

ORDINANCE No. 118148

COUNCIL BILL No. 111248

ATTACHMENT D

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



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 20 1996	Published:
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

US5047



Law Department

The City of Seattle--Leg

INDEXED

REPORT OF CO

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

Martin C

Committee C

Law Department

The City of Seattle--Legislative Department

INDEXED

Date Reported
and Adopted

REPORT OF COMMITTEE

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

Martina Chase

Committee Chair

OFFICE OF THE CLERK OF THE CITY OF SEATTLE
1000 4TH AVENUE, SUITE 1000
SEATTLE, WASHINGTON 98101
PHONE: 206-467-2000
FAX: 206-467-2001
WWW.CITYOFSEATTLE.GOV

ATTACHMENT D

ORDINANCE 118143

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

WHEREAS, all outstanding bonds issued against the LID funds that were guaranteed by the Local Improvement Guaranty Fund have been called;

WHEREAS, RCW 35.54.095 authorizes the City to reduce the balance in its Local Improvement Guaranty Fund to an amount not less than ten percent of the net outstanding obligations guaranteed by the fund and so most of the balance remaining in the Local Improvement Guaranty Fund is no longer needed; and

WHEREAS, A balance of \$100,000 should be retained in the Local Improvement Guaranty Fund to provide the guaranty for the two existing installment notes issued against LID 6746 and LID 6747 and several potential small LIDs in the future; and

WHEREAS, pursuant to RCW 35.54.095 the Finance Director has certified that the Local Improvement Guaranty Fund has sufficient funds currently on hand to meet all valid outstanding obligations of the fund and all other obligations of the fund expected to be incurred in the near future; Now therefore

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Finance Director is hereby authorized to transfer cash in excess of one hundred thousand dollars (\$100,000) from the Local Improvement Guaranty Fund to the General Fund.

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Section 2. Any acts pursuant to the authority and prior to the effective date of this ordinance are hereby ratified and confirmed.

Section 3. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

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

Jan Frazz
President _____ of the City Council

Approved by me this 25 day of May, 1996.

Maurice B. Rice
Mayor

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

Judith E. Papp
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 LID 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.

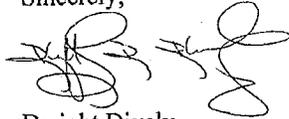
Attachment D: Since the only LID debt outstanding will be the installment notes issued for LID 6746 and 6747, most of the balance of the Guarantee Fund will no longer be required. Consequently, it will be transferred to the General Fund. This transfer will be about \$450,000, which will leave \$100,000 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 Dep.
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 dec 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 authorizing the Finance Department to transfer all surplus funds from the Local Improvement Guaranty Fund to the General Fund.

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:

Maxwell Chan

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 20, 1996, 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 694-8344.

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 resp-appropriating 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. 118142

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 PIP-PIN, City Clerk.

Date of official publication in the Daily Journal of Commerce, June 3, 1996.
6/3(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

CTC 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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