

Seattle Public Utilities-Seattle Housing Authority Public Infrastructure Agreement



Seattle Public Utilities and Neighborhood Committee
November 23, 2010

Background

1. SPU contributed \$2.9 million for sewer and water facilities at New Holly Redevelopment Project.
2. Agreement for SHA to repay via sewer and water surcharges
3. Outstanding balance of \$1.9 million as of December 31, 2009



Agreement Shortcomings

- Repayment method is administratively burdensome.
- Unpredictability for SHA and SPU for budgeting purposes.
- Requires adjustment of water surcharge if required.

Flat monthly payments will significantly simplify recovery of the remaining unreimbursed amount.

New Repayment Agreement

1. Eliminates sewer and water surcharges and replaces them with a flat monthly payment beginning in January 2011.
2. Term of 20 years at a 4.75% interest rate (under current arrangement balance would be paid off around 2021)
3. Outstanding balance to be calculated as of 12/31/10 (estimated to be \$1.87 million).

Benefits

1. More efficient for both parties.
2. Improved predictability for both parties.
3. Gives SHA additional time to pay off outstanding balance.