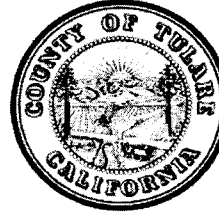


AUDITOR/CONTROLLER

221 South Mooney Blvd., Room 101-E • Visalia, Ca 93291-4593 • FAX (559) 730-2547



COUNTY OF TULARE

RITA A. WOODARD
Auditor-Controller
Treasurer-Tax Collector
(559) 733-6345

VERNON MCDONALD, CPA
Assistant Auditor-Controller
(559) 733-6346

AGENDA ITEM

REVISED

Item # _____

DATE: January 23, 2007

SUBJECT: VEHICLE PURCHASES FOR FISCAL YEAR 2006/2007

REQUEST: Approve the purchase of 97 replacement vehicles per Attachment A and authorize payment for those vehicles from the Workers' Compensation Insurance Fund.

SUMMARY & JUSTIFICATION: The County's vehicle replacement plan for 2006/2007 includes 97 vehicles at an estimated cost of \$2,052,000. It is recommended that the vehicles be funded internally from the projected reserve in the Workers' Compensation Insurance Fund, which will be approximately \$20 million in fiscal year 2006/2007. The interest rate to repay the Workers' Compensation Insurance Fund will be at the County Treasury Pool's annual rate, which is the prior fiscal year's average of the fiscal year rates, net of fees: 3.42% for 2005/06.

The account receivable established in the Workers' Compensation Insurance Fund as a result of the borrowing of funds would be considered part of the reserve established by an Actuary, just as any other type of investment. The account receivable would represent, at most, less than 20% of the reserve and would not compromise the liquidity of the reserve.

Upon approval of the Board, the required funds will be transferred from the Workers' Compensation Insurance Fund to the General Fund as needed. Annual repayments to the Workers' Compensation Insurance Fund will include the interest described above. Participating departments' first annual payment will be made after June 30, 2007 and the final payment is scheduled for June, 2010.

There are many advantages to borrowing funds internally versus an outside lender:

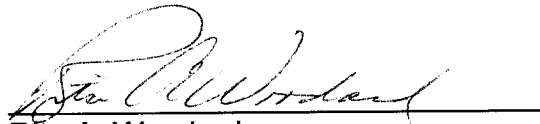
- 1) The County will hold title to the vehicles immediately. If a vehicle is involved in an accident, we can process our insurance claim without the delay of dealing with a third party, who holds the pink slip.
- 2) The County will not be borrowing money any sooner than necessary. A transfer from Workers' Compensation Insurance Fund will occur only when vehicles are actually delivered, thereby minimizing the amount of interest paid.
- 3) The Pool annual interest rate is expected to be less than the interest rate charged by an outside lender, resulting in a projected savings.
- 4) Borrowing the necessary funds from an internal service fund (like the Workers' Compensation Insurance Fund) means that any interest paid back to that fund will result in reduced charges to all County departments in the future. This is more beneficial to the County compared to borrowing from an enterprise fund (like the Solid Waste Fund) where any interest paid will stay with the enterprise fund and will have no future benefit to other County departments.

FINANCING: The term of repayment by participating departments is 3 years as indicated on the Attachment A. The County is required to repay the Workers' Compensation Insurance Fund within 36 months. The required principal and interest payments at the Pool annual interest rate will be obtained by annual charges to budgets of the County agencies and funds benefiting from the use of the vehicles until the cost of the vehicles are fully amortized.

ALTERNATIVES: Not approve the "internal borrowing" and select an outside vendor to fund the purchases, select another method of obtaining the 2006/2007 vehicles, not buy replacement vehicles, or direct staff to take other action.

INVOLVEMENT OF OTHER DEPARTMENTS OR AGENCIES: County Administrative Office will budget for the transfer of funds from the Workers' Compensation Insurance Fund to the General Fund. The Purchasing Agent will insure the department's requested vehicles are in compliance with the County's Vehicle Replacement Policy and will order the vehicles at the most favorable prices. The Resource Management Agency will be responsible for fleet management of all vehicles.

ADMINISTRATIVE SIGN OFF:



Rita A. Woodard
Auditor-Controller/Treasurer/Tax Collector

RAW:jc

cc: Brian Haddix, County Administrative Officer
Kathleen Bales-Lange, County Counsel
Henry Hash, Director, Resource Management Agency

Attachment A
County of Tulare
Vehicle List for FY 06/07 Financing

Quantity	Description	Price Per	Extended Cost	Years
22	Sheriff Patrol Cars	\$ 27,000	\$ 594,000	3
1	1-ton Box w/ Lift	35,000	35,000	3
1	3/4-ton PU Truck	21,000	21,000	3
1	Cargo Van	18,000	18,000	3
12	Compact PU Truck	14,000	168,000	3
5	Compact Sedan	23,000	115,000	3
2	Half-ton 4x4 Mega w/ winch	35,000	70,000	3
3	Half-ton PU Truck	18,000	54,000	3
1	Half-ton Quad Cab	20,000	20,000	3
42	Intermediate Sedan	19,000	798,000	3
5	Prisoner Transport Vans	23,000	115,000	3
2	SUV	22,000	44,000	3
97		finance over 3 years	\$ 2,052,000.00	

Compiled from information received from Resource Management Agency Motorpool.

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF VEHICLE)	
PURCHASES FOR FISCAL)	RESOLUTION NO.
YEAR 2006/2007)	

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOLLOWING WAS ADOPTED BY THE
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD _____, BY THE
FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: C. Brian Haddix,
ADMINISTRATIVE OFFICER/CLERK
BOARD OF SUPERVISORS

BY: _____
Deputy Clerk

Approved the purchase of 97 replacement vehicles per Attachment A and authorized payment for those vehicles from the Workers' Compensation Insurance Fund.

Auditor
CAO
Purchasing
RMA