

Interfund Loan Request

Borrowing Fund Name/Fund No.	2026 Multipurpose LTGO Bond Fund/37400
Lending Fund Name/Fund No.	Finance and Administrative Services Fund (50300)
Project Name	Human Capital Management System (HCMS) Project
CIP Number	MC-FA-HCMSYS
Source of Loan Repayment	2026 Multipurpose LTGO Bond Fund
Interest Rate	Cash Pool Rate of Return
Authorization Expiration	12/31/2026
Authorized Loan Amount	\$13,200,000
Est. Total Interest Expense	\$713,488

I. Attach monthly cash flow schedule for the duration of the interfund loan, including:

- Principal (planned expenditures and transfers funded by the loan);
- Revenues offsetting the outstanding loan balance;
- Planned loan repayments by the department; and
- Interest charges (interest rate assumptions provided by OCF and/or CBO).

II. Description of Interfund Loan Request:

In 2024, Ordinance 127131 authorized a revolving interfund loan from the Finance and Administrative Services Fund (50300) ("FAS Fund 50300") to the 2025 Multipurpose LTGO Bond Fund to pay for costs related to the Human Capital Management System ("HCMS"). This request increases the revolving interfund loan authorized amount from \$11,000,000 to \$13,200,000 and changes the borrowing fund to the 2026 Multipurpose LTGO Bond Fund (37400) to pay for additional HCMS project costs.

The HCMS information technology project is funding a new Human Capital Management (HCM) system known as "Workday" which provides a critical replacement of the City's timekeeping and payroll system. The project was approved by the Enterprise Oversight Board (EOB) in February 2020 and is being managed by the OCF Business Systems Division in partnership with the Seattle Department of Human Resources (SDHR) and Seattle Department of Information Technology (ITD).

Following the HCMS go-live in September 2024, several issues arose that increased the total HCMS budget to \$63.4 million that now exceeds the 2025 Adopted Budget of \$50.2 million and is closer to the 2024 Adopted Budget of \$60.9 million.

The City anticipates issuing LTGO bonds in June 2025. Proceeds of the bond issuance will be used to repay the FAS Fund 50300 for the \$11,000,000 interfund loan that has been fully drawn on. Contingent on Council approval of legislation amending Ordinance 127131, the HCMS project will draw on the revolving interfund loan in an amount up to \$13,200,000 in the second half of 2025 following repayment of the original draw. The lending fund will continue to be the FAS Fund (50300) and will be repaid by proceeds of the 2026 LTGO bonds issuance anticipated in mid-2026.

III. Additional Information

1. If the requested loan is for more than \$20 million, has the requesting department contacted the Office of City Finance Treasury Services Division for an impact analysis on the Consolidated Cash Pool or other lending fund?

Response: The Office of City Finance (OCF) Treasury Services Division has confirmed that the FAS Fund 50300 is able to continue to serve as the lending fund for this revolving loan through 2026 and will not be operationally impacted. As of April 30, 2025, the FAS Fund (50300) had a cash ending balance of \$35.3 million. The FAS Fund (50300) average daily cash balance has been above \$35 million since 2022. The FAS Fund (50300) cash balance will be replenished by \$11 million in June 2025 by the repayment of the interfund loan using 2025 LTGO bond proceeds before being drawn on again.

OCF continually monitors fund cash balances. If it is determined that the FAS Fund (50300) can no longer support the interfund loan during the term, CBO will work with OCF to identify a new lending fund and will return to DMPAC with a proposal to change the lending fund. At this time that is not expected to occur.

2. If total project funding includes grant funding, provide information on the grant applications, conditions, and whether the grant has been awarded:

Response: Not applicable – this project does not include grant funding.

3. Provide rationale for the requested duration of the loan (is the request for the shortest duration necessary to fulfill the documented purpose of the loan):

Response: The term of this revolving loan is unchanged and would remain open through December 31, 2026 to ensure adequate cash flow for the completion of the project. The interfund loan will be repaid following the issuance of the 2026 LTGO bonds anticipated in mid-2026.

4. What conditions would result in an earlier termination of the requested interfund loan:

Response: The interfund loan will be repaid upon the issuance of the 2026 LTGO bonds anticipated in June 2026. At this time, OCF anticipates that the interfund loan will remain active through the expiration date of 12/31/2026, however, it would be possible to terminate the interfund loan earlier once the capital portion of the project is completed.

5. Additional financial analysis supporting the interfund loan request required by the Director of Finance and/or the City Budget Director.

Response: The City Finance Director has reviewed and confirmed the ability of the lending fund FAS Fund (50300) to support this interfund loan in advance of this DMPAC meeting.

The cash flow provided as an attachment is based on an estimate of future rates earned by the City's cash pool. The interfund loan will be charged the actual rates earned by the pool.

HCMS - Interfund Loan Request Summary

Borrowing Fund Name/Fund No.	2025 Multipurpose LTGO Bond Fund (37300) / 2026 Multipurpose LTGO Bond Fund (37400)
Lending Fund Name/Fund No.	Finance and Administrative Services Fund (50300)
Project Name(s)	Human Capital Management System
CIP Number	MC-FA-HCMSYS
Loan Repayment Sources	2025 and 2026 LTGO bond sale proceeds
Authorized Loan Amount	\$ 13,200,000
Est. Total Interest Expense	\$ 713,488

Accounting Period	Beginning Loan Balance	Cash Outflows (Loan Draws)	Interest Charge	Cash Inflows (Loan Repayments)	Est. Outstanding Loan Balance	Accrued Interest
Dec-24	-	11,000,000	30,288	-	11,030,288	30,288
Jan-25	11,030,288	-	33,772	-	11,064,061	64,061
Feb-25	11,064,061	-	30,309	-	11,094,369	94,369
Mar-25	11,094,369	-	33,987	-	11,128,357	128,357
Apr-25	11,128,357	-	37,095	-	11,165,451	165,451
May-25	11,165,451	-	37,218	-	11,202,670	202,670
Jun-25	11,202,670	-	37,342	11,000,000	240,012	240,012
Jul-25	240,012	-	800	-	240,812	240,812
Aug-25	240,812	12,436,927	42,259	-	12,719,998	283,071
Sep-25	12,719,998	-	42,400	-	12,762,398	325,471
Oct-25	12,762,398	-	42,541	-	12,804,939	368,012
Nov-25	12,804,939	-	42,683	-	12,847,622	410,695
Dec-25	12,847,622	-	42,825	-	12,890,448	453,521
Jan-26	12,890,448	-	42,968	-	12,933,416	496,489
Feb-26	12,933,416	-	43,111	-	12,976,527	539,600
Mar-26	12,976,527	-	43,255	-	13,019,782	582,855
Apr-26	13,019,782	-	43,399	-	13,063,182	626,255
May-26	13,063,182	-	43,544	-	13,106,726	669,799
Jun-26	13,106,726	-	43,689	13,150,415	-	713,488
Jul-26	-	-	-	-	-	713,488
Aug-26	-	-	-	-	-	713,488
Sep-26	-	-	-	-	-	713,488
Oct-26	-	-	-	-	-	713,488
Nov-26	-	-	-	-	-	713,488
Dec-26	-	-	-	-	-	713,488

Interest Rate Assumptions:

2024 - 2026	4.00%
--------------------	-------

Note: These interest rate assumptions are for planning purposes only. Unless otherwise stated, the actual monthly interest charge will be at the monthly rate of return on the City's consolidated cash pool investments.