

SUMMARY and FISCAL NOTE*

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

** 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 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; and ratifying and confirming certain prior acts.

Summary and Background of the Legislation: This legislation provides legal authorization for the Drainage & Wastewater System to issue up to \$95 million of bonds to fund a portion of capital expenditures outlined in the proposed 2024-2029 Capital Improvement Plan (CIP). Prior and concurrent legislation adopting the Drainage and Wastewater Fund (DWF) budget, capital plan, and utility rates make specific assumptions about the use of debt financing a share of the Fund’s capital program. However, separate authorization specifically for the issuance of bonds is technically required.

The DWF bond sale is anticipated to occur in mid-2024. 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 & Wastewater System capital program for roughly one year. Bond proceeds will also be used to pay for issuance costs and may also be used to make a deposit to the Debt Service Reserve Fund, as per existing bond covenants, if required. Annual debt service is expected to be approximately \$6.5 million per year.

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 capital projects, please see the Seattle Public Utilities (SPU) 2022-2027 Strategic Business Plan and 2024-2029 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. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**
This legislation affects City Finance, which coordinates the issuance of the bonds, and Seattle Public Utilities (SPU) which is responsible for managing the bond proceeds and implementing the major projects supported by the bond issue.
- b. Is a public hearing required for this legislation?**
No.
- c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.
- d. Does this legislation affect a piece of property?**
No.
- e. 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?**
N/A.
- f. Climate Change Implications**
- 1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**
No.
 - 2. 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.
- 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)?**
N/A.