# SEATTLE CITY COUNCIL

## Legislative Summary

### CB 118844

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|---|---|---|---|---|---|
| **Record No.:** | CB 118844 | **Type:** | Ordinance (Ord) | **Status:** | Passed |
| **Version:** | 1 | **Ord. no:** | Ord 125202 | **In Control:** | City Clerk |
| | | | | **File Created:** | 09/23/2016 |
| | | | | **Final Action:** | 11/28/2016 |

**Title:** AN ORDINANCE relating to the Smith Cove project and the Capital Fund in the Department of Parks and Recreation; amending Ordinance 124909 to extend the duration of loan, increasing the loan amount to $4 million and establishing the City's 2008 Parks and Green Spaces Levy as the lending fund for the Smith Cove interfund loan; and authorizing the loan of funds from the City's 2008 Parks and Green Spaces Levy fund, or its participating funds, in the amount of $4,000,000 to the Parks Capital Fund for bridge financing of other Seattle Parks District approved capital projects.

| | | | Date |
|---|---|---|---|
| **Notes:** | | **Filed with City Clerk:** | 11/22/2016 |
| | | **Mayor's Signature:** | 11/22/2016 |
| **Sponsors:** | Burgess | **Vetoed by Mayor:** | |
| | | **Veto Overridden:** | |
| | | **Veto Sustained:** | |

**Attachments:**

**Drafter:** adam.schaefer@seattle.gov

**Filing Requirements/Dept Action:**

**History of Legislative File** **Legal Notice Published:** ☐ Yes ☐ No

| Version: | Acting Body: | Date: | Action: | Sent To: | Due Date: | Return Date: | Result: |
|---|---|---|---|---|---|---|---|
| 1 | Mayor | 09/26/2016 | Mayor's leg transmitted to Council | City Clerk | | | |
| 1 | City Clerk | 10/07/2016 | sent for review | Council President's Office | | | |

**Action Text:** The Council Bill (CB) was sent for review. to the Council President's Office
**Notes:**

| Version: | Acting Body: | Date: | Action: | Sent To: | Due Date: | Return Date: | Result: |
|---|---|---|---|---|---|---|---|
| 1 | Council President's Office | 10/20/2016 | sent for review | Select Budget Committee | | | |

**Action Text:** The Council Bill (CB) was sent for review. to the Select Budget Committee
**Notes:**

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | Full Council | 11/07/2016 | referred | Select Budget Committee | | |
| 1 | Select Budget Committee | 11/16/2016 | pass | | | Pass |

**Action Text:** The Committee recommends that Full Council pass the Council Bill (CB).
**Notes:**

In Favor: 9 Chair Burgess, Member Bagshaw, Member Harrell, Member Herbold, Member Juarez, Member Johnson, Member González , Member O'Brien, Member Sawant

Opposed: 0

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | Full Council | 11/21/2016 | passed | | | Pass |

**Action Text:** The Council Bill (CB) was passed by the following vote, and the President signed the Bill:

In Favor: 9 Councilmember Bagshaw, Councilmember Burgess, Councilmember González , Council President Harrell, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember O'Brien, Councilmember Sawant

Opposed: 0

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | City Clerk | 11/22/2016 | submitted for Mayor's signature | Mayor | | |
| 1 | Mayor | 11/28/2016 | Signed | | | |
| 1 | Mayor | 11/28/2016 | returned | City Clerk | | |

**Action Text:** The Council Bill (CB) was returned. to the City Clerk
**Notes:**

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | City Clerk | 11/28/2016 | attested by City Clerk | | | |

**Action Text:** The Ordinance (Ord) was attested by City Clerk.
**Notes:**

# CITY OF SEATTLE

**ORDINANCE** 125202

COUNCIL BILL 118844

AN ORDINANCE relating to the Smith Cove project and the Capital Fund in the Department of Parks and Recreation; amending Ordinance 124909 to extend the duration of loan, increasing the loan amount to $4 million and establishing the City's 2008 Parks and Green Spaces Levy as the lending fund for the Smith Cove interfund loan; and authorizing the loan of funds from the City's 2008 Parks and Green Spaces Levy fund, or its participating funds, in the amount of $4,000,000 to the Parks Capital Fund for bridge financing of other Seattle Parks District approved capital projects.

WHEREAS, in accordance with RCW 35.61.040, formation of the Seattle Park District became effective and its boundaries established as of August 19, 2014, upon certification of results of the August 5, 2014 election; and

WHEREAS, The City of Seattle entered into an interlocal agreement with the Seattle Park District through Ordinance 124468 which included Initiative 4.6 Develop Smith Cove Park financed by debt service payments starting in 2017 and ending in 2026; and

WHEREAS, in the normal course of business the City may temporarily lend cash between funds to maintain required balances; and

WHEREAS, the City established the Park Capital Fund in 2015 to account for capital expenses associated with completing Park District funded capital projects; and

WHEREAS, the Park Capital Fund expenses are reimbursed by the Park District Fund based on three annual invoices; and

WHEREAS, the timing of payment on the reimbursement invoices regularly puts the Parks Capital Fund in a negative cash balance position due to the need to provide funds for capital projects; and

WHEREAS, the City wishes to leverage internal resources and not issue debt prematurely through the prudent use of interfund loans; and

WHEREAS, Seattle Municipal Code subsection 5.06.030.C requires City Council approval by ordinance of any interfund loan for a duration of more than 90 days; and

WHEREAS, in 2015 the City adopted Ordinance 124909 authorizing the loan of $560,000 to the Park Capital Fund for bridge financing of the Smith Cove Project to be repaid in 2017; and

WHEREAS, there is sufficient cash in the City's 2008 Parks and Green Spaces Levy fund or its participating funds to support a revolving loan of up to $4,000,000 and to support increasing the Smith Cove Project interfund loan to $4,000,000 through the end of 2026; and

WHEREAS, funds loaned by the City's 2008 Parks and Green Spaces Levy fund to the Parks Capital Fund for the purpose of bridge financing Smith Cove and for the purpose of a cash reserve to maintain a positive cash position to provide financing for other capital projects is anticipated to be repaid from the Parks Capital Fund upon collection of revenues from the Seattle Park District;

WHEREAS, the Finance and Budget Directors have determined that this request is consistent with the Debt Management Policies adopted by Resolution 31553; NOW THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. The Director of Finance is authorized to make a revolving loan of up to $8,000,000 principal and interest outstanding at any one time from the City's 2008 Parks and Green Spaces Levy fund or its participating funds to the Parks Capital Fund, to increase the existing Smith Cove project interfund loan, that provides bridge financing, to $4,000,000 and to provide $4,000,0000 to act as a cash reserve to keep the Park Capital Fund in a positive cash flow position (approximately ten percent of the Park District's annual capital appropriation) and provide bridge financing for other, Park District approved capital projects. The loan is to be repaid no later than December 31, 2026, with interest on the loan at the rate of return of the City's 2008 Parks and Green Spaces Levy fund. The entire principal and interest amount will be repaid from the Park Capital Fund as revenues are collected from the Seattle Park District in accordance with the park district's financial plan.

Section 2. The Director of Finance may effectuate the loan authorized in Section 1 by transferring cash from one or more funds participating in the City's 2008 Parks and Green Spaces Levy fund to the Parks Capital Fund, or by carrying the Park Capital Fund in a negative cash position in an amount not to exceed $8,000,000 until no later than December 31, 2026. The Director of Finance is further authorized to establish, and modify if necessary from time to time, a repayment plan and schedule.

Section 3. This ordinance shall take effect and be in force 30 days after it is approved by the Mayor, but if not approved and returned by the Mayor within 10 days after presentation, it shall take effect as provided by the Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 21st day of NOVEMBER, 2016, and signed by me in open session in authentication of its passage this 21st day of NOVEMBER, 2016.

Bruce A. Harrell

President ____________ of the City Council

Approved by me this 28th day of November, 2016.

