



**AUDITOR-CONTROLLER
COUNTY OF TULARE
AGENDA ITEM**

BOARD OF SUPERVISORS

ALLEN ISHIDA
District One
PETE VANDER POEL
District Two
PHILLIP A. COX
District Three
J. STEVEN WORTHLEY
District Four
MIKE ENNIS
District Five

AGENDA DATE: March 16, 2010 - REVISED

Public Hearing Required	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Published Notice Required	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Advertised Published Notice	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Electronic file(s) has been sent	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Resolution, Ordinance or Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>

CONTACT PERSON: Tara Webley PHONE: 559-636-5206

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.

SUBJECT: Vehicle Purchases for Fiscal Year 2009/2010
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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. _____

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: 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	

