

SUMMARY and FISCAL NOTE*

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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the financing of the Mercer West project; authorizing the loan of funds from the City's Consolidated (Residual) Cash Pool, or its participating funds, to the Transportation Master Fund; and providing for the repayment thereof.

Summary and background of the Legislation: This legislation authorizes an Interfund Loan of up to \$26,300,000 for the construction of the Mercer West project to the Transportation Master Fund. The loan will be paid back from the sale of surplus property by no later than December 31, 2017.

The adopted funding plan for the Mercer West project includes sale proceeds from surplus property in the South Lake Union Area. In 2014, SDOT sold a parcel at 1000 Mercer Street to cover a portion of the costs. In 2014-2018, the funding plan includes \$28 million of property proceeds that will come from the property proceeds at 800/816 Mercer Street. The property was purchased with bonds supported by Commercial Parking Tax revenues, gas tax revenues, construction cost offsets/easements, and special benefit general fund. The property can be prepared for sale after Broad Street is closed. Additionally, we will propose to vacate Broad Street right of way in advance of the sale of the surplus property on either side of it. While this proposal will be a deviation from the Street Vacation Policies as established in Clerk File 310078, the deviation is necessary in order to achieve the highest sale price of the property. We are requesting that the Transportation Master Fund be granted an Interfund Loan from the City's Consolidated (Residual) Cash Pool and are estimating at this time that it will be repaid by December 31, 2017.

2. CAPITAL IMPROVEMENT PROGRAM

This legislation creates, funds, or amends a CIP Project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

This legislation does not have direct financial implications.

4. 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?

Yes. The Transportation Operating Fund would end in a negative cash position for greater than the allowed 90 days.

b) Is there financial cost or other impacts of not implementing the legislation?

Yes. The Transportation Operating Fund would end in a negative cash position for greater than the allowed 90 days.

c) Does this legislation affect any departments besides the originating department?

Yes. FAS-Finance.

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?

Yes. The surplus property at 800/816 Mercer Street will be sold to pay back the Interfund Loan.

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.

No.

Other Issues: The highest anticipated value of the property is without any restrictions on the sale. The use for the site for anything other than its highest and best use could cause the property to have a lower than anticipated sales price. Any lessening of value could jeopardize the ability of the property to generate enough dollars to repay the Interfund loan.

List attachments/exhibits below:

Attachment A: Interfund Loan Calculations

Attachment B: Map of Property

**Mercer West
Interfund Loan Calculations**

LOAN

	2014	2015	2016	2017*	2018	2019	Total
Starting Balance	0	6,148,767	18,759,708	24,849,174			
Anticipated Spending	6,108,451	12,447,623	5,445,000	50,000			24,051,074
Interest	40,316	163,318	644,466	1,087,001			1,935,101
Ending Balance	6,148,767	18,769,708	24,849,174	25,986,176	W	0	

<u>Assumptions</u>	2014	2015	2016	2017
Interest Rate	1.32%	1.32%	3.00%	4.37%

Additional Notes:

\$2.09M in proceeds from sale of West Marine property was received in 2014.

Megablock property will be sold by December 31, 2017. If the property is sold earlier, the loan will be repaid earlier, i.e. when the property is sold.

*\$50K needed in 2017 and \$40K needed in 2018 for landscape establishment costs; if the parcel has been sold, these costs will be paid from property proceeds rather than the Interfund loan.