



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 8/13/2024

To: Board of Supervisors

Department or Agency Name(s): Auditor-Controller-Treasurer-Tax Collector

Staff Name and Phone Number: Jennifer Calderon 565-3289

Vote Requirement: Majority

Supervisorial District(s): Fourth and Fifth

Title:

Gold Ridge Resource Conservation District Fund Transfer

Recommended Action:

Adopt a Resolution authorizing the Auditor-Controller-Treasurer-Tax Collector to establish a temporary fund transfer for Gold Ridge Resource Conservation District in an amount up to \$1,500,000. (Fourth and Fifth Districts)

Executive Summary:

The Gold Ridge Resource Conservation District ("the District"), in conjunction with the Auditor-Controller Treasurer-Tax Collector, is requesting the Board approve a temporary fund transfer in an amount not to exceed \$1,500,000 to provide the District with sufficient funds to meet cash flow needs.

Discussion:

The District was established in 1941 as one of the original resource conservation districts, and the first in Sonoma County. The District was established to ensure strong, productive, and viable agricultural endeavors in Western Sonoma County can continue by improving soil and water quality, and by providing an economically and ecologically viable and healthy agricultural community.

To that end, the District has applied for and received several awards from federal, state and local sources for various projects. The following is a brief summary of the major awards and amounts remaining to be billed:

Funding Agency	Grant/Contract Amount
Caltrans Gleason	\$ 1,251,352
State Coastal Conservancy	959,360
County of Sonoma - Resilient Forests and Watersheds	800,000
U.S. Department of Agriculture	280,238
Sonoma County Agricultural Preservation and Open Space Distr.	226,762
Resources Legacy Fund	40,929
Anonymous	17,580
Grand Total	\$ 3,576,221

The District must spend the funds prior to reimbursement from awarding agencies and does not have adequate cash to cover these upfront expenditures. By resolution, the District has requested a temporary fund transfer under Article XVI, Section 6 of the State Constitution. This fund transfer takes the form of a line of credit with a limit of \$1,500,000 for FY 2024-25. The increase from prior years' amount requested is due to larger grant awards received and the District's request is below the maximum 85 percent of anticipated revenues accruing to the District. The District's budget has increased significantly to include several large environmental restoration projects with up front construction costs. Their grants can take 90-180 days to reimburse for costs expended and several years to reimburse retention held on multi-year grants (usually 10% of grant total). This line of credit is necessary to allow the District to maintain operations prior to reimbursements being received and represents a low risk to the County as the grants/contracts have already been awarded to the District. The line of credit will be repaid by the last Monday in April of the current fiscal year.

The District currently has a Treasury Note (Note) with the County Treasury in the amount of \$900,000 that serves as bridge financing between April 2024 and when a temporary fund transfer is approved. This Note is due and payable on March 31, 2025; however, the District intends to pay the Note as early as possible in FY 2024-25. The estimated payoff is September 2024. The District's cash balance in the County Treasury is estimated to be approximately \$348,000 prior to repaying the Note. Accordingly, the District will need to use approximately \$573,000 of the temporary fund transfer to pay off the balance of the current Note, including interest.

On February 20, 1991, the Board delegated authority to the Auditor-Controller-Treasurer-Tax Collector to approve temporary fund transfers to agencies that can secure transfers wholly by revenue collected through the secured property tax system. The District does not receive sufficient property tax support to meet the current temporary fund transfer request. In FY 2023-24, the District received less than \$38,000 in property tax revenues and the amount is not expected to increase substantially in FY 2024-25; therefore, Board of Supervisors approval is required for a temporary fund transfer secured by revenue from outside sources.

In FY 2014-15, the District agreed to work with the Auditor-Controller Treasurer-Tax Collector to develop a plan that addressed their structural deficit with the aim of eliminating their annual operating deficit and working down their accumulated deficit. Attachment C contains detail of the District's audited financial data through FY 2022-23 showing their accumulated deficit was eliminated as of FY 2016-17. The District estimates that revenues will exceed expenditures by a nominal amount through FY 2026-27 increasing their Net Assets (or equity position). □

The District provided a list of their largest expenses planned for FY 2024-25, where delayed payment would impact small businesses and residents participating in the District's grant programs:

- \$350,000 payable to construction contractors for Dutch Bill Creek Salmon Habitat Improvement project
- \$700,000 payable to construction contractors for Green Valley Salmon Habitat Improvement project
- \$400,000 in seed collection and nursery work for wetland and endangered butterfly habitat

Agenda Date: 8/13/2024

- improvement project on Sonoma Coast
- \$70,000 payable to landowners for Instream -flow improvement, Water Supply Security and Groundwater Sustainability Installation rebate project

If approved, the District plans to use the line of credit to ensure prompt payments are made to vendors and contractors which helps small and local businesses who are not in a position to wait for payment until the District is reimbursed from awarding agencies.

Prior Board Actions:

August 15, 2023 - Board approved a transfer of \$600,000 by Resolution No. 23-0873

FISCAL SUMMARY

Expenditures	FY 24-25 Adopted	FY 25-26 Projected	FY 26-27 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

The recommended temporary fund transfer has no significant financial impact. Rather than a physical transfer of cash to the District, this action provides authority for the District to operate with a deficit cash position up to the approved amount and the District will receive negative quarterly interest apportionments based on its average daily balance and the Treasury Pooled interest rate.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Agenda Date: 8/13/2024

- 1) Attachment A: Resolution
- 2) Attachment B: Gold Ridge Resource Conservation District Resolution
- 3) Attachment C: Audited and Projected Financial Data

Related Items “On File” with the Clerk of the Board:

N/A