

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
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**1. BILL SUMMARY**

1. **Legislation Title:** AN ORDINANCE relating to the municipal water system of The City of Seattle; adopting a system or plan of additions and betterments to and extensions of the existing municipal water system; authorizing the issuance and sale of water system revenue bonds in one or more series for the purposes of paying part of the cost of carrying out that system or plan, providing for the reserve requirement, and paying the costs of issuance of the bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; describing the lien of the bonds; creating certain accounts of the City relating to the bonds; and ratifying and confirming certain prior acts.

2. **Summary and background of the Legislation:**

This legislation provides the legal authorization to issue up to \$68.1 million of bonds to fund a portion of capital expenditures for Seattle’s water system, as set forth by the 2019-2024 capital plan.

Although the budget, capital plan and rates make specific assumptions about the use of debt financing for a certain share of the capital program, separate authorization for the issuance of bonds is technically required.

A Water bond sale for \$68.1 million of fixed rate debt is anticipated to occur late in 2019. The bond proceeds combined with internally generated funds will support the Water capital program for about 10 months. The bond proceeds will also be used to make a deposit to the bond reserve fund and to pay issuance costs.

Bonds would have a maximum maturity of 30 years. Annual debt service (principal and interest payments) is estimated to be about \$4.7 million starting in 2020.

Major projects supported by the bond issue include: Watermain Rehabilitation, Transmission Pipeline Rehabilitation, Lake Forest Reservoir Covering, Hatchery Works, Facility Improvements, and Transportation Related projects. For further information about the water system’s capital projects, please see the 2019-2024 capital plan.

**2. SUMMARY OF FINANCIAL IMPLICATIONS**

a. **Does this legislation amend the Adopted Budget?**      \_\_\_ Yes X No

- b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

The Water Fund will be obligated to pay annual debt service on these bonds through their term.

- c. Is there financial cost or other impacts of *not* implementing the legislation?**

Financing the utility's CIP completely from cash would require massive cuts in capital and/or operating programs or massive rate increases. Since the capital improvements financed with this debt have long useful life and interest rates are currently low, it is more practical to spread the costs of these improvements over current and future beneficiaries by issuing bonds.

### 3. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**

This legislation affects FAS, who coordinates the issuance of the bonds.

- b. Is a public hearing required for this legislation?**

No.

- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**

No.

- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No.

- e. Does this legislation affect a piece of property?**

No.

- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

None/No.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

No.

List attachments/exhibits below: None