

May 21, 2015

TO: San Joaquin Area Flood Control Agency

FROM: James B. Giottonini, Executive Director

SUBJECT: **RESOLUTION TO APPROVE THE PROPOSED 2015/16 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 2015/16 budget for the San Joaquin Area Flood Control Agency.

### DISCUSSION

#### Background

On May 21, 2014, the Board adopted SJAFCA Resolution No. 14-11 approving the Agency's proposed budget for fiscal year (FY) 14/15 (Exhibit A). Also shown on Exhibit A is an updated budget showing revised beginning balances, revenues, and capital improvement program appropriations that have been approved by the Board.

Notable on the revised budget is the addition of revenue from local cost share partners for the Lower San Joaquin River Feasibility Study (LSJRFS). SJAFCA recently sent letters to local cost share partners explaining the additional costs needed to complete the study and asked the local partners that remain in the footprint of the study for their share which is approximately \$120,000. Also, cost shares from the State Department of Water Resources (DWR) is shown for the Smith Canal project, and reimbursement for the extension of our DWR Funding agreement for Regional Flood Management Plan (RFMP) activities.

The revised budget includes the following additions to the Capital Improvement Program:

- \$105,000 for additional water quality modeling for the Smith Canal project, authorized on September 24, 2014, per Resolution No. 14-16
- \$133,100 for geotechnical investigations on the Bear Creek and Calaveras River levee systems, authorized on September 24, 2014, per Resolution No. 14-17
- \$35,000 for California Environmental Quality Act documentation to support the LSJRFS, authorized on December 15, 2014, per Resolution No. 14-19
- \$67,500 for continued project management through March 2016 for the LSJRFS, authorized on February 25, 2015, per Resolution No. 15-04
- \$300,000 for the non-Federal partner's share to complete the LSJRFS, authorized on March 19, 2015, per Resolution No. 15-08

The revised budget (Exhibit A) does not include the "transfer-out" of funds to the Smith Canal Assessment District. The "transfer-out" is not needed because SJAFCA has been loaning money to the Smith Canal project and has been paying for project costs directly

**RESOLUTION TO APPROVE THE PROPOSED 2015/16 BUDGET FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY** (Page 2)

from its reserves (SJAFCA Fund). All money loaned from SJAFCA reserves for the Smith Canal project, will be re-paid at a later date when the Smith Canal Assessment District is bonded and the project is complete (est. 2018). SJAFCA will receive a 50% reimbursement for these costs from DWR per our Funding Agreement.

As of March 31, 2015, (75 percent of the FY lapsed) the Agency has spent approximately 72 percent of the FY 14/15 Operating Budget (see table below). This includes operating expenses incurred from the City of Stockton through the end of March. The fiscal year-end estimated operating expenses include projected City-incurred direct and indirect costs through the last quarter of FY 14/15.

**FY 14/15 To-Date Operating Expenses and Year-End Estimate**

	Fiscal Year 14/15 Budget	14/15 Expenses As of 3/31/15*	Year-End Estimated Operating Expenses
SJAFCA Employee Services	\$ 846,000	\$ 617,281 (73%)	846,000 (100%)
City Employee Services	5,000	14,476 (290%)	20,000 (400%)
Other Services	380,000	264,807 (70%)	380,000 (100%)
Materials & Supplies	10,000	3,743 (37%)	7,000 (70%)
Other Expenses	80,000	49,815 (62%)	65,000 (81%)
<b>Approved Operating Budget:</b>	<b>\$1,321,000</b>	<b>\$950,122 (72%)</b>	<b>\$1,318,000 (99.7%)</b>

\* 75% of FY Lapsed

During the current FY, the Board adopted SJAFCA Resolution No. 15-07 approving payment to the City of Stockton for operating costs incurred during the first and second quarter of FY 14/15. As shown above, charges from City staff exceed the amount originally budgeted. City staff charges of \$8,850 have been approved for payment; however, staff is investigating charges beyond this amount since City staff no longer administers our assessment district. If the charges are found to be justified, it is estimated these costs may reach \$20,000 by June 30, 2015. Although City Employee Services exceed what was anticipated, the overall operating costs are expected to stay within budget as shown in the table above.

The proposed FY 15/16 budget presents the Agency's anticipated expenditures for general administration, operations, and support costs for 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, Smith Canal Assessment District Fund, and Cost-Share Agreements.

