



Legislation Text

File #: CB 120147, Version: 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the financing of the General Fund; authorizing interfund loans up to a total amount of \$205,000,000 from multiple City Funds to the General Fund as bridge financing to be repaid from future tax proceeds and other anticipated revenues; and ratifying and confirming certain prior acts. WHEREAS, the 2021 Adopted Budget was balanced with \$214 million of revenues from the new payroll

expense tax adopted by Ordinance 126108; and

WHEREAS, Ordinance 126108 provided that in the first year the payroll expense tax payments are not due until January 31, 2022, after which the payroll expense tax will be collected on a quarterly basis; and

WHEREAS, the extension of the due date for 2021 payroll expense tax payments until 2022 has resulted in a cash flow delay to the General Fund, with the expectation that the General Fund will be in an extended negative cash flow position necessitating the authorization of an interfund loan; and

WHEREAS, Seattle Municipal Code subsection 5.06.030.C requires City Council approval by ordinance of any interfund loan for a duration of 90 days or more; and

WHEREAS, in the normal course of business the City may temporarily lend cash between funds to maintain required balances; and

WHEREAS, regarding use of the proceeds of this interfund loan for operating costs, the Director of Finance and the City Budget Director have determined that there is no viable alternative available for advancing a core City objective; and

WHEREAS, the Director of Finance and the City Budget Director have determined that this interfund loan request is consistent with the Debt Management Policies adopted by Resolution 31553; and

WHEREAS, the anticipated cash deficit in the General Fund could reach as much as \$200 million during the term of the interfund loan, and no single Fund in the City Treasury maintains sufficient cash reserves both to fully fund the proposed loan and still meet regular budgeted operating needs; and

WHEREAS, there is sufficient cash in several City Funds to support portions of the total loan to the General Fund and still meet regular budgeted operating needs; and

WHEREAS, funds loaned to the General Fund pursuant to this ordinance are anticipated to be repaid from future tax proceeds and other anticipated revenues;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City Council finds that there is no viable alternative to meet a core City objective, and therefore the Director of Finance is authorized to make one or more revolving loans of up to \$205,000,000 total principal and interest outstanding to the General Fund from one or more of the City Funds identified in Section 2 of this ordinance. Each loan is to be repaid by no later than December 31, 2022, with interest on the loan at the rate of return of the City's Consolidated Cash Pool. The entire principal and interest amount of the loan drawn is intended to be repaid with future tax proceeds and other anticipated revenues.

Section 2. To implement the loans authorized in Section 1, the following City Funds may be used as the source of cash loaned to the General Fund pursuant to Section 1 of this ordinance:

- A. Health Care Fund (10112),
- B. Move Seattle Levy Fund (10398),
- C. Families, Education, Preschool, and Promise Fund (17871),
- D. Seattle Park District Fund (19710),
- E. Transportation Benefit District Fund (19900),
- F. REET I Capital Projects Fund (30010),

G. REET II Capital Projects Fund (30020), and

H. Construction and Inspections Fund (48100).

Section 3. The Director of Finance may effectuate the loans authorized in this ordinance by transferring cash to the General Fund from one or more of the City Funds identified in Section 2 of this ordinance, or by carrying the General Fund in a negative cash position, in a total amount not to exceed \$205,000,000 until no later than December 31, 2022. The Director of Finance is further authorized to establish, and modify if necessary, from time to time, a repayment plan and schedule.

Section 4. Any act consistent with the authority of this ordinance taken prior to its effective date is ratified and confirmed.

Section 5. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2021, and signed by me in open session in authentication of its passage this _____ day of _____, 2021.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2021.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2021.

Monica Martinez Simmons, City Clerk

(Seal)