

Ordinance No. 122696

Council Bill No. 116209

AN ORDINANCE relating to contracting indebtedness; amending Ordinance 122286 and Ordinance 122553 to revise and add to the projects authorized to be financed by the issuance and sale of limited tax general obligation bonds of the City and accordingly to increase the authorized maximum principal amount of those bonds; increasing appropriations to the Seattle Department of Transportation in the 2008 Budget; and making a cash transfer from the 2007 Multipurpose LTGO Bond Fund to the Transportation Operating Fund.

CF No. _____

Date Introduced:	<u>5-12-08</u>	
Date 1st Referred:	To:	Finance and Budget (FAB)
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	Full Council Vote:	
<u>5/27/08</u>	<u>6-0</u>	
Date Presented to Mayor:	Date Approved:	
<u>5/28/08</u>	<u>5-28-08</u>	
Date Returned to City Clerk:	Date Published:	T.O. <input checked="" type="checkbox"/> F.T. <input type="checkbox"/>
<u>5-28-08</u>	<u>5</u>	
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Jean Golden
Councilmember

Committee Action:

5/15/08 PASS Divided Report PASS: bodden, Clark
DO NOT PASS: Licata

MAY 27, 2008 FULL COUNCIL PASSED 5-1 (NO: LICATA;
excused: Burgess, DRAG, Rasmussen)

This file is complete and ready for presentation to Full Council. Committee: _____
(initial/date)

Law Department

Law Dept. Review OMP Review City Clerk Review Electronic Copy Loaded Indexed



City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

March 18, 2008

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill that authorizes the debt financing required to support the projects in the proposed "Bridging the Gap" legislation. This Bill increases the legal authorization for issuing limited tax general obligation (LTGO) bonds in 2008 from \$36.6 million to \$92.6 million by adding debt for "Bridging the Gap" transportation projects. It also redirects \$16.3 million of bonds originally issued in 2007 for the Zoo Garage to the Mercer Corridor project and increases the 2008 Budget accordingly.

This Bill amends the 2007 and 2008 LTGO bond ordinances to provide additional debt financing for transportation projects in the City's Capital Improvement Program, including King Street Station, Mercer Corridor, South Lander Street Overcrossing, and the Spokane Street Viaduct.

Moving forward on these projects now will avoid anticipated inflationary and construction cost increases. The City's commitment to move forward on these projects will also support our effort to leverage federal, state and other sources to fund these projects.

Thank you for your consideration of this legislation. Should you have questions, please contact Michael van Dyck at 4-8347.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Greg Nickels".

GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

600 Fourth Avenue, 7th Floor, P.O. Box 94749, Seattle, WA 98124-4749

Tel: (206) 684-4000, TDD: (206) 615-0476 Fax: (206) 684-5360, Email: mayors.office@seattle.gov

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1 **Section 3. Amendment of Ordinance 122553.** Section 3 of Ordinance 122553 is
2 amended to read as set forth as follows, and Exhibit A of Ordinance 122553 is amended to read
3 as set forth in Exhibit A-2 to this ordinance (additions are underlined and deletions are enclosed
4 in double parentheses and struck through).

