

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

Prepared by: Information Technology Department  
For Reading: September 28, 2010

CLERK'S OFFICE

**APPROVED**

Date: 10-12-10 ANCHORAGE, ALASKA  
AR NO. 2010-284

A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING FOUR HUNDRED FIFTY-SEVEN THOUSAND NINE HUNDRED FIFTEEN DOLLARS (\$457,915) OF MASTER TAX-EXEMPT LEASE/PURCHASE AGREEMENT PROCEEDS TO THE INFORMATION TECHNOLOGY CAPITAL IMPROVEMENT PROGRAM (CIP) FUND (608), AND APPROPRIATING EIGHTEEN THOUSAND SIX HUNDRED THIRTEEN DOLLARS (\$18,613) FROM INFORMATION TECHNOLOGY FUND BALANCE (607) TO THE INFORMATION TECHNOLOGY FUND (607) OPERATING BUDGET TO PAY COSTS OF ISSUANCE FEES AND TRAINING COSTS, AND IDENTIFYING SUNTRUST EQUIPMENT FINANCE AND LEASING CORPORATION OR KEY GOVERNMENT FINANCE INCORPORATED AS THE FINANCE SOURCE FOR THE ELECTRONIC TIMEKEEPING PROJECT.

THE ANCHORAGE ASSEMBLY RESOLVES:

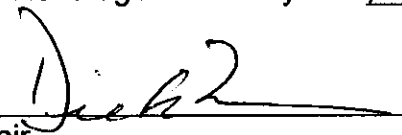
**Section 1.** That the sum of Four Hundred Fifty-seven Thousand Nine Hundred Fifteen Dollars (\$457,915) is hereby appropriated to the Information Technology CIP Fund (608), Information Technology Department.

**Section 2.** That the sum of Eighteen Thousand Six Hundred Thirteen Dollars (\$18,613) is hereby appropriated to the Information Technology Fund (607) Operating Budget.

**Section 3.** That the source of funding will be a loan from the Master Tax-Exempt Lease/Purchase Agreement with KeyBank or SunTrust, as detailed in Assembly Memorandum (AM) 21-2008, approved January 22, 2008, and AM 520-2010, expected to be approved October 12, 2010.

**Section 4.** That this resolution shall take effect immediately upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this 12<sup>th</sup> day of October, 2010.

  
Chair

ATTEST:

  
Municipal Clerk

**Departmental Appropriation:**

Information Technology \$476,528



# MUNICIPALITY OF ANCHORAGE

## Assembly Memorandum

No. AM 528-2010

Meeting Date: September 28, 2010

1 **FROM:** Mayor

2  
3 **SUBJECT:** A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE  
4 APPROPRIATING FOUR HUNDRED FIFTY-SEVEN THOUSAND NINE  
5 HUNDRED FIFTEEN DOLLARS (\$457,915) OF MASTER TAX-EXEMPT  
6 LEASE/PURCHASE AGREEMENT PROCEEDS TO THE  
7 INFORMATION TECHNOLOGY CAPITAL IMPROVEMENT PROGRAM  
8 (CIP) FUND (608), AND APPROPRIATING EIGHTEEN THOUSAND SIX  
9 HUNDRED THIRTEEN DOLLARS (\$18,613) FROM INFORMATION  
10 TECHNOLOGY FUND BALANCE (607) TO THE INFORMATION  
11 TECHNOLOGY FUND (607) OPERATING BUDGET TO PAY COSTS  
12 OF ISSUANCE FEES AND TRAINING COSTS, AND IDENTIFYING  
13 SUNTRUST EQUIPMENT FINANCE AND LEASING CORPORATION  
14 OR KEY GOVERNMENT FINANCE INCORPORATED AS THE  
15 FINANCE SOURCE FOR THE ELECTRONIC TIMEKEEPING  
16 PROJECT.  
17

