



INFORMATIONAL MEMORANDUM

TO: **Finance & Safety Committee**

CC: **Mayor Ekberg**

FROM: **Peggy McCarthy, Finance Director**

DATE: **April 12, 2017**

SUBJECT: **2017-2018 Capital Funding Plan**

ISSUE

Discuss the 2017- 2018 capital funding plan.

BACKGROUND

As documented in the 2017-2018 Biennial Budget and the 2017-2022 Capital Improvement Plan, limited tax general obligation (LTGO) bond issuances are planned to help finance the 42nd Ave S and 53rd Ave S Residential Street projects and the Public Works shops, which are part of the Public Safety Plan. Additionally, the TIB Redevelopment three-year bond anticipation note matures on December 1, 2017. Should developer proceeds not be received to pay off this debt as originally planned, a refinancing or repayment from other sources may be considered. A summary of capital funding needs follows:

	Fund	Project Description	Funding Needed by --	2017 Budget /CIP	2018 Budget /CIP	TOTAL	Funding Source
----- 2017 -----							
1	Residential Streets, Fund 103	42 nd Ave S	July	\$4.6 million	\$1.8 million	\$6.4 million	LTGO
2		53 rd Ave S	October	\$1 million	\$1 million	\$2.0 million	LTGO
3	Total Residential Streets, Fund 103					\$8.4 million	LTGO combined issue
4	Urban Renewal, Fund 302	TIB bond anticipation notes	December		\$2.25 million	\$2.25 million	Land sale proceeds or LTGO refinancing
----- 2018 -----							
5	Public Safety Plan, Fund 306	Public Works Shops	1 st Quarter	\$6.15 million	\$23.3 million	\$29.5 million	LTGO

DISCUSSION

An \$8.4 million bond sale to finance the City's portion of the residential street projects is being considered for issuance this summer. The bid award for the 42nd Ave S project is scheduled for May 2017 with construction beginning in June 2017. The bid award for the 53rd Ave S project is scheduled for September with construction beginning in September.

As the December 1, 2017 maturity date nears for the TIB Redevelopment bond anticipation note, options for payoff or refinancing will be discussed and an action plan determined.

The Public Safety Plan timeline indicates that site selection for the Public Works shops will occur in January 2018. The timing and other details for this bond issue will be determined later in 2017 or earlier in 2018.

RECOMMENDATION

For information only.

ATTACHMENTS

Budget and CIP pages

Public Safety Plan timeline

Public Finance Management slides

Revenue and Expenditure Summary

*Bond Proceeds
42nd Ave S
and
53rd
Ave S*

Residential Streets Fund

	Actual		Projected	2016	Budget		Percent Change	
	2014	2015	2016		2017	2018	2016-17	2017-18
Operating Revenue								
MFVT Cities	\$ 268,442	\$ 277,052	\$ 283,503	\$ 273,078	\$ 280,000	\$ 285,000	2.53%	1.79%
Investment Earnings	1,418	1,477	1,928	1,800	1,500	1,600	-16.67%	6.67%
Total Operating Revenue	269,860	278,530	285,432	274,878	281,500	286,600	2.41%	1.81%
Capital Project Revenue								
Intergovernmental Revenue								
Federal Grants	189,894	217,343	159,331	838,950	714,000	-	-14.89%	0.00%
State Grants	227,618	51,034	149,638	1,432,000	900,000	1,075,000	-37.15%	19.44%
<u>GO Bond Proceeds</u>	-	-	-	4,400,000	5,600,000	2,800,000	27.27%	-50.00%
Plan/Development Contributions	-	38,242	-	2,850,000	1,902,000	1,273,000	-33.28%	-33.07%
Total Capital Project Revenue	417,512	306,619	308,969	9,520,950	9,116,000	5,148,000	-4.25%	-43.53%
Transfers In	100,000	474,000	200,000	200,000	-	-	0.00%	0.00%
Total Revenue	787,372	1,059,148	794,401	9,996,828	9,397,500	5,434,600	-5.99%	-42.17%
Capital Projects								
Overhead (Salaries & Benefits)	-	162	-	-	-	-	0.00%	0.00%
Cascade View Safe Routes to School	282,883	127,961	-	928,000	-	-	0.00%	0.00%
Thorndyke Safe Routes to School	405,508	820,699	-	-	-	-	0.00%	0.00%
42nd Ave S Roadside Barriers	50,727	47,353	90,443	-	-	-	0.00%	0.00%
42nd Ave S Phase III	299,917	321,663	218,128	5,300,000	5,851,000	2,465,000	10.40%	-57.87%
Residential Street Prioritization Study	-	24,431	169,070	-	-	-	0.00%	0.00%
Cascade View SRTS Phase II	-	1,698	150,649	-	814,000	-	0.00%	0.00%
53rd Ave S	-	60,313	151,941	3,173,000	2,613,000	2,610,000	-17.65%	-0.11%
Traffic Calming	-	-	-	-	75,000	-	0.00%	0.00%
Small Roadway Improvements	-	-	-	350,000	-	350,000	0.00%	0.00%
Total Capital Projects	1,039,035	1,404,280	780,231	9,751,000	9,363,000	5,425,000	-4.08%	-42.00%
Beginning Fund Balance	1,415,955	1,164,292	819,161	56,842	833,331	877,831	1366.05%	5.34%
Change in Fund Balance	(251,663)	(345,132)	14,170	244,828	44,500	9,600	-81.82%	-78.43%
Fund Balance	\$ 1,164,292	\$ 819,161	\$ 833,331	\$ 301,670	\$ 877,831	\$ 887,431	190.99%	1.09%

Expenditure Detail – Other

*TIB Redevelopment
Bond Anticipation
Note pay off*

Account Number	Actual		Projected 2016	Budget		
	2014	2015		2016	2017	2018
200.00.591.580.71.14 2014 GO Bond Principal	\$ -	\$ 141,000	\$ 149,000	\$ 878,333	\$ 150,000	\$ 153,000
200.00.591.581.71.14 LOC Principal	-	-	-	-	-	2,250,000
200.00.591.950.71.15 2015 LTGO Bond Principal	-	-	220,000	-	225,000	230,000
200.00.592.181.83.14 LOC Interest/Commitment Fee	-	18,118	33,825	-	40,000	40,000
200.00.592.580.83.14 2014 LTGO Bond Interest	-	108,404	111,919	-	110,175	107,775
200.00.592.950.83.15 2015 LTGO Bond Interest	-	102,107	172,576	-	165,975	159,225
208.00.591.280.71.00 2017 LTGO Bond Principal (PW Shops)	-	-	-	-	-	92,000
208.00.592.280.83.00 2017 LTGO Bond Interest (PW Shops)	-	-	-	-	-	400,000
209.00.591.950.71.00 2017 LTGO Bond Principal (42nd/53rd)	-	-	-	-	-	172,000
209.00.592.950.83.00 2017 LTGO Bond Interest (42nd/53rd)	(1)	-	-	-	-	500,000
210.00.591.220.71.00 2003 LTGO Refunding Bond Principal	93,000	-	-	-	-	-
210.00.591.750.71.00 2003 LTGO Refunding Bond Principal	372,000	-	-	-	-	-
210.00.592.220.83.00 2003 LTGO Refunding Bond Interest	4,650	-	-	-	-	-
210.00.592.750.83.00 2003 LTGO Refunding Bond Interest	18,600	-	-	-	-	-
211.00.591.180.71.00 2008 LTGO Refunding Bond Principal	476,000	504,000	524,000	524,000	544,000	576,000
211.00.591.950.71.00 2008 LTGO Refunding Bond Principal	119,000	126,000	131,000	131,000	136,000	144,000
211.00.592.180.83.00 2008 LTGO Refunding Bond Interest	173,600	145,040	124,880	124,880	103,920	71,280
211.00.592.950.83.00 2008 LTGO Refunding Bond Interest	43,400	36,260	31,220	31,220	25,980	17,820
212.00.591.950.71.00 2009 LTGO SCORE Bond Principal	159,200	-	-	-	171,600	179,200
212.00.592.950.83.00 2009 LTGO SCORE Bond Interest	282,551	-	-	-	255,861	249,088
213.00.591.950.71.00 2017 UTGO Principal	-	-	-	-	-	681,000
213.00.592.950.83.00 2017 UTGO Interest	-	-	-	-	-	2,000,000
214.00.591.180.71.00 General Obligation Bonds	97,273	101,270	105,268	105,268	107,933	110,598
214.00.591.950.71.00 2010A LTGO SCORE Bond Principal	267,728	278,730	289,733	289,733	297,068	304,403
214.00.592.180.83.00 Interest on Long-Term External Debt	58,210	54,806	50,755	50,755	46,955	42,681
214.00.592.190.85.00 Debt Registration Costs	-	-	-	-	-	-
214.00.592.950.83.00 2010A LTGO Bond Interest	160,215	150,844	139,695	139,695	129,235	117,471
216.00.591.280.71.00 General Obligation Bonds	212,000	220,000	-	-	-	-
216.00.592.220.83.00 2000 LTGO Refunding Bond Interest	17,280	8,800	-	-	-	-
217.00.591.950.71.00 General Obligation Bonds	395,000	405,000	420,000	420,000	435,000	445,000
217.00.592.950.83.00 Interest on Long-Term External Debt	152,675	140,825	128,675	128,675	117,300	104,250
218.00.591.760.71.00 General Obligation Bonds	97,788	99,507	93,737	93,737	96,428	99,196
218.00.592.760.83.00 Interest on Long-Term External Debt	15,342	13,623	19,393	19,393	16,702	13,934
220.00.591.950.71.00 2017 LTGO Bond Principal	-	-	-	-	-	-
220.00.592.950.83.00 2017 LTGO Bond Interest	-	-	-	-	-	-
Subtotal General Obligation Debt Service	3,215,510	2,654,333	2,745,675	2,936,689	3,175,132	9,259,921
233.00.592.950.83.00 Interest on Long-Term External Debt	-	346,784	286,005	286,005	271,830	257,655
233.00.591.950.71.00 LID #33 Bond Principal	-	605,000	670,000	600,000	450,000	445,000
Total Other	3,215,510	3,606,117	3,701,680	3,822,694	3,896,962	9,982,576

Revenue and Expenditure Summary

Urban Renewal

	Actual		Projected	Budget			Percent Change	
	2014	2015	2016	2016	2017	2018	2016-17	2017-18
Operating Revenue								
Miscellaneous Revenue								
Investment Earnings	\$ 1,216	\$ 868	\$ 5,198	\$ 3,602	\$ 3,600	\$ 3,600	-0.06%	0.00%
Total Miscellaneous Revenue	1,216	868	5,198	3,602	3,600	3,600	-0.06%	0.00%
Total Operating Revenue	1,216	868	5,198	3,602	3,600	3,600	-0.06%	0.00%
Capital Project Revenue								
Sale of Tukwila Village/KC Library	-	500,000	-	-	-	-	0.00%	0.00%
Sale of Tukwila Village/Phase 1	-	-	-	4,325,000	2,230,000	-	-48.44%	0.00%
Sale of Tukwila Village/Phase 2	-	-	-	-	1,003,000	-	0.00%	0.00%
Sale of Tukwila Village/Phase 3	-	-	-	-	-	1,286,000	0.00%	0.00%
Sale of Longacres	-	-	-	1,600,000	-	-	0.00%	0.00%
Sale of Gregor House	-	-	-	-	250,000	-	0.00%	0.00%
Sale of Newporter	-	-	-	-	-	775,000	0.00%	0.00%
Sale of Motels	-	-	-	-	-	2,250,000	0.00%	0.00%
Gain/Loss on Invest of Cap. Asset	-	-	-	-	-	-	0.00%	0.00%
Interfund Loan	1,900,000	-	-	-	-	-	0.00%	0.00%
Bond/Line of Credit	3,850,000	2,250,000	-	-	-	-	0.00%	0.00%
Total Capital Project Revenue	5,750,000	2,750,000	-	5,925,000	3,483,000	4,311,000	-41.22%	23.77%
Transfers In	-	-	-	-	-	-	0.00%	0.00%
Total Revenue	5,751,216	2,750,868	5,198	5,928,602	3,486,600	4,314,600	-41.19%	23.75%
Capital Projects								
Tukwila Village	15,571	14,538	25,907	75,000	35,000	11,000	-53.33%	-68.57%
City Facilities	138,024	14,534	117,295	2,250,000	-	-	0.00%	0.00%
TIB Redevelopment	3,663,770	1,968,703	680,835	15,000	25,000	25,000	66.67%	0.00%
Total Capital Projects	3,817,365	1,997,775	824,037	2,340,000	60,000	36,000	-97.44%	-40.00%
Interfund Load Repayment	1,900,000	-	-	-	-	-	0.00%	0.00%
Transfer to General Fund	1,000,000	500,000	-	2,075,000	1,800,000	6,050,000	-13.25%	236.11%
Total Expenses	6,717,365	2,497,775	824,037	4,415,000	1,860,000	6,086,000	-57.87%	227.20%
Beginning Fund Balance	1,902,602	936,453	1,189,546	1,873,602	370,706	1,997,306	-80.21%	438.78%
Change in Fund Balance	(966,149)	253,093	(818,839)	1,513,602	1,626,600	(1,771,400)	7.47%	-208.90%
Ending Fund Balance	\$ 936,453	\$ 1,189,546	\$ 370,706	\$ 3,387,204	\$ 1,997,306	\$ 225,906	-41.03%	-88.69%

↘ Motel site
land sale proceeds

DEPARTMENT: N/A
FUND: City Facilities Fund
RESPONSIBLE MANAGER: Bob Giberson

FUND NUMBER: 306
POSITION: Director

Description

The City Facilities fund is used for new construction or major reconstruction of city facilities.

*Bond Proceeds
Public Works
Shops*

Revenue and Expenditure Summary

City Facilities

	Actual		Projected	Budget		Percent Change		
	2014	2015	2016	2016	2017	2018	2016-17	2017-18
Revenue								
Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ 6,150,000	\$ 23,343,000	0.00%	279.56%
Total Revenue	-	-	-	-	6,150,000	23,343,000	0.00%	279.56%
Expenditures								
Capital Projects								
Public Works Shops	-	-	-	-	6,150,000	2,302,000	0.00%	-62.57%
Total Capital Projects	-	-	-	-	6,150,000	2,302,000	0.00%	-62.57%
Total Expenditures	-	-	-	-	6,150,000	2,302,000	0.00%	-62.57%
Beginning Fund Balance	-	-	-	-	-	-	0.00%	0.00%
Change in Fund Balance	-	-	-	-	-	21,041,000	0.00%	0.00%
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,041,000	0.00%	0.00%

CITY OF TUKWILA CAPITAL PROJECT SUMMARY

2017 to 2022

PROJECT: 42nd Ave South Phase III Project No. 99410303

DESCRIPTION: Design and construct street improvements, drainage, sidewalks, bike facilities, and driveway adjustments.

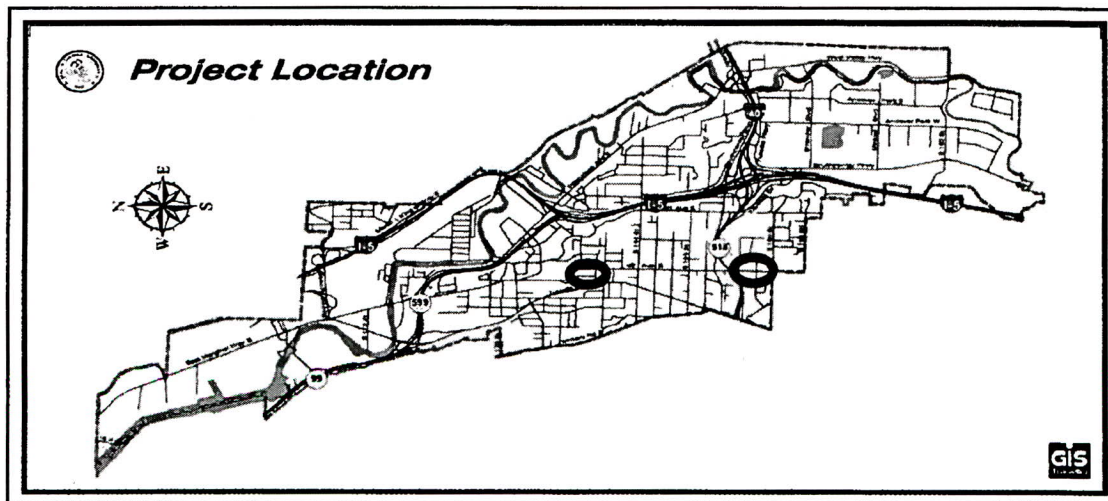
JUSTIFICATION: Provide pedestrian and vehicle safety, drainage, and neighborhood revitalization.

STATUS: Phase III (S/C Blvd (154th) - S 160 St), Design began in 2012, construction in 2017. Project No. 99410303
Phase IV (S 139 St - S 131 Pl) in beyond. Project No. 99410301
Phase I 90-RW15 (S/C Blvd (154) - 144 St) \$3,796 & Phase II 94-RS02 (144-139) \$1,850, both completed.

MAINT. IMPACT: Reduce pavement, shoulder, and drainage work.

COMMENT: Only Phase III is shown in active years. Project includes Surface Water's Gilliam Creek 42nd Ave S Culvert project for \$1.3m and is part of the Walk & Roll Plan. Seattle City Light's funding is a 60/40 underground split.

FINANCIAL (in \$000's)	Through		Estimated							BEYOND	TOTAL
	2015	2016	2017	2018	2019	2020	2021	2022			
EXPENSES										Phase IV	
Design	1,000	125									1,125
Land (R/W)			100								100
Const. Mgmt.			750	322						560	1,632
Construction			2,534	1,086						3,800	7,420
Undergrounding			2,467	1,057							3,524
TOTAL EXPENSES	1,000	125	5,851	2,465	0	0	0	0	0	4,360	13,801
FUND SOURCES											
Seattle City Light			1,077	462							1,539
Surface Water	144	4									148
Other Utilities	1		150	136							287
Bond			4,600	1,800							6,400
City Oper. Revenue	855	121	24	67	0	0	0	0	4,360		5,427
TOTAL SOURCES	1,000	125	5,851	2,465	0	0	0	0	4,360		13,801



CITY OF TUKWILA CAPITAL PROJECT SUMMARY

2017 to 2022

PROJECT: 53rd Ave S (S 137th St - S 144th St)

Project No. 99110301

DESCRIPTION: Design and construct urban residential street improvements that include curb, gutter, sidewalk, undergrounding, and illumination. Street will coordinate with Water \$1.1m, Sewer \$185k, and Surface Water \$920k CIP projects.

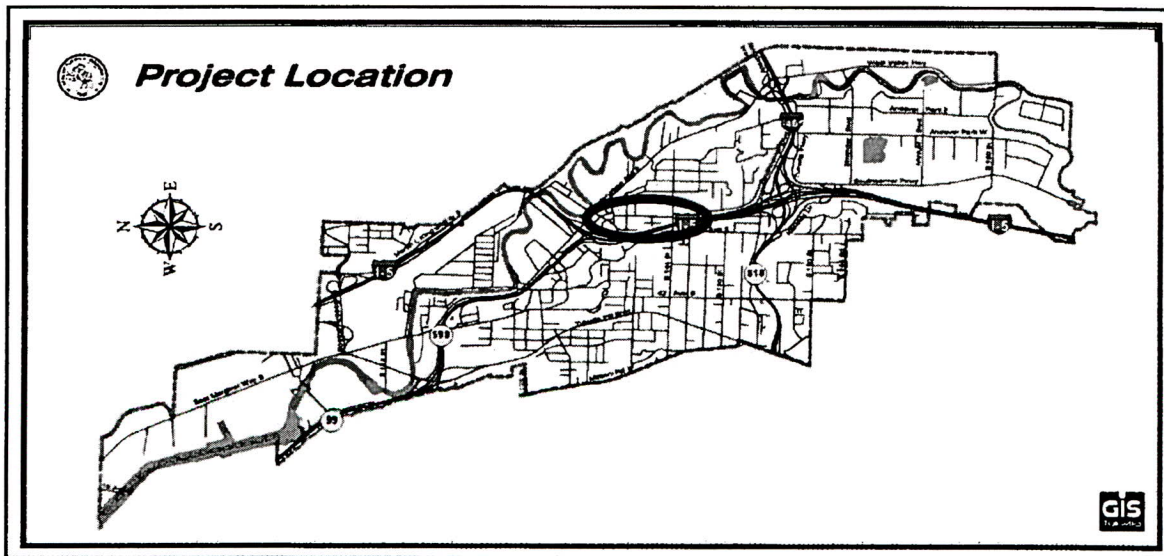
JUSTIFICATION: Provide pedestrian and vehicle safety, drainage, and neighborhood revitalization.

STATUS: Undergrounding is included at this time.

MAINT. IMPACT: Reduce pavement, shoulder, and drainage work.

COMMENT: State TIB grant for \$2.14M for roadway and drainage. See additional pages in Enterprise funds under 53rd Ave S Projects. Seattle City Light is now negotiating a 60/40 underground split and undergrounding costs have been added to project. Bond for \$2 million.

FINANCIAL (in \$000's)	Through 2015	Estimated 2016	2017	2018	2019	2020	2021	2022	BEYOND	TOTAL
EXPENSES										
Design	83	107	3							193
Land (R/W)	2	98								100
Const. Mgmt.			435	435						870
Construction			1,050	1,050						2,100
Undergrounding			1,125	1,125						2,250
TOTAL EXPENSES	85	205	2,613	2,610	0	0	0	0	0	5,513
FUND SOURCES										
Utilities W/S/SWM	25									25
Awarded TIB Grant			900	900		Remainder of grant in SWM				1,800
Seattle City Light			675	675						1,350
Bond			1,000	1,000						2,000
City Oper. Revenue	60	205	38	35	0	0	0	0	0	338
TOTAL SOURCES	85	205	2,613	2,610	0	0	0	0	0	5,513



CITY OF TUKWILA CAPITAL PROJECT SUMMARY

2017 to 2022

PROJECT: TIB Redevelopment (Motels) Project No. 91330201

DESCRIPTION: Tukwila International Blvd (TIB) Redevelopment Project is for the acquisition and disposition of properties within and adjacent to the City's Urban Renewal Area.

