

May 11, 2011

TO: San Joaquin Area Flood Control Agency
FROM: James B. Giottonini, Executive Director
SUBJECT: **RESOLUTION TO APPROVE THE PROPOSED FISCAL YEAR 2011-2012 BUDGET FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY**

RECOMMENDATION

It is recommended the Board of Directors of the San Joaquin Area Flood Control Agency adopt a resolution to approve the proposed fiscal year 2011-2012 budget for the San Joaquin Area Flood Control Agency.

DISCUSSION

Background

On May 19, 2010, the Board adopted Resolution No. 10-14 approving the Agency's proposed budget for fiscal year (FY) 10/11 (Exhibit A). Also shown in Exhibit A is the updated budget showing actual beginning balances, revised revenue projections and CIP projects, including projects approved by the Board mid-year.

As of March 31, 2011, (75 percent of the FY lapsed), the Agency has expended 72 percent of the FY 10/11 Operating Budget (see table below). This includes operating expenses incurred from the City of Stockton through the end of the third quarter. The year-end estimated operating expenditure includes projected City-incurred operating costs for the last quarter of FY 10/11.

FY 10/11 To-Date Operating Expenses and Year-End Estimate

	10/11 Budget	10/11 Actual As of 3/31/11*	Year-End Estimated Operating Expenses
SJAFCA Employee Services	864,000	621,866 (72%)	812,866 (94%)
City Employee Services	71,000	53,645 (76%)	72,645 (102%)
Other Services	365,000	246,349 (67%)	344,349 (94%)
Materials & Supplies	9,000	4,639 (52%)	7,639 (85%)
Other Expenses	112,000	96,224 (86%)	125,224 (112%)
Approved Operating Budget:	\$1,421,000	\$1,022,723 (72%)	\$1,362,723 (96%)

* 75% of FY Lapsed

On January 26, 2011, the Board adopted Resolution No. 11-03 approving payment of the City of Stockton's invoice for operating costs for the first quarter of FY 10/11. City-incurred operating costs for the second and third quarter are included in today's Agenda (Item 3.3). Staff will continue to bring the City-incurred operating expenditures to the Board for approval.

**RESOLUTION TO APPROVE THE PROPOSED FISCAL YEAR 2011-2012 BUDGET FOR
THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY** (Page 2)

The proposed FY 11/12 budget presents the Agency's anticipated expenditures for general administration and operations. All of the Agency's expenditures are funded by the following sources: Equalization Fee Fund, SJAFCA Fund, Federal Reimbursement Fund, Operations and Maintenance (O&M) Fund, and Cost-Share Agreements as described below.

Equalization Fee Fund. The Equalization Fee Fund accounts for money collected through the Agency's Equalization Fee Program. The Equalization Fee Program was implemented to ensure all new development contributes a fair share to the cost of construction for the Flood Protection Restoration Project. The benefits associated with undeveloped land were assessed at the time the Agency's original assessment district was formed. As development occurs and improvements are constructed, an equalization fee is assessed. Money collected through the Equalization Fee Program is transferred annually to the SJAFCA Fund and can be used to pay for the costs of flood control projects not included in the bonded indebtedness for the assessment district, and/or to retire the assessment bonds early, or to pay for the construction of additional improvements.

As of March 31, 2011, the Agency has collected only \$17,166.27 in equalization fees (including interest). For FY 11/12, it is estimated the Agency will collect approximately \$20,000 in equalization fees and interest.

SJAFCA Fund. The SJAFCA Fund includes money from the unexpended bond proceeds, the annual transfer from the Equalization Fee Fund, earned interest, and funding from local cost-share partners. In addition to supporting operating costs, this fund is primarily used to pay for project management and technical needs for the Lower San Joaquin River Feasibility Study, as well as geotechnical studies and reviews. During FY 10/11, money was appropriated to pay for SJAFCA's share of expenses for the Smith Canal Proposition 218 election.

During FY 11/12, this fund will be used to pay for contractual activities, acquisitions, engineering, and administrative functions that are approved by the Board.

The estimated available balance in the SJAFCA Fund on July 1, 2011 is \$7,498,499. This balance includes funding received from cost-share partners. The SJAFCA Fund is estimated to have the following activity during FY 11/12:

Estimated Balance July 1, 2011:	\$7,498,499	
	\$349,255	Revenues
	(\$1,066,815)	Expenses
	<u>\$6,780,939</u>	Estimated Balance June 30, 2012

Federal Reimbursement Fund. The Federal Reimbursement Fund is a special fund set aside to account for the Agency's ongoing federal reimbursements. Similar to the previous year, there are no expected reimbursements for the Flood Protection Restoration Project. The last reimbursement received occurred in FY 09/10 in the amount of \$350,000. Staff does not anticipate reimbursements to be received in FY 10/11 or 11/12.