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

**SJAFCA Fund.** The SJAFCA Fund includes money from 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. Reimbursement money from the State for the RFMP is also included.

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This Fund is used to pay for some of the Agency's operating costs, all of the Agency's project management and technical support for various capital improvement projects, and it is currently being used to advance funds for the Smith Canal Gate project.

The estimated available balance in the SJAFCA Fund on July 1, 2015, is \$3,217,410.

**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 used to pay for most of the Agency's operating costs.

The estimated available balance in the Federal Reimbursement Fund on July 1, 2015, is \$2,684,750.

**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 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 15/16 is presented to the Board as Agenda Item 4.1.

**Smith Canal Assessment District Fund.** This fund accounts for money collected annually for the Smith Canal Area Assessment District to fund the Smith Canal Gate project. Assessments were levied beginning in FY 14/15 and the District was to collect \$1,663,400. To date, the District has collected \$1,608,507. The outstanding amount of \$54,893 represents "hand-billed" property owners, who do not receive a County Tax bill. SJAFCA is following-up with letters to "hand-billed" property owners asking for payment.

The annual cost of administering the District is \$20,000. Because FY 14/15 was the first year of assessment collection, administration costs were paid out of the SJAFCA Fund. Therefore, a transfer-in of \$20,000 to the SJAFCA Fund from the Smith Canal Assessment District is shown on the updated budget (Exhibit A).

The budget for the Smith Canal Area Assessment District is presented to the Board as Agenda Item 4.2.

**Cost-Share Agreements.** The Agency collaborates with local reclamation districts and other government agencies for funding support through cost-share agreements. The Agency received approximately \$1.6 million in reimbursement from the State for on-going projects during the current FY. This includes 100% reimbursement from the State for the RFMP project, and 50% reimbursement (less 10% retention) for the Smith Canal project's design expenses. Reimbursements from the State will continue through FY 15/16 until the projects are complete and/or the Funding Agreements expire.

The Agency also anticipates receiving \$120,000 from local cost share partners for the LSJRFs.

**RESOLUTION TO APPROVE THE PROPOSED 2015/16 BUDGET FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY**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 15/16 is \$870,000.
- **City Employee Services.** This category segregates City of Stockton personnel expenses from SJAFCA positions and reflects costs associated with accounting and payroll. The anticipated cost for City Employee Services for FY 15/16 is \$7,000.

*[Note: Proposed charges for FY 15-16 from City staff are being questioned. Therefore, SJAFCA has excluded approximately \$14,000 (estimated) in proposed charges from City staff. If it is later found that these charges are justified and should be included in the SJAFCA budget, staff will bring an item before the Board to amend the budget.]*

- **Other Services.** Other Services includes expenses associated with professional services such as legal counsel, lobbying efforts, technical consultants, and annual auditing. General liability and insurance premiums, equipment rental, computer support, mail, postage, duplication, and file storage are also included. The anticipated cost for Other Services for FY 15/16 is \$395,000.
- **Materials and Supplies.** This category includes expenses for general office supplies, computer software, publication costs for legal notices, and the Agency's vehicle maintenance. An additional one-time cost of \$15,000 was added this year for the purchase of a copier machine for SJAFCA. The total anticipated cost for Materials and Supplies for FY 15/16 is \$25,000.
- **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 Expenses for FY 15/16 is \$70,000.

**Capital Improvement Program (CIP) Budget.** Excluding activities related to the O&M Assessment District and the Smith Canal Gate project, ongoing CIP projects include the Lower San Joaquin River Feasibility Study, the combined Lower San Joaquin River and Delta South Regional Flood Management Plan, and levee certification for the Bear Creek and Calaveras River levee systems. Staff is requesting a \$60,000 appropriation for technical services to support these projects.

Summary

The estimated available balance of the Federal Reimbursement and SJAFCA Fund at the beginning of FY 15/16 is \$5,902,160 (Exhibit B). This reflects the balance in the Agency's

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**RESOLUTION TO APPROVE THE PROPOSED 2015/16 BUDGET FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY**

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accounts that have not been committed to existing projects. The FY 15/16 proposed budget anticipates the Agency's total operating costs to be \$1,367,000 and CIP costs to be \$60,000 for a total of \$1,427,000.

