



Legislation Text

File #: CB 120885, Version: 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the financing of the Seattle Department of Transportation; authorizing the extension of the loan of funds in the amount of \$25,000,000 from the Information Technology Fund to the Transportation Fund to support essential transportation programs as authorized in Ordinance 126227; and ratifying and confirming certain prior acts.

WHEREAS, Ordinance 126227, passed November 23, 2020, authorized an interfund loan in the amount of \$25,000,000 from the Information Technology Fund to the Transportation Fund, with the loan to be repaid no later than December 31, 2024; and

WHEREAS, the COVID-19 pandemic and associated decline in revenues related to parking and transportation resulted in revenue loss to the Transportation Fund and, unlike many City programs, such losses in revenue were not eligible to be back-filled with federal pandemic relief dollars; and

WHEREAS, the parking and transportation-related revenue that supports the Transportation Fund continues to be impacted following the COVID-19 pandemic and required the Seattle Department of Transportation (SDOT) to request a second interfund loan that was authorized by Council in Ordinance 124639 in 2021 and that was repaid in 2022; and

WHEREAS, the extent of revenue loss requires more time for the Transportation Fund to replenish stabilization reserves than was anticipated at the time that the loan was authorized to guard against future unexpected fiscal cycles; and

WHEREAS, Seattle Municipal Code subsection 5.06.030.C requires City Council approval by ordinance of any interfund loan for a duration of 90 days or more; and

WHEREAS, in the normal course of business the City may temporarily lend cash between funds to maintain required balances; and

WHEREAS, regarding use of the proceeds of this interfund loan for operating costs, the Director of Finance and City Budget Director have determined that there is no viable alternative available for advancing a core City objective to deliver SDOT's essential transportation program; and

WHEREAS, the Director of Finance and the City Budget Director have determined that City Council may authorize this interfund loan extension request consistent with the Debt Management Policies adopted by Resolution 31553 as a necessary and advisable departure from the City's typical practice of limiting interfund loans to three years; and

WHEREAS, in this case, the intervention of the COVID-19 pandemic and, in particular, the unpredictability of the severity and duration of its effects on the transportation and parking-related revenues, make it necessary and advisable to extend the interfund loan for an additional 12-month period during which SDOT will complete repayment of this loan and work with other City departments to identify strategies to avoid similar situations for the Transportation Fund in the future; and

WHEREAS, in the event that the loan is not able to be fully repaid within the 12-month period extension authorized in this ordinance, SDOT may seek an additional extension from the City Council by ordinance if no other alternatives exist based on information available regarding any remaining balance of the loan still outstanding at the conclusion of the term; and

WHEREAS, there is sufficient cash in the Information Technology Fund to extend an interfund loan of \$25 million through December 31, 2025 and still meet regular budgeted operating needs; and

WHEREAS, funds loaned by the Information Technology Fund to the Transportation Fund to ensure essential transportation program needs are met are anticipated to be repaid from the future Transportation Fund balances; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City Council finds that there is no viable alternative to meet a core City objective, and therefore the Director of Finance is authorized to extend the repayment period of the revolving loan authorized in Ordinance 126227 from December 31, 2024 to December 31, 2025. The loan is to be repaid no later than December 31, 2025, with interest on the loan at the rate of return of the City’s Consolidated Cash Pool. The entire principal and interest amount of the loan drawn is intended to be repaid with revenues associated with transportation operations. The Director of Finance is further authorized to establish, and modify if necessary from time to time, a repayment plan and schedule.

Section 2. Any act consistent with the authority of this ordinance taken after its passage and prior to its effective date is ratified and confirmed.

Section 3. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council the _____ day of _____, 2024, and signed by me in open session in authentication of its passage this _____ day of _____, 2024.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2024.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2024.

Scheereen Dedman, City Clerk

(Seal)