



22 E. Weber Avenue, Room 301 | Stockton, CA 95202 | (209) 937-7900 | www.sjafca.com

BOARD OF DIRECTORS

Paul Akinjo, Director
Jesús Andrade, Director
Diane Lazard, Director
Katherine M. Miller, Director
Jose Nuño, Director

**EXECUTIVE
DIRECTOR**

Chris Elias

BOARD OF DIRECTORS

Tom Patti, Director
Gary Singh, Director
Dan Wright, Director
Sol Jobrack, Alternate
Miguel Villapudua, Alternate

SPECIAL BOARD MEETING

SAN JOAQUIN AREA FLOOD CONTROL AGENCY AGENDA

THURSDAY, FEBRUARY 7, 2019

9:00 A.M.

425 N. El Dorado Street, City Hall, Second Floor, Council Chambers

- 1. CALL TO ORDER / ROLL CALL**
- 2. PLEDGE TO FLAG**
- 3. ELECTION OF OFFICERS**
 - 3.1) Elect a Chair and Vice-Chair for the SJAFCA Board of Directors
 - 3.2) Recognition of Outgoing Chair
- 4. CONSENT ITEMS**
 - 4.1) Approve minutes of the Board meeting of November 8, 2018
 - 4.2) Adopt 2019 Regular Board Meeting Schedule
 - 4.3) Adopt Resolution to Accept Independent Auditor's Report and Financial Statements for the Fiscal Year Ending June 30, 2017
 - 4.4) Authorization to Procure Construction Management and Inspection Services for the Smith Canal Gate Project
 - 4.5) Adopt Policy on Compensation and Reimbursement to Public Board Member

5. PRESENTATION

5.1) 2019 Strategic Planning Process (Information Only)

6. CLIMATE CHANGE POLICY

6.1) Adopt Policy on Adapting Design Standards for the Mossdale Tract Area of SJAFCFA in Light of Climate Change

7. SELECTION OF PUBLIC BOARD MEMBER

7.1) Recommendation – Select Candidate to Fill Vacancy

8. ORAL REPORT FROM EXECUTIVE DIRECTOR

8.1) This is an opportunity to provide timely information to the Board in support of its work

9. PUBLIC COMMENTS

10. BOARD QUESTIONS, COMMENTS, ACTIONS

11. CLOSED SESSION

11.1) Dominick Gulli v. San Joaquin Area Flood Control Agency; ICF International, Inc.; Peterson and Brustad, Inc; Moffat and Nichol.
Case No. STK-CV-UWM-2015-0011880

11.2) Atherton Cove Property Owners Association v. San Joaquin Flood Control Agency. C085520 San Joaquin County
Case No. STK-CV-UWM-2015-60011847

12. ADJOURNMENT

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Board's office at (209) 937-7900 or (209) 937-7115 (fax). Requests must be made one full business day before the start of the meeting.

Agenda Item 3.1

February 7, 2019

TO: San Joaquin Area Flood Control Agency

FROM: Chris Elias, Executive Director

SUBJECT: **ELECTING A CHAIR AND VICE-CHAIR FOR THE SJAFCA BOARD OF DIRECTORS**

RECOMMENDATION

It is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency (SJAFCA) approve and adopt a resolution electing a Chair and Vice-Chair for the SJAFCA Board of Directors.

DISCUSSION

Background

On November 16, 2017, per SJAFCA Resolution No. 17-20, the Board approved SJAFCA's amended and restated Joint Exercise of Powers Agreement (JEPA) to include the following member agencies: City of Stockton, County of San Joaquin, San Joaquin County Flood Control and Water Conservation District, City of Lathrop and City of Manteca.

The amended and restated JEPA states that leadership of the Board should rotate on an annual basis, with the Chair position being held by the County, then Stockton, then Lathrop, then Manteca, with the rotation then repeated.

At the first Board meeting of 2018, held on February 26, then Chair Miller, County of San Joaquin and then Vice-Chair Andrade, City of Stockton were each re-elected for an additional one-year term to ensure continuity of leadership during the expansion of the SJAFCA to include additional member agencies.

Present Situation

It is recommended that the 2019 Chair be elected from the City of Stockton to serve one term in accordance with the Agency's JEPA. Since the JEPA does not provide direction as to the rotation of the Vice-Chair position, members of the Board are encouraged to nominate and vote.

February 7, 2019

ELECTING A CHAIR AND VICE-CHAIR FOR THE SJAFCA BOARD OF DIRECTORS

(Page 2)

The positions of the 2019 Chair and Vice-Chair will become effective immediately after the Board takes action.

PREPARED BY: Marlo Duncan



APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

CE:md:dc

RESOLUTION NO. SJAFCA 19-01

**SAN JOAQUIN AREA
FLOOD CONTROL AGENCY**

=====

**RESOLUTION ELECTING A CHAIR AND VICE-CHAIR FOR THE
SAN JOAQUIN AREA FLOOD CONTROL AGENCY BOARD OF DIRECTORS**

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

1. The Chair and the Vice-Chair are elected at the first scheduled Board meeting of the year. The Chair is elected based upon the rotation schedule (San Joaquin County, Stockton, Lathrop, Manteca, then repeat) in accordance with the Agency's Amended and Restated Joint Exercise of Powers Agreement. The Vice-Chair is elected from among its members. There is no specified rotation schedule.
2. The Chair and the Vice-Chair will hold office for one year.
3. The following persons are hereby elected:

_____ CHAIR
_____ VICE-CHAIR

PASSED, APPROVED AND ADOPTED this 7th day of February, 2019.

_____, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, 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

Agenda Item 4.1

**MINUTES
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
BOARD MEETING OF NOVEMBER 8, 2018**

CITY COUNCIL CHAMBERS, STOCKTON, CALIFORNIA

1. CALL TO ORDER / ROLL CALL 9:07 AM

Roll Call

Present:

Jesús Andrade

Elbert Holman

Katherine Miller

Steve Dresser

Tom Patti

2. OPENING CEREMONIES

2.1) Pledge to Flag 9:07 AM

2.2) Presentations 9:08 AM

PUBLIC COMMENT

Dominick Gulli 9:13 AM

3. CONSENT ITEMS 9:15 AM

3.1) Approve Minutes of The Board Meeting of September 20, 2018

3.2) Five Mile Slough Aquatic Weed Control Program (Information Only)

3.3) Smith Canal Gate Project – Status Update (Information Only)

3.4) Amend the First Board Meeting Date Scheduled in 2019

3.5) Lower San Joaquin River Feasibility Study – Recommended Plan Cost-Share Agreements

PUBLIC COMMENT

Dominick Gulli 9:24 AM

Motion: Approve Consent Items

Moved by: Director Holman, seconded by Director Patti

Vote: Motion carried 5-0

Yes: Jesús Andrade, Elbert Holman, Katherine Miller, Steve Dresser,
and Tom Patti

Absent: Gary Singh, Mark Elliott, Mike Morowit

AGENDA ITEM 4.1

DISCUSSION OF COMMENT LETTER

- Reclamation District No. 2119

4. PUBLIC HEARING 9:27 AM

4.1) Mossdale Tract Regional Levee Impact Fee Program Adoption

PRESENTATION 9:29 AM

PUBLIC COMMENT

- Dominick Gulli 9:52 AM
- Anthony Barkett 9:53 AM

Motion: Approve Mossdale Tract Regional Levee Impact Fee Program Adoption

Moved by: Director Holman, seconded by Director Andrade

Vote: Motion carried 5-0

Yes: Jesús Andrade, Elbert Holman, Katherine Miller, Steve Dresser, and Tom Patti

Absent: Gary Singh, Mark Elliott, Mike Morowit

5. ORAL REPORT FROM EXECUTIVE DIRECTOR 9:58 AM

5.1) This is an opportunity to provide timely information to the Board in support of its work

PUBLIC COMMENT

- Discussion of e-mail received from Dominick Gulli
- Overview of future strategic plan

6. PUBLIC COMMENTS 10:20 AM

Dominick Gulli

7. BOARD QUESTIONS, COMMENTS, ACTIONS 10:23 AM

- Director Holman
- Director Patti

8. CLOSED SESSION 10:29 AM

8.1) Dominick Gulli v. San Joaquin Area Flood Control Agency; ICF International, Inc.; Peterson and Brustad, Inc; Moffat and Nichol.

Case No. STK-CV-UWM-2015-0011880

8.2) Atherton Cove Property Owners Association v. San Joaquin Flood Control Agency. C085520 San Joaquin County
Case No. STK-CV-UWM-2015-60011847

PUBLIC COMMENT

Dominick Gulli **10:30 AM**

REPORT OF ACTION TAKEN IN CLOSED SESSION 11:10 AM

- No Report

9. ADJOURNMENT 11:10 AM

The meeting adjourned at 11:10 AM. The next meeting is scheduled for January 31, 2019, at 9:00 AM.



CHRIS ELIAS
EXECUTIVE DIRECTOR
SAN JOAQUIN AREA FLOOD
CONTROL AGENCY

Agenda Item 4.2

February 7, 2019

TO: San Joaquin Area Flood Control Agency
FROM: Chris Elias, Executive Director
SUBJECT: **SJAFCA BOARD MEETING SCHEDULE FOR 2019**

RECOMMENDATION

It is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency approve and adopt a resolution setting the Board meeting schedule for 2019.

DISCUSSION

Background

On January 26, 2011, the SJAFCA Board approved a resolution setting future regular Board meetings on a bi-monthly basis. The resolution also states that future Board meetings schedules will be presented in January of each year, and that Special Board meetings will be held as necessary.

Present Situation

The first Board meeting scheduled on January 30, 2019, was canceled due to lack of quorum as some member agencies were still in the process of appointing their representatives. Therefore, staff recommends that the Board adopt a resolution setting the Board meeting schedule for 2019 on the following dates at 9:00 a.m.:

March 28, 2019
May 16, 2019
July 18, 2019
September 19, 2019
November 7, 2019

Staff intends to work with all Board members to minimize conflicts with their respective schedules. Board meetings are to be held at the City of Stockton Council Chambers at 425 N. El Dorado Street, Second Floor, Stockton, California 95202.

PREPARED BY: Dawn Clement



APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

CE:DC

RESOLUTION NO. SJAFCA 19-02

**SAN JOAQUIN AREA
FLOOD CONTROL AGENCY**

=====

RESOLUTION SETTING THE BOARD MEETING SCHEDULE FOR 2019

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

1. Regular Board meetings for 2019 are scheduled at 9:00 a.m. to be held at 425 N. El Dorado Street, Second Floor, Council Chambers, on the following dates:

- March 28, 2019
- May 16, 2019
- July 18, 2019
- September 19, 2019
- November 7, 2019

PASSED, APPROVED AND ADOPTED this 7th day of February, 2019.

_____, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, 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

Agenda Item 4.3

February 7, 2019

TO: San Joaquin Area Flood Control Agency

FROM: Chris Elias, Executive Director

SUBJECT: **INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

RECOMMENDATION

It is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency adopt a resolution to accept the Independent Auditor's Report and Financial Statements for the year ending June 30, 2017.

DISCUSSION

Background

Each year an audit of the Agency's financial records is performed by a certified public accounting firm. The Agency's Bylaws designate the Auditor from the County of San Joaquin as the auditor of the Agency and indicate that the Auditor shall make arrangements with a certified public accountant or firm of certified public accountants for an annual audit of accounts and records of the Agency.

In 2011, at the recommendation and selection of the Auditor of the County of San Joaquin, the Agency executed a contract with the public accounting firm of Brown Armstrong Certified Public Accountants (CPAs) for auditing services. The Agency has maintained a contract with the selected firm ever since.

Results of the Agency's audits are shared with the Board of Directors, and a copy of the audit report is made available on the Agency's web site for public view at <https://www.sjafca.com/finances.php>.

Present Situation

The independent audit firm of Brown Armstrong CPAs completed its review of the Agency's financial statements for the fiscal year ended June 30, 2017, and has issued an unmodified or "clean" audit opinion. There were no material weaknesses and no significant deficiencies to report.

The audit was conducted in accordance with accounting principles generally accepted in the United States of America (GAAP) and the standards for financial audits contained in Government Auditing Standards issued by the Comptroller of the United States. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

February 7, 2019

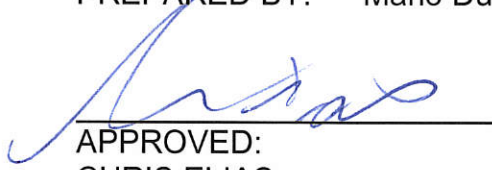
**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDING JUNE 30, 2017**

(Page 2)

The opinion contained in the Independent Auditor's Report (page 2 of the Attachment) validates the fair presentation of the Agency's financial statements as of June 30, 2017, and opines that the financial statements are presented fairly in all material respects and are in conformity with GAAP.

Staff recommends the Board adopt a resolution accepting the Independent Auditor's Report and the Annual Financial Statements for the fiscal year ending June 30, 2017.

PREPARED BY: Marlo Duncan

A handwritten signature in blue ink, appearing to read "Chris Elias", is written over a horizontal line.

APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

CE:MD

Attachment

ATTACHMENT

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

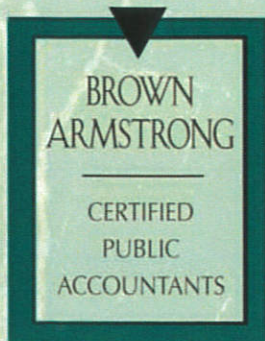
**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2017

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
FOR THE YEAR ENDED JUNE 30, 2017**

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Joaquin Area Flood Control Agency
Stockton, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Joaquin Area Flood Control Agency (the Agency), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 7 and 23 - 26, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 17, 2018

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

This section of the San Joaquin Area Flood Control Agency's (the Agency) annual financial report represents a discussion and analysis of the Agency's financial performance during the fiscal year ended June 30, 2017. It should be read in conjunction with the Agency's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

The Agency's Flood Protection Restoration Project (FPRP) does not receive assessment district or Equalization Fee proceeds due to retirement of the assessment district bonds on September 2, 2011. Only the Maintenance and Operations assessments are collected annually for the FPRP as these improvements continue to be maintained.

The Agency's FPRP was included in Federal legislation and a Memorandum of Agreement with the U.S. Army Corps of Engineers (USACE) was executed on March 2, 2002, which allows reimbursement for the Federal share of the Agency's project through the annual USACE budgeting process.

As of June 30, 2017, the Agency has received \$22,868,020 of Federal reimbursement and the remaining balance of the Federal share is approximately \$10.6 million. Although the Agency has not received a Federal reimbursement since 2010, the Agency continues to pursue Federal reimbursement as "credit" towards future flood control projects and studies.

The State's share of the FPRP was received in 1998 and totaled \$12,625,000.

On July 10, 2013, the Agency formed the Smith Canal Area Assessment District (SCAAD). The district was created to provide the local cost share for constructing and maintaining improvements to remove the Smith Canal area from a Federal Emergency Management Agency (FEMA) Special Flood Hazard Area. This fiscal year was the third year of assessment collection for SCAAD.

The Agency executed a funding agreement with the State for an Early Implementation Program grant in the amount of \$2.4 million to cost-share the design of the Smith Canal Gate project. The Agency also anticipates executing a funding agreement with the State for a \$22.3 million grant to cost-share construction expenses through the State's Urban Flood Risk Reduction Program.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency's basic financial statements include: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-Wide Financial Statements provide an overview of the Agency's financial position. Refer to Note 2 (Notes to the Basic Financial Statements) for further information on significant accounting policies. The Statement of Net Position presents information on all the Agency's assets and liabilities, with the difference between the two reported as net position. The Statement of Activities presents information showing how net position changed during the most recent fiscal year.

The Agency's assets are distributed among the different fund types. Most of the Agency's assets are capital assets acquired or constructed as part of the flood control improvements. The Agency's noncapital assets are mostly cash and cash equivalents. The County of San Joaquin (the County) maintains the cash pools for the Agency.

The Agency's assets are mostly derived from the original assessment and the proceeds of the bonds issued in 1996, and interest income on the balances from these assets. Other sources of funds include Flood Control Equalization Fees, which were collected for the Agency by the County and the City of Stockton (the City) when building permits were issued to new development within the Agency's assessment district boundaries.

As part of the Stockton Metropolitan Watershed, the Agency also acquired the right-of-way needed for the project from property owners and these are classified under assets as land. In 2003, the Agency transferred to the State of California all real property associated with the project. However, the Central Valley Flood Protection Board (formerly the State of California Reclamation Board) has not accepted the federally authorized project alluding i) the project was not authorized by the State legislature, and ii) the need for more formal indemnification assurance. When the Central Valley Flood Protection Board agrees to designate the project as part of the State Plan of Flood Control, the Agency will no longer carry these assets.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other State and local governmental agencies, uses fund accounting; each fund having its own self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. The Agency funds are divided into three categories: General Fund, Special Revenue Fund, and Capital Projects Fund.

The General Fund accounts for funds loaned to the Agency in 1995 by the City and County for the initial funding of the project activities. The City and County loans have been paid, and after the bond money was received, additional funds were created.

The Special Revenue Fund accounts for assessment district proceeds for i) the Agency's maintenance and operations (M&O) of flood control structures for the Flood Protection Restoration Assessment District and ii) the local cost share for design, constructing and maintaining flood control improvements for the Smith Canal Area Assessment District. Assessments are collected as a line item in property tax bills and are deposited in a fund that is solely designated for the purpose of the assessment district. The use of the assessment district proceeds are legally restricted to activities identified in the Annual Engineer's Report for each assessment district.

The Capital Projects Fund supports the Agency's capital programs and operating costs. Resources are from the original assessments, Flood Control Equalization Fees, proceeds from the initial bond issue, interest income, and the transferred balance from the Environmental Fund. Both Federal and State reimbursements are included in this fund.

Notes to the Basic Financial Statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information*. This information includes a budgetary comparison schedule for the Agency's governmental funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS ANALYSIS

The Agency applies Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. As noted earlier, net position provides an overview of the Agency's financial position.

The following table shows that the Agency's assets exceeded liabilities by about \$50.9 million (\$51,859,975 - \$970,607) as of June 30, 2017, and net position decreased by \$1,974,673 (\$52,864,041 - \$50,889,368) compared with the prior year:

STATEMENT OF NET POSITION

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets	\$ 12,516,887	\$ 13,406,488
Capital assets	<u>39,343,088</u>	<u>40,244,206</u>
TOTAL ASSETS	51,859,975	53,650,694
LIABILITIES		
Current liabilities	<u>970,607</u>	<u>786,653</u>
TOTAL LIABILITIES	970,607	786,653
NET POSITION		
Net investment in capital assets	39,343,088	40,244,206
Unrestricted	<u>11,546,280</u>	<u>12,619,835</u>
TOTAL NET POSITION	<u>\$ 50,889,368</u>	<u>\$ 52,864,041</u>

The Agency's capital net position for the year ended June 30, 2017: Land and Easements \$9,678,245 and Flood Control Infrastructure net of depreciation \$29,664,843 totaling \$39,343,088 represent approximately 76% of the Agency's total assets (see Capital Assets table on page 7). These capital assets are the flood control improvements constructed by the Agency and are considered assets belonging temporarily to the Agency.

The following table identifies the changes in net position for the fiscal years ended June 30, 2017 and 2016:

STATEMENT OF ACTIVITIES

	<u>2017</u>	<u>2016</u>
REVENUES		
Assessments	\$ 2,510,788	\$ 2,574,610
Aid from other government agencies	785,088	826,252
Investment earnings	31,648	78,579
Miscellaneous	<u>641</u>	<u>267</u>
Total revenues	<u>3,328,165</u>	<u>3,479,708</u>
EXPENSES		
Operation and maintenance	4,551,220	3,916,415
Agency management	<u>751,618</u>	<u>716,097</u>
Total expenses	<u>5,302,838</u>	<u>4,632,512</u>
Change in net position	<u>(1,974,673)</u>	<u>(1,152,804)</u>
NET POSITION		
Beginning net position	<u>52,864,041</u>	<u>54,016,845</u>
Net position, end of the year	<u>\$ 50,889,368</u>	<u>\$ 52,864,041</u>

The Agency receives revenues from sources which include M&O assessments, Smith Canal assessments, interest and investment income, and project reimbursements from the State and the Federal government. Other sources of revenue are received through partnership agreements with other local and government agencies to help fund flood studies or related flood control activities approved by the Board of Directors. The collection of M&O assessments can only be used to maintain and operate the FPRP flood control structures, and the collection of Smith Canal assessments can only be used to design, construct and maintain the Smith Canal project improvements.

Revenues decreased by approximately 4.3% (from \$3,479,708 in fiscal year 2016 to \$3,328,165 in fiscal year 2017). The decrease is due to a reduction in assessment collection for one of the assessment districts based on a calculation adjustment and also due in part to grant-related activities slowing down.

Expenses increased approximately 14.5% (from \$4,632,512 in fiscal year 2016 to \$5,302,838 in fiscal year 2017). The increase is mostly due to activity related to the Smith Canal Gate project and an increase in levee maintenance expenses.

FINANCIAL ANALYSIS OF AGENCY FUNDS

The General Fund accounts for those funds loaned to the Agency in 1995 by the City and County for the initial funding of the FPRP activities. The City and County loans have been paid, therefore activity in this fund remains minimal.

Special Revenue Funds Appropriate maintenance and operations assessments are collected annually through property taxes and are deposited in the Maintenance and Operations Fund. These monies are limited to Maintenance and Operations (M&O) of the flood control structures built by the Agency. The annual budget for M&O is prepared in coordination with the San Joaquin County Public Works Department and approved by the Agency's Board of Directors.

A budget of \$1,099,000, which includes a \$100,000 surplus appropriation for emergencies, was considered appropriate for fiscal year 2016-17 for M&O. The budget is impacted by requirements to comply with stringent levee standards imposed by regulatory agencies. The Maintenance and Operations Fund had a balance of approximately \$5 million on June 30, 2017.

Beginning fiscal year 2014-15, assessments for the Smith Canal Area Assessment District (SCAAD) are collected annually through property taxes and are deposited into a separate Fund for the design, construction and maintenance of flood control improvements for the specially benefited parcels within SCAAD. The assessment is in compliance with all laws pertaining to Proposition 218 including Article XIII-D of the California Constitution. Assessment collection for fiscal year 2016-17 was \$1.6 million.

Capital Projects Funds Capital Projects Funds reported a combined fund balance of \$4,523,496. These funds are available to meet the Agency's current operating and capital program costs; however, it should be noted that these funds are mostly reserves from the Agency's FPRP which concluded in 1998. Aside from Special Revenue Funds, there is no long-term sustained funding in place to support Agency operations indefinitely.

INFRASTRUCTURE ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Agency's net investment in capital assets as of June 30, 2017, is \$39,343,088. These capital assets include land (right-of-way acquired for the project) and flood control infrastructures. The area protected by the Agency is about 38,700 gross acres of land with approximately 74,000 parcels in the County. The Agency completed the main construction of the flood control improvements project in November 1998, and since then, no major construction has been undertaken. However, authorized project studies and investigation may lead to new projects. Apart from normal depreciation, there were no changes in capital assets during fiscal year ended June 30, 2017.

Capital Assets
(net of accumulated depreciation)

	<u>2017</u>	<u>2016</u>
Land and easements	\$ 9,678,245	\$ 9,678,245
Infrastructure assets, net	<u>29,664,843</u>	<u>30,565,961</u>
Total	<u>\$ 39,343,088</u>	<u>\$ 40,244,206</u>

Total accumulated depreciation as of June 30, 2017, is \$15,393,761. Therefore, the net infrastructure asset is \$29,664,843 (\$45,058,604 - \$15,393,761). The infrastructure assets are being depreciated over a life of 50 years.

As noted earlier, these capital assets are the flood control improvements constructed by the Agency and are considered assets belonging temporarily to the Agency. Land acquired by the Agency for right-of-way purposes was turned over to the Central Valley Flood Protection Board; however, the Central Valley Flood Protection Board has not accepted the federally authorized project. Therefore, when the Central Valley Flood Protection Board agrees to designate the project as part of the State Plan of Flood Control, the Agency will no longer carry these assets.

AGENCY OPERATIONS

The Agency completed the main construction of its \$70 million flood control improvements project in November 1998. In past years, due to the ongoing concern of levee decertification by FEMA, the Board of Directors held some Capital Projects Funds in reserve to remedy levee decertification. During fiscal year 2009-10, the Board of Directors authorized technical studies and investigations using these funds. These technical studies and investigations support future projects. Currently, the Agency participates in flood control studies and investigations which will provide or restore the required level of protection for parcels within the Agency's assessment district area.

During fiscal year 2016-17, the Board of Directors approved the following: (i) an additional \$150,000 to complete the USACE Lower San Joaquin River Feasibility Study; (ii) a \$50,000 professional services contract with Peterson Brustad, Inc. for technical support; (iii) authorizing the Executive Director to sign an Urban Flood Risk Reduction Agreement with the Department of Water Resources for the Smith Canal Gate project; (iv) a contract with Del Rio Advisors, LLC as a Municipal Advisor for the financing phase of the Smith Canal Gate project; (v) a cost-share agreement with Reclamation Districts 828 and 1614 in the amount of \$30,000 to equally cost-share the expense of preparing a Maintenance and Operations manual for the Smith Canal embankments; and (vi) a construction management contract with AECOM Technical Services, Inc. for the Smith Canal Gate project and Task Order No. 1 in the amount of \$230,000 for constructability review and technical services needed for design.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances for all those with interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Agency's Executive Director, Chris Elias at 22 E. Weber Avenue, Room 301, Stockton, California 95202.

