

SUMMARY and FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
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1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to contracting indebtedness; authorizing and providing for the issuance and sale of limited tax general obligation bonds to pay all or part of the costs of various elements of the City’s capital improvement program and other City purposes approved by ordinance, to provide a contribution to the Pike Place Market Preservation and Development Authority for the financing of certain improvements, and to pay the costs of issuance of the bonds; providing for certain terms, conditions and covenants and the manner of sale of the bonds; amending Ordinance 123480 (as previously amended by Ordinance 124341 and Ordinance 124637); and ratifying and confirming certain prior acts.

Summary and background of the Legislation: This legislation provides the legal authorization to issue up to \$134.2 million of Limited Tax General Obligation Bonds, as assumed in the 2016 Proposed Budget and the Proposed 2016-2021 Capital Improvement Program (CIP).

Although the Budget and CIP 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.

This bond sale is anticipated to occur in early to mid - 2016. The bond proceeds, combined with internally generated funds, will support a share of the City’s general government capital program for about 12 months.

The bond sizing is based on the proposed budget and current cash-flow projections. The bond proceeds will also be used to pay issuance costs.

The City’s Capital Improvement Program (CIP) identifies debt financing for certain projects and the City’s budget appropriates the associated debt service. Financing for the development of the Pike Place Market PC-1 N site reflects the final \$6 million of the City’s agreement to provide a total of \$32 million to this project, as described in the Memorandum of Understanding, adopted by Ordinance 124122. The table below lists the projects to be financed by the proceeds of 2016 LTGO bonds. Please see the City’s Budget and CIP for information about these projects. Total debt service is expected to be about \$4.2 million in 2016 and \$14.2 million in 2017.

Table 2 - 2016 Multipurpose GO Bond Issuance - in \$1,000s Informational Only

Project	Capital Cost	Approx. Par Amount (1)	Max. Term	Approx. Rate	Debt Service		Debt Service Funding Source
					Adopted 2016	Estimated 2017	
Pike Market PC1-N (2 of 2)	6,000,000	6,180,000	20	4.5%	208,575	475,095	General Fund
Parking Pay Stations	9,086,000	9,358,580	5	3.0%	210,568	2,043,489	General Fund
Alaska Way Corridor (GF)	5,000,000	5,150,000	20	4.5%	173,813	395,912	General Fund
Financial IT Upgrades Depts. (GF)	4,487,111	4,621,724	8	3.7%	128,253	677,977	General Fund
23rd Ave Corridor (CPT-10%)	7,927,487	8,165,312	20	4.5%	275,579	627,718	SDOT (CPT-10%) (2)
Seawall - LTGO (CPT-10%)	25,000,000	25,750,000	20	4.5%	869,063	1,979,561	SDOT (CPT-10%) (2)
Transit Corridor	973,000	1,002,190	20	4.5%	33,824	77,045	SDOT (CPT-10%) (2)
Seawall - LTGO (CPT-2.5%)	8,413,000	8,665,390	20	4.5%	292,457	666,162	SDOT (CPT-2.5%) (3)
Alaska Way Corridor (CPT-2.5%) (3)	13,721,000	14,132,630	20	4.5%	476,976	1,086,462	SDOT (CPT-2.5%) (3)
Fire Stations	10,888,795	11,215,459	20	4.5%	378,522	862,201	REET I
Fire Station 5	2,000,000	2,060,000	20	4.5%	69,525	158,365	REET I
North Precinct	5,500,000	5,665,000	20	4.5%	191,194	435,503	REET I
Financial IT Upgrades (FAS)	26,693,470	27,494,274	8	3.7%	762,966	4,033,229	FAS
SMT IDF Server Closets	2,500,000	2,575,000	7	3.5%	67,594	421,127	FAS
Data Center Long	2,100,000	2,163,000	10	3.8%	60,834	263,370	DoIT
Total	130,289,863	134,198,559			4,199,742	14,203,214	

(1) Includes 3% for costs of issuance and pricing adjustments.
 (2) Proceeds from Bridging the Gap - commercial parking tax receipts (original 10%).
 (3) Receipts from additional 2.5% commercial parking taxes.

2. 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 City 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 these projects from cash would require identifying other funding sources and/or making large cuts in operating programs. Since most of the debt-financed capital improvements 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, SDOT, DPR, DOIT, and CBO.

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?

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 below: