

2021 Seattle City Council Budget Action

Council Budget Action: Agenda

Tab	Action	Option	Version
BLG	021	A	001

Budget Action Title: Pass CB 119926 - SPU Water Omnibus Bond Defeasance Ordinance

Ongoing: Yes Has Budget Proviso: No

Has CIP Amendment: No Has Attachment: No

Primary Sponsor: Budget Committee

Council Members:

Staff Analyst: Brian Goodnight

Council Bill or Resolution: CB 119926

Date		Total	LH	TM	KS	AP	DJ	DS	AL	TM	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Summary of Dollar Effect

See the following pages for detailed technical information

	2021 Increase (Decrease)	2022 Increase (Decrease)
General Fund		
General Fund Revenues	\$0	
General Fund Expenditures	\$0	
Net Balance Effect	\$0	
Total Budget Balance Effect	\$0	

Budget Action Description:

This budget action recommends passage of CB 119923, Seattle Public Utilities' (SPU) water system omnibus bond defeasance ordinance. This CB would authorize the Director of Finance to approve and implement defeasance plans for outstanding water system revenue bonds and to call applicable bonds for redemption. The intent of the authorization is to allow the City to effectively replace higher interest rate debt with lower interest rate debt, thereby saving the City and its ratepayers money.

Until a 2017 change in federal tax law, the City was able to perform a similar type of refinancing more directly, by depositing the proceeds of lower interest rate bonds into an escrow account for the redemption of higher interest rate debt. This legislation would authorize a new "debt optimization" process that uses available cash to fund the escrow account instead. In instances where that cash would otherwise have gone toward capital projects, the City would sell new lower interest rate bonds to fund the capital projects.

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Budget Action Transactions

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BSL	Fund	Year	Revenue Amount	Expenditure Amount
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