

SUMMARY and FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
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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 for certain terms, conditions, covenants and the manner of sale of the bonds; describing the lien of the bonds; creating certain accounts of the City relating to the bonds; ratifying and confirming certain prior acts; and amending certain definitions set forth in the Omnibus Refunding Bond Ordinance relating to drainage and wastewater refunding revenue bonds.

Summary and background of the Legislation: Although the Budget, CIP, and adopted rates 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.

The Drainage and Wastewater bond sale is anticipated to occur in early to mid-2016. The bond proceeds, combined with internally generated funds, will support the Drainage and Wastewater capital program for about 18 months.

The bond sizing is based on the adopted budget and rates, planned cash flow, and cash contribution targets. The bond proceeds will be used to make a deposit to the construction fund, to meet a debt service reserve requirement, to pay costs of issuance and to repay the balance, if any, on the temporary interfund loan.

The proposed issue is for \$140 million of 30-year, fixed-rate bonds. Total annual debt service is expected to be about \$8.4 million starting in 2016. SPU's adopted rates incorporate the debt service costs resulting from this bond issue.

These bonds will finance improvements to the City's drainage and wastewater system, including projects designed to meet federal and state regulatory requirements. For further information about SPU's capital projects, please see the Proposed 2016-2021 CIP.

2. CAPITAL IMPROVEMENT PROGRAM

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3. SUMMARY OF FINANCIAL IMPLICATIONS

x This legislation has direct financial implications.

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4. 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 Drainage and Wastewater Fund 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 the utility's CIP completely from cash would require massive cuts in capital and/or operating programs or massive rate increases. Since the capital improvements financed with this debt 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, which will coordinate the issuance of bonds

d) Is a public hearing required for this legislation?

No

e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

f) Does this legislation affect a piece of property?

No

g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

NA

**h) 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.**

NA

i) Other Issues:

List attachments below: