

ORDINANCE No. 118140

COUNCIL BILL No. 111247

~~AMC~~ ~~SMC~~

AN ORDINANCE relating to accounting for Local Improvement Districts, authorizing the Finance Department to write off certain debts owed to the Local Improvement District Funds which have been determined to be uncollectible, transfer residual assets, liabilities, and fund balances from certain inactive Local Improvement Funds to the Local Improvement Guaranty Fund, and close certain Local Improvement District Funds.

OK

COMPTROLLER FILE No. _____

Introduced: MAY 13 1996	By: CHOE
Referred: MAY 13 1996	To: Finance & Budget Committee
Referred:	To:
Referred:	To:
Reported: MAY 20 1996	Second Reading: MAY 20 1996
Third Reading: MAY 20 1996	Signed: MAY 20 1996
Presented to Mayor: MAY 21 1996	Approved: MAY 25 1996
Returned to City Clerk: MAY 25 1996	Published:
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

US5047



Law Department

The City of Seattle--Leg

INDEXED

REPORT OF COM

Honorable President:

Your Committee on _____

to which was referred the within Council Bill No. _____ report that we have considered the same and respectfully re

Full Council via

Master Clerk

Committee Ch

Law Department

The City of Seattle--Legislative Department

INDEXED

REPORT OF COMMITTEE

Date Reported
and Adopted

May 15th,
passed 3-0

Honorable President:

Your Committee on _____

to which was referred the within Council Bill No. _____

report that we have considered the same and respectfully recommend that the same:

Full Council vote 6-0

Martin Chase

Committee Chair

RECEIVED THE CITY OF SEATTLE MAY 15 1957

5 **ATTACHMENT C**

6 **ORDINANCE 118140**

7
8 AN ORDINANCE relating to accounting for Local Improvement
9 Districts; authorizing the Finance Department to write off
10 certain debts owed to the Local Improvement District Funds
11 which have been determined to be uncollectible, transfer
12 residual assets, liabilities, and fund balances from certain
inactive Local Improvement Funds to the Local Improvement
Guaranty Fund, and close certain Local Improvement District
Funds.

13 WHEREAS, certain negligible debts listed herein owed to Local
14 Improvement District Funds by King County and the State of
15 Washington are deemed no longer feasible for collection and
16 writing off such debts adjusts City records to reflect their
probable non-payment; and

17 WHEREAS, certain Local Improvement District Funds have been
18 inactive for some time and are no longer needed; and

19 WHEREAS, to simplify the City's accounting, these funds should be
20 closed and residual assets, liabilities, and fund balances
transferred to the Local Improvement Guaranty Fund;

21 **NOW THEREFORE, BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

22
23 **Section 1.** The Finance Department is authorized to write off the
24 following amounts currently recorded as receivables from King
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26

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ak:na
May 1, 1996
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(version 3)

County for the following Local Improvement Districts,
consolidated in the funds as indicated below:

Consolidated Local Improvement District Fund #3		
Local Improvement District #6700		168.60
Local Improvement District #6713		3,068.61
Consolidated Local Improvement District Fund #4		
Local Improvement District #6704		17.80
Local Improvement Guaranty Fund		
Local Improvement District #6276		458.73
Local Improvement District #6319		43.92
Local Improvement District #6476		515.31
Local Improvement District #6524		208.00
Local Improvement District #6610		80.47
TOTAL		\$4,561.44

The Finance Department is also authorized to write off the
following amount currently recorded as a receivable from the
State of Washington for the following Local Improvement District,
consolidated in the fund as indicated below:

Consolidated Local Improvement District Fund #7		
Local Improvement District #6731		\$3,532.88

Section 2. The Finance Department is authorized to make all
necessary adjustments to close the following funds: Consolidated
Local Improvement District Fund # 2, Consolidated Local
Improvement District Fund # 3, Consolidated Local Improvement

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5 District Fund # 4, Consolidated Local Improvement District Fund #
6 5, Consolidated Local Improvement District Fund # 6, and
7 Consolidated Local Improvement District Fund #7. All assets,
8 liabilities, and residual fund balances of these funds shall be
9 transferred to the Local Improvement Guaranty Fund. The Finance
10 Director is hereby authorized and directed to make such
11 transfers.

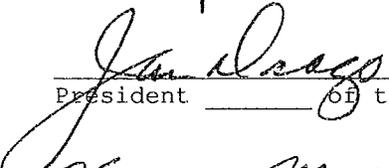
12
13 **Section 3.** The Finance Director is authorized to transfer excess
14 cash in the Interfund Notes Payable Fund - Local Improvement
15 Districts to the Local Improvement Guaranty Fund.
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18 **Section 4.** Any acts pursuant to the authority and prior to the
19 effective date of this ordinance are hereby ratified and
20 confirmed.
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5 **Section 5.** This ordinance shall take effect and be in force
6 thirty (30) days from and after its approval by the Mayor, but if
7 not approved and returned by the Mayor within ten (10) days after
8 presentation, it shall take effect as provided by Municipal Code
9 Section 1.04.020.

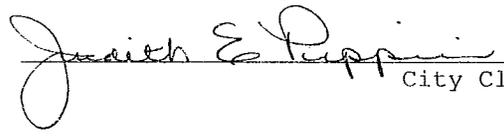
10 Passed by the City Council the 20 day of May,
11 1996, and signed by me in open session in authentication of its
12 passage this 20 day of May, 1996.

13
14 
15 _____
16 President _____ of the City Council

17 Approved by me this 25 day of May, 1996.

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19 
20 _____
21 Mayor

22 Filed by me this 28th day of May, 1996.

23
24 
25 _____
26 City Clerk

(Seal)

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City of Seattle

Department
of Finance

Dwight D. Dively
Director of Finance

Norman B. Rice
Mayor

RECEIVED OMP

APR 26 1996

April 25, 1996

The Honorable Jan Drago
President, Seattle City Council
600 Fourth Avenue, 11th Floor
Seattle, Washington 98104

Via: Mayor's Office
Attention: Tom Tierney, Director, Office of Management & Planning
Subject: Legislation to Clean-up Local Improvement District Funds

Over the past few months, we have been working on cleaning up the City's processes for managing Local Improvement Districts (LIDs). The result of this work has been to develop a more efficient and economical mechanism for financing Local Improvement Districts and to clean up the LID Fund accounting. Attached is legislation to accomplish the following:

- Attachment A: Amend the Municipal Code to allow longer-term interfund financing (installment notes) for Lids.
- Attachment B: Amend ordinances which created two recent LIDs to allow interfund financing (installment notes).
- Attachment C: Write off certain uncollectible receivables from LID funds; close certain LID funds; consolidate residual assets and liabilities into the Guarantee Fund.
- Attachment D: Transfer any unneeded Guarantee Fund balance to the General Fund.

LIDs are a means by which property owners in an area pay some or all of the costs of a public improvement that will benefit them. LIDs are often used for street improvements, sidewalks, utility undergrounding, or other amenities. Although few LIDs have been formed in Seattle in recent years, interest in this financing mechanism appears to be growing.

Attachments A & B: State law requires the City to offer financing for LIDs if property owners choose not to pay the complete LID assessment in a single installment. We have found that the standard procedure of issuing bonds to finance LIDs is no longer economical, given the small size of the property owners' portion of recent LIDs (about \$39,000 for 47th SW and about \$129,000 for S. Dawson) and that the City is only infrequently using LIDs. Interfund financing is a more cost-effective alternative. In the past, LID funds have

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borrowed from the Cumulative Reserve Fund (CRF) for the short-term before bonds are issued. We recommend that the CRF now be used for longer-term financing of the two LIDs mentioned above (LID #6746 and #6747).

We further recommend allowing the use of such interfund financing for other new LIDs, provided that the amount of needed financing is modest. Attachment A limits the total interfund borrowing to \$1 million. If the City were to accumulate that amount of debt against local improvement districts, it could be refinanced with a consolidated bond. If the City were to initiate a large LID, such as a multi-million LID for the Commons, local improvement district bonds would probably be preferable.

The overall policy change is authorized in Attachment A. The specific financing of LIDs #6746 and #6747 is authorized in Attachment B.

Attachment C: Several LID funds have been inactive for many years and remain open only because they show receivables reflecting delinquent accounts. Generally, the City initiates foreclosure proceedings on delinquent accounts. However, the City has recorded receivables from accounts for the State of Washington and King County as delinquent, even though these have been uncollectible for, in some cases, a very long time. Although the State of Washington never consented to the Streetcar LID, as required by RCW 79.44.040, the City carries a receivable (\$3,532.88) in CLID # 7 to reflect an expectation that it would someday pay.

Apparently, the City has never billed the County for assessments against County property, even though County property was often part of City LIDs. The City's records show that the County was a participant in eight LIDs, with assessments totaling \$4,561.44. Some of these LIDs date back to the 1960's. Since the City never billed the County for these LIDs, and the amount due is negligible, it would be impractical to collect now. Starting with LID 6747 (S. Dawson Street, 1995), the City will begin billing the County and the State for LIDs of which they are participants.

The attached ordinance authorizes the Finance Department to write off uncollectible LID receivables totaling \$8,094.32.

Minor residual assets, liabilities, and fund balances in these accounts will be transferred to the LID Guarantee Fund.