Edward B. Murray, Mayor

Filed by me this 28th day of NOVEMBER, 2016.

Monica B. Simmons

Monica Martinez Simmons, City Clerk

(Seal)

[For Ordinance 125202 / CB 118844]

# SUMMARY and FISCAL NOTE*

| Department: | Contact Person/Phone: | Executive Contact/Phone: |
|---|---|---|
| Parks and Recreation | Michele Finnegan/684-7053 | Michael McVicker/727-8516 |

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

## 1. BILL SUMMARY

**Legislation Title:** AN ORDINANCE relating to the Smith Cove project and the Capital Fund in the Department of Parks and Recreation; amending Ordinance 124909 to extend the duration of loan, increasing the loan amount to $4 million and establishing the City's 2008 Parks and Green Spaces Levy as the lending fund for the Smith Cove interfund loan; and authorizing the loan of funds from the City's 2008 Parks and Green Spaces Levy fund, or its participating funds, in the amount of $4,000,000 to the Parks Capital Fund for bridge financing of other Seattle Parks District approved capital projects.

**Summary and background of the Legislation:** This ordinance seeks Council authorization to establish an interfund loan allowing the Park Capital Fund (33140) to operate in a negative cash position of up to $8 million related to two items:

ITEM 1: When the Seattle Park District was created, Council entered into an interlocal agreement with the park district through Ordinance 124468. The interlocal agreement specified a six-year spending plan for the park district. As the Department of Parks and Recreation performs work on capital items, charges are accounted for in the Parks Capital Fund (33140) and then reimbursement is requested from the Park District (19710). The timing of charges and associated reimbursement regularly puts the Parks Capital Fund in a negative cash balance position. This interfund loan would correct for this timing lag by providing approximately $4 million to act as a cash reserve to keep the Fund in a positive cash flow position and provide bridge financing for Seattle Park District approved capital projects. (This amount is requested as it is approximately ten percent of the Park District annual capital appropriation). The entire principal and interest amount will be billed to the Seattle Park District in accordance with the district's financial plan.

ITEM 2: The Park District spending plan also identified the "Develop Smith Cove Park" initiative with funds identified beginning in 2017 to repay debt associated with the development project. The City Budget Office and Department of Parks and Recreation determined that it was not cost effective to issue bonds at that time. Instead, the City adopted Ordinance 124909 authorizing an interfund loan of $560,000 to the Park Capital Fund from the Consolidated (Residual) Cash Pool, to be repaid in 2017. The City Budget Office and Department of Parks and Recreation have again determined that it is not cost effective to issue bonds at this time and instead, the City wishes to leverage internal resources through the prudent use of interfund loans. After utilizing the Park District's annual appropriation towards project development cost, it is anticipated that approximately $4 million of bridge financing will also be required. This ordinance increases the interfund loan amount, extends the duration of the loan, and establishes the 2008 Parks and Green Spaces Levy as the lending fund, in accordance with the City's Debt

Management Policies adopted by Resolution 31553. The entire principal and interest amount of the loan authorized by this ordinance will be repaid by the Park Capital Fund as revenues are collected from the Seattle Park District, as identified in the Seattle Park District spending plan, subject to future authorization by the Seattle Park District Board.

## 2. CAPITAL IMPROVEMENT PROGRAM

____ **This legislation creates, funds, or amends a CIP Project.**

## 3. SUMMARY OF FINANCIAL IMPLICATIONS

_X_ **This legislation does not have direct financial implications.**

## 4. OTHER IMPLICATIONS

a) **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**
No.

b) **Is there financial cost or other impacts of not implementing the legislation?**
Without this loan, the City or Park District would need to issue bonds to finance the Smith Cove project and the Park Capital Fund would remain in a negative cash position beyond the City's current 90 day limit without Council authorization.

c) **Does this legislation affect any departments besides the originating department?**
No.

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

e) **Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**
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) **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**
None. This is funding strategy only.

**i) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.**
N/A

**j) Other Issues:**

**List attachments/exhibits below:**