



Board Report

File #: RES 20-077, **Version:** 1

Adopt a resolution authorizing and directing the Auditor-Controller to:

- 1) Amend the Fiscal Year (FY) 2019-20 Adopted Budget, increasing Facilities Project Fund, Fund 401, Appropriation Unit RMA004, Operating Transfers Out, Account 7614, by \$411,222, financed by an increase in Investment Income Revenue, Account 4600, of \$45,826 and Unassigned Fund Balance, Account 3101, of \$365,396; and
- 2) Transfer the ending fund balance, estimated at \$411,222, at the close of FY 2019-20 in the Facilities Project Fund, Fund 401, Appropriation Unit RMA004, to Capital Projects Fund, Fund 402, Appropriation Unit RMA014; and
- 3) Assign remaining project funds at the close of FY 2019-20, appropriated in the General Fund, Fund 001, Appropriation Unit RMA006, for four (4) Projects [Energy Efficiency Measures; Parks ADA Transition Plan; 142 W. Alisal East Wing Sound Attenuation; and Parks Roof Replacement and Repairs], in an amount not to exceed \$453,252, to the General Fund, Fund 001, General Capital Assignment Fund Balance, Account 3065 (4/5th vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a resolution to authorize and direct the Auditor-Controller to: 1) Amend the Fiscal Year (FY) 2019-20 Adopted Budget, increasing Facilities Project Fund, Fund 401, Appropriation Unit RMA004, Operating Transfers Out, Account 7614, by \$411,222, financed by an increase in Investment Income Revenue, Account 4600, of \$45,826 and Unassigned Fund Balance, Account 3101, of \$365,396; 2) Transfer the ending fund balance, estimated at \$411,222, at the close of FY 2019-20 in the Facilities Project Fund, Fund 401, Appropriation Unit RMA004, to Capital Projects Fund, Fund 402, Appropriation Unit RMA014; and 3) Assign remaining project funds at the close of FY 2019-20, appropriated in the General Fund, Fund 001, Appropriation Unit RMA006, for four (4) Projects [Energy Efficiency Measures; Parks ADA Transition Plan; 142 W. Alisal East Wing Sound Attenuation; and Parks Roof Replacement and Repairs], in an amount not to exceed \$453,252, to the General Fund, Fund 001, General Capital Assignment Fund Balance, Account 3065 (4/5th vote required).

SUMMARY/DISCUSSION:

During Fiscal Year (FY) 2018-19, the Auditor-Controller's Office determined the Facilities Project Fund (Fund 401) did not meet the requirement to be categorized as a Capital Project Fund and directed the Resource Management Agency (RMA) to dissolve the Fund. Although Fund 401 was used exclusively for Facility projects, not all the projects met capitalization thresholds or requirements. Fund 401 ended FY 2018-19 with an Unassigned Fund Balance of \$3,487,844. The FY 2019-20 Adopted Budget only included Operating Transfers Out appropriations of \$3,122,448. To continue the planned projects, the \$3,122,448 was transferred to three (3) funds: General Fund, Fund 001, Facilities Unit 8176; Capital Projects Fund, Fund 402; and Facilities Master Plan Projects, Fund 404. RMA requests that the Unassigned Fund Balance remaining from FY 2018-19, \$365,396, plus Fund 401 earned interest income from FY 2019-20, estimated at \$45,826, be appropriated and transferred to Capital Projects Fund, Fund 402, Appropriation Unit RMA014, for future capital projects. RMA will reconcile Fund 401 after all transactions have been recorded and transfer the balance of interest earnings, which should not exceed \$45,826, to bring the overall Fund 401 balance to zero. The requested action will result in all Fund 401 assets being liquidated.

Due to the change in accounting for Facility projects that do not meet County capitalization requirements, Fund 401 transferred \$258,565 to the General Fund, Fund 001, Facilities Unit 8176, Appropriation Unit RMA006, for the Energy Efficiency Measures (EEM) Phase 5 and Schilling 2nd Floor Cubicle projects for FY 2019-20. The Schilling 2nd Floor Cubicle project is complete, but the EEM project will not be completed by year end and is estimated to have a balance of \$117,068. This remaining funding is needed in FY 2020-21 to complete work on EEM Phase 5, and RMA requests the actual remaining funds be set aside in General Capital Assignment Fund Balance for completion of this project.

An additional transfer was made from Capital Projects Fund, Fund 402, in the amount of \$667,650, for three (3) projects [Parks ADA Transition Plan (\$403,513), 142 W. Alisal East Wing Sound Attenuation (\$38,380), and Parks Roof Replacement and Repairs (\$225,757)]. RMA estimates a balance of \$336,184 will remain among the three (3) projects at FY end, and RMA requests these funds be set aside in the General Capital Assignment Fund Balance for completion of these projects in FY 2020-21. The Parks ADA Transition Plan is underway and is currently scheduled to be completed in November 2020. At FY 2019-20 end, its estimated remaining balance is \$278,513. The 142 W. Alisal East Wing Sound Attenuation Project has been delayed due to COVID-19 Shelter in Place Order and is currently scheduled for completion by July 2020. At FY 2019-20 end, its estimated remaining balance is \$31,914. Lastly, the Parks Roof Replacement and Repairs Project is underway and is currently scheduled for completion by June 30, 2020. There is a strong likelihood that this completion schedule could run over into July 2020, so RMA requests that \$25,757 anticipated year-end balance also be set aside in the event it is needed in FY2020-21.

OTHER AGENCY INVOLVEMENT:

This report was reviewed by the County Administrative Office Budget & Analysis Division. On May 28, 2020, the Budget Committee voted to support this recommendation.

FINANCING:

If approved, the FY 2019-20 Adopted Budget for Facilities Project Fund, Fund 401, Appropriation Unit RMA004, will be increased by \$411,222, financed by an increase in Investment Income Revenue of \$45,826 and utilizing Unassigned Fund Balance of \$365,396. This will provide for an Operating Transfer Out of \$411,222 from Fund 401 to the Capital Projects Fund, Fund 402, Appropriation Unit RMA014, allowing Fund 401 to close with a zero balance.

Approval of the recommendation also authorizes the remaining balances from Operating Transfers for the Energy Efficiency Measures project from Fund 401 and three (3) projects [Parks ADA Transition Plan, 142 W. Alisal East Wing Sound Attenuation, and Parks Roof Replacement and Repairs] from Fund 402 to be set aside in the General Fund, Fund 001, General Capital Unassigned Fund Balance, so that the projects can be completed in FY 2020-21. RMA estimates the General Capital Assignment to be no greater than \$453,252. RMA will return to the Board of Supervisors via the Committees to appropriate carry over projects and corresponding funds once the FY 2020-21 Budget is adopted.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The recommendations of this report support the Board of Supervisors' Administration and Infrastructure Strategic Initiatives by ensuring accurate, timely, and transparent fiscal accounting and effective resource management which enables the RMA to complete essential Capital Projects for the long-term benefit of the County.

Economic Development

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

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Approved by: Carl P. Holm, AICP, RMA Director

Attachments:
Attachment A-Facilities Project Fund 401 Income Statement
Attachment B-Request to Preserve Committee Project Funds
Attachment C-Draft Resolution