

Agenda Summary Report (ASR)

Franklin County Board of Commissioners

DATE SUBMITTED: 01/30/2020	PREPARED BY: Matt Mahoney, Public Works Director
Meeting Date Requested: 02/11/2020	PRESENTED BY: Matt Mahoney, Public Works Director
ITEM: (Select One) <input checked="" type="checkbox"/> Consent Agenda	<input type="checkbox"/> To Be Brought Before the Board Time needed: <u>N/A</u>
SUBJECT: Extension of Inter-fund loan repayment from Motor Vehicle Fund to County Roads Fund.	
FISCAL IMPACT: The extension of the inter-fund loan repayment from Motor Vehicle Fund to County Roads Fund will not result in any reduction of work planned in the 2020 County Road Budget, nor will it impact the reserve maintained specifically for cash flow purposes. The extension of the inter-fund loan repayment is necessary to ensure the Motor Vehicle Fund does not encounter a fund deficit and is able to maintain its budgeted operations.	
BACKGROUND: On May 15, 2018, the Board approved Resolution 2018-137 authorizing an inter-fund loan from the 2018 County Roads Fund (Miscellaneous Fund 150) to the 2018 Motor Vehicle Fund (Miscellaneous Fund 500). Further, the Board authorized the County Administrator to initiate vouchers, on an as-needed basis, from 2018 County Roads Fund (Miscellaneous Fund 150) for this purpose, the sum of all vouchers not to exceed \$500,000. The repayment for principal (sum of all vouchers) and interest of this loan were to occur as adequate reserves were achieved and there was assurance that the Motor Vehicle Fund would not encounter a fund deficit, and was able to maintain its budgeted operations. Full repayment of the principal (sum of all vouchers) and interest of this loan were to occur no later than December 31, 2019 at an interest rate equal to the Washington Local Government Investment Pool (LGIP) rate, commencing with the approval of the subject resolution. The ER&R Fund (Motor Vehicle Fund) is an internal service fund for accounting purposes, and set up as required to be self-sustaining and to that end, the Public Works Department has implemented the necessary internal controls and policies, established appropriate rental rates, developed efficiencies in the maintenance shop, controlled spending, and delayed the replacement of vehicles and equipment. As stated above, one of the measures employed in the rebuilding of the Motor Vehicle Fund was the delay on the replacement of vehicles and equipment. Although this has had a positive effect on the overall health of the ER&R Fund, it has also had a negative impact on operational costs, specifically the likelihood of catastrophic failure. Since 2015, we have experienced catastrophic failures to vehicles and equipment totaling \$500,000 (ROUNDED). In 2016/2017 Franklin County experienced one the worst winters and snow falls seen in recent years. This resulted in a declaration by the Governor of the State of Washington to declare a State of Emergency for many counties in our state, including Franklin County. The financial impact to the Motor Vehicle Division was experienced with the decline of the Maintenance Shop's roof, requiring nearly \$120,000 (ROUNDED) in repairs and remediation. The shop also experienced a break in and theft, on February 18, 2018, with an approximate loss of \$23,510. This also required additional security measures to be implemented at a cost of \$15,000. The total unanticipated costs to the motor vehicle fund, since 2015, is \$658,510.00 (ROUNDED). To insure that we are able to sustain adequate reserves for future years, it is necessary for the re-payment of the principal and interest of this loan, enshrined in Resolution 2018-137, to be due by December 31, 2021.	

RECOMMENDATION:

Staff recommends that the Board approve an extension of the inter-fund loan repayment from Motor Vehicle Fund to County Roads Fund with full repayment of the principal and interest of the existing loan, enshrined in Resolution 2018-137, to occur no later than December 31, 2021 at an interest rate equal to the Washington Local Government Investment Pool (LGIP) rate, commencing with the approval of this resolution.

Suggested Motion: I hereby move that the Board of Franklin County Commissioners approve an extension of the inter-fund loan repayment from Motor Vehicle Fund to County Roads Fund with full repayment of the principal and interest of the existing loan, enshrined in Resolution 2018-137, to occur no later than December 31, 2021 at an interest rate equal to the Washington Local Government Investment Pool (LGIP) rate, commencing with the approval of this resolution.

COORDINATION:

This package has been discussed with and is supported by Craig Erdman, County Engineer/Assistant Public Works Director, Thomas Westerman, Auditor’s Director of Finance, Tim Anderson, Auditor’s Accounting Supervisor, and Maisy Stein, Auditor’s Accountant III.

