

SUMMARY and FISCAL NOTE*

| Department: | Dept. Contact/Phone: | Executive Contact/Phone: |
|--------------------|-----------------------------|---------------------------------|
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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

- a. **Legislation Title:** AN ORDINANCE relating to the financing of King Street Station third-floor tenant improvements; authorizing the loan of funds in the amount of \$2.8 million from the Municipal Arts Fund to the 2018 Multipurpose LTGO Bond Fund for bridge financing for design and construction of improvements.

- b. **Summary and background of the Legislation:** As part of the 2017 Adopted Budget, Council approved \$1.8 million of limited tax general obligation (LTGO) bond authority for tenant improvements at King Street Station for the Office of Arts and Culture (Arts) via Ordinance 125197. Council also provided Seattle Department of Transportation (SDOT) with \$1.8 million of appropriations to expend the funds via the King Street Station Tenant Improvements Project (TC367840) in its Capital Improvement Program via Ordinance 125207.

Due to uncertainty about the timing and final cost of the project, the Executive intends to issue the LTGO bonds for this project in 2018 rather than 2017. This proposed council bill provides the 2018 Multipurpose LTGO Bond Fund (Fund 36500) with the capacity for bridge financing to support the King Street Station Tenant Improvements Project (TC367840) work that occurs in 2017 by temporarily lending cash reserves in the Municipal Arts Fund to the 2018 Multipurpose LTGO Bond Fund until the LTGO bonds are issued in the first half of 2018. All cash loaned from the Municipal Arts Fund to the 2018 Multipurpose LTGO Bond Fund will earn interest at the rate of return of the City's Consolidated (Cash) Pool.

In order to repay this loan, the Executive intends to combine the \$1.8 million of LTGO bonds authorized for this project by Ordinance 125197, which can be issued any time before 2020, with an additional \$2.6 million in LTGO bond authorization for this project that will be requested in the LTGO bond ordinance submitted with the 2018 Proposed Budget. At this time, it is expected that a total of \$4.4 million of LTGO bonds will be issued in 2018 to support this project, including the repayment of this interfund loan and for completion of the project.

The Seattle Department of Transportation currently has \$1.8 million of appropriation authority to expend funds on eligible bond-funded tenant improvement expenditures for this project. The Executive plans to revise the King Street Station Tenants Improvement Project 2017 appropriations to reflect authorization to spend \$1 million this year from the 2018 Multipurpose LTGO Bond Fund through a request in the Second Quarter Supplemental Ordinance. Unexpended appropriation authority in the Capital

Improvement Program is authorized by ordinance to carry forward into subsequent years until expended or abandoned. The 2018 Proposed Budget for SDOT will include appropriation authority for the additional expenditures expected in 2018, an additional \$3.4 million. The total 2017-2018 costs for this project paid by the King Street Station Tenant Improvements Project (TC367840) will be \$4.4 million.

The Municipal Arts Fund currently has sufficient cash reserves to provide up to \$2.8 million in bridge financing while still meeting its operating needs. This fund has been chosen to provide the bridge financing as the SDOT project is being completed on behalf of the Office of Arts and Culture, which is the owner of the Municipal Arts Fund and the long-term responsible party for repayment of debt service on the future bonds.

2. CAPITAL IMPROVEMENT PROGRAM

- a. **Does this legislation create, fund, or amend a CIP Project?** No

3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. **Does this legislation amend the Adopted Budget?** No. Budget amendments will occur in the Second Quarter Supplemental Ordinance as required.
- b. **Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**
No
- c. **Is there financial cost or other impacts of *not* implementing the legislation?** Tenant improvement work in 2017 will be unable to occur without bridge financing.

4. OTHER IMPLICATIONS

- a. **Does this legislation affect any departments besides the originating department?** Seattle Department of Transportation, Office of Arts and Culture, and Department of Finance and Administrative Service, which financially administers LTGO bond funds.
- b. **Is a public hearing required for this legislation?** No.
- c. **Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?** No.
- d. **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?** No.
- e. **Does this legislation affect a piece of property?** No.

- f. 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.

- 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).**
Not applicable

- h. Other Issues:**

List attachments/exhibits below: