

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
Seattle Public Utilities	Fernando Platin / 5-0991	Aaron Blumenthal /3-2656

** 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 Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to accept a loan from the Washington State Public Works Board and to execute, deliver, and perform corresponding agreements; and ratifying and confirming certain prior acts.

Summary and background of the Legislation: Construction began last year on the \$50 million Morse Lake Pump Plant (MLPP) in SPU’s Cedar River Municipal Watershed near North Bend. Prior to the start of construction, SPU applied for and received a low-interest \$12.1 million loan from the Washington Department of Health’s State Revolving Loan Fund. In mid-2015, the Department of Health notified SPU of additional SRF loan money available for fiscal year 2016. The utility again applied and early this year the state authorized another \$6 million SRF Loan to pay for the project. The loan rate is 1.5 percent and the loan term is 20 years, saving the utility \$1.1 million in present value borrowing costs.

The Morse Lake Pump Plant Project (C103032) will improve the reliability of water supply and instream flows in the Cedar River during drought conditions and to address requirements of the City’s Habitat Conservation Plan. The project includes a land-based pump station on the shore of Chester Morse Lake with a design capacity of 240 million gallons per day. Total cost of the project is approximately \$50 million. The SRF loan is a lowest interest long term loan that provides the utility with cost savings option other than purchasing/issuing bonds for project funding or increasing rates.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

 X This legislation has direct financial implications.

Estimated \$ Appropriation change:	General Fund \$		Other \$	
	2016	2017	2016	2017
	\$0	\$0	\$0	\$0
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds	
	2016	2017	2016	2017
	\$0	\$0	\$4,000,000	\$2,000,000

Positions affected:	No. of Positions		Total FTE Change	
	2016	2017	2016	2017
	0	0	0	0
Other departments affected:				

3.a. Appropriations

 This legislation adds, changes, or deletes appropriations.

Appropriations Notes: This legislation would authorize acceptance of a loan that would begin repayment in 2017. No additional budget authority is needed in this legislation. The later appropriations associated with this legislation will be for the repayment of loan principal and accrued interest beginning in 2017. The term of the loan is 20 years.

3.b. Revenues/Reimbursements

 X This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2016 Revenue	2017 Estimated Revenue
Water Fund 43000	SPU	State Revolving Loan	\$4,000,000	\$2,000,000
TOTAL				

Revenue/Reimbursement Notes: The revenues above are an estimate of loan draws on the \$6,000,000 loan this legislation seeks to accept.

3.c. Positions

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?**
 No.
- b) **Is there financial cost or other impacts of not implementing the legislation?**
 If this legislation is not implemented it will cost SPU approximately \$3,627,000 in additional debt service costs over the next 30 years. These additional debt service payments have a present value of \$1,100,000.
- c) **Does this legislation affect any departments besides the originating department?**
 No.

- d) Is a public hearing required for this legislation?**
No.
- e) Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**
No.
- f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.
- g) Does this legislation affect a piece of property?**
No.
- h) 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.
- i) 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.
- j) Other Issues: None**

List attachments/exhibits below: