



Monterey County

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: 20-559

July 14, 2020

Introduced: 7/3/2020

Current Status: ATS Paused

Version: 1

Matter Type: General Agenda Item

Adopt a Resolution:

- a. Approving a request from the Resource Conservation District of Monterey County (“District”) for a dry period loan (“Dry Period Loan”) of \$200,000 for the Fiscal Year ending June 30, 2021, for meeting the District’s obligations incurred for maintenance purposes; and
- b. Approving and authorizing execution by the County Auditor-Controller of a Temporary Transfer of Funds Agreement with the District, setting forth the terms and conditions of repayment of the dry period loan in the amount of \$200,000 for the Fiscal Year ending June 30, 2021; and
- c. Authorizing the County Auditor-Controller and County Treasurer-Tax Collector to implement the temporary transfer of funds to the District in the amount of \$200,000 for the Fiscal Year ending June 30, 2021.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approving a request from the Resource Conservation District of Monterey County (“District”) for a dry period loan (“Dry Period Loan”) of \$200,000 for the Fiscal Year ending June 30, 2021, for meeting the District’s obligations incurred for maintenance purposes; and
- b. Approving and authorizing execution by the County Auditor-Controller of a Temporary Transfer of Funds Agreement with the District, setting forth the terms and conditions of repayment of the dry period loan in the amount of \$200,000 for the Fiscal Year ending June 30, 2021; and
- c. Authorizing the County Auditor-Controller and County Treasurer-Tax Collector to implement the temporary transfer of funds to the District in the amount of \$200,000 for the Fiscal Year ending June 30, 2021.

SUMMARY:

Dry Period Loan requests are submitted by qualified special districts to meet current operating expenses and cash flow needs during the periods of time between property tax payment and/or grant reimbursement receipts. The Resource Conservation District of Monterey County ("District"), in conjunction with the County Auditor-Controller and County Treasurer-Tax Collector, is requesting the Board to approve a temporary transfer of funds pursuant to the California Constitution, Article 16, Section 6, that is, a dry period loan, in an amount not to exceed \$200,000 in order to provide the District with sufficient cash to meet current operating expenses pending receipt of governmental grant revenues, which represents the District's main source of revenue.

BACKGROUND:

The District was established in 1996 out of consolidation of the previous Gabilan-Santa Lucia and Monterey Coast Resource Conservation Districts. The District was established to provide soil and water conservation services to residents and businesses of the District. This is accomplished by controlling and preventing surface water run-off and soil erosion and by pursuing the development and distribution of water capabilities within the District.

To that end, the District has applied for and has been awarded several awards from federal, state, and local sources for specific projects. The District does not receive property tax support.

The District is guided by a board of directors who are appointed by the county board of supervisors to serve voluntarily and represent a broad spectrum of experience including farming, ranching, financial and non-profit land conservancy management. Depending upon available grant funds, the District employs multiple staff members with diverse technical backgrounds to support implementation of the District mission.

DISCUSSION:

The temporary transfer of funds is necessary to allow the District, which does not have adequate cash to cover its current operating expenses, to maintain operations prior to reimbursements being received from awarding agencies. The grants have already been awarded to the District. The District has anticipated grant and contracts revenues of \$3,486,340 and total budgeted revenues of \$3,491,340 for the Fiscal Year ending June 30, 2021. The District's funds are currently being deposited and are in custody of the County Treasury.

The funds advanced may only be used to meet maintenance and operational expenses. No part of this loan may be invested. The amount advanced will be repaid, pursuant to the terms of the attached Temporary Transfer of Funds Agreement, with interest at a rate equivalent to the average rate of return currently earned on deposits in the county Treasury.

FINANCING:

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The County Treasurer has certified that sufficient funds will be available in the County Treasury as of June 18, 2020, to finance the requested advance. The Auditor-Controller has certified that anticipated revenue in Fiscal Year 2020-21 will be sufficient to repay the temporary loan. The repayment will be in December 2020 and April 2021.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

To maintain District services in support of the community without interruptions.

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Warner Howser, Accountant Auditor III, 755-5094

Approved by: Burcu Mousa, CPA Assistant Auditor Controller, 755-5089

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W Warner Howser

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Burcu Mousa

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Attachments:

- Board Order
- Request and Certification for Temporary Transfer of Funds
- Special District Resolution
- Board of Supervisor Resolution
- Agreement of Temporary Transfer of Funds