

SULTAN CITY COUNCIL

AGENDA ITEM COVER SHEET

DATE: June 28, 2007

ITEM #: Public Hearing

SUBJECT: 2007 Budget Amendments

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

SUMMARY:

The issue before the Council is an amendment to the 2007 Budget to provide for payment of the Jail Service Settlement and the purchase of three police vehicles.

The Council approved the settlement agreement with Snohomish County for disputed jail services billing at the June 11, 2007 Council meeting. The amount due from the City by September 1, 2007 is \$50,000 (Attachment A).

The City will use reserve funds in the Treasurer's Trust account to pay the jail bill. These funds were received from the sale of surplus property on the east end of the city.

The Police Department has three vehicles that have been taken out of service due to needed repairs. It has been determined that the cost to repair the vehicles exceeds the value of the vehicles. Police Department staff have prepared a detailed report on the condition of each vehicle (Attachment B).

The Police Department has contacted FCI (police vehicle refurbishing company) regarding the purchase of three vehicles at a cost of \$41,000 plus tax and license. A copy of the proposal is attached (Attachment C).

FCI has a financing program available and will finance the vehicles over a 36 month period. The interest rate is 8% and the payments are made on a monthly basis.

The State of Washington has a LOCAL program for financing equipment and real estate purchases. Information regarding this program is attached (Attachment D). The current interest rates are in the 4% range. The next submittal date for equipment is August 1, 2007.

The 2007 Budget for the 106 Police Vehicle Fund included an appropriation for the lease payments on the 2005 vehicles. In order to proceed with the purchase of additional police vehicles it will be necessary to amend the budget to appropriate the funds. The fund has an uncommitted reserve balance of approximately \$24,000 and will accumulate additional funds through the remainder of the year from utility tax

collections. Staff will request authorization to purchase the vehicles at the July 12, 2007 Council meeting

The following are attached for your review:

- A. Settlement Agreement with Snohomish County
- B. Vehicle Replacement Report
- C. FCI Proposal
- D. Local Options Program Information

The ordinance to amend the budget will be introduced during the Council meeting as Action Item A 6.

AGREEMENT TO RESOLVE BILLING AND PAYMENT DISPUTES
FOR PAST JAIL SERVICES FEES

THIS AGREEMENT (the "Agreement") is entered into this ____ day of _____, 2007, by and between the City of Sultan, a municipal corporation of the State of Washington (the "City"), and Snohomish County, a political subdivision of the State of Washington (the "County").

RECITALS

WHEREAS, under the authority of the Interlocal Cooperation Act (Chapter 39.34 RCW) and the City and County Jail Acts (Chapter 70.48 RCW), the City and the County have entered into Interlocal Agreements for Jail Services (the "Interlocal Agreements") over a period of years for the purpose of confining City inmates in the County jail; and

WHEREAS, by letter on December 20, 2004, County Executive Director Susan Neely informed the City that, based on her review of County records as of November 20, 2004, the City owed the County \$222,794.67 in unpaid fees accumulated under the Interlocal Agreements from 1988 to the date of the letter; and

WHEREAS, in a letter dated February 24, 2005, City Mayor Benjamin Tolson indicated that the City had calculated the amounts due under the Interlocal Agreements for the years 2001 through 2004 to be \$100,571.54 and offered a City payment of this amount to resolve the dispute; and

WHEREAS, in a letter dated March 8, 2005 the County rejected the City's February 24, 2005 offer; and

WHEREAS, in a March 16, 2005 meeting between the City's Mayor and the County's Executive, the parties agreed that (a) the City would pay the \$100,571.54 not in dispute, (b) the County would not terminate the Interlocal Agreement as of March 31, 2005, and (c) the remaining disputed balance would be resolved through future negotiations between the parties; and

WHEREAS, through negotiations, the County agreed as to the validity of certain billing discrepancies, and the City paid the \$100,571.54 it agreed that it owed to the County; and

WHEREAS, there exists a good faith dispute between the parties as to the true and actual amount remaining owed to the County by the City for the billing period in question; and

WHEREAS, the parties have a mutual desire to resolve this dispute without the expenditure of further staff time or legal fees; and

WHEREAS, the City and the County have now agreed to resolve the remaining issues in their payment and billing dispute under the Interlocal Agreements for the billing period in question in the manner set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the City and the County agree as follows:

Section 1. Liquidated Amount. The City agrees to pay to the County in the manner set forth in Section 2, the amount of \$50,000 in full satisfaction of the remaining past due amounts under the Interlocal Agreements for the period from January 1, 1988 through February 28, 2007 (the "Liquidated Amount").

Section 2. Time and Manner of Payment. The City shall pay the Liquidated Amount to the County by cashier's check made payable to "The Snohomish County Treasurer" on or before September 1, 2007.

Section 3. Effect of Payment. Payment in full of the Liquidated Amount in accordance with the terms of this Agreement shall resolve the dispute between the parties for past due jail services fees for the period from January 1, 1988 through February 28, 2007. Each party shall thereafter be estopped from claiming that amounts are owed or credits should be given for jail services fees for that period.

Section 4. Authority. Each signatory to this Agreement represents that he or she has full and sufficient authority to execute this Agreement on behalf of the City or the County, as the case may be, and that upon execution of this Agreement it shall constitute a binding obligation of the City or the County, as the case may be.

Section 5. Complete Agreement. This Agreement constitutes the entire understanding of the parties on the subject matter hereof. Any written or verbal agreements that are not set forth herein or incorporated herein by reference are expressly excluded.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officers and representatives as of the dates indicated below.

