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CB 117326

Tony Kilduff
LEG Transferring Certain Funds to the RSA ORD
October 28, 2011
Version #2a

ORDINANCE _____

AN ORDINANCE relating to the City Light Department, directing the transfer of certain funds in the Light Fund into the Rate Stabilization Account in 2011, and amending SMC 21.49.086 (G) relating to the operation of said Account.

WHEREAS, the City established the Rate Stabilization Account within the Light Fund to buffer the City Light Department (City Light) and its customers from deviations of its Net Wholesale Revenue from that assumed in the budget; and

WHEREAS, the Council would like to ensure that the Account is funded at a level that significantly reduces the likelihood of rate surcharges, as provided for in SMC 21.49.086, should wholesale revenue be less than that assumed in the 2012 Budget; and

WHEREAS, City Light anticipates both reduced expenditures and increased revenues relative to the 2011 Adopted Budget; NOW, THEREFORE

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. By December 30, 2011, City Light shall transfer any cash available in the Light Fund for debt service coverage in excess of 1.85 times debt service for 2011 into the Rate Stabilization Account.

Section 2. SMC 21.49.086.G, which section was enacted by Ordinance 123260, is amended as follows:

G. Disposition of excess funds in the Rate Stabilization Account:

Effective January 1, 201~~1~~₃; whenever the amount in the Rate Stabilization Account exceeds \$125 million, the City Council will initiate a rate review, if the Mayor has not already done so, within forty-five days that will decrease rates, allow City Light to cover more of its capital expenditures with cash from operations or defease outstanding debt in order to keep future rates low, increase its expenditures, or a combination of these measures, to bring the amount in the Account down to \$125 million within a period of 12 or fewer months.



1 Section 3. Any action consistent with this ordinance taken after its passage but prior to its
2 effective date is ratified and confirmed.

3 Section 4. This ordinance shall take effect and be in force 30 days after its approval by
4 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
5 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

6 Passed by the City Council the ____ day of _____, 2011, and
7 signed by me in open session in authentication of its passage this
8 ____ day of _____, 2011.

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10 _____
11 President _____ of the City Council

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13 Approved by me this ____ day of _____, 2011.

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15 _____
16 Michael McGinn, Mayor

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18 Filed by me this ____ day of _____, 2011.

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20 _____
21 Monica Martinez Simmons, City Clerk

22 (Seal)

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FISCAL NOTE FOR NON-CAPITAL PROJECTS

| Department: | Contact Person/Phone: | CBO Analyst/Phone: |
|--------------------|------------------------------|---------------------------|
| LEG | Tony Kilduff/4-3580 | n/a |

Legislation Title:

AN ORDINANCE relating to the City Light Department, directing the transfer of certain funds in the Light Fund into the Rate Stabilization Account in 2011, and suspending the requirements of SMC 21.49.086 (G) relating to the operation of said Account for 2012.

Summary of the Legislation:

This legislation directs the transfer of any excess 2011 Light Fund (fund) balance into the Rate Stabilization Account (RSA) and SMC 21.49.086 (G) to begin January 1, 2013 if the balance in the RSA exceeds \$125 million.

Background:

The Council created the RSA through Ordinance 121637 and subsequently established the parameters for its funding and operation through Ordinance 123260. The parameters provide that City Light must withdraw any shortfall in net wholesale revenue relative to the amount assumed in the relevant budget, or deposit any overage, all done on a quarterly basis. The parameters also provide for automatic surcharges in the event the Account balance falls below certain thresholds. They further provide that if the balance in the account exceeds \$125 million that the Council will take action to reduce the balance.

The target for net wholesale revenue for 2012, established through Ordinance 123260, is \$102 million. City Light expects to generate at most \$60 million. The shortfall, should it occur, would result in large and persistent surcharges in 2012 and 2013.

The legislation directs City Light to transfer excess Light Fund balances in 2011 into the RSA. The use of excess fund balances in this way will, by increasing the Account balance, reduce both the likelihood and size of surcharges in 2012 in the face of this anticipated shortfall. Since the balance may temporarily exceed \$125 million, the legislation also suspends the requirement of paragraph G for 2012.

Please check one of the following:

This legislation does not have any financial implications.

(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete 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. Please delete the



instructions provided in parentheses at the end of each title and question.)

Appropriations:

(This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not supported by revenue/reimbursements, please confirm that there is available fund balance to cover this appropriation in the note section.)

| Fund Name and Number | Department | Budget Control Level* | 2011 Appropriation | 2012 Anticipated Appropriation |
|----------------------|------------|-----------------------|--------------------|--------------------------------|
| | | | | |
| TOTAL | | | | |

*See budget book to obtain the appropriate Budget Control Level for your department.

Appropriations Notes:

Anticipated Revenue/Reimbursement Resulting from this Legislation:

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.)

| Fund Name and Number | Department | Revenue Source | 2011 Revenue | 2012 Revenue |
|----------------------|------------|----------------|--------------|--------------|
| | | | | |
| TOTAL | | | | |

Revenue/Reimbursement Notes:

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

(This table should only reflect the actual number of positions affected by this legislation. In the event that positions have been, or will be, created as a result of other legislation, please provide details in the Notes section below the table.)

| Position Title and Department | Position # for Existing Positions | Fund Name & # | PT/FT | 2011 Positions | 2011 FTE | 2012 Positions* | 2012 FTE* |
|-------------------------------|-----------------------------------|---------------|-------|----------------|----------|-----------------|-----------|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| TOTAL | | | | | | | |

* 2012 positions and FTE are total 2012 position changes resulting from this legislation, not incremental changes. Therefore, under 2012, please be sure to include any continuing positions from 2011.

Position Notes:



Do positions sunset in the future?

(If yes, identify sunset date)

Spending/Cash Flow:

(This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.)

| Fund Name & # | Department | Budget Control Level* | 2011 Expenditures | 2012 Anticipated Expenditures |
|---------------|------------|-----------------------|-------------------|-------------------------------|
| | | | | |
| TOTAL | | | | |

* See budget book to obtain the appropriate Budget Control Level for your department.

Spending/Cash Flow Notes:

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
No.
- b) **What is the financial cost of not implementing the legislation?**
No.
- c) **Does this legislation affect any departments besides the originating department?**
No.
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** None.
- 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:

