

2013 - 2014 Seattle City Council Green Sheet

Ready for Notebook

Tab	Action	Option	Version
15	1	A	1

Budget Action Title: Pass C.B. 117627 extending the deadline for repayment of the loan from the Consolidated Cash Pool to the Cumulative Reserve Subfund for the Joint Training Facility from Dec 31, 2012 to Dec 31, 2014.

Councilmembers: Budget Committee

Staff Analyst: Tony Kilduff

Council Bill or Resolution: C.B. 117627

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

Budget Action description:

C.B. 117627 would amend Section 3 of Ordinance 121179, last amended by Ordinance 123481, by extending the deadline for repayment of principal and interest on a \$10.48 million loan from December 31, 2012, to December 31, 2014.

Ordinance 121179 was originally passed in mid-2003 to support site acquisition and pre-construction activities at the Joint Training Facility (JTF) at 9401 Myers Way South by authorizing an inter-fund loan from the Consolidated Cash Pool to the Cumulative Reserve Subfund, Unrestricted Subaccount. The original deadline for repayment of the loan was December 31, 2003. Subsequent Council actions extended the term to December 31, 2012.

The City was required to purchase more property than needed for the JTF project, thus the City borrowed the total purchase price in part through an inter-fund loan with the intent of repaying the loan with the proceeds from the sale of the property. Unfortunately, the sale was not completed due to environmental and permitting issues. Additionally, the downturn in the local economy negatively affected prospects for a sale. In preparation for the property's eventual sale, FAS has resolved some permitting issues including close out of the underlying mining permit, and is working with the Army Corps of Engineers to identify any further environmental constraints.

FAS does not expect proceeds from any property sale to be available to repay the loan prior to the December 31, 2012 expiration date and is therefore requesting an extension of the inter fund loan to December 31, 2014.

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Though not expressly addressed in the legislation, the loan extension will result in additional interest expense. The interest expenses for each year of the loan to date, as well as estimated interest expenses through the end of the requested extension, are shown in the table below.

Year	Rate Basis	Annual Rate	Accrued Interest
2003	CAFR	0.03161	184,711
2004	CAFR	0.02338	252,030
2005	CAFR	0.02848	314,999
2006	CAFR	0.03966	453,637
2007	CAFR	0.05075	607,022
2008	CAFR	0.03905	488,703
2009	CAFR	0.01650	212,490
2010	CAFR	0.01027	134,443
2011	CAFR	0.00824	109,480
2012	Estimate	0.01625	218,514
2013	Estimate	0.01625	222,121
2014	Estimate	0.01625	225,787

Estimated Total Interest Liability: 3,423,937