At the end of FY 15/16, the available balance in the Federal Reimbursement and SJAFCA Fund on June 30, 2016, is estimated to be \$4,488,160 (Federal Reimbursement Fund \$1,573,050 + SJAFCA Fund \$2,915,110). Remaining funds can be used for future projects to provide flood control benefits to the SJAFCA Assessment District.

It is recommended the Board adopt a resolution approving the Agency's proposed FY 15/16 budget.

PREPARED BY: Marlo Duncan



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APPROVED:  
JAMES B. GIOTTONINI  
EXECUTIVE DIRECTOR

JBD:MD

Attachments

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# EXHIBIT A

FY 2014/2015 ADOPTED BUDGET (MAY 21, 2014)			
	Estimated Fund Balance 7/1/2014	Federal Reimb. Fund	SJAFCA Fund
	\$ 7,628,669	\$ 3,733,382	\$ 3,895,287
<b>Revenues</b>			
Interest	13,000	6,000	7,000
Federal reimbursement	-0-		
<b>Total Estimated Revenues:</b>	<b>\$ 13,000</b>	<b>\$ 6,000</b>	<b>\$ 7,000</b>
<b>Expenses</b>			
<b><u>OPERATING BUDGET</u></b>			
SJAFCA Employee Services	846,000	846,000	
City Employee Services	5,000	5,000	
Other Services	380,000	145,000	235,000
Materials & Supplies	10,000	10,000	
Other Expenses	80,000	55,000	25,000
<b>Total Estimated Operating Expenses:</b>	<b>\$ 1,321,000</b>	<b>\$ 1,061,000</b>	<b>\$ 260,000</b>
<b><u>CAPITAL IMPROVEMENT PROGRAM</u></b>			
Lower San Joaquin River Feasibility Study	TBD		
Technical Support	25,000		25,000
<b>Total Capital Improvement Expenses:</b>	<b>\$ 25,000</b>	<b>\$ -0-</b>	<b>\$ 25,000</b>
<b>Total Estimated Expenses:</b>	<b>\$ 1,346,000</b>	<b>\$ 1,061,000</b>	<b>\$ 285,000</b>
<b>Transfer-Out</b>			
Smith Canal Area Assessment District	\$ 194,100		\$ 194,100
<b>Estimated Fund Balance June 30, 2015:</b>	<b>\$ 6,101,569</b>	<b>\$ 2,678,382</b>	<b>\$ 3,423,187</b>

FY 2014/2015 UPDATED BUDGET (MAY 21, 2015)			
	Fund Balance 7/1/2014	Federal Reimb. Fund	SJAFCA Fund
<b>Fund Balance:</b>	<b>\$ 7,500,760</b>	<b>\$ 3,739,750</b>	<b>\$ 3,761,010</b>
<b>Revenues</b>			
Interest	13,000	6,000	7,000
Federal reimbursement	-0-		
LSJRFS Local Cost Share Partners	120,000		120,000
DWR cost share - Smith Canal Water Quality	50,000		50,000
DWR reimbursement - RFMP Phase 2	160,000		160,000
Transfer-in from Smith Canal Assessment Dist.	20,000		20,000
<b>Total Estimated Revenues:</b>	<b>\$ 363,000</b>	<b>6,000</b>	<b>357,000</b>
<b>Expenses</b>			
<b><u>OPERATING BUDGET</u></b>			
SJAFCA Employee Services	846,000	846,000	
City Employee Services	5,000	5,000	
Other Services	380,000	145,000	235,000
Materials & Supplies	10,000	10,000	
Other Expenses	80,000	55,000	25,000
<b>Total Estimated Operating Expenses:</b>	<b>\$ 1,321,000</b>	<b>1,061,000</b>	<b>260,000</b>
<b><u>CAPITAL IMPROVEMENT PROGRAM</u></b>			
Lwr SJ River Feasibility Study (CEQA)	35,000		35,000
Lwr SJ River Feasibility Study (PM Support)	67,500		67,500
Lwr SJ River Feasibility Study (Completion)	300,000		300,000
Smith Canal Gate Water Quality Modeling	105,000		105,000
Levee Certification - Add'l Geotechnical	133,100		133,100
<b>Total Capital Improvement Expenses:</b>	<b>\$ 640,600</b>	<b>\$ -0-</b>	<b>\$ 640,600</b>
<b>Total Estimated Expenses:</b>	<b>\$ 1,961,600</b>	<b>\$ 1,061,000</b>	<b>\$ 900,600</b>
<b>NEW Estimated Balance 6/30/2015:</b>	<b>\$ 5,902,160</b>	<b>\$ 2,684,750</b>	<b>\$ 3,217,410</b>

