

CLERK'S OFFICE

APPROVED

Date: 5-11-04

ANCHORAGE, ALASKA
AR NO. 2004- 101

Submitted by: Chairman of the Assembly at
the Request of the Mayor
Prepared by: Anchorage Fire Department
For reading: April 20, 2004

1 A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING
2 ONE MILLION ONE HUNDRED FORTY SIX THOUSAND EIGHT HUNDRED SEVEN
3 DOLLARS (\$1,146,807) IN LONG-TERM CONTRACT PAYABLE LOAN PROCEEDS
4 FROM THREE CAPITAL LEASES (REF. AM NO. 806-2003), REPRESENTING THE
5 TEN (10) YEAR LEASE-PURCHASE OF THREE EMERGENCY FIRE APPARATUS
6 TO EQUIP NEW TUDOR/BAXTER FIRE STATION #14 AND NEW SOUTHPORT
7 FIRE STATION #15, TO THE ANCHORAGE FIRE SERVICE CAPITAL
8 IMPROVEMENT FUND (431) TO PROPERLY RECORD THE LEASE-PURCHASE OF
9 THIS EQUIPMENT IN COMPLIANCE WITH GENERALLY ACCEPTED
10 ACCOUNTING PRINCIPLES.

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13 WHEREAS, general government accounting principals require that the entire amount of
14 the leases be charged to the current year even though the total cash to be paid out is over ten (10)
15 years, and


16
17 WHEREAS, the accounting theory is that the expenditure must be recognized with the
18 accompanying recognition of the loan proceeds revenues in the same amount.

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20 NOW THEREFORE, THE ANCHOARGE ASSEMBLY RESOLVES:

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22 **Section 1:** That the sum of One Million One Hundred Forty Six Thousand Eight Hundred
23 Seven Dollars (\$1,146,807) in long-term contract payable loan proceeds from three capital leases
24 (Ref. AM No. 806-2003), representing the ten year (10) lease-purchase of three emergency fire
25 apparatus to equip new Tudor/Baxter Fire Station #14 and new Southport Station #15, is
26 appropriated to the Anchorage Fire Service Area Capital Improvement Fund (141) to properly
27 record the lease-purchase of this equipment in compliance with generally accepted accounting
28 principles.

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30 **Section 2:** That this Resolution shall become effective immediately upon passage and
31 approval by the Anchorage Municipal Assembly.

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33 PASSED AND APPROVED by the Anchorage Municipal Assembly this 11th day of
34 May, 2004.

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37 
Chair of the Assembly

38
39 ATTEST:

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41 
42 Municipal Clerk

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44 **DEPARTMENTAL APPROPRIATION:**

45 Anchorage Fire Department: \$1,146,807



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 349-2004

Meeting Date: April 20, 2004

From: Mayor

Subject: Appropriation of One Million One Hundred Forty Six Thousand Eight Hundred Seven Dollars (\$1,146,807) in proceeds from three capital leases (Ref. AM No. 806-2003), representing the ten year (10) lease-purchase of three emergency fire apparatus to Equip New Tudor/Baxter Fire Station #14 and New Southport Station #15.

This appropriation provides for the lease-purchase of the following three fire apparatus awarded by the Municipal Purchasing Officer under Invitation to Bid (ITB) 23B021 (reference attached draft copy of AM No. 806-2003 approved on October 21, 2003):

One 4X4 Triple Combination Pumper for New Tudor/Baxter Fire Station #14:	\$406,460.50
One 6X4 Tanker for New Tudor/Baxter Fire Station #14:	\$333,886.00
One Triple Combination Pumper for New Southport Fire Station #15:	\$406,460.50
Total Purchase Price (excludes financing costs):	<u>\$1,146,807.00</u>

The loan proceeds are currently being held in an escrow pending delivery and acceptance of the three apparatus late in the fall of 2004; at which time the loan proceeds will be made available to fully pay the vendor, KME Fire Apparatus c/o Oregon Fire & Police Equipment Company, Ltd.

