

**2013 BUDGET LEGISLATION FISCAL NOTE**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
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**Legislation Title:**

AN ORDINANCE relating to contracting indebtedness; authorizing and providing for the issuance and sale of limited tax general obligation bonds to pay all or part of the cost of financing elements of the City's capital improvement program, issuing and selling the bonds, and other City purposes approved by ordinance; providing for terms and sale of the bonds; creating a bond fund; and ratifying and confirming certain prior acts.

**Summary of the Legislation:**

This legislation provides the legal authorization to issue up to \$96 million of Limited Tax General Obligation (LTGO) bonds for a variety of purposes.

**Background:**

The City's Capital Improvement Program (CIP) identifies debt financing for certain projects and the City's budget appropriates the associated debt service. The table below lists the projects to be financed by the proceeds of 2013 LTGO bonds. Please see the City's Budget and CIP for information about these projects. Total debt service is expected to be about \$2.7 million in 2013 and \$8.7 million in 2014.

Project	Capital Cost	Approx. Par Amount (1)	Max. Term	Approx. Rate	Debt Service Proposed 2013	Debt Service Estimated 2014	Debt Service Funding Source
Bridge Seismic (BTG)	6,928	7,136	20	4.5%	241	549	SDOT (BTG) (2)
Mercer West (CPT)	11,173	11,508	20	4.5%	388	885	SDOT (CPT) (3)
South Park Bridge	10,000	10,300	20	4.5%	348	792	GF
Seawall (CPT)	6,200	6,386	20	4.5%	216	491	SDOT (CPT) (3)
Golf	7,371	7,592	20	4.5%	256	584	DPR
Rainier Beach Community Cer	6,600	6,798	20	4.5%	229	523	GF
Magnuson 30	5,215	5,371	12	3.5%	141	556	DPR
Fire Facilities (1 of 5)	12,726	13,108	20	4.5%	442	1,008	REET I
North Precinct (1 of 3)	4,250	4,378	20	4.5%	148	337	GF
B&O IT	7,632	7,861	5	3.0%	177	1,716	GF (4)
Financial IT Upgrades (1 of 3)	5,886	6,063	5	3.0%	136	1,324	FAS
Data Center (1 of 3)	2,625	2,704	10	3.5%	71	325	DoIT
Video Mobile Data Terminals	4,479	4,613	5	3.0%	104	1,007	GF
<b>Total</b>	<b>91,085</b>	<b>93,817</b>			<b>2,897</b>	<b>10,095</b>	

- (1) Includes 3% for costs of issuance and pricing adjustments.  
 (2) Proceeds from Bridging the Gap - Commercial Parking Tax receipts.  
 (3) Proceeds from Commercial Parking Taxes.  
 (4) Shared 70% GF and 30% other cities.

Please check one of the following:

**This legislation does not have any financial implications.**  
 (Please skip to the "Other Implications" Section at the end of the document and answer questions a-f. Delete sections that are left blank and the instructions provided in parentheses at the end of each question.)

**This legislation has financial implications.** (If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Delete the instructions provided in parentheses at the end of each title and question.)

**Other Implications:**

- a) Does the legislation have indirect financial implications, or long-term implications?

The City will be obligated to pay annual debt service on these bonds through their term.

- b) What is the financial cost of not implementing this legislation?

Financing these projects from cash would require very large cuts in operating programs. Since most of the debt-financed capital improvements have a long useful life and interest rates are currently low, it is more practical to spread the costs of these improvements over current and future beneficiaries by issuing bonds.

- c) Does this legislation affect any departments besides the originating department?

This legislation affects DOIT, SDOT, and DPR, and SPD.

- d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

There are no viable alternatives for most of the large capital projects. Cash financing of these projects would require very large operating budget cuts.

- e) Is the legislation subject to public hearing requirements? None

- f) Other Issues: None

Please list attachments to the fiscal note below: