

SUMMARY and FISCAL NOTE*

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** 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 contracting indebtedness; authorizing and providing for the issuance and sale of limited tax general obligation bonds to pay all or part of the costs of various elements of the City's capital improvement program and other City purposes approved by ordinance, to refinance certain outstanding City-guaranteed bonds of the Seattle Chinatown-International District Preservation and Development Authority, to provide a portion of the funds necessary to replace the Mercer Arena, and to pay the costs of issuance of the bonds; providing for certain terms, conditions, and covenants and the manner of sale of the bonds; authorizing certain agreements for the use of proceeds of the Bonds; and ratifying and confirming certain prior acts.

Summary and background of the Legislation: This legislation provides the legal authorization to issue up to \$108 million of Limited Tax General Obligation Bonds, as assumed in the 2017 Proposed Budget and the Proposed 2017-2022 Capital Improvement Program (CIP).

Although the Budget and CIP make specific assumptions about the use of debt financing for a certain share of the CIP, separate authorization for the issuance of bonds is technically required.

This bond sale is anticipated to occur in early 2017. The bond proceeds will support a share of the City's general government capital program for about 12 months.

The bond sizing is based on the proposed budget and current cash-flow projections. The bond proceeds will also be used to pay issuance costs.

The City's Capital Improvement Program (CIP) identifies debt financing for certain projects and the City's budget appropriates the associated debt service.

This legislation also contemplates issuance of bonds to refinance remaining City-guaranteed Seattle Chinatown International District PDA bonds at lower interest rates. The existing bonds were issued by SCIDPDA and guaranteed by the City, but the new bonds will be issued by the City in order to lower the interest cost. The City will enter into a payment agreement with SCIDPA which will cover the City's debt service on the refinancing bonds.

2017 Multipurpose LTGO Bond Issuance – in \$1,000s

Project	Capital Cost	Approx. Par Amount (1)	Max. Term	Approx. Rate	Debt Service Adopted 2017	Debt Service Estimated 2018	Debt Service Estimated 2019	Debt Service Funding Source
Financial IT Upgrades Depts. (GF)	2,631	2,710	8	3.5%	71	394	394	General Fund
Financial IT Side Systems	1,721	1,773	8	3.5%	47	258	258	General Fund
Mercer Arena	4,800	4,944	20	4.5%	167	380	380	General Fund
Muni Court IT	2,500	2,575	8	3.5%	68	375	375	General Fund
Fire Station 5	4,300	4,429	20	4.5%	149	340	340	REET I
Fire Station 22	6,611	6,809	20	4.5%	230	523	523	REET I
Fire Station 32	2,000	2,060	20	4.5%	70	158	158	REET I
23rd Ave Corridor (CPT-10%)	1,651	1,700	20	4.5%	57	131	131	SDOT (CPT-10%) (2)
Seawall - LTGO (CPT-10%)	30,421	31,334	30	5.0%	1,175	2,038	2,038	SDOT (CPT-10%) (2)
Bridge Rehab (CPT-10%)	5,247	5,404	20	4.5%	182	415	415	SDOT (CPT-10%) (2)
City Center Street Car (CPT-10%)	4,701	4,842	20	4.5%	163	372	372	SDOT (CPT-10%) (2)
Alaskan Way Corridor (CPT-2.5%)	5,975	6,154	20	4.8%	219	483	483	SDOT (CPT-2.5%) (3)
CWF Overlook (CPT-2.5%)	3,281	3,379	20	5.0%	127	271	271	SDOT (CPT-2.5%) (3)
Financial IT Upgrades (FAS)	16,345	16,835	8	3.5%	442	2,449	2,449	FAS
Sea Muni Twr TI	4,800	4,944	10	3.5%	130	594	594	SeaIT
King Station TI for Arts	1,800	1,854	10	3.5%	49	223	223	Arts
SCIDPA Refunding	5,500	5,665	11	3.5%	149	629	629	PDA
Total	104,283	107,412			3,494	10,036	10,036	

(1) Includes 3% for costs of issuance and pricing adjustments.
(2) Proceeds from Bridging the Gap - commercial parking tax receipts (original 10%).
(3) Receipts from additional 2.5% commercial parking taxes.
(4) Debt service to be paid from commercial parking taxes, gas taxes and vehicle license fees.

2. 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?

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

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

Financing these projects from cash would require identifying other funding sources and/or making large cuts in operating programs. Since most of the debt-financed capital improvements have a 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.

c) Does this legislation affect any departments besides the originating department?

This legislation affects FAS, SDOT, DPR, SeaIT, Arts and CBO.

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.**
n/a
- j) **Other Issues:**
None

List attachments/exhibits below: