



MEMORANDUM
OFFICE OF THE
AUDITOR-CONTROLLER
COUNTY OF PLACER

TO: Board of Supervisors **DATE:** July 12, 2022
FROM: Andrew C. Sisk, Auditor-Controller
SUBJECT: Interest-Bearing Loans from Traffic Mitigation Fees Funds

ACTION REQUESTED

Introduce an Ordinance, waive oral reading, modifying County Code Chapter 15, Article 15.28, Section 15.28.030(P) to include “interest-bearing” loans between lending fee districts.

BACKGROUND/SUMMARY

In April 1996, the Board adopted the Countywide Traffic Mitigation Fee Program (Program). This Program established traffic mitigation fees for eleven (11) separate districts within the County, each with its own Capital Improvement Program (CIP). The CIP consists of intersection and roadway improvements necessary to support the level of traffic created by new growth and development at acceptable service levels.

In April 2010, the Board approved a change to the County Code that would allow non-interest-bearing loans to be made between these separate districts

Pursuant to Government Code Section 25252, “the board of supervisors shall establish or abolish, those funds as are necessary for the proper transaction of the business of the county, and may transfer money from one fund to another, as the public interest requires. The board may by resolution authorize the county auditor to perform one or more of these functions. The board of supervisors may, by resolution, authorize the auditor to transfer money from one fund to another if the board of supervisors has authority over each fund.” So, in summary, any interfund loans made between County funds must be approved by the BOS before the Auditor-Controller can transfer them between funds.

Pursuant to Government Code Section 66006(b)(1), “For each separate account or fund established pursuant to subdivision (a), the local agency shall, within 180 days after the last day of each fiscal year, make available to the public the following information for the fiscal year:

- (A) A brief description of the type of fee in the account or fund.
- (B) The amount of the fee.
- (C) The beginning and ending balance of the account or fund.
- (D) The amount of the fees collected and the interest earned.
- (E) An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.

(F) An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete.

(G) A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.

When the Program was established in 1996, the Auditor-Controller created 11 different interest-bearing funds to account for this Program in accordance with the Government Code sections as outlined above. I am recommending the BOS approve an amendment to Section 15.28.030 (P) (1-4) to conform with state law requirements and reflect those loans are “interest-bearing” loans between lending fee districts.

FISCAL IMPACT

Approval to modify County Code Chapter 15, Article 15.28, Section 15.28.030(P) as requested will not impact any current loans but will apply prospectively to internal loans approved by the Board of Supervisors after the effective date of the Ordinance. There will be a fiscal impact to the Road Fund as the Road Fund will now be required to pay interest at the Treasurer’s pooled rate (currently 0.42% as of May 31, 2022) on monies borrowed from any of these fee districts. Repayment of interest on any approved loan would be funded by project funding sources, as allowed, or discretionary Road Fund revenues such as Gas Tax or General Fund and would need to be identified on a case-by-case basis. Use of discretionary road revenues for interest payments would decrease funding for other road maintenance projects or programs.

For illustrative purposes, a \$10 million loan at 0.5% interest for 10 years would be annual interest in the amount of \$50,000 and total interest over the term of the loan of \$500,000.

ATTACHMENTS

Ordinance

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

In the matter of: An ordinance amending Placer County Code, Chapter 15, Article 15.28, Section 15.28.030(P) relating to Countywide Traffic Mitigation Fees

Ordinance No.: _____

The following Ordinance was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____, by the following vote:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of said Board

THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER, STATE OF CALIFORNIA, ORDAINS AS FOLLOWS:

Section 1: Placer County Code Chapter 15, Article 15.28, Section 15.28.030(P) is hereby amended as follows:

P. ~~Transfers~~ **Loans**. ~~Transfers and/or noninterest earning~~ **Loans** shall be allowed between the different trust **fee district** funds upon the recommendation of the director and shall comply with the following:

1. The ~~transfer or~~ loan is to provide funding for a specific capital improvement project already contained within the CIP of one of the other districts;
2. The director determines in writing that special circumstances exist to justify the ~~transfer or~~ loan. "Special circumstances" shall include, but not be limited to, opportunities to obtain grants or other funding, coordination with other project(s) and/or project timing;
3. ~~Transferred or loaned~~ **Loaned** funds will be repaid, **with interest at the Treasurer's Annual Pooled rate,** as funds become available; and
4. The board is notified of and approves the ~~transfer or~~ loan.

Section 2: This ordinance shall take effect and be in full force and effect thirty (30) days after its passage. The Clerk is directed to publish this ordinance, or a summary thereof, within fifteen (15) days in accordance with Government Code Section 25124.