DEPARTMENT: Auditor

BY: Christopher Ebie
PHONE: 209 966-7606

RECOMMENDED ACTION AND JUSTIFICATION: The Auditor’s Office is requesting that the Board of Supervisors consider adopting a resolution authorizing a line of credit for the Mariposa County Resource Conservation District (MCRCD) when needed for cash flow purposes. The Upper Merced River Watershed Council (UMRWC) affiliated with MCRCD has four active grants that occasionally encounter cash flow problems due to the grants being funded on a claim basis after expenditures are incurred. In order for the Auditor to pay out expenditures (including payroll) on these grants MCRCD will occasionally need to exercise a line of credit that must be authorized by the Board.

Public Resources Code Section 9525 authorizes the directors of MCRCD to borrow from the county. In consideration of this I am requesting that the Board of Supervisors authorize a line of credit for temporary borrowing purposes with the following conditions:

1) Limit the amount to $60,000
2) MCRCD will pay interest at the current rate of return the Treasurer earns on investments for any overdrawn funds
3) That MCRCD provide a resolution from their Board requesting a line of credit

A letter from the MCRCD Board President and a formal resolution from the MCRCD Board requesting the line of credit are included herein.

BACKGROUND AND HISTORY OF BOARD ACTIONS: There has not been any prior policy concerning the Resource Conservation District borrowing from the county.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION: If the Board chooses not to allow MCRCD to borrow monies from the county my office will not be able to process invoices, transfers and payroll out of these funds until they are solvent.

Financial Impact? ( ) Yes ( ) No  Current FY Cost: $ 
Budgeted In Current FY? ( ) Yes ( ) No ( ) Partially Funded.
Amount in Budget: __________________
Additional Funding Needed: __________________
Source:
Internal Transfer
Unanticipated Revenue (4/5’s vote)
Transfer Between Funds (4/5’s vote)
Contingency (4/5’s vote)
( ) General ( ) Other

Resolution: Letter to MCRCD

Annual Recurring Cost: $ __________________

List Attachments, number pages consecutively

CLERK’S USE ONLY:
Res. No.: 5859 Ord. No. ______
Vote – Ayes: 5 Noes: ______
Absent: ______
Approved: ______
( ) Minute Order Attached  ( ) No Action Necessary

The foregoing instrument is a correct copy of the original on file in this office.
Date: 
Attest: MARGIE WILLIAMS, Clerk of the Board
County of Mariposa, State of California
By: Deputy

COUNTY ADMINISTRATIVE OFFICER:
( ) Requested Action Recommended
( ) No Opinion
Comments: __________________

Revised Dec. 2002
RESOLUTION NO. 2-08 OF THE BOARD OF DIRECTORS OF THE MARIPOSA COUNTY RESOURCE CONSERVATION DISTRICT (MCRCD), STATE OF CALIFORNIA, RELATIVE TO ESTABLISHMENT BY MARIPOSA COUNTY OF A LINE OF CREDIT FOR THE MCRCD TO ALLOW TIMELY PAYMENT OF DISTRICT OPERATING COSTS.

WHEREAS: Division 9, Section 9525, of the California Public Resources Code authorizes counties to serve as fiscal agents for resource conservation districts; and

WHEREAS: Some state agency grants that fund MCRCD programs and projects are reimbursed three to six months in arrears, sometimes creating negative cash balances in the MCRCD’s accounts administered by the Mariposa County auditor’s office; and

WHEREAS: Timely payment of monthly bills and salaries is essential to fulfill the MCRCD’s financial obligations and uphold the District’s fiduciary responsibilities; and

WHEREAS: The Mariposa County auditor does not have the authority to loan county funds to the MCRCD without the approval of the Mariposa County Board of Supervisors;

NOW, THEREFORE, BE IT RESOLVED, that the MCRCD Board of Directors requests that the Board of Supervisors authorize the county auditor to establish a line of credit that will allow the MCRCD to draw advances against a designated county fund source and to repay those advances to the county, with interest, upon reimbursement by the state granting agency.

BY ACTION of the MCRCD Board of Directors at its regular meeting held on the 7th day of August, 2008, by the following vote:

AYES: 4
NOES: 0
ABSTAIN: 0
ABSENT: 1

[Signature]
Leonard McKenzie, President

Certification:

I hereby certify that this is a true copy of Resolution No. 2-08 which was duly and regularly adopted by the Board of Directors of the Mariposa County Resource Conservation District at its regular meeting held on the 7th day of August, 2008.

[Signature]
Jeanne Darcy, Office Manager
August 8, 2008

Mr. Chris Ebie
Auditor-Controller
Mariposa County
P.O. Box 729
Mariposa, CA 95338

Dear Chris:

Pursuant to the Mariposa County Board of Supervisors’ direction at its meeting Tuesday, July 22, and in accordance with the provisions of Section 9525 of the California Public Resources Code, the Mariposa County Resource Conservation District (MCRCD) board of directors is requesting that the auditor’s office, as our fiscal agent, seek authorization from the Board of Supervisors to establish a line of credit for the MCRCD.

As you know, the MCRCD and our affiliate, the Upper Merced River Watershed Council (UMRWC), rely largely on state grants to fund many of our projects and services. One of the UMRWC’s principal grantors, the State Department of Conservation (DOC), recently awarded the MCRCD a three-year bond-funded grant totaling $316,220 for watershed activities. However, the DOC makes grant payments only in arrears, after monthly salaries and other program costs covered by the grant have been paid. Since the DOC allows only quarterly submittals of invoices and then may need two to three months to process each invoice for reimbursement, a sizable sum in unreimbursed expenditures may accrue before we receive that payment. In the meantime we continue to incur monthly expenses in the ensuing quarter. This fiscal pattern—an excessive lag time between monthly expenditures (salaries, rent, utilities, etc.) and our receiving reimbursement for those costs—can eventually create a negative cash balance in the MCRCD’s accounts.

A revolving line of credit that would permit the MCRCD to draw advances from a designated county fund if our cash reserves are depleted, allowing us to make timely payments of obligations, would resolve this issue. A cap of $60,000 and a time limit of three years, the term of the DOC grant, should meet our needs. Should either cap prove to be too restrictive, we would ask you to request approval from the Board of Supervisors to extend those limits. We recognize and accept that the MCRCD will pay interest on the monthly loan balance, and the indebtedness will be fully paid, with interest, when the grant ends in 2011.

We appreciate your, the County Counsel’s and the Board of Supervisors’ support and cooperation in addressing this issue and trust this proposed resolution will receive the Board’s approval. We believe it will work for all parties and will serve the public interest.

Sincerely,

[Signature]

Leonard McKenzie
MCRCD Board President