

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
Parks and Recreation	Michele Finnegan/684-7053	Michael McVicker/727-8516

** 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 Smith Cove project and the Capital Fund in the Department of Parks and Recreation; amending Ordinance 124909 to extend the duration of loan, increasing the loan amount to \$4 million and establishing the City’s 2008 Parks and Green Spaces Levy as the lending fund for the Smith Cove interfund loan; and authorizing the loan of funds from the City’s 2008 Parks and Green Spaces Levy fund, or its participating funds, in the amount of \$4,000,000 to the Parks Capital Fund for bridge financing of other Seattle Parks District approved capital projects.

Summary and background of the Legislation: This ordinance seeks Council authorization to establish an interfund loan allowing the Park Capital Fund (33140) to operate in a negative cash position of up to \$8 million related to two items:

ITEM 1: When the Seattle Park District was created, Council entered into an interlocal agreement with the park district through Ordinance 124468. The interlocal agreement specified a six-year spending plan for the park district. As the Department of Parks and Recreation performs work on capital items, charges are accounted for in the Parks Capital Fund (33140) and then reimbursement is requested from the Park District (19710). The timing of charges and associated reimbursement regularly puts the Parks Capital Fund in a negative cash balance position. This interfund loan would correct for this timing lag by providing approximately \$4 million to act as a cash reserve to keep the Fund in a positive cash flow position and provide bridge financing for Seattle Park District approved capital projects. (This amount is requested as it is approximately ten percent of the Park District annual capital appropriation). The entire principal and interest amount will be billed to the Seattle Park District in accordance with the district’s financial plan.

ITEM 2: The Park District spending plan also identified the “Develop Smith Cove Park” initiative with funds identified beginning in 2017 to repay debt associated with the development project. The City Budget Office and Department of Parks and Recreation determined that it was not cost effective to issue bonds at that time. Instead, the City adopted Ordinance 124909 authorizing an interfund loan of \$560,000 to the Park Capital Fund from the Consolidated (Residual) Cash Pool, to be repaid in 2017. The City Budget Office and Department of Parks and Recreation have again determined that it is not cost effective to issue bonds at this time and instead, the City wishes to leverage internal resources through the prudent use of interfund loans. After utilizing the Park District’s annual appropriation towards project development cost, it is anticipated that approximately \$4 million of bridge financing will also be required. This ordinance increases the interfund loan amount, extends the duration of the loan, and establishes the 2008 Parks and Green Spaces Levy as the lending fund, in accordance with the City’s Debt

Management Policies adopted by Resolution 31553. The entire principal and interest amount of the loan authorized by this ordinance will be repaid by the Park Capital Fund as revenues are collected from the Seattle Park District, as identified in the Seattle Park District spending plan, subject to future authorization by the Seattle Park District Board.

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?**

No.

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

Without this loan, the City or Park District would need to issue bonds to finance the Smith Cove project and the Park Capital Fund would remain in a negative cash position beyond the City's current 90 day limit without Council authorization.

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?**

None. This is funding strategy only.

- 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.**

N/A

- j) Other Issues:**

List attachments/exhibits below: