

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

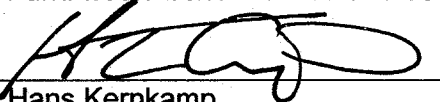
**RECOMMENDED MOTION:** That the Board of Supervisors:

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.

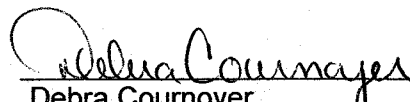
**BACKGROUND:**

**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	\$	\$	\$	\$	

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

**C.E.O. RECOMMENDATION:**

**APPROVE**


BY:   
Ed Corser

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**


On motion of Supervisor Ashley, seconded by Supervisor Stone and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley  
 Nays: None  
 Absent: None  
 Date: November 26, 2013  
 xc: Waste, EO, Auditor

Kecia Harper-Ihem  
 Clerk of the Board  
 By:   
 Deputy

3010 NOV 13 6H 3:5P

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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2  
3 RESOLUTION NO. 2013-276

4  
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  
27  
28

FORM APPROVED COUNTY COUNSEL  
BY: Dalea Gardner 11/19/13  
DATE

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. 4<sup>th</sup> 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.  
27  
28

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 26 day of  
16 November, 2013.

17 ROLL CALL:

18 Ayes:           Jeffries, Tavaglione, Stone, Benoit and Ashley  
19 Nays:           None  
20 Absent:         None

21           The foregoing is certified to be a true copy of a resolution duly  
22 adopted by said Board of Supervisors on the date therein set forth.

23           KECIA HARPER-IHEM, Clerk of said Board

24 By 

25 Deputy

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