

BOARD OF DIRECTORS

<u>City of Stockton</u> Kimberly Warmesley Dan Wright Alt. Michael Blower	<u>Public Member</u> Steve DeBrum	<u>San Joaquin County/SJCFCWCD*</u> Paul Canepa Miguel Villapudua Alt. Robert Rickman
<u>City of Manteca</u> Gary Singh, Chair Charlie Halford Alt. Mike Morowit	<u>Executive Director</u> Chris Elias	<u>City of Lathrop</u> Paul Akinjo, Vice-Chair Diane Lazard Alt. Jennifer Torres-O'Callaghan
*San Joaquin County Flood Control and Water Conservation District		

REGULAR BOARD MEETING CANCELED

THURSDAY, JANUARY 18, 2024, 9:00 A.M

SPECIAL BOARD MEETING

ALTERNATE LOCATION
Stockton City Hall
Council Chambers
425 N. El Dorado Street, Stockton, CA
THURSDAY, JANUARY 18, 2024, 9:00 A.M.

1. CALL TO ORDER / ROLL CALL
2. PLEDGE TO FLAG
3. ELECTION OF OFFICERS
 - 3.1) Elect a Chair & Vice Chair for the SJAFCA Board of Directors for 2024
 - 3.2) Recognition of outgoing Chair
4. CONSENT ITEMS
 - 4.1) Approve Minutes from November 16, 2023, Board Meeting

5. NEW BUSINESS

- 5.1) Adopt Resolution to accept Independent Auditor's Report and Financial Statements for the fiscal year ending June 30, 2023
- 5.2) Mid-Year Budget review and approval of budget adjustments for Fiscal Year 2023/24 for the San Joaquin Area Flood Control Agency
- 5.3) Amendment No. 5 of Task Order no. 1 with Larsen Wurzel and Associates, inc. for project implementation support to the San Joaquin River Basin, Lower San Joaquin River, California Project, TS30L Construction, Phase A Shima Tract Design and processing of reimbursement from the U.S. Army Corps of Engineers
- 5.4) Approve Pre-qualified Consultant List for Various Flood Risk Reduction Services

6. BRIEFINGS

- 6.1) Informational Update to Agency's Strategic Plan Priority Actions
- 6.2) Briefing on the proposed Mossdale Tract Overlay Assessment District

7. ORAL REPORT FROM EXECUTIVE DIRECTOR

- 7.1) Status of Smith Canal Gate Construction Project
- 7.2) Submission of Real Estate certification package to US Army Corps of Engineers in fulfillment of environmental mitigation obligations
- 7.3) Tentative spring advocacy trip to Washington, D.C.

8. PUBLIC COMMENTS

9. BOARD QUESTIONS, COMMENTS, ACTIONS

10. COUNSEL REPORT

11. CLOSED SESSION

- 11.1) ANTICIPATED LITIGATION Pursuant to Government Code Section 54956.9(d)(2): One Case (Shimmick Construction Company, Inc.)
- 11.2) Conference with Legal Counsel: Public Employment Evaluation Pursuant to Government Code Section 54957(b)(1) Title: Executive Director

12. OPEN SESSION

- 12.1) Potential Board Action on Executive Director Contract following Public Employment Evaluation

13. 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

January 18, 2024

TO: San Joaquin Area Flood Control Agency Board of Directors

FROM: Chris Elias, Executive Director

SUBJECT: **ELECTION OF A NEW CHAIR AND VICE-CHAIR FOR THE SJAFCA BOARD OF DIRECTORS FOR 2024**

RECOMMENDATION

It is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency (SJAFCA) adopt a resolution to elect a new Chair and Vice-Chair for 2024.

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.

At the first Board meeting of 2019, held on February 7, the election of officers resulted in Chair Andrade, City of Stockton, and Vice-Chair Singh, City of Manteca, both elected to one-year terms.

At the first Board meeting of 2020, held on January 16, the election of officers resulted in Chair Singh, City of Manteca, and Vice-Chair Winn, County of San Joaquin, both elected to one-year terms.

At the first Board meeting of 2021, held on January 28, the election of officers resulted in Chair Winn, County of San Joaquin and Vice-Chair Wright, City of Stockton, both elected to one-year terms.

At the first Board meeting of 2022, held on January 27, the election of officers resulted in Chair Wright, City of Stockton and Vice-Chair Singh, City of Manteca, both elected to one-year terms.

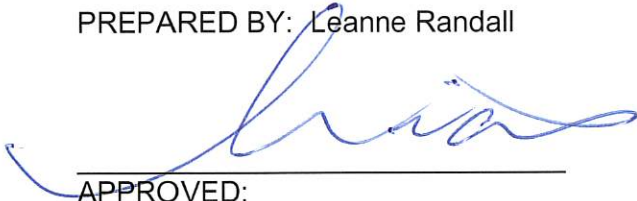
At the first Board meeting of 2023, held on January 26, the election of officers resulted in Chair Singh, City of Manteca, and Vice-Chair Akinjo, City of Lathrop, both elected to one-year terms.

Present Situation

It is recommended that the 2024 Chair be elected from the City of Lathrop 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 requested to nominate and vote for one of its current members to fill that position.

The positions of the 2024 Chair and Vice-Chair will become effective immediately after the Board takes action.

PREPARED BY: Leanne Randall



APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

ATTACHMENTS

- 1: Historical Listing of Chair and Vice-Chair Appointments
2. Resolution 24-01

CE:lr

HISTORICAL LISTING						HISTORICAL LISTING					
San Joaquin Area FLOOD CONTROL Agency						San Joaquin Area FLOOD CONTROL Agency					
CHAIR ELECTIONS						VICE-CHAIR ELECTIONS					
Year	Title	Name	Took Office	County/City	Resolution	Year	Title	Name	Took Office	County/City	Resolution
1995	Chair	Floyd Weaver	May 25, 1995		95-01	1995	Vice-Chair	George Barber	May 25, 1995		95-01
1996	Chair	Floyd Weaver	August 7, 1996		96-21	1996	Vice-Chair	George Barber	August 7, 1996		96-21
1997	Chair	George Barber	February 5, 1997		97-01	1997	Vice-Chair	Duane Isetti	February 5, 1997		97-01
1998	Chair	Duane Isetti	February 4, 1998		98-04	1998	Vice-Chair	Edward A. Simas	February 4, 1998		98-04
1999	Chair	Edward A. Simas	March 1, 1999		99-01	1999	Vice-Chair	Larry Ruhstaller	March 1, 1999		99-01
2000	Chair	Larry Ruhstaller	March 1, 2000	Stockton	00-01	2000	Vice-Chair	Jack Sieglock	March 1, 2000	SJ County	00-01
2001	Chair	Victor Mow	March 1, 2001	SJ County	01-03	2001	Vice-Chair	Richard F. Nickerson, M.D.	March 1, 2001	Stockton	01-03
2002	Chair	Larry Ruhstaller	March 1, 2002	Stockton	02-01	2002	Vice-Chair	Jack Sieglock	March 1, 2002	SJ County	02-01
2003	Chair	Jack Sieglock	March 1, 2003	SJ County	03-01	2003	Vice-Chair	Gary Giovanetti	March 1, 2003	Stockton	03-01
2004	Chair	Gary Giovanetti	March 1, 2004	Stockton	04-01	2004	Vice-Chair	Victor Mow	March 1, 2004	SJ County	04-01
2005	Chair	Victor Mow	March 1, 2005	SJ County	05-05	2005	Vice-Chair	Clem Lee	March 1, 2005	Stockton	05-05
2006	Chair	Clem Lee	March 1, 2006	Stockton	06-01	2006	Vice-Chair	Victor Mow	March 1, 2006	SJ County	06-01
2007	Chair	Victor Mow	March 1, 2007	SJ County	07-01	2007	Vice-Chair	Steve Bestolarides	March 1, 2007	Stockton	07-01
2008	Chair	Steve J. Bestolarides	March 1, 2008	Stockton	08-01	2008	Vice-Chair	Larry Ruhstaller	March 1, 2008	SJ County	08-01
2009	Chair	Frank L. Ruhstaller	March 1, 2009	SJ County	09-02	2009	Vice-Chair	Diana Lowery	March 1, 2009	Stockton	09-02
2010	Chair	Diana Lowery	January 20, 2010	Stockton	10-01	2010	Vice-Chair	Steve Bestolarides	January 20, 2010	SJ County	10-01
2011	Chair	Steve J. Bestolarides	January 26, 2011	SJ County	11-01	2011	Vice-Chair	Dale Fritchen	January 26, 2011	Stockton	11-01
2012	Chair	Dale Fritchen	February 1, 2012	Stockton	12-01	2012	Vice-Chair	Ken Vogel	February 1, 2012	SJ County	12-01
2013	Chair	Frank L. Ruhstaller	January 30, 2013	SJ County	13-01	2013	Vice-Chair	Katherine M. Miller	January 30, 2013	Stockton	13-01
2014	Chair	Katherine M. Miller	January 29, 2014	Stockton	14-01	2014	Vice-Chair	Steve Bestolarides	January 29, 2014	SJ County	14-01
2015	Chair	Katherine M. Miller	February 25, 2015	SJ County	15-01	2015	Vice-Chair	Elbert Holman	February 25, 2015	Stockton	15-01
2016	Chair	Elbert Holman	January 21, 2016	Stockton	16-01	2016	Vice-Chair	Carlos Villapudua	January 21, 2016	SJ County	16-01
2017	Chair	Katherine M. Miller	February 2, 2017	SJ County	17-01	2017	Vice-Chair	Jesús M. Andrade	February 2, 2017	Stockton	17-01
2018	Chair	Katherine M. Miller	February 26, 2018	SJ County	18-01	2018	Vice-Chair	Jesús M. Andrade	February 26, 2018	Stockton	18-01
2019	Chair	Jesús M. Andrade	February 7, 2019	Stockton	19-01	2019	Vice-Chair	Gary Singh	February 7, 2019	Manteca	19-01
2020	Chair	Gary Singh	January 16, 2020	Manteca	20-01	2020	Vice-Chair	Chuck Winn	January 16, 2020	SJ County	20-01
2021	Chair	Chuck Winn	January 28, 2021	SJ County	21-02	2021	Vice-Chair	Dan Wright	January 28, 2021	Stockton	21-02
2022	Chair	Dan Wright	January 27, 2022	Stockton	22-01	2022	Vice-Chair	Gary Singh	January 27, 2022	Manteca	22-01
2023	Chair	Gary Singh	January 26, 2023	Manteca	23-01	2023	Vice-Chair	Paul Akinjo	January 26, 2023	Lathrop	23-01
2024	Chair				24-01	2024	Vice-Chair				24-01

RESOLUTION NO. SJAFCA 24-01

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 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 18th day of January 2024

XX XX, 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 16, 2023**

STOCKTON, CALIFORNIA

1. CALL TO ORDER / ROLL CALL 10:42 AM

Roll Call

Present:

Director Halford

Director Lazard

Director Singh

Director Wright

Director Warmasley

Absent:

Director Akinjo

Director Canepa

Director DeBrum

Director Villapudua

2. PLEDGE TO FLAG 10:42 AM

3. CONSENT ITEMS 10:42 AM

3.1) Approve Minutes from the October 19, 2023, Board Meeting.