CITY OF SULTAN

SNOHOMISH COUNTY

Mayor

County Executive

Dated: _____

Dated: _____

APPROVED AS TO FORM ONLY:

APPROVED AS TO FORM ONLY:

City Attorney

Deputy Prosecuting Attorney

PRIDE AND SERVICE



WE VALUE KIDS!

SULTAN POLICE DEPARTMENT MEMORANDUM

DATE: February 7, 2007

MEMORANDUM FOR: Chief Walser

FROM: Cpl. S. Berg #1521

SUBJECT: Vehicle Replacement

The following list consists of vehicles in desperate need of repair or replacement.

The deciding factor in most of the replacement request revolves around the projected cost for repair of the vehicle and the realistic return of monies to the vehicle replacement fund when sold at auction. The other factor is the mileage of the patrol vehicle.

Vehicle #60 VIN 2FAFP71W11X165436

This is a 2001 Ford Crown Victoria with 124,569 miles. This vehicle was purchased as a used police car when it originally went into service at the Sultan Police Department. Due to the vehicle's current deteriorated condition and obvious liabilities associated with operation it has been deadline and is *UNSAFE*. It will not be driven on patrol.

Immediate Repairs Needed

Front End / Steering Rebuild	\$1000.00 to \$1500.00
Rear End Rebuild	\$800.00
Questionable Transmission, Rebuild	\$1200.00
Tires (4)	\$300.00

Auction / Surplus Return

This vehicle will bring approximately \$1500 to \$2200.00 to the vehicle replacement fund from auction sale.

Recommendation

Replace this vehicle immediately with a 2007 Dodge Charger.

Vehicle # 64 VIN 2FAFP71WXYX164827

This is a 2000 Ford Crown Victoria with 93,499 miles. This vehicle was purchase as a used police car when put into service at the Sultan Police Department.

Immediate Repairs needed

Front end / Steering Rebuild	\$1000.00 to \$1500.00
Transmission Rebuild (Trans has failed to shift lately)	\$1200.00
Instrument Cluster bulbs replaced	\$150.00
Headlamp Assembly (Plastic lenses fogged) x2	\$103.00 each

Repairs Made

This vehicle has had several major repairs made since 8-06. The cost of those repairs is \$1,520.44. As one can see there are additional repairs needed for 2007.

Auction / Surplus Return

This vehicle will bring approximately \$1500.00 to \$2000.00 returned to the vehicle replacement fund after auction.

Recommendation

Immediately replace this vehicle with a 2007 Dodge Charger

Vehicle #61 VIN 1J4FF28S9XL644075

This vehicle is a 1999 Jeep Cherokee Utility 4x4. This vehicle was purchased new and put into service as a Police Service Vehicle. Vehicle mileage is 49,389 miles.

Immediate Repairs Needed

Wiring / Electrical Problems with Emergency Equipment (Unknown cost to troubleshoot)	
4x4 transfer case will not stay in 4 wheel drive	\$300.00 to \$500.00
Windshield Replacement	\$350.00
Replace worn out Ignition Switch	\$200.00
Rear window off track needs repair	\$150.00

Repairs Made

Repairs made to the 1999 jeep from 07-05 have been approximately \$2,109.75. There are still issues with this vehicle that need attention. The electrical issues revolve around the emergency equipment working intermittently and sometimes not at all. This type of problem with a police vehicle is not acceptable, this

jeopardizes the Officer's safety and the public's safety when the Officer is responding to a priority call and the emergency equipment fails.

Auction Surplus Return

This vehicle can be stripped out of all emergency equipment and reissued to the city for use by city officials, building department, public works or parks. Transfer of \$3000.00 to \$4000.00 (depending on NADA book) to vehicle replacement fund. Auction return is unknown, estimated at \$2000.00 to \$4000.00.

Recommendation

Immediately replace the 1999 Jeep with a 2007 Ford Expedition 4x4. This will ensure the Police Department will have a 4x4 vehicle for use during inclement weather related incidents.

Vehicle #56 VIN 1FMDU34XXVUA95810

This is a 1997 Ford Explorer 4x4. The vehicle currently has 111,122 miles. The vehicle was purchased as a used police vehicle then put into service by the Sultan Police Department in late 1998 early 1999.

Immediate repairs needed

Drivers side door handle needs replacement	\$120.00
Steering alignment / Rebuild	\$800.00 to \$1200.00
Headlamp Assembly (lenses fogged) x2	\$69.95 each

Repairs Made

Since 07-06 the city has spent \$487.05 on repairs for this vehicle. Recently repaired were the alternator, fold down arm rest, and other minor items. This vehicle will need attention soon on the above items. It is also unknown about the reliability of the vehicle's transmission as it has shown intermittent problems.

Auction Surplus

1997 Ford Explorer could bring between \$1800.00 and \$2500.00 at auction.

Recommendation

Replace this vehicle as suggested in the "Chief Replacement Vehicle Memo" by purchasing a rental sales vehicle. This route can save the city considerable monies. The Chief vehicle does not need to be a Police Certified / Rated vehicle. The current LED emergency lighting package can be removed from the Ford Explorer and re-installed in a new purchased SUV 4x4 vehicle.

Purchasing a 4x4 vehicle also gives the option for the use of another utility type vehicle if inclement weather requires for responding to calls.

Additional Patrol Vehicles

Vehicle #52 VIN2FAHP71W55X118148

2005 Ford Crown Victoria, 24, 457 miles. Purchased new and put into service Dec 2004.

Immediate Repairs Needed

Tires needed in early Spring	\$375.11
Repaint rear bumper due to patrol damage	\$875.00 (est)

Repairs Made

This vehicle has had no major mechanical issues. Regular maintenance costs only.

Recommendation

Retain and schedule in vehicle replacement rotation for 2009.

Vehicle #53 2FAHP71W75X118149

2005 Ford Crown Victoria 29, 787 miles. Purchased new and put into service Dec 2004.

Immediate Repairs Needed

Repair Driver's side window, off track	\$200.00
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Electrical problem, Battery Drain. Unknown cost to troubleshoot and repair.

Recommendation

Retain vehicle, make necessary repairs and schedule in vehicle replacement rotation for 2009.

Vehicle #62 VIN2FAFP71W4YX164808

2000 Ford Crown Victoria 79,078 miles. Purchased as a used police car and placed into service by the Sultan Police Department.

Immediate Repairs Needed

Tires needed in early Spring	\$375.11
Burns Oil, Unknown repair cost	?
Headlamp Assembly x2	\$103.00 each
Steering / Front end work	\$400.00 to \$1000.00

Repairs made

Since 09-06 this vehicle has had approximately \$760.93 worth of repairs.

Recommendation

Retain vehicle, make repairs, schedule for vehicle replacement in 2008.

Vehicle #63 VIN2FAFP71W8YX64824

2000 Ford Crown Victoria, 71,874 miles. This vehicle was purchased as a used police vehicle then put into service by the Sultan Police Department.

Immediate Repairs Needed

Headlamp Assembly x2	\$103.00 each
Rear end rebuild / repair	\$700.00 (est)
Front end rebuild / repair	\$800.00 to \$1000.00
Tires	\$375.11

Repairs made

This vehicle has been pretty good however the mileage is getting to the area where the vehicle will begin to show higher cost to operate.

Recommendation

Retain vehicle, make repairs. Schedule vehicle for replacement 2008.

Vehicle #66 VIN 2B3KA43H96H33698

2006 Dodge Charger Police, 2,389 miles. This vehicle was purchased as a used demo with some police emergency equipment installed. Placed into service 01-2007.

Immediate Repairs Needed

Wiring adjustments	\$ 0 Warranty
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Recommendation

Retain vehicle and schedule for replacement 2010. Check mileage and alter replacement schedule as needed.

Vehicle #67 VIN1HD1FHW126Y663855

2006 Harley Davidson Road King Police FLHPI. This vehicle is a leased vehicle and will be returned in 4-2007 for a 2007 same model motorcycle.

Lease Conditions

Refundable / Transferable Damage Deposit	\$1000.00
Lease payment (year)	\$650.00
Transfer of Emergency Equipment (city owned)	\$950.00

Recommendation

Continue the current lease agreement for new vehicle.

Sultan Police Department Vehicle Replacement Proposal

The Sultan Police department is in need of replacing three patrol vehicles immediately.

The current fleet has three vehicles either "Dead lined" or in such need of repair the cost of repair far exceed the value of the vehicles.

I have attached the cost breakdown for three replacement vehicles.

The vehicles are "Lease Return" from the City of Richland through the leasing company FCI out of North Bend, WA.

There are three vehicles available from FCI at this time. The vehicles are 2004 Ford Crown Victoria Police Vehicles. These vehicles have been in service for three years and are now being replaced by the City of Richland, WA.

The three vehicles have the following mileage; 42,600, 52,400 and 53,500.

The two proposals are attached to this document.

The first proposal is to "Swap" our equipment from one (1) of our current police vehicles that has equipment which is functional. This will cut some costs to ensure a functional patrol car for our Police Officers.

This would enable the Police Department to have a "slick top" emergency patrol vehicle with police markings and no overhead light bar.

The cost of the above vehicle would be \$11,000.00 **not** including tax and license.

The second proposal is to equip a 2004 Ford Crown Victoria Police Vehicle with updated emergency lighting equal to our current 2005 Police vehicles. I suggest equipping two vehicles this way.

The cost for this vehicle equipped is \$15,000.00 **not** including tax and license.

FCI offers a 12 month, 12,000 mile warranty for the 2004 Ford Crown Victoria Police cars. The vehicles would be under FCI warranty for one third of the contract.

FCI will finance the three vehicles for 36 months and allow a trade in value after 36 months if we decide to start a lease program with FCI.

FCI will also transfer "swap" our equipment to other vehicles as needed after three years or we can set up a lease program with FCI to include all emergency equipment to our specifications on new vehicles.

I recommend the City of Sultan approve the purchase of the three (3) Patrol Vehicles to immediately replace our aging and costly fleet.

I would also suggest two of the vehicles be equipped with the updated emergency lighting as indicated in the proposal by FCI. This will ensure reliability and dependability for our officers.

The third vehicle would be equipped with the "slick top" lighting option. This vehicle could be used for a traffic function or a supervisor vehicle.

