



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Board of Supervisors



Date: July 11, 2016

Board Meeting Date: August 9, 2016

Special Notice / Hearing: None

Vote Required: Majority

To: Honorable Board of Supervisors

From: Supervisor Don Horsley
Juan Raigoza, Controller
Sandie Arnott, Treasurer -Tax Collector

Subject: Temporary Transfer of Funds to the Resource Conservation District

RECOMMENDATION:

Adopt a resolution authorizing the temporary transfer of available funds to the Resource Conservation District for FY 2016-17.

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.

Each year after July 1, RCD experiences a cash-flow problem pending its receipt of property taxes. Furthermore, according to RCD, reimbursement by State agencies is routinely delayed by as much as three months following the start of the fiscal year.

RCD's request for an advance on its FY 2016-2017 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 California 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 has approved similar requests from the RCD since FY 2012-2013.

DISCUSSION:

Article XVI, Section 6 of the California Constitution provides that the County Treasurer-Tax Collector "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 temporary transfers are to be made out of County funds not immediately needed by the County to meet its own obligations. Close communication and coordination is maintained by the County officials and RCD to ensure compliance with constitutional and statutory provisions which authorize and limit temporary borrowing. With this safeguard, RCD funds will be allowed to reach a negative balance, 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 property tax revenues to be apportioned to RCD in FY 2016-17 shall first be applied to pay down the amounts borrowed from the County. Interest is charged to sub-funds that run negative cash balance by way of negative interest apportionment.