5 **Section 3. Authorization and Description of Bonds.** For the purposes
6 of paying all or part of the costs of the Projects and issuing and selling the Bonds,
7 and for other City purposes approved by ordinance, the City is authorized to
8 borrow money on the credit of the City and issue limited tax general obligation
9 bonds evidencing indebtedness in the maximum principal amount of not to exceed
10 ((~~\$37 million~~)) \$92.6 million. The general indebtedness to be incurred shall be
11 within the limit of up to 1.5% of the value of the taxable property within the City
12 permitted for general municipal purposes without a vote of the qualified voters
13 therein. The Bonds may be issued in one or more series; may be combined with
14 other general obligation bonds authorized separately; shall be designated Limited
15 Tax General Obligation Bonds and shall have such year and series or other
16 designation as determined by the Director of Finance or as specified by the Bond
17 Resolution consistent with the provisions of this ordinance; shall be dated as
18 specified by the Bond Resolution; shall be in the denomination of \$5,000 or any
19 integral multiple thereof within a single maturity or such other denomination
20 within a maturity as specified by the Bond Resolution; shall be numbered
21 separately, in the manner and with any additional designation as the Bond
22 Registrar deems necessary for the purpose of identification; and shall bear interest
23 payable on the dates as specified by the Bond Resolution at such rate or rates as
24 specified and approved by the Bond Resolution, which rate or rates may be fixed
25 or variable, except that (i) if the interest rate on the Bonds is fixed, the net interest
26 cost shall not exceed a weighted average rate of 10% per annum, and (ii) if the
27 interest rate on the Bonds is variable, the net interest cost during the initial interest
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1 rate period for the initial series of Bonds shall not exceed a weighted average rate
2 of 10% per annum. The Bonds shall mature on the dates and in years and
3 amounts as specified by the Bond Resolution, except that the final maturity of any
4 series of Bonds shall not exceed 30 years from the date of issuance. All or some
5 of the Bonds may be Term Bonds, as specified by the Bond Resolution.

6 The City may issue the Bonds of any series as either tax-exempt or taxable
7 for federal income tax purposes, as shall be determined in the Bond Resolution.

8 On the date of issuance, the expected life of the capital facilities to be
9 financed with the proceeds of the Bonds shall exceed the final maturity of the
10 Bonds.

11 **Section 4. Appropriation.** In order to pay for necessary capital costs and expenses
12 incurred, or to be incurred, but for which insufficient appropriations were made, the
13 appropriation for the following in the 2008 Budget is increased from the fund shown, as follows.

<u>Fund</u>	<u>Department</u>	<u>Budget Control Level</u>	<u>Maximum Amount</u>
<i>(A) 2007 Multipurpose LTGO Bond Fund (35100)</i>	<i>Seattle Department of Transportation</i>	<i>Bridging the Gap Projects</i>	<i>\$16,300,000</i>

19 **Section 5. Transfer.** To support the appropriation made in Section 4, the Director of
20 Finance is authorized to transfer up to \$16,300,000 to the Transportation Operating Fund (10310)
21 from the 2007 Multipurpose LTGO Bond Fund.

22 **Section 6. Legislation in Full Force and Effect.** Except as set forth in Sections 2
23 and 3 of this ordinance, Ordinance 122286 and Ordinance 122553 shall each remain unchanged
24 and in full force and effect in all other respects.

25 **Section 7. Severability.** The provisions of this ordinance are declared to be separate
26 and severable. If a court of competent jurisdiction, all appeals having been exhausted or all
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1 appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as
2 to any person or circumstance, such offending provision shall, if feasible, be deemed to be
3 modified to be within the limits of enforceability or validity. However, if the offending provision
4 cannot be so modified, it shall be null and void with respect to the particular person or
5 circumstance, and all other provisions of this ordinance in all other respects, and the offending
6 provision with respect to all other persons and all other circumstances, shall remain valid and
7 enforceable.

8 **Section 8. Headings.** The section headings in this ordinance are used for
9 convenience only and shall not constitute a substantive portion of this ordinance.

10 **Section 9. Ratification of Prior Acts.** Any action taken consistent with the authority
11 of this ordinance, after its passage but prior to the effective date, is ratified, approved and
12 confirmed.

13 **Section 10. Effective Date.** This ordinance shall take effect and be in force 30 days
14 from and after its approval by the Mayor, but if not approved and returned by the Mayor within
15 ten days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.