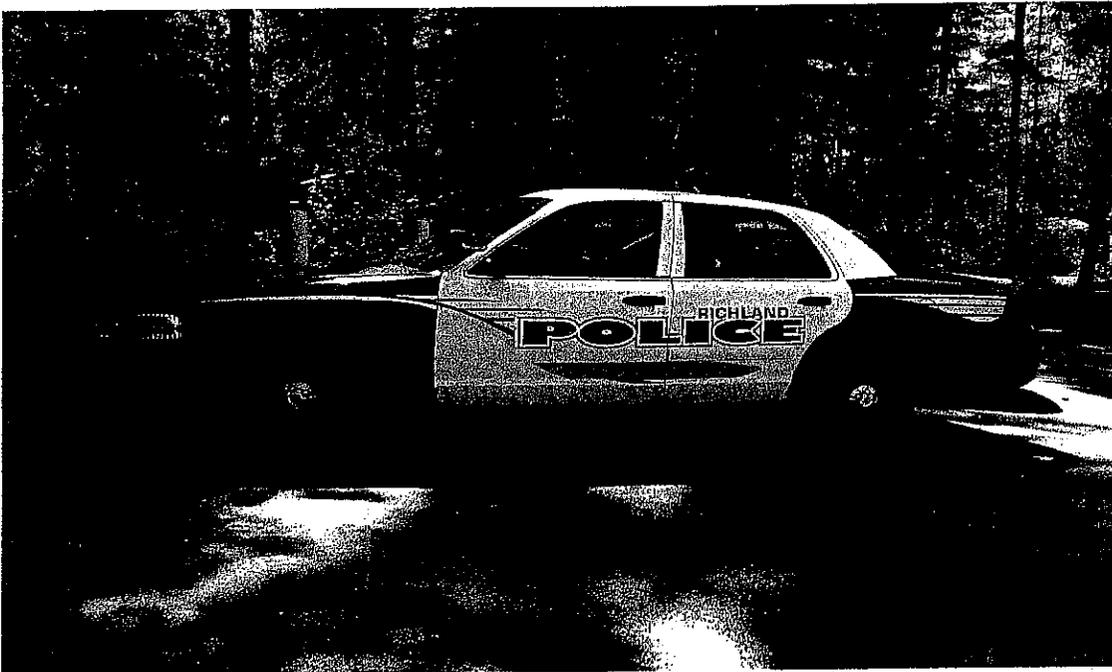
The total cost for this proposal of two (2) light bar cars and one slick top car would be \$41,000.00 **not** including tax and licensing. The financing would be through FCI for 36 months. See attached for examples.

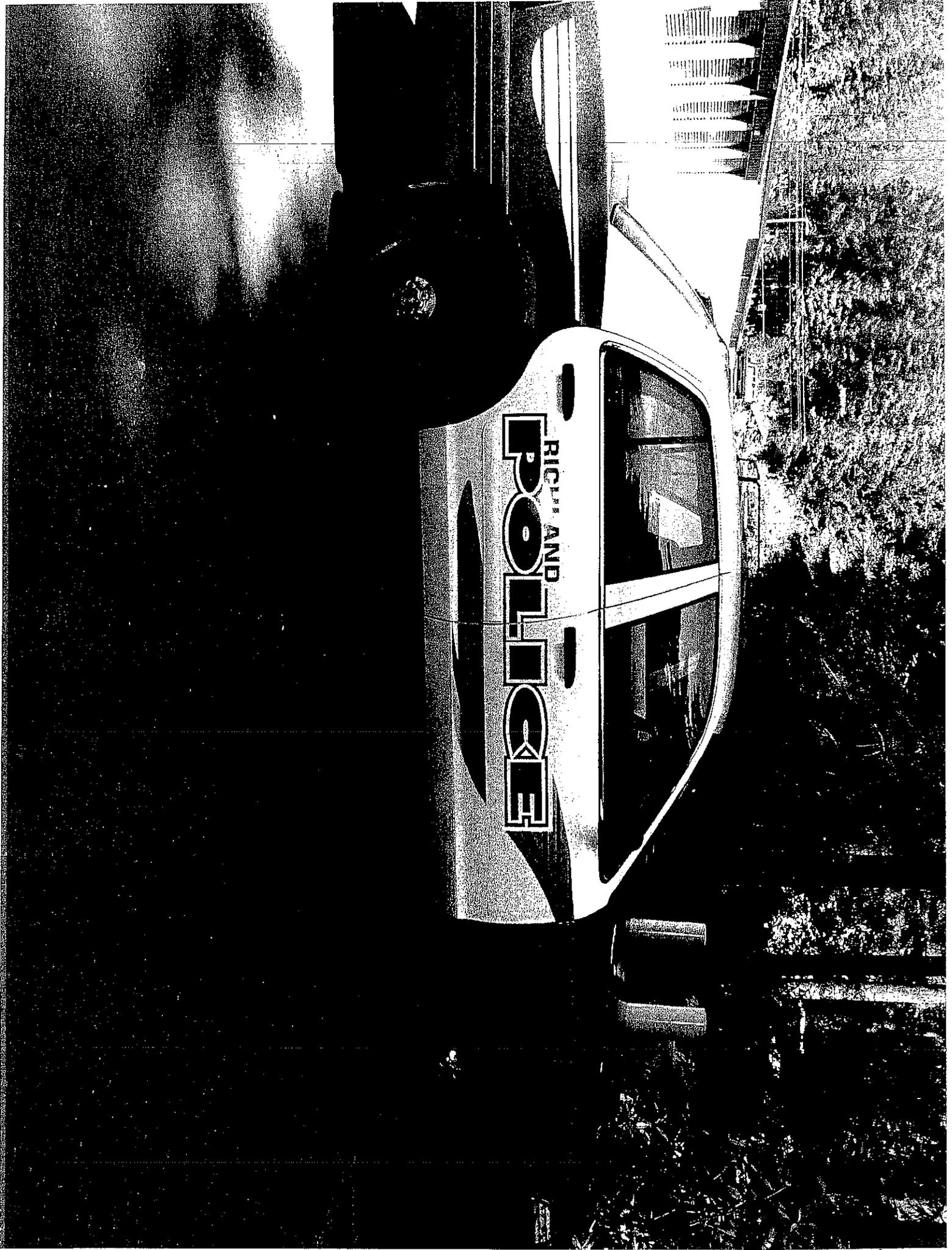
I have been advised by Alan Bateman from FCI the financing can be negotiated as needed.

