#19

Christine Patterson/Calvin Chow
SDOT Streetcar Capital Interfund Loan Extension ORD
November 14, 2014
Version #2

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 118243

AN ORDINANCE relating to the financing of the South Lake Union Streetcar project; amending Ordinance 122603, last amended by Ordinance 123748, to extend the term of an interfund loan.

WHEREAS, upon the passage of Ordinance 122603, which authorized a loan of up to $5.945 million, $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; and

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

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

WHEREAS, the Seattle Department of Transportation (SDOT) is in the design phase of the Center City Streetcar Connector project and may need to use the surplus property at 318 Fairview Avenue North for additional streetcar maintenance and storage capacity; and

WHEREAS, Ordinance 123748 extended the term of the interfund loan with repayment scheduled for no later than December 31, 2014; and

WHEREAS, there is sufficient cash in the City's Consolidated (Residual) Cash Pool or its participating funds to continue to support a loan of up to $5.945 million through the end of 2016; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 1 of Ordinance 122603, as amended by Ordinance 123164 and Ordinance 123748, is further amended as follows:

Section 1. A loan of up to Five Million Nine Hundred Forty-Five Thousand Dollars ($5,945,000) of principal and interest outstanding at any one time is hereby authorized to be made from the City's Consolidated (Residual) Cash Pool, or its participating funds, to the Transportation Master Fund from which may be paid capital costs related to the South Lake Union Streetcar project and related debt service costs. ((~~Said loan is to be repaid no later than ((December 31, 2014)) December 31, 2016, with interest~~)) Interest on the loan shall be at the rate of return of the City's Consolidated (Residual) Cash Pool. If the loan plus accrued interest is not repaid by December 31, 2016, the Transportation Master Fund will begin repaying the City's Consolidated (Residual) Cash Pool a minimum of $300,000 per year thereafter until the loan plus accrued interest has been repaid.

Section 2. Section 3 of Ordinance 122603, as amended by Ordinance 123164 and Ordinance 123748, is further amended as follows:

Section 3. The Director of Finance may effectuate the loan authorized in Section 1 by transferring cash from one or more of the funds participating in the City's Consolidated (Residual) Cash Pool to the Transportation Master Fund, or by carrying the Transportation Master Fund in a negative cash position in an amount not to exceed Five Million Nine Hundred Forty-Five Thousand Dollars ($5,945,000) beyond the negative balance authorized by Ordinance 120016((~~, until no later than ((December 31, 2014)) December 31, 2016~~)).

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

Passed by the City Council the ____ day of _____, 2014, and signed by me in open session in authentication of its passage this _____ day of _____, 2014.

_____

President _____of the City Council

Approved by me this ____ day of _____, 2014.

_____

Edward B. Murray, Mayor

Filed by me this ____ day of _____, 2014.

_____

Monica Martinez Simmons, City Clerk

(Seal)

Form revised: February 26, 2014

2015 BUDGET LEGISLATION FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
SDOT	Christine Patterson/3-7806	Christie Parker/4-5211

Legislation Title:
AN ORDINANCE relating to the financing of the South Lake Union Streetcar project; amending Ordinance 122603, last amended by Ordinance 123748, to extend the term of an interfund loan.

Summary of the Legislation:
This legislation extends the end date of the $5.945M Interfund Loan for the South Lake Union Streetcar capital project from December 31, 2014 to December 31, 2016.

Background:
Ordinance 122603 authorized a loan of up to $5.945M from the Consolidated (Residual) Cash Pool to the Transportation Master Fund with a repayment date of December 31, 2009. Ordinance 123164 extended the loan until December 31, 2012, and was subsequently extended by Ordinance 123748 to December 31, 2014. The loan is to be repaid by proceeds from the sale of surplus property adjacent to the Streetcar Maintenance Facility and Yard at 318 Fairview Avenue North. SDOT is in the design phase of the Center City Connector streetcar project and may have an increased need for streetcar maintenance and storage capacity. The sale of the property is on hold until the issue is resolved. For this reason, the length of the Interfund loan needs to be extended.

Though not expressly addressed in the legislation, the loan extension will result in additional interest expense; however, some of the expenses are offset by revenue from leasing the property to the construction management team on Mercer East and, more recently, from leasing the property to Seattle City Light. The actual and forecast interest expenses for each year of the loan are shown in the table on the following page.

Summary Accrued and Estimated Interest on $5.1 million South Lake Union Streetcar Capital Loan

Estimated rates provided by Treasury for Consolidated Cash Pool

Year	Rate Basis	Annual Rate	Accrued Interest
2008	CAFR	0.03905	$180,553
2009	CAFR	0.0165	$94,335
2010	CAFR	0.01027	$51,048
2011	CAFR	0.00824	$40,671
2012	CAFR	0.00784	$38,919
2013	CAFR	0.00675	$37,937
2014	Estimate	0.0089	$45,212
2015	Estimate	0.0132	$67,056
2016	Estimate	0.03	$152,400
	Estimated Total Interest Liability:		**$708,132**

____ **This legislation does not have any financial implications.**

__X__ **This legislation has financial implications.**

Summary of Changes to Revenue Generated Specifically from this Legislation:

	Revenue Source	2015 Proposed	2016 Proposed
Total Fees and Charges Resulting From Passage of This Ordinance		$67,056	$152,400

Revenue Change Notes: N/A

Anticipated Total Revenue from Entire Program, Including Changes Resulting from this Legislation:

Fund Name and Number	Revenue Source	Total 2015 Revenue	Total 2016 Revenue
TOTAL			

Total Revenue Notes: N/A

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
The South Lake Union property is being leased to Seattle City Light (SCL) to house their construction management team that is working on a construction project in the area. The revenues from their lease payments will be deposited into the Streetcar Subfund to partially offset the interest accrued.

b) **What is the financial cost of not implementing the legislation?**
We would have to sell the property now and risk having to re-purchase it in the future if the additional streetcar facility is needed.

c) **Does this legislation affect any departments besides the originating department?**
Department of Finance and Administrative Services will administer the loan.

