

May 15, 2013

TO: San Joaquin Area Flood Control Agency
FROM: James B. Giottonini, Executive Director
SUBJECT: **RESOLUTION TO APPROVE THE PROPOSED 2013-2014 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 2013-2014 budget for the San Joaquin Area Flood Control Agency.

DISCUSSION

Background

On May 2, 2012, the Board adopted SJAFCA Resolution No. 12-12 approving the Agency's proposed budget for fiscal year (FY) 12/13 (Exhibit A). Also shown on Exhibit A is an updated budget showing revised beginning balances, revenues, operating costs, and capital improvement program appropriations that have been approved by the Board.

Most notable in the FY 12/13 updated budget is a reduction in city employee services which is a result of the early retirement of the bonds for the assessment district during FY 11/12, and therefore a reduction in administrative services provided by the city.

As of April 30, 2013, (83 percent of the FY lapsed) the Agency has spent approximately 73 percent of the FY 12/13 Operating Budget (see table below). This includes operating expenses incurred from the City of Stockton through the end of April. The fiscal year-end estimated operating expenses include projected City-incurred direct and indirect costs through the last quarter of FY 12/13.

FY 12/13 To-Date Operating Expenses and Year-End Estimate

	UPDATED 12/13 Budget	12/13 Expenses As of 4/30/13*	Year-End Estimated Operating Expenses
SJAFCA Employee Services	840,000	635,800 (76%)	790,000 (94%)
City Employee Services	19,000	14,375 (76%)	18,000 (95%)
Other Services	361,000	280,000 (78%)	360,000 (100%)
Materials & Supplies	8,000	7,200 (90%)	9,000 (113%)
Other Expenses	80,000	50,350 (63%)	73,000 (90%)
Approved Operating Budget:	\$1,308,000	\$ 987,725 (76%)	\$1,250,000 (96%)

* 83% of FY Lapsed

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On March 13, 2013, the Board adopted SJAFCA Resolution No. 13-05 approving payment of the City of Stockton's invoice for operating costs incurred during the first and second quarter of FY 12/13. Staff will continue to bring the City's invoices for operating expenditures before the Board for approval.

The proposed FY 13/14 budget presents the Agency's anticipated expenditures for general administration and operations and support costs for the existing capital improvement projects (Exhibit B). The Agency's activities are supported by the following resources: SJAFCA Fund, Federal Reimbursement Fund, Operations and Maintenance Fund, and Cost-Share Agreements.

It should be noted that the Agency no longer has an Equalization Fee Fund because the collection of this fee ceased with the termination of the Agency's Assessment District in September 2011. Also, the Agency has completed work associated with a FEMA grant and therefore the funds collected during the previous FY in the FEMA Grant Fund reflect a reimbursement of costs and administrative work completed by the Agency. The FEMA Grant Fund will be closed out and the balance transferred to the SJAFCA Fund.

The Agency's current Funds and revenue sources are described below:

SJAFCA Fund. The SJAFCA Fund includes money from the unexpended bond proceeds, assessment fees collected by the City of Stockton and San Joaquin County for the Agency's former equalization fee program, earned interest, and funding from local cost-share partners. The resources are used to pay for the Agency's operating costs, project management and technical needs for the Lower San Joaquin River Feasibility Study, and the Agency's share of expenses for the Smith Canal Proposition 218 election.

The estimated available balance in the SJAFCA Fund on July 1, 2013, is \$6,201,291.

Federal Reimbursement Fund. This fund accounts for the Agency's ongoing federal reimbursement. The last reimbursement received was in FY 2010. There are no expected reimbursements for the Agency's Flood Protection Restoration Project; therefore, revenues are from earned interest only. This resource is also used to support the Agency's operating and capital improvement program costs.

The estimated available balance in the Federal Reimbursement Fund on July 1, 2013, is \$4,602,754.

Operations and Maintenance (O&M) Fund. The O&M Fund accounts for money collected annually through the Agency's O&M assessment. The levy of this assessment provides resources for the ongoing maintenance of the Agency's 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 13/14 is presented to the Board today as Agenda Item 4.1.

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Cost-Share Agreements. The Agency has collaborated with local reclamation districts and other government agencies for funding support through cost-share agreements. The Agency received \$306,885 from local cost share partners for the Lower San Joaquin River Feasibility Study (LSJRFS) during FY 11/12. Cost share partners also contributed \$4,149 during FY 11/12 for the Smith Canal Gate project.

