SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
City Finance / SPU	Kristi Beattie Vas Duggirala	Saroja Redd Akshay Iyengar

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 sections and subsections of Ordinance 125455, as last amended by Ordinance 126482 (the "Omnibus Refunding Ordinance"); and ratifying and confirming certain prior acts.

Summary and Background of the Legislation: This legislation provides legal authorization for the Drainage and Wastewater System to issue up to $128 million of bonds to fund a portion of capital expenditures outlined in the proposed 2026-2031 Capital Improvement Plan (CIP). 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. In addition, this legislation amends the Drainage and Wastewater Omnibus Refunding Ordinance adopted in Ordinance 125455 and last amended by Ordinance 126482 in 2021. These changes conform the Drainage and Wastewater Omnibus Refunding Ordinance authorizing the issuance of Refunding Parity Bonds with changes being made in this new money ordinance to reflect the retirement of the Build America Bonds of the Drainage and Wastewater System in 2025 and to make certain other technical updates to conform to the City's current legislative drafting conventions.

The Drainage and Wastewater bond sale is anticipated to occur in mid-2026. The bond proceeds, in addition to existing U.S. Environmental Protection Agency Water Infrastructure Finance Innovation Act (WIFIA), Washington State Department of Ecology State Revolving Fund (SRF) loans, and internally generated funds, will support the Drainage and Wastewater System capital program for roughly one year. The bond sizing is based on the adopted budget, Strategic Business Plan, rates, planned cash flow, and cash contribution targets. The bond proceeds may be used to provide for the Reserve Requirement (if necessary), as per existing bond covenants, and to pay issuance costs. Annual debt service is expected to be approximately $8.3 million beginning in 2027, with an interest-only payment expected in 2026.

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 CIP, please see the please see the Seattle Public Utilities (SPU) 2025-2030 Strategic Business Plan and the proposed 2026-2031 CIP. 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. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ **Yes** ☒ **No**

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? ☐ **Yes** ☒ **No**

4. OTHER IMPLICATIONS

a. Is a public hearing required for this legislation?
No.

b. Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation?
No.

c. Does this legislation affect a piece of property?
No.

d. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.
N/A

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.
N/A

iii. What is the Language Access Plan for any communications to the public?
N/A

e. Climate Change Implications

i. **Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.**
N/A

ii. **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.**
N/A

f. 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)? What mechanisms will be used to measure progress towards meeting those goals?
N/A.

g. Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?
No.

5. ATTACHMENTS

Summary Attachments: None.