BASIC FINANCIAL STATEMENTS

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

ASSETS	<u>Governmental Activities</u>
Current assets:	
Cash and cash equivalents	\$ 11,898,950
Interest income receivable	31,455
Receivable - State of California	<u>586,482</u>
Total current assets	<u>12,516,887</u>
Capital assets:	
Land and easements	9,678,245
Infrastructure assets, net	<u>29,664,843</u>
Total capital assets	<u>39,343,088</u>
Total assets	<u><u>\$ 51,859,975</u></u>
LIABILITIES AND NET POSITION	
Liabilities:	
Accounts payable	<u>\$ 970,607</u>
Total liabilities	<u>970,607</u>
Net position:	
Net investment in capital assets	39,343,088
Unrestricted	<u>11,546,280</u>
Total net position	<u>50,889,368</u>
Total liabilities and net position	<u><u>\$ 51,859,975</u></u>

See independent auditor's report and notes to the basic financial statements.

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions / Programs	Program Expenses	Program Revenues		Net (Expense) Revenue
		Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:				
Maintenance and operations	\$ 4,551,220	\$ -	\$ -	\$ (4,551,220)
Agency management	<u>751,618</u>	<u>785,088</u>	<u>-</u>	<u>33,470</u>
Total governmental activities	<u>\$ 5,302,838</u>	<u>\$ 785,088</u>	<u>\$ -</u>	<u>(4,517,750)</u>
General revenues:				
Assessments fees				2,510,788
Investment earnings				31,648
Miscellaneous income				<u>641</u>
Total general revenues				<u>2,543,077</u>
Change in net position				<u>(1,974,673)</u>
Net position, beginning of year				<u>52,864,041</u>
Net position, end of year				<u>\$ 50,889,368</u>

See independent auditor's report and notes to the basic financial statements.

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
BALANCE SHEET
AS OF JUNE 30, 2017**

	General Fund	Maintenance and Operations Fund	Lower San Joaquin River Feasibility Study Fund	Construction #1 Fund
ASSETS				
Cash and cash equivalents	\$ 644,282	\$ 5,275,305	\$ 99,052	\$ 1,260,764
Interest income receivable	1,658	14,033	254	3,541
Receivable - State of California	-	-	-	67,766
TOTAL ASSETS	<u>\$ 645,940</u>	<u>\$ 5,289,338</u>	<u>\$ 99,306</u>	<u>\$ 1,332,071</u>
LIABILITIES				
Accounts payable	\$ -	\$ 259,602	\$ -	\$ 34,188
Total liabilities	<u>-</u>	<u>259,602</u>	<u>-</u>	<u>34,188</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	67,766
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,766</u>
FUND BALANCES				
Restricted	-	5,029,736	-	-
Assigned	-	-	99,306	1,230,117
Unassigned	645,940	-	-	-
Total fund balances	<u>645,940</u>	<u>5,029,736</u>	<u>99,306</u>	<u>1,230,117</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 645,940</u>	<u>\$ 5,289,338</u>	<u>\$ 99,306</u>	<u>\$ 1,332,071</u>

See independent auditor's report and notes to the basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
BALANCE SHEET (Continued)
AS OF JUNE 30, 2017

	Construction #3 Fund	Smith Canal Closure Fund	Smith Canal Assessment Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,374,527	\$ 1,894,641	\$ 1,350,379	\$ 11,898,950
Interest income receivable	3,693	3,550	4,726	31,455
Receivable - State of California	-	518,716	-	586,482
TOTAL ASSETS	<u>\$ 1,378,220</u>	<u>\$ 2,416,907</u>	<u>\$ 1,355,105</u>	<u>\$ 12,516,887</u>
LIABILITIES				
Accounts payable	\$ 335,389	-	\$ 341,428	\$ 970,607
Total liabilities	<u>335,389</u>	<u>-</u>	<u>341,428</u>	<u>970,607</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	265,665	-	333,431
Total deferred inflows of resources	<u>-</u>	<u>265,665</u>	<u>-</u>	<u>333,431</u>
FUND BALANCES				
Restricted	-	-	-	5,029,736
Assigned	1,042,831	2,151,242	1,013,677	5,537,173
Unassigned	-	-	-	645,940
Total fund balances	<u>1,042,831</u>	<u>2,151,242</u>	<u>1,013,677</u>	<u>11,212,849</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,378,220</u>	<u>\$ 2,416,907</u>	<u>\$ 1,355,105</u>	<u>\$ 12,516,887</u>

See independent auditor's report and notes to the basic financial statements.

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

Total Fund Balances - Governmental Funds	\$ 11,212,849
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Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:

Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet.

Infrastructure assets, land, and easements	\$ 54,736,849	
Less: accumulated depreciation	<u>(15,393,761)</u>	
		<u>39,343,088</u>

As the focus of governmental fund is on short-term financing, some assets will not be available to pay current expenditures. Those assets (receivables) are offset by unavailable revenue in the governmental fund.

	<u>333,431</u>
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Net Position of Governmental Activities	<u><u>\$ 50,889,368</u></u>
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**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Maintenance and Operations Fund	Lower San Joaquin River Feasibility Study Fund	Construction #1 Fund
Revenues:				
Assessments	\$ -	\$ 862,740	\$ -	\$ -
Investment earnings (loss)	1,660	13,771	254	4,531
Other government agency aid	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>1,660</u>	<u>876,511</u>	<u>254</u>	<u>4,531</u>
Expenditures:				
Current operating:				
Maintenance and operations	-	772,659	-	367,031
Agency management	-	-	-	-
Total expenditures	<u>-</u>	<u>772,659</u>	<u>-</u>	<u>367,031</u>
Net change in fund balances	<u>1,660</u>	<u>103,852</u>	<u>254</u>	<u>(362,500)</u>
Fund balances, beginning	<u>644,280</u>	<u>4,925,884</u>	<u>99,052</u>	<u>1,592,617</u>
Fund balances, ending	<u><u>\$ 645,940</u></u>	<u><u>\$ 5,029,736</u></u>	<u><u>\$ 99,306</u></u>	<u><u>\$ 1,230,117</u></u>

See independent auditor's report and notes to the basic financial statements.

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

	Construction #3 Fund	Smith Canal Closure Fund	Smith Canal Assessment Fund	Total Governmental Funds
Revenues:				
Assessments	\$ -	\$ -	\$ 1,648,048	\$ 2,510,788
Investment earnings (loss)	6,418	(1,597)	6,611	31,648
Other government agency aid	-	451,657	-	451,657
Miscellaneous	32	-	609	641
Total revenues	6,450	450,060	1,655,268	2,994,734
Expenditures:				
Current operating:				
Maintenance and operations	210,311	-	2,300,102	3,650,103
Agency management	609,542	-	142,075	751,617
Total expenditures	819,853	-	2,442,177	4,401,720
Net change in fund balances	(813,403)	450,060	(786,909)	(1,406,986)
Fund balances, beginning	1,856,234	1,701,182	1,800,586	12,619,835
Fund balances, ending	\$ 1,042,831	\$ 2,151,242	\$ 1,013,677	\$ 11,212,849

See independent auditor's report and notes to the basic financial statements.

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Net Change in Fund Balances - Governmental Funds	\$ (1,406,986)
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Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:

When capital assets that are to be used in Governmental Activities are purchased or constructed, the resources expended for those assets are reported as expenditures in the Governmental Funds. This is the amount of capital assets additions and depreciation recorded in current year.

Depreciation expense	<u>\$ (901,118)</u>	<u>(901,118)</u>
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Revenues in the governmental fund's statement that do not provide current financial resources are not reported as revenue in the fund.		<u>333,431</u>
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Changes in Net Position of Governmental Activities	<u><u>\$ (1,974,673)</u></u>
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**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – DESCRIPTION OF THE AGENCY

The San Joaquin Area Flood Control Agency (the Agency) is the result of a joint powers agreement (JPA) between the City of Stockton (the City), the County of San Joaquin (the County), and the San Joaquin County Flood Control and Water Conservation District (the District). The Agency was formed on May 25, 1995, for the purposes of undertaking the acquisition, construction, and/or installation of improvements to flood control channels in the City and the portion of unincorporated areas of the County adjacent thereto (the Project), in order to provide a 100-year flood protection to these areas. The Agency is a public entity pursuant to the provisions of Articles 1-4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The basic operations of the Agency are financed as a part of the Project operations and costs. An annual special assessment based on total costs of the Project was assessed during the year ended June 30, 1996. The assessment paid for Project costs and bond repayment. The Agency retired the bonds three years ahead of scheduled maturity on September 2, 2011. During the year ended June 30, 1997, an additional annual special assessment was approved for the continued maintenance of the flood project structures. Collections of the June 30, 1997, assessment will continue to finance the maintenance of the flood project structures until adoption of a terminating resolution.

The Agency's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for State and local governments through its pronouncements (Standards and Interpretations).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. Financial Agency

The Agency's basic financial statements include the accounts of all Agency operations. The Agency's basic financial statements do not include operations of the associated governmental agencies involved in the joint power agency, namely, the City, the County, and the District.

B. Basis of Presentation – Government-Wide Accounting

The government-wide financial statements include the Statement of Net Position and the Statement of Activities and report financial information on the Agency as a whole. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for functions of the Agency's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 2) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Other items not properly included are reported instead as general revenues and expenses.

C. Basis of Presentation – Fund Accounting

Fund financial statements provide information about the Agency's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues, and expenditures. Agency resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Agency does not have any proprietary or fiduciary funds.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized in the year for which they are levied.

The governmental fund financial statements are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days after year-end. Expenditures are recorded when the related liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year they are due.

The major sources of revenues susceptible to accrual are assessments of property owners and investment income.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as needed.

E. Allocation of Indirect Expenses

The Agency allocates indirect expenses, primarily comprised of administrative services, to Agency management functions. Administrative services include accounting, financial reporting, payroll reimbursement, investing and cash management, personnel services, and other administrative services.

F. Fund Types and Major Funds

The Agency reported the following major governmental funds in the accompanying financial statements:

General Fund – Accounts for project expenses, including but not limited to, construction, consultants, and salaries reimbursement.

Maintenance and Operations Fund – Accounts for the collection of special assessments from property owners within the Agency's assessment district for the maintenance of the flood structures. Proceeds are restricted to the maintenance and operations (M&O) activities identified in the M&O budget.

Lower San Joaquin River Feasibility Study Fund – This fund was established to account for a funding partnership between local cost share partners to help pay for the U.S. Army Corps of Engineers' (USACE) Lower San Joaquin River Feasibility Study. The Agency entered into a cost share agreement with the City of Lodi, the County, and 11 reclamation districts to help pay for the local share of this study.

Construction #1 and #3 Funds – Accounts for all resources for the acquisition of capital facilities by the Agency. The Project of the Agency is to construct these facilities. The original assessment and proceeds of the bond issue are the sources of funds. Recorded income sources include assessment fees collected by the County Tax Collector and reimbursement from the Federal government.

Smith Canal Closure Fund – This fund contains Early Implementation Project (EIP) funding received by the State of California per a Funding Agreement for the design of the Smith Canal Gate project. The State reimburses the Agency 50% for design expenditures less a 10% retention.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Types and Major Funds (Continued)

Smith Canal Assessment Fund – Accounts for the collection of special assessments from property owners within the Smith Canal Area Assessment District. The collection of assessments are for design, construction, and maintenance of the Smith Canal flood control improvements to remove the area from a Federal Emergency Management Agency (FEMA) Special Flood Hazard Area. Proceeds are restricted to activities identified in the Annual Engineer's Report for the Smith Canal Area Assessment District.

G. Cash and Cash Equivalents

The Agency maintains a large portion of its cash in the County Treasury. The County pools these funds with those of other agencies in the County and invests the cash.

H. Infrastructure Assets and Depreciation

The Agency's infrastructure assets with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Agency generally capitalizes all assets as construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Infrastructure assets are depreciated using the straight-line method over a useful life of 50 years.

I. Reservation of Fund Balances

The Agency records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriations or expenditure in the governmental funds Balance Sheet. If restricted and unrestricted net position are available for the same purpose, then restricted net position will be used before unrestricted net position.