## EXHIBIT B

<b>FY 2015/2016 PROPOSED BUDGET</b>			
	Estimated Fund Balance 7/1/2015 \$ 5,902,160	Federal Reimb Fund \$ 2,684,750	SJAFCA Fund \$ 3,217,410
<b>Revenues</b>			
Interest	13,000	6,000	7,000
Federal Reimbursement	-0-		
<b>Total Estimated Revenues:</b>	<b>\$ 13,000</b>	<b>\$ 6,000</b>	<b>\$ 7,000</b>
<b>Expenses</b>			
<b><u>OPERATING BUDGET</u></b>			
SJAFCA Employee Services	870,000	870,000	-0-
City Employee Services	7,000	7,000	-0-
Other Services	395,000	160,700	234,300
Materials & Supplies	25,000	25,000	-0-
Other Expenses	70,000	55,000	15,000
<b>Total Estimated Operating Expenses:</b>	<b>\$ 1,367,000</b>	<b>\$ 1,117,700</b>	<b>\$ 249,300</b>
<b><u>CAPITAL IMPROVEMENT PROGRAM</u></b>			
Technical Support	60,000		60,000
<b>Total Capital Improvement Expenses:</b>	<b>\$ 60,000</b>	<b>\$-0-</b>	<b>\$ 60,000</b>
<b>Total Estimated Expenses:</b>	<b>\$ 1,427,000</b>	<b>\$ 1,117,700</b>	<b>\$ 309,300</b>
<b>Estimated Fund Balance June 30, 2016:</b>	<b>\$ 4,488,160</b>	<b>\$ 1,573,050</b>	<b>\$ 2,915,110</b>

RESOLUTION NO. SJAFCA 15-10

SAN JOAQUIN AREA  
FLOOD CONTROL AGENCY

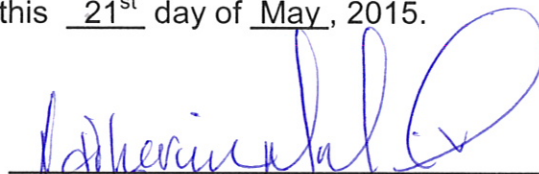
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RESOLUTION TO APPROVE THE PROPOSED FISCAL YEAR 2015-2016 BUDGET  
FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

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 2015-2016 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 2015-2016 fiscal year budget will be brought back before the Board for consideration and approval.


PASSED, APPROVED AND ADOPTED this 21<sup>st</sup> day of May, 2015.

  
KATHERINE M. MILLER, 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

<b>FY 2015/2016 PROPOSED BUDGET</b>			
	Estimated Fund Balance 7/1/2015 \$ 5,902,160	Federal Reimb Fund \$ 2,684,750	SJAFC Fund \$ 3,217,410
<b>Revenues</b>			
Interest	13,000	6,000	7,000
Federal Reimbursement	-0-		
<b>Total Estimated Revenues:</b>	<b>\$ 13,000</b>	<b>\$ 6,000</b>	<b>\$ 7,000</b>
<b>Expenses</b>			
<b><u>OPERATING BUDGET</u></b>			
SJAFC Employee Services	870,000	870,000	-0-
City Employee Services	7,000	7,000	-0-
Other Services	395,000	160,700	234,300
Materials & Supplies	25,000	25,000	-0-
Other Expenses	70,000	55,000	15,000
<b>Total Estimated Operating Expenses:</b>	<b>\$ 1,367,000</b>	<b>\$ 1,117,700</b>	<b>\$ 249,300</b>
<b><u>CAPITAL IMPROVEMENT PROGRAM</u></b>			
Technical Support	60,000		60,000
<b>Total Capital Improvement Expenses:</b>	<b>\$ 60,000</b>	<b>\$ -0-</b>	<b>\$ 60,000</b>
<b>Total Estimated Expenses:</b>	<b>\$ 1,427,000</b>	<b>\$ 1,117,700</b>	<b>\$ 309,300</b>
<b>Estimated Fund Balance June 30, 2016:</b>	<b>\$ 4,488,160</b>	<b>\$ 1,573,050</b>	<b>\$ 2,915,110</b>