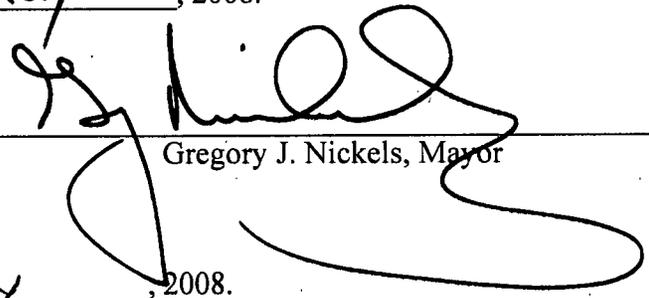
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Passed by the City Council the 27th day of MAY, 2008, and signed by me in
open session in authentication of its passage this 27th day of MAY, 2008.



President _____ of the City Council

Approved by me this 28th day of May, 2008.



Gregory J. Nickels, Mayor

Filed by me this 28 day of May, 2008.



City Clerk

(SEAL)

Exhibit A-1: Description of Projects
Exhibit A-2: Description of Projects



EXHIBIT A-1

DESCRIPTION OF PROJECTS

<u>Description</u>	<u>Approximate Principal Amount</u>
Zoo Garage	\$((18,849,000))
	<u>2,058,242</u>
Northgate Land Acquisition	9,837,000
Magnuson Park Building 27 Renovation	7,210,000
Aquarium	6,576,000
Parking Pay Stations	3,502,000
Alaska Tunnel/Seawall	4,120,000
Monorail Rehabilitation	4,635,000
<u>Mercer Corridor (BTG)</u>	<u>16,300,000</u>
Total	\$((54,728,000))
	<u>54,238,242</u>

Exhibit A-1



EXHIBIT A-2

DESCRIPTION OF PROJECTS

<u>Description</u>	<u>Approximate Principal Amount</u>
King Street Station (BTG)	\$((3,029,230)) <u>3,384,580</u>
Bridge Seismic (BTG)	1,621,220
Bridge Rehabilitation and Replacement (BTG)	4,083,950
Pay Stations	2,240,250
Fire Station Projects	23,587,000
South Lake Union Property Proceeds Account	2,060,000
<u>Spokane Street Viaduct (BTG)</u>	<u>9,270,000</u>
<u>Mercer Corridor (BTG)</u>	<u>43,439,575</u>
<u>South Lander Street (BTG)</u>	<u>2,833,530</u>
Total	\$((36,621,650)) <u>92,520,105</u>

Exhibit A-2



Divided Report for C.B. 116209

On Thursday, May 15, the Council's Finance and Budget Committee discussed and considered an Executive proposal to authorize debt financing for major transportation projects under the Bridging the Gap (BTG) program. The bill increases authorization for the Executive to issue an additional \$56 million in limited tax general obligation (LTGO) bonds in 2008 by adding debt to be supported by BTG revenues. The bill also redirects \$16.3 million of bonds issued in 2007 for the Zoo Garage project to the Mercer Corridor project.

The core content of the bill is as follows:

- Increases 2008 LTGO bonds by \$56 million (from \$36.6 million to \$92.6 million) to finance Bridging the Gap major projects, including \$43 million in debt for the Mercer Corridor project.
- Transfers \$16.3 million from the 2007 LTGO Bond Fund to the Transportation Operating Fund (10310).
- Increases appropriations by \$16.3 million for the Mercer Corridor project.

Councilmember Godden introduced an amendment to the proposed bill to strike "Magnuson Park Building 27 Renovation," to strike the amount "\$7,210,000," and to revise the total for all the projects accordingly on Exhibit A-1, the list of projects funded by the original 2007 bond ordinance. The amendment was a technical correction reflecting that the Building 27 bonds were never actually issued due to an agreement between the Mayor and the Council. Councilmember Godden's amendment passed 3-0 (voting yes: Godden, Licata, Clark).

Following further discussion, the amended bill passed in a 2-1 vote (voting yes: Godden, Clark; voting no: Licata).