During FY 12/13, the Agency has received \$306,885 for the LSJRFS, and anticipates receiving \$193,649 for the Smith Canal Gate and Wisconsin Pump Station Prop 218 elections.

Present Situation

Operating Budget. The Agency's Operating Budget (Exhibit B), consists of the following categories described below:

- **SJAFCA Employee Services.** SJAFCA Employee Services includes salary and benefits for six positions: Executive Director, Deputy Executive Director, Senior Civil Engineer, Associate Civil Engineer, Project Manager, and Secretary. All positions are City of Stockton positions with the exception of the Executive Director. The total allocation of resources to support six positions during FY 13/14 is \$808,000.
- **City Employee Services.** This category segregates City of Stockton personnel expenses from SJAFCA positions and reflects those costs associated with accounting, payroll, and administrative support for the Agency's O&M assessment district. The anticipated cost for City Employee Services for FY 13/14 is \$18,000.
- **Other Services.** Other Services includes those expenses associated with professional services such as legal counsel, lobbying efforts, technical consultants, and annual auditing. General liability, insurance premiums, equipment rental, computer support, mail, postage, duplication, and file storage are also included. The anticipated cost for Other Services for FY 13/14 is \$360,000.
- **Materials and Supplies.** This category includes expenses for general office supplies, computer software, publication costs for legal notices, and the Agency's vehicle maintenance. The total anticipated cost for Materials and Supplies for FY 13/14 is \$10,000.
- **Other Expenses.** Other Expenses include costs for travel (including lobbying trips to Washington, D.C.), parking, staff development and training, professional memberships, permits/certifications, and web site maintenance. This category also includes the indirect costs incurred from the City of Stockton. The total anticipated cost for Other Services for FY 13/14 is \$80,000.

Capital Improvement Program (CIP) Budget. CIP projects include the Lower San Joaquin River Feasibility Study, the Smith Canal Gate Project, and the combined Lower San Joaquin River and Delta South Regional Flood Management Plan.

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Staff is requesting a \$60,000 appropriation for technical services to support the above-mentioned projects.

Summary

Estimated fund balances at the beginning of FY 13/14, 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 13/14 proposed budget anticipates the Agency's total operating costs to be \$1,276,000.

The estimated combined balances of the Federal Reimbursement and SJAFCA Fund on June 30, 2014, is \$9,793,928 (Federal Reimbursement Fund \$3,776,854 + SJAFCA Fund \$6,017,074). 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 13/14 budget.

PREPARED BY: Marlo Duncan



APPROVED:
JAMES B. GIOTTONINI
EXECUTIVE DIRECTOR

JBD:MD

Attachments

EXHIBIT A

FY 2012/2013 ADOPTED BUDGET (MAY 2, 2012)			
	Estimated Fund Balance 7/1/2012	Federal Reimb. Fund	SJAFCA Fund
Estimated Fund Balance July 1, 2012:	\$ 11,841,662	\$ 4,977,526	\$ 6,864,136
Revenues			
Interest	27,000	9,000	18,000
Federal Reimbursement	-0-		
LSJRFS local cost share	306,885		306,885
Total Estimated Revenues:	\$ 333,885	\$ 9,000	\$ 324,885
Expenses			
<u>OPERATING BUDGET</u>			
SJAFCA Employee Services	840,000	252,000	588,000
City Employee Services	64,000	19,200	44,800
Other Services	361,000	93,500	267,500
Materials & Supplies	8,000	3,360	4,640
Other Expenses	80,000	22,250	57,750
Total Estimated Operating Expenses:	\$ 1,353,000	\$ 390,310	\$ 962,690
<u>CAPITAL IMPROVEMENT PROGRAM</u>			
Lower San Joaquin River Feasibility Study	TBD		
Smith Canal Proposition 218 Election	TBD		
Total Capital Improvement Expenses:	\$ -0-	\$ -0-	\$ -0-
Total Estimated Expenses:	\$ 1,353,000	\$ 390,310	\$ 962,690
Estimated Fund Balance June 30, 2013:	\$ 10,822,547	\$ 4,596,216	\$ 6,226,331

