



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 19-1076

Board Meeting Date: 11/12/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Manager

Subject: Amendment to Accumulative Capital Outlay Fund Ordinance

RECOMMENDATION:

Introduction of an ordinance amending Sections 2.80.060 through 2.80.110 of Title 2, Article 2.8, Chapter 2.80 of the San Mateo County Ordinance Code.

BACKGROUND:

Pursuant to California Government Code section 53731 *et seq.*, the County adopted an ordinance in May 1986 creating an "Accumulative Capital Outlay Fund" (the "ACO Fund"). The ordinance provided that revenues from certain sources, such as the sale of County real property, could be designated for deposit into the ACO Fund and, thereafter, would be subject to certain restrictions regarding appropriation and expenditure. More specifically, the ordinance provided that, "[u]ntil otherwise provided by ordinance," all such monies could only be budgeted for the following capital outlay purposes: "First, for the acquisition, construction, installation, completion, and/or extension of county facilities, structures, or equipment. Second, for the acquisition of lands or rights-of-way necessary or convenient for the foregoing purpose."

In April 1991, the Board amended the ACO Fund ordinance to provide the Board with additional flexibility in budgeting ACO funds. Among other things, the ordinance was amended to expressly authorize the Board to cancel certain appropriations and instead appropriate such cancelled monies to certain contingency accounts, and to allow the Board to amend a current year budget to include the appropriation of ACO funds.

DISCUSSION:

The County's ACO Fund ordinance currently restricts the expenditure of funds to the acquisition, construction, installation, completion, or extension of county facilities, structures, or equipment, or the acquisition of related lands or rights-of-way. Section 2.80.070, however, allows the Board to provide for other uses of the fund to the extent that it amends the ordinance.

The purpose of the proposed amendments is to expand the purposes for which the subject funds may be appropriated to include up to \$25,000,000 for advances, temporary transfers, or lease financing arrangements with other public agencies for capital projects and for the acquisition of lands or rights-of-way necessary or convenient for such purposes, with the remainder of the Fund available for the funding of Board-approved employee housing programs, and one-time payments by the County of its pension or OPEB liabilities. Given the broader allowable purposes for the funds, the amended ordinance renames the ACO Fund as the "County One-Time Expense Fund."

Notably, one of the advantages of creating accumulative capital outlay funds was that counties could thereafter set aside monies, apart from their general fund, to be made available for one-time capital expenditures. Similarly, and like the County's 2010 Reserves Policy, the amended ordinance would restrict expenditures from the County One-Time Expense Fund to certain one-time or short-term expenses as opposed to funding ongoing operations. With respect to the \$25,000,000 available for potential advances, temporary transfers, or lease financing arrangements with public entities for their acquisition, construction, installation, completion, and/or extension of capital projects or the acquisition of lands or rights-of-way necessary or convenient for such purposes, such monies would need to be repaid to the fund before additional expenditures could be incurred. Other allowable uses of the fund include providing monies for one-time expenses such as additional payments of the County's pension or OPEB obligations.

The ordinance has been reviewed and approved by County Counsel.

FISCAL IMPACT:

There is no Net County Cost associated with the introduction of this ordinance amendment.