ATTACHMENTS:

The documents included in this package are as follows:

- 1. DRAFT Resolution
- 2. COPY Resolution 2018-137

HANDLING / ROUTING:

To the Clerk of the Board: 1 – Original Resolution
 To the Auditor/Accounting: 1 – Copy Resolution

To the Public Works Department: 1 – Copy Resolution
 To the Treasurer: 1 – Copy Resolution

I certify the above information is accurate and complete.



 Matt Mahoney, Public Works Director

FRANKLIN COUNTY RESOLUTION _____

**BEFORE THE BOARD OF COMMISSIONERS OF
FRANKLIN COUNTY WASHINGTON**

***EXTENSION OF INTER-FUND LOAN REPAYMENT
FROM MOTOR VEHICLE FUND TO COUNTY ROADS FUND***

WHEREAS, on May 15, 2018, the Board approved Resolution 2018-137 authorizing an inter-fund loan from the 2018 County Roads Fund (Miscellaneous Fund 150) to the 2018 Motor Vehicle Fund (Miscellaneous Fund 500); and

WHEREAS, the Board authorized the County Administrator to initiate vouchers, on an as-needed basis, from 2018 County Roads Fund (Miscellaneous Fund 150) for this purpose, the sum of all vouchers not to exceed \$500,000; and

WHEREAS, the repayment for principal (sum of all vouchers) and interest of this loan were to occur as adequate reserves were achieved and there was assurance that the Motor Vehicle Fund would not encounter a fund deficit, and was able to maintain its budgeted operations; and

WHEREAS, full repayment of the principal (sum of all vouchers) and interest of this loan were to occur no later than December 31, 2019 at an interest rate equal to the Washington Local Government Investment Pool (LGIP) rate, commencing with the approval of the subject resolution; and

WHEREAS, the ER&R Fund (Motor Vehicle Fund) is an internal service fund for accounting purposes, and set up as required to be self-sustaining and to that end, the Public Works Department has implemented the necessary internal controls and policies, established appropriate rental rates, developed efficiencies in the maintenance shop, controlled spending, and delayed the replacement of vehicles and equipment; and

WHEREAS, as stated above, one of the measures employed in the rebuilding of the Motor Vehicle Fund was the delay on the replacement of vehicles and equipment. Although this has had a positive effect on the overall health of the ER&R Fund, it has also had a negative impact on operational costs, specifically the likelihood of catastrophic failure; and

WHEREAS, since 2015 we have experienced catastrophic failures to vehicles and equipment totaling \$500,000 (ROUNDED), in 2016/2017 Franklin County experienced one the worst winters and snow falls seen in recent years which resulted in a declaration by the Governor of the State of Washington to declare a State of Emergency for many counties in our state, including Franklin County, of which the financial impact to the Motor Vehicle Division was experienced with the decline of the Maintenance Shop's roof, requiring nearly \$120,000 (ROUNDED) in repairs and remediation, and the shop experienced a break in and theft, on February 18, 2018, with an approximate loss of \$23,510, which required additional security measures to be implemented at a cost of \$15,000; and

WHEREAS, the total unanticipated costs to the motor vehicle fund, since 2015, is \$658,510.00 (ROUNDED); and

WHEREAS, to insure that the Motor Vehicle Fund is able to sustain adequate reserves for future years, it is necessary for the re-payment of the principal and interest of a loan, enshrined in Resolution 2018-137, to be due by December 31, 2021.

FRANKLIN COUNTY RESOLUTION _____

NOW, THEREFORE, BE IT RESOLVED the Board of Franklin County Commissioners hereby approves an extension of the inter-fund loan repayment from Motor Vehicle Fund (Miscellaneous Fund 500) to County Roads Fund (Miscellaneous Fund 150) with full repayment of the principal and interest of the existing loan, enshrined in Resolution 2018-137, to occur no later than December 31, 2021 at an interest rate equal to the Washington Local Government Investment Pool (LGIP) rate, commencing with the approval of this resolution.

APPROVED this 11th day of February, 2020.

