

#20
CB 117312

Christine Patterson
SDOT Streetcar Capital Interfund Loan ORD
August 24, 2011
Version #4

ORDINANCE _____

1
2 AN ORDINANCE relating to the financing of the South Lake Union Streetcar project; amending
3 Ordinance 122603, last amended by Ordinance 123164, to extend the term of an
4 interfund loan.

5 WHEREAS, upon the passage of Ordinance 122603, which authorized a loan of up to \$5.945
6 million, \$5.945 million was loaned from the Consolidated (Residual) Cash Pool to the
7 Transportation Master Fund, with repayment scheduled for no later than December 31,
8 2009; and

9 WHEREAS, Ordinance 123164 extended the term of the interfund loan with repayment
10 scheduled for no later than December 31, 2012; and

11 WHEREAS, as described in Ordinance 122603, the loan was to be repaid, in part, with proceeds
12 from the sale of surplus property adjacent to, and air rights above, the South Lake Union
13 Streetcar Maintenance Facility and Yard at 318 Fairview Avenue; and

14 WHEREAS, due to the economic downturn, it is currently not a favorable climate to sell the
15 surplus property adjacent to and air rights above the South Lake Union Streetcar
16 Maintenance Facility and Yard at 318 Fairview Avenue North; and

17 WHEREAS, the property is being utilized by the construction management team for the Mercer
18 Corridor project until 2013; and

19 WHEREAS, there is sufficient cash in the City's Consolidated (Residual) Cash Pool or its
20 participating funds to continue to support a loan of up to \$5.945 million through the end
21 of 2014; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

22 Section 1. Section 1 of Ordinance 122603, as amended by Ordinance 123164, is further
23 amended as follows:

24 Section 1. A loan of up to Five Million Nine Hundred Forty-Five Thousand
25 Dollars (\$5,945,000) of principal and interest outstanding at any one time is hereby authorized to
26 be made from the City's Consolidated (Residual) Cash Pool, or its participating funds, to the
27 Transportation Master Fund from which may be paid capital costs related to the South Lake
28 Union Streetcar project and related debt service costs. Said loan is to be repaid no later than



1 ((~~December 31, 2012~~)) December 31, 2014, with interest on the loan at the rate of return of the
2 City's Consolidated (Residual) Cash Pool.

3
4 Section 2. Section 3 of Ordinance 122603, as amended by Ordinance 123164, is further
5 amended as follows:

6 Section 3. The Director of Finance may effectuate the loan authorized in Section
7 1 by transferring cash from one or more of the funds participating in the City's Consolidated
8 (Residual) Cash Pool to the Transportation Master Fund, or by carrying the Transportation
9 Master Fund in a negative cash position in an amount not to exceed Five Million Nine Hundred
10 Forty-Five Thousand Dollars (\$5,945,000) beyond the negative balance authorized by Ordinance
11 120016, until no later than ((~~December 31, 2012~~)) December 31, 2014.

12
13 Section 3. This ordinance shall take effect and be in force 30 days after its approval by
14 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
15 shall take effect as provided by Seattle Municipal Code Section 1.04.020.



1 Passed by the City Council the ____ day of _____, 2011, and
2 signed by me in open session in authentication of its passage this
3 ____ day of _____, 2011.

4 _____
5 _____
6 President _____ of the City Council

7
8 Approved by me this ____ day of _____, 2011.

9 _____
10 _____
11 Michael McGinn, Mayor

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

14 _____
15 _____
16 Monica Martinez Simmons, City Clerk

17 (Seal)

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2012 BUDGET LEGISLATION FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Transportation	Lenda Crawford/4-5350	Rebecca Guerra/4-5339

Legislation Title: AN ORDINANCE relating to the financing of the South Lake Union Streetcar project; amending Ordinance 122603, last amended by Ordinance 123164, to extend the term of an interfund loan.

Summary of the Legislation: This ordinance extends to December 31, 2014 the Streetcar interfund loan that was originally authorized by Ordinance 122603 until December 31, 2009 and then extended until December 31, 2012 by Ordinance 123164.

Background: In December 2007 Ordinance 122603 authorized a loan of up to \$5.945 million for purposes related to the Seattle Streetcar. Subsequently, \$5.945 million was loaned from the Consolidated (Residual) Cash Pool to the Transportation Master Fund, with repayment scheduled for no later than December 31, 2009. In 2008, a sale of LTGO bonds resulted in \$2 million being deposited into the South Lake Union Property Proceeds Subaccount for the South Lake Union Streetcar capital project. Of the \$2 million, \$1,130,746 was applied to higher-than-expected project costs, and \$869,254 was applied toward the loan balance.

The loan was intended to be repaid by the end of 2009, in part with sales proceeds from surplus property adjacent to, and air rights above, the South Lake Union Streetcar Maintenance Facility and Yard at 318 Fairview Avenue North. Due to the economic downturn, however, a sale did not occur and an extension of the existing loan was necessary which was approved in Ordinance 123164. Since that time, the property has been used as the construction field office for the Mercer Corridor project. Construction of the Mercer Corridor will extend into 2013. After that time, the real estate climate is expected to be more favorable for the sale of the property, and the interfund loan will be repaid.

X **This legislation has financial implications.**

Summary of Changes to Revenue Generated Specifically from this Legislation:

There are no revenue changes resulting from this legislation.

Other Implications:

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

Yes, there are interest costs associated with extending the term of the loan. As of June 2011, the outstanding loan balance is \$5,046,403. Approximately \$325,986 of interest accrued on



this loan as of December 31, 2010. Estimating an annual interest rate of four percent, approximately \$200,000-\$220,000 will accrue on the loan each year.

- b) What is the financial cost of not implementing this legislation?
If the interfund loan extension is not approved, SDOT may be forced to sell the land located at Fairview during at a low point in the real estate market, thereby generating less revenue than anticipated in a later sale. Additionally, because the property is currently being used as a temporary construction field site for the Mercer Corridor project, a new location would need to be identified for the construction management team and they would need to be relocated.
- c) Does this legislation affect any departments besides the originating department? None.
- d) What are the possible alternatives to the legislation that could achieve the same or similar objectives? None.
- e) Is the legislation subject to public hearing requirements? No.
- f) Other Issues: None.

Please list attachments to the fiscal note below:





City of Seattle
Office of the Mayor

September 26, 2011

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Conlin:

I am transmitting the attached proposed Council Bill for consideration with the 2012 Proposed Budget. This legislation extends the streetcar interfund loan through 2014. The interfund loan was originally authorized through 2009 and was then extended through 2012 by Ordinance 123164.

In December 2007, the city authorized an interfund loan to the Transportation Master Fund of up to \$5,945,000 for purposes related to the Seattle Streetcar. The loan is currently scheduled to be repaid at the end of 2012. As of June 2011, the outstanding loan balance was \$5,046,403.

The loan is intended to be repaid in large part with sales proceeds from surplus property adjacent to, and air rights above, the South Lake Union Streetcar Maintenance Facility and Yard at 318 Fairview Avenue North. This property is in use as the construction field office for the Mercer Corridor project, the need for which will extend into 2013. After that time, the real estate climate is expected to be more favorable for the sale of the property, and the interfund loan will be repaid.

Thank you for your consideration of this legislation. Should you have questions, please contact Christine Patterson with SDOT at 206-733-7806 or christine.patterson@seattle.gov.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

