SEATTLE CITY COUNCIL

Legislative Summary

CB 118451

Record No.: CB 118451 **Type:** Ordinance (Ord) 124823 **Status:** Passed

Version: 1 **In Control:** City Clerk

File Created: 06/15/2015

Final Action: 08/07/2015

Title: 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.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Licata

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments:

Drafter: kristi.beattie@seattle.gov

Filing Requirements/Dept Action:

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

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	06/23/2015	Mayor's leg transmitted to Council	City Clerk			

Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk

Notes:

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Clerk	06/23/2015	sent for review	Council President's Office			

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

				Notes:		
1	Council President's Office	06/25/2015	sent for review	Finance and Culture Committee		
	Action Text:	The Council Bill (CB) was sent for review. to the Finance and Culture Committee				
	Notes:					
1	Finance and Culture Committee	07/29/2015	pass			Pass
	Action Text:	The Committee recommends that Full Council pass the Council Bill (CB).				
	Notes:					
		In Favor:	3	Chair Licata, Vice Chair Godden, Member Burgess		
		Opposed:	0			
1	Full Council	08/03/2015	passed			Pass
	Action Text:	The Council Bill (CB) was passed by the following vote and the President signed the Bill:				
	Notes:					
		In Favor:	8	Councilmember Bagshaw, Council President Burgess, Councilmember Godden, Councilmember Harrell, Councilmember Licata, Councilmember O'Brien, Councilmember Okamoto, Councilmember Sawant		
		Opposed:	0			
1	City Clerk	08/04/2015	submitted for Mayor's signature	Mayor		
	Action Text:	The Council Bill (CB) was submitted for Mayor's signature. to the Mayor				
	Notes:					
1	Mayor	08/07/2015	Signed			
	Action Text:	The Council Bill (CB) was Signed.				
	Notes:					
1	Mayor	08/07/2015	returned	City Clerk		
	Action Text:	The Council Bill (CB) was returned. to the City Clerk				
	Notes:					
1	City Clerk	08/07/2015	attested by City Clerk			
	Action Text:	The Ordinance (Ord) was attested by City Clerk.				
	Notes:					

CITY OF SEATTLE

ORDINANCE 124823

COUNCIL BILL 118451

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.

WHEREAS, 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 and includes the Summit Re-Implementation (SRI) project; and

WHEREAS, Summit is the City's financial management information technology system, built with Oracle's PeopleSoft product line, and vendor support has expired for the City's PeopleSoft version 8.8, leaving Summit at significant risk for potential system failure since it is incompatible with new versions of certain supporting software; and

WHEREAS, the Executive has endorsed a scope for implementation of the SRI project that will: make progress on standardizing departments' use of Summit, optimize the City's chart of accounts; transition to a project-centric accounting model; re-engineer City business processes and department systems to take advantage of PeopleSoft functionality; and implement the Procure to Pay module for certain departments; and

WHEREAS, the Council provided authorization for debt financing through limited tax general obligation (LTGO) bonds in 2013 and 2014 for the SRI development phase; and

WHEREAS, the Executive intends to seek Council approval to issue additional LTGO bonds in 2016 and 2017 to fund the SRI implementation phase; and

WHEREAS, the Department of Finance and Administrative Services requires bridge financing for the SRI implementation phase in advance of the 2016 LTGO bond issuance, and may need additional bridge financing in advance of the 2017 LTGO bond issuance; and

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

WHEREAS, there is sufficient cash in the City's Consolidated (Residual) Cash Pool or its participating funds to support a revolving loan of up to $22,000,000 through the end of 2017; and

WHEREAS, funds loaned by the City's Consolidated (Residual) Cash Pool to the 2016 and 2017 Multipurpose LTGO Bond Funds for the purpose of bridge financing of the SRI project is anticipated to be repaid from the proceeds of the sale of LTGO bonds in 2016 and 2017; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Director of Finance is authorized to create in the City Treasury the 2016 Multipurpose LTGO Bond Fund, into which the principal proceeds and any premium received from the sale and delivery of limited tax general obligation (LTGO) bonds in 2016 shall be deposited for the purpose of paying all or part of the costs of various elements of the City's capital improvement program and other City purposes approved by ordinance. The Fund shall receive earnings on its positive balances and pay interest on its negative balances. The Director of Finance is authorized to create other Subfunds, Accounts, or Subaccounts as may be needed.

Section 2. The Director of Finance is authorized to make a revolving loan of up to $22,000,000 principal and interest outstanding at any one time from the City's Consolidated (Residual) Cash Pool or its participating funds to the 2016 and 2017 Multipurpose LTGO Bond Funds, to provide bridge financing for the implementation phase of the SRI project being undertaken by the Department of Finance and Administrative Services (FAS). The loan is to be repaid no later than December 31, 2017 with interest on the loan at the rate of return of the City's Consolidated (Residual) Cash Pool. The entire principal and interest amount of the loan drawn in advance of the LTGO bond issuances in 2016 and 2017, respectively, shall be repaid with proceeds from the sale of 2016 and 2017 LTGO bonds, respectively, subject to future authorization by ordinance of the 2016 and 2017 LTGO bonds.

