

Agenda Summary Report (ASR)

Franklin County Board of Commissioners

DATE SUBMITTED: 01-20-2023	PREPARED BY: Len Langston, PW Finance Specialist
Meeting Date Requested: 01/31/2023	PRESENTED BY: Craig Erdman, PW Director/County Engineer
ITEM: (Select One) <input checked="" type="checkbox"/> Consent Agenda	
Brought Before the Board Time needed:	
SUBJECT: Inter-fund loan, up to \$1,000,000, from the 2023 Franklin County Reserve Fund (Miscellaneous Fund 100) to the 2023 County Road Fund (Miscellaneous Fund 150).	
FISCAL IMPACT: This loan is being requested for cash flow purposes only. It will not affect the bottom line of the 2023 County Road Fund Budget for Expenditures.	
BACKGROUND: The County Road Department has worked with the Board of Commissioners to establish an adequate reserve to fund the total costs of construction projects, maintain its budgeted maintenance activities, and accommodate cash flow. Since 2015, the County Road Fund has incurred significant impacts to its reserves due to three emergency declarations, significant cost increases along with lower than expected Motor Vehicle Fuel Tax Revenues, and decreases in the County Road Property Tax Levy. As the Board is aware, Federal and State Grant funded projects require the County to pay for all costs associated with said projects prior to reimbursement from the funding agency. This requires the County Road Fund to have adequate reserves to make such payments, and maintain all budgeted activities. For example, we currently have two major County Road Projects: a safety project and a bridge replacement under construction with estimated pay estimates of \$1,700,000 in the first three months of the year. The expected timeline of reimbursement at approximately three to four weeks. Currently, the County Road Fund does not have the necessary reserves to fund the total costs of construction projects, maintain its budgeted maintenance activities and accommodate cash flow. An Interfund loan from the 2023 Franklin County Reserve Fund (Miscellaneous Fund 100) to the 2023 County Road Fund (Miscellaneous Fund 150) is necessary to ensure the County Road Fund does not encounter a fund deficit, and is able to maintain its budgeted operations. To ensure that there are no impacts to the cash flow within the County Road Fund and no delays in payments to all vendors and contractors, we are requesting that the Board authorize the County Administrator to initiate the loan, immediately, from the 2023 Franklin County Reserve Fund for this purpose, not to exceed \$1,000,000.	
COORDINATION: This package has been discussed and coordinated with, and is supported by Duane Davidson, County Administrator, Craig Erdman, PW Director/County Engineer, Tim Anderson, Director of Finance, Laura Stark, PW Financial & Administrative Services Manager	
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RECOMMENDATION:

Staff recommends that the Board approve an inter-fund loan from the 2023 Franklin County Reserve Fund (Miscellaneous Fund 100) to the 2023 County Road Fund (Miscellaneous Fund 150), in an amount up to \$1,000,000 and authorize the County Administrator to immediately initiate the loan. We further recommend the authorization to create County Road Fund 150 budget lines 38110100 (revenue-receipt of inter-fund loan), 58120100 (expenditure-repayment of inter-fund loan), and 59295100 (interest expenditure of inter-fund loan), and County Reserve Fund 100 budget lines 58110150 (expenditure – Inter-Fund Loan), 38120150 (revenue-repayment of loan) and 36140150 (revenue-other interest-County Roads) We further recommend repayment for principle and interest to occur as revenues become available and there is assurance that the County Road Fund will not encounter a fund deficit and is able to maintain its budged operations, and repayment of the principle and interest of this loan must occur no later than December 31, 2023 at the current LGIP rate, commencing with the approval of this resolution.

ATTACHMENTS:

The documents included in the package are as follows:

- Agenda Summary Report
- Draft Resolution

HANDLING / ROUTING:

Original : Clerk of the Board Karin Milham

Copy : Public Works Director Craig Erdman

Copy : County Administrator Duane Davidson

Copy : Treasurer

I certify the above information is accurate and complete.

Name: 

Title: Public Works Director/County Engineer

FRANKLIN COUNTY RESOLUTION _____

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

**AUTHORIZING AN INTER-FUND LOAN FROM
THE 2023 FRANKLIN COUNTY RESERVE FUND (MISCELLANEOUS FUND 100)
TO THE 2023 COUNTY ROAD FUND (MISCELLANEOUS FUND 150)**

WHEREAS, the County Road Department has worked with the Board of Commissioners to establish an adequate reserve to fund the total costs of construction projects, maintain its budgeted maintenance activities, and accommodate cash flow; and

WHEREAS, since 2015, the County Road Fund has incurred a significant decline in revenues and its fund balance; and

WHEREAS, the County Road Fund does not have the necessary reserves to fund the total costs of construction projects, maintain its budgeted maintenance activities, and accommodate cash flow; and

WHEREAS, an Inter-Fund Loan from the 2023 Franklin County Reserve Fund (Miscellaneous Fund 100) to the 2023 County Road Fund (Miscellaneous Fund 150), is necessary to ensure the County Road 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 2023 Franklin County Reserve Fund (Miscellaneous Fund 100), and the 2021 County Road Fund (Miscellaneous Fund 150), to reflect the loan; and

WHEREAS, upon receipt of federal and state reimbursements for County Road projects, County Road Property Tax Levy collections, and Motor Vehicle Fuel Tax receipts, said revenues would be utilized to further ensure the County Road Fund does not encounter a fund deficit, is able to maintain its budgeted operations, and re-payment of the loan and subsequent replenishment of the Franklin County Reserve Fund.

NOW, THEREFORE, BE IT RESOLVED the Board of Franklin County Commissioners hereby approves an Inter-Fund Loan from the 2023 Franklin County Reserve Fund (Miscellaneous Fund 100) to the 2023 County Road Fund (Miscellaneous Fund 150); and

BE IT FURTHER RESOLVED, the Board of Commissioners hereby authorizes creation of expenditure line item 58110150 (Inter-fund Loans – County Road) within the 2023 Franklin County Reserve Fund (Miscellaneous Fund 100) for issuance of loan, revenue line item 38120150 (Inter-fund Loan Repayment Received – County Road), and revenue line item 36140150 (Other – Interest Received – County Road) – for receipt of Inter-Fund Loan repayment and interest; and

BE IT FURTHER RESOLVED, the Board of Commissioners hereby authorizes creation of revenue line item 38110100 (Inter-fund Loan - Reserve Fund) for receipt of loan, expenditure line item 58120100 (Inter-Fund Loan Repayments – Reserve Fund), and expenditure line item 59295100 (Interest and Other Debt Service Cost – Reserve Fund) within the 2023 County Road Fund (Miscellaneous Fund 150) for repayment of loan and interest.

BE IT FURTHER RESOLVED, the Board of Commissioners hereby authorizes the County Administrator to immediately initiate the Inter-Fund Loan from the 2023 Franklin County Reserve Fund (Miscellaneous Fund 100) for this purpose, not to exceed \$1,000,000; and

BE IT FURTHER RESOLVED, repayment for the principal and interest of this loan will occur as revenues become available and there is assurance that the County Road Fund will not encounter a fund deficit, and is able to maintain its budgeted operations. Full repayment of the principal and interest of this

loan must occur not later than December 31, 2023, at the current LGIP rate, commencing with the approval of this resolution.

APPROVED this ____ day of January, 2023.

**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