J. Restriction of Net Position

Net position is the excess of all the Agency's assets over all its liabilities, regardless of fund. Net position is divided into three captions under GASB Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*. These captions apply only to net position, which is determined only at the government-wide level, and is described below:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation, less the outstanding balance of any debt issued to finance these assets.

Restricted – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, and constitutional provisions.

Unrestricted – This amount is all the net position that does not meet the definition of "net investment in capital assets" or "restricted."

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Assessment Tax

The County collects the Agency's assessment tax revenue as part of the County's property taxes. The County's secured property tax payments are levied in two equal installments; the first is generally due November 1st and delinquent with penalties after December 10th; the second is due February 1st and delinquent with penalties after April 10th. Secured property with unpaid taxes incurs a lien on January 1st preceding the fiscal year for which taxes are levied. Property taxes on the unsecured roll are due on the January 1st lien date and become delinquent if unpaid on August 31st.

L. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

M. Fund Balance

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are described below:

1. Nonspendable Fund Balance – amounts that are inherently nonspendable such as inventory or long-term receivables.
2. Restricted Fund Balance – amounts that have externally enforceable limitations on use that are either imposed by law or constrained by grantors, contributors, or laws and regulations of other governments.
3. Committed Fund Balance – amounts that can only be used for specific purposes determined by formal action of the Agency's highest level of decision-making authority, the Board of Directors. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use through the same type of formal action taken to establish the commitment. The formal action must occur prior to the end of the reporting period; however, the amount can be determined subsequently.
4. Assigned Fund Balance – amounts that are constrained by the Agency's *intent* to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The intent can be expressed by the Board of Directors itself or by an official to which the governing body has delegated the authority.
5. Unassigned Fund Balance – the residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories. This amount is reported only in the General Fund except in cases of negative fund balance. Negative fund balances in other governmental funds are reported as Unassigned Fund Balance.

The accounting policies of the Agency consider restricted fund balance to have been spent first when an expenditure is incurred if both restricted and unrestricted fund balance are available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Agency considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Most non-general funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of a fund will be allocated to the applicable fund balance classifications in the order of the spending policy above.

NOTE 3 – DETAILED NOTES ON FUNDS

A. Cash in County Treasury

The Agency maintains a large portion of its cash in the County Treasury as part of the common investment pool (the Pool), which had a carrying value of \$11,898,950 as of June 30, 2017.

The Agency is considered to be an involuntary participant in the external investment Pool. The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained in the Pool.

Participants' equity in the Pool is determined by the dollar amount of the participant's deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances.

The value of the Agency's shares in the Pool, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the Agency's position in the Pool. The Agency's investment in the Pool is unrated, stated at amortized cost which approximates fair value, available on demand, and considered cash equivalents.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of fair value to changes in market interest rate. As of year-end, the weighted average maturity of the investments contained in the Pool was approximately one year.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. California statutes and the County's investment policy limit the County investments to obligations of the U.S. Treasury, certain Federal agencies, bankers' acceptances, "prime" commercial paper, certificates of deposit, swaps and trades, State Treasurer's Local Agency Investment Fund, and repurchase agreements.

Concentration of Credit Risk – Concentration of credit risk is the loss risk attributed to the magnitude of a government's investment in a single issuer. The County's investment policy places certain maximum percentage limitations of investments by investment type and the Treasurer has adhered to this policy with no exception.

Custodial Credit Risk – Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. The County issues a financial report that includes custodial credit risk disclosures for the cash in the County Treasury. The report may be obtained by writing to the County Treasurer, 44 North San Joaquin Street, Stockton, California 95202.

B. Assessments Receivable

Assessments are collected and remitted to the County Tax Collector. The County Tax Collector's office transfers the assessment amount to the Agency's fund held by the County Treasury.

In the governmental fund financial statements, assessments receivable are recorded in the Special Revenue Funds.

In the government-wide financial statements, assessments receivable includes all amounts due to the Agency regardless of when the cash is received.

NOTE 3 – DETAILED NOTES ON FUNDS (Continued)**C. Capital Assets**

The following table provides a summary of changes in capital assets:

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Nondepreciable capital assets:				
Land and easements	<u>\$ 9,678,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,678,245</u>
Total nondepreciable capital assets	9,678,245	-	-	9,678,245
Depreciable capital assets:				
Infrastructure assets	<u>45,058,604</u>	<u>-</u>	<u>-</u>	<u>45,058,604</u>
Total depreciable capital assets	45,058,604	-	-	45,058,604
Less accumulated depreciation	<u>(14,492,643)</u>	<u>(901,118)</u>	<u>-</u>	<u>(15,393,761)</u>
Net depreciable capital assets	<u>30,565,961</u>	<u>(901,118)</u>	<u>-</u>	<u>29,664,843</u>
Net capital assets	<u>\$ 40,244,206</u>	<u>\$ (901,118)</u>	<u>\$ -</u>	<u>\$ 39,343,088</u>

Depreciation expense of \$901,118 was charged to functions of the government as Agency management.

D. Accounts Payable

Significant payables include amounts due to a related party. See Note 5 for information describing related parties. Other payable amounts are due to vendors for services rendered prior to the fiscal year end.

NOTE 4 – FUND BALANCES

Fund balances are presented in the following categories: restricted, assigned, and unassigned (See Note 2 part M. for a description of these categories). A detailed schedule of fund balances at June 30, 2017, is as follows:

	Major Special Revenue Fund			Major Capital Project Funds				
	General Fund	Maintenance and Operations Fund	Smith Canal Assessment Fund	Lower San Joaquin River Feasibility Study Fund	Construction #1 Fund	Construction #3 Fund	Smith Canal Closure Fund	Total
Fund balances:								
Restricted for:								
Maintenance and operations services	\$ -	\$ 5,029,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,029,736
Total Restricted	-	5,029,736	-	-	-	-	-	5,029,736
Assigned to:								
Capital projects	-	-	1,013,677	99,308	1,230,117	1,042,831	2,151,242	5,537,173
Total Assigned	-	-	1,013,677	99,308	1,230,117	1,042,831	2,151,242	5,537,173
Unassigned:	645,940	-	-	-	-	-	-	645,940
Total Fund Balances	<u>\$ 645,940</u>	<u>\$ 5,029,736</u>	<u>\$ 1,013,677</u>	<u>\$ 99,308</u>	<u>\$ 1,230,117</u>	<u>\$ 1,042,831</u>	<u>\$ 2,151,242</u>	<u>\$ 11,212,849</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2017, the Agency has approved payments to members of the JPA for services and personnel costs of the Agency from inception to present date. These payments were approved by the Board of Directors' resolutions at the initial setup of the Agency. These costs are accumulated in the Agency administrative costs. Amounts paid to the related parties during the fiscal year ended June 30, 2017, were \$1,509,604.

NOTE 6 – COMMITMENTS

The Agency entered into a \$10 million cost-share agreement with the USACE and the Central Valley Flood Protection Board for a feasibility study for the Lower San Joaquin River, of which, the local responsibility is \$2.5 million. Information from this study will be used to develop a plan to reach a 200-year level of flood protection for urban and urbanizing areas as required by State Senate Bill 5.

The Agency's Board of Directors also authorized a \$6.1 million contract to complete the design of the Smith Canal Gate project to restore flood protection to an area affected by levee decertification and FEMA re-mapping. The Agency secured an Early Implementation Program grant through the State Department of Water Resources (DWR) in the amount of \$2.4 million to cost-share half of the design and environmental work. The remaining half is being funded with assessment revenues that were passed under Proposition 218 on July 10, 2013. The Agency's proposal to the State for an Urban Flood Risk Reduction grant for up to \$22.3 million to cover the remaining design and permitting and construction costs was conditionally approved by the State. The Agency anticipates the State to cost share in 63% of total project costs.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 17, 2018, which is the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
BUDGET TO ACTUAL COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Investment earnings	\$ -	\$ -	\$ 1,660	\$ 1,660
Total revenues	-	-	1,660	1,660
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	1,660	<u>\$ 1,660</u>
Fund balance, beginning			644,280	
Fund balance, end			<u>\$ 645,940</u>	

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
BUDGET TO ACTUAL COMPARISON SCHEDULES (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

	Maintenance and Operations Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Assessments	\$ 854,077	\$ 854,077	\$ 862,740	\$ 8,663
Investment earnings	-	-	13,771	13,771
Total revenues	854,077	854,077	876,511	22,434
Expenditures:				
Maintenance and operations	854,077	854,077	772,659	81,418
Reserves/emergencies	244,923	244,923	-	244,923
Total expenditures	1,099,000	1,099,000	772,659	326,341
Excess (Deficiency) of revenues and other sources over (under) expenditures and other uses	<u>\$ (244,923)</u>	<u>\$ (244,923)</u>	103,852	<u>\$ 348,775</u>
Fund balance, beginning			<u>4,925,884</u>	
Fund balance, end			<u>\$ 5,029,736</u>	

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
BUDGET TO ACTUAL COMPARISON SCHEDULES (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

	Smith Canal Assessment Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Assessments	\$ 1,647,588	\$ 1,647,588	\$ 1,648,048	\$ 460
State EIP funding	785,497	785,497	-	(785,497)
State UFRF Funding	3,223,391	3,223,391	-	(3,223,391)
Permanent Financing	8,200,000	8,200,000	-	(8,200,000)
Investment earnings	-	-	6,611	6,611
Miscellaneous	-	-	609	609
Total revenues	13,856,476	13,856,476	1,655,268	(12,201,208)
Expenditures:				
Project management (design phase)	218,016	218,016	277,032	(59,016)
Administration	-	-	22,070	(22,070)
Engineering design	1,957,124	1,957,124	1,504,770	452,354
Independent review	114,796	114,796	34,193	80,603
Environmental review & permitting	642,221	642,221	1,413	640,808
Real estate planning	-	-	70,998	(70,998)
Public outreach (design phase)	-	-	19,015	(19,015)
Financing/funding application	14,997	14,997	2,120	12,877
Professional services	-	-	510,566	(510,566)
Project management (construction)	312,500	312,500	-	312,500
Construction	2,449,187	2,449,187	-	2,449,187
General requirements	403,304	403,304	-	403,304
Construction management	437,500	437,500	-	437,500
Real estate acquisition	138,668	138,668	-	138,668
Real estate contingency	80,668	80,668	-	80,668
Public outreach (construction phase)	20,000	20,000	-	20,000
Environmental mitigation	655,000	655,000	-	655,000
Total expenditures	7,443,981	7,443,981	2,442,177	5,001,804
Excess of revenues and other sources over expenditures and other uses	\$ 6,412,495	\$ 6,412,495	(786,909)	\$ (7,199,404)
Fund balance, beginning			1,800,586	
Fund balance, end			\$ 1,013,677	

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017**

NOTE 1 – BUDGETARY INFORMATION

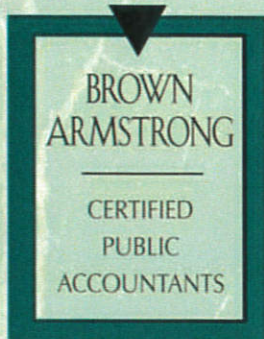
A. Budget Policy and Practice

The San Joaquin Area Flood Control Agency (the Agency) submits an annual budget to the Board of Directors. The Board of Directors formally approves the annual budget in accordance with the by-laws established by the joint power agency agreement. The Board of Directors is to prepare and adopt a budget within the first 90 days of the fiscal year.

B. Basis of Budgeting

The budget is prepared under accounting principles generally accepted in the United States of America basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: maintenance and operations, administration costs, and real estate planning and acquisition costs. Expenditures may not exceed appropriations at this level.

ADDITIONAL INFORMATION



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
San Joaquin Area Flood Control Agency
Stockton, California

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
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LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE

1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Joaquin Area Flood Control Agency (the Agency), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 17, 2018

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to the financial statements noted?	No

Section II – Summary of Material Weaknesses

None.

Section III – Summary of Significant Deficiencies

None.

Section IV – Review of Prior Year Material Weaknesses and Significant Deficiencies

None.

RESOLUTION NO. SJAFCA 19-03

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

=====

**RESOLUTION TO ACCEPT THE INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS OF THE SAN JOAQUIN AREA FLOOD CONTROL
AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

WHEREAS, Brown Armstrong Certified Public Accountants completed a review of the Agency's financial statements for the year ended June 30, 2017; and

WHEREAS, Brown Armstrong Certified Public Accountants opined that the basic financial statements present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the San Joaquin Area Flood Control Agency, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

1. That the Board accepts the attached Independent Auditor's Report and Financial Statements of the San Joaquin Area Flood Control Agency for the fiscal year ended June 30, 2017.

PASSED, APPROVED AND ADOPTED this 7th day of February, 2019.

, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS
Executive Director/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

Agenda Item 4.4

February 7, 2019

TO: San Joaquin Area Flood Control Agency

FROM: Chris Elias, Executive Director

SUBJECT: **AUTHORIZATION TO PROCURE CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES FOR THE SMITH CANAL GATE PROJECT**

RECOMMENDATION

It is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency adopt a resolution authorizing the Executive Director to:

1. Terminate the existing master contract with AECOM for the Smith Canal Gate project construction management services; and
2. Seek Statements of Qualifications (SOQ) and Proposals to select an engineering firm to provide construction management and inspection services for the Smith Canal Gate project.

DISCUSSION

Background

In November 2013, the Board authorized a consultant contract with Peterson Brustad Inc. (PBI) for the design of the Smith Canal Gate project, and Task Order No.1 for the development of the project's Environmental Impact Report (EIR) and public outreach.

In November 2015, the Board authorized Task Order No. 5 to initiate the design, permitting, and right of way acquisition for the project.

On February 2, 2017, as the project was reaching the 65% design, the Board authorized staff to seek Statements of Qualifications and Proposals for construction management and Inspection services for the project.

On May 18, 2017, the Board approved a Master Contract with AECOM for the construction management services for the project. The approved contract was divided into two Task Orders (TOs):

- TO No. 1 to assist the design team with constructability reviews, and to provide support services during design

AUTHORIZATION TO PROCURE CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES FOR THE SMITH CANAL GATE PROJECT (Page 2)

- TO No. 2 to perform construction management and inspection services during construction

Consequently, SJAFCA entered into a master contract with AECOM for the construction management services needed for the project. However, only TO No. 1 for the constructability review and support services during design was authorized at that time. A subsequent task order (TO No. 2) for construction management services was to be presented to the Board for consideration at a future meeting.

While the project's constructability review was taking place, staff initiated budget negotiations for TO No. 2. Several discussions including meetings and phone conversations were held with AECOM's representatives. However, no agreement could be reached. On October 23, 2018, AECOM sent a letter stating their inability to further reduce their fees to meet SJAFCA's budget expectations for TO No. 2.

Since staff could not reach an agreement with AECOM, professional construction management services are still required. These services will ensure the project is constructed according to contract requirements and in accordance with local, State and federal standards. Construction management services will generally include, but are not limited to, the following tasks:

- Detailed review of final plans and specifications
- General project administration
- Oversight of construction and environmental mitigation activities
- Inspection services
- Material testing
- Surveys
- Quality assurance
- Accurate record keeping of as-built drawings

Present Situation

Based on an inability to reach an agreement with AECOM and taking into consideration that some project features have substantially changed since the previous request for proposals, staff recommends the best alternative for SJAFCA is to terminate the current contract with AECOM and re-advertise for these services. By re-advertising, all qualified professional engineering services firms will be provided equal opportunity to submit their SOQ and proposals to SJAFCA. Therefore, it is recommended the Board adopt a resolution authorizing the Executive Director to:

1. Terminate the existing master contract with AECOM for the Smith Canal Gate project construction management services, and

**AUTHORIZATION TO PROCURE CONSTRUCTION MANAGEMENT AND
INSPECTION SERVICES FOR THE SMITH CANAL GATE PROJECT** (Page 3)

project construction management services, and

2. Seek Statements of Qualifications and Proposals from engineering firms to provide construction management and inspection services for the Smith Canal Gate project.

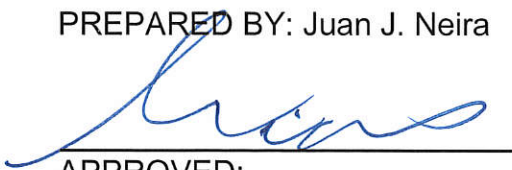
A selection panel will be convened by the Agency to evaluate the proposing firms' experience with similar projects, overall qualifications, key personnel, and project scope of work. Selected firms will be invited to an interview. After interviews are concluded, the selection panel will rank and recommend the most qualified firm for the work. Then, staff will initiate budget negotiations for the services required. If negotiations are successful, a contract with the selected firm will be brought back to the Board for consideration and approval at a future Board meeting.

The design phase of this project is expected to be complete in early 2019, and construction is scheduled to begin later this year with estimated project completion by the end of 2020.

FINANCIAL SUMMARY

No financial impact at this time.

PREPARED BY: Juan J. Neira

A handwritten signature in blue ink, appearing to read "Chris", is written over a horizontal line.

APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

CE:JJN

RESOLUTION NO. SJAFCA 19-04

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

=====

**SMITH CANAL GATE PROJECT – AUTHORIZATION TO PROCURE
CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES**

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

Authorize the Executive Director to:

1. Terminate the existing master contract with AECOM for the Smith Canal Gate project construction management services; and
2. Seek Statements of Qualifications (SOQ) and Proposals to select an engineering firm to provide construction management and inspection services for the Smith Canal Gate project.

PASSED, APPROVED AND ADOPTED this 7th day of February 2019.

_____, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, 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

Agenda Item 4.5

February 7, 2019

TO: San Joaquin Area Flood Control Agency

FROM: Chris Elias, Executive Director

SUBJECT: **ADOPTION OF A POLICY ON COMPENSATION AND REIMBURSEMENT TO PUBLIC BOARD MEMBER**

RECOMMENDATION

It is recommended that the Board of Directors adopt the attached policy to govern the compensation to be earned by, and reimbursement to be paid to a public board member for his or her time and effort associated with serving the agency.

DISCUSSION

Background

Under the new Joint Exercise of Powers Agreement, a public Board Member is selected by the sitting Board of Directors. In 2018 the Board adopted new Bylaws that defer to a separate policy document the process for selecting a public Board member and later adopted that separate policy on the selection of a public Board Member.

Present Situation

By the time of the February Board meeting, staff will have arranged interviews for more than half a dozen potential public Board Members. It is anticipated that the Board will select a public Board Member at its February 2019 meeting. In anticipation for doing so, staff hereby recommends that the Board adopt the attached policy which addresses compensation and reimbursement for the public Board Member.

PREPARED BY: Scott L. Shapiro


APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

**Policy on the Compensation of and Reimbursement to Public Board Members
(Draft of February 7, 2019)**

The Board of Directors of the San Joaquin Area Flood Control Agency (SJAFCA) recognizes that unlike the other SJAFCA Board Members, the public Board Member is not compensated for his or her time by nature of sitting on the governing board of SJAFCA's member agencies. However, the SJAFCA Board of Directors also acknowledges that public Board Members should not seek the Board Member position solely for the reason of trying to obtain financial remuneration for that Board Member's efforts; rather, participation as a public Board Member is considered a public service.

For these reasons, it is the policy of the SJAFCA Board of Directors to compensate and reimburse public Board Members consistent with the following principles:

1. SJAFCA will pay the public Board Member \$75 for each Board of Directors meeting (regular, special and/or ad Hoc Committee) that the public Board Member attends along with \$75 for any other meeting that the public Board Member attends at the request of the SJAFCA Board of SJAFCA Chair. The compensation shall be for \$75 per meeting up to a maximum of two meetings per month. The Public Board Member may attend more than two meetings per month, but will only be compensated for no more than two of those meetings per month.
2. SJAFCA will reimburse the public Board Member for all reasonable out-of-pocket authorized SJAFCA expenses, consistent with how SJAFCA reimburses all of its Board Members and staff. For example, if the public Board Member travels to Washington D.C. as part of a delegation advancing SJAFCA's interests, SJAFCA will reimburse the public Board Member for expenses in the same way it reimburses all of its Board Members.
3. Public board members are not eligible for reimbursement for office equipment, communication devices, supplies, publication subscriptions, membership dues, and educational materials utilized by the member for performance of Board duties.
4. Public Board member may attend such meetings, events, conferences, and training to best enable them to serve the SJAFCA subject to approval, by majority vote of the Board of Directors, for reimbursement for actual and necessary expenses as may be allowed by law and as authorized by this policy. These events will not count as a compensable Board meetings, regardless of the number of meetings attended to further inform oneself about the issues of interest to SJAFCA.

ADOPTION OF A POLICY ON COMPENSATION AND REIMBURSEMENT TO PUBLIC BOARD MEMBER

(Page 2 of 3)

5. Lodging reimbursement expenses will not exceed the government or group rate for lodging where such rate is available. Reimbursement for lodging at Board authorized conferences and organized educational activities will not exceed the maximum group lodging rate published by the activity sponsor if that rate is available at time of booking.
6. Travel reimbursement expenses will not exceed the government or group rate for airline, ground transportation, and rental cars where such rate is available. The mode of transportation should be that which creates the least overall expense to the Agency. Air transportation will be economy/coach class. Reimbursement for rental cars will be at the economy size level, unless a group of SJAFCA officials/personnel are traveling together and choose to use a larger vehicle to accommodate the group. Shuttles, taxis, and car services are reimbursable in lieu of car rental. Public Board members wishing to upgrade flight or rental car class for personal convenience, or to combine personal with business travel thereby resulting in an increased fare, must pay the increased cost over the rates set forth in this policy.
7. Mileage reimbursement expenses for use of the Board member's own vehicle to attend Board authorized meetings outside San Joaquin County will be at the rate established for reimbursement in accordance with policies applicable to City of Stockton employees.

RESOLUTION NO. SJAFCA 19-05

**SAN JOAQUIN AREA
FLOOD CONTROL AGENCY**

=====

**RESOLUTION TO ADOPT POLICY ON COMPENSATION AND
REIMBURSEMENT TO PUBLIC BOARD MEMBER**

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

1. That the Policy on Compensation and Reimbursement to the Public Board Member is hereby approved and adopted, a copy of which is attached as Exhibit "A" and incorporated by this reference.

PASSED, APPROVED AND ADOPTED this 7th day of February, 2019.

_____, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, 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

Agenda Item 5.1

February 7, 2019

TO: San Joaquin Area Flood Control Agency

FROM: Chris Elias, Executive Director

SUBJECT: **STRATEGIC PLANNING PROCESS**

RECOMMENDATION

It is recommended that the Board of Directors discuss engaging in a process to create a strategic framework that will guide SJAFCA's actions into the future.

DISCUSSION

Background

At the November 8th Board meeting, staff presented to the Board an organizational planning framework. The current organizational model was developed when SJAFCA was formed in 1995 through a Joint Powers Authority agreement between the City of Stockton, San Joaquin County and the San Joaquin County Flood Control and Water Conservation District for the purpose of addressing flood protection for the City of Stockton and surrounding County area.

On November 16, 2017, the Joint Exercise of Powers Agreement was expanded to include the Cities of Lathrop and Manteca as well as the City of Stockton and San Joaquin County. SJAFCA now has a nine-member Board of Directors with one (1) member of the San Joaquin County Flood Control and Water Conservation District; one (1) member of the Board of Supervisors of the County; two (2) members from Stockton City Council; two (2) members from Lathrop City Council; two (2) members from Manteca City Council; and one (1) member of the public appointed by the Board.

Although its jurisdiction and size of the Board has expanded, the mission remains "to study, plan and implement flood protection projects, reducing the risk to people, structures and our economy. To accomplish this mission, SJAFCA coordinates and partners with local, State and Federal agencies." Meanwhile, a number of growing challenges have emerged which serve as opportunities for the Board to develop a charter, re-examine its mission statement and policies for response to those challenges. To name a few, some of those opportunities and challenges are:

- Congressional authorization of the Lower San Joaquin River Project as a Federal project estimated to cost \$1.07 Billion;
- Climate change phenomenon and associated uncertainties in hydrology related to flows in the San Joaquin River watershed;

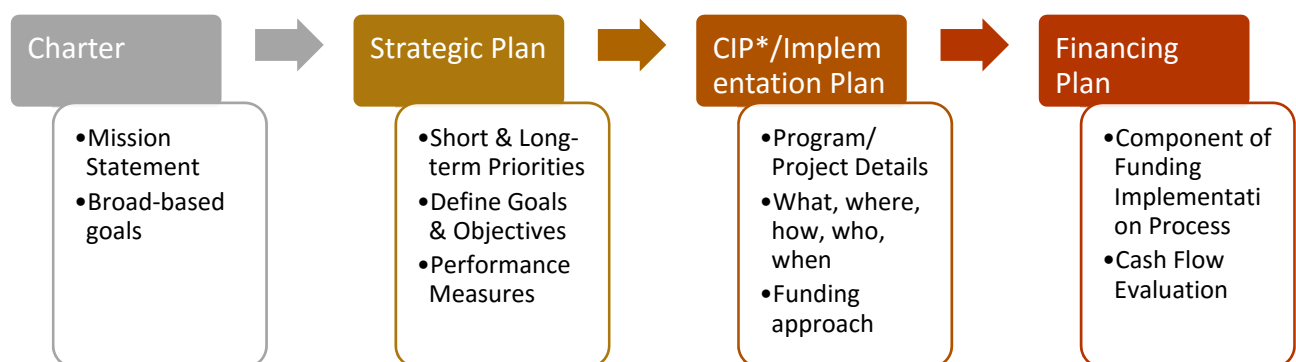
STRATEGIC PLANNING PROCESS

- State legislation that went into effect in 2007 (Senate Bill 5), which requires a 200-year level of flood protection for urbanized or urbanizing areas;
- Recent flooding disasters, such as Hurricanes Harvey, Katrina and Sandy, have resulted in a re-evaluation of local flood risk and flood protection;
- Unfavorable interpretation by the U.S. Army Corps of Engineers of the Presidential Executive Order 11988 regarding the wise use of floodplains;
- FEMA has undertaken a Map Modernization Program that has resulted in a levee recertification program with new and more stringent levee standards;
- U.S. Army Corps of Engineers' levee standards and criteria are imminent, and the Department of Water Resources has adopted regulations for intensive levee investigations.