The installation of equipment also includes installing our radios, computer and radar equipment in the vehicles.

The only additional cost to get these vehicles on the road would be the POLICE graphic markings on the vehicles. That additional cost would be about \$500.00 per vehicle and can be completed locally in Monroe at Big Color Graphics.

The \$41,000.00 price tag is less than 1 brand new, fully equipped, turn key 2008 Ford Crown Victoria.





FCI

45727 SE 140th Street
North Bend, WA 98045

FCI

Tel: 425-831-5203
Fax: 425-831-5206

FACSIMILE COVER PAGE

To: Scott Berg	From: Alan Bateman
Fax #: 1-360-793-7774	Fax #: 425-831-5206
Company: Sultan	Tel #: 425-831-5203

Subject: New Proposal	
Sent: 5/30/2007 at 11:40:42 AM	Pages: 2 (including cover)

MESSAGE:

Hi Scott,

Here is a new proposal. The police equipment will have a mix of new and used. Remember, none of the prices include sales tax.

Alan

PROPOSAL FOR SULTAN, WASHINGTON POLICE DEPARTMENT
2 **2004 FORD CROWN VICTORIA POLICE VEHICLE**
APPROX. 57,000 MILES

Chassis

2004 Ford Crown Victoria 4-Door Sedan - Police Pkg. Police Pursuit Suspension Package, HD Frame Power Steering (with external oil cooler) HD Power Brakes - 4-Wheel ABS System
Police Radial Tires - P225/60VR16 BSW SR Radials Matching Full Size Spare Tire and Wheel
PosiTrac

Drive Train

4.6 Liter V/8 Gas OHC EFI Engine Internal Transmission Fluid Cooler
Automatic OD Transmission Electric AOD Coolant Recovery System
External Engine Oil Cooler 130 Amp Alternator
Maximum Capacity Engine Cooling 750 CCA Battery

Interior

Rear Window Defroster Tilt Steering Wheel/Intermittent Wipers
AM/FM Radio with Clock Air Conditioning (CFC Free)
Power Door Locks & Windows Tinted Glass
Gauges - Water, Oil, Volt, Tachometer Certified Police Speedometer
Interior Light Package/Aux. Dome Light Cloth Bucket Seats/Rear Vinyl
Dual Air Bags/ Cigarette Lighter HD Floor Covering
Heavy Duty Seat Frame & Cushion Construction Day/Night Inside Rear View Mirror
Inside Hood Release/Aux. Fuse Box Luggage, Under Hood, Glove Box Lights
Power Driver's Seat

Body

6" Spotlight, Left Hand Post Body Side Molding/Reinforced Roof
Color - Dark Blue, new paint Dual Remote Control Outside Rear View Mirrors
One Key Option Quartz Halogen Headlights
Center Hubcaps Radio Suppression Package

Police Equipment

Swap from unmarked Sultan CV

CASH PRICE: \$11,000.00
LEASE TERMS: \$ 497.50/mo 24 months
RESIDUAL: \$ 0

**PROPOSAL FOR SULTAN, WASHINGTON POLICE DEPARTMENT
2004 FORD CROWN VICTORIA POLICE VEHICLE
APPROX. 57,000 MILES**

Chassis

2004 Ford Crown Victoria 4-Door Sedan - Police Pkg. Police Pursuit Suspension Package, HD Frame Power
Steering (with external oil cooler) HD Power Brakes - 4-Wheel ABS System
Police Radial Tires - P225/60VR16 BSW SR Radials Matching Full Size Spare Tire and Wheel
PosiTrac

Drive Train

4.6 Liter V/8 Gas OHC EFI Engine Internal Transmission Fluid Cooler
Automatic OD Transmission Electric AOD Coolant Recovery System
External Engine Oil Cooler 130 Amp Alternator
Maximum Capacity Engine Cooling 750 CCA Battery

Interior

Rear Window Defroster Tilt Steering Wheel/Intermittent Wipers
AM/FM Radio with Clock Air Conditioning (CFC Free)
Power Door Locks & Windows Tinted Glass
Gauges - Water, Oil, Volt, Tachometer Certified Police Speedometer
Interior Light Package/Aux. Dome Light Cloth Bucket Seats/Rear Vinyl
Dual Air Bags/ Cigarette Lighter HD Floor Covering
Heavy Duty Seat Frame & Cushion Construction Day/Night Inside Rear View Mirror
Inside Hood Release/Aux. Fuse Box Luggage, Under Hood, Glove Box Lights
Power Driver's Seat

Body

6" Spotlight, Left Hand Post Body Side Molding/Reinforced Roof
Color -- Dark Blue, new paint Dual Remote Control Outside Rear View Mirrors
One Key Option Quartz Halogen Headlights
Center Hubcaps Radio Suppression Package

Police Equipment

Whelen LED Lightbar Delta control head
Setina push bars Aedec rear seat
Setina 10-S Screen Triplug
100W speaker Map light
D&R console SG lock
Wigwag
Corner strobes

CASH PRICE: \$15,000.00
LEASE TERMS: \$ 470.05/mo 36 months
RESIDUAL: \$ 0



Frequently Asked Questions about the LOCAL Program

Who can participate in the LOCAL Program?

