

448



**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FROM: Waste Management and Executive Office

SUBMITTAL DATE:
November 14, 2013

SUBJECT: Resolution No. 2013-276, Authorizing a Temporary Transfer of Waste Management Department Enterprise Funds to the Riverside County Regional Medical Center Enterprise Fund

RECOMMENDED MOTION: That the Board of Supervisors:


1. Adopt Resolution No. 2013-276, authorizing a temporary transfer from the Waste Management Enterprise Fund to the Riverside County Regional Medical Center Enterprise Fund; and
2. Authorize and direct the Auditor-Controller to make the budget adjustment in Attachment "A"; transfer funds in the amount of \$25,856,400 from the Waste Management Enterprise Fund to Riverside County Regional Medical Center Enterprise Fund; and, establish sub-fund 40054 for the purpose of monitoring the loan expenditures.

BACKGROUND:

Summary


On November 5, 2013, agenda item 3-10, the Board of Supervisors approved the Professional Services Agreement between the County and Huron Consulting Services, LLC in the amount of \$25,856,400. At that time, it was anticipated that a temporary transfer from the Waste Management Department Enterprise Fund would be formalized and used for the specific purpose of payment to the consultant for services per


Hans Kernkamp
General Manager-Chief Engineer


Debra Cournoyer
Deputy County Executive Officer

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 18,082,528	\$ 7,773,872	\$ 25,856,400	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

SOURCE OF FUNDS: Waste Management Department Enterprise	Budget Adjustment: Yes
	For Fiscal Year: 2013/14

C.E.O. RECOMMENDATION: APPROVE
BY: 
Ed Corser

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FORM APPROVED COUNTY COUNSEL
BY DALE A. GARDNER 11/19/13
DATE
Departmental Concurrence

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY 11/18/13

- A-30
- 4/5 Vote
- Positions Added
- Change Order

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Resolution No. 2013-276, Authorizing a Temporary Transfer of Waste Management Department Enterprise Funds to the Riverside County Regional Medical Center Enterprise Fund

DATE: November 14, 2013

PAGE: 2 of 2

the terms of the agreement. As outlined in Exhibit A to Resolution 2013-276, the temporary transfer will be repaid in full, with interest based on the annual averaged pooled rate, within ten years.

Impact on Residents and Businesses

The hospital is an undervalued asset whose financial position could improve significantly over the next 12 to 18 months, according to Huron Consulting Services, LLC (Huron). At the same time, as the financial and operational improvements are implemented, the County and Huron will develop a strategic plan for the healthcare system, enabling the County to determine the best and most rational approach to strategic partnerships and future economic alignments with other healthcare providers or industry stakeholders. Business models will be developed for consideration and may include contractual affiliation, consortium, joint venture and mergers/acquisitions. Regardless of the County's ultimate plans for the facility, an improved financial standing makes the hospital a much more valuable and attractive asset and dramatically affects future choices regarding operations. Those improvements are intended to reduce the hospital's need for General Fund support, allowing the Board to address other pressing countywide capital and operational needs.

SUPPLEMENTAL:

Additional Fiscal Information

The services provided under the agreement with Huron will occur in FY 13/14 and FY 14/15 for a fixed fee contract cost of \$22,290,000. In addition, actual out-of-pocket expenses are estimated at \$3,566,400. Total amount to be paid to Huron is estimated at \$25,856,400. Implementing Huron's recommendations is expected to generate savings and additional new revenue, producing a return on investment of three dollars for every dollar spent. It is expected that RCRMC revenue improvements and operational savings will generate sufficient funds to repay the loan from the Waste Management Department Enterprise Fund. To the extent of an insufficiency, repayment will be made from lawfully available, unencumbered General Fund revenues.

Funds from the temporary transfer from the Waste Management Department Enterprise Fund to the Riverside County Regional Medical Center Enterprise Fund will be placed in a sub-fund. All transactions will be initiated and approved by the County Executive Office. The Executive Office will monitor all activity in the sub-fund, including repayment of the transferred funds.

Schedule A
Budget Adjustment
Fiscal Year 2013/14

Increase appropriations:

40050-4300100000-524660	Consultants	\$18,082,528
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Use of net assets:

40050-4300100000-380100	Unrestricted net assets	\$18,082,528
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3 RESOLUTION NO. 2013-276

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5 A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE
6 AUTHORIZING AND APPROVING A TEMPORARY TRANSFER OF WASTE MANAGEMENT
7 DEPARTMENT ENTERPRISE FUNDS TO THE
8 RIVERSIDE COUNTY REGIONAL MEDICAL CENTER ENTERPRISE FUND

9 WHEREAS, on November 5, 2013, in accordance with agenda item 3-10, the Board of
10 Supervisors approved and authorized the Professional Services Agreement (“Agreement”) between the
11 County of Riverside (“County”) and Huron Consulting Services, LLC (“Huron”) for implementation of
12 hospital financial performance and health system strategic plan programs in the amount of Twenty-Five
13 Million Eight Hundred Fifty Six Thousand and Four Hundred Dollars (\$25,856,400); and

