2054	189,141.25	160,882.79	23,025.41	5,233.05	1,920,593.08
Subtotal	**FY 2054**	**378,282.50**	**319,610.66**	**47,806.68**	**10,865.16**	**1,920,593.08**
50	12/30/2054	189,141.25	163,066.96	21,245.72	4,828.57	1,757,526.12
51	6/30/2055	189,141.25	165,280.78	19,441.86	4,418.61	1,592,245.34
Subtotal	**FY 2055**	**378,282.50**	**328,347.74**	**40,687.58**	**9,247.18**	**1,592,245.34**
52	12/30/2055	189,141.25	167,524.66	17,613.52	4,003.07	1,424,720.68
53	6/30/2056	189,141.25	169,799.01	15,760.34	3,581.90	1,254,921.67
Subtotal	**FY 2056**	**378,282.50**	**337,323.67**	**33,373.86**	**7,584.97**	**1,254,921.67**
54	12/30/2056	189,141.25	172,104.23	13,882.02	3,155.00	1,082,817.44
55	6/30/2057	189,141.25	174,440.74	11,978.19	2,722.32	908,376.70
Subtotal	**FY 2057**	**378,282.50**	**346,544.97**	**25,860.21**	**5,877.32**	**908,376.70**
56	12/30/2057	189,141.25	176,808.98	10,048.52	2,283.75	731,567.72
57	6/30/2058	189,141.25	179,209.37	8,092.64	1,839.24	552,358.35
Subtotal	**FY 2058**	**378,282.50**	**356,018.35**	**18,141.16**	**4,122.99**	**552,358.35**
58	12/30/2058	189,141.25	181,642.34	6,110.22	1,388.69	370,716.01
59	6/30/2059	189,141.25	184,108.35	4,100.88	932.02	186,607.66
60	12/30/2059	189,141.08	186,607.66	2,064.27	469.15	0.00
Subtotal	**Undefined**	**567,423.58**	**552,358.35**	**12,275.37**	**2,789.86**	**0.00**
Grand total		**11,348,474.83**	**7,625,000.00**	**3,033,942.44**	**689,532.39**	**0.00**

King County | Office of the Executive

Executive Girmay Zahilay
Chinook Building, CNK-EX-0800
401 Fifth Avenue, Suite 800
Seattle, WA 98104-2391

July 8,2026

The Honorable Sarah Perry
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Perry:

This letter transmits a proposed Ordinance that, if approved, would authorize the King County Executive to enter into a loan agreement with the Washington state Department of Ecology (Ecology) for loan financing of capital costs associated with the West Point Treatment Plant Raw Sewage Pump Replacement and Grit Classifier Replacement projects.

The proposed legislation authorizes the execution of an Ecology State Revolving Fund (SRF) 30-year loan agreement for state fiscal year 2026 in the amount of $35,215,000 with an interest rate of 2.7 percent.

This low-interest loan will save King County ratepayers $13,675,378 in interest expense ($8,279,877 net present value), compared to 30-year conventional bond financing. The SRF loan also will provide funding for King County's construction phase expenditures of the Raw Sewage Pump Replacement and Grit Classifier Replacement Water Quality Projects.

The Raw Sewage Pump Replacement Project will increase the firm pumping capacity of the raw sewage pump (RSP) station from 330 million gallons per day (MGD) to 440 MGD by replacing the existing biogas driven engine pumps with higher capacity electric motor driven pumps. The project will also make seismic upgrades to the pump station and make improvements to meet National Fire Protection Association (NFPA 820) standards. In addition, the project will replace the existing boiler system prior to completion of the RSP replacement to provide the heat necessary to maintain a stable treatment process. The need for this replacement is driven by the age of the pumps and the need for redundancy for influent pumping during times of flooding.

The Grit Classifier Replacement Project will replace or refurbish failing grit classifiers, cyclones, and grit hopper gates at West Point. This project will also implement modifications to associated structural, mechanical, electrical, and process equipment related to the grit classifier, piping, and equipment. The grit classifier equipment removes heavy inorganic materials, such as sand, gravel, and minerals from the wastewater flow during preliminary treatment. The grit classifiers that were installed in the early 1990s have deteriorated through wear and tear and are past their expected life. Their current conditions decrease equipment reliability substantially, increase maintenance cost significantly, and adversely affect plant safety. Timely replacement or refurbishment of this equipment is needed to extend its useful life for at least another 25 years.

Thank you for your consideration of this proposed Ordinance. This important legislation will reduce costs for King County ratepayers and protect water quality in our region.

If your staff have questions, please contact Kamuron Gurol, Division Director of the Wastewater Treatment Division of the Department of Natural Resources and Parks, at 206-549-1190.

Sincerely,

for

Girmay Zahilay
King County Executive

Enclosure

cc: King County Councilmembers
ATTN: Stephanie Cirkovich, Chief of Staff, King County Council
Melani Hay, Clerk of the Council
Karan Gill, Deputy Executive, Office of the Executive
Jasmin Weaver, Chief of Staff, Office of the Executive
Hyeok Kim, Chief Operating Officer, Office of the Executive
Sierra Howlett Browne, Director of Government Relations, Office of the Executive
Garrett Holbrook, Council Relations Manager, Office of the Executive
Mo McBroom, Acting Director, Department of Natural Resources and Parks (DNRP)
Kamuron Gurol, Division Director, Wastewater Treatment Division, DNRP

2026 FISCAL NOTE

Ordinance/Motion:	2026-XXXX
Title:	The Washington State Department of Ecology State Revolving Fund Loan Agreement for the Raw Sewage Pump Replacement and Grit Classifier Replacement Projects.
Affected Agency and/or Agencies:	The Wastewater Treatment Division (WTD), Department of Natural Resources and Parks (DNRP)
Note Prepared By:	Steve Baruso
Date Prepared:	5/22/2026
Note Reviewed By:	Himanshu Narang
Date Reviewed:	5/22/2026

Description of request:

This ordinance authorizes the King County Executive to sign the Ecology SRF loan agreement associated with the West Point Treatment Plant Raw Sewage Pump Replacement and Grit Classifier Replacement Projects.

Revenue to:

Agency	Fund Code	Revenue Source	2026-2027	2028-2029	2030-2031
Water Quality Capital Improvement Fund/Wastewater	3611	SRF Loan	$35,215,000	$0	$0
Water Quality Capital Improvement Fund/Wastewater	3611	Revenue Bond Proceeds	($35,215,000)	$0	$0
TOTAL			**$0**	**$0**	**$0**

Expenditures from:

Agency	Fund Code	Department	2026-2027	2028-2029	2030-2031
Water Quality Capital Improvement Fund/Wastewater	8920	DNRP	$0	$3,455,353	$3,455,353
Water Quality Capital Improvement Fund/Wastewater	8920	DNRP	$0	$ (4,323,806)	$ (4,323,806)
TOTAL			**$0**	**($868,454)**	**($868,454)**

Expenditures by Categories

	2026-2027	2028-2029	2030-2031
Debt Service	$0	($868,454)	($868,454)
TOTAL	**$0**	**($868,454)**	**($868,454)**

Does this legislation require a budget supplemental? Yes/No

Notes and Assumptions:

1) Total savings in debt service payments compared to bond funding is estimated at $13,675,378 with a present value of $8,279,877 (3.6% discount rate).
2) SRF loan proceeds are presumed to displace bond-funded expenditures one-for-one.
3) Debt service begins in July 2028 and assumes the SRF loan has been fully drawn upon, including both principal and interest.
4) Bond debt service assumes a 1% issuance cost.
5) Bond assumes a 4.5% interest rate; SRF has an agreed fixed rate of 2.7%.
6) SRF repayment plan is based on an estimated schedule. SRF will finalize the schedule once the loan is closed.

King County

Metropolitan King County Council
Staff Report

Committee:	Budget and Fiscal Management Committee		
Agenda Item:	6	**Analyst:**	Jenny Giambattista
Proposed No.:	2026-0187	**Meeting Date:**	September 9, 2026

OVERVIEW

TOPIC: An ordinance authorizing the Executive to execute an amendment to an agreement with the Washington State Department of Ecology for loan financing of a wastewater capital project.

LEGISLATION SUMMARY

This legislation authorizes the execution of an amendment to the original Ecology State Revolving Fund (SRF) 20-year loan agreement in the amount of $8.1 million with an interest rate of 1.2%. The amendment extends the loan expiration date from July 31, 2026 to July 31, 2027.

This SRF loan will provide funding for WTD's planning phase expenditures of the Sammamish Plateau Diversion Water Quality Project. This project includes the design and construction of upgrades to the Wastewater Treatment Division's York Pump Station and the design and construction of a new conveyance line capable of diverting approximately seven million gallons per day of wastewater flows from the Southwest Lake Sammamish area north.

KEY ISSUES FROM THE ANALYSIS

No issues have been identified.

AMENDMENTS

No amendments have been offered.

BACKGROUND & TIMING CONSIDERATIONS

↑ BACK TO TOP

The State Revolving Fund (SRF) Loan Program. The Clean Water Act established the State Revolving Fund low-interest loan program. Washington State administers this program under Chapter 173-98 WAC. It is managed by the Department of Ecology and provides low-interest and forgivable principal loan funding for wastewater treatment construction projects, eligible nonpoint source pollution control projects, and eligible "green" projects.

The Department of Ecology makes SRF funding available annually. There is a limit to the amount of funding that an entity is eligible to receive in each SRF loan funding cycle. Since 2000, the WTD has been awarded over $711 million in SRF loans.

Sammamish Plateau Diversion Project (Total expected cost at completion $712 million). This project will design and build a conveyance line capable of diverting up to 7.14 million gallons per day of flow from the Southwest Lake Sammamish area north to York Pump Station. This project, part of the Conveyance System Improvement program, addresses capacity needs verified through the Flow Monitoring Program in 2009 and 2011. Project completion was anticipated by the end of 2030. The alternatives analysis and design revealed the complexity of construction and permitting needs as described below, resulting in an adjusted completion date of 2036. The diversion of flows provided by this project will alleviate capacity issues at several conveyance facilities between the Issaquah Interceptor Section 1 and the South Treatment Plant.

This SRF loan will fund preliminary and final design activities. Expenditures will include fully burdened staff labor and consultant contract costs. The estimated project cost has increased due to updated assumptions developed during the alternatives analysis process. The current estimate reflects more detailed scope of work, including the addition of upgrades to the York Pump Station, updated assumptions and risks, current market conditions, and more complex construction assumptions based on the technical analysis and stakeholder engagement performed over the last two years.

The current cost estimate of $712 million is based on the 2025 Alternatives Analysis for the recommended alternative, whereas the prior estimate of $266 million was developed seven years earlier. The two estimates are both considered preliminary, but separated by a period of significant market volatility, including the global pandemic and its lasting impacts on labor availability, material pricing, and supply-chain reliability. In addition, the current estimate reflects a more developed project scope and a substantially higher level of technical definition than what was available during the earlier planning phase.

As a result of this work, the overall project duration has been extended by approximately five years compared to the original approved schedule. For the design phases, this timeline extension accounts for the time required to secure multiple permits from local, state, and federal agencies, obtain property rights (including temporary and permanent easements), and revised design assumptions and durations. The increased construction duration reflects the complexity and constraints of working within the given project area based on the recommended alternative. This amendment extends the agreement expiration date to align with the revised project schedule.

ANALYSIS

↑ BACK TO TOP

Staff have not identified any issues.

Proposed Ordinance 2026-0187 would authorize King County to enter into an amendment to the agreement (Ordinance 19874) with Washington State Department of Ecology for loan financing of capital costs associated with the Sammamish Plateau Diversion Project.

The major agreement terms are listed below. The scope remains the same and the only terms that would change are expiration and completion dates. As noted in the agreement, the dates for the project are proposed to be extended because the initial project schedule was impacted by an expanded engineering scope that introduced a pump station alternative into the analysis. When cost estimates for construction yielded estimates significantly higher than originally anticipated, a more extensive review process was required than projected at the time of application, prolonging overall project schedule.

