

SUMMARY and FISCAL NOTE*

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

Legislation Title: AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle; adopting a system or plan of additions and betterments to and extensions of the existing drainage and wastewater system; authorizing the issuance and sale of drainage and wastewater 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 those bonds; amending certain definitions set forth in Ordinance 125455, the Omnibus Refunding Ordinance; authorizing the issuance of drainage and wastewater system refunding revenue bonds; and ratifying and confirming certain prior acts.

Summary and background of the Legislation:

Prior and concurrent legislation adopting the Drainage and Wastewater Fund (DWF) budget, capital plan, and utility rates make specific assumptions about the use of debt financing a share of the Fund’s capital program. However, separate authorization specifically for the issuance of bonds is technically required. This legislation amends Ordinance 125454 by increasing borrowing authority for the DWF.

The DWF intends to issue \$88 million of 30-year fixed rate debt in the third quarter of 2022. These funds, in addition to existing WIFIA and SRF loans, and internally generated funds, will support the DWF capital program for roughly one year. Bond proceeds will also be used to pay for issuance costs and may also be used to make a deposit to the Debt Service Reserve Fund, as per existing bond covenants, if required. No debt service payments are expected in 2022. The estimated annual debt service is \$5.7 million starting in 2023.

Major projects supported by the bond issue include: combined sewer overflows, rehabilitation of existing assets, flooding and sewer backup management, and projects related to Move Seattle, the waterfront, and information technology. For further information about the Drainage and Wastewater capital projects, please see the SPU’s 2022 - 2027 Strategic Business Plan and 2022 - 2027 capital plan. Bond funds, though fungible, will not be used to pay for the Ship Canal Water Quality Project, which is funded through WIFIA, SRF, and internally generated funds.

2. 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. **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No
- d. **Does this legislation affect a piece of property?**
No
- e. **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**
No
- f. **Climate Change Implications**
1. **Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**
No
 2. **Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**
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).**
N/A

List attachments/exhibits below: None