

Submitted by: Chairman of the Assembly at
the Request of the Mayor

Prepared by: Development Services
Department

For reading: December 15, 2009

CLERK'S OFFICE

APPROVED

Date: 1-12-10 ANCHORAGE, ALASKA
AR NO. 2009-299

1 A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING FIVE
2 HUNDRED SEVEN THOUSAND TWO HUNDRED FIFTY DOLLARS (\$507,250) FROM
3 MASTER TAX-EXEMPT LEASE PROCEEDS TO THE AREA WIDE GENERAL CIP FUND
4 (401), DEVELOPMENT SERVICES DEPARTMENT FOR COMPLETION OF THE HANSEN
5 TECHNOLOGY PROJECT (PHASE II) AND AMENDING THE 2010 GENERAL
6 GOVERNMENT CAPITAL BUDGET TO INCLUDE THE AFOREMENTIONED
7 PURCHASE.

8
9 WHEREAS, the Code Enforcement Division has identified a capital improvement project that
10 requires financing under the Master Tax-Exempt Lease/Purchase Agreement that the Municipal
11 Assembly passed under AO 2008-5 on January 22, 2008; and

12
13 WHEREAS, the current legacy systems and manual processes are scheduled for replacement
14 with the development and implementation of the Hansen Technology Project (Phase II); and

15
16 WHEREAS, the Hansen Technology Project (Phase II) will provide operating system upgrades,
17 and increased reliability and efficiency; as well as supporting the electronic payment and mobile
18 technologies;


19
20 NOW, THEREFORE, THE ANCHORAGE ASSEMBLY RESOLVES:

21
22 **Section 1.** That the sum of Five Hundred Seven Thousand Two Hundred Fifty Dollars
23 (\$507,250) is hereby appropriated to the Areawide General CIP Fund (401), Development
24 Services Department.

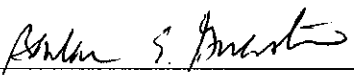
25
26 **Section 2.** That the source of funding will be a loan from the Master Tax-Exempt
27 Lease/Purchase Agreement with KeyBank, as detailed in the attached memorandum.

28
29 **Section 3.** That this resolution shall take effect immediately upon passage and approval by the
30 Anchorage Municipal Assembly.
31

PASSED AND APPROVED by the Anchorage Municipal Assembly this 12th day of
January, 2010.


Chair

ATTEST:


Municipal Clerk

Department of Appropriation:
Development Services Department \$507,250



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 735-2009

Meeting Date: December 15, 2009

From: Mayor

Subject: A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING FIVE HUNDRED SEVEN THOUSAND TWO HUNDRED FIFTY DOLLARS (\$507,250) FROM MASTER TAX-EXEMPT LEASE PROCEEDS TO THE AREAWIDE GENERAL CIP FUND (401), DEVELOPMENT SERVICES DEPARTMENT FOR COMPLETION OF THE HANSEN TECHNOLOGY PROJECT (PHASE II) AND AMENDING THE 2010 GENERAL GOVERNMENT CAPITAL BUDGET TO INCLUDE THE AFOREMENTIONED PURCHASE

BACKGROUND: The Municipal Assembly passed AO 2008-5 authorizing a revolving Fifty Million Dollar (\$50,000,000) Master Tax-Exempt Lease/Purchase Agreement for the financing of various capital expenditures by the Municipality of Anchorage on January 22, 2008. The purpose of the Agreement was to implement a cost effective financing alternative for the Municipality for the purchase of capital items, resulting in a more efficient use of Municipal funds. Tax-Exempt rates under the Agreement are expected to be less than the cost of funds for a tax-exempt bond issue. All draws or loans under the Agreement are subject to Assembly approval, regardless of the dollar amount.

CURRENT FINANCING: As part of their proposed 2010 Capital Budget, the Development Services Department has identified the following capital improvement project that requires financing under the Master Tax-Exempt Lease/Purchase Agreement and approval by the Municipal Assembly. This project is described below:

Hansen Information Technologies Software Implementation and Equipment, Phase II.

Expected Completion Date - January 2010

Value - \$507,250

In 2005, the Development Services Department began a five year phased plan to increase efficiencies in business operations through automation of the land use and development process. The concept is a single software system that allows citizens and municipal agencies access to data and information through a single platform. In September 2005, the Assembly approved the purchase of the Hansen8 Code Enforcement Project (Phase I) which went live in December 2006. Phase II of this project was approved in May of 2008 in the total amount of \$1,629,853. Phase II

1 will provide the Code Enforcement Division with the necessary services for implementation of
2 the Hansen8 Permitting, Inspection and Licensing System (PILS).

3
4 The PILS project will provide an integrated solution to manage, track, and enhance delivery of
5 building and related construction permits, plan review, inspection requests and results, and on-line
6 payment activities for the Municipality. The system will be used to manage the intake, routing,
7 plan review, permit issuance, inspection request and results, and certificates of occupancy for
8 building and related construction permits. The expected result is to facilitate citizen access to
9 municipal services via the worldwide web and eliminate multiple redundant and manual systems in
10 order to improve workflow, data capture, interdepartmental collaboration, information access, and
11 revenue management of municipal building permit and related construction activities. In order to
12 take full advantage of the PILS implementation, approximately \$150,000 of this appropriation will
13 provide the necessary hardware to implement the mobile technology/capability of this phase of the
14 project.

