



AUDITOR-CONTROLLER COUNTY OF TULARE AGENDA ITEM

ALLEN ISHIDA District One

PETE VANDER POEL District Two

PHILLIP A. COX

J. STEVEN WORTHLEY
District Four

MIKE ENNIS District Five

AGENDA DATE:	March 16,	2010 -	REVISED
· · · · · · · · · · · · · · · · · · ·	14101011101		

Public Hearing Required Yes No N/A Scheduled Public Hearing w/Clerk Yes No N/A N/A Published Notice Required Yes No N/A Advertised Published Notice Yes No N/A Meet & Confer Required Yes No N/A Delectronic file(s) has been sent Yes No N/A Delectronic file(s) has been sent Yes No N/A Dersonnel Resolution attached Yes No N/A Personnel Resolution attached Yes No N/A Resolution, Ordinance or Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s) Yes No N/A CONTACT PERSON: Tara Webley PHONE: 559-636-5206
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SUBJECT:

Vehicle Purchases for Fiscal Year 2009/2010

REQUEST(S):

That the Board of Supervisors:

- 1. Approve the purchase of 8 replacement vehicles per Attachment A; and
- 2. Authorize payment for those vehicles with a loan from the Workers' Compensation Insurance Fund.
- 3. Authorize the necessary budget adjustments per the attached AUD 308 (4/5^{ths} vote required).

SUMMARY:

The County's replacement plan for 2009/2010 includes 8 patrol vehicles at a purchase price of approximately \$240,000. 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 2009/2010. 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 four (4) quarterly Effective Rate of Return and Earnings rates, net of fees: 4.43% for 2008/09.

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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. The Sheriff department's first annual payment will be made before June 30, 2010 and the final payment is scheduled for May 2013.

FISCAL IMPACT/FINANCING:

The term of repayment for the Sheriff's department is three (3) years as indicated on the Attachment A. Approximately \$87,600 is required to be paid in FY 2009/2010, of which \$48,300 is included in the Sheriff's FY 2009/2010 operating budget. The remaining \$39,300 will be transferred from the Sheriff's Vehicle Replacement Trust Fund 510. The attached AUD 308 will adjust the Sheriff's FY 2009/2010 budget accordingly. 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 the Sheriff department's budget and funds benefiting from the use of the vehicles until the cost of the vehicles are fully amortized.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

There are many advantages to borrowing funds internally versus an outside lender which effectively link to the County's five-year strategic plan that includes the Organization Performance Initiative to provide for the stability of County operations through periods of economic fluctuations and changing priorities and service demands:

- 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 the Workers' Compensation Insurance Fund will occur only when vehicles are actually delivered, thereby minimizing the amount of interest paid.
- 3) Pool annual interest rate is expected to be less than the interest rate charged by an outside lender, resulting in a projected savings.

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ALTERNATIVES:

Not approve the "internal borrowing" and select an outside vendor to fund the purchases; select another method of obtaining the 2009/2010 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. The Auditor's Office will make the necessary budget adjustments per the attached AUD 308.

ADMINISTRATIVE SIGN-OFF:

Rita A. Woodard

Auditor-Controller/Treasurer/Tax Collector

Cc: Auditor/Controller County Counsel

County Administrative Office (2)

Attachment A - Vehicle List for FY 09/10 Financing Attachment B - AUD 308

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

IN THE MATTER OF VEHICLE PURCHASES FOR FISCAL YEAR 2009/2010) RESOLUTION NO			
	OR, SECONDED BY, THE FOLLOWING WAS ADOPTED BY THE			
	FFICIAL MEETING HELD			
AYES: NOES: ABSTAIN: ABSENT:				
ATTEST:	JEAN M. ROUSSEAU COUNTY ADMINISTRATIVE OFFICER/ CLERK, BOARD OF SUPERVISORS			
BY:	Deputy Clerk			
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- 1. Approved the purchase of 8 replacement vehicles per Attachment A; and
- 2. Authorized payment for those vehicles with a loan from the Workers' Compensation Insurance Fund.
- 3. Authorized the necessary budget adjustments per the attached AUD 308 (4/5^{ths} vote required).

Attachment A County of Tulare Vehicle List for FY 09/10 Financing

Quantity	Description	Price Per	Extended Cost	Years
5	Sherriff Patrol Cars	27,000	135,000	3
3	_Sheriff Patrol SUV	35,000	105,000	3
8	Vehicles		\$ 240,000	

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					Tulare	-	Sheriff's Department	Contact Person	Phone	Ext
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