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
Sell the property now and risk having to re-purchase it in the future if the additional streetcar facility is needed.

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?**
Yes, surplus property adjacent to the Streetcar Maintenance Facility and Yard at 318 Fairview Avenue North.

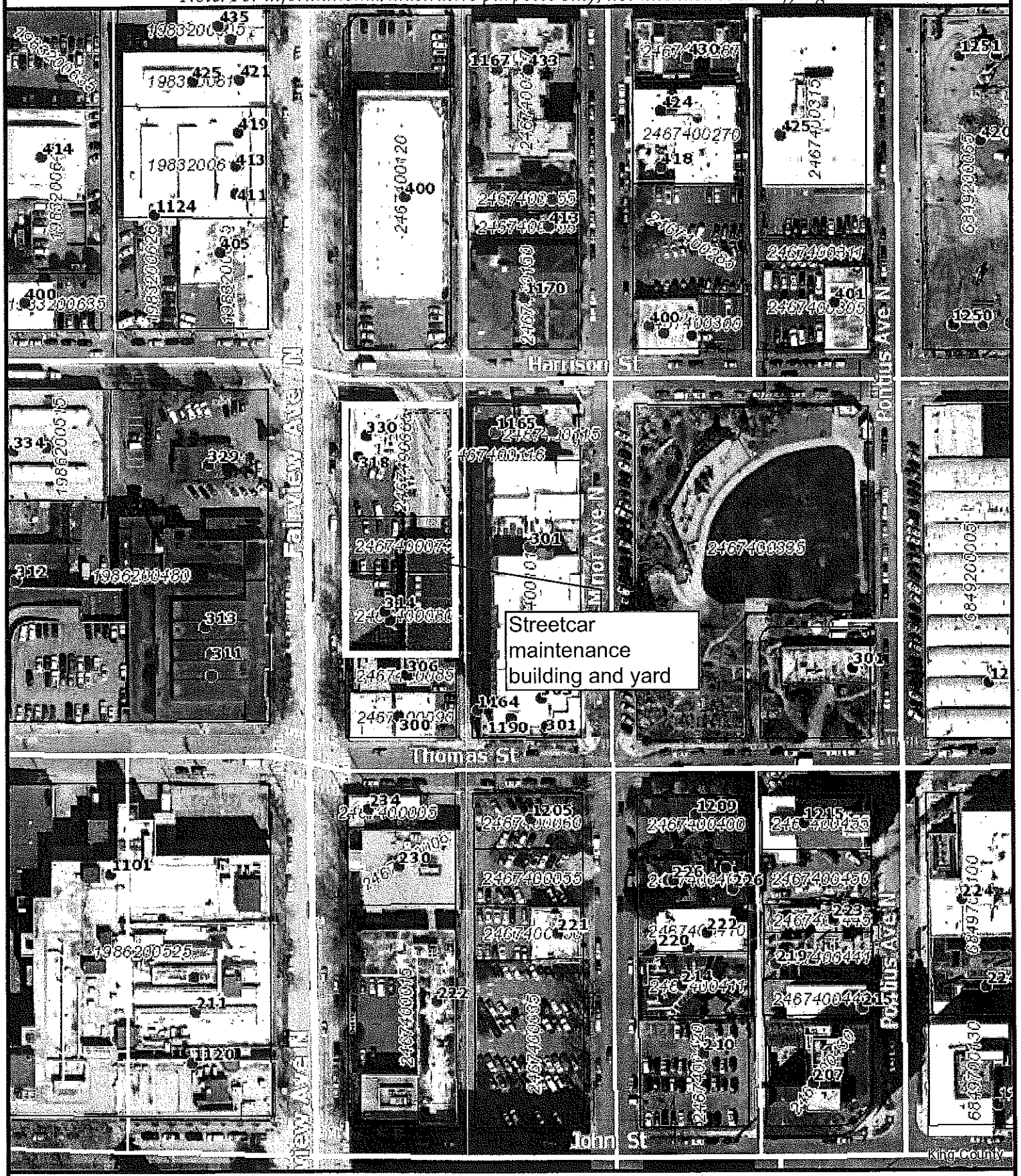
h) **Other Issues:**

List attachments to the fiscal note below:

September 17, 2014
Version #1

Attachment A - Property Map

Note: For informational/illustrative purposes only; not intended to modify legislation.



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King County GIS Center

Date: 9/17/2014

City of Seattle
Edward B. Murray
Mayor

September 22, 2014

Honorable Tim Burgess, President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Burgess:

I am transmitting the attached proposed Council Bill for consideration with the 2015 Proposed Budget. This legislation extends the end date of the South Lake Union Streetcar project Interfund Loan from December 31, 2014 until December 31, 2016.

The Interfund loan was to be repaid with proceeds from the sale of surplus property adjacent to the South Lake Streetcar Maintenance Facility and Yard at 318 Fairview Avenue North. SDOT is in the design phase of the Center City Connector streetcar project and is evaluating whether the property will be needed for additional streetcar maintenance and storage capacity. The sale of the property is on hold until the issue is resolved; therefore, the loan date needs to be extended. In the meantime, the property was leased to the construction contractor through the duration of construction of the Mercer East project and subsequently Seattle City Light will lease the building for the duration of their improvements in the area. The lease payments are helping to defray the interest payment on the loan.

Thank you for your consideration of this legislation. Should you have questions, please contact Christine Patterson at 233-7806.

Sincerely,

Edward B. Murray
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

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