Any municipal corporation or other agency authorized to issue general obligation debt. This includes cities, counties, school districts, fire districts and others.

Do we need voter approval?

No, but with voter-approved debt, you typically don't need to complete a credit form.

Does this take the place of my agency issuing bonds?

It could. You might find the LOCAL program financing is all you need. Or you might find it's appropriate for just some of your needs. For example, you may need a piece of equipment immediately, but the main object of your bond issue will not be ready for financing until quite a bit later. In that case you might use the LOCAL program only for that first piece of equipment.

What can be financed?

Either equipment or real estate. Some examples include: school buses, ambulances, construction projects, fire trucks, HVAC systems, computers, office furniture, copiers, vacant land, portable classrooms and energy projects.

There is a \$10,000 minimum for equipment, but various items can be combined to meet the minimum, for example, computer equipment and computer furniture. Software cannot be financed alone – it must be combined with hardware. Contact our office for more information.

Real estate financing is available for land and/or buildings and can be used for acquisitions, construction projects or to refinance an existing loan.

What's the timeline?

Funds Available	Project Type	NOI Cut-Off	All Documents In Cut-Off	First Payment Due
Mid-March	Equipment	February 1	February 1	June 1 year of issue
	Real Estate	January 1		
Mid-June	Equipment	May 1	May 1	December 1, year of issue
	Real Estate	April 1		
Mid-September	Equipment	August 1	August 1	December 1, year of issue
	Real Estate	July 1		
Mid-December	Equipment	November 1	November 1	June 1, following year
	Real Estate	October 1		

Is there a fee to participate?

No. All costs of issuance are included in the interest rate.

Where do I find out what the current interest rate is?

You can check our web site at www.tre.wa.gov (click on LOCAL tab) to find out what the previous issues' interest rates were. But each issue is different – the interest rate is set by the lowest bid we receive on the day the financing issue goes to market. In that way, you're assured of getting the lowest interest rate on that day.



Frequently Asked Questions about the LOCAL Program

How long are the financing terms?

Maximum equipment financing terms are set by the useful life of the item. See the Office of Financial Management web site for its Useful Life Table (www.ofm.wa.gov/policy/30.50.htm). If several types of equipment have been combined to meet the \$10,000 minimum, the shortest useful life will determine the maximum financing term.

How are funds released?

Equipment payments can go directly to vendor or to agency as reimbursement according to what best fits your needs and schedule.

I just bought some equipment. Can I finance it through the LOCAL Program?

Possibly. You must pass a Reimbursement Resolution either before purchasing equipment or no later than 60 days after purchasing equipment. Please call Noah Crocker, Lease-Purchase Specialist, 360-902-9020, to discuss your situation.

If I send in my Notice of Intent (application form) does that obligate me to participate?

No. After you submit a Notice of Intent, you will be contacted a few weeks before the cut-off date to see if you wish to participate in the upcoming financing issue. If you indicate you want to participate in that financing issue, you must commit to a specific dollar amount by the cut-off date.

I only know the approximate amount I will need to finance. What should I put on the Notice of Intent?

Indicate the most you anticipate financing on the Notice of Intent – you can always finance less. As mentioned above, you must commit to a specific dollar amount by the cut-off date for your financing issue.

Can we prepay our lease?

It is not encouraged, but if it is necessary it is accomplished by doing a partial defeasance of the pooled COPs. Prepays are subject to the costs of buying the required investments to make the lease payments and to the trustee fees paid to manage those investments.

Where can I get more information?

You have a couple of options:

- Visit our web site: www.tre.wa.gov (click on LOCAL tab). You'll find a booklet explaining the program and the forms you'll need.
- Contact us:

Michael J. Murphy
State Treasurer

Allan Martin
Deputy State Treasurer

Pam Johnson
LOCAL Program Representative
360-902-9021
pam@tre.wa.gov

Noah Crocker
LOCAL Real Estate Representative
360-902-9020
noah@tre.wa.gov

Wendy Kancianich
LOCAL Equipment Representative
360-902-9022
wendyk@tre.wa.gov

Nancy Notter
LOCAL Accountant
360-902-9026
nancyn@tre.wa.gov

Recent LOCAL Lease/Purchase Interest Rates

All financing costs are included in Interest Rates... there are no additional financing costs.

Equipment Only

<i>Term</i>	<i>9/15/06</i>	<i>12/15/06</i>	<i>3/16/07</i>	<i>6/15/07</i>
3 years				4.24
4 years		4.06		
5 years	4.32	4.06	3.78	4.36
6 years		4.07		
7 years		4.07		
8 years	4.27	4.08		
10 years	4.26	4.13	4.08	4.40
12 years		4.20		
13 years			4.13	

These historic rates do not indicate what future issue rates will be. Actual interest rates are determined by the competitive bids received on the date of sale.

Maximum term is determined by OFM's Useful Life Table at:
<http://www.ofm.wa.gov/policy/30.50.htm>

For additional information please contact:
 Wendy Kancianich, Lease/Purchase Specialist, (360) 902-9022 or wendyk@tre.wa.gov
 Noah Crocker, Lease/Purchase Specialist, (360) 902-9020 or noah@tre.wa.gov
 Pam Johnson, Lease/Purchase Specialist, (360) 902-9021 or pam@tre.wa.gov

**LOCAL OPTION
CAPITAL ASSET LENDING
(LOCAL)
EQUIPMENT & REAL ESTATE**

Financing Documents



**Michael J. Murphy
Washington State Treasurer
Booklet October 2003**

D-4

Financing through **LOCAL**

(Local Option Capital Asset Lending)

is as easy as **1 - 2 - 3** .

