



AGENDA COVER MEMO

Memorandum Date: 6/26/2023

TO:	Board of County Commissioners
DEPARTMENT:	Health & Human Services
PRESENTED BY:	Eve Gray, Director
AGENDA ITEM TITLE:	IN THE MATTER OF AUTHORIZING an OPERATING INTERFUND LOAN IN AN AMOUNT NOT TO EXCEED \$8,500,000 FROM THE GENERAL FUND TO THE INTERGOVERNMENTAL HUMAN SERVICES FUND WHERE LOAN INTEREST IS NOT APPLICABLE

I. MOTION

Move to approve an operating interfund loan in an amount not to exceed \$8,500,000 from the General Fund to the Intergovernmental Human Services Fund where interest is not applicable to the loan.

II. AGENDA ITEM SUMMARY

The Board of County Commissioners are being asked to authorize an operating interfund loan in an amount not to exceed \$8,500,000 from the General Fund to the Intergovernmental Human Services Fund where interest is not applicable to the loan. Due to unforeseen circumstances, the request for an interfund loan was not reviewed, discussed, and/or approved by the County's Finance and Audit Committee prior to taking a request for authorization to the Board of County Commissioners. Board of County Commissioner authorization of a FY22-23 operating loan must be approved, or declined, before the end of the Fiscal Year.

The loan will provide resources for operational costs to avoid ending fiscal year 2022-2023 with a deficit in the Intergovernmental Human Services Fund.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

The Human Services Division budget grew dramatically during the past three fiscal years with the inclusion of federal and state pandemic revenues and expenses from/to. This large variation in

revenues and expenses included federal Coronavirus Aid Relief and Economic Security Act and American Rescue Plan Act funded Community Service and Community Development Block grant funds that supported non-profit capacity to deliver a higher level of basic needs services at the height of the pandemic. HUD Emergency Solution Grant funding were made available for additional emergency shelter and outreach services for residents experiencing homelessness.

Department of Treasury Emergency Rental Assistance funds and State of Oregon Rental Assistance funds were the largest portion of additional funding. Since the pandemic began, Lane County and partner nonprofits have served 6,235 households with \$46.2 million in federal and state funding. In the 21-23 Biennium, Lane County has been awarded \$11.1 million in home heating assistance, which has helped 9,627 households so far. In addition, Lane County was allocated \$1.49 million for a new Low Income Household Water Assistance program. A total of 12,364 bed nights of shelter were provided to Wildfire Survivors at the Bridges on Broadway, funded on a per night reimbursement by the Oregon Department of Human Services. Federal FEMA funding supported 110 non-congregate motel shelter rooms through October 2022 providing shelter to over 300 unhoused with significant health conditions, many who were elderly. To date, FEMA has awarded Health and Human Services \$5.8M of Public Assistance Grants, of which H&HS received partial reimbursement from the Oregon Department of Emergency Management.

B. Policy Issues

Lane Manual 4.040 contains the County rules for managing interfund loans. Specifically:

- Lane Manual 4.040(2) states “Interfund loan requests must be reviewed and approved by the County’s Finance and Audit Committee prior to taking a request for authorization to the Board of County Commissioners”. Due to unforeseen circumstances, the request for an interfund loan was not reviewed, discussed, and/or approved by the County’s Finance and Audit Committee prior to taking a request for authorization to the Board of County Commissioners.
- Lane Manual 4.040(3) states “Interfund loans must be authorized by an order of the Board of County Commissioners, which shall state the fund from which the loan is to be made, the fund to which the loan is to be made, the purpose for which the loan is made and the principal amount of the loan, along with a scheduled for repayment of principal and interest, or a statement that interest is not applicable to the loan”.
- Lane Manual 4.040(9) states “At no time shall a County fund carry a deficit fund balance at fiscal year-end”.

C. Strategic Plan

Safe, Healthy County; Objectives 1.A & 1.F. Focus on people at the intersection of behavioral health, homelessness, and public safety to provide crisis/stabilization and treatment and launch Community Partnerships Program to build capacity to support pandemic recovery and achieve health equity in communities. Health and Human Services programs directly support these objectives.

D. Financial and/or Resource Considerations

Interfund loans are a tool employed by the County to assist funds and programs experiencing short-term, transitory cash imbalances created in the conduct of activities approved by the Board of County Commissioners.