The Federal Reimbursement Fund is used to support some of the Agency's operating costs. The estimated available balance in the Federal Reimbursement Fund on July 1, 2011 is \$5,577,572. Revenues indicated for the Federal Reimbursement Fund are from earned interest

**RESOLUTION TO APPROVE THE PROPOSED FISCAL YEAR 2011-2012 BUDGET FOR
THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY** (Page 3)

only. The Federal Reimbursement Fund is estimated to have the following activity during FY 11/12:

Estimated Balance July 1, 2011:	\$5,577,572	
	\$30,000	Revenues
	(460,185)	Expenses
	<u>\$5,147,387</u>	Estimated Balance June 30, 2012

O&M Fund. The O&M Fund accounts for the money collected annually through the Agency's O&M assessment. The levy of these assessments provides resources for the ongoing maintenance of the SJAFCA Flood Protection Restoration Project improvements. Each year the Board reviews the Annual Engineer's Report and establishes the O&M assessments.

The O&M budget for FY 11/12 is presented to the Board today under a separate staff report. (Agenda Item 4.1).

Cost-Share Agreements. In addition to the above-mentioned sources of funding, the Agency collaborates with local reclamation districts and other government agencies for funding support through cost-share agreements. During FY 10/11, as of March 31, 2011, \$196,519 has been received to support the Lower San Joaquin River Feasibility Study, and \$96,264.82 has been received to support the Smith Canal Flood Gate project.

Present Situation

Operating Budget. The Agency's Operating Budget (Exhibit B), includes expenses related to employee salary and benefits. "SJAFCA Employee Services" includes salary and benefits for 6 positions. Similar to last year's budget, this year's budget includes additional funding to allow for equity adjustments as a result of job reclassification. For example, the proposed FY 11/12 budget includes adjusting the Deputy Executive Director position to an equitable salary, and upgrading one Associate Civil Engineer position to a Senior Civil Engineer (Agenda item 3.5).

The total FY 11/12 cost for "SJAFCA Employee Services" is \$936,000.

Operating expenses also include "City Employee Services." These services, provided by City staff, include accounting and administrative support for the Agency's assessment district. The total FY 11/12 cost for "City Employee Services" is \$73,000.

"Other Services" include expenses associated with professional services in handling daily business activities such as legal counsel, lobbying efforts, technical consulting, and annual auditing services. General liability, insurance premiums, and communication costs, such as phone, computer support, mail, postage, duplication and file storage are included. The total FY 11/12 cost for "Other Services" is \$370,000.

"Materials and Supplies" includes costs for general office supplies, such as paper, printing supplies, computer software and publication costs for legal notices. SJAFCA's vehicle maintenance is also included. The total FY 11/12 cost for "Materials and Supplies" is \$8,000.

"Other Expenses" includes costs associated with travel, training, professional memberships, meetings, and web site maintenance. Similar to last year, this year's appropriation includes

RESOLUTION TO APPROVE THE PROPOSED FISCAL YEAR 2011-2012 BUDGET FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY (Page 4)

travel for lobbying trips to Washington D.C. Also included are the annual indirect costs the Agency incurs from the City of Stockton as it relates to employee services. The total estimated cost for "Other Expenses" is \$140,000.

To summarize, the proposed Operating Budget for FY 11/12 is \$1,527,000:

	• \$ 936,000	SJAFCA Employee Services
	• \$ 73,000	City Employee Services
	• \$ 370,000	Other Services
	• \$ 8,000	Materials and Supplies
	• \$ 140,000	Other Expenses
Total:	<u>\$1,527,000</u>	

Capital Improvement Project (CIP) Budget. At this time, there is no funding request for the FY 11/12 CIP budget. Similar to last year, funding to match a Federal appropriation for the Lower San Joaquin River Feasibility Study is unknown. Staff continues to seek ways to accelerate this study and will bring back to the Board any future contracts for work-in-kind to match any Federal appropriation.

Staff will continue to carry out CIP activities previously approved by the Board and any new CIP approvals for FY 11/12 will be brought before the Board.

Summary

Estimated fund balances at the beginning of FY 11/12, as shown on Exhibit B, reflect balances in the Agency's accounts that have not been committed to existing projects. At this time, the FY 11/12 proposed budget anticipates the Agency's total operating costs to be \$1,527,000.