- 1** Submit a Notice of Intent. Attach a real estate worksheet, if applicable.
- 2** Submit a credit form or a copy of rating agency letter showing an A rating or better.
- 3** Submit signed financing documents.

For help or information, contact:

Allan Martin
Deputy State Treasurer
(360) 902-9007
Fax (360) 902-9045
allan@tre.wa.gov

Noah Crocker
Real Estate Specialist
(360) 902-9020
Fax (360) 902-9045
Noah@tre.wa.gov

Wendy Kancianich
Equipment Specialist
(360) 902-9022
Fax (360) 902-9045
wendyk@tre.wa.gov

Pam Johnson
LOCAL Specialist
(360) 902-9021
Fax (360) 902-9045
pam@tre.wa.gov

Nancy Notter
LOCAL Accounting
(360) 902-9026
Fax (360) 902-9045
nancyn@tre.wa.gov

LOCAL online: www.tre.wa.gov

(click on LOCAL tab)

Financing through the LOCAL Program

1 Submit Notice of Intent (NOI)

Include a real estate worksheet, if applicable.

The Notice of Intent (NOI) helps the Office of the State Treasurer plan for future financing and check compliance with financing requirements.

The signed NOI should be mailed to:

Office of the State Treasurer
Debt Management
PO Box 40200
Olympia WA 98504-0200

- The NOI should indicate the maximum amount to be financed. For real estate transactions, the NOI should be accompanied by the Real Estate Worksheet.
- Office of the State Treasurer staff will review the NOI for completeness, essentiality of equipment/real estate project, length of finance term, useful life of equipment and compliance with other financing requirements.
- You will receive an acknowledgment letter from the Office of the State Treasurer that the NOI has been received and a contract number has been assigned for your transaction. The Office of the State Treasurer will send a copy of the NOI to your county treasurer for cash management and overlapping debt compliance. *We recommend waiting to receive formal written approval before making financial commitments.*
- We will provide financing forms to local governments that submit a Notice of Intent. Local governments should tell us the format in which they would like to receive financing documents: (a) from our website at www.tre.wa.gov; (b) paper version via U.S. mail; or (c) electronic version (Word Version 2002) via e-mail.

2 Submit credit form, if indicated

Local governments *may* need to provide a Credit Form prior to approval.

- The LOCAL Program is available to any commission established under Title 15 RCW: libraries or regional libraries, educational service districts, the superintendent of public instruction, the school directors' association, health districts, counties, cities, towns, school districts or other municipal corporations or quasi-municipal corporations described as such by statute in the state of Washington, subject to certain credit requirements. Local governments with an existing bond rating* may use the rating as an indicator of credit qualification. *A credit rating is not a requirement for participation in the LOCAL Program.*
- All local governments must receive approval from the Office of the State Treasurer to finance through the LOCAL Program. You will receive a formal letter upon approval.
- Use the following table to determine whether your local government will need to complete a credit form.

i)	Do you have an existing bond rating of A or better from Moody's, Fitch or Standard & Poor's? * Note: For local governments who have used bond insurance to secure Aaa ratings, please use underlying rating for this purpose.	If yes, credit form is not required. (Attach a copy of rating agency letter)
ii)	Will the borrowing be repaid from a voter-approved bond levy?	If yes, credit form is not required. (Attach certification of election results)
iii)	If no to i) & ii) above.	A credit form is required.

3 Submit completed financing documents

The state's certificate counsel has worked with the Office of the State Treasurer to create standardized financing documents for LOCAL financing. Because all financing documents provided by the Office of the State Treasurer are standardized, they are not subject to negotiation or amendment. Documents must be completed by the local government and signed by an authorized representative of the local government. *Documents returned to the Office of the State Treasurer must have original signatures.*

- Financing documents should be completed, signed, and forwarded to the Office of the State Treasurer.
- After written approval for financing is received, a local government may acquire and pay for the property. Approval for financing may be contingent on certain criteria being satisfied.

The LOCAL Program can be used to finance personal and real property

- ◆ **For equipment**, local governments have two options.
 - A. Acquire the equipment, pay the vendor and request reimbursement through the LOCAL Program.
 - B. Proceeds from the LOCAL program may be paid by the Office of the State Treasurer directly to the vendor, based on instruction from the local government. LOCAL program funds should be disbursed within 60 days of issuance.
- ◆ **For real estate**, local governments have several options.
 - A. Acquire the property or complete construction/remodel, through available funds, and request reimbursement through the LOCAL Program.
 - B. Finance through LOCAL for construction projects (construction contract should be in place prior to financing)
 - C. Refinance an existing loan through the LOCAL Program.