PUBLIC COMMENT:

- Dominick Gulli submitted written comments.

Motion: Approve Minutes from the October 19, 2023, Board Meeting

Moved by: Director Wright, Seconded by Director Halford

Vote: Motion carried 5-0

Yes: Director Halford, Director Lazard, Director Singh, Director Wright, Director Warmasley

Absent: Director Akinjo, Director Canepa, Director DeBrum, Director Villapudua

4. NEW BUSINESS 10:43 AM

4.1) SJAFCA Regular Board Meeting Schedule for 2024

PUBLIC COMMENT: Dominick Gulli submitted written comments.

Motion: Approve the SJAFCA Regular Board meeting Schedule for 2024

Moved by: Director Wright, Seconded by Director Halford

Vote: Motion carried 5-0

Yes: Director Halford, Director Lazard, Director Singh, Director Wright, Director Warmasley

Absent: Director Akinjo, Director Canepa, Director DeBrum, Director Villapudua

4.2) Adopt Resolution authorizing Change Order No. 8 to Consultant Agreement with Larsen Wurzel & Associates, Inc., for additional Administrative and Financial Support Services for the Smith Canal Gate Project

PUBLIC COMMENT: Dominick Gulli submitted written comments and shared comments during the meeting for all to hear.

Motion: Adopt Resolution authorizing Change Order No. 8 to Consultant Agreement with Larsen Wurzel & Associates, Inc., for additional Administrative and Financial Support Services for the Smith Canal Gate Project
Moved by: Director Halford, Seconded by Director Wright
Vote: Motion carried 5-0
Yes: Director Halford, Director Lazard, Director Singh, Director Wright, Director Warmsley
Absent: Director Akinjo, Director Canepa, Director DeBrum, Director Villapudua

4.3) Adopt Resolution authorizing Amendments to consultant contracts with Kjeldsen, Sinnock, Neudeck, Inc., for additional Construction Management Services to complete the Smith Canal Gate Project.

PUBLIC COMMENT: Dominick Gulli submitted written comments and shared comments during the meeting for all to hear.

Motion: Adopt Resolution authorizing Amendments to consultant contract with Kjeldsen, Sinnock, Neudeck, Inc., for additional Construction Management Services to complete the Smith Canal Gate Project
Moved by: Director Halford, Seconded by Director Wright
Vote: Motion carried 5-0
Yes: Director Halford, Director Lazard, Director Singh, Director Wright, Director Warmsley
Absent: Director Akinjo, Director Canepa, Director DeBrum, Director Villapudua

5. BRIEFINGS 11:21 AM

- None.

6. ORAL REPORT FROM EXECUTIVE DIRECTOR 11:21 AM

- 6.1) Status update on recent Request for Qualifications.
- 6.2) Memorandum on the inter-basin transfer of excess federal credits.

7. PUBLIC COMMENTS 11:38 AM

PUBLIC COMMENT

- Dominick Gulli submitted written comments and shared comments during the meeting for all to hear.

8. BOARD QUESTIONS, COMMENTS, ACTIONS 11:38 AM

- None.

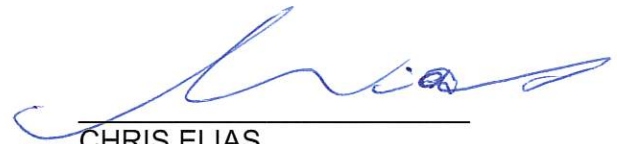
9. CLOSED SESSION.

- None.

10. ADJOURNMENT 11:39 AM

The meeting adjourned at 11:39 AM. The next meeting is scheduled for January 18, 2024.

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.



CHRIS ELIAS
EXECUTIVE DIRECTOR
SAN JOAQUIN AREA FLOOD
CONTROL AGENCY

November 16, 2023, SJAFCA Meeting Minutes

Agenda Item 5.1

January 18, 2024

TO: San Joaquin Area Flood Control Agency Board of Directors

FROM: Chris Elias, Executive Director

SUBJECT: **INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2023**

RECOMMENDATION

It is recommended the Board of Directors of the San Joaquin Area Flood Control Agency (Agency) adopt a resolution accepting the Independent Auditor's Report and Financial Statements for the fiscal year ending June 30, 2023.

DISCUSSION

Background

Each year an independent audit of SJAFCA's financial records is performed by a Certified Public Accounting firm.

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 Schwartz, Gianinni, Lantsberger and Adamson Accountancy Corporation completed its review of the Agency's financial statements for the fiscal year ended June 30, 2023 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 generally accepted accounting principles 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.

The opinion contained in the Independent Auditor's Report validates the fair presentation of the Agency's financial statements as of June 30, 2023 and opines that the financial statements are presented fairly in all material respects and are in conformity with GAAP.

The Audited Financial Report will be incorporated into SJACA's Continuing Disclosure report filed as part of the Agency's outstanding Assessment Bonds and posted on District's website.

Staff recommends the Board adopt a resolution accepting the Independent Auditor's Report and the Annual Financial Statements for the fiscal year ended June 30, 2023.

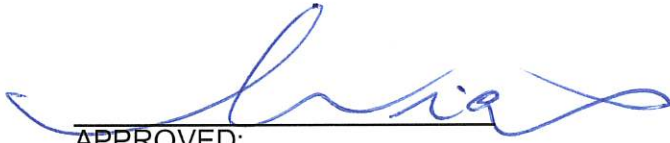
**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDING JUNE 30, 2023**

(Page 2)

FISCAL IMPACT

There is no net budgetary impact as a result of the Board's approval of staff's recommendation.

PREPARED BY: Sylvia Razniak, Finance and Administrative Services Manager



APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

CE:SR:ler

Attachment 1: Annual Audited Financial Statements FY 2022-2023

Attachment 2: Resolution 24-02



December 29, 2023

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

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of San Joaquin Area Flood Control Agency (the Agency) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 18, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in the notes to the financial statements. As described in Note 2, the Agency changed accounting policies related to leases by adopting FASB Accounting Standards Update (ASU) 2016-02, "Leases", effective July 1, 2023. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of depreciation and amortization, which is based on useful lives.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Philip Lantsberger, CPA
Robert Gross, CPA
Nikolas A. Torres, CPA

3461 Brookside Road
Suite E
Stockton, California 95219
Ph: 209.474.1084
Fx: 209.474.0301
www.sglacpas.com

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The total impact of these misstatements was an understatement of accounts payable and assessment income of \$56,908 and 21,979, respectively, and an overstatement of accrued payroll of \$20,519. The net effect of these items is an overstatement of net position of \$14,410. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

In addition, corrected misstatements that were made as a result of our audit procedures resulted in \$2,568,388 decrease in net assets.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 18, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the board of directors and management of the Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Schwartz, Giannini, Lantberger & Adamson

Stockton, California
December 29, 2023

**SAN JOAQUIN AREA
FLOOD CONTROL AGENCY
FINANCIAL STATEMENTS
JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT



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

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Philip Lantsberger, CPA
 Robert Gross, CPA
 Nikolas A. Torres, CPA

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 Ph: 209.474.1084
 Fx: 209.474.0301
 www.sglacpas.com

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 4-13 and 33-40, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 29, 2023, 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 solely 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.

A handwritten signature in blue ink that reads "Schwatz, Giannini, Lantberger & Adamson". The signature is written in a cursive, flowing style.

Stockton, California
December 29, 2023

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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, 2023. 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 other financial proceeds due to the retirement of the assessment district bonds on September 2, 2011. Only the Maintenance and Operations assessments are collected annually for the FPRP as these flood protection improvements continue to be maintained.

The FPRP was included in Federal legislation and a Memorandum of Agreement (MOA) 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. Since the signing of the MOA with USACE, the Agency received \$22,868,020 through fiscal year 2010. The remaining \$10 million reimbursement was received during 2019 and as of June 30, 2023, the Agency has received \$32,933,185 of Federal reimbursement. The reimbursement from 2019 has been the source of funding for local cost-share for design of the first few reaches of the Lower San Joaquin River Project Basin, Lower San Joaquin River, California Project.

The State of California'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. Fiscal year 2022-23 is the ninth 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 executed a funding agreement with the State for \$22.3 million to cost-share construction expenses through the State's Urban Flood Risk Reduction Program.

Effective January 1, 2018, the Agency amended and restated its Joint Exercise of Powers Agreement which expanded its boundaries to include the cities of Lathrop and Manteca. Prior to the 2018 amendment, membership of the JPA consisted of elected representatives from the City of Stockton, County of San Joaquin and the San Joaquin County Flood Control and Water Conservation District. This action was taken to implement a plan to provide improved flood protection for the Reclamation District 17 basin, also known as Mossdale Tract. A funding stream was created to support the Mossdale Tract Program, with the goal of achieving 200-year flood protection of communities of south Stockton, Lathrop, Manteca, and some unincorporated areas of San Joaquin County.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

On July 18, 2019, the Board of Directors adopted Resolution No. 19-29, entitled "A Resolution of the Board of Directors of the San Joaquin Area Flood Control Agency Approving the Form and Authorizing the Distribution of a Preliminary Official Statement in Connection with the Offering and Sale of Assessment District Revenue Bonds, Authorizing the Sale of the Bonds and Approving Related Documents and Actions". On May 20, 2020, the sale of the bonds netted \$23,257,457 deposit into the Project Fund (approx. \$950,000 more than estimated on April 30th at time of Contract Award). This amount of SJAFCA's debt represents bonds secured by the Smith Canal Area Assessment District. During the 2023 fiscal year, \$2,039,184 was paid from the Assessment District to service the 2020 revenue bond used for construction of the Smith Canal Gate Project.

In FY 2022-23 Development Impact Fee revenue collected through SJAFCA's member agencies was \$2,506,944.

On July 21, 2022, the Board of Directors of the Mossdale Tract Enhanced Infrastructure Financing District Public Finance Authority (Authority) approved resolution to adopt the Infrastructure Financing Plan and formed the Mossdale Tract Enhanced Infrastructure Financing District (District). The EIFD will finance public flood control facilities including, but not limited to, public flood risk reduction infrastructure associated with ensuring that the resulting levee system complies with the Urban Levee Design Criteria promulgated by the California Department of Water Resources (DWR), SJAFCA's Resolution No. 19-06 and SJAFCA's Adopted Policy for Adapting Design Standards for the Mossdale Tract Area of SJAFCA in light of Climate Change. When completed and operational, the EIFD, in conjunction with San Joaquin County, City of Lathrop, City of Manteca, and City of Stockton, will use incremental participating taxing entity property tax revenue attributed to properties within the EIFD boundaries to finance flood risk reduction facilities in Mossdale Tract. For Fiscal Year 2022-23, no projects planned within the District commenced construction. The Authority received \$925,309 of tax increment revenue in June 2023, and had no expenses during fiscal year 2022-2023. Activities of the Authority are included in the accompanying financial statement.

Also, because the Authority received tax increment funds at the end of FY 2022-23, and the sole purpose of the District is to provide funds for SJAFCA Mossdale Tract Program, SJAFCA and the Authority entered into a Memorandum of Understanding (MOU) on May 18, 2023, to move funds from the Authority to SJAFCA. With this MOU in place, the Authority will be able to budget expenses and fund the Mossdale Tract Program on an on-going basis. Through coordination with the San Joaquin County Auditor Controller, as part of a final tax apportionment for the Fiscal Year 2023-24, these funds will be budgeted as part of available fund balance in Fiscal Year 2023-24.

The Fiscal Year 2022-2023 Budget was adopted by SJAFCA Board of Directors on June 16, 2022. The budget supports SJAFCA's continuing efforts to address the region's flood control needs during the coming year and is consistent with the objectives of SJAFCA's current Strategic Plan. SJAFCA's Strategic Plan identifies the efforts which Agency will undertake to "reduce and manage the region's flood risk".

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

On December 17, 2020, the Board of Directors authorized the payment of \$504,654 to USACE for the local cost contribution in fulfillment of the terms of the Design Agreement and Local Design Agreement for advancing first few reaches of the Lower San Joaquin River Project Basin, Lower San Joaquin River, California Project. The design agreement specifically allowed USACE Sacramento District to begin the preconstruction, engineering, and design phase of the project.

On September 30, 2022, the United States Army Corps of Engineers (Corps), and the Central Valley Flood Protection Board (in collaboration with the California Department of Water Resources) entered into a Feasibility Cost-Share Agreement (Study) with SJAFCA. The Study will investigate the Federal interest by evaluating the benefits and costs of a range of alternatives to address the flood risk, and ecosystem restoration opportunities, in the Mossdale Tract area.

Feasibility study costs are shared with USACE, the State, and the Corps and sponsor signing a Feasibility Cost Share Agreement that describes the study cost share arrangement, feasibility study scope, schedule and study cost estimate. The cost-sharing for the study is based on a 50% contribution by the federal government, with the non-federal sponsors' (Board and SJAFCA) 50% contribution provided in cash and in-kind contributions. Currently, the Mossdale Tract Project is estimated to cost \$7.1 million and last for 4.5 years. In Fiscal Year 2022/2023, SJAFCA made an initial payment of \$425,000 to USACE to initiate the Study, including preparation of the Project Management Plan.

On March 16, 2023, the Board Adopted Resolution No. 23-07 which started the formation process of Levee Construction and Maintenance Assessment (LCMA) District. The Board also adopted Resolution No. 23-08 which formalized procedures for protest ballot proceeding consistent with the provisions of Article XIII D of the California Constitution, the Proposition 218 Omnibus Implementation Act, Government Code 53750 et seq., and the Benefit Assessment Act of 1982, Government Code 54703 et seq. The purpose of the LCMA District is to fund the cost of constructing levee and flood control improvements incident to the Lower San Joaquin River Project and Federal Emergency Management Agency accredited levees either directly or in partnership with the United States Army Corps of Engineers and the State of California, as well as costs of the operation and maintenance of levees and flood control facilities (collectively, the "Services"). During April, May and June of 2023, the Agency conducted an assessment ballot proceeding, pursuant to Proposition 218, in which the landowners that would be specially benefited by the Services were provided by mail with notice of the proposed special assessment and public hearing and also provided the opportunity to complete a ballot as to whether the Agency should form the proposed LCMA Assessment District and levy the assessment.

Upon conclusion of the public hearing on June 8, 2023, the Board of Directors adopted a resolution which directed completion of the ballot tabulation for the formation of the LCMA District. The results were presented at the Board's June 15, 2023, regular meeting. Since the results of the Prop 218 Ballot showed a successful outcome, the Board of Directors also authorized the issuance and sale of Assessment Revenue Bonds to finance flood control improvements for the LCMA District. On August 2, 2023, the sale of two series of bonds resulted in the aggregate principal amount of \$27,730,000. Activity of the revenue bonds will be included in the fiscal year 2023-24 financial statement audit.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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 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 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 different fund types. The Agency's assets are capital assets acquired or constructed as part of flood risk reduction improvements. The Agency's noncapital assets are cash and cash equivalents. The County of San Joaquin (the County) maintains the cash pools for the Agency and serves as its Treasurer. Historically, the Agency's assets were 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 included Flood Control Equalization Fees, which were collected for the Agency by the County and the City of Stockton when building permits were issued to new development within the Agency's original assessment district boundaries and did not include Lathrop and Manteca.

As part of the Stockton Metropolitan watershed, the Agency acquired the rights-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 balance, revenues, and expenditures. The Agency funds are divided into three categories: General Fund, Special Revenue Fund, and Capital Project Funds.

The General Fund accounts for funds loaned to the Agency in 1995 by the City of Stockton and the county for the initial funding of the project activities, as well as federal reimbursement for the flood project completed in 1998. The City of Stockton and County loans were paid, and, after the bond money was received, additional funds were created.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

The Special Revenue Funds account for assessment district proceeds for maintenance and operations (M&O) of flood control structures for the Flood Protection Restoration Assessment District, and the local cost for design, construction, and maintenance of flood control improvements for the Smith Canal Area Assessment District. Assessments are collected as a line item in property tax bills and are deposited into a fund solely designated for the purpose of the assessment district. Other proceeds are collected through special fees or loan agreements and their use is restricted for the Mossdale Tract area to achieve compliance with Senate Bill 5.

The Capital Project Funds support the Agency's capital programs and operating costs. Resources are from the original assessments, Flood Control Equalization Fees, proceeds from the initial FPRP bond issue and interest income. Both Federal and State reimbursements are included in these funds.

Notes to Basic Financial Statements: provides 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.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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 exceed liabilities by \$41,069,912 (\$64,312,028 - \$23,242,116) as of June 30, 2023, and net position decreased by \$3,576,996 (\$41,069,912 - \$44,646,908) compared with the prior year:

STATEMENTS OF NET POSITION

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets	\$ 30,375,648	\$ 36,388,487
Capital assets	33,936,380	34,837,498
TOTAL ASSETS	<u>64,312,028</u>	<u>71,225,985</u>
LIABILITIES		
Current liabilities	1,884,842	4,332,459
Noncurrent liabilities	21,357,274	22,246,618
TOTAL LIABILITIES	<u>23,242,116</u>	<u>26,579,077</u>
NET POSITION		
Net investment in capital assets	12,144,106	11,970,716
Restricted for maintenance and operations	5,900,129	5,337,203
Unrestricted	23,025,677	27,338,989
TOTAL NET POSITION	<u>\$ 41,069,912</u>	<u>\$ 44,646,908</u>

The Agency's capital net position for the year ended June 30, 2023: Land and Easements of \$9,678,245, and Flood Control Infrastructure (net of depreciation) of \$24,258,135, totaling \$33,936,380, represent approximately 53% of the Agency's total assets (see Capital Assets table on page 12). 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 years ended June 30, 2023 and 2022:

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

STATEMENTS OF ACTIVITIES

	<u>2023</u>	<u>2022</u>
REVENUES		
Assessments	\$ 3,675,278	\$ 2,674,867
Aid from other government agencies	10,041,961	18,734,151
Investment earnings, net	864,256	(447,691)
Total revenue	<u>14,581,495</u>	<u>20,961,327</u>
EXPENSES		
Operation and maintenance	15,491,305	26,777,431
Agency management	1,689,704	1,453,089
Interest and other charges	977,482	796,968
Total expenses	<u>18,158,491</u>	<u>29,027,488</u>
Change in net position	<u>(3,576,996)</u>	<u>(8,066,161)</u>
NET POSITION		
Net position, beginning of year	44,646,908	52,713,069
Net position, end of year	<u><u>\$ 41,069,912</u></u>	<u><u>\$ 44,646,908</u></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 from \$20,961,327 in fiscal year 2022 to \$14,581,495 in fiscal year 2023. Expenses decreased from \$29,027,488 in fiscal year 2022 to \$18,158,491 in fiscal year 2023. The decrease is associated with program activities and the construction completion phase of the Smith Canal Gate.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

FINANCIAL ANALYSIS OF AGENCY FUNDS

The General Fund: accounts for those funds loaned to the Agency in 1995 by the City of Stockton and the County for the initial funding of the FPRP activities, and the 2019 federal reimbursement received from the U.S. Army Corps of Engineers. The City of Stockton and County loans have since been paid. The Agency General Fund is used to offset some of the general operating costs that are not allocated to projects.

Special Revenue Funds: Appropriate M&O assessments are collected annually through property taxes and are deposited in the Maintenance and Operations Fund. These monies are limited to 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 \$1,452,900, which includes a \$100,000 contingency allocation for emergencies, was considered appropriate for fiscal year 2022-23 for M&O. The budget is impacted by requirements to comply with stringent levee standards imposed by regulatory agencies and growing vandalism to flood control structures by persons who encamp on the levees. The Maintenance and Operations Fund had a balance of approximately \$6 million on June 30, 2023.

Beginning fiscal year 2014-15, assessments for the 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 2022-23 was \$1,036,426.

Capital Projects Funds: These funds are available to meet the Agency's operating and capital program costs. Aside from Special Revenue Funds, and the General Fund, the Agency does not have long-term sustainable revenue sources in place to support Agency operations in the long-term.

INFRASTRUCTURE ASSETS**Capital Assets**

The Agency's investment in capital assets as of June 30, 2023, is \$33,936,380. 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 investigations may lead to new projects. Apart from normal depreciation, there were no changes in capital assets during fiscal year ended June 30, 2023.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

CAPITAL ASSETS
(net of accumulated depreciation)

	<u>2023</u>	<u>2022</u>
Land and easements	\$ 9,678,245	\$ 9,678,245
Infrastructure assets, net	<u>24,258,135</u>	<u>25,159,253</u>
Total	<u>\$ 33,936,380</u>	<u>\$ 34,837,498</u>

Total accumulated depreciation as of June 30, 2023, is \$20,800,469. Therefore, the net infrastructure assets are \$24,258,135 (\$45,058,604 - \$20,800,469). The infrastructure assets are being depreciated over an estimated useful 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 the right-of-way purposes was turned over to the Central Valley Flood Projection Board; however, the Central Valley Flood Projection Board has not accepted the federally authorized project. Therefore, when the Central Valley Flood Projection 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 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 investigation 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 2019-20, the Board of Directors approved the award of a \$49,487,976 contract for construction of the Smith Canal Gate Project to Shimmick Construction. In Fiscal Year 2020-2021, the first construction season of the Smith Canal Gate Project was successfully completed with installation of the cofferdam, pipe piles and seepage cut off walls for the gate structure. Construction of the Smith Canal Gate project continued in 2023 and will be substantially completed in 2024.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY**MANAGEMENT'S DISCUSSION AND ANALYSIS****JUNE 30, 2023**

On September 30, 2020, representatives of USACE, California Central Valley Flood Protection Board and SJAFCA signed a multi-year Project Partnership Agreement that signals the next step in efforts to reduce the flood risk for the northern and central areas of the City of Stockton. The plan for the Lower San Joaquin River Project (California), authorized by Congress in the America's Water Infrastructure Act of 2018, will provide flood risk management benefits to over 71,000 acres of mixed-use land with a current population estimated at 160,000 residents and an estimated \$21 billion in property. The recommended plan includes North and Central Stockton–Delta Front, Lower Calaveras River, and San Joaquin River levee improvements. The structural features of the plan include approximately 24 miles of levee improvements, and two closure structures (Fourteen-mile Slough and Smith Canal). The non-structural measures include a comprehensive flood warning system, emergency evacuation planning and floodplain management. The overall project is estimated to cost \$1.4 billion with annual benefits of \$255 million. The total project cost will be shared between the US government (65%), the State of California (24.5%) and SJAFCA (10.5%). The project would allow the Stockton metro community to continue to meet both FEMA certification requirements, and at least a portion of the State of California's criteria for funding of Flood Risk Management projects, allowing for potential reduction in National Flood Insurance Program costs to the community. Project construction is currently anticipated to start in the Spring of 2024, with completion in 2037.