- Total loan amount: $8,132,882
- Loan Term: 20 years
- Repayment: Semiannual payments of principal and interest commence one year after the project is completed and is repaid over 60 equal semiannual installments from the Water Quality Capital Improvement Fund.
- Amendment Effective date: April 3, 2026.
- Expiration date: July 31, 2027. This expiration date is the last day in which eligible expenditures could be utilized for reimbursement so any expenditures after July 31, 2027, would be ineligible for loan participation.

Savings and Repayment. The estimated savings on utilizing SRF loan financing instead of conventional debt financing are detailed in the fiscal note. For this loan agreement, the 1.6% interest rate is projected to save King County $3.4 million in interest expense, compared to 30-year conventional bond financing.

Loan Requirements. The proposed SRF loan comes with various requirements, including quarterly reporting to Ecology. The Wastewater Treatment Division does not anticipate any difficulties in complying with the performance requirements for the loan.

Legal Review. Complete.

ATTACHMENTS

1. Proposed Ordinance 2026-0187 (and its attachment)
2. Transmittal Letter

3. Fiscal Note

ATTACHMENT 1

KING COUNTY

Signature Report

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Ordinance

Proposed No. 2026-0187.1 **Sponsors** Dembowski

AN ORDINANCE authorizing the King County executive to execute an amendment to an agreement approved under Ordinance 19874 with the Washington state Department of Ecology for loan financing of a wastewater capital project.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. **Findings:**

A. Ordinance 19874 authorized the King County executive to enter into an agreement with the Washington state Department of Ecology for loan financing for the has awarded the department of natural resources and parks $8,132,882 in a State Revolving Fund loan for the fiscal year 2025 cycle.

B. An amendment to the original loan is required to extend the loan expiration date from July 31, 2026, to July 31, 2027. The low-interest loan will save King County $3,433,240 in interest payments over twenty years, which is $2,589,678 net present value, as compared to conventional bond financing.

C. The State Revolving Fund loan will assist in financing the planning phase for the Sammamish Plateau Diversion project that is part of King County's wastewater capital improvement program.

SECTION 2. A. The King County executive or designee is hereby authorized to enter into this amendment with the Washington state Department of Ecology for the planning phase of the Sammamish Plateau Diversion project.

B. The maximum loan amount for the Sammamish Plateau Diversion project shall remain at $8,132,882 plus interest.

C. The twenty-year loan agreement shall remain at an annual interest rate of 1.2 percent.

D. The loan amendment shall be substantially in the form of Attachment A to this ordinance.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Sarah Perry, Chair

ATTEST:

Melani Pedroza, Clerk of the Council

APPROVED this _____ day of _______________, ______.

Girmay Zahilay, County Executive

Attachments: A. Amendment 1 to Agreement No. WQC-2025-KCoNRP-00071, agreement Between WA Dept of Ecology and KC-DNRP

Attachment A

AMENDMENT NO. 1
TO AGREEMENT NO. WQC-2025-KCoNRP-00071
BETWEEN
THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY
AND
KING COUNTY - NATURAL RESOURCES AND PARKS DEPARTMENT

PURPOSE: To amend the above-referenced agreement (AGREEMENT) between the state of Washington Department of Ecology (ECOLOGY) and KING COUNTY - NATURAL RESOURCES AND PARKS DEPARTMENT (RECIPIENT) for the Sammamish Plateau Diversion Engineering Report (PROJECT).

This amendment extends the agreement expiration date to align with the revised project schedule. Initial project schedule was impacted by an expanded engineering scope that introduced a pump station alternative into the analysis. When cost estimates for construction yielded estimates significantly higher than originally anticipated, a more extensive review process was required than projected at the time of application, prolonging overall project schedule.

1) The scope of work remains the same.

2) The total funded amount of $8,132,882.00, remains the same.

3) Standard Loan EL250085, in the amount of $8,132,882.00, remains the same.

4) The expiration date and completion dates of July 31, 2026, are changed to July 31, 2027. Based on this, loan repayment will begin no later than July 31, 2028.

5) Loan EL250085 Estimated Loan Repayment Schedule Number 930, created on September 6, 2024, is replaced with Estimated Loan Repayment Schedule Number 1234, created on April 8, 2026.

Note: This amendment only includes the portions of the original agreement that have been changed in some way. If there were no changes, it will not be referenced in the following portion of the amendment.

IT IS MUTUALLY AGREED that the AGREEMENT is amended as follows:

Expiration Date:
Original: 07/31/2026 Amended: 07/31/2027

CHANGES TO THE BUDGET

Funding Distribution EL250085

Funding Title: SRF Loan (State)

Funding Type: Loan

Funding Effective Date: 04/11/2023 Funding Expiration Date: 07/31/2027

Funding Source:

Title: CWSRF-SFY25 (State)

Fund: FD0727

Type: State

Funding Source %: 100%

Description: The Clean Water Act (CWA) (33 U.S.C 1251-1387) established the State Revolving Fund (SRF) low interest loans program (40. C.F.R. Part 31, 35 Sub Part K). Washington State administers the program under Chapter 173-98 WAC. The portion of this project funded with this funding distribution comes from non-federal source and are not subject to Federal Funding Accountability and Transparency Act (FFATA) and Single Audit Act (SAA). However, this project is subject to the federal requirements outlined in Section 4 and 5 of agreement terms and conditions.

Approved Indirect Costs Rate: Approved State Indirect: 30 %
Recipient Match %: 0%
InKind Interlocal Allowed: No
InKind Other Allowed: No
Is this Funding Distribution used to match a federal grant? No

Effective Interest Rate: 1.2% Interest Rate: 0.9% Admin Charge: 0.3%
Terms: 20 years
Project Start Date: 04/11/2023 Project Completion Date: 07/31/2027
Estimated Initiation of Operation date: 07/31/2027
Loan Security: Revenue Secure Lien Obligation of the Recipient
Final Accrued Interest: $
Final Loan Amount: $
Repayment Schedule Number: 1234

SRF Loan (State)	Task Total
Engineering Report (Consultant Contract)	$ 4,782,084.00
Planning Oversight-Force Account	$ 3,350,798.00

Total: $ 8,132,882.00

Funding Distribution Summary

Recipient / Ecology Share

Funding Distribution Name	Recipient Match %	Recipient Share	Ecology Share	Total
SRF Loan (State)	0 %	$ 0.00	$ 8,132,882.00	$ 8,132,882.00
Total		**$ 0.00**	**$ 8,132,882.00**	**$ 8,132,882.00**

AUTHORIZING SIGNATURES

All other terms and conditions of the original Agreement including any Amendments remain in full force and effect, except as expressly provided by this Amendment.

The signatories to this Amendment represent that they have the authority to execute this Amendment and bind their respective organizations to this Amendment.

This amendment will be effective 04/03/2026.

IN WITNESS WHEREOF: the parties hereto, having read this Amendment in its entirety, including all attachments, do agree in each and every particular and have thus set their hands hereunto.

Washington State Department of Ecology	KING COUNTY - NATURAL RESOURCES AND PARKS DEPARTMENT
By:	By:
Jon Kenning, PhD — Date	Kamuron Gurol — Date
Water Quality Program Manager	Division Director

Template Approved to Form by
Attorney General's Office

Estimated loan repayment schedule

Loan number:	EL250085	Loan amount:	$8,132,882.00
Agreement #:	WQC-2025-KCoNRP-00071	Term of loan:	20 Years
Recipient name:	KING COUNTY NATURAL RESOURCES	Effective interest rate:	1.200%
Amortization method:	Compound-365 D/Y	Interest compounded:	Monthly
Initiation of Operations:	7/31/2027	Loan date:	7/31/2028
Project Completion:	7/31/2027	Schedule creation date:	4/8/2026
Schedule number:	AS-000001234		

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
1	7/31/2028	230,756.86	132,353.23	73,802.72	24,600.91	8,000,528.77
2	1/31/2029	230,756.86	182,633.52	36,092.50	12,030.84	7,817,895.25
Subtotal	**FY 2029**	**461,513.72**	**314,986.75**	**109,895.22**	**36,631.75**	**7,817,895.25**
3	7/31/2029	230,756.86	183,732.06	35,268.60	11,756.20	7,634,163.19
4	1/31/2030	230,756.86	184,837.22	34,439.73	11,479.91	7,449,325.97
Subtotal	**FY 2030**	**461,513.72**	**368,569.28**	**69,708.33**	**23,236.11**	**7,449,325.97**
5	7/31/2030	230,756.86	185,949.02	33,605.88	11,201.96	7,263,376.95
6	1/31/2031	230,756.86	187,067.50	32,767.02	10,922.34	7,076,309.45
Subtotal	**FY 2031**	**461,513.72**	**373,016.52**	**66,372.90**	**22,124.30**	**7,076,309.45**
7	7/31/2031	230,756.86	188,192.72	31,923.10	10,641.04	6,888,116.73
8	1/31/2032	230,756.86	189,324.70	31,074.12	10,358.04	6,698,792.03
Subtotal	**FY 2032**	**461,513.72**	**377,517.42**	**62,997.22**	**20,999.08**	**6,698,792.03**
9	7/31/2032	230,756.86	190,463.49	30,220.03	10,073.34	6,508,328.54
10	1/31/2033	230,756.86	191,609.13	29,360.80	9,786.93	6,316,719.41
Subtotal	**FY 2033**	**461,513.72**	**382,072.62**	**59,580.83**	**19,860.27**	**6,316,719.41**
11	7/31/2033	230,756.86	192,761.67	28,496.39	9,498.80	6,123,957.74
12	1/31/2034	230,756.86	193,921.13	27,626.80	9,208.93	5,930,036.61
Subtotal	**FY 2034**	**461,513.72**	**386,682.80**	**56,123.19**	**18,707.73**	**5,930,036.61**
13	7/31/2034	230,756.86	195,087.57	26,751.97	8,917.32	5,734,949.04
14	1/31/2035	230,756.86	196,261.03	25,871.87	8,623.96	5,538,688.01
Subtotal	**FY 2035**	**461,513.72**	**391,348.60**	**52,623.84**	**17,541.28**	**5,538,688.01**
15	7/31/2035	230,756.86	197,441.54	24,986.49	8,328.83	5,341,246.47
16	1/31/2036	230,756.86	198,629.16	24,095.77	8,031.93	5,142,617.31
Subtotal	**FY 2036**	**461,513.72**	**396,070.70**	**49,082.26**	**16,360.76**	**5,142,617.31**
17	7/31/2036	230,756.86	199,823.91	23,199.71	7,733.24	4,942,793.40

