

W.3.E.2.

Memorandum Date: June 11, 2008

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**TO:** Board of County Commissioners  
**DEPARTMENT:** Management Services  
**PRESENTED BY:** David Suchart, Management Services Director  
**AGENDA ITEM TITLE:** IN THE MATTER OF AUTHORIZING A CAPITAL INTERFUND LOAN FOR AREA INFORMATION RECORDS SYSTEM (AIRS) IN AN AMOUNT NOT TO EXCEED \$900,000 FROM THE SOLID WASTE FUND TO THE CAPITAL IMPROVEMENT FUND

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**I. MOTION**

MOVE APPROVAL OF ORDER AND RESOLUTION 08-06-11-XX AUTHORIZING A CAPITAL INTERFUND LOAN FOR AREA INFORMATION RECORDS SYSTEM (AIRS) IN AN AMOUNT NOT TO EXCEED \$900,000 FROM THE SOLID WASTE FUND TO THE CAPITAL IMPROVEMENT FUND

**II. AGENDA ITEM SUMMARY**

This item authorizes an interfund loan to cover the County's share of infrastructure costs for upgrade of the justice and public safety systems.

**III. BACKGROUND/IMPLICATIONS OF ACTION**

**A. Board Action and Other History**

On September 27<sup>th</sup>, 2000 (Order No. 00-09-27-0) the County entered into an intergovernmental agreement with the cities of Eugene and Springfield for the purpose of replacing the mainframe justice and public safety systems with current technology. The Area Information Records System (AIRS) is a collaboration of region partners including the County. The County's financial participation in the system development and maintenance has previously been funded through the issuance of tax exempt obligations.

On May 22, 2008 the Finance and Audit Committee recommended that the Board of County Commissioners consider the proposed interfund loan.

**B. Policy Issues**

The regional partners have built their agency business practices around the AIRS shared system and the County has committed to participate in the replacement of the system.

**C. Board Goals**

This item supports the Board Goal of ensuring the public's safety through maintenance of the regional information system.

**D. Financial and/or Resource Considerations**

The Board authorized on March 14, 2007 the issuance of obligations to fund acquisition and capital improvement of the Charnelton Place property. Combining financing for the AIRS project with the other capital project will result in significant legal, consultant and issuance costs savings. Working with our Financial Advisors and Bond Counsel, it has been determined that fall of 2009 should be a more advantageous date to issue obligations. The current municipal bond market is experiencing instability in part due to the downgrade of insurers resulting from the sub-prime mortgage market issues, and in part due to the overall economic climate.

**E. Analysis**

ORS 294.460 allows loans from one fund to another whenever the loan is authorized by official resolution or ordinance and the loans are made in accordance with the requirements and limitations of the statute. Loans from one fund to another for capital construction purposes may be made for a term not to exceed 5 years and shall carry interest at a rate equal to the LGIP rate or such other rate as determined by the Board of Commissioners.

The Solid Waste Enterprise Fund has a current balance in reserve of approximately \$22 million and would not be negatively impacted by a short term loan of \$9 million. Borrowing internally would allow the County to meet it's financial obligation to the regional project until such time as obligations can be issued to finance the balance.

**F. Alternatives/Options**

1. Approve resolution authorizing an interfund loan from the Solid Waste Fund to the Capital Improvement Fund in an amount not to exceed \$900,000 bearing interest at the County's internal rate of return, payable in full at November 1, 2009.

2. Do not authorize the loan and instruct staff to seek alternative financing.

**IV. RECOMMENDATION**

The Management Services Director recommends authorization of the loan.

**V. TIMING/IMPLEMENTATION**

If approved, the authorized loan amount will be transferred to the Capital Improvement Fund and the repayment will be budgeted.

**VI. FOLLOW-UP**

None.

**VII. ATTACHMENTS**

Order and Resolution 08-06-11  
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**THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON**

**ORDER AND RESOLUTION** ) IN THE MATTER OF AUTHORIZING A CAPITAL  
) INTERFUND LOAN FOR AREA INFORMATION  
) RECORDS SYSTEM (AIRS) IN AN AMOUNT NOT TO  
) EXCEED \$900,000 FROM THE SOLID WASTE FUND TO  
) THE CAPITAL IMPROVEMENT FUND

WHEREAS, ORS 294.460 allows loans from one County fund to another and requires an ordinance or resolution authorizing the loan; and

WHEREAS, in September 2000 the Board of County Commissioners entered into an intergovernmental agreement with the cities of Eugene and Springfield for the purpose of replacing the mainframe justice and public safety systems with current technology; and

WHEREAS, Funding for the project has traditionally been provided by issuance of debt obligations; and

WHEREAS, after due consideration the Board of County Commissioners has determined that it would be advantageous to utilize internal financing on a short term basis until debt obligations may be issued;


IT IS HEREBY ORDERED AND RESOLVED that the Board of Commissioners authorizes the Director of Management Services to effect an interfund loan pursuant to ORS 294.460 (the "Loan") to provide capital funds on a temporary basis as described below:

1. The Loan shall be made from the Solid Waste Enterprise Fund in the aggregate principal amount not to exceed \$900,000.
2. The loan is a capital loan to be repaid in less than 60 months. Repayment of the principal is due in full on November 1, 2009.
3. The Loan shall bear interest at the County's internal rate of return. Accrued interest is due and payable in full on November 1, 2009.

Dated this    day of June, 2008.

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FAYE STEWART, CHAIR  
Board of County Commissioners

APPROVED AS TO FORM  
Date 6/3/08 Lane County  
  
OFFICE OF LEGAL COUNSEL