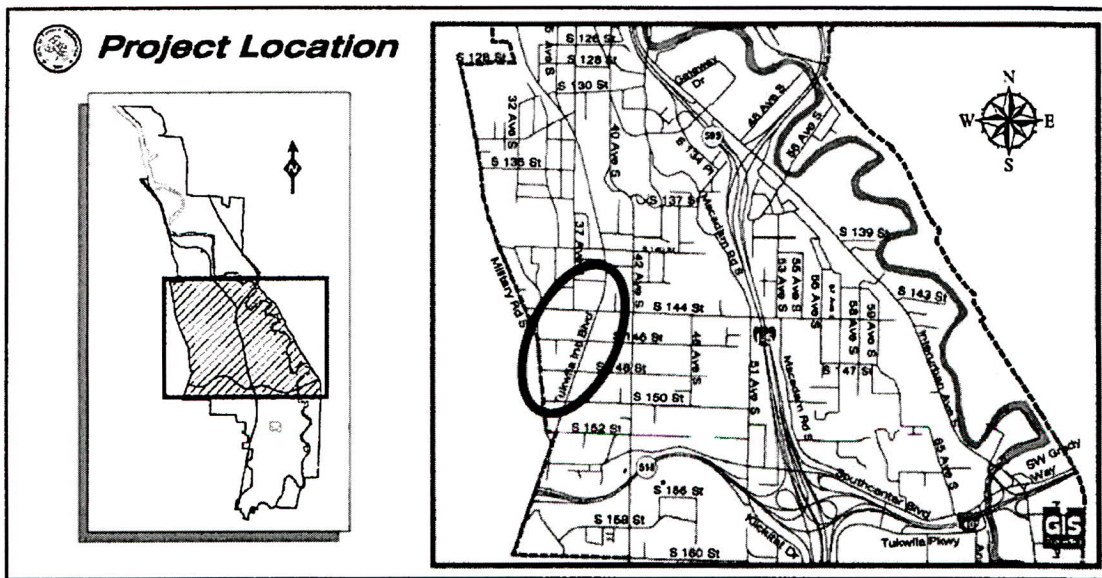
JUSTIFICATION: Improve the neighborhood's safety by eliminating the high amounts of crime associated with the motel properties; Traveler's Choice Motel, Boulevard Motel, Great Bear Motel and the Spruce Motel.

STATUS: City has completed the purchase and demolition of the four motels and the smoke shop.

MAINT. IMPACT: Upkeep of property until development.

COMMENT: Debt service costs are not shown (see Attachment A).

FINANCIAL (in \$000's)	Through 2015	Estimated 2016	2017	2018	2019	2020	2021	2022	BEYOND	TOTAL
EXPENSES										
Engineering	353	105	25	25						508
Land (R/W)	5,205									5,205
Const. Mgmt.	2	100								102
Construction		710								710
TOTAL EXPENSES	5,560	915	25	25	0	0	0	0	0	6,525
FUND SOURCES										
Awarded Grant										0
Land Sale				2,250						2,250
Bonds	6,100									6,100
City Oper. Revenue	(540)	915	25	(2,225)	0	0	0	0	0	(1,825)
TOTAL SOURCES	5,560	915	25	25	0	0	0	0	0	6,525



CITY OF TUKWILA CAPITAL PROJECT SUMMARY

2017 to 2022

PROJECT: **Public Works Shops** Project No. 91630601

DESCRIPTION: Construct a new City Public Works maintenance and operations center, combining all operational functions at one location. Facility may also include a City Clerk & Police Records Center and Police evidence storage.

JUSTIFICATION: Existing Public Works operations and maintenance areas are inadequate structurally and seismically. Current land for staging dirt and vector materials is only temporary. Project includes selling dirt/vector land, Minkler Shops, and George Long Shops to acquire the real estate to build an equipment operations center that meets current codes.

STATUS: Separate from the Public Safety Plan. Was formerly known as City Maintenance Facility.

MAINT. IMPACT: Improves safety and efficiency for First Responders and maintenance operations.

COMMENT: Based on usage and benefits, it is estimated that the Water, Sewer, and Surface water enterprise funds will fund 50% of the Public Works Shops with the other 50% funded by Streets, Facilities, & Equipment Rental.

FINANCIAL (in \$000's)	Through		Estimated							TOTAL
	2015	2016	2017	2018	2019	2020	2021	2022	BEYOND	
EXPENSES										
Design/PM			150	2,302	100					2,552
Land (R/W)			6,000							6,000
Const. Mgmt.										0
Construction					20,941					20,941
TOTAL EXPENSES	0	0	6,150	2,302	21,041	0	0	0	0	29,493
FUND SOURCES										
Enterprise Funds			14,746							14,746
Councilmatic Bond			14,747							14,747
Proposed Sale of Land						5,000				5,000
Mitigation Expected										0
City Oper. Revenue	0	0	(23,343)	2,302	21,041	(5,000)	0	0	0	(5,000)
TOTAL SOURCES	0	0	6,150	2,302	21,041	0	0	0	0	29,493

Site location to be determined.



pfm

City of Tukwila

Finance Committee Meeting: Upcoming Debt Financing

April 18, 2017

Public Financial
Management, Inc.