15
16 This project is nearing completion as originally approved. However, revenue shortfalls sustained
17 in both the 2008 and 2009 fiscal years have resulted in a corresponding shortfall in the
18 department's available budget for payment purposes under the contract. As a result, the Public
19 Finance & Investments Division recommends use of the Master Tax-Exempt Lease/Purchase
20 Agreement for financing the remaining obligation under the existing contract with Hansen, and
21 the additional funding required to implement the mobile capabilities of the system. The current
22 rate for a 5 year loan under the Agreement as of November 17, 2009 would be 3.98%. This is
23 comparable to the current cost of funds associated with a Municipal bond issue. Alternatively, a
24 formal bid process to secure the funds may be utilized at the discretion of the Chief Fiscal
25 Officer.

26
27 **DEBT SERVICE:** The term of the lease agreement will be four (4) years. Development
28 Services will use the full length of the agreement and will pay the debt service from their
29 operating budget.

30
31 **PRIOR APPROVED FINANCINGS:** The Assembly has previously approved \$3,743,547.50
32 of financing under the Tax-Exempt Master Lease. The outstanding balance (as of October 1,
33 2009) is \$2,553,954.

34
35 **PROCESS:** The Municipality will continue to follow through with all procurement
36 requirements under Anchorage Municipal Code Title 7 for the purchase of capital assets financed
37 with the Agreement.

38
39 **TERMS OF THE MASTER LEASE AGREEMENT:** The terms of the Agreement include:

- 40 1) No escrow fees in the case where an escrow account is necessary;
41 2) Selected loans under the Agreement can be prepaid at any time;
42 3) No prepayment penalty for early payoff of any loan;
43 4) The tax-exempt interest rate for each loan will be fixed for the life of the respective loan;

- 1 5) Tax-Exempt interest rates for each loan will be the result of a formula, the basis of which
2 is the mid-market par swap rate as published on the web site of the Federal Reserve Bank,
3 reduced by a factor to equate it with tax-exempt market rates;
4 6) Terms to maturity may be 3, 5, 7, or 10 years at the option of the Municipality and will be
5 consistent with the useful life of the assets financed; and
6 7) The initial term of the Agreement is for two years with the option to extend for three
7 additional one-year periods, subject to satisfactory performance and mutual consent of the
8 parties.
9

10 **REVENUE AND EXPENSE DETAIL:**
11

12 **REVENUE:**

<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
401-7591-9723-759100-2010	Miscellaneous Revenues	\$ 507,250
	Total	\$ 507,250

16 **EXPENDITURES:**

<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
401-7591-5411-759100-2010	Computer HW Purch>1000	\$ 150,000
401-7591-5412-759100-2010	Computer SW Purch>1000	\$ 357,250
	Total	\$ 507,250

21
22 THE ADMINISTRATION RECOMMENDS THAT THE MUNICIPAL ASSEMBLY
23 APPROVE THE PROPOSED MASTER TAX-EXEMPT LEASE FINANCING AND
24 APPROPRIATION OF LOAN PROCEEDS FOR COMPLETION OF THE HANSEN
25 TECHNOLOGY PROJECT (PHASE II) FOR THE MUNICIPALITY OF ANCHORAGE,
26 DEVELOPMENT SERVICES DEPARTMENT IN THE TOTAL AMOUNT OF \$507,250.
27

28 Prepared by: Jack Frost, Deputy Director, Development Services Department

29 Approved: Ron Thompson, Director, Development Services Department

30 Concur and Fund Certification: Lucinda Mahoney, CFO
31

32 401-7591-9723-759100-BP2010 \$507,250
33 (2010 CIP – Subject to approval of loan)
34

35 Concur: George J. Vakalis, Municipal Manager

36 Respectfully submitted: Daniel A. Sullivan, Mayor
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A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING FIVE HUNDRED SEVEN THOUSAND TWO HUNDRED FIFTY DOLLARS (\$507,250) FROM MASTER TAX-EXEMPT LEASE PROCEEDS TO THE

Title: AREAWIDE GENERAL CIP FUND (401), DEVELOPMENT SERVICES DEPARTMENT FOR COMPLETION OF THE HANSEN TECHNOLOGY PROJECT (PHASE II) AND AMENDING THE 2010 GENERAL GOVERNMENT CAPITAL BUDGET TO INCLUDE THE AFOREMENTIONED PURCHASE**Author:** maglaquijp**Initiating Dept:** Finance**Keywords:** Master Tax-Exempt, Lease, Hansen, Project, Development Services, Purchase, Agreement**Date Prepared:** 12/4/09 10:25 AM**Director Name:** Lucinda Mahoney**Assembly Meeting Date:** 12/15/09**Public Hearing Date:** 1/12/10

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
Clerk_Admin_SubWorkflow	12/7/09 8:04 AM	Exit	Joy Maglaqui	Public	008495
MuniManager_SubWorkflow	12/7/09 8:04 AM	Approve	Joy Maglaqui	Public	008495
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OMB_SubWorkflow	12/4/09 5:03 PM	Approve	Cheryl Frasca	Public	008495
Finance_SubWorkflow	12/4/09 2:29 PM	Approve	David Ryan	Public	008495
Finance_SubWorkflow	12/4/09 1:14 PM	Checkin	Nina Pruitt	Public	008495
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