Form revised: December 5, 2014

BILL SUMMARY & FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
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1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to contracting indebtedness; amending Ordinance 124125 to increase the authorized amount of interfund loans for the Alaskan Way Seawall Replacement Project; and ratifying and confirming certain prior acts.

Summary and background of the Legislation:

In 2012, Seattle voters approved a bond measure to fund the replacement of the Seawall. To support this project, the City is issuing bonds each year in amounts necessary to meet the forecasted spending schedule. Early in 2014, the project appeared to be slowing considerably, so the City only issued $17 million of bonds. However, the project has since accelerated and all of those bonds have been spent. The City is scheduled to issue additional bonds in April, but a temporary interfund loan is needed as a bridge until that time. Given the uncertainty about the timing of this project, Ordinance 124125 had envisioned this possibility, but capped the size of the authorized interfund lending at $29 million.

The use of interfund loans as temporary financing to bridge the timing between the City's annual bond sales has increased over the past couple years, as the City has embarked on an effort to slow the issuance of bonds until there is greater certainty about when the proceeds will actually be needed. The goal is to reduce the carrying cost of debt, which, in the case of the Seawall project, slightly reduces property tax assessments. Faster spending on the project itself reflects an accelerated accomplishment rate.

This legislation amends Ordinance 124125 by increasing the authorized interfund loan amount from $29 million to $85 million. This loan will be repaid in April from proceeds of the bonds.

	Amount
Seawall-UTGO bonds issued - 2013/2014	67,000,000
2013-2014 Expenditures	(104,680,925)
Balance of Bonds	**(37,680,925)**
2015 Projected Bond Expenditures (Jan-Apr)	(45,372,500)
Total Balance of Bond Funds	**(83,053,425)**
Adjusted Interfund Loan Amount	85,000,000

3. SUMMARY OF FINANCIAL IMPLICATIONS

__X__ This legislation does not have direct financial implications.

OTHER IMPLICATIONS

a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?
This legislation increases the authority to borrow from the City's Consolidated (Residual) Cash Pool loan to $85 million on account of a change in the cash flow projections for the Alaskan Way Seawall Replacement Project. This loan will be repaid by bonds issued in April 2015. This legislation does not authorize new revenues. By reducing the size of the 2014 bonds issue, the City minimized the cost of debt service passed along to voters.

b) Is there financial cost or other impacts of not implementing the legislation?
The interfund loan provides interim financing to support the Alaskan Way Seattle Replacement project costs. Voters approved the $290 million bond measure for the Seawall in 2012; the bonds are sold in multiple series and the interim financing is needed to bridge the time period between bond issuances.

c) Does this legislation affect any departments besides the originating department?
This legislation affects FAS and SDOT.

d) Is a public hearing required for this legislation?
No.

e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?
No.

f) Does this legislation affect a piece of property?
No.

g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?
No.

h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.
None.

i) **Other Issues:** None.

List attachments below: None.