FY 2012/2013 UPDATED BUDGET (APRIL 30, 2013)			
	Fund Balance 7/1/2012	Federal Reimb. Fund	SJAFCA Fund
Fund Balance:	\$ 11,837,073	\$ 4,950,164	\$ 6,886,909
Revenues			
Interest	30,000	12,000	18,000
Federal Reimbursement	-0-		
LSJRFS local cost share	306,885		306,885
Prop 218 local cost share	193,649		193,649
State DWR Grant (Regional Plans)	1,653,181		1,653,181
Total Estimated Revenues:	\$ 2,183,715	\$ 12,000	\$ 2,171,715
Expenses			
<u>OPERATING BUDGET</u>			
SJAFCA Employee Services	840,000	252,000	588,000
City Employee Services	19,000	5,700	13,300
Other Services	361,000	93,500	267,500
Materials & Supplies	8,000	3,360	4,640
Other Expenses	80,000	22,250	57,750
Total Estimated Operating Expenses:	\$ 1,308,000	\$ 376,810	\$ 931,190
<u>CAPITAL IMPROVEMENT PROGRAM</u>			
Lower San Joaquin River Feasibility Study	236,743		236,743
Smith Canal - Prop. 218 Election	-0-		
Amend PBI Master Contract (Regional Plans)	1,700,000		1,700,000
Geotechnical Review	30,000		30,000
Total Capital Improvement Expenses:	\$ 1,966,743	\$ -0-	\$ 1,966,743
Total Estimated Expenses:	\$ 3,274,743	\$ 376,810	\$ 2,897,933
NEW Estimated Balance 6/30/2013:	\$ 10,746,045	\$ 4,585,354	\$ 6,160,691

EXHIBIT B

FY 2013/2014 PROPOSED BUDGET			
	Estimated Fund Balance 7/1/2013	Federal Reimb Fund	SJAFCA Fund
	\$ 10,746,045	\$ 4,585,354	\$ 6,160,691
Estimated FY12/13 Cost Savings: ¹	\$ 58,000	\$ 17,400	\$ 40,600
Beginning Fund Balance July 1, 2013:	\$ 10,804,045	\$ 4,602,754	\$ 6,201,291
Revenues			
Interest	19,000	7,500	11,500
Federal Reimbursement	-0-		
LSJRFS local cost share	306,883		306,883
Total Estimated Revenues:	\$ 325,883	\$ 7,500	\$ 318,383
Expenses			
<u>OPERATING BUDGET</u>			
SJAFCA Employee Services	808,000	606,000	202,000
City Employee Services	18,000	13,500	4,500
Other Services	360,000	147,000	213,000
Materials & Supplies	10,000	8,900	1,100
Other Expenses	80,000	58,000	22,000
Total Estimated Operating Expenses:	\$ 1,276,000	\$ 833,400	\$ 442,600
<u>CAPITAL IMPROVEMENT PROGRAM</u>			
Lower San Joaquin River Feasibility Study	TBD		
Smith Canal Gate Project	TBD		
FEMA Levee Certification	TBD		
Technical Support	60,000		60,000
Total Capital Improvement Expenses:	\$ 60,000	\$ -0-	\$ 60,000
Total Estimated Expenses:	\$ 1,336,000	\$ 833,400	\$ 502,600
Estimated Fund Balance June 30, 2014:	\$ 9,793,928	\$ 3,776,854	\$ 6,017,074

¹ This is the estimated cost savings from FY 12/13 Operating Budget.

RESOLUTION NO. SJAFCA 13 - 09

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

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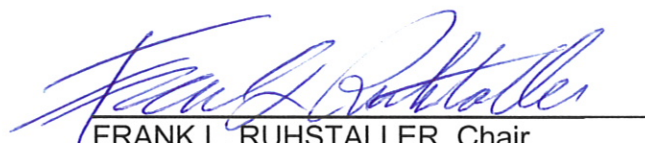
RESOLUTION TO APPROVE THE PROPOSED FISCAL YEAR 2013-2014 BUDGET FOR
THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

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 2013-2014 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 2013-2014 fiscal year budget will be brought back before the Board for consideration and approval.

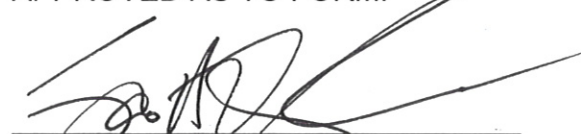
PASSED, APPROVED AND ADOPTED this 15th day of May, 2013.


FRANK L. RUHSTALLER, Chair
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

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