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
18	1/31/2037	230,756.86	201,025.86	22,298.25	7,432.75	4,741,767.54
Subtotal	**FY 2037**	**461,513.72**	**400,849.77**	**45,497.96**	**15,165.99**	**4,741,767.54**
19	7/31/2037	230,756.86	202,235.03	21,391.37	7,130.46	4,539,532.51
20	1/31/2038	230,756.86	203,451.48	20,479.03	6,826.35	4,336,081.03
Subtotal	**FY 2038**	**461,513.72**	**405,686.51**	**41,870.40**	**13,956.81**	**4,336,081.03**
21	7/31/2038	230,756.86	204,675.25	19,561.21	6,520.40	4,131,405.78
22	1/31/2039	230,756.86	205,906.37	18,637.87	6,212.62	3,925,499.41
Subtotal	**FY 2039**	**461,513.72**	**410,581.62**	**38,199.08**	**12,733.02**	**3,925,499.41**
23	7/31/2039	230,756.86	207,144.90	17,708.97	5,902.99	3,718,354.51
24	1/31/2040	230,756.86	208,390.88	16,774.48	5,591.50	3,509,963.63
Subtotal	**FY 2040**	**461,513.72**	**415,535.78**	**34,483.45**	**11,494.49**	**3,509,963.63**
25	7/31/2040	230,756.86	209,644.36	15,834.37	5,278.13	3,300,319.27
26	1/31/2041	230,756.86	210,905.37	14,888.62	4,962.87	3,089,413.90
Subtotal	**FY 2041**	**461,513.72**	**420,549.73**	**30,722.99**	**10,241.00**	**3,089,413.90**
27	7/31/2041	230,756.86	212,173.97	13,937.17	4,645.72	2,877,239.93
28	1/31/2042	230,756.86	213,450.20	12,979.99	4,326.67	2,663,789.73
Subtotal	**FY 2042**	**461,513.72**	**425,624.17**	**26,917.16**	**8,972.39**	**2,663,789.73**
29	7/31/2042	230,756.86	214,734.11	12,017.06	4,005.69	2,449,055.62
30	1/31/2043	230,756.86	216,025.74	11,048.34	3,682.78	2,233,029.88
Subtotal	**FY 2043**	**461,513.72**	**430,759.85**	**23,065.40**	**7,688.47**	**2,233,029.88**
31	7/31/2043	230,756.86	217,325.14	10,073.79	3,357.93	2,015,704.74
32	1/31/2044	230,756.86	218,632.36	9,093.37	3,031.13	1,797,072.38
Subtotal	**FY 2044**	**461,513.72**	**435,957.50**	**19,167.16**	**6,389.06**	**1,797,072.38**
33	7/31/2044	230,756.86	219,947.43	8,107.07	2,702.36	1,577,124.95
34	1/31/2045	230,756.86	221,270.42	7,114.83	2,371.61	1,355,854.53
Subtotal	**FY 2045**	**461,513.72**	**441,217.85**	**15,221.90**	**5,073.97**	**1,355,854.53**
35	7/31/2045	230,756.86	222,601.37	6,116.62	2,038.87	1,133,253.16
36	1/31/2046	230,756.86	223,940.32	5,112.40	1,704.14	909,312.84
Subtotal	**FY 2046**	**461,513.72**	**446,541.69**	**11,229.02**	**3,743.01**	**909,312.84**
37	7/31/2046	230,756.86	225,287.33	4,102.15	1,367.38	684,025.51
38	1/31/2047	230,756.86	226,642.43	3,085.82	1,028.61	457,383.08
Subtotal	**FY 2047**	**461,513.72**	**451,929.76**	**7,187.97**	**2,395.99**	**457,383.08**
39	7/31/2047	230,756.86	228,005.69	2,063.38	687.79	229,377.39
40	1/31/2048	230,757.10	229,377.39	1,034.78	344.93	0.00
Subtotal	**FY 2048**	**461,513.96**	**457,383.08**	**3,098.16**	**1,032.72**	**0.00**

Grand total	**9,230,274.64**	**8,132,882.00**	**823,044.44**	**274,348.20**	**0.00**

King County | Office of the Executive

Executive Girmay Zahilay
Chinook Building, CNK-EX-0800
401 Fifth Avenue, Suite 800
Seattle, WA 98104-2391

July 10, 2026

The Honorable Sarah Perry
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Perry:

This letter transmits a proposed Ordinance that, if approved, would authorize the King County Executive to amend an existing loan agreement, in the form of Amendment No. 1 to the original loan, with the Washington state Department of Ecology (Ecology) for loan financing of capital costs associated with the Sammamish Plateau Diversion project.

The legislation authorizes the execution of Amendment No. 1 to the original Ecology State Revolving Fund (SRF) 20-year loan agreement for state fiscal year 2025 in the amount of $8,132,882 with an interest rate of 1.2 percent. Amendment No. 1 extends the loan expiration date from July 31, 2026, to July 31, 2027.

This low-interest loan will save King County ratepayers $3,433,240 in interest expense, compared to 30-year conventional bond financing. The SRF loan will provide funding for King County's planning phase expenditures of the Sammamish Plateau Diversion Water Quality Project. This project includes the design and construction of upgrades to the Wastewater Treatment Division's York Pump Station and the design and construction of a new conveyance line capable of diverting approximately 7 million gallons per day of wastewater flows from the Southwest Lake Sammamish area north.

Thank you for your consideration of this proposed Ordinance. This important legislation will reduce costs for King County ratepayers and protect water quality in our region.

If your staff have questions, please contact Kamuron Gurol, Division Director of the Wastewater Treatment Division of the Department of Natural Resources and Parks, at 206-549-1190.

Sincerely,

for

Girmay Zahilay
King County Executive

Enclosure

cc: King County Councilmembers
ATTN: Stephanie Cirkovich, Chief of Staff, King County Council
Melani Hay, Clerk of the Council
Karan Gill, Deputy Executive, Office of the Executive
Jasmin Weaver, Chief of Staff, Office of the Executive
Hyeok Kim, Chief Operating Officer, Office of the Executive
Sierra Howlett Browne, Director of Government Relations, Office of the Executive
Garrett Holbrook, Council Relations Manager, Office of the Executive
Mo McBroom, Acting Director, Department of Natural Resources and Parks (DNRP)
Kamuron Gurol, Division Director, Wastewater Treatment Division, DNRP

2026 FISCAL NOTE

Ordinance/Motion:	2026-XXXX
Title:	The Washington State Department of Ecology State Revolving Fund Loan Agreement for the Sammamish Plateau Diversion Project
Affected Agency and/or Agencies:	The Wastewater Treatment Division (WTD), Department of Natural Resources and Parks (DNRP)
Note Prepared By:	Himanshu Narang, WTD
Date Prepared:	5/1/2026
Note Reviewed By:	Luke Slaughterbeck
Date Reviewed:	5/4/2026

Description of request:

This ordinance authorizes the King County Executive to extend the SRF loan agreement associated with the Sammamish Plateau Diversion Project by 1 year from July 31, 2026 to July 31, 2027.

Revenue to:

Agency	Fund Code	Revenue Source	2025	2026-2027	2028-2029
Water Quality Capital Improvement Fund/Wastewater	3611	SRF Loan	$3,226,156	$4,906,726	
Water Quality Capital Improvement Fund/Wastewater	3611	Revenue Bond Proceeds	($3,226,156)	($4,906,726)	
TOTAL			**$0**	**$0**	**$0**

Expenditures from:

Agency	Fund Code	Department	2025	2026-2027	2028-2029
Water Quality Capital Improvement Fund/Wastewater	8920	DNRP	$0	$48,797	$738,520
Water Quality Capital Improvement Fund/Wastewater	8920	DNRP	$0	($182,990)	($1,130,205)
TOTAL			**$0**	**($134,193)**	**($391,686)**

Expenditures by Categories

	2025	2026-2027	2028-2029
Debt Service	$0	($134,193)	($391,686)
TOTAL	**$0**	**($134,193)**	**($391,686)**

Does this legislation require a budget supplemental? Yes/No

Notes and Assumptions:

1) Total savings in debt service payments compared to bond funding is estimated at $3,433,240 with a present value of $2,589,678 (2024, 2.85% discount rate).
2) SRF loan proceeds are presumed to displace bond-funded expenditures one-for-one.
3) Debt service begins in July 2028 and assumes the SRF loan has been fully drawn upon, including both principal and interest.
4) Bond debt service assumes a 1% issuance cost.
5) Bond assumes a 4.5% interest rate; SRF has an agreed fixed rate of 1.2%.
6) SRF repayment plan is based on an estimated schedule. SRF will finalize the schedule once the loan is closed.

King County

Metropolitan King County Council
Staff Report

Committee:	Budget and Fiscal Management Committee		
Agenda Item:	7	**Analyst:**	Nick Bowman
Proposed No.:	2026-0195	**Meeting Date:**	September 9, 2026

OVERVIEW

TOPIC: A motion to acknowledge receipt of a report pertaining to Harborview Medical Center Medicaid Reserve spending plans.

LEGISLATION SUMMARY

Following the adoption of the federal budget reconciliation bill HR-1 in July 2025, Harborview Medical Center expects to experience significant financial pressures from reduced Medicaid coverage, lower Medicaid reimbursement, and increased uncompensated care. The Executive's proposed 2026-2027 biennial budget left $31 million in County Hospital Levy funds held in reserve to address these pressures. In response, the Council included a proviso in the adopted budget withholding the reserve funds until the Executive transmits a report from the Harborview Board of Trustees detailing Medicaid funding reductions, their impact on Harborview operations, and plans for using the reserve funds to alleviate these impacts.

Proposed Motion 2026-0195 would acknowledge receipt of the proviso report (Attachment A, 2026 County Hospital Tax Medicaid Reserve Spending Plan), which was transmitted on July 8, 2026.

Council passage of the proposed motion would acknowledge receipt of the report and release the withheld $31 million in appropriation authority.

KEY ISSUES FROM THE ANALYSIS

A. **Proviso Response.** The proviso requires that the Executive transmit a report regarding spending plans for the $31 million of County Hospital Levy Medicaid Reserve funds included in the 2026-2027 biennial budget. The report required information on topics regarding Harborview's Medicaid and non-Medicaid related revenues, the operational impacts of actual and projected Medicaid funding reductions, and a proposed plan for the use of Medicaid reserve funds, among others.

The report appears to satisfy many of the proviso requirements but does not include information on revenues from specific sources or total budgeted revenues required under the proviso. In a follow up response to Council Staff, UW Medicine explained that this information was not provided because the revenue categories included in the proviso were not mutually exclusive and that Harborview only budgets Medicaid revenues by total revenues and directed payments. Budgeted revenues for Fiscal Year 2026 were also provided to Council Staff in a follow-up request and are included in this staff report.

It is a policy choice for the Council whether the information provided in the proviso response and this staff report is sufficient to meet the intent of the proviso.

BACKGROUND & TIMING CONSIDERATIONS

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Harborview Medical Center. Harborview serves as the Level 1 trauma center in the four-state region of Washington, Alaska, Idaho, and Montana. Harborview prioritizes serving the "mission population" including the non-English speaking poor, uninsured or underinsured, people who experience domestic violence, sexual assault, or are incarcerated in King County's jails, among others. Harborview is owned by King County, governed by a 13-member County-appointed Board of Trustees, and operated by the University of Washington.

Federal Budget Reconciliation Bill HR-1. The 2025 federal budget reconciliation bill HR-1 includes changes to Medicaid eligibility, funding cuts, and operational requirements for states. The bill has a phased implementation and is anticipated to impact hundreds of thousands of Medicaid-eligible Washington residents[1] and more than 215,000 adults on Medicaid living in King County.[2]

Table 1 below provides the timeline for significant HR-1 Medicaid changes and their impact.

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[1] Health Care Authority, Impact of Federal Budget on Medicaid in Washington State, https://www.hca.wa.gov/assets/program/medicaid-in-washington-state.pdf

[2] Motion 16982 Proviso Report: Maintaining Medicaid Retention in King County. https://mkcclegisearch.kingcounty.gov/View.ashx?M=F&ID=15425688&GUID=CAAFBE55-DE18-43A6-8087-21A18E89BCF1

Table 1. HR-1 Timeline Of Medicaid Changes and Estimated Impacts[3]

Date	Medicaid Chage	Impacts
Oct 1, 2026	Eligibility limits based on residency & citizenship status	Est. 30,000 WA residents could lose coverage
Jan 1, 2027	1. Work requirements (at least 80 hours/month) 2. Twice yearly eligibility verification required 3. Shortened retroactive coverage periods 4. Increased verification requirements	1. Est. 200,000-250,000 WA residents impacted 2. Unknown 3. Unknown 4. Unknown
Jan 1, 2028	Direct Payment program reductions	Up to $1.3 billion per year losses to WA hospitals
Oct 1, 2028	Cost-sharing for Medicaid Expansion enrollees	Est. 78,000 WA residents impacted

As shown in Table 1, the most significant changes to Medicaid have not yet gone into effect and many of the impacts are unknown.

2026-2027 Budget Proviso. Ordinance 20023, Section 102, Proviso P4, restricting $31,000,000 until a plan is transmitted reads as follows:

> *"P4 PROVIDED FURTHER THAT:*
>
> *Of this appropriation, $31,000,000 shall not be expended or encumbered until the executive transmits a report from the Harborview board of trustees detailing actual fiscal year to date reductions in federal Medicaid funding received by Harborview Medical Center and the impact that Medicaid funding reductions and eligibility changes are having on Harborview Medical Center's operations, and a motion acknowledging receipt of the report is passed by the council. The motion should reference the subject matter, the proviso's ordinance, ordinance section, and proviso number in both the title and body of the motion. References to fiscal years in this*

[3] "H.R. 1 impacts on Washington state people and budget" https://ofm.wa.gov/budget/resources/h-r-1-impacts-on-washington-state-people-and-budget/#section-health-care-medicaid-provider-impacts

proviso shall be based on Harborview Medical Center's fiscal years with fiscal year 2025 being the fiscal year ending on June 30, 2025.

