

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
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1. BILL SUMMARY

1. **Legislation Title:** AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle; amending Ordinance 125454 to increase the authorized principal amount of drainage and wastewater revenue bonds to be issued for the purposes of paying all or part of the cost of carrying out the system or plan of additions and betterments to and extensions of the existing drainage and wastewater system; making certain other technical amendments to Ordinance 125454 and Exhibit B thereto; and ratifying and confirming certain prior acts.

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

This legislation amends Ordinance 125454, providing the legal authorization to issue up to \$350 million of bonds to fund a portion of capital expenditures for Seattle’s Drainage and Wastewater system, as set forth by the 2019-2024 capital plan. SPU intends to apply for Water Infrastructure Finance and Innovation Act (WIFIA) financing to lower its borrowing costs. If awarded, some of this debt will be issued in the form of WIFIA loans.

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.

Drainage & Wastewater bond sales, totaling \$350 million of fixed rate debt (and possibly WIFIA loans) are anticipated to occur in 2019 and 2020. The bond proceeds combined with internally generated funds will support the Drainage & Wastewater capital program for about 18 months. The bond proceeds will also be used to make a deposit to the bond reserve fund and to pay issuance costs.

Bonds would be issued in one or more series and have a maximum maturity of 30 years. Annual debt service (principal and interest payments), once the full \$350 million is issued, is estimated to be about \$16.5 million.

Major projects supported by the bond issue include: The ship canal water quality project, sewer rehabilitation, combined sewer overflow facilities, green stormwater infrastructure, the south operations complex, and other projects. For further information about Drainage & Wastewater 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 Drainage and Wastewater 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