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.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 25,734,261
Interest income receivable	231,234
Receivable - State of California	4,121,082
Prepaid expenses	289,071
Total current assets	<u>30,375,648</u>
Capital assets:	
Land and easements	9,678,245
Infrastructure assets, net	24,258,135
Total capital assets	<u>33,936,380</u>
Total assets	<u><u>64,312,028</u></u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	1,030,891
Accrued payroll	108,951
Bonds payable, current maturity	435,000
Member agency loans	310,000
Total current liabilities	<u>1,884,842</u>
Noncurrent liabilities:	
Bonds payable, net of current maturity	21,357,274
Total noncurrent liabilities	<u>21,357,274</u>
Net position:	
Net investment in capital assets	12,144,106
Restricted for maintenance and operations	5,900,129
Unrestricted	23,025,677
Total net position	<u>41,069,912</u>
Total liabilities and net position	<u><u>\$ 64,312,028</u></u>

See accompanying notes to basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions / Programs	Program Expenses	Program Revenues		Net (Expense) Revenue
		Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:				
Operations and maintenance	\$ 15,491,305	\$ 10,041,961	\$ -	\$ (5,449,344)
Agency management	1,689,704	-	-	(1,689,704)
Interest and other charges	977,482	-	-	(977,482)
Total governmental activities	<u>\$ 18,158,491</u>	<u>\$ 10,041,961</u>	<u>\$ -</u>	<u>\$ (8,116,530)</u>
General revenues:				
Assessments				\$ 3,675,278
Investment earnings - interest				683,367
Investment earnings - unrealized gain				<u>180,889</u>
Total general revenues				<u>4,539,534</u>
Change in net position				(3,576,996)
Net position, beginning of year				<u>44,646,908</u>
Net position, end of year				<u>\$ 41,069,912</u>

See accompanying notes to basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2023

	General Fund	Maintenance and Operations Fund	Smith Canal Assessment & Closure Funds	Mossdale Tract & Levee Impact Fees Funds	Lower SJ River Project Fund	Regional Flood Mgmt Program Fund	Paradise Cut Fund	Mossdale EIFD	Total Governmental Funds
ASSETS									
Cash and cash equivalents	\$2,247,079	\$ 5,948,128	\$ 7,355,773	\$ 6,780,425	\$2,276,833	\$ 112,762	\$ 101,935	\$ 911,326	\$25,734,261
Interest income receivable	18,216	52,627	78,173	64,292	13,537	859	894	2,636	231,234
Receivable - State of California	-	-	3,175,667	675,669	-	269,746	-	-	4,121,082
TOTAL ASSETS	<u>2,265,295</u>	<u>6,000,755</u>	<u>10,609,613</u>	<u>7,520,386</u>	<u>2,290,370</u>	<u>383,367</u>	<u>102,829</u>	<u>913,962</u>	<u>30,086,577</u>
LIABILITIES									
Accounts payable	(1,890)	87,461	579,517	229,308	130,979	5,516	-	-	1,030,891
Accrued payroll	(9,534)	13,165	52,660	39,495	6,583	6,582	-	-	108,951
Member agency loans	-	-	-	310,000	-	-	-	-	310,000
Total liabilities	<u>(11,424)</u>	<u>100,626</u>	<u>632,177</u>	<u>578,803</u>	<u>137,562</u>	<u>12,098</u>	<u>-</u>	<u>-</u>	<u>1,449,842</u>
FUND BALANCES									
Restricted	-	5,900,129	-	-	-	-	-	-	5,900,129
Assigned	-	-	9,977,436	6,941,583	2,152,808	371,269	102,829	913,962	20,459,887
Unassigned	<u>2,276,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,276,719</u>
Total fund balances	<u>2,276,719</u>	<u>5,900,129</u>	<u>9,977,436</u>	<u>6,941,583</u>	<u>2,152,808</u>	<u>371,269</u>	<u>102,829</u>	<u>913,962</u>	<u>28,636,735</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$2,265,295</u>	<u>\$ 6,000,755</u>	<u>\$ 10,609,613</u>	<u>\$ 7,520,386</u>	<u>\$2,290,370</u>	<u>\$ 383,367</u>	<u>\$ 102,829</u>	<u>\$ 913,962</u>	<u>\$30,086,577</u>

See accompanying notes to basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balances - Governmental Funds \$ 28,636,735

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>(20,800,469)</u>	
		33,936,380

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.

(21,503,203)

Net Position of Governmental Activities \$ 41,069,912

See accompanying notes to basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN GOVERNMENTAL FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Maintenance and Operations Fund	Smith Canal Assessment & Closure Funds	Mossdale Tract & Levee Impact Fees Funds	Lower SJ River Project Fund	Regional Flood Mgmt Program Fund	Paradise Cut Fund	Mossdale EIFD	Total Governmental Funds
Revenues:									
Assessments	\$ -	\$ 1,035,944	\$ 1,714,025	\$ -	\$ -	\$ -	\$ -	\$ 925,309	\$ 3,675,278
Investment earnings - interest	48,720	139,329	245,964	198,930	40,643	4,851	2,294	2,636	683,367
Investment earnings - unrealized gain (loss)	(2,791)	3,779	163,554	17,710	8,970	5,047	(1,397)	(13,983)	180,889
Other government agency aid	-	-	4,742,829	4,144,865	900,000	246,772	-	-	10,034,466
Miscellaneous income	5,625	190	939	570	75	96	-	-	7,495
Total revenues, net	51,554	1,179,242	6,867,311	4,362,075	949,688	256,766	897	913,962	14,581,495
Expenditures:									
Current operating:									
Maintenance and operations	10,608	407,050	8,680,912	4,871,495	428,326	190,596	1,200	-	14,590,187
Agency management	223,181	154,512	608,082	476,466	126,308	98,490	2,665	-	1,689,704
Debt service:									
Principal	-	-	855,000	-	-	-	-	-	855,000
Interest and other charges	-	-	1,186,284	-	-	-	-	-	1,186,284
Total expenditures	233,789	561,562	11,330,278	5,347,961	554,634	289,086	3,865	-	18,321,175
Excess (deficiency) of revenues over expenditures	(182,235)	617,680	(4,462,967)	(985,886)	395,054	(32,320)	(2,968)	913,962	(3,739,680)
Other financing sources (uses):									
Transfers in (out)	493,564	(54,754)	(203,691)	(386,568)	(97,194)	152,685	95,958	-	-
Total other financing sources (uses)	493,564	(54,754)	(203,691)	(386,568)	(97,194)	152,685	95,958	-	-
Net change in fund balances	311,329	562,926	(4,666,658)	(1,372,454)	297,860	120,365	92,990	913,962	(3,739,680)
Fund balances, beginning	1,965,390	5,337,203	14,644,094	8,314,037	1,854,948	250,904	9,839	-	32,376,415
Fund balances, ending	\$ 2,276,719	\$ 5,900,129	\$ 9,977,436	\$ 6,941,583	\$ 2,152,808	\$ 371,269	\$ 102,829	\$ 913,962	\$ 28,636,735

See accompanying notes to basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN GOVERNMENTAL FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net changes in Fund Balances - Governmental Funds \$ (3,739,680)

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	(901,118)	(901,118)
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The issuance of long-term debt provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.

1,063,802

Changes in Net Position of Governmental Activities	\$ (3,576,996)
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See accompanying notes to basic financial statements.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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 annual special assessment will continue to finance the maintenance of the flood project structure until adoption of a terminating resolution.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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 powers agency, namely, the City, the County, and the District.

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 of the Agency as a whole.

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 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.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 comprise its assets, liabilities, fund balance, 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.

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 using 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 on 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.

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.

Fund Types and Major Funds

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

General fund – Accounts for general administrative expenses and acts as Agency reserves.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Hazard Area. Proceeds are restricted to activities identified in the Annual Engineer’s Report for the Smith Canal Area Assessment District.

Smith Canal Closure Fund – This fund was initially created to collect 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 fund is now used to collect Urban Flood Risk Reduction funding received by the State for final design and construction of the project.

Mossdale Tract Fund and Mossdale Levee Impact Fees Fund – Accounts for the collection of proceeds from member agencies through a loan agreement and for the collection of proceeds from member agencies for development impact fee when building permits are issued for new development in the Mossdale Tract area. The proceeds will be used to fund flood control improvements needed to obtain 200-year level of flood protection for the Mossdale Tract area.

Lower San Joaquin River Project Fund – This fund was established in partnership with the US Army Corps of Engineers (Corps) and the California Central Valley Flood Protection Board (CVFPB) to study and evaluate ways to improve the region’s level of flood protection. The partnership resulted in the Congressionally-authorized Lower San Joaquin River Feasibility Study. The fund will be used to track costs towards the federally-approved project.

Regional Flood Management Program Fund – Accounts for the collection of proceeds from the California Department of Water Resources (DWR) Regional Flood Management Program.

Paradise Cut – This fund was created for accounting in support of funding agreement with California DWR for the Paradise Cut Expansion and the South Delta Restoration Project. The project incorporates an expanded flood bypass, flood risk reduction, channel dredging to increase water supply reliability for in-Delta users, and floodplain, wetland, and riparian habitat enhancements to help restore the landscape-scale ecosystem functions necessary for climate change resilience.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mossdale Tract Enhanced Infrastructure Financing District (EIFD) Public Finance Authority – On July 2022, the resolution was approved to adopt the Infrastructure Financing Plan and form the Mossdale Tract Enhanced Infrastructure Financing District. Through the District, the cities of Stockton, Lathrop and Manteca and San Joaquin County committed a portion of the new property tax revenues from within the District boundary to flood protection improvements. The Authority will use the incremental participating taxing entity property tax revenue from properties within the District boundary to help finance the local cost share for a project to provide 200-year flood protection to properties within the District boundary.

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.

Reservation of Fund Balances

The Agency records reservations for portions of fund balance 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.

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 Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. If restricted and unrestricted net position are available for the same purpose, then restricted net position will be used before unrestricted net position. 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 – The amount is all the net position that does not meet the definition of "net investment in capital assets" or "restricted."

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

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:

Nonspendable Fund Balance – Amounts that are inherently nonspendable such as inventory or long-term receivables.

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.

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.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 all expenditure is incurred for purposes for which amounts in any of the unrestricted classification 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.

Bond Issue

On May 18, 2020, the Agency issued “San Joaquin Area Flood Control Agency, California Smith Canal Area Assessment District Assessment Revenue Bonds, Series 2020.” The principal amount was \$23,435,000, less underwriter discount of \$107,801, plus premium of \$580,306.