The report shall include, but not be limited to:

A. *Fiscal year 2025 revenues from federal and state Medicaid payments received by Harborview Medical Center and fiscal year 2025 net revenue from non-Medicaid sources as described in subsections A. and B. of this proviso;*

B. Fiscal year-to-date actual revenue in the form of federal and state Medicaid payments received by Harborview Medical Center, including, but not limited to, inpatient and outpatient direct payment programs, base payments for services, supplemental payments, and managed care payments, as well as the budgeted amounts of each revenue;

C. Fiscal year-to-date net revenue received by Harborview Medical Center from all non-Medicaid sources and net budgeted amounts of each;

C.[4] *Days' worth of cash on hand;*

D. Total charity care provided at Harborview for the prior three years, which are 2023, 2024, and 2025, and for 2026 up to the date of the report;

E. Analysis of the impact of current and projected reduced Medicaid funding on the operations of Harborview Medical Center, including:

1. *The impact on the mission population served by Harborview Medical Center;*
2. *The impact on staff and employees of Harborview Medical Center; and*
3. *The impact on ability to provide clinical services provided by Harborview Medical Center at the same levels as before Medicaid reductions;*

F. A proposed spending plan for the use of county hospital tax Medicaid reserve funds to support continued access to health care for current, in 2025, Medicaid eligible or enrolled members;

[4] The adopted 2026-2027 biennial budget ordinance included a typo in Section 102, Proviso P4, resulting in an additional "C." in the list of report requirements. This staff report reflects the proviso language as adopted.

G. Documentation of the review and approval of the report called for by this proviso in the form of a letter from the Harborview board of trustees; and

H. A recommended timeline and contents of a quarterly spending report on Harborview Medical Center's expenditure of the county hospital tax Medicaid reserve be provided to the King County executive and council.

The board of trustees shall electronically transmit the report to the King County executive no later than May 1, 2026, and the executive should electronically file the report and a motion required by this proviso by June 1, 2026, with the clerk of the council, who shall retain an electronic copy and provide an electronic copy to all councilmembers, the council chief of staff, and the lead staff for the budget and fiscal management committee or its successor.

Timing. According to UW Medicine, the $31 million Medicaid reserve funds were included in Harborview's FY27 budget to support existing programs that serve the mission population. The appropriations would need to be released before June 30, 2027, in order to be recognized in Harborview's budget and days cash calculations for FY27.

ANALYSIS

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Key Issue A. Proviso Response. Proposed Motion 2026-0195 was transmitted on July 8, 2026, in response to Section 102, Proviso P4, in the adopted 2026-2027 biennial budget. The proviso requires the Harborview Board of Trustees to provide a report detailing various financial information and plans for the $31 million County Hospital Levy Medicaid Reserve funds. In addition to acknowledging receipt of the report, Council passage of the Proposed Motion would release $31 million in restricted County Hospital Levy appropriations.

The report (Attachment A) was developed by UW Medicine, with feedback provided by the Harborview Board of Trustees, and transmitted by the Executive.

This analysis section addresses the individual report elements specified in the proviso.

A. Fiscal year 2025 revenues from federal and state Medicaid payments received by Harborview Medical Center and FY 2025 net revenue from non-Medicaid sources.

The report states that Harborview received a total of $503.1 million in Medicaid revenues and approximately $1.209 billion in non-Medicaid revenues for a total of approximately $1.712 billion in operating revenues for Fiscal Year (FY) 2025.[5]

Table 2 shows the breakdown of specific operating revenues sources for FY25 included in the report.

Table 2. Harborview FY2025 Operating Revenues[6]

Revenues	Amounts
Medicaid Net Patient Service	$292.6M
Medicaid Directed Payment Program	$210.5M
Total Medicaid	**$503.1M**
Medicare Net Patient Service	$290.6M
Non-Medicare Net Patient Service	$741.2M
Other	$177.0M
Total Non-Medicaid	**$1.209B**
Total Revenues	**$1.712B**

According to the report, Harborview's operating expenses for FY2025 were $1.6 billion, resulting in a net operating income of approximately $115.1 million. With the addition of non-operating incomes[7] of approximately $18.5 million, Harborview's total income in FY2025 was approximately $133.6 million; a margin of 7.7%.

B. Fiscal year-to-date actual revenue in the form of federal and state Medicaid payments received by Harborview Medical Center, including, but not limited to, inpatient and outpatient direct payment programs, base payments for services, supplemental payments, and managed care payments, as well as the budgeted amounts of each revenue.

&

[5] Harborview operates on a fiscal year that runs from July 1 to June 30th while King County operates on a fiscal year aligned with the calendar year (January 1 to December 31).
[6] Minor discrepancies in totals are due to rounding.
[7] According to UW Medicine, "non-operating income" is not associated with patient care and can included revenues and expenses such as interest income earned on cash, interest expenses related to leases, capital contributions from King County, funding from County Hospital Level for Operations, Mission Support payment to King County, or funding from philanthropic gifts.

C. Fiscal year-to-date net revenue received by Harborview Medical Center from all non-Medicaid sources and net budgeted amounts of each.

The report does not include a breakdown of fiscal year-to-date (YTD) revenues along the source categories identified in proviso element B or their budgeted amounts. According to UW Medicine, the proviso asked for revenues in categories that are not mutually exclusive (for example, directed payments are a supplemental payment, and only apply to Medicaid managed care claims). Additionally, when budgeting for Medicaid revenue, Harborview budgets only for total revenue and directed payments.

Harborview's Medicaid and non-Medicaid revenues, total operating expenses, and total income for YTD FY2026 are included provided in the report and run through March 2026 (the third quarter of FY2026).

Harborview's YTD operating revenues for FY2026 included $376.4 million from Medicaid and $936.2 million from non-Medicaid sources, totaling approximately $1.313 billion.

Table 3 shows the breakdown of Harborview's YTD actual operating revenues for FY2026.

Table 3. Harborview FY2026 YTD Actual Operating Revenues[8]

Revenues	Amounts
Medicaid Net Patient Service	$207.6M
Medicaid Directed Payment Program	$168.8M
Total Medicaid	**$376.4M**
Medicare Net Patient Service	$254.9M
Non-Medicare Net Patient Service	$563.8M
Other	$117.4M
Total Non-Medicaid	**$936.2M**
Total Revenues	**$1.313B**

In a follow-up response to Council Staff, UW Medicine provided the Medicaid and non-Medicaid revenues budgeted for FY2026 included in Table 4.

[8] Minor discrepancies in totals are due to rounding.

Table 4. Harborview FY2026 Budgeted Revenues

Budgeted Revenues	Amounts
Total Medicaid	$490.0M
Total Non-Medicaid	$1.134B
Total	**$1.624B**

Table 5 below shows a comparison between budgeted and YTD revenues for FY2026.

Table 5. FY2026 YTD versus Budgeted Revenues

	YTD	Budgeted
Total Medicaid	$376.4	$490.0M
Total Non-Medicaid	$936.1	$1.134B
Total	**$1.313B**	**$1.624B**

Harborview's YTD operating expenses were $1.274 billion, resulting in net operating income of approximately $39 million. However, Harborview's total income, which includes non-operating income and expenses, was $13.1 million; a margin of 1%. This is lower than the $46.5 million income and 2.6% margin budgeted for FY2026.

The report notes that while operating expenses through March 2026 are forecasting lower than the $1.738 billion budgeted for FY2026, revenues are also forecasting lower than anticipated. The report cites lower surgical volumes due to increased consolidation in the healthcare market for reduced revenues.

C. Days' worth of cash on hand.

Financial reserves that the hospital maintains in immediately available cash are called "days cash on hand." According to the report, Harborview's days cash on hand at end of FY25 was 106.6 days and it's FY26 YTD days cash on hand is 118.2, with one day's cash equating to approximately $4.5 million. The report further notes that Harborview maintains fewer days cash on hand than most hospitals with the median cash reserves in 2024 being

124 days. However, hospitals nationally are showing a trend of decreasing cash reserves as the median was 173 days in 2022.[9]

D. Total charity care provided at Harborview for the prior three years, which are 2023, 2024, and 2025, and for 2026 up to the date of the report.

Harborview records both charity care (when Harborview provides discounted services for those who meet the financial assistance policy and cannot afford to pay) and uncompensated care (which includes charity care and when no payment is received from either the patient's insurer or the patient).

Table 6 below shows the total charity care provided at Harborview for the years stipulated in the proviso.

Table 6. Harborview Charity Care

Financial Assistance	FY23	FY24	FY25	March FY26 YTD Actuals
Financial Assistance	$110.1M	$136.9M	$144.5M	$118.1M
Cost-to-Charge ratio	35.9%	35.8%	35.4%	35.4%
Estimated cost of financial assistance	$39.5M	$49M	$51.1M	$41.8M

The financial assistance figures included in Table 6 represent the value of services provided at Harborview's gross charges. Applying the Medicaid cost-to-charge ratio estimates the hospital's actual cost of providing those services.

Table 7 provides the totals in uncompensated care (which includes financial assistance) for FY23, FY24, and FY25.

Table 7. Harborview Uncompensated Care

Uncompensated Care		
FY23	**FY24**	**FY25**
$294.5M	$300.7M	$294.3M

[9] "Hospital Vitals: Financial and Operational Trends, Q1-Q2 2023" https://www.stratadecision.com/sites/default/files/2023-11/aha_q2_2023_v2.pdf

E. Analysis of the impact of current and projected reduced Medicaid funding on the operations of Harborview Medical Center, including:

1. *The impact on the mission population served by Harborview Medical Center;*
2. *The impact on staff and employees of Harborview Medical Center; and*
3. *The impact on ability to provide clinical services provided by Harborview Medical Center at the same levels as before Medicaid reductions.*

Impact on mission population: Harborview expects the greatest impacts to the mission population to occur after Medicaid early enrollment and reimbursement reductions resulting from HR-1 take effect in January 2027. According to the report, these reductions will lead to $4.5 million-$13.5 million in reduced revenue in the initial six months of impact occurring in Calendar Year (CY) 2027 and Harborview's FY27 budget assumes estimated losses of $21 million.

While the report notes that uninsured patients to whom Harborview provides financial assistance has increased fiscal YTD through March 2026, as shown by an increase in the Self Pay patient population increasing from 3.7% in FY25 to 4.0% in YTD for FY26[10], this appears to be primarily due to the end of health insurance exchange subsidies which began at the beginning of CY26. With the end of these subsidies patients who purchase coverage through the healthcare exchange, must now cover the full cost of their insurance premiums, which can be unaffordable and cause them to become uninsured.

In a follow-up response to Council Staff, UW Medicine stated that Medicaid eligibility and work requirements, along with changes to subsidies on Health Insurance Exchange (HIX) products in 2026, are projected to cause uninsured patient percentages to revert to pre-Affordable Care Act levels beginning January 1, 2027. A payer mix shift is included in the FY27 budget and reflects these changes. For example, Self Pay (uninsured) in FY26 was 4% and is budgeted to increase to 13% in the second half of FY27 (January – June 2027) while Medicaid would decrease from 31% in FY26 to 25% in the second half of FY27. When patients move from Medicaid to uninsured it costs Harborview approximately $7.1 million per 1% increase.

Impact on staff and employees: The report highlights that Medicaid changes are likely to result in Harborview staff spending more time working to secure financial assistance for patients who have lost insurance coverage and dealing with the

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[10] In a follow up response to Council Staff, UW Medicine stated the preliminary Self Pay rate for FY26 had increased to 4.2%.

moral distress associated with fewer options and resources for patients. Additionally, as further Medicaid reductions go into effect, Harborview may need to adjust staffing levels in certain areas, such as financial clearance, to ensure that there is sufficient staffing to maintain access for patients.

