



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER

**File #:** 22-134

Board Meeting Date: 2/22/2022

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**Special Notice / Hearing:** None  
**Vote Required:** 4/5th

**To:** Honorable Board of Supervisors  
**From:** Michael P. Callagy, County Manager / Clerk of the Board  
**Subject:** Recognizing Unanticipated Revenue for County Office Building 3 Project

**RECOMMENDATION:**

Recommendation to:

- A) Approve an Appropriation Transfer Request (ATR) recognizing unanticipated revenue into Non-Departmental Services in the amount of \$21,296,655 for the reimbursement of the 2021 Lease Revenue Bonds Series A Cordilleras Replacement Project; and
- B) Approve an Appropriation Transfer Request (ATR) in the amount of \$21,296,655 re-appropriating the reimbursement from the 2021 Lease Revenue Bonds Series A Cordilleras Replacement Project from Non-Departmental Services to a newly created sub-unit for the County Office Building 3 project.

**BACKGROUND:**

On March 28, 2017, this Board gave direction to the County Manager and the Project Development Unit to move forward with preparations for multiple recommended capital improvements. Among the anticipated capital projects were the Cordilleras Mental Health Center Replacement Project and County Office Building 3 (COB3) projects, both of which are currently under construction. General funds were appropriated for the initial Cordilleras project expenses. The project was then bonded, and expended general funds reimbursed through the bond. Through this resolution, the reimbursed funds will be allocated to the appropriate accounting sub-unit in support of the COB3 project.

**DISCUSSION:**

On June 1, 2021 the San Mateo Joint Powers Financing Authority (the Authority) agreed to issue bonds entitled "San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Cordilleras Mental Health Center Replacement Project), 2021 Series A (the "Series 2021 Bonds"), in aggregate principal amount of \$153,005,000 pursuant to the First Supplemental Trust Agreement, for the purpose of financing the 2021 Capital Improvements. As part of the agreement, the County of San Mateo was authorized to reimburse three years of Cordilleras Project expenses. Reimbursement

to the County's General Fund for expenses paid on the Cordilleras Project were requested from the 2021 Series A Bonds in the amount of \$21,296,655 as covered expenses from June 2018 to June 2021.

At the time of receipt of the bond reimbursement for these covered expenses, the county did not have a dedicated sub-unit for the County Office Building 3 project and therefore had to deposit these funds in Non-Departmental Services. A new sub-unit has been established and it is now necessary to budget both the revenue and expenditures associated with this project in order to accurately track project revenue and costs.

The County of San Mateo Chief Financial Officer has authorized an appropriation transfer of \$21,000,000 from County General Funds toward construction of County Office Building 3. Appropriations will be held under a Custody Agreement with U.S. Bank National Association, a national banking association. The remaining \$296,655 will be held in the COB3 sub-unit account.

**FISCAL IMPACT:**

The Appropriation Transfer Requests will recognize unanticipated revenue in the amount of \$21,296,655 to Non-Departmental Services for the reimbursement of the 2021 Series A Lease Revenue Bond, Cordilleras Mental Health Center Replacement Project as well as establish a budget in the new sub-unit set up for the County Office Building 3 project.