Funds from this interfund loan will be used to address a projected fiscal year-end deficit in the Intergovernmental Human Services Fund. It will be repaid in quarterly installments throughout fiscal year 2023-2024. Given the nature of the revenue within the Intergovernmental Human Services Fund, there is not a known resource available to make interest payments, therefore interest is not applicable

to the loan. The General Fund has unrestricted revenue and is an appropriate fund to borrow from.

E. Health Implications

N/A

F. Analysis

The interfund loan is within policy and will provide funding to fund a projected fiscal year-end operating deficit in the Intergovernmental Human Services Fund. Primarily, the Human Services Division is funded on a cost reimbursable basis. Said another way, once costs are incurred and posted in the County's financial system, staff are permitted to request reimbursement for allowable costs. Given lengthy processing times, reimbursements are not immediately available. H&HS Staff are continuing to process reimbursement requests, and the loan will be repaid as outstanding revenues are collected.

As of May 31, 2023, the year-to-date operating revenue for the Intergovernmental Human Services Fund are \$35.5M, and the year-to-date total operating expenditures are \$45.9M. The significant cost drivers are agency payments, real estate/space rentals, and client supports.

Conditions of the loan:

- a. The Loan will originate from the General Fund in a principal amount not to exceed \$8,500,000.
- b. The Loan is an operating loan and must be repaid in full no later than June 30, 2024.
- c. Interest is not applicable to the loan.
- d. Sample repayment schedule, assuming a 0.0% interest rate.

Date	Interest Rate	Interest	Principal Payment
9/30/2023	0.0%	\$0	\$2,125,000
12/31/2023	0.0%	\$0	\$2,125,000
3/31/2024	0.0%	\$0	\$2,125,000
6/30/2024	0.0%	\$0	\$2,125,000
		<u>\$0</u>	<u>\$8,500,000</u>

G. Alternatives/Options

1. Move to recommend approval of an operating interfund loan in an amount not to exceed \$8,500,000 from the General Fund to the Intergovernmental Human Services Fund with no applicable loan interest.
2. Move to recommend modification of the attached order, where the loan does not originate from the General Fund.
3. Do not recommend approval the attached order, which may result in an Oregon Budget Law violation and a violation of the Lane Manual 4.040(9).

IV. RECOMMENDATION

H&HS recommends Option 1, above.

V. TIMING/IMPLEMENTATION

If authorized by the Board of County Commissioners, an amount up to \$8,500,000 will be available to the Intergovernmental Human Services Fund on or around June 30, 2023, and will be transferred as

needed to fund the projected fund deficit. Budget appropriations for repayment of the interest-free loan in FY 23-24 will be included in the first supplemental budget following July 1, 2023.

VI. ATTACHMENTS
None

BEFORE THE BOARD OF COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO: 23-06-27-04

IN THE MATTER OF AUTHORIZING an OPERATING
INTERFUND LOAN IN AN AMOUNT NOT TO EXCEED
\$8,500,000 FROM THE GENERAL FUND TO THE
INTERGOVERNMENTAL HUMAN SERVICES FUND
WHERE LOAN INTEREST IS NOT APPLICABLE

WHEREAS, ORS 294.468 permits loans from one County fund to another and requires an ordinance or resolution authorizing the loan; and

WHEREAS, the Board of Commissioners is being asked to support the authorization of an operating interfund loan up to \$8,500,000 to provide resources to offset a projected fiscal year-end operating deficit in the Intergovernmental Human Services Fund; and

WHEREAS, the General Fund has adequate reserves to support an Operating Interfund Loan;

WHEREAS, there is not a known resource within the Intergovernmental Human Services Fund to pay the interest expense of the loan and loan interest is not applicable to the loan;

NOW, THEREFORE, the Board of County Commissioners of Lane County **ORDERS and RESOLVES** as follows:

That the County Finance Officer is authorized to affect an Operating Interfund Loan pursuant to ORS 294.468 (the "Loan") to provide operating funds to the Intergovernmental Human Services Fund, subject to the following:

1. The Loan will be made from the General Fund in a principal amount not to exceed \$8,500,000.
2. The Loan is an operating loan and must be repaid in full no later than June 30, 2024.
3. Interest is not applicable to the loan

ADOPTED this 27th day of June, 2023

Pat Farr, Chair
Lane County Board of Commissioners