Equipment financing

Forms provided by the Office of the State Treasurer

- A. **Notice of intent** – Notifies the Office of the State Treasurer of dollar amounts, dates and contact person(s) for the upcoming financing. (page 9).
- B. **Credit form** – Information to judge the agency's legal ability to incur the debt (assessment of debt capacity) and its ability to repay the debt (assessment of debt affordability). (pages 13 - 15)
- C. **Form of reimbursement resolution:** Required if agency is planning to seek reimbursement through the LOCAL Program. (page 17)
- D. **Authorizing resolution or, for cities, authorizing ordinance** – Authorizes the financing of the property through the LOCAL program and designates the number of individuals required to execute the financing with the Office of the State Treasurer. (page 18 or 19)
- E. **Certificate of authorizing resolution or ordinance** – to certify a true copy of a resolution (page 22)
- F. **Certificate of authorized agency representatives** – Designates the agency representatives authorized to execute the financing and states the number of signatures required. (page 23)
- G. **Local agency financing contract personal property** - Establishes the contractual obligations of the local agency in the transaction and confirms the intent of the agency to acquire equipment through installment purchase agreements and remit installment payments to the Office of the State Treasurer. (page 25)
- H. **Personal property certificate** – Describes the equipment, the vendor(s), and the amount to be financed and directions for disbursement. (page 24)
- I. **Escrow Letter**—Local agency legal counsel requests Office of the State Treasurer to hold opinion of local agency counsel letter in escrow until the dated date
- J. **Opinion of local agency counsel** – Legal opinion on behalf of the local agency verifying its authority to enter into the contract. *It is not the intent of this requirement to solicit a local counsel opinion on the financing documents.* (page 31)
- K. **Tax certificate** –Information about compliance with IRS regulations to ensure the tax-exempt status of the COP issue. By signing the tax certificate, the agency acknowledges it has read, understands and will comply with the IRS regulations. (pages 33 - 35)
- L. **Evidence of incumbency** – Certificate from the state auditor or ESD identifying the governing body with names and terms of office. (page 36)

Real estate financing

Forms provided by the Office of the State Treasurer

- A. **Notice of intent** - Notifies the Office of the State Treasurer of upcoming financing dollar amounts, dates and contact person(s). (page 9)
- B. **Real estate worksheet** - Provides information about the real property to be financed. (pages 10 - 12)
- C. **Credit form** - Provides the information needed to analyze the agency's legal ability to incur the debt (assessment of debt capacity) and its ability to repay the debt (assessment of debt affordability). (pages 13 - 15)
- D. **Form of reimbursement resolution:** Required if agency is planning to seek reimbursement through the LOCAL Program. (page 17)
- E. **Authorizing resolution or, for cities, authorizing ordinance** - Authorizes the financing of the property through the LOCAL program and designates the number of individual(s) required to execute the financing with the Office of the State Treasurer. (page 20 or 21)
- F. **Certificate of authorizing resolution or ordinance** - to certify a true copy of a resolution (page 22)
- G. **Certificate of authorized agency representatives**- Designates the agency representatives authorized to execute the financing and states the number of signatures required. (page 23)
- H. **Local agency financing lease Real Property**- local agency - Agreement between the local agency and the nominal lessor that provides for the use of the land and facility in exchange for lease payments to be made by the agency. The Office of the State Treasurer appoints a nominal lessor, currently the Washington Finance Officers Association (the "Corporation"). (page 26)
- I. **Local agency site lease** - Agreement between the local agency and the nominal lessor that provides for the lease of the land for a period that usually extends five years beyond the term of the financing lease. The site lease provides security for the financing lease. (pages 27 - 30)
- J. **Escrow Letter**---Local agency legal counsel requests Office of the State Treasurer to hold opinion of local agency counsel letter in escrow until the dated date.
- K. **Opinion of local agency counsel** - Legal opinion on behalf of the local agency verifying its authority to enter into the contract and that the agency has legally adopted the resolution(s). *It is not the intent of this requirement to solicit a local counsel opinion on the financing documents.* (page 32)
- L. **Tax certificate** - Information about compliance with IRS regulations to ensure the tax-exempt status of the COP issue. By signing the tax certificate, the agency acknowledges it has read, understands and will comply with the IRS regulations. (pages 33 - 35)
- M. **Evidence of incumbency** - Certificate from the state auditor or ESD identifying the governing body with names and terms of office. (page 36)

N. Information to be provided by the local agency

- A. **Evidence of insurance.** Contact your insurance agent for a certificate of insurance on the property to be financed. At a minimum, hazard insurance for the amount of the financing (or guaranteed replacement) and a \$1 million liability policy are required.
- B. **Title insurance.** Provide a copy of your title insurance policy for real property transactions.

Remember: To be included in the next COP issue, the local government is responsible for completing all required documentation, with original signatures, and providing it by the All Documents In cutoff date to the Office of the State Treasurer.

Timing

This overview of the LOCAL schedule can help you plan the timing of financing requests. We recommend allowing additional time the first time a local agency uses the program.

The Office of the State Treasurer pools state agency and local government requests into quarterly offerings of securities. Therefore, only those applications that have completed and acknowledged NOI's, credit forms (if required) and completed financing documents will be included in a securities offering. Completed applications received after the cutoff date will be held and included in the next offering.

Cutoff and funding dates:

Funds Available	Project Type	NOI Cut-Off	All Documents In Cut-Off	First Payment Due
Mid-March	Equipment	February 1*	February 1*	June 1 year of issue**
	Real Estate	January 1*		
Mid-June	Equipment	May 1*	May 1*	December 1, year of issue**
	Real Estate	April 1*		
Mid-September	Equipment	August 1*	August 1*	December 1, year of issue**
	Real Estate	July 1*		
Mid-December	Equipment	November 1*	November 1*	June 1, following year**
	Real Estate	October 1*		

*When the 1st falls on a weekend or holiday, the cutoff date will be the next business day.

**Each local agency payment will include principal and interest

LOCAL securities are generally sold the first week of the month following the cutoff date. Sale proceeds are disbursed approximately the middle of that month.