Majority Position (Godden and Clark):

The approach in this bond ordinance (C.B. 116209) implements and is fully consistent with the direction established by the full Council in recently adopted policy legislation. The policy legislation (Ordinance 122686) amended the Capital Improvement Program (CIP) for the Spokane Street Viaduct and Mercer Corridor projects. The CIP amendments in the policy legislation included a plan for debt financing to support expenditures in 2008, 2009, and beyond.

The Council unanimously supports completing the Spokane Street Viaduct project as quickly as possible. Bonds issued pursuant to this legislation will enable the City to move forward apace with Spokane Street Viaduct construction in 2009.

Council's 8-1 vote approving Ordinance 122686 (voting yes: Conlin, Godden, Harrell, Clark, Burgess, Rasmussen, McIver, Drago; voting no: Licata) provided that Mercer Corridor project should complete design and environmental review as well as start real estate acquisition during

2008. Ordinance 122686 provides further that 2009 appropriations for the Mercer Corridor project will be approved only after the Council reviews and approves both (a) a new financing plan and (b) full and final environmental documentation.

There is no downside to selling the additional bonds now. The City expects to place the bond proceeds in an interest-bearing account that will cover the interest owing to bondholders until such time as the financing is needed for project expenditures. The Council may decide through some potential future action not to construct the Mercer Corridor project. Even in this scenario, Department of Finance (DOF) staff indicated that the bonds could be used to support other transportation projects that would otherwise be funded through similar debt.

Conversely, failure to authorize the additional bond debt could delay the Mercer Corridor project. The proposed legislation includes a \$16.3 million debt transfer from 2007 LTGO bond issue for now-defunct zoo garage project to the Mercer Corridor project. The \$16.3 million transfer is needed to fund 2008 project expenditures to complete design and environmental review and to start real estate acquisition. Moreover, in the event that the Council allows spending on the project in early 2009, the Mercer Corridor project would not have sufficient funding without the \$43 million in bonds to support planned activities in 2009 such as completing real estate acquisition and starting construction.

Minority Position (Licata):

There is no conclusive evidence provided to the City Council to support the assertion that the \$192.8 million in proposed investments to widen Mercer and narrow Valley will yield any meaningful improvements to traffic flow or travel times through that corridor.

Recently adopted legislation (Ordinance 122686) provides that “[f]uture appropriation authority related to the Mercer Corridor Project will not be granted until the City Council has had the opportunity to evaluate the Executive’s progress toward closing the existing funding gap.” With the uncertainty surrounding the City’s ability to secure full funding, it is premature to consider selling \$43 million of new bonds for the Mercer Corridor project. Without the existence of a contingency plan from the Executive, it is also not financially prudent.

Selling bonds for a project that has yet to receive the green light would only compound the City’s financial risk, since these bonds are legally backed by our General Fund. With growing concerns about the City’s revenues in the context of a nationwide economic slowdown, any further General Fund commitments need to be carefully scrutinized. If the City makes a firm decision to build this project in the future, despite the financial risk, we could issue the bonds at that time.

The Seattle Department of Transportation (SDOT) and the Department of Finance did not address a number of questions about the current status of the project as well as about spending plans for the balance of 2008. Answers to these questions are critical to Council’s ability to evaluate the proposal to issue debt for the Mercer Corridor project.

FISCAL NOTE FOR CAPITAL PROJECTS ONLY

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Finance	Michael van Dyck (4-8347)	Stephen Barham (3-9084)

Legislation Title: AN ORDINANCE relating to contracting indebtedness; amending Ordinance 122286 and Ordinance 122553 to revise and add to the projects authorized to be financed by the issuance and sale of limited tax general obligation bonds of the City and accordingly to increase the authorized maximum principal amount of those bonds; increasing appropriations to the Seattle Department of Transportation in the 2008 Budget; and making a cash transfer from the 2007 Multipurpose LTGO Bond Fund to the Transportation Operating Fund.