As provided for under ITB 23B021, three separate ten (10) year lease-purchase agreements were executed in January, 2004, one for each of the three fire apparatus awarded. The final negotiated total lease/purchase cost with financing charges included is \$1,426,414.00

Generally accepted governmental accounting principles require that each transaction be treated as if the subject apparatus is being obtained through funding provided in the form of capital lease proceeds made available at the time of the lease inception by the lessor, a financing affiliate of the successful bidder, Oregon Fire & Police Equipment Company, Ltd. Furthermore, because the Anchorage Fire Service Area Fund (131) is a government fund type, all loan proceeds must be recorded as the source of funding and the apparatus must be recorded as an acquired fixed asset in the year of the lease inception. Similarly, the corresponding principal and debt service payments due on each lease must be recorded in each of the ten years the payments are made.

REVENUE AND EXPENDITURE INFORMATION:

<u>Revenue</u>	<u>Account Name</u>	<u>Amount</u>
431-3567-9723	Proceeds of Capital Lease	\$1,146,807

<u>Expenditure</u>	<u>Account Name</u>	<u>Amount</u>
431-3567-5402	Equip. Lease/Purchase > \$5,000	\$1,146,807

THE ADMINISTRATION RECOMMENDS APPROVAL OF AR NO. 2004- 101 APPROPRIATING ONE MILLION ONE HUNDRED FORTY SIX THOUSAND EIGHT HUNDRED SEVEN DOLLARS (\$1,146,807) IN LONG-TERM CPAITAL LOAN PROCEEDS FROM THREE CAPITAL LEASES (REF. AM NO. 806-2003), REPRESENTING THE TEN (10) YEAR LEASE-PURCHASE OF THREE EMERGENCY FIRE APPARATUS TO EQUIP NEW TUDOR/BAXTER FIRE STATION #14 AND NEW SOUTHPORT FIRE STATION #15, TO THE ANCHORAGE FIRE SERVICE CAPITAL IMPROVEMENT FUND (431) TO PROPERLY RECORD THE LEASE-PURCHASE OF THIS EQUIPMENT IN COMPLIANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

Prepared by: John Fullenwider, Fire Chief
Fund Certification: Jeffrey E. Sinz, Chief Fiscal Officer
9723-431-3567-BP 2004 \$1,146,807
(AFSA CIP, Capital Lease Loan Proceeds)

(10-YEAR LEASE-PURCHASE DEBT SERVICE)

4105-131-3520-352000-BP 2004	\$122,189
(AFD Operating, LT Contracts Payable Principal)	
4106-131-3520-352000-BP 2004	\$20,452
(AFD Operating LT Contracts Payable Interest)	
4105-131-3520-352000-BP 2004-2014	\$1,024,618
(AFD Operating, LT Contracts Payable Principal, Subject to Appropriation)	
4106-131-3520-352000-BP 2004-2014	\$259,155
(AFD Operating, LT Contracts Payable Interest, Subject to Appropriation)	

Concur: Denis C. LeBlanc, Municipal Manager
Respectfully submitted, Mark Begich, Mayor

MUNICIPALITY OF ANCHORAGE

DRAFT ASSEMBLY MEMORANDUM

FOR INFORMATION ONLY, DRAFT COPY OF PRIOR APPROVED ASSEMBLY ACTION

AM No. 806-2003

Meeting Date: October 21, 2003

From: Mayor

Subject: Recommendation of Award to KME Fire Apparatus c/o Oregon Fire Equipment Company, Ltd and their Leasing Agent KME HotLease Direct Financing for Furnishing Emergency Fire Response Apparatus via Lease/Purchase Agreement to the Municipality of Anchorage, Anchorage Fire Department (ITB 23B021) (\$1,449,906.90)

Award of this bid will furnish the Anchorage Fire Department with two (2) each 4x4 Triple Combination Pumpers, and one (1) each 6x4 Tanker, all via lease/purchase agreement. One of the triple combination pumpers and the tanker is for the new Tudor/Baxter Station #14. The other triple combination pumper is for the new Southport Station #15. Expected delivery of all units is within 270 days from receipt of order.

The terms of the lease agreement will specify payment over a 120 month period (ten years) with no initial down payment. The net price for the configured apparatuses, delivered to Anchorage, is \$1,146,807.00. Monthly payments will begin following delivery and acceptance of each apparatus. The interest rate for the proposed lease is 4.18% for a total purchase price of \$1,449,906.90, reflecting \$303,099.90 in interest. Separate leases will be established for each apparatus to accommodate payment and delivery schedules.