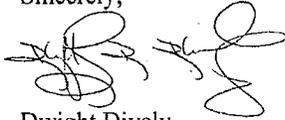
Attachment D: Since the only LID debt outstanding will be the installment notes issued for LID 6746 and 6747, most of the balance of the Guarantee Fund will no longer be required. Consequently, it will be transferred to the General Fund. This transfer will be about \$450,000, which will leave \$100,000 in the Guarantee Fund

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to provide the legally required guarantee for the two existing outstanding installment notes for LID 6746 and LID 6747 and several small future LIDs. This balance is sufficient to guarantee a total of \$1 million of borrowing by local improvement districts.

If you have any questions, please feel free to contact Michael van Dyck at 684-5236.

Sincerely,



Dwight Dively
Finance Director

Attachments

- cc: Gail Bartley, Engineering Department
- Brian McCartan, Finance
- Michael van Dyck
- Sandy Cohen, Law Department
- Saroja Reddy, Council Central Staff
- Julie Pai, Office of Management & Planning
- Carol Metcalf, Finance
- Carolyn Walker, Finance

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City of Seattle

Executive Department—Office of Management and Planning

Thomas M. Tierney, Director
Norman B. Rice, Mayor

April 29, 1996

The Honorable Mark Sidran
City Attorney
City of Seattle

*OK
Mc
5/2/96*

Dear Mr. Sidran:

The Mayor is proposing to the City Council that the enclosed legislation be adopted.

REQUESTING DEPARTMENT: Finance

SUBJECT: AN ORDINANCE relating to accounting for Local Improvement Districts; authorizing the Finance Department to write off certain debt owed to the Local Improvement District Funds which have been determined to be uncollectible, transfer residual assets, liabilities, and fund balances from certain inactive Local Improvement Funds to the Local Improvement Guaranty Fund, and close certain Local Improvement District Funds.

Pursuant to the City Council's S.O.P. 100-014, the Executive Department is forwarding this request for legislation to your office for review and drafting.

After reviewing this request and any necessary redrafting of the enclosed legislation, return the legislation to OMP. Any specific questions regarding the legislation can be directed to Julie Pai at 684-8085.

Sincerely,

Norman B. Rice
Mayor

by

TOM TIERNEY
Director

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Enclosure



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TIME AND DATE STAMP

SPONSORSHIP

THE ATTACHED DOCUMENT IS SPONSORED FOR FILING WITH THE CITY COUNCIL BY THE MEMBER(S) OF THE CITY COUNCIL WHOSE SIGNATURE(S) ARE SHOWN BELOW:

Martha Chase

FOR CITY COUNCIL PRESIDENT USE ONLY

COMMITTEE(S) REFERRED TO: _____

PRESIDENT'S SIGNATURE

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STATE OF WASHINGTON - KING COUNTY

68617
City of Seattle, City Clerk

-ss.

No. 118142&11814

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on May 26, 1936, and published here by title only, will be mailed, at no cost, upon request for two months after this publication. For further information, contact the Seattle City Clerk at 634-6244.

ORDINANCE NO. 118135

AN ORDINANCE relating to the Department of Administrative Services; authorizing negotiation for and execution of a lease agreement for a portion of certain real property known as 105 - 14th Avenue, the Metropolitan Seattle Urban League Building for various municipal purposes.

ORDINANCE NO. 118136

AN ORDINANCE relating to the Department of Administrative Services; authorizing negotiation for and execution of a lease agreement for warehouse space to accommodate Department of Administrative Services staff and operations.

ORDINANCE NO. 118137

AN ORDINANCE transferring reappropriating funds within the Capital Improvement Program of the Department of Administrative Services.

ORDINANCE NO. 118140

AN ORDINANCE relating to accounting for Local Improvement Districts; authorizing the Finance Department to write off certain debts owed to the Local Improvement District Funds which have been determined to be uncollectible; transfer residual assets, liabilities, and fund balances from certain inactive Local Improvement Funds to the Local Improvement Guaranty Fund, and close certain Local Improvement District Funds.

ORDINANCE NO. 118143

Appropriating money to pay certain audited claims and ordering the payment thereof.

ORDINANCE NO. 118143

AN ORDINANCE authorizing the Finance Department to transfer all surplus funds from the Local Improvement Guaranty Fund to the General Fund.

Publication ordered by JUDITH PIPPIN, City Clerk.

Date of official publication in the Daily Journal of Commerce, June 3, 1936.
63(68617)

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

CTOT: 118135-137, 140

was published on

06/03/96

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

Subscribed and sworn to before me on

06/04/96

[Signature]
Notary Public for the State of Washington,
residing in Seattle

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