

Submitted by: Chair of the Assembly at  
the Request of the Mayor  
Prepared by: Finance  
For reading: June 28, 2011

CLERK'S OFFICE  
**APPROVED**

Date: 7-12-11 **ANCHORAGE, ALASKA**  
**AR No. 2011-181**

1 A RESOLUTION AUTHORIZING AN AMOUNT NOT TO EXCEED SIX MILLION  
2 THREE HUNDRED THOUSAND DOLLARS (\$6,300,000) AS AN INTER-FUND  
3 LOAN FROM THE EQUIPMENT MAINTENANCE FUND (601) TO THE  
4 INFORMATION TECHNOLOGY FUND (607) AND APPROPRIATING SAID FUNDS  
5 TO THE INFORMATION TECHNOLOGY CIP FUND (608) FOR THE PURCHASE  
6 AND IMPLEMENTATION OF A NEW FINANCIAL, HUMAN RESOURCE,  
7 PURCHASING, BUDGETING AND PAYROLL ENTERPRISE RESOURCE  
8 PLANNING SYSTEM IN THE DEPARTMENT OF INFORMATION TECHNOLOGY.  
9

10  
11 **WHEREAS**, the Municipality intends to enter into a contract with Black & Veatch  
12 (B&V) for implementation of SAP enterprise resource planning software for finance,  
13 purchasing, human resources, payroll and budgeting; and  
14

15 **WHEREAS**, the total capital cost of the project is expected to cost an amount not to  
16 exceed \$11,261,885; and  
17

18 **WHEREAS**, \$4,961,885 of the project is expected to be financed with State of Alaska  
19 Revenue Sharing to be received in 2011; and  
20

21 **WHEREAS**, an amount not to exceed \$6,300,000 will be financed through an  
22 inter-fund loan from the Equipment Maintenance Fund (601) to the Information  
23 Technology fund (607) to be repaid monthly with an interest rate at the monthly GCP  
24 rate plus 10 basis points amortized over ten years. Repayment of the inter-fund loan  
25 shall begin on the first of the month following the go-live date of all SAP modules  
26 funded by this loan, except for funds provided in 2011. These monies will be re-paid  
27 upon receipt of State of Alaska Revenue Sharing. Completion of all modules funded  
28 by the loan is anticipated in mid-2013; now, therefore,  
29

30 **THE ANCHORAGE ASSEMBLY RESOLVES:**  
31

32 **Section 1.** The authorization of an inter-fund loan in an amount not to exceed Six  
33 Million Three Hundred Thousand Dollars (\$6,300,000) from the Equipment  
34 Maintenance Fund (601) to the Information Technology Fund (607) and the  
35 appropriation of said funds to the Information Technology CIP fund (608) for the  
36 procurement and implementation of a new financial, human resource, purchasing,

1 budgeting and payroll enterprise resource planning system in the Department of  
2 Information Technology is hereby approved.

3  
4 **Section 2.** This resolution shall be effective immediately upon passage and  
5 approval by the Assembly.

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7 PASSED AND APPROVED by the Anchorage Assembly this 12<sup>th</sup> day of  
8 July, 2011.

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12 \_\_\_\_\_  
13 Chair of the Assembly

14  
15 ATTEST:

16  
17  
18   
19 \_\_\_\_\_  
20 Municipal Clerk

21  
22 **Department of Appropriation:**  
23 Department of Information Technology \$6,300,000

# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 382-2011

Meeting Date: June 28, 2011

1 **From:** MAYOR

2  
3 **Subject:** A RESOLUTION AUTHORIZING AN AMOUNT NOT TO EXCEED SIX  
4 MILLION THREE HUNDRED THOUSAND DOLLARS (\$6,300,000) AS  
5 AN INTER-FUND LOAN FROM THE EQUIPMENT MAINTENANCE  
6 FUND (601) TO THE INFORMATION TECHNOLOGY FUND (607)  
7 AND APPROPRIATING SAID FUNDS TO THE INFORMATION  
8 TECHNOLOGY CIP FUND (608) FOR THE PURCHASE AND  
9 IMPLEMENTATION OF A NEW FINANCIAL, HUMAN RESOURCE,  
10 PURCHASING, BUDGETING AND PAYROLL ENTERPRISE  
11 RESOURCE PLANNING SYSTEM IN THE DEPARTMENT OF  
12 INFORMATION TECHNOLOGY.  
13

14 The Municipality has chosen Black & Veatch to implement SAP Enterprise Resource  
15 Planning software to replace the financial, payroll, purchasing, budgeting, and human  
16 resources modules currently managed with the PeopleSoft system that was installed  
17 in 1999.  
18

19 The total capital cost of the new SAP software implementation is anticipated not to  
20 exceed \$11,261,885.  
21

22 The administration is proposing to use \$4,961,885 of the one-time additional State of  
23 Alaska Revenue Sharing to be received in 2011 to help pay this cost. The balance of  
24 \$6,300,000 is anticipated to be financed through an inter-fund loan from the  
25 Equipment Maintenance Fund (601) to the Information Technology fund (607) that  
26 will be repaid monthly with an interest rate at the monthly General Cash Pool (GCP)  
27 rate plus 10 basis points amortized over ten years. Repayment of the inter-fund loan  
28 will begin on the first day of the month following the go-live date of all SAP modules  
29 funded by this loan, except for funds provided in 2011. These monies will be re-paid  
30 upon receipt of State of Alaska Revenue Sharing. Completion of all modules funded  
31 by the loan is anticipated in mid-2013.

The phased financing using these two sources will span a three-year period as follows:

- 2011 funding is anticipated to be comprised of an Inter-fund loan draw amount not to exceed \$1,200,000 and \$4,961,885 in State of Alaska Revenue Sharing.
- 2012 funding is anticipated to be comprised of an Inter-fund loan draw amount not to exceed \$3,500,000.
- 2013 funding is anticipated to be comprised of an Inter-fund loan draw amount not to exceed \$1,600,000.

The budget detail is as follows:

**REVENUES:**

<u>Account Number</u>	<u>Account Name</u>	<u>Amount</u>
601-0740	Fund Balance	\$6,300,000
607-0770	Unrestricted Net Assets	\$6,300,000

**EXPENDITURE:**

<u>Account Number</u>	<u>Account Name</u>	<u>Amount</u>
608-XXXX-5412-2011	Computer SW Purch. > 1000	\$6,300,000

**THE ADMINISTRATION RECOMMENDS APPROVAL OF A RESOLUTION AUTHORIZING AN AMOUNT NOT TO EXCEED SIX MILLION THREE HUNDRED THOUSAND DOLLARS (\$6,300,000) AS AN INTER-FUND LOAN FROM THE EQUIPMENT MAINTENANCE FUND (601) TO THE INFORMATION TECHNOLOGY FUND (607) AND APPROPRIATING SAID FUNDS TO THE INFORMATION TECHNOLOGY CIP FUND (608) FOR THE PROCUREMENT AND IMPLEMENTATION OF A NEW FINANCIAL, HUMAN RESOURCE, PURCHASING, BUDGETING AND PAYROLL ENTERPRISE RESOURCE PLANNING SYSTEM IN THE DEPARTMENT OF INFORMATION TECHNOLOGY.**

Prepared by: Lance Ahern, Information Technology

Approved and Fund Certification: Lucinda Mahoney, CFO

601-0740 \$6,300,000

(Fund Balance)

607-0770 \$6,300,000

(Unrestricted Net Assets)

Concur: George J. Vakalis, Municipal Manager

Respectfully submitted: Daniel A. Sullivan, Mayor