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. See Note 9.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Effective July 1, 2022, the Agency recognizes and measures its material leases in accordance with ASU 2016-02, *Leases*. The Agency determines if an arrangement is a lease, or contains a lease, at inception of a contract or when the terms of an existing contract are changed. The Agency recognizes a lease asset for its right to use (ROU) the underlying leased asset and a lease liability for the corresponding lease obligation. The right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

In determining the present value of lease payments, the Agency uses as a discount rate the implicit rate if it is readily determinable, otherwise the Agency uses an estimate of its incremental borrowing rate. The incremental borrowing rate for a lease is the rate of interest the Agency would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), and, if any, the following: plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The Agency considers the lease term to be the noncancelable period that it has to use the underlying asset. The Agency had no material leases as of June 30, 2023.

In accordance with ASU 2016-02, the Agency has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Agency is reasonably certain to exercise. The Agency recognizes lease costs associated with short-term leases on a straight-line basis over the lease term.

NOTE 3. DETAILED NOTES ON FUNDS

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 \$25,590,025 as of June 30, 2023.

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.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 3. DETAILED NOTES ON FUNDS (CONTINUED)

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.

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 is 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.

Accounts Payable

Accounts 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.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 3. DETAILED NOTES ON FUNDS (CONTINUED)

Capital Assets

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

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>
Nondepreciable capital assets:				
Land and easements	\$ 9,678,245	\$ -	\$ -	\$ 9,678,245
Depreciable capital assets:				
Infrastructure assets	45,058,604	-	-	45,058,604
Less accumulated depreciation	(19,899,351)	(901,118)	-	(20,800,469)
Net depreciable capital assets	<u>25,159,253</u>	<u>(901,118)</u>	<u>-</u>	<u>24,258,135</u>
Net capital assets	<u>\$ 34,837,498</u>	<u>\$ (901,118)</u>	<u>\$ -</u>	<u>\$ 33,936,380</u>

NOTE 4. FUND BALANCES

Fund balances on the governmental funds balance sheet are presented in the following categories: restricted, assigned, and unassigned (See Note 2 for a description of these categories).

NOTE 5. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2023, the Agency has approved payments to members of the JPA for services and personnel costs of the Agency. These costs are accumulated in the Agency administrative costs. Amounts paid to these related parties during the fiscal year ended June 30, 2023, were \$755,513.

The Board of Directors held public hearings to establish the Mossdale Tract Enhanced Infrastructure Finance District (EIFD) and its related Public Finance Authority which was approved on July 2022. The amount received from EIFD tax increment revenue during the fiscal year ended June 30, 2023, was \$925,309.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 6. COMMITMENTS AND CONTINGENCIES

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 City of Stockton sends a monthly invoice to SJAFCA for the use of office space, equipment, materials and supplies, as well as personnel costs for an employee who works for SJAFCA, but is employed through the City. The invoice is based on a "Cost Sharing Agreement", dated March 21, 1995.

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 EIP 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 executed an Urban Flood Risk Reduction grant for \$22.3 million, which was later increased to \$35.8 million, to cover remaining design, permitting, and construction costs. The Agency anticipates the State to cost share in 63% of total project costs.

The Agency is periodically a party in matters of litigation and claims resulting from the normal course of business. The Agency believes that the settlement of any outstanding litigation or claims will not have a material effect on the Agency's financial position or results of operations.

NOTE 7. MEMBER AGENCY LOANS

Each member agency (City of Stockton, City of Lathrop, City of Manteca, and County of San Joaquin) signed a seed funding agreement that would loan the Agency an amount not to exceed \$365,000 each. The loans are to be used for planning of the Mossdale Tract Phase IV levee improvements and to demonstrate progress toward compliance with Senate Bill 5 requirements. Each Member Agency advanced an amount of \$65,000 with exception of the City of Lathrop which advanced an amount of \$115,000. The term of repayment for the loan amounts do not include interest and can be repaid any time prior to June 30, 2029, at the Agency's discretion. It should also be noted that the loans may be forgiven if permanent funding sources for the entirety of the Mossdale Tract Phase IV levee improvement project is unable to be secured.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 8. INTERFUND TRANSFERS

Transfers and payments within the Agency are for the purpose of subsidizing operating functions. Resources are accumulated in a fund to support and simplify the administration of various projects or programs. The government-wide Statement of Activities eliminates transfers as reported within the segregated governmental columns. Only transfers between columns appear in this statement.

The following schedule reports transfers and payments within the Agency:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 493,564	\$ -
Maintenance and Operations Fund	-	54,754
Smith Canal Assessment Fund	-	206,232
Smith Canal Closure Fund	2,541	-
Mossdale Tract Fund	1,028,409	-
Mossdale Levee Impact Fund	-	1,414,977
Lower SJ River Project Fund	-	97,194
Regional Flood Mgmt Program Fund	152,685	-
Paradise Cut Fund	95,958	-
Total	<u>\$ 1,773,157</u>	<u>\$ 1,773,157</u>

NOTE 9. BONDS PAYABLE

On May 18, 2020, the Agency issued "San Joaquin Area Flood Control Agency, California Smith Canal Area Assessment District Assessment Revenue Bonds, Series 2020." The proceeds are to be used in the construction of improvements to provide protection from flood flows within the Smith Canal area of San Joaquin County, known generally as the Smith Canal Gate Project. The principal amount was \$23,435,000, less underwriter discount of \$107,801, plus premium of \$580,306. The bonds bear interest from 3%-5%, with payments due semiannually on April 1 and October 1, commencing October 1, 2020. Source of payment for the bonds comes from assessments levied by the Agency, and collected by San Joaquin County on behalf of the Agency. Bonds payable as of June 30, 2023, was \$21,792,274.

The bonds maturing on or after October 1, 2031, are subject to optional redemption prior to their stated maturities, on any date on or after October 1, 2030, in whole or in part, at a redemption price equal to the principal amount of the bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9. BONDS PAYABLE (CONTINUED)

Mandatory Sinking Payment Redemption

The bonds maturing on October 1, 2040, are subject to mandatory sinking payment redemption in part by lot on October 1, 2036, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

<u>Redemption Date</u> <u>(October 1)</u>	<u>Sinking Payments</u>
2036	\$ 745,000
2037	770,000
2038	795,000
2039	820,000
2040 (maturity)	845,000

The bonds maturing on October 1, 2045, are subject to mandatory sinking payment redemption in part by lot on October 1, 2041, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

<u>Redemption Date</u> <u>(October 1)</u>	<u>Sinking Payments</u>
2041	\$ 875,000
2042	905,000
2043	935,000
2044	965,000
2045 (maturity)	1,000,000

The bonds maturing on October 1, 2050, are subject to mandatory sinking payment redemption in part by lot on October 1, 2046, and on each October 1 thereafter to maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium, from sinking payments as follows:

<u>Redemption Date</u> <u>(October 1)</u>	<u>Sinking Payments</u>
2046	\$ 1,035,000
2047	1,065,000
2048	1,105,000
2049	1,140,000
2050 (maturity)	1,180,000

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9. BONDS PAYABLE (CONTINUED)

The estimated annual requirements to amortize the bonds payable as of June 30, 2023, are as follows:

Year Ended June 30	Principal	Interest	Total Requirements
2024	435,000	783,856	1,218,856
2025	455,000	766,456	1,221,456
2026	475,000	743,706	1,218,706
2027	500,000	719,956	1,219,956
2028	525,000	694,957	1,219,957
Thereafter	18,880,000	8,715,263	27,595,263
Subtotal	21,270,000	12,424,194	33,694,194
Plus bond premium	522,274	-	522,274
Total liability	<u>\$ 21,792,274</u>	<u>\$ 12,424,194</u>	<u>\$ 34,216,468</u>

There was no accrued interest on the bonds as of June 30, 2023.

NOTE 10. SUBSEQUENT EVENTS

On August 2, 2023, the Agency issued two series of bonds in the aggregate principal amount of \$27,730,000 related to Levee Construction and Maintenance Assessment (LCMA) District. The purpose of the LCMA District is to fund the cost of constructing levee and flood control improvements incident to the Lower San Joaquin River Project.

In preparing the financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through December 29, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:				
Investment earnings - interest	\$ -	\$ -	\$ 48,720	\$ 48,720
Investment earnings - unrealized (loss)	-	-	(2,791)	(2,791)
Miscellaneous income	-	-	5,625	5,625
Total revenues	<u>-</u>	<u>-</u>	<u>51,554</u>	<u>51,554</u>
Expenditures:				
Maintenance and operations	-	-	10,608	(10,608)
Agency management	177,609	177,609	223,181	(45,572)
Total expenditures	<u>177,609</u>	<u>177,609</u>	<u>233,789</u>	<u>(56,180)</u>
Other financing sources (uses):				
Transfers in (out)	-	-	493,564	493,564
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>493,564</u>	<u>493,564</u>
Net change in fund balance	<u>\$ (177,609)</u>	<u>\$ (177,609)</u>	311,329	<u>\$ 488,938</u>
Fund balance, beginning			1,965,390	
Fund balance, ending			<u>\$ 2,276,719</u>	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023Maintenance and Operations Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:				
Assessments	\$ -	\$ -	\$ 1,035,944	\$ 1,035,944
Investment earnings - interest	-	-	139,329	139,329
Investment earnings - unrealized gain	-	-	3,779	3,779
Miscellaneous income	-	-	190	190
Total revenues	<u>-</u>	<u>-</u>	<u>1,179,242</u>	<u>1,179,242</u>
Expenditures:				
Maintenance and operations	1,342,000	1,342,000	407,050	934,950
Agency management	178,000	178,000	154,512	23,488
Total expenditures	<u>1,520,000</u>	<u>1,520,000</u>	<u>561,562</u>	<u>958,438</u>
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>(54,754)</u>	<u>(54,754)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(54,754)</u>	<u>(54,754)</u>
Net change in fund balance	<u>\$ (1,520,000)</u>	<u>\$ (1,520,000)</u>	562,926	<u>\$ 2,082,926</u>
Fund balance, beginning			5,337,203	
Fund balance, ending			<u>\$ 5,900,129</u>	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023Smith Canal Assessment & Closure Funds

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:				
Assessments	\$ -	\$ -	\$ 1,714,025	\$ 1,714,025
Investment earnings - interest	-	-	245,964	245,964
Investment earnings - unrealized gain	-	-	163,554	163,554
Other government agency aid	23,073,309	23,073,309	4,742,829	(18,330,480)
Miscellaneous income	-	-	939	939
Total revenues	<u>23,073,309</u>	<u>23,073,309</u>	<u>6,867,311</u>	<u>(16,205,998)</u>
Expenditures:				
Maintenance and operations	20,758,704	20,758,704	8,680,912	12,077,792
Agency management	611,123	611,123	608,082	3,041
Debt service:				
Principal	-	-	855,000	(855,000)
Interest and other charges	-	-	1,186,284	(1,186,284)
Total expenditures	<u>21,369,827</u>	<u>21,369,827</u>	<u>11,330,278</u>	<u>10,039,549</u>
Other financing sources (uses):				
Transfers in (out)	-	-	(203,691)	(203,691)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(203,691)</u>	<u>(203,691)</u>
Net change in fund balance	<u>\$ 1,703,482</u>	<u>\$ 1,703,482</u>	<u>(4,666,658)</u>	<u>\$ (6,370,140)</u>
Fund balance, beginning			14,644,094	
Fund balance, ending			<u>\$ 9,977,436</u>	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023Mossdale Tract & Levee Impact Fees Funds