Impact on ability to provide clinical services at the same levels as before Medicaid reductions: The report states that a key tenant of Harborview's strategy to maintain patient access to programs and services despite Medicaid reductions, is to proactively seek additional near-term investment. Although many of the most serious Medicaid reductions will not go into effect until CY27, Harborview requests that the Medicaid Reserve funds be dispersed in Harborview Fiscal Year 2027. According to the report, "the Medicaid Reserve funds are critical to the organization's ability to close the budget for FY27. With the projected impacts and without these funds, the proposed FY27 budget would be negative by tens of millions of dollars."

F. A proposed spending plan for the use of county hospital tax Medicaid reserve funds to support continued access to health care for current, in 2025, Medicaid eligible or enrolled members.

Table 8 provides a summary of the three spending plans proposed in the report.

Table 8. Proposed Medicaid Reserve Spending Plan Options

	Spending Option 1	Spending Option 2	Spending Option 3
26-27 Budget Allocation	$31 million	$31 million	$31 million
Proposed Funding Areas	Specialty Clinic Services **($25.9 million)** Half of FY27 Medicaid Reimbursement Reductions **($10.5 million)**	Respite Losses **($4.4 million)** Half of FY27 Medicaid Reimbursement Reductions **($10.5 million)** Alien Emergency Medical (AEM) **($13.8 million)** Complex Discharge/ Difficult to Discharge	Medicaid Required Medical Workforce Education Losses – **($12.7 million)** Specialty Clinic Services **($19.6 million)**

		($6.0 million)	
Estimated Losses in Proposed Funding Areas	**$36.4 million**	**$34.7 million**	**$32.3 million**

It should be noted that the report does not identify specific Medicaid Reserve allocations to any of the program areas under the three plans. Rather the report provides the estimated losses for each program area which the reserve funds are intended to help address. This is an important distinction as under all three spending plan options Harborview expects total revenue losses to exceed the $31 million Medicaid Reserve funds by a range of $1.3 million (Option 3) to $5.4 million (Option 1). It is unclear how the reserve funds will be allocated across the funding areas when the reported losses exceed the available revenue.

It is also unclear from the report which program area losses are directly attributable to Medicaid reductions. In a follow-up response to Council Staff, UW Medicine elaborated further on how the spending plans are intended to support continued access to health care for current Medicaid eligible or enrolled members. In their response, UW Medicine stated:

> "For the programmatic areas—specialty clinic losses in Options 1 and 3, and respite, Alien Emergency Medicaid, and Difficult to Discharge losses in Option 2—these losses are projected based on losses experienced in FY26. While these losses are not fully attributable to changes under H.R. 1 or Medicaid underpayments, they are critical to address because these programs provide services that Medicaid beneficiaries are unlikely to access in a timely manner through other hospital systems. Other systems may not offer these services at all (e.g., respite care) or may limit the number of Medicaid patients they serve (e.g., specialty clinics).
>
> Maintaining the services outlined across all three spending options is therefore critical to the Medicaid population. [Harborview is] proposing to invest in these services now to preserve access for these patients, rather than allowing further financial pressures to result in service reductions that could limit their availability."

Additional details on the program areas included in the three options is provided below.

<u>Option 1</u> would support access to specialty clinic services and address Medicaid reimbursement impacts due to enrollment reductions. According to the report, access to specialty services allows for seamless patient care and collaboration between a patient's primary care, behavioral health, and specialty providers. Roughly one third of patients served by specialty care clinics at Harborview are currently covered by Medicaid.

Option 1 would also address half of estimated revenue losses from Medicaid reimbursement reductions assumed by Harborview's FY2027 budget.

Option 2 would support access to respite and difficult-to-discharge programs, and address Medicaid reimbursement impacts due to enrollment reductions.

Harborview is contracted to run King County's Medical Respite Program which provides recuperative care to people experiencing homelessness who are too sick to return to the shelter or streets, but do not require a hospital level of care. Harborview's Bed Readiness Program provides skilled nursing facility placement and care for difficult-to-discharge patients who face barriers to discharging from the hospital, often due to concurrent medical and social complexity. The report states both programs serve a high rate of patients with Medicaid or who are uninsured.

The last program identified to receive funding under this second option is the Alien Emergency Medical (AEM) program. AEM applies to individuals who have a qualifying medical emergency and do not qualify for other Apple Health programs due to citizenship or immigration requirements.

Option 2 would also address half of estimated revenue losses from Medicaid reimbursement reductions assumed by Harborview's FY2027 budget.

Option 3 would address losses related to Medical Workforce Education and support access to specialty clinics. According to the report, Harborview plays an important role in educating and training the medical workforce, including training the next generation of doctors, nurses, technicians and other roles. Training is also a required component of Harborview's Level 1 Trauma Center status. Approximately a third of patients treated by residents and trainees at Harborview are patients with Medicaid insurance and Harborview's trauma patient population is disproportionately Medicaid. Recent legislative changes adversely impact funding for medical education.

The $12.7 million figure for Medical Workforce Education in Option 3 represents a portion of the overall losses Harborview incurs in providing graduate medical education, calculated in proportion to the size of its Medicaid patient population.

Option 3 would also support specialty clinic services, but at a lower amount than proposed in Option 1.

G. Documentation of the review and approval of the report called for by this proviso in the form of a letter from the Harborview board of trustees.

The report includes a message from the Harborview Board of Trustees stating that on June 18th, 2026, the Board passed a motion approving the 2026 County Hospital Tax Medicaid Reserve Spending Plans.

H. A recommended timeline and contents of a quarterly spending report on Harborview Medical Center's expenditure of the county hospital tax Medicaid reserve be provided to the King County executive and council.

Harborview proposes that quarterly reporting begin in January 2027 for FY27 Quarter 1 and continue on a quarterly basis for FY27 YTD through 6 months after the end of FY27. According to the report, "while Harborview will begin reporting in January 2027, to provide a timely response on utilization of the tax dollars, Harborview does not consider financial data to be final until 6 months past the end of the fiscal year. Final collection of payment from payers can take many months and then final reconciliation of cost accounting with audited financials must occur. For this reason, the early reporting may contain some level of estimation that will be finalized in subsequent updates and the reporting will continue for an additional 6 months after the end of FY27 in June 2027."

Under the proposal, quarterly reports would include:

- Expenditures toward the selected Medicaid Spending Plan option.
- Patient volumes for the selected option broken down by program.
- Current payer mix.

Conclusion. The transmitted report, in combination with the follow up information provided to Council Staff and included in this staff report, appears to be responsive to the majority of the proviso requirements. The report identifies Harborview's current financial needs across several program areas which would be supported by the release of the $31 million in County Hospital Levy reserve funds. However, many of these program losses do not appear to be directly attributable to Medicaid reductions or changes in program eligibility, the most significant of which are not anticipated to take effect until January 2027 and later.

It is a policy choice for the Council to determine whether the information provided in the report and in this staff report is sufficient to adopt the proposed motion and release the withheld $31 million.

INVITED

- Madeline Grant, Chief Administrative Officers, Harborview Medical Center

- Joe Smeltzer, Senior Director of Finance, Harborview Medical Center

ATTACHMENTS

1. Proposed Motion 2026-0195 (and its attachment)
2. Transmittal Letter

KING COUNTY

ATTACHMENT 1

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

Motion

Proposed No. 2026-0195.1 **Sponsors** Dembowski

A MOTION acknowledging receipt of a report pertaining to Harborview Medical Center Medicaid Reserve spending plans, as required by the 2026-2027 Biennial Budget Ordinance, Ordinance 20023, Section 102, Proviso P4.

WHEREAS, the 2026-2027 Biennial Budget Ordinance, Ordinance 20023, included Section 102, Proviso P4, which called for the executive to transmit a report from the Harborview board of trustees regarding spending plans for the $31,000,000 Medicaid reserve, and a motion acknowledging receipt of the report, and

WHEREAS, the executive has transmitted to the council the required report entitled 2026 Hospital Tax Medicaid Reserve Spending Plan along with a motion acknowledging the receipt thereof;

NOW, THEREFORE, BE IT MOVED by the Council of King County:

The King County council hereby acknowledges receipt of Attachment A to this motion, 2026 County Hospital Tax Medicaid Reserve Spending Plans, as required by Ordinance 20023, Section 102, Proviso P4.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

____

Sarah Perry, Chair

ATTEST:

____

Melani Pedroza, Clerk of the Council

APPROVED this _____ day of _______________, ______.

____

Girmay Zahilay, County Executive

Attachments: A. 2026 County Hospital Tax Medicaid Fund Reserve Spending Plans

ATTACHMENT A

2026 County Hospital Tax Medicaid Reserve Fund Spending Plans

Harborview Medical Center

HARBORVIEW MEDICAL CENTER
UW Medicine King County

A message from the Harborview Board of Trustees

Harborview Medical Center and the Board of Trustees are thankful for King County's support and commitment to the mission of Harborview. We are focused on sustaining services and preserving access to care for all patients, including the most vulnerable, in the face of unprecedented federal Medicaid cuts and a challenging state budget environment.

Healthcare access will be heavily impacted by H.R. 1, the federal budget reconciliation bill, as approximately 330,000 Washingtonians are expected to lose Medicaid coverage. This loss of healthcare coverage will significantly increase the number of patients seeking uncompensated care from Harborview.

In addition, this legislation will drastically reduce reimbursement from the Medicaid directed payment program, which allows states to direct supplemental payments to hospitals like Harborview that provide access to Medicaid patients. This will result in a direct loss to Harborview of up to $224 million annually in Medicaid directed payments.

The $31 million in 2026–2027 Medicaid Reserve tax funds allocated by the County Council will be a critical resource as Harborview prepares for and experiences the impact of funding reductions from H.R.1. Many other organizations in the local healthcare marketplace have already responded to the federal policy changes by reducing programs, services, and staff and limiting access for patients covered by Medicaid.

At Harborview, caring for patients who are uninsured or underinsured is a core component of our mission.

To prepare for the expected full impact of these disruptive changes, we are proactively seeking additional near-term investment to shore up and strengthen our current system and services, enhance resilience, and maintain access for patients in the face of an increasingly challenging fiscal environment.

Within this report we propose 3 investment options for the $31 million in Medicaid Reserve funds for the King County Council's consideration. In accordance with the 2026–2027 Biennial Budget, we share information about Harborview's current and recent past financial performance and the projected impact of Medicaid changes to help inform your decision.

On June 18th, 2026, the Harborview Board of Trustees approved a motion to approve the 2026 County Hospital Tax Medicaid Reserve Spending Plans.

Sincerely,

Dorothy T Teeter

Dorothy Teeter
President
Harborview Board of Trustees

Sommer Kleweno Walley

Sommer Kleweno Walley
Chief Executive Officer
Harborview Medical Center

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All photos throughout this report are courtesy of UW Medicine unless otherwise noted.

Executive Summary

Harborview Medical Center is grateful for King County's longstanding partnership and support of its mission to provide care to all patients, regardless of their ability to pay. As Washington's only Level I adult and pediatric trauma center and a critical safety-net hospital, Harborview plays a vital role in ensuring access to healthcare for Medicaid beneficiaries, uninsured patients, and other vulnerable populations across King County and the region. However, recent federal and state policy changes are expected to significantly reduce insurance coverage and reimbursement, creating substantial financial pressure on safety-net providers such as Harborview.

The federal budget reconciliation legislation (H.R.1) is projected to result in large reductions in Medicaid coverage and reimbursement. The Washington State Office of Financial Management estimates that approximately 330,000 Washington residents could lose Medicaid coverage due to eligibility changes, work requirements, and increased administrative barriers.

Additional changes to the Affordable Care Act marketplace—including the elimination of subsidies and automatic re-enrollment—may cause between 85,000 and 142,000 residents to lose exchange coverage. As coverage declines, more patients are expected to become uninsured and rely on charity care when seeking treatment. These coverage losses are expected to increase demand for charity care at Harborview while simultaneously reducing Medicaid-related revenue.

In addition to coverage losses, federal policy changes will substantially reduce Medicaid directed payment programs beginning in 2028, which currently help close the gap between the cost of caring for Medicaid patients and the reimbursement hospitals receive. Harborview currently receives over $200 million annually through these programs, and reductions could result in losses of up to $224 million per year. At the same time, state policy changes—such as caps on insurance reimbursements for public and school employees—may further reduce Harborview revenue by an estimated $12 million to $21 million annually beginning in 2027. Despite these challenges, Harborview continues to provide extensive financial assistance and uncompensated care to patients across King County.