These opportunities, challenges, activities, new mandates and evolving levee standards will continue to impact SJAFCA's priorities. Staff is, therefore, requesting the Board of Directors to develop a new charter, refine its mission statement, develop policies, strategies and action plans to align with the expanded role for SJAFCA and the evolving regulatory environment.

This framework consists of multiple planning documents to set the agency's vision, goals, objectives, project plans and financing approach. Additionally, a formal planning process would allow for the Board of Directors, member agencies, reclamation districts, and other stakeholders to provide insight, guidance and perspective. This process begins with an organizational charter and continues with a strategic plan and other program guidance documents to establish SJAFCA's community priorities based on the vision, refined mission, and values set forward by the Board of Directors.

Overview of the Stages of SJAFCA's Strategic Planning Process



*CIP = Capital Improvement Plan

The above graphic details steps in the strategic planning process, which are described in more detail below. The attached figure gives an overall view of the process, interaction between various stakeholders and outcomes it supports, such as resource planning or public messaging.

Step 1: Charter Development

An organizational charter serves two essential functions: 1) aligns stakeholders internally and externally, and 2) guides the future development of an overall program. Developing a charter allows the organization to reevaluate its mission, values, principles, and objectives while aligning with the current organizational structure, represented organizations, and impacted parties. Successful charter development sets the groundwork for future efforts to develop the organization's strategy, culture and implementation plans, as well as engaging public officials in setting project priorities. This is the first step in an overall program development and project identification.

Step 2: Strategic Plan Development

The strategic plan guides SJAFCA's approach and sets its goals in both the near term (<5 years) and long term (>5 years). It expands on the Charter with more detail in terms of objectives and priorities in the short term. These short-term objectives influence and support the long-term goals. The strategic plan also articulates SJAFCA's position on key issues relevant to the accomplishment of its mission.

Step 3: Capital Improvement Plan (CIP) or Implementation Plan

The CIP, or implementation plan, seeks to define the overall program and break it down into actionable short-term and long-term projects. While a strategic plan is policy focused, an implementation plan is execution focused. It complements the strategic plan by defining the "how," "who" and "when." It involves identifying and prioritizing projects and resources that directly support the accomplishment of SJAFCA's mission as described through the Strategic Plan and Charter. The CIP identifies and evaluates existing and potential funding sources in support of establishing a program-level financial strategy. It is a living document, updated on a regular basis, and may be expanded to include a capital improvement plan or program-level financial plan as appendices.

Step 4: Financing Plan

A financing plan will support the CIP and overall program. It takes a comprehensive look at projects, priorities and the program. In coordination with SJAFCA and its member agencies, the financing plan would consider various factors such as all beneficiaries, funding capacity, services provided, estimated cash flow analysis, potential mix of funding mechanisms, cost apportionment, and other factors to be outlined and established as the program's Strategy and CIP plans are solidified.

Present Situation

SJAFCA contracted with a consulting firm, LWA, to facilitate a strategic planning process. The process will begin with requesting that the Board consider its overall approach to hold work study sessions; complete a brief questionnaire in collaboration with senior staff of member agencies identifying current issues, trends, and factors that impact the charter, mission, values and suggested priorities for the organization; and create an organizational charter.

STRATEGIC PLANNING PROCESS

Staff seeks the Board's input on the details associated with the approach as described in the options below:

Option 1 – Convene four special Board Meetings in the next 10 months for work study sessions to discuss the strategic planning process, develop the organizational charter and other planning documents.

Option 2 – Hold expanded Regular Board meetings with a block of two hours set aside on the agenda as a work study session only for discussion of strategic planning.

Option 3 – Establish an ad hoc steering committee made up of four Board members, three staff from member agencies, one member representing the reclamation district community and one member representing the local community or chamber of commerce. Such committee will be tasked with organizational review and recommendations, and such committee will have a standing progress report on the regular Board meeting agenda until September 2019.

Need:

SJAFCA will use a centralized planning process to collaborate with its member agencies, close partners and interested stakeholders. This process seeks to understand the current state of the organization and set the stage for where the organization is going in the future. With the expanded board membership, ongoing projects and studies, and Federal funding authorization, SJAFCA will conduct a thoughtful, deliberate, and well-orchestrated planning process.

The inaugural step is developing a broad charter for the organization, closely followed by a strategic plan. The charter includes an updated mission statement and broad-based goal framework to then prepare a strategic plan and supporting capital improvement and implementation plans as well as program investments prioritization.

Objectives:

The objective of these planning documents is to seek input from member agencies and key partners on the mission and long-term goals of the organization with the objective of building agreement on the foundation of the organization, which will provide for efficient and effective cross-coordination internally as well as create space for unified messaging and collaboration externally.

Process and Timeline:

This process seeks feedback from member agencies and RD representatives, seeks board member input into the process, establishes a framework and oversight for providing guidance on the planning process, conducts collaborative workshops/feedback sessions, and drafts the charter and strategic plan for Board action. To initiate feedback, SJAFCA staff has developed a questionnaire (attached) which will drive charter development and inform further planning documents, such as a Strategic Plan.

STRATEGIC PLANNING PROCESS

(Page 5)

As the first step of the planning process, the charter will be developed as follows, pending Board input and guidance:

CHARTER TIMELINE

Member agency and RD Questionnaire	→	Distribute Early Feb
Setup Steering Committee & Work Group	→	1 st Meeting Late Feb
Draft Charter	→	March
Steering Committee / Board Input	→	April
Finalize Charter / Steering Committee Mtg	→	April/May
SJAFCA Board Charter Adoption	→	May

Some content supporting the charter overlaps with the strategic plan, and as such prework can begin just prior to finalizing the Charter. The Strategic plan will start in earnest during finalization of the Charter. A summary timeline is proposed below.

STRATEGIC PLAN TIMELINE

Strategic Plan Framework Pre-work	→	April
Strategic Plan Kickoff Workshop / Board Meeting	→	May
Draft Strategic Plan & Steering Committee	→	May/June
Board Meeting	→	July
Finalize Strategic Plan / Steering Committee Mtg	→	July/August
SJAFCA Board Strategic Plan Adoption	→	September

Who:

- SJAFCA Board
- Member Agency Staff
- Reclamation District Representatives
- Business Community
- NGO Community
- Other Stakeholders/Public

Steering Committee or Special Board Meetings:

The Steering Committee or special Board meetings will provide input, direction, review, and oversight. It will serve to review deliverables provided by the Work Group and make recommended changes. These members (or designated representatives) will participate in person or by phone in meetings to review their charge, process and charter materials. This group may continue in its advisory capacity during the development of other deliverables, such as strategy, capital improvement and implementation plans.

Work Group:

The group is charged with preparing and revising deliverables which are to be submitted

to the Steering Committee and/or SJAFCA Board. LWA will take the lead authorship role and facilitate meetings and seek out member input.

SJAFCA Board:

The SJAFCA Board would review, comment and act on the deliverables. The Board could setup its own special board meetings or committee, either in place of the Steering Committee or in addition to it and/or hold workshops to provide interactive guidance and recommendations.

Beyond the Charter:

As previously discussed, the charter represents the first step of the planning process but continues with the following deliverables.

- *Strategic Plan* – Sets short-term and long-term priorities and crafts well defined goals and objectives based on the Charter, operational focal points, and performance measures
- *Capital Improvement & Implementation Plan* – Breaks down the strategy into an overall program with short-term and long-term projects; Defines the what, where, how, who and when; Defines the approach for funding
- *Financing Plan* – Developed as part of the funding implementation process; Lays out any cash flow short falls during implementation, evaluates and recommends financing options

PREPARED BY: Adam Riley, P.E., Larsen Wurzel & Associates, Inc.



APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

Attachments

SJAFCA – Charter Development Questionnaire

Introduction:

Larsen Wurzel and Associates (LWA) is tasked with assessing the current mission statement and drafting a charter and seeking input from member agencies and RDs. This process includes stakeholder interviews, member agency oversight and recommendations, and charter documentation (1-2 pages) regarding the broad mission and goals of SJAFCA.

This charter will eventually lead into detailed agency objectives with the input of its member agencies, RDs and key stakeholders. This work will inform the development of an Implementation Plan and Capital Improvement Plan at a later date.

The charter is meant to be a non-controversial, short description of the agency's broad mission and goals to further inform capital planning decisions. The charter does not identify projects, define ways in which it will achieve its goals, or set agency policy.

Your input is vital to this process. Please review the questions below and provide your responses accordingly.

Mission Statement Questions:

The mission statement defines the broad organizational function, for whom, and the associated responsibilities.

Q: In your opinion, does SJAFCA's current Mission statement clearly communicate a vision for the agency? Current Mission Statement: "Study, plan and implement flood protection projects, reducing the risk to people, structures and our economy. To accomplish this mission, SJAFCA coordinates and partners with local, State, and Federal agencies."

A:

Q: Based on your understanding, does SJAFCA's role align with its current mission statement? What's going well? What could be done differently?

A:

Q: If you could change the mission statement, how would it differ? Propose a new mission statement or modify the current one.

A:

Q: What are the biggest challenges facing SJAFCA in implementing its mission, near term and long term?

A:

Principles and Goals Questions:

Principles are core values of an organization. E.g. "Scientifically Driven."

Goals are broad actions that define where the organization is going and what the organization wants to accomplish.

Objectives are more detailed actions that drive toward the organizational goals.

ATTACHMENT 1

Q: Do you believe SJAFCA's goals and objectives are clearly defined?

A:

Q: What are some things SJAFCA should focus on as it develops goals and objectives near term to accomplish its mission? What about long term? (think of both broad categories of projects or initiatives and/or specific projects). Why are these important?

A:

Q: What are some potential barriers to accomplishing these goals?

A:

Q: What opportunities exist for advancing goals?

A:

Culture Questions:

Q: How would you describe the partnership/interaction between SJAFCA member agencies? With the Reclamation Districts?

A:

Q: What elements are essential for meaningful partnerships between member agencies? Between the Reclamation Districts?

A:

Q: In your opinion, is SJAFCA responsive to its constituents?

A:

Q: What's your perception of the relationships between SJAFCA and state/federal agencies? Do you have ideas about ways these can be leveraged moving forward?

A:

Q: Would you describe SJAFCA's past activities/actions as proactive or reactive? Why?

A:

Q: Would you describe SJAFCA's past activities/action as innovative or status-quo? Why?

A:

Q: Does SJAFCA seek out the latest science in developing its programs, projects, activities?