14 WHEREAS, it was anticipated at that time that a temporary transfer between the Riverside
15 County Regional Medical Center Enterprise Fund (“RCRMC”) and the Waste Management Department
16 Enterprise Fund (“Waste”) in the amount of Twenty-Five Million Eight Hundred Fifty Six Thousand and
17 Four Hundred Dollars (\$25,856,400) would be formalized for the specific purpose of payment to Huron for
18 services per the terms of the Agreement approved by the Board; and

19 WHEREAS, California Government Code Section 25252 authorizes the Board of
20 Supervisors to establish and abolish those funds necessary for the proper transaction of the business of the
21 County and further provides that the Board of Supervisors may authorize the County Auditor to perform
22 this function; and

23 WHEREAS, California Government Code Sections 25252 and 25261 authorize the Board of
24 Supervisors to make transfers from one fund to another as the public interest requires and further provides
25 that the Board may by resolution authorize the County Auditor to make such transfers from one fund to
26 another when the Board of Supervisors has authority over each fund; and
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FORM APPROVED COUNTY COUNSEL
BY: *Dale Gardner*
DALE A. GARDNER
DATE: 11/19/13

1 WHEREAS, the Board of Supervisors has authority over the Waste Disposal Enterprise
2 Fund and the Riverside County Regional Medical Center Enterprise Fund and the public interest requires a
3 temporary transfer to be made from the Waste Disposal Enterprise Fund to the Riverside County Regional
4 Medical Center Enterprise Fund in the amount of Twenty-Five Million Eight Hundred Fifty Six Thousand
5 and Four Hundred Dollars (\$25,856,400); and

6
7 WHEREAS, California case law (*Auerbach v. Board of Supervisors of County of Los*
8 *Angeles*, 71 Cal. App. 4th 1427 (1999)) establishes the right of counties to temporarily transfer and loan
9 money between funds until said moneys are needed to be spent for their original, intended purpose; and

10 WHEREAS, the Twenty-Five Million Eight Hundred Fifty Six Thousand and Four Hundred
11 Dollars (\$25,856,400) to be transferred from the Waste Disposal Enterprise Fund to the Riverside County
12 Regional Medical Center Enterprise Fund is not anticipated to be utilized for its original, intended purpose
13 within the next ten (10) years and the temporary transfer is to be repaid, with interest at the rate and times
14 specified in Exhibit A, to the Waste Disposal Enterprise Fund from the Riverside County Regional Medical
15 Center Enterprise Fund before said Twenty-Five Million Eight Hundred Fifty Six Thousand and Four
16 Hundred Dollars (\$25,856,400) is needed for its original, intended purpose; and

17
18 NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of
19 Riverside assembled in regular session as follows:

- 20 1. The above recitals are true and correct.
- 21 2. The Auditor/Controller of the County is hereby authorized and directed to make a
22 temporary transfer of Twenty-Five Million Eight Hundred Fifty Six Thousand and Four Hundred Dollars
23 (\$25,856,400) from the Waste Disposal Enterprise Fund (sub-fund 40200) to the Riverside County
24 Regional Medical Center Enterprise Fund (sub-fund 40054). In addition, the Auditor/Controller of the
25 County is hereby authorized and directed to make the necessary journal entries and to take such further acts
26 as are necessary or convenient to affect the temporary transfer and repayment as set-forth here-in.
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1 3. The Auditor/Controller of the County is hereby authorized and directed to repay the
2 transferred amount with interest from the Riverside County Regional Medical Center Enterprise Fund (sub-
3 fund 40054) as set-forth in Exhibit A.

4 4. The Auditor/Controller of the County shall ensure that the entire amount of the
5 temporary transfer authorized by this resolution is repaid to the Waste Disposal Enterprise Fund (sub-fund
6 40200) by the Riverside County Regional Medical Center Enterprise Fund no later than ten (10) years from
7 the date of the transfer. To the extent that insufficient amounts have been received in the Riverside County
8 Regional Medical Center Enterprise Fund to repay the entire amount of the temporary transfer plus interest
9 in ten (10) years, the repayment of any remaining, unpaid balance and interest shall come from such other
10 unencumbered County General Fund monies as are lawfully available to make the repayment.

11 5. The Auditor/Controller of the County and any other County Officers are hereby
12 authorized to take such additional actions as are necessary or convenient to carry out the effect of this
13 resolution.

14 6. This resolution shall take effect from and after its date of adoption.

15 Passed and adopted by the Riverside County Board of Supervisors on this ____ day of
16 _____, 2013.

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John J. Benoit, Chairman
Riverside County Board of Supervisors

(SEAL)

ATTEST:

Clerk of the Board of Supervisors

Resolution No. 2013-276

Exhibit A

Riverside County Regional Medical Center Enterprise Fund
Payment Schedule for Funds Transferred from
Waste Management Department Enterprise Fund

Period	Payments	Balance
11/27/2013	0	\$25,856,400
6/30/2014	0	\$25,856,400
6/30/2015	0	\$25,856,400
6/30/2016	3,693,771	\$25,856,400
6/30/2017	3,693,771	\$22,162,629
6/30/2018	3,693,771	\$18,468,857
6/30/2019	3,693,771	\$14,775,086
6/30/2020	3,693,771	\$11,081,314
6/30/2021	3,693,771	\$7,387,543
6/30/2022	3,693,771	\$3,693,771
Total	25,856,400	\$0

* Interest to be calculated and paid annually based on the County Treasury Pool Rate