



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 19-1182

Board Meeting Date: 12/10/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors, Acting as the Governing Board of the San Mateo County Flood Control District

From: James C. Porter, Director of Public Works

Subject: Transition of the San Mateo County Flood Control District to the San Mateo County Flood and Sea Level Rise Resiliency District

RECOMMENDATION:

Acting as the Governing Board of the San Mateo County Flood Control District, adopt resolutions:

- A) Acknowledging the transfer of all assets, liabilities, and obligations currently in the name of the San Mateo County Flood Control District to the San Mateo County Flood and Sea Level Rise Resiliency District, including but not limited to, the transfer of land assets, vendor contracts, grants, bond debt, property tax revenues, and fund balances, on or after January 1, 2020; and
- B) Authorizing a Master Agreement between the County of San Mateo and the County of San Mateo Flood and Sea Level Rise Resiliency District (District) to provide engineering, administrative, and fiscal services for the continuation of San Mateo County Flood Control District operations and maintenance, and the expansion of flood-related projects and programs, for a term of January 1, 2020 to June 30, 2022 in an amount up to \$2,721,200 per year for a total not-to-exceed amount of \$6,803,000, with an option to extend through June 30, 2023 at the same annual rate, upon mutual consent (Attachment A); and
- C) Authorizing the Department of Public Works, on or after January 1, 2020, to transfer the balance of the San Mateo County Flood Control District zone funds to the San Mateo County Flood and Sea Level Rise Resiliency District, with the Department of Public Works retaining 10% of the FY 2019-20 budgeted reserve funds in each zone to pay for services through December 31, 2019 and expenditures incurred on behalf of the San Mateo County Flood and Sea Level Rise Resiliency District, until the end of the current fiscal year, when the remaining balance will be transferred to the District; and
- D) Authorizing all future revenues of the San Mateo County Flood Control District, including

property tax revenues from the Colma Creek Flood Control Zone and Sub-Zones, the San Bruno Creek Flood Control Zones, the San Francisquito Creek Flood Control Zones, and the Ravenswood Slough Flood Control Zone, to be transferred to the San Mateo County Flood and Sea Level Rise Resiliency District, commencing January 1, 2020 and thereafter; and

- E) Authorizing an Appropriation Transfer Request (ATR), appropriating unanticipated revenues and reserves from the San Mateo County Flood Control District zones to the San Mateo County Flood and Sea Level Rise Resiliency District to facilitate the transfer of funds, in the amount of \$22,809,350, on or after January 1, 2020.

BACKGROUND:

On September 12, 2019, Governor Newsom signed into law Assembly Bill 825 (“AB 825”), which renamed the San Mateo County Flood Control District as the San Mateo County Flood and Sea Level Rise Resiliency District (the “District”), changed the governing structure to an independent Board of Directors, and expanded its powers to specifically include “addressing and protecting against the impacts of sea level rise.” AB 825 takes effect January 1, 2020 (Attachment B). All assets, liabilities, obligations, and benefits held by the San Mateo County Flood Control District will be assumed by the District as of this date. This includes, but is not limited to, land assets, vendor contracts, grants, bond debt, property tax revenues, other flood control zone revenues, and fund balances (Attachment C).

The County of San Mateo’s Flood Program includes the San Mateo County Flood Control District funded by property tax revenues, which are restricted, and the Enhanced Flood Program, which is supported by the General Fund. Both programs will be assumed by the District on or after January 1, 2020.

This memorandum and the accompanying resolutions are being presented to your Board, acting as the Governing Board of the San Mateo County Flood Control District, and are necessary actions to facilitate the transition to the independent new District and its Board of Directors. A separate memorandum and resolution are being presented to your Board for the transition of the Enhanced Flood Control Program and those assets, liabilities, and obligations held in the name of the County for flood-related activities and programs.

DISCUSSION:

To facilitate the continued operation and maintenance of the District zones and facilitate the District’s transition to an independent Board of Directors, the San Mateo County Flood Control District must take certain administrative actions.

First, the San Mateo County Flood Control District (SMCFCD) currently holds land assets, vendor contracts, grants, bond debt, property tax revenues, and fund balances. All such assets, liabilities, and obligations will transfer to the District as a matter of law effective January 1, 2020 (Attachment C). Staff recommends that the Governing Board of the SMCFCD acknowledge that transfer. Over the next two weeks, the County will be sending letters to existing vendors and contractors informing them that their contracts will be transferred to the District, effective January 1, 2020.

Second, the District, during its three-year start-up period, will require assistance with both its day-to-day operations and long-term fund project implementation. Thus, staff recommends that the District enter into a Master Agreement with the County of San Mateo (“County”) in order to leverage the County’s staffing resources, vendor contracts, and subject-area expertise (Attachment A). As set forth in Attachment A, services provided under the Master Agreement will be on a time and materials

basis and include engineering services for the management and operations of the zones and flood-related projects, administrative support, community outreach efforts, and accounting services. The County departments providing services under the Master Agreement are the Department of Public Works, the Office of Sustainability, and the Controller's Office. The specific services provided by each department, along with the applicable terms such services will be provided, are set forth in the exhibits included in Attachment A. The Master Agreement is for a term of 2.5 years, in an amount up to \$6,803,000, of which \$6,005,000 is a cost to the zones. The Master Agreement includes a mutual indemnity/hold harmless provision covering services performed by the County.

Third, the Department of Public Works will continue to process payments for services provided to the SMCFCFCD through December 31, 2019 with existing SMCFCFCD funds, while services provided after January 1, 2020, must be paid for by the District. To facilitate this transition, staff recommends that the Department of Public Works retain 10% of the FY 2019-20 budgeted reserve funds for each zone within the SMCFCFCD to pay invoices and obligations for work performed through December 31, 2019. Any remaining flood control zone fund balances will transfer to the District at fiscal year-end.

On November 12, 2019, the District Advisory Committee approved the transfer of all assets, liabilities, obligations and rights to the District, the Master Agreement with the County of San Mateo (in concept), and the proposed retention percentage of 10% of FY 2019-20 budgeted reserve funds recommended by the Department of Public Works. A final draft of the Master Agreement will be presented to the Advisory Committee for approval at their meeting on December 9, 2019.

The resolution and agreement have been reviewed and approved by County Counsel.

FISCAL IMPACT:

Approval of this resolution authorizes the transfer of an estimated \$22,809,350 in funds from each zone to the San Mateo County Flood and Sea Level Rise Resiliency District, on or about January 1, 2020, and the retention of 10% of the SMCFCFCD FY 2019-20 budgeted reserve balance in the amount of \$2,255,346. At fiscal year-end, any remaining funds in the zones will be transferred to the District. This resolution also authorizes a Master Agreement between the County of San Mateo and the San Mateo County Flood and Sea Level Rise Resiliency District, in an amount up to \$6,803,000, for the period of January 1, 2020 to June 30, 2022, with an option to extend to June 30, 2023 at the same annual rate upon mutual consent.

In addition, approximately \$5.3 million in revenues, including property taxes, will be received annually by the San Mateo County Flood and Sea Level Rise Resiliency District that was formally received by the San Mateo County Flood Control District (based on FY 2018-19 revenues).

ATTACHMENTS: A: Master Agreement Between the County of San Mateo and the Flood and Sea Level Rise Resiliency District
B: Adopted Assembly Bill 825
C: List of Contracts, Grants, and Assets Transferred to the District