

CLARK COUNTY STAFF REPORT

DEPARTMENT: Clark County Treasurer's Office

DATE: February 21, 2017

REQUESTED ACTION:

The Clark County Treasurer's Office requests that the Board of County Councilors approve the following:

1. Amendment of the November 10, 1998 Interlocal Agreement between Clark County and Clark Public Utilities to extend the dissolution period of the Joint Payment Processing Center from one (1) year to eighteen (18) months. In addition, the amendment adjusts the manner in which the value of jointly owned equipment may be assessed and liquidated.
2. Resolution to dissolve the Joint Payment Processing Center intergovernmental agreement with Clark Public Utilities and all related client agreements in order to end operations at the Joint Payment Processing Center no later than June 30, 2018.

Consent Hearing County Manager

BACKGROUND

In November 1998, Clark Public Utilities (CPU) and Clark County entered into an intergovernmental agreement to establish the Joint Payment Processing Center, also called the "Remittance Center". The Clark County Treasurer's Office was designated to administer the agreement on the County side. This partnership was in response to concerns over Y2K and the need to control processing costs for utility and tax payments.

The original agreement included service to three parties: CPU, Clark County, and the City of Vancouver (the County had been providing remittance processing services to the City since 1995). Over the last 18 years the Remittance Center has expanded its service offerings to multiple client jurisdictions by way of separate interlocal agreements. These clients have utilized the Center's excess capacity and have helped to offset ongoing operating costs. The full listing of clients is as follows:

Primary IGA between
Clark PUD & Clark County establishing the Remittance Center



Client IGA's	Service Start Date
City of Vancouver	November 1998
Tualatin Valley Water District	June 2000
City of Camas	August 2000
Eugene Water and Electric Board	January 2001
Clark Regional Waste Water District	June 2001
Cowlitz County PUD	August 2006
City of Longview	September 2007
Clark County Animal Control	May 2010
Heat Pump (Division of Clark Public Utilities)	January 2013
City of Kelso	May 2015

*mgp
OK*

In response to our respective budget processes and ongoing process improvement efforts, the Clark County Treasurer's Office and CPU jointly performed an in-depth analysis on the Remittance Center. As a result of this work, it was determined that the Remittance Processing center no longer provides a financial benefit to the County. More specifically, revenues generated by the Remittance Processing Center no longer support full cost recovery. Rate increases necessary to meet this objective would likely be above the market rate. This conclusion is based on the following factors:

- Significant declines in payment volumes, a 43% decline over the past 10 years;
- Further projected declines due to the expansion of other electronic payment channels;
- Rising ongoing operational costs; and,
- Much needed infrastructure and information security investments.

As such, the Clark County Treasurer's Office recommends the Board of County Councilors dissolve the Joint Payment Processing Center intergovernmental agreement between Clark Public Utilities and Clark County, as well as all respective client agreements no later than June 30, 2018. Approval of this decision will result in the layoff of 1.0 FTE in the Clark County Treasurer's Office.

The Treasurer's Office also requests an amendment to extend the transition period specified in section 7.01 Duration and Termination in the current Intergovernmental Agreement from one (1) year to eighteen (18) months. This will allow sufficient time to dissolve the operations and find replacement services for the County and Remittance Center clients. This amendment also modifies the manner in which the value of equipment will be assessed, allowing both parties to negotiate based upon historical cost less depreciation in lieu of hiring an independent appraiser. Subsequent decisions to buyout or liquidate assets will be brought back to the Board of County Councilors for consideration and approval.

Amendment and eventual dissolution of this agreement are the first steps towards ending service operations at the Joint Payment Processing Center. Upon approval, all Joint Payment Processing Center clients will be contacted to develop plans to transition their services. Additionally, the Clark County Treasurer's Office will begin the search for a replacement solution for processing property taxes and other payment types. This search will include surveying the market place and looking at in-house processing options. In parallel, our organization will focus on expanding our electronic payment solutions and finding creative ways to solve current business needs by leveraging technology and innovation.

COUNCIL POLICY IMPLICATIONS

None

ADMINISTRATIVE POLICY IMPLICATIONS

None

COMMUNITY OUTREACH

BUDGET IMPLICATIONS

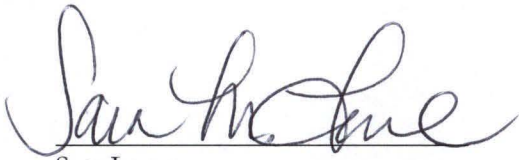
YES	NO	
		Action falls within existing budget capacity.
	X	Action falls within existing budget capacity but requires a change of purpose within existing appropriation.
		Additional budget capacity is necessary and will be requested at the next supplemental. If YES, please complete the budget impact statement. If YES, this action will be referred to the county council with a recommendation from the county manager.

BUDGET DETAILS

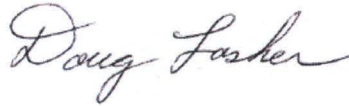
Local Fund Dollar Amount	
Grant Fund Dollar Amount	
Account	
Company Name	

DISTRIBUTION:

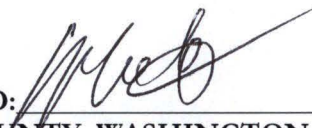
Board staff will post all staff reports to The Grid. <http://www.clark.wa.gov/thegrid/>



Sara Lowe
Deputy Treasurer



Doug Lasher
Clark County Treasurer

APPROVED: 
CLARK COUNTY, WASHINGTON
BOARD OF COUNTY COUNCILORS

DATE: Feb. 21, 2017

SR# 045-17



APPROVED: _____
Mark McCauley, County Manager

DATE: _____

BUDGET IMPACT ATTACHMENT

Part I: Narrative Explanation

I. Elimination of the Joint Payment Processing Center may result in changes to line items in the Treasurer's Office budget; however the specifics are not known at this time. Changes will be made in the FY 2018 Readopt or once a replacement solution has been chosen. Regardless, the total budget for this service will not increase.

Part II: Estimated Revenues

Fund #/Title	Current Biennium		Next Biennium		Second Biennium	
	GF	Total	GF	Total	GF	Total
Total						

II. A – Describe the type of revenue (grant, fees, etc.)

Part III: Estimated Expenditures

III. A – Expenditures summed up

Fund #/Title	FTE's	Current Biennium		Next Biennium		Second Biennium	
		GF	Total	GF	Total	GF	Total
Total							

III. B – Expenditure by object category

Fund #/Title	Current Biennium		Next Biennium		Second Biennium	
	GF	Total	GF	Total	GF	Total
Salary/Benefits						
Contractual						
Supplies						
Travel						
Other controllables						
Capital Outlays						
Inter-fund Transfers						
Debt Service						
Total						

TR 17-09

**AMENDMENT
TO
INTERLOCAL AGREEMENT**

Dated: November 10, 1998

THIS AMENDMENT modifies, in part, the Interlocal Agreement jointly providing resources to process payments associated with revenue activities by and between CLARK COUNTY, WASHINGTON (the "County") and CLARK PUBLIC UTILITIES ("CPU") dated the 10th day of November, 1998.

All terms and conditions not herein specifically amended remain in force as previously agreed upon.

Amendment:

The following language will replace section 7.01 of the November 10, 1998 Interlocal Agreement.

Section 7.01 Duration and Termination

This agreement shall continue in effect until it is terminated by one or both of the parties. Either party may, in their discretion, terminate this agreement; provided that such termination will provide for an orderly transition for both parties to acquire new equipment. Such transition period shall not exceed eighteen (18) months.

Upon termination of this agreement an independent appraiser shall value the equipment acquired jointly or both parties may agree to waive appraisal and value equipment based upon purchase and installation cost less depreciation. Following appraisal or valuation of equipment, either party may offer to buy and therefore retain the equipment by paying the other party half the appraised value or alternative valuation as previously set forth. If the parties cannot agree as to which party will retain the equipment, the equipment shall be liquidated and the funds shall be distributed to the parties equally.


All other terms and conditions not specifically modified above remain in force as previously agreed upon.

IN WITNESS WHEREOF, the County and CPU have caused this addendum to the November 10, 1998 Interlocal Agreement to be executed in their respective names by the duly authorized officers and have caused this addendum to be dated as of the 21st day of February, 2017.

ATTEST:

CLARK COUNTY, WASHINGTON



Clerk to the Board

By: 
Chair,
Clark County Board of County
Councilors



APPROVED as to form only:

CLARK PUBLIC UTILITIES


Taylor Hallvik
Deputy Prosecuting Attorney

By: _____
Wayne Nelson
General Manager

RESOLUTION NO. 2017-02-14

A resolution relating to the dissolution of the Joint Payment Processing Center and all related intergovernmental client agreements.

1 WHEREAS, the Revised Code of Washington 39.34 entitled “Interlocal Cooperation
2 Act” permits local governmental units to make the most efficient use of their powers by enabling
3 them to cooperate with other localities on the basis of mutual advantage and thereby to provide
4 services and facilities in a manner that will accord best with the geographic, economic, populace
5 and other factors influencing the needs and development of local communities; and

6 WHEREAS, Clark County previously entered into an intergovernmental agreement with
7 Clark Public Utilities on November 10, 1998 to establish the Joint Payment Processing Center
8 (TR98-118) in order to jointly purchase and process property taxes, assessments fees, utility
9 electricity, water, sewer, garbage and/or storm and surface water payments and other types of
10 remittance payment, electronically; and

11 WHEREAS, Clark County and Clark Public Utilities entered into the following
12 intergovernmental client agreements, which are incorporated by reference herein, in order to
13 utilize excess capacity and offset ongoing costs of the Joint Payment Processing Center:

- 14 a. June 19, 2001 Interlocal Agreement for remittance processing of sewer
15 payments, and other such district receipts by and between Clark County,
16 Washington, Clark Public Utilities and Hazel Dell Sewer District.
- 17 b. December 12, 2006 Interlocal Agreement for remittance processing of utility
18 payments, by and between Clark County, Washington, Clark Public Utilities
19 and the City of Longview.