Summary and background of the Legislation:

This legislation increases the legal authorization for issuing limited tax general obligation (LTGO) bonds in 2008 from \$36.6 million to \$92.6 million to provide additional debt financing for transportation projects in the City's Capital Improvement Program. It also redirects \$16.3 million of bonds originally issued in 2007 for the Zoo Garage to the Mercer Corridor project and increases the 2008 Budget accordingly.

- *Please check any of the following that apply:*

 This legislation creates, funds, or anticipates a new CIP Project. *(Please note whether the current CIP is being amended through this ordinance, or provide the Ordinance or Council Bill number of the separate legislation that has amended/is amending the CIP.)*

 This legislation does not have any financial implications. *(Stop here and delete the remainder of this document prior to saving and printing.)*

 X **This legislation has financial implications.** *(Please complete all relevant sections that follow.)*

- ***Background:***

This legislation amends the 2007 and 2008 LTGO bond ordinances to provide additional debt financing for transportation projects in the City's Capital Improvement Program, including King Street Station, Mercer Corridor, South Lander Street Overcrossing, and the Spokane Street Viaduct, as summarized in Table 1. Bond proceeds for Mercer and Spokane will be used during 2008 and the first half of 2009. All of the bonds for Lander and the \$346,000 increase in bonds for King Street Station will be used to repay the internal loan from the City's consolidated cash pool, as was authorized by Ordinance 122417. Debt service for these additional bonds is estimated to be \$1,537,207 in 2008 and \$3,084,606 in 2009 and to be paid by revenues from the



commercial parking and employee hours taxes. Bonds for the Spokane, Mercer and Lander projects will have a term of up to 20 years. Given that the parking and employee tax revenues are expected to increase over time, the bonds for Spokane, Mercer and Lander will be structured with interest-only payments for at least the first three years.

Table 1
2008 Various Purpose LTGO Bond Issue (\$1,000's)

Project	Capital Costs	Principal (Incl. 3% pricing ad. & costs)	Max. Term	Approx. Rate	Approx. 2008 Debt Service	Approx. 2009 Debt Service	Paid From
King Street Station (BTG)	3,286,000	3,384,580	20	5.5%	93,076	283,219	SDOT (1)
Bridge Seismic (BTG)	1,574,000	1,621,220	20	5.5%	44,584	135,663	SDOT (1)
Bridge Rehabilitation and Replacement (BTG)	3,965,000	4,083,950	20	5.5%	112,309	341,742	SDOT (1)
Pay Stations	2,175,000	2,240,250	5	4.0%	44,805	503,221	SDOT
Fire Station Projects	22,900,000	23,587,000	5	4.0%	471,740	5,298,280	REET I
South Lake Union Projects	2,000,000	2,060,000	6	4.0%	41,200	392,970	GF
Spokane (BTG)	9,000,000	9,270,000	20	5.6%	254,925	509,850	SDOT (1)
Mercer (BTG)	42,174,345	43,439,575	20	5.5%	1,194,588	2,389,177	SDOT (1)
Lander (BTG)	2,751,000	2,833,530	20	5.6%	77,922	155,844	SDOT (1)
TOTAL	89,825,345	92,520,105			2,335,149	10,009,965	

(1) Parking and employee tax revenues

In addition, this legislation amends the 2007 LTGO bond ordinance by re-directing \$16.3 million of bonds originally issued for the Zoo Garage to the Mercer Corridor project. It also appropriates this \$16.3 million. The City has already used about \$2 million of the original bonds issued for the Zoo Garage for the purpose of reimbursing the Woodland Park Zoological Society for costs incurred on the Zoo Garage through the hearing examiner's decision as well as for costs to close out the project in the weeks following the decision. These costs include planning and design and project administration, including permitting and public involvement. Annual debt service on Mercer's \$16.3 million share of these bonds will be \$845,000 in 2008 and approximately \$1.2 million annually thereafter.