1200 Fifth Avenue
Suite 1220
Seattle, WA, 98101

Susan Musselman
(360) 445-0238
Duncan Brown
(206) 858-5367



Overview

- 1) Summary of Outstanding Debt**
- 2) 2017 LTGO Bonds: Residential Street Projects**
- 3) 2014 LTGO Bonds and Note**
- 4) Future Financings**

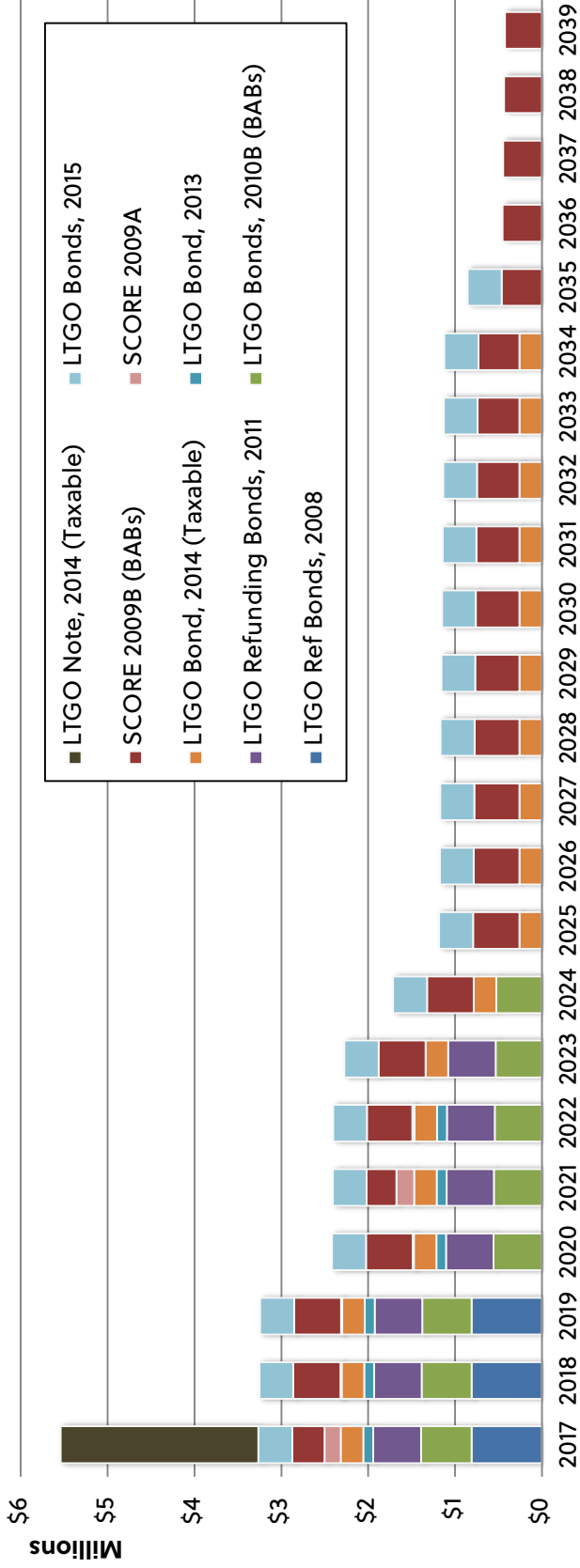
Appendix: Debt Capacity and Market Update



Outstanding General Obligation Debt

- As of April 2017, the City has \$27,218,577 of non-voted general obligation debt and \$32,990,000 of voted general obligation debt outstanding
- Based on its current debt portfolio, the City will amortize approximately 67% of outstanding LTGO debt within the next 10 years.

Annual Non-Voted General Obligation Debt Service





Outstanding Long-Term Debt

Series Name	Outstanding Par	Call Date	Purpose	Final		
				Coupon Range	Maturity	Insurer
LTGO Refunding Bonds, 2008	\$2,165,000	n/a	Advance refund LTGO Bonds, 1999	6.00%	12/1/19	Assured Guaranty
LTGO Bonds, 2010B (Taxable BABs – Direct Payment)	3,575,000	6/1/20	Acquisition & construction of Southcenter Parkway improvements; emergency preparedness facilities, fixtures, tech.	3.96 – 5.41%*	12/1/24	n/a
LTGO Refunding Bonds, 2011	3,360,000	12/1/21	Advance refund LTGO Bonds, 2003A	3.00 – 4.00%	12/1/23	n/a
LTGO Bond, 2013	609,977	n/a	Park district facility improvements (pool)	3.00-4.00%	12/1/22	n/a
LTGO Bond, 2014 (Taxable)	3,560,000	12/1/19	Tukwila International Boulevard – property acquisition	0.85 – 4.86%**	12/1/34	n/a
LTGO Note, 2014 (Taxable)	2,250,000	anytime		LIBOR + 1.00%	12/1/17	n/a
LTGO Bonds, 2015	5,605,000	6/1/25	Pay and reimburse the City for the cost of certain road construction and related improvements	2.25 – 3.00%	12/1/35	n/a
UTGO Bonds, 2016	32,990,000	12/1/26	Pay and reimburse the City for the cost of constructing fire stations and acquiring related firefighting apparatus/equipment, constructing a justice center	4.50 – 5.00%	12/1/36	n/a
Subtotal	\$54,114,977					
SCORE Bonds, 2009A	\$220,400	1/1/20	SCORE Facility	4.50 – 5.00%	1/1/22	n/a
SCORE Bonds, 2009B (Taxable BABs - Direct Payment)	5,873,200	1/1/20		5.00 – 6.616%*	1/1/39	n/a
Subtotal	\$6,093,600					
Total – General Obligations	\$60,208,577					

As of April 18, 2017.

* Build America Bonds coupons are shown as gross rates, not reflecting Federal subsidy (35% prior to sequestration).

** A portion of the 2014 Bonds will have interest rates reset every five years, based on the Five Year Advance Fixed Bullet Rate, as published by the Seattle Federal Home Loan Bank.



Outstanding Long-Term Debt (continued)

Series Name	Outstanding Par ⁽¹⁾	Call Date	Purpose	Coupon Range	Final Maturity	Insurer
Local Improvement District No. 33 Bonds	\$5,412,500	n/a	Public improvements within LID No. 33	3.15 – 5.375%	1/15/29	n/a

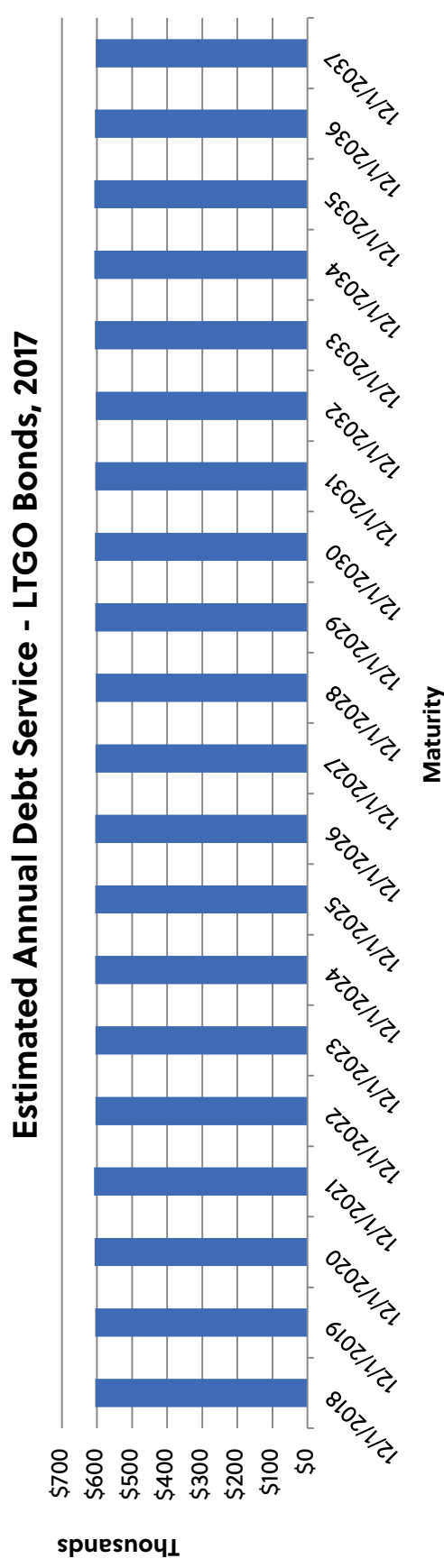
Series Name	Outstanding Par ⁽²⁾	Call Date	Purpose	Coupon Range	Final Maturity	Insurer
Water and Sewer Revenue Refunding Bond, 2015	\$1,597,704	12/1/20	Advance refunding of the 2006 Water and Sewer Bonds (design / construction of wastewater pumping facilities, force mains and sewer mains, lift stations, and storm drain and water line improvements)	2.34%	12/1/26	-

1) As of January 1, 2017
 2) As of April 18, 2017



Residential and Arterial Streets Projects

- The City anticipates issuing \$8.4 million of Limited Tax General Obligation (“LTGO”) Bonds to the fund residential street projects:
 - **42nd Avenue South:** Design and construct street improvements, drainage, sidewalks, bike facilities, and driveway adjustments (\$6.4 million)
 - **53rd Avenue South:** Design and construct urban residential street improvements that include curb, gutter, sidewalk, undergrounding, and illumination (\$2 million)
- The chart below shows estimated annual debt service payments for an \$8.4 million LTGO bond issued in late summer of 2017:



*Assumes “AA” MMD rates as of 4/11/2017 plus 0.50% “cushion”



Indicative Time Schedule – Key Steps

<u>Activity</u>	<u>Date</u>
Preliminary decision to issue bonds	April
Preparation of Bond Ordinance	April – May
Bid award for 42nd Ave S Project	May
City Council Committee of the Whole considers Bond Ordinance	May
City Council Meeting to consider Bond Ordinance	May
Disclosure Activity	May – June
Bond rating agency activity	May - June
Bond sale	June
Bond closing – proceeds received	July
Bid award for 53rd Ave S Project	September



Review of 2014 LTGO Bonds and Note

- In December 2014, the City issued its \$2.25 million Limited Tax General Obligation Bond Anticipation Note, 2014 (the "2014 Note") and \$3.85 million Limited Tax General Obligation Bonds, 2014 (the "2014 Bonds")
 - Both were used to acquire properties along Tukwila International Boulevard
 - The 2014 Note has a final maturity of December 1, 2017
 - The 2014 Bond has a final maturity of December 1, 2034, and is subject to optional redemption on December 1, 2019
- At the time of issuance, the City anticipated using proceeds from a subsequent sale of the TIB properties to repay the 2014 Note
 - As the maturity date approaches, the City may consider alternatives for repayment or refinancing the 2014 Note



Bond Anticipation Note Considerations

The City has several options as it relates to the 2014 Note:

- 1) Refinance with cash**
 - City could use proceeds from other sources (i.e. Tukwila Village), if available
- 2) Refinance with long-term Unlimited Tax GO (voted) debt**
 - If property is used for Justice Center, the City could refinance the 2014 Note with a UTGO bond issue in 2017 (may involve amending the Public Safety Plan)
- 3) Refinance with long-term Limited Tax GO (non-voted) debt**
 - If property will be used for some other governmental purpose of the City
- 4) Extension or replacement**
 - Most flexible option (could be refinanced with other options – cash, LTGO, or UTGO – at a later date)
 - Process would involve soliciting proposals from existing and potential replacement line of credit providers and bringing a note ordinance back to the City Council in fall 2017



Future Financings

- The City also anticipates issuing additional bonds in the next two years:

Project	Funding Source	Funding Amount (\$Million)	Year of Issuance
Public Works (City Shops)	LTGO Bonds	\$29.5	2018
Public Safety Facilities Plan	UTGO Bonds	24.1	2019
Total		\$53.6	

**Funding sources, amounts, and the expected timing are preliminary and subject to change*

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Appendix: Debt Capacity and Market Update



Calculation of Debt Capacity

- The table below summarizes the City's non-voted and total general obligation debt capacity, as limited by statute

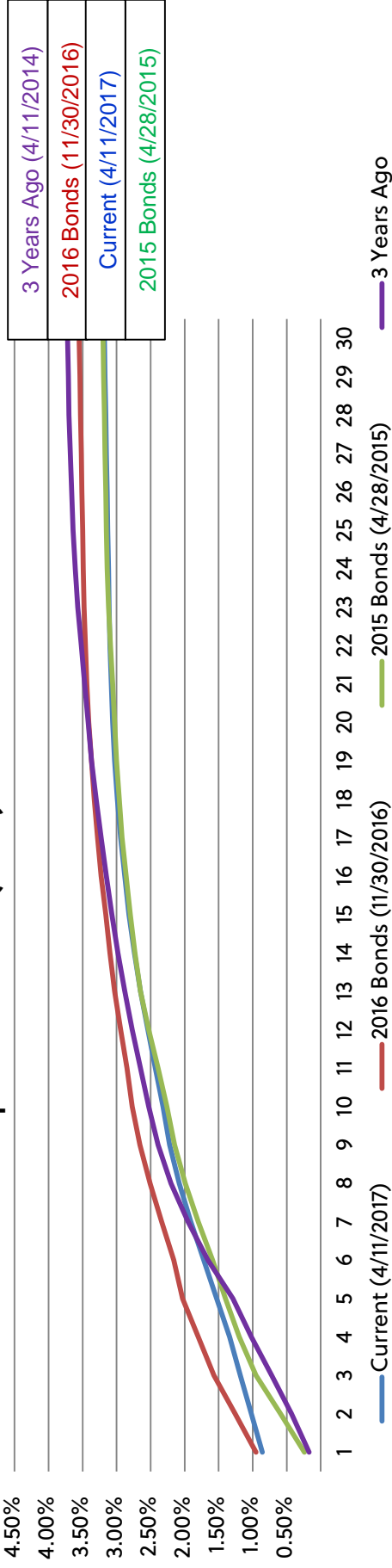
Non-Voted General Obligation Debt Capacity	
2016 Assessed Value for 2017 Tax Year	\$5,751,820,403
Non-Voted Debt Capacity (1.5% of AV)	\$86,277,306
Less: Outstanding Non-Voted Debt	<u>(27,218,577)</u>
Remaining Non-Voted Debt Capacity	\$59,058,729

Total General Obligation Debt Capacity for General Municipal Purposes	
2016 Assessed Value for 2017 Tax Year	\$5,751,820,403
Total Debt Capacity (2.5% of AV)	\$143,795,510
Less: Outstanding Voted Debt	(32,990,000)
Less: Outstanding Non-Voted Debt	<u>(27,218,577)</u>
Remaining Total Debt Capacity for General Municipal Purposes⁽¹⁾	\$83,586,933

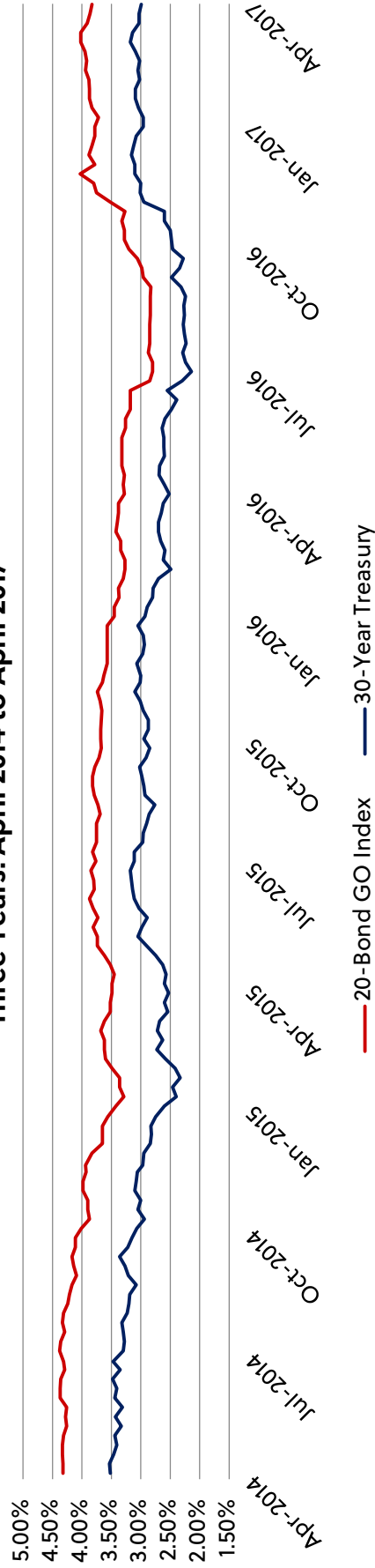


Market Update

Municipal Market Data (MMD) "AA" GO Yield Curve



Bond Buyer 20-Bond GO Index vs. 30-Year Treasury Three Years: April 2014 to April 2017





Market Update – Interest Rate Forecasts

- Most market participants expect interest rates to rise modestly through 2017
- The chart below shows consensus forecasts from numerous financial institutions

Quarterly Historical and Forecasted Interest Rates