- 20 c. May 1, 2015 Interlocal Agreement for remittance processing of payments, and
21 other such receipts, by and between Clark County, Washington, Clark Public
22 Utilities and the City of Kelso.
- 23 d. June 21, 2000 Interlocal Agreement for remittance processing of water, and
24 other such utility receipts, by and between Clark County, Washington, Clark
25 Public Utilities and the Tualatin Valley Water District.
- 26 e. August 1, 2006 Interlocal Agreement for remittance processing of utility
27 payments, and other governmental receipts, by and between Clark County,
28 Washington, Clark Public Utilities and the Cowlitz Public Utility District.
- 29 f. January 8, 2001 Interlocal Agreement for remittance processing of utility
30 payments, and other such utility receipts, by and between Clark County,
31 Washington, Clark Public Utilities and the Eugene Water Electric Board.
- 32 g. August 21, 2000 Interlocal Agreement for remittance processing of water, and
33 other such utility receipts, by and between Clark County, Washington, Clark
34 Public Utilities and the City of Camas; and

35 WHEREAS, total payment volumes have dropped 43% over the last ten years and further
36 declines are projected due to the expansion of online payment options; and

37 WHEREAS, the costs of operating the Joint Payment Processing Center continue to rise;
38 and

39 WHEREAS, significant investments are needed to the Joint Payment Processing Center's
40 infrastructure and information security; and

41 WHEREAS, necessary client rate increases would likely be above market rates; and

42 WHEREAS, Clark County no longer recovers full cost for the services it provides to its
43 clients at the Joint Payment Processing Center; and

44 WHEREAS, Clark County is committed to continuous process improvement and
45 applying the County's resources to their best and highest uses; and

46 WHEREAS, Clark County has determined that the Joint Payment Processing Center no
47 longer provides a financial benefit to the County and should be dissolved through termination of
48 the aforementioned formational and client intergovernmental agreements; and

49 IT IS HEREBY ORDERED AND RESOLVED by the Board of County Councilors of
50 Clark County, State of Washington, as follows:

51 1. Clark County hereby terminates the formational November 10, 1998 Interlocal
52 Agreement between Clark County and Clark Public Utilities and all ammendments
53 and addenda thereto pursuant to the amended termination provisions of Section 7.01
54 of the Interlocal Agreement. The Board of County Councilors authorizes the Clark
55 County Treasurer to provide notice of this termination consistent with the terms of the
56 Interlocal Agreement.

57 2. Clark County hereby terminates the following Interlocal Agreements by and between
58 Clark County, Clark Public Utilities and the various participating jurisdictions
59 receiving service from the Joint Payment Processing Center:

60 a. June 19, 2001 Interlocal Agreement for remittance processing of sewer
61 payments, and other such district receipts by and between Clark County,
62 Washington, Clark Public Utilities and Hazel Dell Sewer District.

- 63 b. December 12, 2006 Interlocal Agreement for remittance processing of utility
64 payments, by and between Clark County, Washington, Clark Public Utilities
65 and the City of Longview.
- 66 c. May 1, 2015 Interlocal Agreement for remittance processing of payments, and
67 other such receipts, by and between Clark County, Washington, Clark Public
68 Utilities and the City of Kelso.
- 69 d. June 21, 2000 Interlocal Agreement for remittance processing of water, and
70 other such utility receipts, by and between Clark County, Washington, Clark
71 Public Utilities and the Tualatin Valley Water District.
- 72 e. August 1, 2006 Interlocal Agreement for remittance processing of utility
73 payments, and other governmental receipts, by and between Clark County,
74 Washington, Clark Public Utilities and the Cowlitz Public Utility District.
- 75 f. January 8, 2001 Interlocal Agreement for remittance processing of utility
76 payments, and other such utility receipts, by and between Clark County,
77 Washington, Clark Public Utilities and the Eugene Water Electric Board.
- 78 g. August 21, 2000 Interlocal Agreement for remittance processing of water, and
79 other such utility receipts, by and between Clark County, Washington, Clark
80 Public Utilities and the City of Camas; and

81 The Board of County Councilors authorizes the Clark County Treasurer to provide notice
82 of the termination of these agreements consistent with the terms of the respective
83 Interlocal Agreements.

84
85

ADOPTED this 21st day of February, 2017.

BOARD OF COUNTY COUNCILORS
CLARK COUNTY, WASHINGTON

Attest:

Rebecca J. Ho
Clerk to the Board

By: Marc Boldt
Marc Boldt, Chair

Approved as to form only:
ANTHONY F. GOLIK
Prosecuting Attorney

By: _____
Jeanne E. Stewart, Councilor

By: [Signature]
Deputy Prosecuting Attorney

By: _____
Julie Olson, Councilor

By: _____
John Blom, Councilor

By: _____
Eileen Quiring, Councilor