18 **BACKGROUND:** The Municipal Assembly passed AO 2008-5 authorizing a revolving  
19 Fifty Million Dollar (\$50,000,000) Master Tax-Exempt Lease/Purchase Agreement  
20 (Agreement) for the financing of various capital expenditures by the Municipality of  
21 Anchorage (MOA) on January 22, 2008. The purpose of the Agreement was to  
22 implement a cost effective financing alternative for the Municipality for the purchase of  
23 capital items, resulting in a more efficient use of Municipal funds. However, to ensure  
24 the most favorable rates are obtained, the Purchasing Department, Legal Department  
25 and the Public Finance and Investments Division have identified a second source of  
26 financing with SunTrust Equipment Finance and Lease Corporation (SunTrust) as a  
27 source of financing on a competitive basis. Tax-Exempt rates under the Agreements  
28 are expected to be less than the cost of funds for a tax-exempt bond issue. All draws  
29 or loans under the Agreements are subject to Assembly approval, regardless of the  
30 dollar amount.  
31

32 **CURRENT FINANCING:** The attached Assembly Resolution appropriates \$476,528  
33 for an electronic timesheet project for the IT Department for 2010. The project is  
34 expected to be completed in 2011.  
35

36 Additional funds of \$75,000 to be appropriated from the Employee Relations 2010  
37 Operating Budget will be combined with this appropriation to fully fund the Electronic  
38 Timekeeping Project for an expected not to exceed maximum amount of \$532,915.  
39  
40

**INITIATIVE:****Electronic Timekeeping Project****\$457,915**

**Project Purpose:** The intent of the Electronic Timekeeping Project is to provide a means for staff to record time electronically and to automate MOA business rules to calculate pay. In addition, it will provide an automated method for approval and tracking of leave requests including the Family and Medical Leave Act (FMLA). This project is a part of the overall Finance and IT efficiency initiative to reduce cost and provide reliable and more efficient services.

**Project Description:** This project is for the purchase of KRONOS time and attendance and FMLA reporting software, installation, configuration and training. The project will entail automating the business rules associated with ten variations of pay calculations within the MOA. In addition, the project will automate the management of leave requests to include FMLA and provide project tracking capabilities for Public Works and Project Management and Engineering.

**Expected Savings:** Automating time entry and FMLA tracking will lead to fewer errors in payroll and FMLA processing. The industry average savings for payroll automation is estimated to be between 1% and 3% of total payroll. Using a conservative savings rate of .05% would result in an estimated \$1.2 Million per year reduction in payroll costs. Additionally, we anticipate staff savings of 20% of total payroll processing labor costs and a 3% decrease in losses associated with FMLA processing. Over the next four years the total savings due to automating time and attendance and FMLA is estimated to be \$5.45 Million.

**DEBT SERVICE:** The term of the lease agreement will be five years. The IT Department will pay the debt service from its operating budget.

**PRIOR FINANCINGS:** To date, financings under the two lease agreements (SunTrust and Key Bank) aggregate to \$4,252,798. Payments have reduced the outstanding balance as of July 1, 2010 to \$2,456,857.

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

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

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

**BUDGET INFORMATION DETAIL:****REVENUE**

<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
607-0029-BP2010	Master Lease Agreement Escrow	(\$457,915)
608-0743-BP2010	Inv in Plant – Oper Contrib	457,915
607-0770-BP2010	Unrestricted Net Assets	(457,915)
607-0770-BP2010	Unrestricted Net Assets	(18,613)
	Total	(\$ 476,528)

**EXPENDITURE**

<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
608-1470-1000-BP2010	Labor-Charged to Capital	\$ 40,000
608-1470-3101-BP2010	Professional Services	193,700
608-1470-5411-BP2010	Computer HW Purch>1000	23,065
608-1470-5412-BP2010	Computer SW Purch>1000	201,150
607-1440-3814-BP2010	Costs of Issuance	6,300
607-1440-3101-BP2010	Professional Services	12,313
	Total	\$ 476,528

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Prepared by: Gail Turner, Acting Director, IT Department

Concur and Fund Certification: Lucinda Mahoney, CFO

607-0029-BP2010 \$457,915

(Master Lease Agreement Escrow)

607-0770-BP2010 \$ 18,613

(Unrestricted Net Assets)

Concur: George J. Vakalis, Municipal Manager

Respectfully submitted: Daniel A. Sullivan, Mayor