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment earnings - interest	\$ 93,225	\$ 93,225	\$ 198,930	\$ 105,705
Investment earnings - unrealized gain	-	-	17,710	17,710
Other government agency aid	12,473,551	12,473,551	4,144,865	(8,328,686)
Grants	300,000	300,000	-	(300,000)
Miscellaneous income	-	-	570	570
Total revenues	<u>12,866,776</u>	<u>12,866,776</u>	<u>4,362,075</u>	<u>(8,504,701)</u>
Expenditures:				
Maintenance and operations	9,022,105	9,022,105	4,871,495	4,150,610
Agency management	444,023	444,023	476,466	(32,443)
Total expenditures	<u>9,466,128</u>	<u>9,466,128</u>	<u>5,347,961</u>	<u>4,118,167</u>
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>(386,568)</u>	<u>(386,568)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(386,568)</u>	<u>(386,568)</u>
Net change in fund balance	<u>\$ 3,400,648</u>	<u>\$ 3,400,648</u>	<u>(1,372,454)</u>	<u>\$ (4,773,102)</u>
Fund balance, beginning			<u>8,314,037</u>	
Fund balance, ending			<u>\$ 6,941,583</u>	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023Lower SJ River Project Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:				
Investment earnings - interest	\$ -	\$ -	\$ 40,643	\$ 40,643
Investment earnings - unrealized gain	-	-	8,970	8,970
Other government agency aid	-	-	900,000	900,000
Miscellaneous income	-	-	75	75
Total revenues	<u>-</u>	<u>-</u>	<u>949,688</u>	<u>949,688</u>
Expenditures:				
Maintenance and operations	2,634,204	2,634,204	428,326	2,205,878
Agency management	78,296	78,296	126,308	(48,012)
Total expenditures	<u>2,712,500</u>	<u>2,712,500</u>	<u>554,634</u>	<u>2,157,866</u>
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>(97,194)</u>	<u>(97,194)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(97,194)</u>	<u>(97,194)</u>
Net change in fund balance	<u>\$ (2,712,500)</u>	<u>\$ (2,712,500)</u>	<u>297,860</u>	<u>\$ 3,010,360</u>
Fund balance, beginning			1,854,948	
Fund balance, ending			<u>\$ 2,152,808</u>	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023Regional Flood Management Program Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:				
Investment earnings - interest	\$ -	\$ -	\$ 4,851	\$ 4,851
Investment earnings - unrealized gain	-	-	5,047	5,047
Other government agency aid	-	-	246,772	246,772
Miscellaneous income			96	96
Total revenues	<u>-</u>	<u>-</u>	<u>256,766</u>	<u>256,766</u>
Expenditures:				
Maintenance and operations	1,321,704	1,321,704	190,596	1,131,108
Agency management	78,296	78,296	98,490	(20,194)
Total expenditures	<u>1,400,000</u>	<u>1,400,000</u>	<u>289,086</u>	<u>1,110,914</u>
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>152,685</u>	<u>152,685</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>152,685</u>	<u>152,685</u>
Net change in fund balance	<u>\$ (1,400,000)</u>	<u>\$ (1,400,000)</u>	<u>120,365</u>	<u>\$ 1,520,365</u>
Fund balance, beginning			250,904	
Fund balance, ending			<u>\$ 371,269</u>	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Paradise Cut Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:				
Investment earnings - interest	\$ -	\$ -	\$ 2,294	\$ 2,294
Investment earnings - unrealized (loss)	-	-	(1,397)	(1,397)
Total revenues	<u>-</u>	<u>-</u>	<u>897</u>	<u>897</u>
Expenditures:				
Maintenance and operations	2,790,863	2,790,863	1,200	2,789,663
Agency management	209,137	209,137	2,665	206,472
Total expenditures	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,865</u>	<u>2,996,135</u>
Other financing sources (uses):				
Transfers in (out)	-	-	95,958	95,958
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>95,958</u>	<u>95,958</u>
Net change in fund balance	<u>\$ (3,000,000)</u>	<u>\$ (3,000,000)</u>	92,990	<u>\$ 3,092,990</u>
Fund balance, beginning			9,839	
Fund balance, ending			<u>\$ 102,829</u>	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

BUDGET TO ACTUAL COMPARISON SCHEDULES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Mossdale EIFD</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues:				
Assessments	\$ -	\$ -	\$ 925,309	925,309
Investment earnings - interest	-	-	2,636	2,636
Investment earnings - unrealized (loss)	-	-	(13,983)	(13,983)
Total revenues	<u>-</u>	<u>-</u>	<u>913,962</u>	<u>913,962</u>
Expenditures:				
Maintenance and operations	-	-	-	-
Agency management	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	913,962	<u>\$ 913,962</u>
Fund balance, beginning			-	
Fund balance, ending			<u>\$ 913,962</u>	

See Notes to Required Supplementary Information

SAN JOAQUIN AREA FLOOD CONTROL AGENCY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

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 bylaws 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.

NOTE 2. EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2023, the Agency has expenditures over appropriations as follows:

<u>General Fund</u>	
Maintenance and operations	\$ (10,608)
Agency management	\$ (45,572)
<u>Maintenance and Operations Fund</u>	
Maintenance and operations	\$ (407,050)
<u>Mossdale Tract & Levee Impact Fees Funds</u>	
Agency management	\$ (32,443)
<u>Lower SJ River Project Fund</u>	
Agency management	\$ (48,012)
<u>Regional Flood Management Program Fund</u>	
Agency management	\$ (20,194)

ADDITIONAL INFORMATION

**INDEPENDENT AUDITORS' 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

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, 2023, 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 29, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 entity'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 consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Philip Lantsberger, CPA
Robert Gross, CPA
Nikolas A. Torres, CPA

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Suite E
Stockton, California 95219
Ph: 209.474.1084
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Report on 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 financial statements. 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.

A handwritten signature in blue ink that reads "Schwart, Giannini, Lantberger & Adamson". The signature is written in a cursive, flowing style.

Stockton, California
December 29, 2023

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weakness?	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 24-02

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 ENDING JUNE 30, 2023

WHEREAS, Schwartz, Gianinni, Lantsberger and Adamson Accountancy Corporation Certified Public Accountants completed a review of the Agency's financial statements for the year ended June 30, 2023; and

WHEREAS, Schwartz, Gianinni, Lantsberger and Adamson Accountancy Corporation 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, 2023, 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, 2023.

PASSED, APPROVED AND ADOPTED this 18th day of JANUARY, 2024.

XX XX, 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

SJAFCA Resolution 24-02

Agenda Item 5.2

January 18, 2023

TO: San Joaquin Area Flood Control Agency Board of Directors

FROM: Chris Elias, Executive Director
Sylvia Razniak, Finance & Administrative Manager

SUBJECT: **MID-YEAR BUDGET REVIEW AND APPROVAL OF BUDGET
ADJUSTMENTS FOR FISCAL YEAR 2023/24 FOR THE SAN JOAQUIN
AREA FLOOD CONTROL AGENCY**

RECOMMENDATION

It is recommended the Board of Directors of the San Joaquin Area Flood Control Agency (Agency);

- A. Receive and file the Mid-Year Budget Report ending December 2023, which represents the estimated expenditures for the first and second quarters (July through December) of the fiscal year 2023-24 annual operating and Capital Improvement Program (CIP) budgets; and
- B. Adopt a resolution approving budget adjustments amending the fiscal year 2023-24 Budget as further discussed within this Board Report and the attached resolution (Exhibit A).

SUMMARY

This Mid-Year Report shows the estimated expenditures for the first six months of this FY 2023-24. There is one recommended modification for the Lower San Joaquin River Project Fund. Staff requests the Board consider \$2.6 Million of additional expenditure budget to meet the obligations of local cost-share payments to the US Army Corps of Engineers (USACE) by the end of FY 2023-24 and to continue support of the Shima Tract Project (part of the Lower San Joaquin River, California Project, Phase I).

All other budget adjustments presented within this report reflect the re-allocation of budget between categories and are primarily administrative in nature to facilitate efficient cost tracking and/or cover expenses incurred in similar or related categories in the following funds:

- Agency Operations: funds the Agency's anticipated expenditures for general administration, operations, and support costs for capital improvement program. Although there is modest shifting of monies to account for the cost of Information Technology services, there is sufficient budget within the Professional Services category to accommodate this request.
- Smith Canal Project: funds the Smith Canal Gate Project which is a component of the Lower San Joaquin River Project currently under advanced construction agreement with the USACE and the State of California. There is no net change to the overall CIP Budget through 2023/24 for the Smith Canal Project. The shifting of budget between budget categories is needed to match how actual expenditures have been reported and accepted by the State.
- Mossdale Tract Area Program: funds the activities to advance the Mossdale Tract Program. Although there is a shifting of actual expenses incurred under the advancing of the Mossdale Project, there is no net change to the overall CIP Budget for this fund.

MID-YEAR BUDGET REVIEW AND APPROVAL OF BUDGET ADJUSTMENTS FOR FISCAL YEAR 2023/24 FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

- Levee Construction & Maintenance Assessment District: funds the cost of constructing levee and flood control improvements incident to the Lower San Joaquin River Project and Federal Emergency Management Agency accredited levees either directly or in partnership with the USACE and the State of California, as well as costs of the operation and maintenance of levees and flood control facilities.

DISCUSSION

The SJAFCA Board of Directors adopted its Final Budget for Operations and CIP Projects for FY 2023/24 on July 20, 2023. The FY 23/24 budget for SJAFCA's Flood Protection Restoration Project (FPRP) O&M Program was approved on May 18, 2023, as part of the Board's approval of the levy of the AD 96-1 Operations & Maintenance assessment. Additionally, the Board's approval of the FY 2023-24 budget for the Levee Construction & Maintenance Assessment took place on July 20, 2023

The following discussion presents a status update of each fund and, where applicable, recommendations for budget adjustments to ensure sufficient authorizations are received from the Board to complete the necessary work for the fiscal year.

1. AGENCY OPERATIONS (Fund 55601)

The following table shows the approved FY 2023/24 as presented to the Board in July 2023. The table also shows the estimated expenses through December 11, 2023, the remaining budget balance, proposed adjustments to the budget between categories, the resulting updated budget and budget balance after the proposed adjustments.

TABLE 1 – FY 2023/24 MID-YEAR AGENCY OPERATIONS UPDATE

	Approved FY 23/24 Budget	Expenses thru 12/11/23	Budget Balance to Date	Proposed Budget Adjustments	Proposed Updated FY 23/24 Budget	Updated Budget Balance
Employee Services	\$1,280,059	\$440,133	\$839,926	\$0	\$1,280,059	\$839,926
Professional Services	\$459,000	\$132,471	\$326,529	(\$45,000)	\$414,000	\$281,529
Materials & Supplies	\$159,290	\$59,744	\$99,546	\$45,000	\$204,290	\$144,546
Other Expenses	\$106,993	\$78,026	\$28,967	\$0	\$106,993	\$28,967
Operating Budget:	\$2,005,342	\$710,374	\$1,294,968	\$0	\$2,005,342	\$1,294,968

One adjustment is proposed within the Operating as presented to the Board in July 2023. Staff recommend shifting \$45,000 of budget from Professional Services to Materials & Supplies to cover additional General Office expenses. The cost of IT support provided by the City to SJAFCA is covered under this category and needs additional budget for the year. There is sufficient budget within the Professional Services category to accommodate this request.