Appropriations:

Fund Name and Number	Department	Budget Control Level	2008 Appropriation	2009 Anticipated Appropriation
2007 Multipurpose LTGO Bond Fund (35100)	Seattle Department of Transportation	Bridging the Gap Projects	\$16,300,000	None
TOTAL			\$16,300,000	None

• **What is the financial cost of not implementing the legislation:**

Without debt financing these projects would need either to be funded from cash or eliminated from the budget and CIP.



- **Is the legislation subject to public hearing requirements:**

No.

- **Other Issues**

None.

Please list attachments to the fiscal note below:

None.

FILED
CITY OF SEATTLE
08 JUL 18 PM 1:04
CITY CLERK

STATE OF WASHINGTON - KING COUNTY

--SS.

225101
CITY OF SEATTLE, CLERKS OFFICE

No.

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

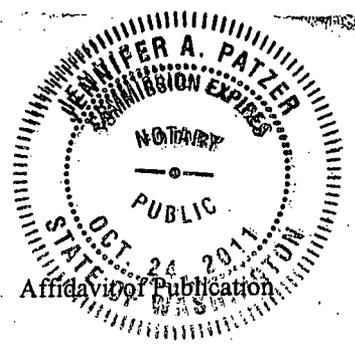
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:122695-122697 TITLE

was published on

06/03/08

The amount of the fee charged for the foregoing publication is the sum of \$ 98.35, which amount has been paid in full.



[Signature]
Subscribed and sworn to before me on
06/03/08
[Signature]
Notary public for the State of Washington,
residing in Seattle



State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinance, as passed by the City Council on May 27, 2008, and published here by title only, will be mailed, at no cost, on request, for two months after this publication. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 122697

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

ORDINANCE NO. 122698

AN ORDINANCE relating to contracting indebtedness; amending Ordinance 122286 and Ordinance 122559, to revise and add to the projects authorized to be financed by the issuance and sale of limited tax general obligation bonds of the City and accordingly to increase the authorized maximum principal amount of those bonds; increasing appropriations to the Seattle Department of Transportation in the 2008 Budget; and making a cash transfer from the 2007 Multipurpose LTGO Bond Fund to the Transportation Operating Fund.

ORDINANCE NO. 122699

AN ORDINANCE accepting deeds for street and/or alley purposes and easements for sidewalk purposes; establishing, laying off, and widening portions of the following rights-of-way: the alley in Block 37, Addition to the Town of Seattle (commonly known as C.D. Boren's Addition to North Seattle); the alley in Block 48, West Green Lake Addition No. 2 to the City of Seattle; SW Webster Street and 46th Avenue SW; the alley in Block 48, A.A. Denny's 6th Addition to the City of Seattle; the alley in Block 23, Second Addition to the Town of Seattle; NW 42nd Street abutting Government Lot 3, Section 13, Township 25 North, Range 3 East; the alley in Block 16, Licton Springs Park Addition to the City of Seattle; S Barton Street abutting Lot 31, Excelsior Acres Tracts No. 2; the easement for public sidewalk in Tract 111, The Pacific Coast Addition; the alley in Block 7, Licton Springs Park Addition to the City of Seattle; the alley in Block 14, University Park Addition to the City of Seattle; the alley in Block 47, J. H. Nagel's Addition to the City of Seattle; the easement for public sidewalk in Lot 10, Tronstad's Addition to the City of Seattle; the alley in Block 38, D.T. Denny's 3rd Addition to North Seattle; the alley in Block 6, Rose 2nd Addition to the City of Seattle; the alley in Block 7, Pettit's University Addition to the City of Seattle; the alley in Block 2, Pettit's University Addition to the City of Seattle; the alley in Block 1, H.S. Turner Park Addition to the City of Seattle; the alley in Block 2, Weedon's Division of Greenlake Addition to Seattle; and placing the real property conveyed by said deeds and easements under the jurisdiction of the Seattle Department of Transportation (SDOT).

Publication ordered by JUDITH PIPPIN
City Clerk

Date of publication in the Seattle Daily
Journal of Commerce, June 8, 2008.

6/8(225101)