Based upon the attached Abstract of Bids and Departmental Memorandum, it is recommended that the Assembly approve award to KME Fire Apparatus c/o Oregon Fire Equipment Company, Ltd and their leasing company, KME HotLease Direct Financing, in the amount of \$12,082.56 per month for 119 months and \$12,082.26 for one month, for a total amount not to exceed \$1,449,906.90.

Recommended by: Barton R. Mauldin, Purchasing Officer

Fund Certification: Jeffrey E. Sinz, Chief Fiscal Officer
131-3520-5402-2004-352000-\$1,146,807
(2004 AFSA Operating Subject to Appropriation)

(DEBT SERVICE 2004-2014)
131-3520-4105-352000-\$1,146,807.00
(2004-2014 LT Contracts Payable Principal Subject to Appropriation)
131-3520-4106-352000-\$ 303,099.90
(2004-2014 LT Contracts Payable Interests Subject to Appropriation)

Concur: Denis C. LeBlanc, Municipal Manager

Respectfully submitted: Mark Begich, Mayor

Content Information**Content ID :** 001507**Type:** AR_FundsApprop - Funds Approp Resolution

Title: A resolution appropriating One Million One Hundred Forty Six Thousand Eight Hundred Seven Dollars (\$1,146,807) in proceeds from three capital leases representing the ten (10) year lease purchase of fire apparatus for New Fire Stations 14 & 15

Author: katkusja**Initiating Dept:** AFD**Review Depts:** Purchasing

Description: A resolution appropriating One Million One Hundred Forty Six Thousand Eight Hundred Seven Dollars (\$1,146,807) in proceeds from three capital leases representing the ten (10) year lease purchase of fire apparatus for New Fire Stations 14 & 15

Date Prepared: 2/4/04 4:02 PM**Director Name:** John Fullenwider

Assembly Meeting
Date MM/DD/YY: 04/20/04

Public Hearing
Date MM/DD/YY: 05/11/04

Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
FundsAppropWorkflow	2/4/04 4:13 PM	Checkin	jonesla	Public	001507
AFD_SubWorkflow	2/5/04 3:32 PM	Approve	fullenwiderjh	Public	001507
Purchasing_SubWorkflow	2/5/04 3:42 PM	Approve	mauldinbr	Public	001507
OMB_SubWorkflow	2/10/04 8:50 AM	Approve	wiltsep	Public	001507
Finance_SubWorkflow	2/12/04 11:28 AM	Approve	wiltsep	Public	001507
FundsAppropWorkflow	2/23/04 9:39 AM	Reject	leblancdc	Public	001507
FundsAppropWorkflow	2/23/04 11:08 AM	Checkin	jonesla	Public	001507
AFD_SubWorkflow	2/23/04 2:44 PM	Approve	fullenwiderjh	Public	001507
Purchasing_SubWorkflow	2/23/04 4:14 PM	Approve	mauldinbr	Public	001507
FundsAppropWorkflow	2/27/04 10:26 AM	Reject	wiltsep	Public	001507
FundsAppropWorkflow	3/1/04 12:01 PM	Checkin	jonesla	Public	001507
AFD_SubWorkflow	3/1/04 4:12 PM	Approve	fullenwiderjh	Public	001507
Purchasing_SubWorkflow	3/1/04 4:52 PM	Approve	mauldinbr	Public	001507
FundsAppropWorkflow	3/16/04 3:49 PM	Reject	pearcydl	Public	001507
FundsAppropWorkflow	4/6/04 10:06 AM	Checkin	jonesla	Public	001507
AFD_SubWorkflow	4/6/04 2:39 PM	Approve	fullenwiderjh	Public	001507
Purchasing_SubWorkflow	4/6/04 2:44 PM	Approve	mauldinbr	Public	001507
OMB_SubWorkflow	4/6/04 5:54 PM	Approve	pearcydl	Public	001507
Finance_SubWorkflow	4/9/04 12:48 PM	Approve	sinzje	Public	001507
MuniManager_SubWorkflow	4/12/04 11:28 AM	Checkin	katkusja	Public	001507
MuniMgrCoord_SubWorkflow	4/12/04 12:41 PM	Approve	katkusja	Public	001507