

Leedy



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STATE OF IOWA  
LEGISLATIVE FISCAL BUREAU

MEMORANDUM

TO: Legislative Fiscal Committee

FROM: Dave Reynolds

DATE: May 20, 2003

RE: Cherokee Mental Health Institute Lease Purchase Notification

The Cherokee Mental Health Institute (MHI) of the Department of Human Services has submitted a lease purchase notification for the purchase of a detection system that allows for the tracking of patients and staff throughout the hospital. The system is needed to provide increased security and safety at the new facility housing the Civil Commitment Unit for Sexual Offenders at Cherokee.

The total cost of the system is estimated at \$301,000. This includes \$277,000 in principal and \$24,000 in interest. The estimated interest rate of the agreement is 3.35% for a period of five years. Annual payments will total approximately \$60,000. The annual lease payments will be paid from appropriated funds.

Attached are the materials received from the Department regarding this lease purchase proposal.

If you have any questions, do not hesitate to contact me at (515) 281-6934.

**LEASE-PURCHASE PRIOR NOTIFICATION**

(FOR PURCHASES OF \$50,000 OR MORE)

For Reporting Requirements per Section 8.46, Code of IowaAgency Name:  
DHS - Cherokee M.H.I. / CCUSOBudget Unit/ Fund Name:  
DHS - Cherokee M.H.I. /CCUSOBudget Unit/ Fund No.: (50/50)  
407-M30 / 406-M28**ACQUISITION INFORMATION**

## Description of Acquisition:

The "Man Down" system is a combination of detection devices that allows tracking of patients and staff through out the hospital. The safety aspects will protect staff from assaults by patients, by providing a signal to other staff of their location. It will also track patient's whereabouts and signal in case of escape from MHI or CCUSO program.

Type of Acquisition <input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Continuation	Duration of Contract (Mo/Yr) 5 years Start: 7/6/03 End: 6/6/08	Contract Type: LP	Estimated Useful Life: 15 years
Funding Sources	\$	Estimated Cost if Purchased Outright:	
General Fund	\$	\$276,395.00	
Federal	\$	Principal:	
Revolving Fund	\$	\$276,395.00	
Road Use Tax	\$	Finance Charge:	
Other (Specify) via Koch Financial	\$300,573.73	\$24,178.73	
Total	\$300,573/73	Interest Rate: 3.35%	

**CASH FLOW**

	FY __04__	FY __05__	FY __06__	FY __07__	FY __08__	Total Cost
Principal	\$51,643.66	\$53,400.53	\$55,217.18	\$57,095.64	\$59,037.99	\$276,395.00
Interest	\$8,471.08	\$6,714.21	\$4,897.54	\$3,019.13	\$1,076.77	\$24,178.73
Total	\$60,114.74	\$60,114.74	\$60,114.72	\$60,114.76	\$60,114.76	\$300,573.73

**JUSTIFICATION/CONSEQUENCES OF DELAY OR ABANDONMENT**

We work with acute patients and CCUSO patients; these patients are here because they have hurt themselves or others. This system will assist us in monitoring patients and protecting our staff by a faster notification and responses to emergencies or escapes. We have never had this capability in the past; our hope is we will have fewer injuries of staff and patients. In the past we have lost staff to injuries, they are unable to return to work and are on long term disability.....hopefully this system will help us reduce or even eliminate these sorts of injuries and attacks. Delays, we would maintain status quo, and continue to have patient and staff at risk.

Contact Person:  
Tony R. MorrisTitle:  
Business Manager - MHI/CCUSO -  
PSEIII

Phone Number: (712) 225-6922

Date: 5/19/03