Section 3. The Director of Finance may effectuate the loan authorized in Section 2 by transferring cash from one or more funds participating in the City's Consolidated (Residual) Cash Pool to the 2016 Multipurpose LTGO Bond Fund, or the 2017 Multipurpose LTGO Bond Fund, subject to it being established by future ordinance, or by carrying the 2016 or 2017 Multipurpose LTGO Bond Funds in a negative cash position in an amount not to exceed $22,000,000 until no later than December 31, 2017. The Director of Finance is further authorized to establish, and modify if necessary from time to time, a repayment plan and schedule.

Section 4. In order to pay for necessary capital costs and expenses incurred or to be incurred the appropriation for the following item in the 2015 Adopted Budget is increased from the fund shown, as follows:

Fund	Department	Budget Control Level	Amount
2016 Multipurpose LTGO Bond Fund	FAS	Information Technology (A1IT)	$11,000,000

Section 5. The 2015 Adopted Budget is amended with the creation of the following new budget control level added to Attachment A of Ordinance 124648 as follows:

Item	Fund	Dept	BCL Code	BCL Name	BCL Purpose
5.1	2016 Multipurpose LTGO Bond Fund	FAS	36300-A1IT	Information Technology (36300-CIP)	The purpose of the Information Technology Budget Control Level (BCL) is to replace, upgrade or maintain FAS information technology systems to meet the evolving enterprise activities of the City. The BCL is funded by the 2016 LTGO Bond Fund (36300).

Section 6. Any act consistent with the authority of this ordinance taken after its passage and prior to its effective date is ratified and confirmed.

Section 7. 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 a 3/4 vote of all the members of the City Council the 3rd day of August, 2015, and signed by me in open session in authentication of its passage this 3rd day of August, 2015.

President __________ of the City Council

Approved by me this 7th day of August, 2015.

Edward B. Murray, ~~Mayor~~

Filed by me this 7th day of August, 2015.

Monica Martinez Simmons, City Clerk

(Seal)

Kristi Beattie
FAS SRI Interfund Loan SUM
June 15, 2015
Version #1b

Form revised: December 5, 2014

BILL SUMMARY & FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
FAS	Kristi Beattie 3-0026	Katherine Tassery 5-0703

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:

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

2. CAPITAL IMPROVEMENT PROGRAM

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

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Cost:
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.

Kristi Beattie
FAS SRI Interfund Loan SUM
June 15, 2015
Version #1b

3. SUMMARY OF FINANCIAL IMPLICATIONS

__X__ This legislation has direct financial implications.

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

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

3.a. Appropriations

__X__ 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
TOTAL			**$11,000,000**	**$0**

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
TOTAL				

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)
TOTAL							

* *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.

STATE OF WASHINGTON -- KING COUNTY

--ss.

327420

No.

CITY OF SEATTLE,CLERKS OFFICE

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:124822-825 TITLE ONLY

was published on

08/13/15

The amount of the fee charged for the foregoing publication is the sum of $85.25 which amount has been paid in full.

Subscribed and sworn to before me on

08/13/2015

Notary public for the State of Washington,
residing in Seattle

STATE OF WASHINGTON 10-24-15

Affidavit of Publication

State of Washington, King County

City of Seattle

The full text of the following legislation, passed by the City Council on August 3, 2015, and published below by title only, will be mailed upon request, or can be accessed at http://clerk.seattle.gov. For information on upcoming meetings of the Seattle City Council, please visit http://www.seattle.gov/council/calendar. Contact: Office of the City Clerk at (206) 684-8344.

Ordinance 124822

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Ordinance 124823

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.

Ordinance 124824

AN ORDINANCE relating to the Seattle Public Utilities; declaring certain real property rights as being surplus to the City's municipal utility needs; granting a non-exclusive easement to Puget Sound Energy, for electrical power distribution purposes, a portion of the City's Tolt Pipeline right of way, located in the South One-half of Section 17 and the Northeast Quarter of Section 20, Township 26 North, Range 6 East, W.M., King County, Washington; and ratifying and confirming certain prior acts.

Ordinance 124825

AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to execute an interagency agreement with the Washington Department of Fish and Wildlife for provision of long-term monitoring and evaluation activities for the Cedar River Hatchery Program; and ratifying and confirming prior acts.

Date of publication in the Seattle Daily Journal of Commerce, August 13, 2015.

8/13(327420)