The estimated combined balances of the Federal Reimbursement and SJAFCA Funds on June 30, 2012 is \$11,928,326 (Federal Reimbursement Fund \$5,147,387 + SJAFCA Fund \$6,780,939). These funds can be used for design, permitting and construction of future projects to provide flood control benefits to the SJAFCA Assessment District.

It is recommended that the Board adopt a resolution approving the Agency's proposed FY 11/12 budget.

PREPARED BY: MARLO DUNCAN

RC 

APPROVED:
JAMES B. GIOTTONINI
EXECUTIVE DIRECTOR

JBG:MD

Attachments

EXHIBIT A

FY 2010/2011 ADOPTED BUDGET (MAY 19, 2010)				
	ESTIMATED FUND BALANCE 7/1/2010	FEDERAL REIMB. FUND	SIAFCA FUND	
Estimated Fund Balance July 1, 2010:	\$14,612,000	\$6,237,300	\$8,374,700	
Revenues:				
Transfer from Equalization Fee Fund	\$37,000		\$37,000	
Interest	\$135,000	\$53,000	\$82,000	
Federal Reimbursement	\$0			
FY 10/11 local share for LSIRFS	\$284,255		\$284,255	
Total Estimated Revenues:	\$456,255	\$53,000	\$403,255	
Expenses:				
OPERATING BUDGET				
SIAFCA Employee Services	\$864,000	\$259,200	\$604,800	
City Employee Services	\$71,000	\$21,300	\$49,700	
Other Services	\$365,000	\$88,900	\$276,100	
Materials & Supplies	\$9,000	\$6,300	\$2,700	
Other Expenses	\$112,000	\$78,400	\$33,600	
Total Operating Expenses:	\$1,421,000	\$454,100	\$966,900	
CAPITAL IMPROVEMENT PROGRAM				
Technical Support (LSIRFS Proj Mgmt)	\$60,000		\$60,000	
Lower Calaveras River Toe Drain	\$55,000	\$55,000		
LSIRFS 2010/2011 FY Appropriation	TBD		TBD	
Total Capital Improvement Expenses:	\$115,000	\$55,000	\$60,000	
Total Estimated Expenses:	\$1,536,000	\$509,100	\$1,026,900	
Estimated Fund Balance 6/30/2011:	\$13,532,255	\$5,781,200	\$7,751,055	

FY 2010/2011 UPDATED BUDGET (MARCH 31, 2011)				
	ACTUAL FUND BALANCE 7/1/2010	ACTUAL FEDERAL REIMB. FUND	ACTUAL SIAFCA FUND	
Actual Fund Balance July 1, 2010:	\$14,282,090	5,895,138	\$8,386,952	
Revenues:				
Transfer from Equalization Fee Fund	\$27,000		\$27,000	
Interest	\$79,000	\$32,200	\$46,800	
Federal Reimbursement	\$0		\$0	
FY 10/11 local share LSIRFS (as of 3/31/11)	\$196,519		\$196,519	
FY 10/11 local share LSIRFS (expected by 6/30/11)	\$87,736		\$87,736	
RD 828 & 1614 Smith Canal (as of 3/31/11)	\$96,265		\$96,265	
RD 828 & 1614 Smith Canal (expected by 6/30/11)	\$26,613		\$26,613	
Total Estimated Revenues:	\$513,133	\$32,200	\$480,933	
Expenses:				
OPERATING BUDGET				
SIAFCA Employee Services	\$864,000	\$259,200	\$604,800	
City Employee Services	\$71,000	\$21,300	\$49,700	
Other Services	\$365,000	\$88,900	\$276,100	
Materials & Supplies	\$9,000	\$6,300	\$2,700	
Other Expenses	\$112,000	\$78,400	\$33,600	
Total Operating Expenses:	\$1,421,000	\$454,100	\$966,900	
CAPITAL IMPROVEMENT PROGRAM				
Technical Support (LSIRFS Proj Mgmt)	\$90,000		\$90,000	
Lower Calaveras River Toe Drain	\$55,000	\$55,000		
Lower Calaveras River Toe Drain	(\$55,000)	(\$55,000)		
Additional WIK Hydrology (LSIRFS)	\$50,000		\$50,000	
Smith Canal Floodgate - Prelim. Assess. Rates	\$27,800		\$27,800	
Smith Canal Floodgate Prop. 218 Election	\$306,875		\$306,875	
Wood Rodgers Task Order 2, CCO (LSIRFS)	\$9,126		\$9,126	
Geotechnical Review (Kleinfelder, CCO)	\$15,000		\$15,000	
Total Capital Improvement Expenses:	\$498,801	\$0	\$498,801	
Total Estimated Expenses:	\$1,919,801	\$454,100	\$1,465,701	
CIP Projects Closed Out Under Budget (+)	\$200,649	\$104,334	\$96,315	
NEW Estimated Balance 6/30/2011:	\$13,076,071	\$5,577,572	\$7,498,499	

