

**BILL SUMMARY & FISCAL NOTE**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>Executive Contact/Phone:</b>
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**1. BILL SUMMARY**

AN ORDINANCE relating to the Summit Re-Implementation project in the Department of Finance and Administrative Services; amending Ordinance 124648, which adopted the 2015 Budget; establishing the 2016 Multipurpose LTGO Bond Fund; authorizing the loan of funds from the City’s Consolidated (Residual) Cash Pool, or its participating funds, in the amount of \$22,000,000, to the 2016 and 2017 Multipurpose LTGO Bond Funds for bridge financing of the Summit Re-Implementation project; establishing a budget control level in the 2016 Multipurpose LTGO Bond Fund; increasing appropriations in the 2016 Multipurpose LTGO Bond Fund; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

**Summary and background of the Legislation:**

The City’s Financial Management and Accountability Program (FinMAP) was initiated in 2011 through City Council Resolution 31332 to strengthen financial management policies and procedures. FinMAP was established as an umbrella program that includes several major projects, beginning with the Summit Re-Implementation (SRI) project. The development phase of the SRI project has been funded by the proceeds of Council approved LTGO debt issuances in 2013 and 2014 totaling \$12,924,000. These funds are anticipated to be fully spent in the third quarter of 2015. The implementation phase of the SRI project will begin in September 2015, and will make progress on many FinMAP objectives including standardizing departments’ use of Summit, optimizing the City’s chart of accounts; transitioning to a project-centric accounting model; re-engineering City business processes and department systems to take advantage of PeopleSoft functionality; and implementing the Procure to Pay (P2P) module for certain departments.

This ordinance seeks Council authorization to establish a revolving interfund loan for the implementation phase of the SRI project in the amount of \$22,000,000 to meet cash flow requirements as bridge financing in advance of the 2016 LTGO bond issuance, and to provide additional flexibility to meet cash flow requirements in advance of the 2017 LTGO bond issuance. The entire principal and interest amount of the loan authorized by this ordinance will be repaid by proceeds of the 2016 and 2017 LTGO bonds issued for this project, subject to future authorization by ordinance for the 2016 and 2017 LTGO bonds. This ordinance also establishes the 2016 Multipurpose LTGO Bond Fund, and increases appropriation in the 2016 Multipurpose LTGO Bond Fund in order to pay for 2015 capital costs to be incurred.

The cost for SRI implementation phase is estimated to be \$65,600,000 and scheduled to be completed in 2018. The Executive will seek Council approval to issue LTGO bonds for the project in 2016 and 2017. The 2016 and 2017 LTGO debt service will be repaid through FAS rates by allocating the debt service costs to the 6 funds (SCL, SPU, SDOT, DPD, Retirement and General Fund) based on usage of the Summit financial system. This is consistent with the approach taken to pay the prior debt service from the 2013 and 2014 LTGO bonds that were issued for the development phase of SRI. In addition, departments may incur additional costs in implementing SRI. CBO staff is working with departments to identify the level of resources needed to support department costs to be incurred during the implementation phase, separate from this proposal.

Provided below is the anticipated cash flow for SRI to be supported by the interfund loan:

<b>TABLE 1: SRI INTERFUND LOAN REQUEST</b>	<u>Amount</u>
2013 and 2014 LTGO Bonds Proceeds	12,924,000
SRI Expenditures - Projected through 8/31/2015	(12,878,000)
<b>Balance of Bond Funds - Projected as of 8/31/2015</b>	<b>46,000</b>
Expenditures - Projected 9/1/2015-12/31/2015	(10,430,000)
Expenditures- Projected 1/1/2016-5/31/2016	(11,158,000)
<b>Projected expenditures exceeding 2013 and 2014 bond issuances</b>	<b>(21,542,000)</b>
<b>Interfund Loan Authorization Request</b>	<b>22,000,000</b>

## 2. CAPITAL IMPROVEMENT PROGRAM

X  This legislation creates, funds, or amends a CIP Project.

<b>Project Name:</b>	<b>Project I.D.:</b>	<b>Project Location:</b>	<b>Start Date:</b>	<b>End Date:</b>	<b>Total Cost:</b>
Summit Re-Implementation	A1IT01	N/A	Q3/2013	Q4/2018	\$84 million

Note: The total project cost of \$84 million indicated above includes \$13 million in costs incurred for the SRI development phase; \$65.6 million in implementation costs for the citywide central project beginning in September 2015; and \$5.3 million in costs for the Procure to Pay module that will be assumed by the set of departments participating in the release of this module. In addition to this, departments may incur internal costs in implementing SRI. CBO staff is working with departments to identify the department-specific costs anticipated to be incurred during the SRI implementation phase, which will be addressed separate from this legislation.

### 3. SUMMARY OF FINANCIAL IMPLICATIONS

This legislation has direct financial implications.

<b>Budget program(s) affected:</b>				
<b>Estimated \$ Appropriation change:</b>	<b>General Fund \$</b>		<b>Other \$</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
			<b>\$11,000,000</b>	<b>TBD</b>
<b>Estimated \$ Revenue change:</b>	<b>Revenue to General Fund</b>		<b>Revenue to Other Funds</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
<b>Positions affected:</b>	<b>No. of Positions</b>		<b>Total FTE Change</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
<b>Other departments affected:</b>				

Note: The 2016 appropriation change will be requested in the 2016 budget.

#### 3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/##*	2015 Appropriation Change	2016 Estimated Appropriation Change
2016 Multipurpose LTGO Bond Fund (36300)	FAS	Information Technology (A1IT)	\$11,000,000	TBD
<b>TOTAL</b>			<b>\$11,000,000</b>	<b>\$0</b>

\*See budget book to obtain the appropriate Budget Control Level for your department.

**Appropriations Notes:** This legislation increases appropriation in the 2016 Multipurpose LTGO Bond Fund in order to pay for 2015 capital costs to be incurred. The 2016 appropriation change will be requested in the 2016 budget.

#### 3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

**Anticipated Revenue/Reimbursement Resulting from this Legislation:** None.

Fund Name and Number	Dept	Revenue Source	2015 Revenue	2016 Estimated Revenue
<b>TOTAL</b>				

Revenue/Reimbursement Notes: This legislation does not authorize new revenues. Through its passage, the authority to borrow from the City’s Consolidated (Residual) Cash Pool will be authorized in the amount of \$22 million.

**3.c. Positions**

\_\_\_\_\_ This legislation adds, changes, or deletes positions.

**Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:** None.

Position # for Existing Positions	Position Title & Department*	Fund Name & #	Program & BCL	PT/FT	2015 Positions	2015 FTE	Does it sunset? (If yes, explain below in Position Notes)
<b>TOTAL</b>							

\* List each position separately

Position Notes: None.

**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?**

This legislation authorizes FAS to borrow funds from the City’s Consolidated (Residual) Cash Pool to meet cash flow requirements for the implementation phase of the Summit Re-Implementation project. The entire principal and interest amount of the loan authorized by this ordinance will be repaid by 2016 and 2017 LTGO bond proceeds. This legislation does not authorize new revenues.

**b) Is there financial cost or other impacts of not implementing the legislation?**

The interfund loan provides interim bridge financing in advance of the 2016 and 2017 LTGO bond issuances to support the Summit Re-Implementation project costs. Without interim financing, the project will not be able to fulfill the requirements for implementation.

**c) Does this legislation affect any departments besides the originating department?**

This legislation affects FAS. In addition, the legislation affects the 6 funds that participate in the 6-fund allocation of Summit costs. The 2016 and 2017 LTGO debt service will be repaid through FAS rates by allocating the debt service costs to the 6 funds (SCL, SPU, SDOT, DPD, Retirement and General Fund) based on usage of the Summit financial system. This is consistent with the approach taken to pay the prior debt service from the 2013 and 2014 LTGO bonds that were issued for the development phase of SRI.

**d) Is a public hearing required for this legislation?**

No.

**e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No.

**f) Does this legislation affect a piece of property?**

No.

**g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

No.

**h) 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.**

None.

**i) Other Issues:** None.

**List attachments below:** None.