

SUMMARY and FISCAL NOTE

| Department: | Contact Person/Phone: | Executive Contact/Phone: |
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| FAS/SPU | Michael Van Dyck/4-8347 | S. Reddy 5-1232 A. Blumenthal 3-2656 |

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the solid waste system of The City of Seattle; adopting a system or plan of additions and betterments to and extensions of the solid waste system; authorizing the issuance and sale of solid waste system 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; and ratifying and confirming certain prior acts.

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 Solid Waste bond sale is anticipated to occur in early to mid-2016. The bond proceeds, combined with internally generated funds, will support the Solid Waste capital program through the end of 2017. There are no further anticipated bond issues to complete the current 5-year CIP plan.

The bond sizing is based on projected CIP, planned cash flow, and cash contribution to CIP targets. The bond proceeds will be used to make a deposit to the construction fund, to meet the debt service reserve requirement, and to pay costs of issuance.

2. CAPITAL IMPROVEMENT PROGRAM

These bonds will finance improvements to the City's solid waste system, including completion of the North Transfer Station and the rehabilitation and construction of new facilities on the old South Transfer Station site.

3. SUMMARY OF FINANCIAL IMPLICATIONS

 x **This legislation has direct financial implications.**

The proposed issue is for \$22 million of 25-year, fixed-rate bonds. Total annual debt service is expected to be about \$1.5 million starting in 2016. SPU's projected rates incorporate the debt service costs resulting from this bond issue.

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 Solid Waste 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?**

N/A

- 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: