

2012 Seattle City Council Statement of Legislative Intent

Ready for Notebook

Tab	Action	Option	Version
32	1	A	1

Budget Action Title: Seattle Center Interfund Loan Repayment Plan

Councilmembers: Bagshaw; Burgess; Godden

Staff Analyst: Sara Belz

Date		Total	SB	BH	SC	TR	JG	NL	RC	TB	MO
	Yes										
	No										
	Abstain										
	Absent										

Statement of Legislative Intent:

In June 2011, the City Council passed Ordinance 123644, which authorized Seattle Center to borrow up to \$3 million from the City’s Consolidated Cash Pool. The loan was intended to place Seattle Center in a positive cash position after some of its 2010 and 2011 collected revenues fell short of budgeted amounts. In 2012, the Council requests that Seattle Center work with the City Budget Office (CBO) to develop a repayment plan for the interfund loan and provide regular updates to the Council on repayment progress. Full repayment of Seattle Center’s loan is due by December 31, 2012.

It is the Council’s intent that Seattle Center, with assistance from CBO, complete the following in 2012:

- By March 31, 2012, a detailed repayment plan for Seattle Center’s interfund loan. The repayment plan should describe the specific actions Seattle Center expects to undertake in 2012 in order to pay off its loan and quantify the amount of revenue associated with each action.
- By August 31, 2012, an initial report on loan repayment progress. Each loan repayment progress report should identify the amount of the loan outstanding and summarize Seattle Center’s progress toward achieving the specific revenue and repayment goals articulated in the repayment plan.
- By December 31, 2012, a second and final report on loan repayment progress.

The repayment plan and progress reports should be delivered to the full memberships of the Council’s Parks and Seattle Center (P&SC) and Finance and Budget (F&B) Committees. A staff presentation on the content of the repayment plan will be scheduled for a P&SC Committee meeting following the Committees’ receipt of the plan. Presentations on the content of the progress reports may also be requested.

Background:

The Seattle Municipal Code (SMC) authorizes the Director of Finance to carry individual City funds, such as the Seattle Center Fund, in a negative cash position for periods of up to 90 days. For periods longer than 90 days, an interfund loan must be approved via ordinance. The Seattle Center Fund reached the 90 day threshold in April 2011 and in June the Council passed Ordinance 123644, which authorized Seattle Center to borrow up to \$3 million from the City’s Consolidated Cash Pool. Some of the factors contributing to Seattle Center’s current financial challenges include the following:

- Nonpayment of rent by nonprofit tenants affected by the economic downturn;

- Loss of title sponsorship revenue for KeyArena; and
- Reduced rent revenues for the portion of the campus previously occupied by the Fun Forest. (These revenues will increase when the Chihuly garden exhibition opens to the public in 2012.)

Ordinance 123644 specifies that Seattle Center must repay its loan in full (principal and interest) by no later than December 31, 2012, and applies an interest rate equivalent to the current rate of return of the Consolidated Cash Pool (presently around 0.8%). Seattle Center currently estimates it will have to generate about \$1 million in unbudgeted cash receipts during the remaining term of the loan in order to repay what it will have borrowed from the Consolidated Cash Pool.

Responsible Council Committee(s): Finance and Budget; Parks and Seattle Center

Date Due to Council: Interfund loan repayment plan by March 31, 2012

First repayment progress report by August 31, 2012

Second repayment progress report by December 31, 2012