

MEMORANDUM
OFFICE OF THE
County Executive
COUNTY OF PLACER

TO: Honorable Board of Supervisors

FROM: Holly Heinzen, Chief Assistant County Executive Officer
By: Graham Knaus, Finance and Budget Operations Manager
Kim M Davis, Senior Administrative Services Officer

DATE: June 18, 2013

SUBJECT: Dry Creek Fire (CSA 28, Zone 165) Loan from General Fund

ACTION REQUESTED

Approve a Resolution authorizing the payment in full of principal and interest of the 2002-03 loan from the General Fund to the CSA Revolving Fund for Dry Creek Fire (CSA 28 Zone 165) and authorizing a new loan in the amount of \$144,611 for FY 2012-13.

BACKGROUND

In March 2001 voters in the Dry Creek community approved the dissolution of the local fire district in favor of having service provided by Placer County through our contract with the California Department of Forestry and Fire Protection (Cal Fire). It was envisioned at that time that loans to the Dry Creek Fire CSA from the General Fund would be necessary for several years until a number of subdivisions developed, at which time the loans could begin to be repaid. Three separate loans were required: \$168,781 in FY 2000-01; \$65,000 in 2001-02; and \$240,165 in 2002-03. Repayments began in 2006-07 and the first two loans were satisfied in 2010-11.

The CSA began making annual payments on the final loan once the initial two loans were concluded. Unfortunately, the economic downturn created a reduction in property tax revenue for Dry Creek Fire CSA in recent years and that has impacted the repayment schedule on this loan. At the time this loan was taken out, Government Code 25210.9c required a 10 year payback schedule for CSA loans. We are now in the 10th year for the loan taken out in 2002-03. This action approves paying off the loan principle balance of \$168,418 plus accrued interest of \$2,115 and funding a new loan from the General Fund to the CSA Revolving Fund for Dry Creek Fire CSA in the amount of \$144,611 for FY 2012-13.

Government Code 25210.9c was repealed in 2009. It was replaced by Government Code 25214.5 that covers loans from the County to a CSA. The new code stipulates the loan shall be repaid within the fiscal year, but allows for a term limit extension for a period not to exceed 3 years. Due to the fiscal condition of Dry Creek Fire, staff recommends extending the loan for the 3 year period which will require a four/fifths vote of the Board of Supervisors.

FISCAL IMPACT

This funding is part of this CSAs final budget, and all loan amounts are recognized as long term obligations due to the County. The existing loan pay off will transfer funding to the County's General Fund to be used to fund the new loan requirement for FY 2012-13.

Attachment: Resolution

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**Before the Board of Supervisors
County of Placer, State of California**

In the matter of: AUTHORIZING THE PAYMENT IN FULL OF PRINCIPAL AND INTEREST OF THE 2002-03 LOAN FROM THE GENERAL FUND TO THE CSA REVOLVING FUND FOR DRY CREEK FIRE (CSA 28, ZONE 165) AND AUTHORIZING A NEW LOAN FOR 2012-13 IN THE AMOUNT OF \$144,611.

Resol. No: _____

Ord. No.: _____

First Reading: _____

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held on June 18, 2013, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest: _____
Clerk of said Board

WHEREAS, the Dry Creek CSA 28, Zone 165 owes the County general fund the sum of be \$170,532.90 which is \$168,418.47 principal and \$2,114.43 interest pursuant to a loan made in 2002-2003.

WHEREAS, by law this amount must be paid off this fiscal year;

WHEREAS the Dry Creek CSA 28, Zone 165 will continue to need additional funding in the form of a new loan from the County general fund to be paid back in the next three years;

WHEREAS, this new loan between Placer County and the Dry Creek CSA 28, Zone 165 will be accounted for in the CSA Revolving Fund; and

WHEREAS, Government Code Section 25214.5 requires that the method and term of this loan shall be repaid in the same fiscal year in which the funds were loaned; or by a four-fifths vote of the Board, loan repayment may be extended for a period not to exceed 3 years and that interest be charged on the loan at the rate earned by the Treasury;

RESOLUTION # _____

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors, County of Placer, State of California, does hereby authorize the repayment in full of the 2002-03 loan from the General Fund to the CSA Revolving Fund for Dry Creek Fire CSA 28, Zone 165; and to authorize a new loan in the amount of \$144,611;

BE IT FURTHER RESOLVED AND ORDERED that the loan repayment period be extended to a period not to exceed 3 years and that interest be charged on the loan at the rate earned by the Treasury.

