

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 the municipal water system of The City of Seattle; amending Ordinance 125713 to increase the authorized principal amount of municipal water system revenue bonds to be issued for the purposes of paying all or part of the cost of carrying out the system or plan of additions and betterments to and extensions of the existing municipal water system; extending the initial authorization date for those bonds; and ratifying and confirming certain prior acts.

Summary and background of the Legislation:

This legislation amends Ordinance 25713 by increasing borrowing authority for the Water Fund for the purposes of financing the Capital Improvement Program and for potential defeasance/optimization purposes. Debt optimization involves replacing high interest debt with low interest debt to reduce overall interest costs – without increasing the debt burden or extending the term of outstanding debt.

Although the budget, capital plan and rates make specific assumptions about the use of debt financing for a certain share of the capital program, separate authorization for the issuance of bonds is technically required.

A Water bond sale for \$280 million of fixed rate debt is anticipated to occur in mid-2021. This would include up to \$130 million of new money and \$150 million for debt optimization. The new money bond proceeds combined with internally generated funds will support the Waters capital program for about one year. The bond proceeds will also be used to make a deposit to the bond reserve fund and to pay issuance costs. Bonds would have a maximum maturity of 30 years. No debt service payments are expected in 2021. Debt optimization involves replacing high interest debt with low interest debt to reduce overall interest costs – without increasing the debt burden or extending the term of outstanding debt.

Major projects supported by the bond issue include: transmission and distribution, water quality and treatment, and projects related to Move Seattle. For further information about the Water capital projects, please see the 2020-2025 capital plan.

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

List attachments/exhibits below: None