**BOARD OF COUNTY COMMISSIONERS
FRANKLIN COUNTY, WASHINGTON**

Chair

Chair Pro Tem

Attest: _____
Clerk of the Board

Member

Originals: Clerk of the Board

Copy: Public Works Department
Auditor – Accounting
Treasurer

FRANKLIN COUNTY RESOLUTION 2018 137

BEFORE THE BOARD OF COMMISSIONERS OF
FRANKLIN COUNTY WASHINGTON

*AUTHORIZING AN INTERFUND LOAN FROM
THE 2018 COUNTY ROAD FUND (MISCELLANEOUS FUND 150)
TO THE 2018 MOTOR VEHICLE FUND (MISCELLANEOUS FUND 500)*

WHEREAS, the ER&R Fund (Motor Vehicle Fund) is an internal service fund for accounting purposes, and set up as required to be self-sustaining and to that end, the Public Works Department has implemented the necessary internal controls and policies, established appropriate rental rates, developed efficiencies in the maintenance shop, controlled spending, and delayed the replacement of vehicles and equipment; and

WHEREAS, one of the measures employed in the rebuilding of the Motor Vehicle Fund was the delay on the replacement of vehicles and equipment. Although this has had a positive effect on the overall health of the ER&R Fund, it has also had a negative impact on operational costs, specifically the likelihood of catastrophic failure; and

WHEREAS, since 2015, the Public Works Department has experienced catastrophic failures to vehicles and equipment totaling \$300,000 (ROUNDED); and

WHEREAS, on February 20, 2017, the Board of Franklin County Commissioners declared and resolved, via Franklin County Resolution Number 2017-048, a county-wide emergency resulting from severe winter storms and related flooding; and

WHEREAS, the financial impact to the Motor Vehicle Division, as a result of the severe winter storms and related flooding, is still being experienced with the decline of the Maintenance Shop's roof, requiring nearly \$120,000 (ROUNDED) in repairs and remediation; and

WHEREAS, the Maintenance Shop also experienced a break in and theft, on February 18, 2018, with an approximate loss of \$23,510, which required additional security measures to be implemented at a cost of \$15,000; and

WHEREAS, the total unanticipated costs to the Motor vehicle fund, since 2015, is estimated to be \$458,510.00; and

WHEREAS, to insure that Motor Vehicle Fund is able to sustain adequate reserves for future years, it is necessary for the re-payment of the principal and interest of this loan to be due by December 31, 2019, and to delay Motor Vehicle's 2018 payment on the principal of its current loan from County Roads, enshrined in Resolution 2015-221, until December 31, 2019.

WHEREAS, an interfund loan from the 2018 County Road Fund (Miscellaneous Fund 150) to the 2018 Motor Vehicle Fund (Miscellaneous Fund 500), is necessary to ensure the Motor Vehicle Fund does not encounter a fund deficit, and is able to maintain its budgeted operations; and

WHEREAS, it is necessary to create line items within the 2018 County Road Fund (Miscellaneous Fund 150) to the 2018 Motor Vehicle Fund (Miscellaneous Fund 500), to reflect the loan.

FRANKLIN COUNTY RESOLUTION 2018 137

NOW, THEREFORE, BE IT RESOLVED the Board of Franklin County Commissioners hereby approves an interfund loan from the 2018 County Road Fund (Miscellaneous Fund 150) to the 2018 Motor Vehicle Fund (Miscellaneous Fund 500).

BE IT FURTHER RESOLVED, the Board of Commissioners hereby authorizes creation of expenditure line item 58110150 (Interfund Loans – Motor Vehicle) within the 2018 County Road Fund (Miscellaneous Fund 150) for issuance of loan.

BE IT FURTHER RESOLVED, the Board of Commissioners hereby authorizes creation of revenue line item 38110150 (Interfund Loans Received – County Roads) within the 2018 Motor Vehicle Fund (Miscellaneous Fund 500), for receipt of loan.

BE IT FURTHER RESOLVED, the Board of Commissioners hereby authorizes the County Administrator to initiate vouchers, on an as-needed basis, from 2018 County Roads Fund (Miscellaneous Fund 150) for this purpose, the sum of all vouchers not to exceed \$500,000.

BE IT FURTHER RESOLVED, the Board of Commissioners hereby authorizes the delay of the Motor Vehicle Fund's 2018 payment on the principal of its current loan from County Roads, enshrined in Resolution 2015-221, until December 31, 2019

BE IT FURTHER RESOLVED, repayment for principal (sum of all vouchers) and interest of this loan will occur as adequate reserves are achieved and there is assurance that the Motor Vehicle Fund will not encounter a fund deficit, and is able to maintain its budgeted operations. Full repayment of the principal (sum of all vouchers) and interest of this loan must occur no later than December 31, 2019 at an interest rate equal to the Washington Local Government Investment Pool (LGIP) rate, commencing with the approval of this resolution.

APPROVED this 15th day of May, 2018.

**BOARD OF COUNTY COMMISSIONERS
FRANKLIN COUNTY, WASHINGTON**


Chair


Chair Pro Tem

Attest: 
Clerk of the Board


Member

Originals: Clerk of the Board

Copy: Public Works Department
Auditor – Accounting
Treasurer