Form revised: February 26, 2014

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
City Budget Office	Forrest Longman/684-0331	

Legislation Title:
AN ORDINANCE relating to making a loan to the Seattle Park District to provide funding for budgeted 2015 expenses; authorizing and providing for interfund loans to dedicated subfunds to be created within the City's Park and Recreation Fund and Parks Capital Fund to be used to make the Park District loan; providing for other properly related matters; and ratifying and confirming certain prior acts.

Summary of the Legislation:
This legislation authorizes interfund loans from for the consolidated cash pool to fund Seattle Park District budgeted operational and capital programs in 2015. It also authorizes the City to enter into a loan agreement with the Seattle Park District. Interfund loans totaling $7.5 million and $2.5 million will be made to a subfund within the Park and Recreation Fund and a subfund within the Parks Capital Fund, respectively. Those funds will then be loaned via the loan agreement to the Seattle Park District. The Park District will use those resources to fund operational and capital projects in the Parks Department. The Park District will repay the loan of $10,008,000, plus accrued interest, over eight years.

Background:
The Seattle Park District became effective and its boundaries were established August 19, 2014, upon certification of results of the August 5, 2014 election. However, RCW 84.09.030 provides that no property tax may be collected for any taxing district whose boundaries are not fixed as of August 1 of the calendar year preceding collection (i.e., August 1, 2014 for calendar year 2015 collections). Because the District's boundaries were not established prior to August 1, 2014, the first property tax collections for the District will commence in 2016, resulting in an emergency (as that term is used in RCW 35.61.290) due to the lack of revenues to support the District's setup and operations during 2015.

The financial plan included as part of the Seattle Park District proposal put to voters and adopted by the City (Ordinance 124468) and the Park District (Resolution 1) as an attachment to the interlocal agreement included $10 million in spending in 2015. Since the District is not authorized to collect taxes until 2016, it is necessary for the City to provide a loan to the Park District for 2015 capital and operational programs.

__X__ **This legislation has financial implications.**
This legislation does not have any direct implications to appropriations or revenues as adopted in the budget. However, it does include indirect financial implications detailed in the section below.

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
This legislation authorizes an interfund loan from the consolidated cash pool to the Park and Recreation Fund which in turn is loaned to the Seattle Park District. The loan amount totals $10,008,000. The loan will be repaid over eight years (2016-2023) and is secured by the tax revenues of the Park District.

b) **What is the financial cost of not implementing the legislation?**
None.

c) **Does this legislation affect any departments besides the originating department?**
The Department of Parks and Recreation as borrower of the cash pool loan and the ultimate recipient of funds and the Department of Finance and Administrative Services as the administrator of the cash pool.

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
The only alternative to this legislation that could achieve a similar objective would be the issuing of debt by the Seattle Park District. City staff has analyzed this option and determined that it would increase the transaction costs for all parties involved while offering no advantages.

e) **Is a public hearing required for this legislation?**
No.

f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.

g) **Does this legislation affect a piece of property?**
No.

h) **Other Issues:**

List attachments to the fiscal note below: N/A