In Fiscal Year 2025, Harborview generated $1.71 billion in operating revenue and incurred total operating expenses of $1.6 billion, ending the year with an operating margin of 7.7%. A positive margin is important to support essential capital investments, infrastructure needs, and financial stability. However, Fiscal Year 2026 performance through March shows a margin of 1%, which is below budget target of 2.6%, reflecting early shifts in payer mix and financial pressures. Harborview also provides significantly higher levels of charity care relative to many other hospitals in King County, reflecting its role as the region's primary safety-net provider.

Given the anticipated federal Medicaid policy changes and growing numbers of uninsured patients, Harborview expects worsening payer

[1] Please note that Harborview operates on a fiscal year that runs from July 1 to June 30th while King County operates on a fiscal year aligned with the calendar year (January 1 to December 31).

mix shifts and declining reimbursement in fiscal year 2027 and beyond. Without additional support, these changes would create substantial operating deficits. The $31 million in County Hospital Tax Medicaid Reserve funds allocated by the King County Council for the 2026–2027 biennium represents a critical bridge during this period of disruption.

Within this report, Harborview proposes three potential spending approaches for Council consideration. These options focus on maintaining access to essential specialty clinic services, supporting programs that serve medically and socially complex patients—such as medical respite and complex discharge programs—or addressing losses associated with medical workforce education while supporting specialty care access. Each option is designed to stabilize Harborview's finances during a period of rapid policy change while protecting access to critical services for Medicaid patients and vulnerable populations.

Harborview will provide quarterly reporting on the use of these funds, including expenditures, patient volumes, and payer mix trends. Harborview remains committed to adapting to the changing healthcare landscape while continuing to serve as the region's safety-net hospital. Continued partnership with King County will be essential to maintaining access to care for the community during this time of significant federal and state healthcare policy changes.

Medicaid Spending Plan

A key tenet of Harborview's strategy to ensure that patient access to programs and services is maintained despite these challenges, is to proactively seek additional near-term investment to shore up and strengthen our current system and services, enhance resilience, and maintain access for patients in the face of an increasingly challenging federal environment. We anticipate further Medicaid cuts and aim to avoid more disruptive changes when their full impact is realized.

As such, Harborview leadership has been working diligently to forecast the impacts and understand where focused mitigation efforts are needed. In alignment with this proactive approach, Harborview requests that the Medicaid Reserve funds be dispersed in Harborview Fiscal Year 2027, which occurs July 1, 2026 to June 30, 2027.

The Medicaid Reserve funds are critical to the organization's ability to close the budget for Fiscal Year 2027. With the projected impacts and without these funds, the proposed FY27 budget would be negative by tens of millions of dollars.

The funds represent an important bridge during this time of disruption. The organization is committed to continuing to address these changes over time and continue adapting to the new healthcare financial environment.

Proposed Medicaid Spending Plan Options

Medicaid Option 1: Support access to specialty clinic services and address Medicaid reimbursement impacts due to enrollment reductions.

Medicaid Option 2: Support access to respite and difficult-to-discharge programs and address Medicaid reimbursement impacts due to enrollment reductions.

Medicaid Option 3: Address losses related to Medical Workforce Education and support access to specialty clinics.

	Medicaid Spending Option 1	Medicaid Spending Option 2	Medicaid Spending Option 3
Amount Allocated in Budget	$31 million (in 2026-2027)	$31 million (in 2026-2027)	$31 million (in 2026-2027)
Requested Funding Areas	Clinic Losses for Selected Specialty Clinic Services **($25.9 million)** Half of Initial 6 Months Estimated HR1 Medicaid Eligibility Reductions **($10.5 million)**	Respite Losses **($4.4 million)** Half of Initial 6 Months Estimated HR1 Medicaid Eligibility Reductions **($10.5 million)** Alien Emergency Medical (AEM) **($13.8 million)** Complex Discharge/ Difficult to Discharge **($6.0 million)**	Medicaid Required Medical Workforce Education Losses – **($12.7 million)** Additional Clinic Losses for Selected Specialty Clinic Services **($19.6 million)**
Total Losses for Requested Funding Areas	**$36.4 million**	**$34.7 million**	**$32.3 million**

Option 1

Support access to specialty clinic services and address Medicaid reimbursement impacts due to enrollment reductions

Within proposed Option 1, Harborview proposes that $31 million be appropriated to address $25.9 million in specialty clinic losses and $10.5 million in Medicaid reimbursement reductions.

Populations that disproportionately experience health disparities are also overrepresented within the Medicaid patient population. Medicaid patients often have significant coexisting medical and social complexities, requiring access to specialized care. Roughly one third of patients served by specialty care clinics at Harborview are currently covered by Medicaid.

Patients with Medicaid can face barriers accessing specialty care at other healthcare facilities and Harborview is uniquely positioned to serve these patients. Access to specialty services within Harborview allows for seamless patient care and collaboration between a patient's primary care, behavioral health, and specialty providers in a supportive, familiar environment.

UW Medicine estimates that early enrollment reductions resulting from H.R. 1 will lead to $4.5 million-$13.5 million in reduced revenue in the initial 6 months of impact occurring in CY 2027. The FY27 budget for the latter 6-month period assumes an estimate of $21 million. These figures do not account for the additional H.R. 1 reductions to Medicaid Directed Payment Programs that will further reduce Medicaid reimbursement beginning in January 2028.

Proposed Medicaid Option 1

Support access to specialty clinic services and address Medicaid reimbursement impacts due to enrollment reductions.

$31 million

Speciality Clinic Losses

Total loss:
$25.9 million

Medicaid reimbursement reductions

Total loss:
$10.5 million

NUMBERS SNAPSHOT

$4.5 million - $13.5 million
reduced revenue from early enrollment reductions in the initial 6 months as a result of H.R. 1

$21 million
estimated reduced revenue from reimbursment reductions assumed by the FY27 budget

Option 2

Support access to respite and difficult-to-discharge programs and address Medicaid reimbursement impacts due to enrollment reductions

Within proposed Option 2, Harborview proposes that $31 million is appropriated to address $4.4 million in Respite program losses, $13.8 million in Alien Emergency Medical (AEM) losses, $6 million in losses incurred and for Complex Discharge/ Difficult to Discharge patients and $10.5 million in Medicaid reimbursement reductions.

King County's Medical Respite Program, which is run under contract by Harborview, provides recuperative care to people experiencing homelessness who are too sick to return to the shelter or streets, but do not require a hospital level of care. This program serves a high rate of patients with Medicaid or who are uninsured.

Harborview's Bed Readiness Program provides skilled nursing facility placement and care for difficult-to-discharge patients who face barriers to discharging from the hospital, often due to concurrent medical and social complexity. This program also serves a high rate of patients with Medicaid or who are uninsured.

Harborview incurs significant costs to care for patients who receive services through the Alien Emergency Medical (AEM) program. AEM applies to individuals who have a qualifying medical emergency and do not qualify for other Apple Health programs due to citizenship or immigration requirements.

Proposed Medicaid Option 2

Support access to respite and difficult-to-discharge programs and address Medicaid reimbursement impacts due to enrollment reductions.

Respite Program Losses
Total loss: **$4.4 million**

Alien Emergency Medical losses
Total loss: **$13.8 million**

$31 million

Complex Discharge/ Difficult to Discharge patients
Total loss: **$6 million**

Medicaid Reimbursement Reductions
Total loss: **$10.5 million**

Option 3

Address losses related to Medical Workforce Education and support access to specialty clinics

Within proposed Option 3, Harborview proposes that $31 million be appropriated to address $19.6 million in additional specialty clinic losses and $12.7 million in Medicaid Required Medical Workforce Education Losses.

Harborview Medical Center plays an important role in educating and training the medical workforce, including training the next generation of doctors, nurses, technicians and other roles. Training is also a required component of Harborview's Level 1 Trauma Center status.

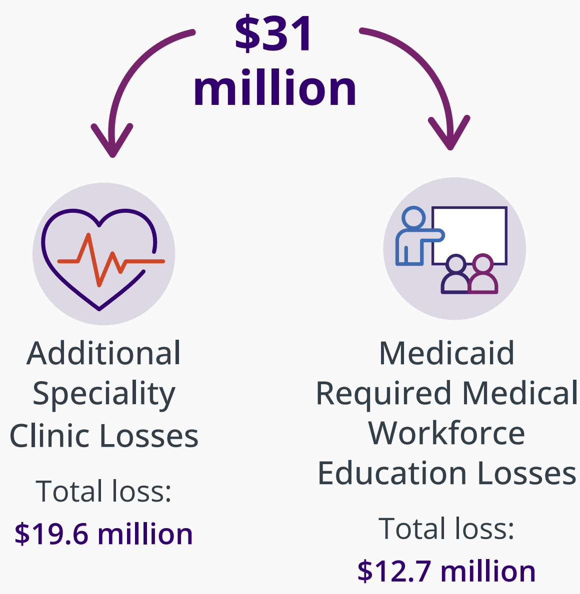
Approximately a third of patients treated by residents and trainees at Harborview are patients with Medicaid insurance and Harborview's trauma patient population is disproportionately Medicaid. Recent legislative changes adversely impact funding for medical education. The $12.7 million in losses requested in this plan reflects the percentage of Medicaid patients that Harborview serves and total losses related to medical education for all patients is much greater.

In addition to serving the organization's educational mission, employees in these roles are frequently paid at a rate that reflects their dual educational and patient care role. Without this key educational part of our mission, Harborview will incur more expensive staffing and the organization's costs to treat Medicaid patients will rise sharply. Despite being under-reimbursed, this care provides a high value to patients.

Investing in medical workforce education and use of the county hospital tax funds to address losses incurred by medical workforce education will promote hospital financial stability and help maintain the workforce pipeline of clinicians who will be caring for our community into the future.

Proposed Medicaid Option 3

Address losses related to Medical Workforce Education and support access to specialty clinics.



Summary of Federal and State Funding Reductions

Federal Funding Reductions

H.R.1 changes are expected to significantly increase the number of patients seeking uncompensated care from Harborview. Prior to the Affordable Care Act (ACA), Harborview Medical Center's uninsured patient population was approximately 13%. After the implementation of the ACA, Harborview's uninsured population dropped to under 4%.

Even at a rate of only approximately 4% of patients uninsured, Harborview provided nearly $144.5 million in charity care to patients during Fiscal Year 2025. In future years as H.R.1 takes full effect and more patients become uninsured, the need for charity care will grow significantly.

In addition, this legislation will drastically reduce the Medicaid directed payment program with a direct loss to Harborview of up to $224 million in Medicaid directed payments, and additional potential impacts from reimbursement reductions. As Medicaid patients comprise approximately 32% of the hospital's patients as of fiscal year 2025, these changes will have a very substantial impact on Harborview. A synopsis of the major changes is provided below

October 1, 2026

Medicaid eligibility limits based on residency and citizenship status are estimated by Washington State Office of Financial Management to adversely impact 30,000 Washingtonians starting on October 1, 2026.*

Impacts of H.R.1

330,000 Washingtonians are expected to lose Medicaid Coverage

January 1, 2027

On January 1, 2027, all able-bodied adults without dependents will be required to work or complete community engagement activities for at least 80 hours per month to maintain their Medicaid coverage. This is estimated by Washington State to impact 200,000–250,000 enrollees.

In addition, people who lose Medicaid coverage due to not meeting work requirements are barred from purchasing coverage on the healthcare exchange until the next open enrollment period and are likely to become uninsured. Also, H.R. 1 requires twice-yearly eligibility verification, which will increase documentation burden for enrollees, many of whom already face barriers to completing administrative tasks and may lapse in insurance coverage as a result.