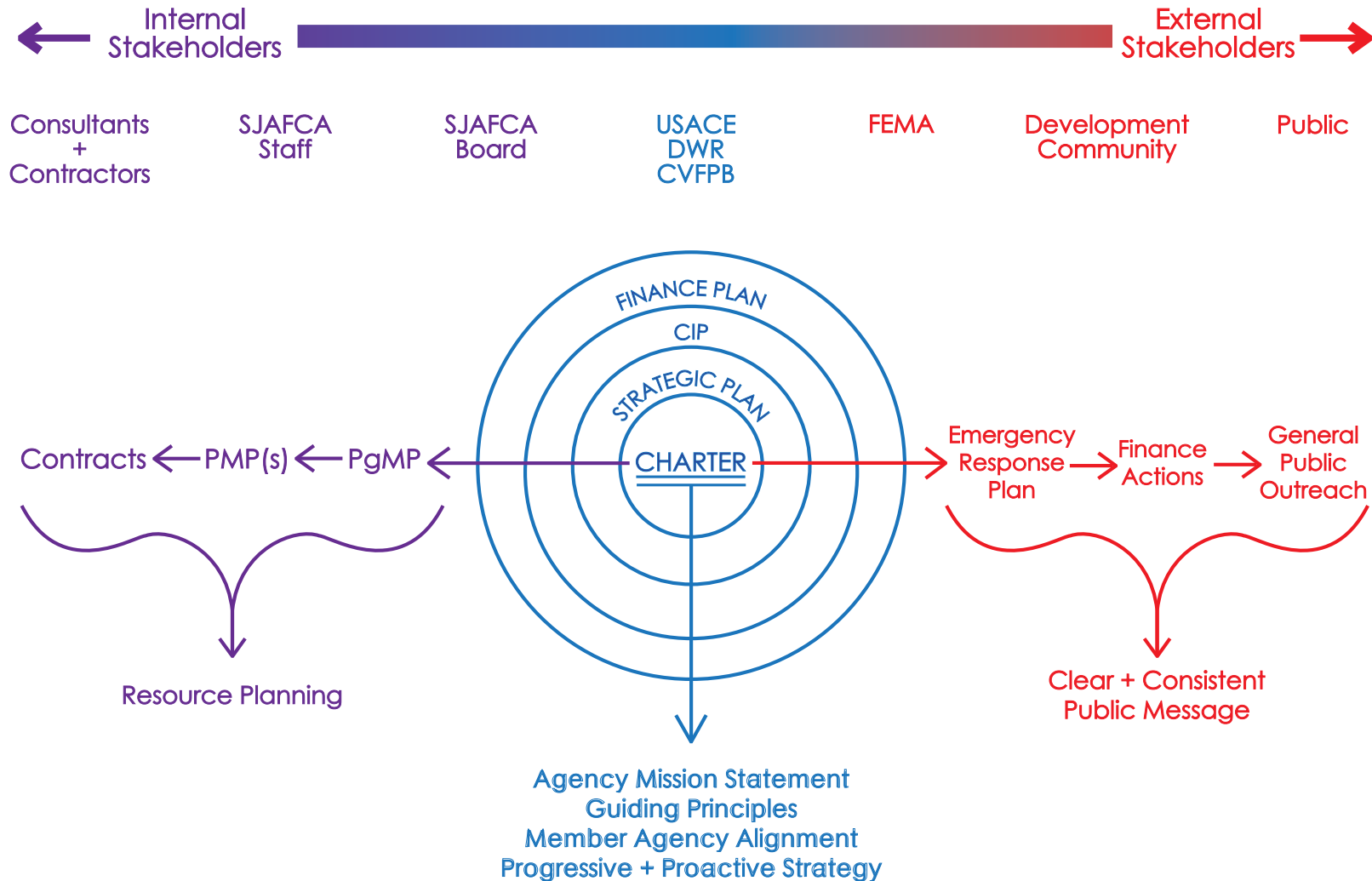
A:

Q: Should SJAFCA take a lead on the latest flood science and information? How might they do that?

A:

ATTACHMENT 2

SJAFCA Organizational Model



Agenda Item 6.1

February 7, 2019

TO: San Joaquin Area Flood Control Agency

FROM: Chris Elias, Executive Director

SUBJECT: **ADOPTION OF A POLICY ON ADAPTING DESIGN STANDARDS FOR THE MOSSDALE TRACT AREA OF SJAFCA IN LIGHT OF CLIMATE CHANGE**

RECOMMENDATION

It is recommended that the Board of Directors adopt the attached policy to provide guidance on how the agency should consider climate change issues associated with the design and implementation of a plan for the Mossdale Tract.

DISCUSSION

Background

The San Joaquin Area Flood Control Agency (SJAFCA) is advancing a program for increasing the level of flood protection provided by the Mossdale Tract levees through (i) development of locally-funded improvements, (ii) partnering with the State on potential State funding of improvements, and/or (iii) the pursuit of a Federally-authorized set of improvements. In the development of locally-funded improvements and other improvements which may be cost-shared with the State and Federal governments, it is necessary to select the appropriate future hydrology, considering climate change estimates, to inform design-level work. Unfortunately, the uncertainties (magnitude, timing, and nature of frequency) associated with accurately predicting that future hydrology requires that the agency balance the flood risk associated with understating that hydrology with the financial costs associated with overstating that hydrology.

Present Situation

SJAFCA staff has developed the policy attached as Exhibit A as a way to manage the uncertainty associated with climate change and to minimize the risk associated with unnecessary and expensive expenditures as well as the possibility of constructing a project which is quickly found to be inadequate in light of climate change. Adoption of the policy will not eliminate the possibility that future modifications will be necessary; but it does allow a project to proceed with good information and then to be updated as new information is available. Also attached is a flowchart which documents the likely

February 7, 2019

**ADOPTION OF A POLICY ON ADAPTING DESIGN STANDARDS FOR THE
MOSSDALE TRACT AREA OF SJAFCA IN LIGHT OF CLIMATE CHANGE (Page 2)**

sequence of events in implementing this policy.

PREPARED BY: Scott L. Shapiro, Legal Counsel



APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

Attachment

EXHIBIT A

**San Joaquin Area Flood Control Agency
Proposed Policy for Adapting Design Standards for the Mossdale Tract Area of
SJAFCA in Light of Climate Change Uncertainties**

Draft of February 7, 2019

Introduction

The San Joaquin Area Flood Control Agency (SJAFCA) is advancing a program for increasing the level of flood protection provided by the Mossdale Tract levees through (i) development of locally-funded improvements, (ii) partnering with the State on potential State funding of improvements, and/or (iii) the pursuit of a Federally-authorized set of improvements. In the development of locally-funded improvements and other improvements which may be cost-shared with the State and Federal governments, it is necessary to select the appropriate future hydrology, considering climate change estimates, to inform design-level work. Unfortunately, the uncertainties (magnitude, timing, and nature of frequency) associated with accurately predicting that future hydrology requires that the agency balance the flood risk associated with understating that hydrology with the financial costs associated with overstating that hydrology. The purpose of this document is to provide a Board-adopted policy for managing that risk specifically for the Mossdale Tract levees.

In addition, the passage of SB5 has imposed on communities in the Central Valley an obligation to ensure that future development will be subject to at least 200-year flood protection. The Department of Water Resources (DWR) has developed guidance for the Urban Level Of [Flood] Protection (ULOP) including findings that must be made

Available Data on Climate Change Through Hydrologic Studies

Climate change, as it applies to Mossdale Tract levees, is comprised of both tailwater conditions as well as watershed hydrology. Tailwater conditions are important because water surface profiles are calculated from downstream to upstream, and tailwater elevation (also known as “stage”) is an input to the model. In the case of the San Joaquin River, the downstream limit of the hydraulic model is roughly the Deep Water Ship Channel near the Smith Canal Gate project. The stage at that location is affected by sea level, tide cycles, hydraulics of the Delta, physical configuration of the Delta in a given event, storm surge, flood flows from the various tributary rivers and streams entering the Delta, and to some extent, wind setup (if all or part of the Delta were to become a large body of open water in the future, for instance). Sea level rise is an essential component of tailwater conditions to consider.

ADOPTION OF A POLICY ON ADAPTING DESIGN STANDARDS FOR THE MOSSDALE TRACT AREA OF SJAFCA IN LIGHT OF CLIMATE CHANGE (Page 4)

Although sea level rise at the Golden Gate Bridge has been studied extensively, the science and engineering of predicting San Joaquin River tailwater conditions and watershed hydrology is new. The only study to date to address both aspects of climate change for the San Joaquin River is the work by the State associated with the 2017 Update of the Central Valley Flood Protection Plan (CVFPP). That study concludes that significant changes are likely for both tailwater conditions and San Joaquin River flows as a result of climate change. For example, the 200-year event in the year 2067 is estimated by the 2017 CVFPP as a tailwater stage of 12.6', a stage which would overtop numerous Delta islands and overwhelm many existing and proposed facilities. In terms of watershed hydrology, the CVFPP also predicts a tripling of 200-year flood flows by the year 2067.

Additional Relevant Information

Until the development of the 2017 CVFPP Update, communities developing programs of improvements were required, under the ULOP guidelines, to address the risk of climate change without DWR generated estimates of tailwater conditions coupled with watershed hydrology. For example, in preparing adequate progress reports under ULOP for the River Islands Community of Lathrop, the City of Lathrop designed to the current hydrology, incorporated information from consensus sea level rise, and then added a further foot to the stage to address the uncertainty of changes to watershed hydrology as a result of climate change. Similarly, projects designed on the Sacramento River system have also incorporated additional stage or freeboard to address the uncertainty of changes to watershed hydrology as a result of climate change.

During the development of the 2017 CVFPP Update, commentators provided written comments to DWR regarding the significant changes projected by the Update and whether investment decisions should be made based on the Update. In response, DWR provided the following:

The 2017 CVFPP Update climate change analysis was used for system-scale planning and development of State policy in accordance with the directives and guidance of AB 2800, Executive Order B 30-15, Executive Order S-13-08, Public Resources Code 71155, and the California Natural Resources Agency publication, "Safeguarding California: Reducing Climate Risk (2014)" at a programmatic level. It has not been used to make investment-level decisions, project design, and implementation. While the 2017 CVFPP Update refines the overall near and long-term investment needs established in the 2017 CVFPP, it is not a decision document. Given the current state of climate change science and its uncertainties, application of the climate change projections for design purposes would not be appropriate at this time. A more detailed programmatic account of the climate change analyses and summary of the findings is presented in the supporting document "2017 CVFPP Update – Climate Change Analysis Technical Memorandum." The document also recommends further study:

**ADOPTION OF A POLICY ON ADAPTING DESIGN STANDARDS FOR THE
MOSSDALE TRACT AREA OF SJAFCA IN LIGHT OF CLIMATE CHANGE (Page 5)**

- Addressing uncertainty by evaluating a broader set of future climate scenarios, or sensitivity analyses.
- Additional study to gain insight about reservoir climate vulnerability and potential adaptation needs.

The use of levee fragility and flood frequency curves is incorporated into the probabilistic methodology used for the CVFPP flood risk and potential life loss evaluations of the urban levee improvements and systemwide actions. Levee fragility data was developed based on the Nonurban/Urban Levee Evaluations program undertaken by the State. Further details on the methods and sources of data can be found in the “2017 CVFPP Update – Scenario Technical Analyses Summary Report” which supports the 2017 CVFPP Update.

Agency Policy

Based on the statement from DWR, it is not expected that SJAFCA use the 2017 CVFPP Update as a basis for design- and investment-level decisions. However, the trend of the 2017 CVFPP Update demonstrates that climate change will increase both the flows projected to flow down the San Joaquin River and increase the tailwater stages. DWR’s climate change estimates are for 50 years in the future only, and those estimates show the trends are still worsening at the end of that period with no eventual “leveling out” of the effects.

SJAFCA’s policy for design- and investment-level decisions must address this trend and the risk associated with uncertainty without using the DWR estimates which were not prepared for this purpose. The Board of Directors of the San Joaquin Area Flood Control Agency acknowledges that this policy may result in a future finding by a land use agency that the designed (or potentially constructed) project will not be able to provide 200-year flood protection in light of changing conditions caused by climate change or other factors, and that achieving and maintaining a particular level of flood protection often requires a community to recommit itself to implement further measures.

Therefore, it is the policy of the Board of Directors of the San Joaquin Area Flood Control Agency that design- and investment-level decisions shall incorporate the following elements (which are considered to be no, low, or medium regret to address the uncertainty of climate change) until such time as that uncertainty is reduced.