MID-YEAR BUDGET REVIEW AND APPROVAL OF BUDGET ADJUSTMENTS FOR FISCAL YEAR 2023/24 FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

2. SMITH CANAL GATE PROJECT (Fund 55666)

The following table shows the approved CIP Budget through FY 2023/24 as presented to the Board in July 2023. The table shows the estimated cumulative expenses estimated through November 2023, the remaining CIP Budget balance, proposed adjustments to the budget between categories, the resulting updated budget and the budget balance after the proposed adjustments.

TABLE 2 – FY 2023/24 MID-YEAR BUDGET UPDATE - SMITH CANAL GATE PROJECT (FUND 55666)

	Approved CIP Budget through FY 23/24	Expenses thru November 23	Budget Balance to Date	Proposed Budget Adjustments	Proposed Updated Budget through FY 23/24	Updated Budget Balance
EXPENDITURES						
Design Phase	\$6,672,358	\$6,672,358	\$0	\$0	\$6,672,358	\$0
Supplemental Engineering	3,660,203	2,362,154	1,298,049	-830,000 [1]	2,830,203	468,049
Independent Review	203,381	203,381	0	200,000 [2]	403,381	200,000
Project Management	4,803,603	3,726,270	1,077,333	0	4,803,603	1,077,333
Construction	63,254,935	44,587,772	18,667,163	-1,294,012 [3]	61,960,923	17,373,151
Construction Management	14,022,708	13,521,047	501,661	2,344,012 [4]	16,366,720	2,845,673
Real Estate Contingency	360,000	265,617	94,383	0	360,000	94,383
Real Estate Acquisition	450,000	450,000	0	0	450,000	0
Public Outreach	68,710	115,950	-47,240	50,000 [5]	118,710	2,760
Environmental Mitigation	2,985,450	2,724,726	260,724	0	2,985,450	260,724
Recreational Enhancements	487,500	17,500	470,000	-470,000 [6]	17,500	0
TOTAL EXPENDITURES	\$96,968,848	\$74,646,774	\$22,322,074	\$0	\$96,968,848	\$22,322,074

The following explains the adjustments presented and noted in the table above.

[1] The Supplemental Engineering Budget has been reduced to reflect the tracking of the expenses incurred as submitted to DWR. A total reduction of \$830,000 of this budget is made up as follows:

- Moved \$50,000 of budget to Public Outreach
- Moved \$200,000 of Budget to Independent Review
- Moved \$580,000 of Budget to Construction

AGENDA ITEM 5.2

MID-YEAR BUDGET REVIEW AND APPROVAL OF BUDGET ADJUSTMENTS FOR FISCAL YEAR 2023/24 FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

[2] The Independent Review Budget is increased by \$200,000 (received from Supplemental Engineering)

[3] The Construction Budget has been adjusted as follows:

- Per prior Board Actions in January 2023 and November 2023 \$2,344,012 budget was shifted from the Construction Budget (Contingency) to Construction Management to accommodate amendments to KSN Constructability Review and Construction Management Contracts (Amendments 6 & 7 for Constructability Review and Amendments 3 & 4 for Construction Management respectively).
- The above reduction is offset by the following adds to the Budget:
 - \$580,000 from Supplemental Engineering as noted above
 - \$470,000 from Recreational Enhancements as the improvements to the Fishing Platforms is included within the Construction Contract with Shimmick and the actual costs have been tracked under the Construction Contract.
- *Note - The net change is -\$1,294,012.*

[4] The Construction Management Budget has been adjusted to add \$2,344,012 to accommodate the amendments to the KSN contracts as noted under [3] above.

[5] The Public Outreach expense item is increased by \$50,000 as noted above.

[6] The Recreational Enhancement budget is decreased by \$470,000 as noted above.

There is no net change to the overall CIP Budget through 2023/24 for the Smith Canal Project (Fund 55666).

MID-YEAR BUDGET REVIEW AND APPROVAL OF BUDGET ADJUSTMENTS FOR FISCAL YEAR 2023/24 FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

3. MOSSDALE TRACT PROJECT (FUNDS 55769/55680)

The following table shows the approved CIP Budget through FY 2023/24 as presented to the Board in July 2023. The table shows the estimated cumulative expenses estimated through November 2023, the remaining CIP Budget balance, proposed adjustments to the budget between categories, the resulting updated budget and the budget balance after the proposed adjustments.

TABLE 3 – 23/24 MID-YEAR UPDATE - MOSSDALE PROJECT

	Approved CIP Budget through FY 23/24	Expenses thru December 11, 2023	Budget Balance to Date	Proposed Budget Adjustments	Proposed Updated Budget through FY 23/24	Updated Budget Balance
UFRR Feasibility Study (Phase 1)	\$1,341,759	\$337,254	\$1,004,504	-\$1,004,504	\$337,254	\$0
Program Management	4,080,171	3,445,578	634,593	0	4,080,171	634,593
Local Funding Implementation	2,336,649	1,512,011	824,639	0	2,336,649	824,639
Project Implementation (State/Local UFRR Project)	5,229,745	4,959,062	270,683	1,004,504	6,234,250	1,275,188
Project Implementation (Fed/State/Local – Lathrop Manteca Project)	1,794,748	1,160,303	634,445		1,794,748	634,445
Climate Resiliency	300,000	165,701	134,299	0	300,000	134,299
TOTAL EXPENDITURES	\$15,083,072	\$11,579,908	\$3,503,164	\$0	\$15,083,072	\$3,503,164

The above budget presents a shifting of actual expenses incurred under the UFRR Feasibility Study (Phase 1) to the Preliminary Design category under the State/Local UFRR project. Consistent with the shifting of actual expenses is the shifting of the associated budget to align with this tracking of expenses. No other changes are requested with this budget update.

MID-YEAR BUDGET REVIEW AND APPROVAL OF BUDGET ADJUSTMENTS FOR FISCAL YEAR 2023/24 FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY**4. LOWER SAN JOAQUIN RIVER PROJECT (FUND 55653)**

The following table shows the approved CIP Budget through FY 2023/24. As the LSJRP has advanced toward implementation with the USACE for the first two increments, TS30L and the Shima Tract Project, staff has been working to formalize the approach for tracking and reporting direct payments to USACE, In-Kind work, and Lands, Easements, Rights of Way and Disposal (LERRDs). This has necessitated a need to modify the budget categories and cost tracking processes to provide more clarity with respect to the specific increments of work expenses are associated with. As such, the previously approved budget presented to the Board has been re-organized from a tracking perspective to reflect three updated major categories:

- a. Overall Program Management
- b. Levee improvement reach of Ten Mile Slough (Ten Mile Slough) – TS30L
- c. Levee improvement reach of Shima Tract.

The total previously approved CIP Budget through Fiscal 2023/24 of \$8,226,658, which was presented to the Board in July 2023, is now shown allocated to these three new categories in Table 4 below.

The following table also shows the estimated cumulative expenses estimated through December 11, 2023, the remaining CIP Budget balance, proposed adjustments to the budget and the resulting updated budget and the budget balance after the proposed adjustments.

**MID-YEAR BUDGET REVIEW AND APPROVAL OF BUDGET ADJUSTMENTS FOR
FISCAL YEAR 2023/24 FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY**

**TABLE 4 – FY 2023/24 MID-YEAR UPDATE – LOWER SAN JOAQUIN RIVER PROJECT
PHASE 1 (FUND 55653)**

	Approved CIP Budget through FY 23/24	Expenses thru December 11, 2023	Budget Balance to Date	Proposed Budget Adjustments	Proposed Updated Budget through FY 23/24	Updated Budget Balance
Overall Program Management						
Program Admin, Staff Support & Legal	\$1,139,886	\$925,209	\$214,677	\$0	\$1,139,886	\$214,677
Assessments & Financing Efforts	500,000	495,699	4,301	0	500,000	4,301
Subtotal	1,639,886	1,420,908	218,978	0	1,639,886	218,978
TS 30L Project						
Project Admin, Engineering & Environmental	763,386	481,545	281,841	0	763,386	281,841
USACE Payments	1,404,000	903,744	500,256	2,500,000	3,904,000	3,000,256
Property Acquisition (LERRDS)	4,254,000	1,526,077	2,727,923	0	4,254,000	2,727,923
Subtotal TS 30L	6,421,386	2,911,366	3,510,020	2,500,000	8,921,386	6,010,020
Shima Tract Project						
Project Admin, Engineering & Environmental	102,386	2,924	99,463	100,000	202,386	199,463
USACE Payments	0	0	0	0	0	0
Property Acquisition (LERRDS)	63,000	21,596	41,405	0	63,000	41,405
Subtotal Shima Tract	165,386	24,519	140,867	100,000	265,386	240,867
Total LSJRP CIP Budget:	\$8,226,658	\$4,356,793	\$3,869,865	\$2,600,000	\$10,826,658	\$6,469,865

Two augmentations are proposed for the LSJRP Project and are described as follows:

- A. An additional \$2.5 million in budget for direct payments to USACE is requested for the Fiscal Year. Through coordination with USACE the following payment schedule (totaling \$3.0 million) has been provided to SJAFCA. The additional budget of \$2.5 million will accommodate the current and forthcoming requests from USACE.

FY24 Q1 & Q2	\$1,650,000	Current Cash Request
FY24 Q3	\$1,050,000	To be Received by April 1, 2024
FY24 Q4	\$300,000	To be Received by June 30, 2024

AGENDA ITEM 5.2

MID-YEAR BUDGET REVIEW AND APPROVAL OF BUDGET ADJUSTMENTS FOR FISCAL YEAR 2023/24 FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

TOTAL \$3,000,000

Staff's requested approval of this Budget Augmentation also includes authorization to make these payments, and future requested payments under the obligations of the executed Project Partnership Agreement that fall within the Board's approved CIP budget.

- B. The second augmentation to the budget is for support services for the Shima Tract Project. An additional \$100,000 of budget is needed to accommodate advancement of the Shima Tract levee improvement project through the remainder of the Fiscal Year.

Because this requested augmentation to the budget involves an overall increase in spending, it is important to demonstrate that SJAFCA has sufficient funding to make these payments. When the current approved CIP budget was presented to the Board in July 2023, staff summarized the sources of funding for the LSJRP. The following table was presented in July and it summarized the total identified and available sources of funding secured to date. The total secured funding of \$11.54 million exceeds the total proposed amended budgeted CIP costs presented above (\$10.826 million).

FY 23/24 Proposed Lower San Joaquin Project (LSJRP)	
Funding Sources	
	Amounts Secured
Prior Allocation of SJAFCA Reserves (2021/22)	\$3,140,000
Smith Canal Gate UFRR Grant Amendment (State Share Amount)	2,501,182
Local Project Partnership Agreement with State of California (LPPA) Cash Advance from DWR	900,000
Levee Construction and Maintenance Assessment Bond Proceeds	5,000,000
Proposed LSJRP CIP Budget:	\$11,541,182

5. REGIONAL FLOOD MANAGEMENT PLANNING (FUND 55667)

The following table shows the approved CIP Budget through FY 2023/24 as presented to the Board in July 2023. The table shows the estimated cumulative expenses estimated through December 2023, the remaining CIP Budget balance, proposed adjustments to the budget between categories, the resulting updated budget and the budget balance after the proposed adjustments.