January 1, 2027

Currently when a patient who is Medicaid eligible but not yet enrolled seeks care, the state will provide retroactive coverage for the 90 days prior to the patient's application. Starting January 1, 2027, H.R.1 limits the retroactive coverage period to 30 days for expansion populations and 60 days for traditional Medicaid

* https://ofm.wa.gov/budget/resources/h-r-1-impacts-on-washington-state-people-and-budget/#section-health-care-medicaid-enrollee-impacts

applicants. This means hospitals are likely to incur more expenses caring for patients who were potentially eligible for Medicaid but unable to complete the application in time.

In addition, the state estimates that 85,000–142,000 patients formerly covered by ACA exchange plans are likely not to retain coverage due to more difficult enrollment processes starting in January, 2027, elimination of automatic re-enrollment in January, 2027, and the elimination of subsidies causing a significant increase in the patient's premium cost.

These changes are anticipated to cause some patients to forego insurance coverage – which is likely to result in people avoiding seeking care until they are very sick and and relying on charity care when they must seek medical care.

January 1, 2028

Reductions in the Medicaid directed payment program will also come into effect on January 1, 2028 and payments will continue to reduce annually by 10% until the support is essentially eliminated.

State Funding Reductions

These federal changes come at a time when other sources of funding are also at risk. For example, the Washington State Legislature capped insurance reimbursements for the care of public and school employees which is anticipated to reduce funding at Harborview starting in 2027 anywhere between $12 million to as much as $21 million a year.

In addition, the Washington State Healthcare Authority has eliminated its value-based care insurance model for public and school employees. The reduction in reimbursement to Harborview due to this decision is unknown but will result in less reimbursement from the State.

H.R.1 TIMELINE OF MEDICAID CHANGES

October 1, 2026

Eligibility limits based on residency and citizenship status

January 1, 2027

Able-bodied adults without dependents required to work or complete community engagement activities for at least 80 hrs/month to maintain coverage

If loss of coverage is due to not meeting work requirements, applicants are barred from purchasing coverage on the healthcare exchange until the next open enrollment period

Twice yearly eligibility verification required

Retroactive coverage period limited to 30 days for expansion populations and 60 days for traditional applicants

Difficult enrollment processes, elimination of automatic re-enrollment, and elimination of subsidies

January 1, 2028

Directed Payment Program reductions

Payment reduction annually by 10% until support is eliminated

Description of Financial Impacts to Date

Review of FY25 Revenue

In FY25, the organization incurred total operating expenses of $1,596,796,000. These expenses include all the costs of running the hospital, including staffing, equipment, supplies, pharmaceuticals, utilities, the physical plant upkeep and many other costs.

Harborview invests heavily in our staff and our largest expense is labor. As our clinics serve a mix of patients with different insurance coverage throughout a given day and utilize the same labor, supplies and other resources in the care of patients, Harborview is unable to isolate and attribute expenses to the care of Medicaid patients only.

FY25 Medicaid Actual Revenue

FY25 Medicaid Revenue	Amount (in millions)
Medicaid Net Patient Service Revenue (*not including direct payment program*)	$292.6M
Medicaid Directed Payment Program Revenue	$210.5M
Total Medicaid Revenue	**$503.1M**

Typically, the hospital incurs higher expenses in caring for Medicaid patients than for other patient populations. Populations that disproportionately experience health disparities are also overrepresented within the Medicaid patient population and often have significant concurrent medical and social complexities.

NUMBERS SNAPSHOT

$1.597 Billion
Total FY25 operating expenses

$503.1 Million
Total FY25 Medicaid revenue

As a result of the patient's complexity and vulnerability, it is often more difficult for the hospital to secure coverage for appropriate treatment or placement, and the intensity of care needed to support a positive outcome for the patient is much higher.

As a result, hospital length of stay is often extended for these patients and the ambulatory clinic resources needed to care effectively for these patients is higher — including the need to staff the clinics with social workers, peer support specialists, mental health specialists, care managers and other roles. Traditional medical coding also often fails to capture both the social or behavioral complexity of the patients and its interaction with the medical complexity, resulting a relatively low case mix index (CMI) score, and less reimbursement, for these patients than their care warrants.

FY25 Operating Revenue

FY25 Non-Medicaid Revenue	Amount (in millions)
Medicare Net Patient Service Revenue	$290.6M
Non-Medicare Net Patient Service Revenue	$741.2M
Total Net Patient Service Revenue	**$1.535B**
Other Operating Revenue	$177M
Total Non-Medicaid Operating Revenue	**$1.209B**

FY25 Total Operating Revenue

In FY25 total operating revenue is $1,711,888,000. Operating expenses were $1,596,796,000. The organization ended FY25 with an operating income of $115,092,000.

Nonoperating Income

Harborview also had a nonoperating Income of $18,469,000, resulting in a total income of $133,561,000 for Fiscal Year 2025, and a margin of 7.7%. A positive margin is critically important to maintaining the financial health of a hospital. The hospital must be able to pay capital costs to replace expensive equipment, invest in appropriate facilities to provide services within and must grow and develop capabilities over time to keep pace with advancements in medicine. Fiscal year 2026 to date through March, Harborview's margin is 1%, which is below budget.

Harborview's proposed FY27 budget includes a target margin of 2.6%. Without the support of the operating funds provided by the County Hospital Tax, the budget would be negative for FY27.

NUMBERS SNAPSHOT

Operating Revenue

$1.712 Billion
Total FY25 operating revenue

$115.1 Million
Total FY25 operating income

2.6% target margin for FY27*
*only possible with the support of the operating funds provided by the County Hospital Tax

Fiscal Year 2026 YTD Revenue Through March/Fiscal Year Quarter 3

In this section, Fiscal Year 2026 data is provided through March, 2026. Given the time required to bill and receive payment from insurers and update cost accounting data, this report provides data through the third quarter of the fiscal year. Through Harborview's routine annual reporting, full fiscal year information will be available after the fiscal year close.

When evaluating fiscal year-to-date information, it is important to consider the seasonal fluctuations affecting all hospitals, and Harborview in particular, because of our trauma patient population. In the winter months, hospital census often rises with non-trauma medical patients affected by winter season viruses. This may drive a significant number of patient admissions which are generally lower paying due to diagnosis.

During the summer months, Harborview typically again experiences a high census which is driven by trauma patients — people becoming injured during the outdoor-recreation season. Trauma patients usually have a higher medical complexity and often require surgery, so the hospital experiences a higher-paying diagnosis mix at that time.

This fiscal year, Harborview has begun to experience changes in payer mix and funding related to federal changes. However, the majority of the federal funding reductions do not begin until after January 1, 2027. As a result, Harborview expects that Fiscal Year 2027 and beyond will be significantly more financially challenging than Fiscal Year 2026 demonstrates.

FY26 YTD Actuals Medicaid Revenue

In Fiscal Year 2026 through March, 2026, the organization has generated $376,429,000 in Medicaid Revenue. There are multiple types of Medicaid revenue received by the hospital. The patient may be covered by a Medicaid Managed Care Organization (MCO) or may be covered by Medicaid Fee for Service.

When the patient receives care through an MCO, Washington State pays the MCO a set amount per month for the patient's care and the MCO pays for all the healthcare needed by the patient. MCOs usually require or incentivize the patient to choose providers within the plan's provider network to contain costs.

Under the Fee for Service (FFS) model, the hospital bills the State Medicaid program and the State pays the hospital directly for each medical service provided. The hospital is also able to bill hospital facility fees for care provided at the main campus and hospital-based clinic sites.

The directed payment program allows Washington State to access additional federal Medicaid funds and route the funds through the MCOs to provide higher reimbursement for care.

Traditionally, Medicaid reimburses at a significantly lower rate than commercial payers and Medicare and does not fully cover the cost the hospital incurs to deliver the care. As a result, hospitals traditionally lose money when treating Medicaid patients.

Under the directed payment program, the state Medicaid program is able to direct MCOs to provide an enhanced reimbursement rate for Medicaid patients that is closer to commercial rates, which then closes the gap between the cost of care and the reimbursement received. Under this program, the state provides the non-federal share of Medicaid funding and the federal government matches that funding with Federal Medical Assistance Percentage (FMAP) funds, and the combined funds are distributed through the MCO's reimbursement to the hospital for medical services.

Because Medicaid rates are typically well below the cost of care and Harborview serves a large share of Medicaid patients, these directed payments provide substantial financial support to Harborview.

FY26 Through March Medicaid Revenue	Amount (in millions)
Medicaid Net Patient Service Revenue (*not including directed payments*)	$207.6M
Medicaid Directed Payment Program Revenue	$168.8M
Total Medicaid Revenue	**$376.4M**

FY26 YTD Operating Revenue

FY26 Through March Non-Medicaid Revenue	Amount (in millions)
Medicare Net Patient Service Revenue	$254.9M
Non-Medicare Net Patient Service Revenue	$563.8M
Total Net Patient Service Revenue	**$1.195B**
Other Operating Revenue	$117.4M
Total Non-Medicaid Operating Revenue	**$936.2M**

FY26 Operating Expenses and Total Income

Fiscal year 2026 Year-To-Date (YTD) operating expenses through March are $1,274,084,000, which is forecasting lower than the organization's budget of $1,738,432,000.

Total income for Harborview YTD is $13,092,000, which is a margin of 1%.
Harborview was budgeted for a $46,500,000 income year to date in order to achieve a 2.6% margin in FY2026.

While Harborview has been successful in maintaining YTD expenses below budget, year to date, revenue has been less than expected. Overall, the organization is performing below budget. With increased consolidation in the healthcare market, some hospitals that referred surgical cases to Harborview prior to their affiliation with a system are now primarily referring these types of positive-margin cases within the affiliated health system. This has resulted in lower surgical volumes in Fiscal Year 2026 YTD and negatively impacted revenue.

NUMBERS SNAPSHOT

$1.274 Billion

FY26 YTD operating expenses thru March, lower than Harborview's budget of **$1.738 Billion**

$13 Million

FY26 YTD total income, a margin of **1%**

Maintaining a modest margin is important to allow the organization to maintain financial stability and have the resources to effectively operate, to update equipment, and to address capital expenses that are necessary to maintain existing services. Major capital equipment items, such as MRI or CT machines, have an expected lifespan of service and Harborview must be prepared to fund upcoming replacements of aging equipment.

Days Cash on Hand

Hospitals experience significant variability in accounts receivable — the amount of money owed to the hospital by insurers or patients. The amount of time that it takes for an insurer to pay the hospital is variable and insurers may even deny claims, which causes the incoming cashflow to be variable.

Despite the unpredictable cash inflow, the hospital must always be prepared to meet its financial obligations — to its staff, to medical and pharmaceutical supplies, to utilities and to bond holders — and to maintain operations even in the face of large disasters, including natural disasters.

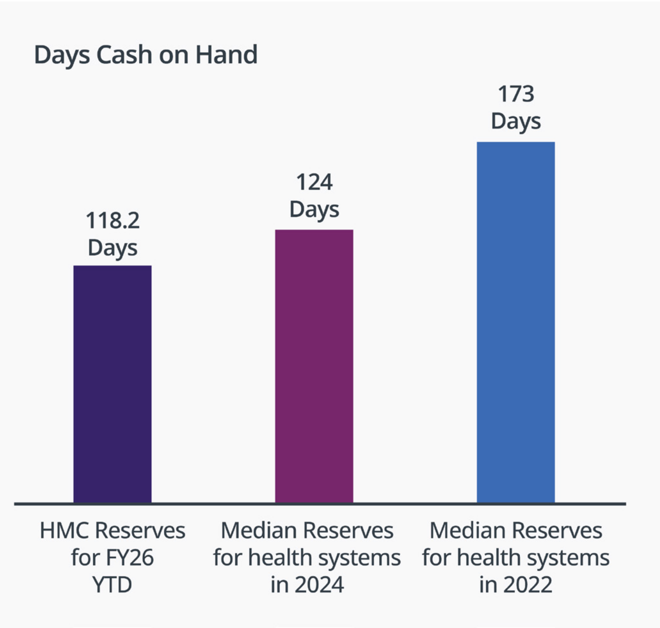
Financial reserves that the hospital maintains in immediately available cash are called Days Cash on Hand. These reserves play a vital role in stabilizing the finances of large healthcare organizations who experience variability in their cash inflow yet have significant obligations.

