



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Board of Supervisors



Date: July 23, 2014
Board Meeting Date: September 9, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Supervisor Don Horsley
Bob Adler, Controller
Sandie Arnott, Tax Collector -Treasurer

Subject: Temporary Transfer of Funds to the Resource Conservation District for FY 2014-2105

RECOMMENDATION:

Adopt a Resolution authorizing the temporary transfer of available funds to the Resource Conservation District for FY 2014-15.

BACKGROUND:

The Resource Conservation District ("RCD") provides essential resource conservation services throughout the County such as insuring clean and abundant water, endangered species recovery, habitat restoration, and wildfire prevention. Without the RCD, many of these services would not be provided in the County.

The RCD brings federal, state, and other funding into the County. In FY 2013-14, RCD received approximately \$42 in grants for every \$1 of property tax received. Although the RCD's annual budget is approximately \$1.5 million, its cash flow position is challenging because the RCD's share of countywide property taxes is less than 1% and is the smallest amongst all special districts. Further, reimbursement by state agencies is routinely delayed by as much as three months. Each year after July 1, therefore, the RCD experiences cash-flow issues pending its receipt of property taxes as well as grant monies in connection with its various projects.

RCD's request for an advance on its FY 2014-2015 property tax revenue is similar to the temporary fund transfers that the Board has authorized the Controller to make to school districts from time to time upon the satisfaction of certain conditions.

The Constitution provides that the temporary transfer of funds to a special district like the RCD "shall be made only upon a Resolution adopted by the governing body of the city, county, or city and county directing the treasurer of such city, county, or city and

county to make such temporary transfer.” The Board approved a similar request from the RCD for FY 2012-2013 and 2013-2014 property tax revenue.

DISCUSSION:

Article XVI, Section 6 of the California Constitution provides that the County Treasurer “shall have power and the duty to make such temporary transfers from the funds in custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by any city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office.”

As with temporary funds transfers to school districts, such temporary transfers to special districts like the RCD shall not exceed 85 percent of the anticipated revenues accruing to such political subdivision, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be replaced from the revenues accruing to such political subdivision before any other obligation of such political subdivision is met from such revenue. The Controller has confirmed that the advance of funds to the RCD will not place the County in the position of being unable to meet its own immediate needs. With the above-referenced safeguards in place, the Controller and the Treasurer will be authorized to allow RCD funds to “go negative,” with the assurance that amounts borrowed will be repaid as required by law.

Approval of this action contributes to the 2025 Shared Vision outcome of Collaborative Community by facilitating financial assistance to other agencies when such assistance is needed.

County Counsel has reviewed and approved the Resolution as to form.

FISCAL IMPACT:

There is no fiscal impact to the County, because any amounts accrued by the Resource Conservation District which borrow temporarily from the County must first be applied to pay down the amounts borrowed. Interest is charged to sub-funds that run negative cash balance by way of negative interest apportionment.