

SUMMARY and FISCAL NOTE*

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|--------------------|------------------------------|---------------------------------|
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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 Joint Training Facility Project; amending Ordinance 121179, as last amended by Ordinance 124638, to change the terms of the outstanding interfund loan.

Summary of the Legislation: This legislation would amend Section 3 of Ordinance 121179, as last amended by Ordinance 124638, by reducing the authorized amount of the interfund loan in Fund 00164, the Cumulative Reserve Subfund Unrestricted Subaccount to \$4 million, thereby recognizing that revenues into the fund over the past several years have effectively repaid \$9,646,432 of the outstanding principal and interest. The legislation would also add a deadline for repayment of the remaining portion of the loan of Dec. 31, 2017.

Background: Ordinance 121179 was originally passed in mid-2003 to support site acquisition and preconstruction activities of the Joint Training Facility (JTF) at 9401 Myers Way by authorizing an interfund loan from the Consolidated Cash Pool to cover the acquisition costs in the Cumulative Reserve Subfund, Unrestricted Subaccount. The original deadline for repayment of the loan was Dec. 31, 2003. Ordinances 121363, 121980, 122289, 122558, 122854, 123481, 124038 and 124638 subsequently extended the term of the loan. In 2014, Ordinance 124638 also included Council Green Sheet 8-1-B-1, which removed the expiration date of the loan and required the jurisdictional department to begin repaying the City's Consolidated Cash Pool annual repayments of at least \$650,000 if the loan is not fully paid off by the end of 2016.

The City was required to purchase more property than what was needed for the JTF project, and so borrowed part of the total purchase price through an interfund loan in the Cumulative Reserve Subfund Unrestricted Subaccount with the intent to repay the loan with proceeds from the sale of the surplus property. In 2006, under Ordinance 122308, the City Council declared the property surplus and authorized the sale, although the sale transaction was not completed due to environmental and permitting issues. In subsequent years, Department of Finance and Administrative Services (FAS) staff has evaluated other potential municipal uses of the property, including a municipal jail, urban farming and a Seattle City Light training facility. In preparation for the property's eventual sale or City use, FAS obtained a wetland jurisdictional determination on the property from the Army Corps of Engineers in 2012. FAS is currently evaluating the site for other potential City and external uses.

FAS expects proceeds from a property sale, departmental transfer or accumulation of additional fund balance in the Cumulative Reserve Subfund Unrestricted Subaccount to be available to repay the remainder of the loan prior to the Dec. 31, 2017. Additionally, FAS recognizes the

need to begin making annual payments of \$650,000 if the property is not sold by the end of 2016.

Summary Accrued and Estimated Interest on \$10.48 million JTF Loan

| Year | Principal Amount | Interest Amount | Cumulative Total |
|-------------|-------------------------|------------------------|-------------------------|
| 2003 | 10,480,000 | 121,314 | 10,601,314 |
| 2004 | 10,480,000 | 247,917 | 10,849,231 |
| 2005 | 10,480,000 | 307,755 | 11,156,986 |
| 2006 | 10,480,000 | 433,056 | 11,590,042 |
| 2007 | 10,480,000 | 595,989 | 12,186,031 |
| 2008 | 10,480,000 | 508,202 | 12,694,233 |
| 2009 | 10,480,000 | 230,050 | 12,924,283 |
| 2010 | 10,480,000 | 135,548 | 13,059,831 |
| 2011 | 10,480,000 | 108,467 | 13,168,298 |
| 2012 | 10,480,000 | 106,246 | 13,274,544 |
| 2013 | 10,480,000 | 87,949 | 13,362,493 |
| 2014 | 10,480,000 | 122,528 | 13,485,021 |
| 2015 | 10,480,000 | 161,411 | 13,646,432 |
| | 10,480,000 | 3,166,432 | 13,646,432 |

The principal and estimated interest expense, through Dec. 31, 2015, are \$13,646,432. This legislation recognizes the repayment of \$9,646,432 by the Cumulated Reserve Subfund Unrestricted Subaccount, including the principal of \$6,480,000 and accrued interest estimated at of the end of 2015 of \$3,166,432.

2. CAPITAL IMPROVEMENT PROGRAM

This legislation creates, funds, or amends a CIP Project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

This legislation does not have direct financial implications.

This legislation makes no appropriations or changes to revenue; it recognizes that \$9,646,432 of past revenues to the Cumulated Reserve Subfund Unrestricted Subaccount have paid down the outstanding balance of the interfund loan and adjusts the authorized loan amount accordingly.

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?

This legislation changes the term of the outstanding interfund loan for the Joint Training Facility project to recognize partial repayment and create an expiration date for the loan of Dec. 31, 2017.

- b) Is there financial cost or other impacts of not implementing the legislation?**
Absent this legislation to change the loan terms, the interfund loan would continue with no expiration date under the terms last amended in Ordinance 124638, which includes the entire acquisition price for the property of \$10,480,000 and the accrued interest of \$3,166,432, for a total of \$13,646,432 projected at the end of 2015.
- c) Does this legislation affect any departments besides the originating department?**
No.
- 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?**
Yes, a map is included as Attachment A to this Summary and Fiscal Note.
- 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?**
No.
- 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.**
N/A
- i) Other Issues:**

List attachments/exhibits below:

Attachment A: Location Map