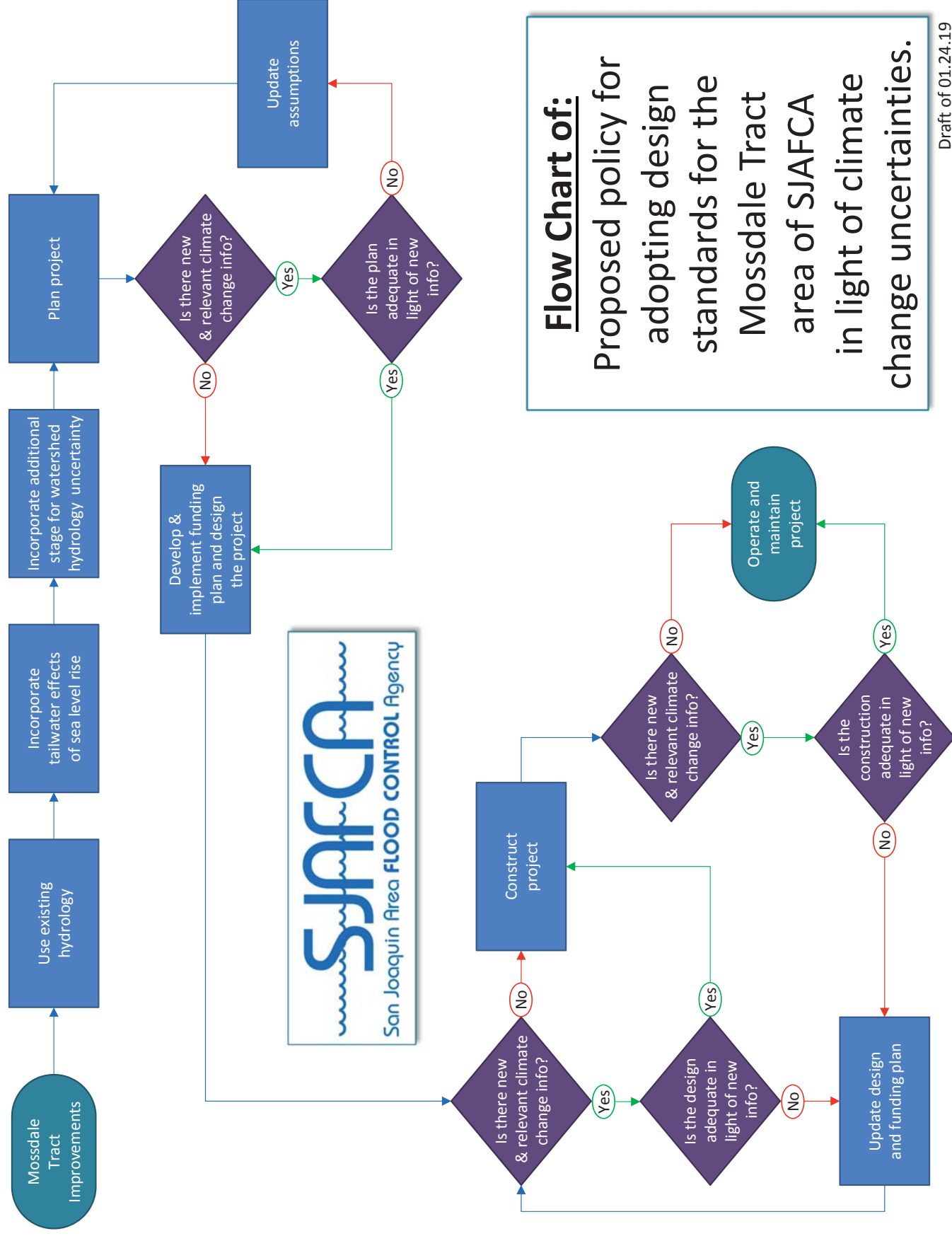
- Incorporation of additional stage at the downstream boundary of the San Joaquin River hydraulic model to cover “intermediate” estimates of sea level rise per U. S. Army Corps of Engineers guidance, plus an additional factor for uncertainty;
- The inclusion of some additional measure of stage in levee design. This additional stage will differ in different reaches to be determined by SJAFCA staff

**ADOPTION OF A POLICY ON ADAPTING DESIGN STANDARDS FOR THE
MOSSDALE TRACT AREA OF SJAFCA IN LIGHT OF CLIMATE CHANGE (Page 6)**

based upon input from consultants and partner agencies, but is expected to be in the zero to three-foot range;

- Where real estate is being acquired for project improvements (and where land use coordination as described below is not adequate), SJAFCA will acquire the necessary real estate to support potential future levee raises and/or extensions based on the 2017 CVFPP climate change hydrology;
- Coordination with relevant land-use agencies in and around current and future levee alignments to ensure approved development can accommodate expanded levee footprints and extended levee alignments;
- At least every three years, and more often when the state of the science demands, staff shall review available studies and models and make recommendations to the Board whether this policy needs to be updated.
- SJAFCA will request that each land use agency within the Mossdale Tract annually provide to SJAFCA a summary of any findings made toward adequate progress;
- SJAFCA will develop cost estimates to provide SJAFCA with necessary resources to further study and evaluate this issue through and after project completion.

ATTACHMENT



RESOLUTION NO. SJAFCA 19-06

**SAN JOAQUIN AREA
FLOOD CONTROL AGENCY**

=====

**RESOLUTION TO ADOPT POLICY ON ADAPTING DESIGN
STANDARDS FOR THE MOSSDALE TRACT AREA OF SJAFCA IN
LIGHT OF CLIMATE CHANGE**

WHEREAS, the overwhelming consensus of the international scientific community, as established by the Intergovernmental Panel on Climate Change and confirmed by the National Academy of Sciences, is that climate change is a real and increasingly urgent threat that demands action at every level of government; and

WHEREAS, the Sacramento-San Joaquin Delta (hereinafter Delta) is a unique natural and geographic feature of the State of California, and is the largest estuary on the Pacific Coast of the United States encompassing an area of over 730,000 acres with islands and tracts of rich fertile soil surrounded by miles of sloughs and winding channels protected by levees; and

WHEREAS, climate change is directly impacting San Joaquin County citizens through sea level rise, flooding, increased wildfires, drought, and air pollution harming the public health; and

WHEREAS, further climate change is expected to impact the region's temperatures, precipitation and sea level with consequences for the area population, agriculture, environment and infrastructure; and

WHEREAS, to protect these critical resources, the San Joaquin Area Flood Control Agency must continually evaluate the risks and impacts from climate changer uncertainties and identify appropriate adaptation and mitigation strategies utilizing the best available science in conjunction with stakeholders for adapting design standards for the Mossdale Tract Area of SJAFCA.

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

That the Policy on Climate Change is hereby approved and adopted, a copy of which is attached as Exhibit "A" and incorporated by this reference.

PASSED, APPROVED AND ADOPTED this 7th day of February, 2019.

_____, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, 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

Agenda Item 7.1

February 7, 2019

TO: San Joaquin Area Flood Control Agency

FROM: Chris Elias, Executive Director

SUBJECT: **SELECTION OF PUBLIC BOARD MEMBER**

RECOMMENDATION

It is recommended the Board of Directors of the San Joaquin Area Flood Control Agency (SJAFCA) adopt a resolution appointing a member of the public as a Board member.

DISCUSSION

Background

On November 16, 2017, the Board adopted SJAFCA Resolution No. 17-20 approving the Amended and Restated Joint Exercise of Powers Agreement (JEPA). The JEPA states that the SJAFCA Board will include one member of the public, who shall reside or work within the boundaries of the Agency, appointed by a simple majority of the other Board members for a term as specified in the Bylaws.

On May 29, 2018, the Board adopted SJAFCA Resolution No. 18-13 approving the revision of the Agency's Bylaws. The Bylaws state that the Board will consider a policy for the appointment of a Public Member of the Board of Directors.

On July 19, 2018, the Board adopted SJAFCA Resolution No. 18-14 approving the Policy on the Selection of Public Board Members (Exhibit A). The Board initiated the selection process for an initial term of one year and six months, to include the remainder of 2018 and one year following until March of 2020.

On September 7, 2018, Public Notice was given indicating that SJAFCA was soliciting applications from qualified candidates for appointment to fill the Board Vacancy of a Public Board Member. Only one application was received in response to this Public notice.

At the SJAFCA Board meeting on September 20, 2018, further guidance on selection of the Public Board Member was requested by staff. As a result of this guidance, a recruiting flyer for the position of a Public Board Member was created and distributed on September 27, 2018, to each of the member agencies. Public Notice was given on October 29, 2018, and again on November 5, 2018. These recruiting efforts resulted in the receipt of seven (7) applications.

SELECTION OF PUBLIC BOARD MEMBER

(Page 2)

Present Situation

Candidate Interviews of 30-minutes each were conducted on January 30, 2019, by a panel consisting of a representative from each of the 4-member agencies and San Joaquin Council of Governments. The video-taped recordings from these interviews were then distributed to each of the Board members for review along with the application packets and rating sheets.

It is recommended that the Board evaluate the ratings for each candidate and make a selection of the Public Board Member based upon those ratings and other factors it considers useful to its evaluation.

PREPARED BY: Dawn Clement



APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

CE:DC

EXHIBIT “A”

Policy on the Selection of Public Board Members (July 19, 2018)

It is the policy of the Board of Directors of the San Joaquin Area Flood Control Agency (SJAFCFA) to advertise for and appoint a member of the public for the purpose of better engagement with the public and increasing the knowledge and perspectives brought to the meetings of the Agency. In selecting public Board Members, the agency will be guided by the following principles and processes:

- By January 15 of each even numbered year (starting with 2020), the staff shall post a description of the activities of the agency and an application for use by prospective public members. The deadline for the application shall be two to three weeks after the first Board meeting of that year.
- At the first Board meeting of the year, the staff shall educate the Board Members of the process to select a public Board Member, and shall encourage Board Members to disseminate information on the process.
- The staff shall review all applications and make those applications available to the Board Members for review.
- The staff shall arrange a 30 minute interview with each applicant, which shall be video-taped and made available to the Board Members. The purpose of the interview is to give Board Members better perspective on the qualifications of the applicant for the position.
- The qualifications for the public Board Member include the following:
 - o The applicant cannot be an elected official;
 - o The Board will consider whether the applicant has expertise such as engineering, legal, or land use planning, but the applicant need not have that experience;
 - o The applicant must live, or work, within San Joaquin County;
 - o The applicant may be the sitting public Board Member;
 - o The applicant may not be an employee of or consultant to SJAFCFA;
 - o The applicant must agree to follow all legal requirements for members of public boards including the filing of Form 700s, compliance with all required training, and compliance with SJAFCFA’s conflict of interest policy; and
 - o The public member will receive no compensation for the position but will be reimbursed for reasonable expenses consistent with the treatment of the other members of the Board.
- The Board shall place appointment of the public member on its March agenda and shall use good faith in making an appointment for a two year term at that meeting.
- In order to ensure fairness and compliance with the Brown Act, no applicant may meet with more than three sitting Board Members.

RESOLUTION NO. SJAFCA 19-07

**SAN JOAQUIN AREA
FLOOD CONTROL AGENCY**

=====

RESOLUTION APPOINTING A PUBLIC BOARD MEMBER

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

1. The Public Board Member is appointed in accordance with the Policy on the Selection of Public Board Members (Exhibit A).
2. The Public Board Member will hold office for a one-year term.
3. The following person is hereby appointed:

_____ PUBLIC BOARD MEMBER

PASSED, APPROVED AND ADOPTED this 7th day of February, 2019.

_____, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, 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

Agenda Item 8.1

SJAFCA BULLETIN

VOL. 1, ISSUE 3

NOVEMBER 2018

Executive Director Report

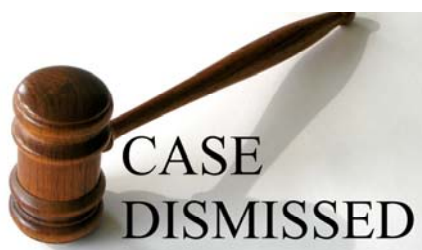
SJAFCA receives \$3.1 million in FY19 Work Plan Money

The U.S. Army Corps (Corps) of Engineers last week delivered to Congress its Fiscal Year 2019 work plan for the Army Civil Works program. The work plan identifies which projects, programs, and activities within the Corps' program will receive the FY 2019 funding, how much each will receive, and includes amounts that the Army allocated earlier this fiscal year under continuing resolutions.



The Army Corps' FY 2019 work plan allocated \$3.125 million to continue the preconstruction, engineering and design phase of SJAFCA's Lower San Joaquin River Project. Of this amount, the \$2.93 million is for Phase I of the preconstruction, engineering and design; and \$195,000 is allocated to Phase II. The funding allocations align with SJAFCA's requests during the recent advocacy trip to Washington, D.C. This FY 2019 work plan fund is in addition to the \$1 million already allocated to SJAFCA in FY 2018 to initiate the preliminary design work.

With the total funding allocation of \$4.1 million, being part of the federal cost-share for preliminary design work in this fiscal year, the work plan money brings us much closer to full funding for preconstruction design element of the project.



Case Dismissed

Yesterday, the Third District Court of Appeal issued its decision affirming the trial court's judgment in favor of SJAFCA in the *ACPOA v. SJAFCA* case. This effectively concludes the case, unless ACPOA petitions for—and is granted—review in the California Supreme Court, which is extremely unlikely.

Short-term Extension to National Flood Insurance Program:

Both the House and Senate acted last night to pass another short term extension of the federal flood insurance program. The existing extension was set to expire Nov. 30. The new extension will last until December 7. The goal now is to attach a long-term reauthorization of the program to a must pass FY19 omnibus spending bill, which Congress is aiming to pass on or before Dec. 7, which is the date when the current CR expires.



Chris Elias, Executive Director
Chris.Elias@stocktonca.gov
(209) 937-8866



Location:
22 E. Weber Ave., Room 301
Stockton, CA 95202

**End of Agenda
Packet**