EXHIBIT B

FY 11/12 PROPOSED BUDGET & ALLOCATION TO FEDERAL REIMBURSEMENT AND SJAFCA FUNDS			
		<u>FEDERAL REIMBURSEMENT FUND</u>	<u>SJAFCA FUND</u>
Estimated Fund Balance July 1, 2011:	\$13,076,071	\$5,577,572	\$7,498,499
Revenues:			
Transfer from Equalization Fee Fund	\$20,000		\$20,000
Interest	\$75,000	\$30,000	\$45,000
Federal Reimbursement	\$0		
FY 11/12 local share for LSJRFS	\$284,255		\$284,255
Total Estimated Revenues	\$379,255	\$30,000	\$349,255
Expenses:			
<u>OPERATING BUDGET</u>			
SJAFCA Employee Services	\$936,000	\$280,800	\$655,200
City Employee Services	\$73,000	\$21,900	\$51,100
Other Services	\$370,000	\$113,130	\$256,870
Materials & Supplies	\$8,000	\$5,055	\$2,945
Other Expenses	\$140,000	\$39,300	\$100,700
Total Operating Expenses:	\$1,527,000	\$460,185	\$1,066,815
<u>CAPITAL IMPROVEMENT PROGRAM</u>			
Lower San Joaquin River Feasibility Study	TBD		
Total Capital Improvement Expenses:	\$0	\$0	\$0
Total Estimated Expenses	\$1,527,000	\$460,185	\$1,066,815
Estimated Fund Balance June 30, 2012:	\$11,928,326	\$5,147,387	\$6,780,939

RESOLUTION NO. SJAFCA 11-07

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

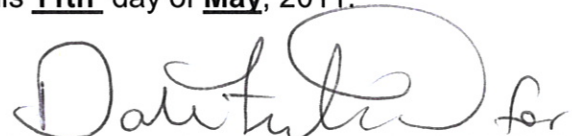
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THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JOAQUIN
AREA FLOOD CONTROL AGENCY, AS FOLLOWS:

1. That the San Joaquin Area Flood Control Agency's 2011-2012 Proposed Budget is hereby approved and adopted, a copy of which is attached as Exhibit "A" and incorporated by this reference.
2. That any new appropriations and/or adjustments to the Agency's 2011-2012 fiscal year budget will be brought back before the Board for consideration and approval.


PASSED, APPROVED AND ADOPTED this 11th day of May, 2011.


STEVE J. BESTOLARIDES, Chair *S. Bestolarides*
of the San Joaquin Area
Flood Control Agency

ATTEST:


JAMES B. GIOTTONINI, Secretary
of the San Joaquin Area
Flood Control Agency

APPROVED AS TO FORM:


SCOTT L. SHAPIRO, Legal Counsel
for the San Joaquin Area
Flood Control Agency

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EXHIBIT A

FY 11/12 PROPOSED BUDGET & ALLOCATION TO FEDERAL REIMBURSEMENT AND SJAFCA FUNDS			
		FEDERAL REIMBURSEMENT FUND	SJAFCA FUND
Estimated Fund Balance July 1, 2011:	\$13,076,071	\$5,577,572	\$7,498,499
Revenues:			
Transfer from Equalization Fee Fund	\$20,000		\$20,000
Interest	\$75,000	\$30,000	\$45,000
Federal Reimbursement	\$0		
FY 11/12 local share for LSJRFS	\$284,255		\$284,255
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Other Expenses	\$140,000	\$39,300	\$100,700
Total Operating Expenses:	\$1,527,000	\$460,185	\$1,066,815
<u>CAPITAL IMPROVEMENT PROGRAM</u>			
Lower San Joaquin River Feasibility Study	TBD		
Total Capital Improvement Expenses:	\$0	\$0	\$0
Total Estimated Expenses	\$1,527,000	\$460,185	\$1,066,815
Estimated Fund Balance June 30, 2012:	\$11,928,326	\$5,147,387	\$6,780,939