Harborview's days cash on hand at end of Fiscal year 2025 was 106.6 days. For Fiscal YTD through March 2026, Harborview has 118.2 days cash on hand, which one day's cash equates to $4,510,000.

Harborview maintains less days cash on hand than most hospitals, although a decreasing trend of cash on hand is seen across hospitals nationally. As measured by Syntellis* in partnership with the American Hospital Association, the median cash reserves for a health system in 2024, was 124 days — which is lower than the median of 173 days in 2022.

For Harborview, having sufficient days cash on hand is especially important in this time of change in the healthcare landscape and as the organization undertakes major capital investments to address the needs of the aging physical plant and respond to competitive pressures.

In addition, Harborview's days cash on hand is impacted by a board-directed fund that restricts cash to be set aside for the purpose of paying the Mission Support Payment. From this fund, Harborview pays $28 million annually from 2025-2027 to support clinics operated by the County's Public Health Department.



* https://www.stratadecision.com/sites/default/files/2023-11/aha_q2_2023_v2.pdf

Charity Care Provided at Harborview

Financial Assistance (in millions)	**FY23**	**FY24**	**FY25**	**March FY26 YTD Actuals**
Financial Assistance	$110.1M	$136.9M	$144.5M	$118.1M
Cost-to-Charge ratio	35.9%	35.8%	35.4%	35.4%
Estimated cost of financial assistance	$39.5M	$49M	$51.1M	$41.8M

Uncompensated Care (in millions)		
FY23	**FY24**	**FY25**
$294.5M	$300.7M	$294.3M

Difference Between charity care and uncompensated care

Charity care (also known as financial assistance) occurs when the organization provides discounted services to a patient who meets the organization's financial assistance policy and cannot afford to pay for services. Charity care is provided to uninsured patients and patients who have insurance but cannot afford to pay the portion of their healthcare costs not covered by the insurer.

Uncompensated care is a broader metric which includes all hospital care provided for which no payment was received from either the patient's insurer or the patient. More specifically, this measure combines both the hospital's bad debt and financial assistance. Hospitals incur bad debt when the insurer or patient was billed but payment was not received and the hospital determines that payment is unlikely to be collected. Fiscal Year 2026 uncompensated care is not yet available as uncompensated care is an annual calculation performed after the end of the fiscal year.

Comparison data for Harborview charity care vs other health systems in WA*

	Top 10 Providers of Charity Care (as a % of Patient Revenue) in King County	**Charity Care**	**Charity Care** as a % of Total Patient Service Revenue	**Charity Care** as a % of Adjusted Patient Service Revenue
1	UW Medicine/Harborview Medical Center	$137,551,606	3.68%	9.59%
2	MultiCare/Auburn Regional Medical Center	$23,320,637	2.42%	8.06%
3	VMFH/Saint Anne Hospital	$30,285,656	2.46%	7.55%
4	MultiCare/Covington Medical Center	$11,969,131	2.73%	6.26%
5	VMFH/Saint Francis Community Hospital	$40,888,858	2.14%	6.03%
6	Snoqualmie Valley Hospital	$1,799,663	1.91%	4.59%
7	Kaiser Permanente	$2,254,995	2.22%	4.55%
8	Providence/Swedish-Cherry Hill	$25,820,990	1.13%	3.45%
9	VMFH/Saint Elizabeth Hospital	$4,149,255	1.36%	3.18%
10	Valley Medical Center	$31,991,757	1.08%	2.89%
10	Fred Hutchinson Cancer Center	$32,943,784	1.33%	2.89%
	King County Average		**1.34%**	**3.12%**

*Data obtained from Washington State Department of Health 2024 Charity Care Report
https://doh.wa.gov/data-statistical-reports/healthcare-washington/hospital-and-patient-data/hospital-patient-information-and-charity-care/charity-care-washington-hospitals

Analysis of Impact

Harborview is experiencing the impact of federal policy changes that have caused more patients to become uninsured. Harborview is also seeing other health systems changing policies in advance of future changes and those systems' changes further impact Harborview.

Medicaid eligibility and work requirements beginning January, 2027, along with changes to ACA subsidies on exchange products in 2026, are increasing the percentage of patients without insurance. Since the end of healthcare insurance exchange subsidies at the start of calendar year 2026, patients who purchase coverage through the healthcare exchange, who previously were able to qualify for federal subsidies to help lower the cost of their health insurance, must now cover the full cost of their insurance premiums. The unsubsidized premium can be unaffordable for some patients and cause them to become uninsured. When patients lose insurance coverage, they often delay care until they reach a medical crisis, at which time they are much sicker and their care is more costly.

The organization's rate of uninsured patients, for whom the organization provides financial assistance, has increased fiscal YTD through March. Further negative payer mix shift is included in the organization's projected FY27 Budget. When patients move from Medicaid to uninsured it costs the organization approximately $7.1 million per 1% increase.

The hospital experiences a significant financial impact from these changes in payor mix because the hospital receives reduced or no payment for uninsured and underinsured patients and incurs the cost of providing financial assistance to the patient.

UW Medicine estimates that early enrollment reductions resulting from H.R. 1 will lead to $4.5 million-$13.5 million in reduced revenue in the initial six months of impact occurring in CY 2027. The FY27 budget for the latter 6-month period assumes an estimate of $21 million. These figures do not account for the additional H.R. 1 reductions to Medicaid directed payment programs that will further reduce Medicaid reimbursement beginning in January, 2028.

Harborview Medical Center — Gross Patient Service Revenues: Payer Mix

Payer	FY25 Actual	FY26 Budget	FY26 YTD Through March
Medicare	31.8%	31.1%	32.9%
Medicaid	31.9%	31.5%	31.3%
Commercial and Other	30.2%	31.1%	29.6%
Self-pay	3.7%	3.8%	4.0%
Exchange (HIX)	2.3%	2.5%	2.2%

Impact on Staff and Employees

The Medicaid changes affect not only our patients and the hospital finances, but also staff and employees at Harborview. As patients lose insurance coverage, the intensity of support needed to maintain access to healthcare services increases.

Staff are likely to spend more time working to secure financial assistance and access to programs and are more likely to be impacted by moral distress as there are fewer options and resources for patients within the medical landscape.

As reductions take further affect, Harborview may need to adjust staffing levels in certain areas, such as financial clearance, to ensure that there is sufficient staffing to maintain access for patients.

Harborview is committed to finding solutions to ensure that key clinical services are able to continue, including finding new alternative revenue sources that can help to bolster programs and working to optimize and maximize our current resources to the fullest extent possible.

Medicaid Spending Plan Quarterly Spending Report Proposal

Per Proviso 4, Harborview is requested to provide a recommended timeline and contents of a quarterly financial report on Harborview Medical Center's expenditure of the county hospital tax. Given the time required to receive payments from insurers, update cost-accounting data and implement a new costing system in FY27, Harborview proposes that quarterly reporting begin in January, 2027 for Fiscal Year 2027 Quarter 1 and continue on a quarterly basis for FY27 YTD through 6 months after the end of FY27 (December, 2027).

While Harborview will begin reporting in January, 2027 to provide a timely response on utilization of the tax dollars, Harborview does not consider financial data to be final until 6 months past the end of the fiscal year. Final collection of payment from payers can take many months and then final reconciliation of cost accounting with audited financials must occur. For this reason, the early reporting may contain some level of estimation that will be finalized in subsequent updates and the reporting will continue for an additional 6 months after the end of FY27 in June, 2027.

This approach is proposed to ensure that the Council receives timely initial reporting each quarter for FY27 YTD as well as the final reconciled data for FY27.

This quarterly report is proposed to include the following components:

a. Expenditures towards selected Medicaid Spending Plan option.

b. Patient volumes for selected programs broken down by program

c. Current payer mix

Harborview appreciates the Council's diligence in regards to the Medicaid Reserve funds and your continued engagement in the organization's work to mitigate and counteract the negative impacts of H.R.1 on Harborview patients, staff and programs. We look forward to sharing how the County Hospital Tax funds are implemented and positively affecting the health of patients and the organization.

Appendix

2026–2027 Biennial Budget Ordinance 20023, Section 102 County Hospital Levy, P4

"Of this appropriation, $31,000,000 shall not be expended or encumbered until the executive transmits a report from the Harborview board of trustees detailing actual fiscal year to date reductions in federal Medicaid funding received by Harborview Medical Center and the impact that Medicaid funding reductions and eligibility changes are having on Harborview Medical Center's operations, and a motion acknowledging receipt of the report is passed by the council. The motion should reference the subject matter, the proviso's ordinance, ordinance section, and proviso number in both the title and body of the motion. References to fiscal years in this proviso shall be based on Harborview Medical Center's fiscal years with fiscal year 2025 being the fiscal year ending on June 30, 2025.

A. Fiscal year 2025 revenues from federal and state Medicaid payments received by Harborview Medical Center and fiscal year 2025 net revenue from non-Medicaid sources as described in subsections A. and B. of this proviso;	Pages14-15
B. Fiscal year-to-date actual revenue in the form of federal and state Medicaid payments received by Harborview Medical Center, including, but not limited to, inpatient and outpatient direct payment programs, base payments for services, supplemental payments, and managed care payments, as well as the budgeted amounts of each revenue;	Pages 16-17
C. Fiscal year-to-date net revenue received by Harborview Medical Center from all non-Medicaid sources and net budgeted amounts of each;	Page 18
C. Days' worth of cash on hand;	Page 19

D. Total charity care provided at Harborview for the prior three years, which are 2023, 2024, and 2025, and for 2026 up to the date of the report;	Pages 20-21
E. Analysis of the impact of current and projected reduced Medicaid funding on the operations of Harborview Medical Center, including: 1. The impact on the mission population served by Harborview Medical Center; 2. The impact on staff and employees of Harborview Medical Center; and 3. The impact on ability to provide clinical services provided by Harborview Medical Center at the same levels as before Medicaid reductions;	Page 22 Page 22 Page 23 Page 7
F. A proposed spending plan for the use of county hospital tax Medicaid reserve funds to support continued access to health care for current, in 2025, Medicaid eligible or enrolled members;	Page 8
G. Documentation of the review and approval of the report called for by this proviso in the form of a letter from the Harborview board of trustees; and	Page 3
H. A recommended timeline and contents of a quarterly spending report on Harborview Medical Center's expenditure of the county hospital tax Medicaid reserve be provided to the King County executive and council.	Page 24

King County | Office of the Executive

Executive Girmay Zahilay
Chinook Building, CNK-EX-0800
401 Fifth Avenue, Suite 800
Seattle, WA 98104-2391

July 8, 2026

The Honorable Sarah Perry
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Perry:

This letter transmits the 2026 Conty Hospital Tax Medicaid Reserve Spending Plan as prepared by the Harborview Board of Trustees in response to Ordinance 20023, Section 102, Proviso 4; and a proposed Motion, that would, if enacted, acknowledge receipt of the spending plan.

As required, the enclosed report provides the actual fiscal year to date reductions in Federal Medicaid funding received by Harborview Medical Center and the impact that Medicaid funding reductions and eligibility changes are having on Harborview Medical Center operations. The report also includes three options for use of the $31 million Medicaid reserve for continued access to health care for Medicaid eligible or enrolled patients.

I look forward to continuing to work with the Council, the Harborview Board of Trustees and UW Medicine to ensure that Harborview Medical Center receives the support it needs to fulfill its mission. On behalf of the Harborview Board of Trustees, thank you for your consideration of this report.

If your staff have questions, please contact Jeff Muhm, Special assistant to the Executive’s Leadership Team, at 206-263-4601.

Sincerely,

for

Girmay Zahilay
King County Executive

Enclosure

cc: King County Councilmembers
ATTN: Stephanie Cirkovich, Chief of Staff, King County Council
Melani Hay, Clerk of the Council
Karan Gill, Deputy Executive, Office of the Executive
Jasmin Weaver, Chief of Staff, Office of the Executive
Hyeok Kim, Chief Operating Officer, Office of the Executive
Sierra Howlett Browne, Director of Government Relations, Office of the Executive
Garrett Holbrook, Council Relations Manager, Office of the Executive
Jeff Muhm, Special Advisor to the Executive's Leadership Team, Office of the Executive