MID-YEAR BUDGET REVIEW AND APPROVAL OF BUDGET ADJUSTMENTS FOR FISCAL YEAR 2023/24 FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

TABLE 5 – 23/24 MID-YEAR UPDATE – REGIONAL FLOOD MANAGEMENT PLANNING (RFMP) (FUND 55667)

	FY 23/24 Budget
Current Budget	\$1,400,000
Expenses through December 7, 2023	-\$1,096,633
Budget Balance	\$303,367
Budget Adjustments	\$0
Final Total Budget	\$1,400,000

No modifications to the RFMP budget are requested at this time.

6. PARADISE CUT EXPANSION AND SOUTH DELTA RESTORATION PROJECT (FUND 55665)

The following table shows the approved CIP Budget through FY 2023/24 as presented to the Board in July 2023. No expenses have been tracked against the project to date as there have been delays in the execution of the grant funding agreement with DWR. No changes are requested at this time.

TABLE 6 – 2023/24 MID-YEAR UPDATE – PARADISE CUT EXPANSION AND SOUTH DELTA RESTORATION PROJECT

Scope of Work Elements	Previously Approved CIP Budget through FY 2023/24
Task 1 - Project Management and Administration	\$425,000
Task 2 - Technical Review Panel	\$175,000
Task 3 - Strategic Outreach and Local Engagement	\$350,000
Task 4 - Feasibility Study	\$1,750,000
Task 5 - Preliminary Engineering and Landscape Designs	\$300,000
TOTAL	\$3,000,000

MID-YEAR BUDGET REVIEW AND APPROVAL OF BUDGET ADJUSTMENTS FOR FISCAL YEAR 2023/24 FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

7. LEVEE CONSTRUCTION AND MAINTENANCE ASSESSMENT DISTRICT (LCMA) - (Fund 55668)

The following table shows the approved FY 2023/24 Budget for the newly established Levee Construction and Maintenance Assessment Fund. Additional details have been included within the Table below to account for actual activity since the issuance of bonds and enrollment of the assessment on the assessment roll. Actuals have not been detailed for this fund because only minimal assessment collections have taken place to date. Further, the organization of this fund and accounting processes withing SJAFCA's internal accounting are currently in the process of being formalized.

TABLE 7 – 2023/24 MID-YEAR UPDATE – LCMA ASSESSMENT DISTRICT

FY 2023/24 Levee Construction & Maintenance Assessment District Program Budget	Approved Budget through 23/24
REVENUES	
Direct Assessments	\$7,519,066
Bond Proceeds (Project Fund Deposit)	\$5,000,000
*Bond Proceeds (Costs of Issuance Fund)	\$304,388
Total Revenues	\$12,823,454
EXPENDITURES	
Assessment Administration	\$166,000
*Bond Issuance Fees & Expenses	\$291,323
O&M Services	
O&M Services - Direct Transfer to Zone 9	\$841,000
O&M Services - SJAFCA Direct Support for Zone 9	\$477,000
Subtotal O&M Services	\$1,318,000
Levee Construction Services	
Smith Canal Gate Project	\$860,000
Lower San Joaquin River Project (Bond Proceeds)	\$5,000,000
Estimated Debt Service	\$1,900,000
Subtotal Construction Services	\$7,760,000
TOTAL EXPENDITURES	\$9,535,323
NET FUND BALANCE CHANGE	\$3,288,131
BEGINNING BALANCE FY 23/24	\$0

MID-YEAR BUDGET REVIEW AND APPROVAL OF BUDGET ADJUSTMENTS FOR FISCAL YEAR 2023/24 FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY

ENDING BALANCE FY 23/34

\$3,288,131

Additional detail related the Costs of Issuance of the Bonds secured by the assessment have been added to the budget presented to the Board in Jul 2023 and noted with an asterisk above. A set aside of \$304k was made from the issuance of the bonds and the total actual expenses were \$291k. The net remaining funds are available for Project-related costs and thus have been added to the budget for the LCMA Fund. Additional costs associated with the Bond issuance were paid directly at closing from the proceeds of the bond issuance or transfer of funds from the Smith Canal Area Assessment District to be used to pay down the balance of the previously issued Smith Canal Area Assessment District Bonds.

The following summarizes the uses of these funds –

TABLE 8 – SUMMARY OF LCMA ASSESSMENT DISTRICT BOND PROCEED USES

Summary of LCMA Bond Proceed uses not shown within LCMA Budget	
Escrow Deposit for Smith Canal Assessment Bond Redemptions	\$22,585,348
Underwriter's Discount	\$107,592
Bond Insurance Premium and Surety Bond	\$284,910

8. OPERATION AND MAINTENANCE ASSESSMENT DISTRICT (FUND 55694)

The following table shows the approved O&M Assessment District Budget for FY 2023/24 as presented to the Board in May 2023. The table shows the estimated expenses through December 2023, the remaining budget balance. No adjustments are proposed to be made to the budget between categories.

TABLE 9 – 23/24 MID-YEAR UPDATE – OPERATIONS AND MAINTENANCE ASSESSMENT DISTRICT (FUND 55694)

	Approved FY 23/24 Budget	Actuals through December 21, 2023	Budget Balance
Current Year Budget			
SJ County O&M Budget	\$985,000	\$67,370	\$917,630
Aquatic Weed Control - 5 Mile Slough	\$57,900	\$36,779	\$21,121
SJAFCA Admin	\$310,000	\$169,163	\$140,837
Emergencies or Additional Work Needed	\$100,000	\$0	\$100,000
Total Budget	\$1,452,900	\$273,311	\$1,179,589

**MID-YEAR BUDGET REVIEW AND APPROVAL OF BUDGET ADJUSTMENTS FOR
FISCAL YEAR 2023/24 FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY**

FISCAL IMPACT

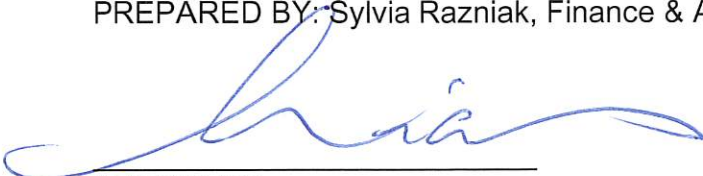
The Mid-Year Budget Update, for most funds, is informational with no net budgetary impact as a result of the recommended modifications. This is true except for the Lower San Joaquin River Project Fund # 55653. This Mid-Year Budget Update requests an additional \$2.6 Million of additional expenditure budget to meet the obligations of USACE Cash Payments due by the end of FY 2023/24 and to continue support of the Shima Tract Project. All other budget modifications presented within this report reflect the re-allocation of budget between categories and are primarily administrative in nature to facilitate cost tracking and / or cover expenses incurred in similar or related categories.

By approving the attached Resolution (Exhibit A) attached to this staff report, the Board will adopt and approve the identified Mid-Year budget adjustments and related requested actions as presented within this report.

STRATEGIC PLAN CONSISTENCY ANALYSIS

Consideration of the FY 2023/24 Mid-Year budget report and associated recommendations presented herein is consistent with the Mission and Goals of the Board-adopted Strategic Plan. Specifically, it is consistent with the *Goal #2, "Drive for Operational Transparency."*

PREPARED BY: Sylvia Razniak, Finance & Administrative Manager



APPROVED:
CHRIS ELIAS
EXECUTIVE DIRECTOR

SR:smw

Attachments:

Exhibit A – FY 23/24 Mid-Year Budget Adjustment Resolution

RESOLUTION NO. SJAFCA 24-03

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

=====

**RESOLUTION TO APPROVE THE PROPOSED MID-YEAR OPERATING FUND, LEVEE
CONSTRUCTION AND MAINTENANCE ASSESSMENT, AND OPERATIONS AND
MAINTENANCE ASSESSMENT DISTRICT FUNDS, AND CAPITAL BUDGET ADJUSTMENTS
AND ASSOCIATED ACTIONS FOR FISCAL YEAR 2023/24 FOR THE SAN JOAQUIN AREA
FLOOD CONTROL AGENCY**

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

1. That the previously approved Fiscal Year 2023/24 budgets for the San Joaquin Area Flood Control Agency's Operating Fund, Levee Construction and Maintenance Assessment District Fund, Operations and Maintenance Assessment District Fund, and Capital Improvement Program Fund budgets are modified and adjusted, and related actions are approved as described in the supporting January 18, 2024 staff report, incorporated by this reference.

2. That any further new appropriations and/or adjustments to the Agency's 2023-2024 fiscal year budget will be brought back before the Board for consideration and approval.

PASSED, APPROVED AND ADOPTED this 18TH day of JANUARY, 2024.

XX XX, 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 5.3

January 18, 2024

TO: San Joaquin Area Flood Control Agency Board of Directors

FROM: Chris Elias, Executive Director

SUBJECT: **AMENDMENT No. 5 OF TASK ORDER No. 1 WITH LARSEN WURZEL AND ASSOCIATES, INC. FOR PROJECT IMPLEMENTATION SUPPORT TO THE SAN JOAQUIN RIVER BASIN, LOWER SAN JOAQUIN RIVER, CALIFORNIA PROJECT, TS30L CONSTRUCTION, PHASE A SHIMA TRACT DESIGN AND PROCESSING OF REIMBURSEMENT FROM THE U.S. ARMY CORPS OF ENGINEERS**

RECOMMENDATION

It is recommended the Board of Directors of the San Joaquin Flood Control Agency (SJAFCA) adopt a resolution authorizing the Executive Director to negotiate and execute Amendment No. 5 of Task Order No. 1 with Larsen Wurzel & Associates, Inc. in the amount of \$92,262 to:

- a. provide staff augmentation and strategic support for construction of the San Joaquin River Basin, Lower San Joaquin River, California Project TS30L;
- b. advance Phase A Shima Tract design support; and
- c. provide continued technical assistance with final reimbursement from the United States Army Corps of Engineers for flood control projects completed more than two decades ago

This will bring the total not-to-exceed contract value to \$428,366 and the term to June 30, 2024.

DISCUSSION

Background

The LSJRP was authorized by Congress in the American Water Infrastructure Act of 2018, providing flood risk reduction benefits to north and central Stockton. The LSJRP is a partnership between the U.S. Army Corps of Engineers (USACE), Central Valley Flood Protection Board (CVFPB), and SJAFCA.

In September 2020, USACE, CVFPB and SJAFCA signed a Project Partnership Agreement which marked the beginning of the Construction phase of the LSJRP. This has since led to the continued advancement of the first phase of design along the delta front's Ten Mile Slough between March Lane and White Slough, also known as Reach "TS_30_L."

As a project partner, SJAFCA is responsible, working closely with USACE as the design lead, and the State, to deliver the Project. This effort includes participation in project delivery team meetings; design review; securing lands, easements, rights-of-way, right-of entries, relocations, mitigation parcels and disposal/borrow areas); local project cost sharing and budgeting; project reach planning; representing local interests; and coordination with multiple stakeholders.

Present Situation

Larsen Wurzel & Associates, Inc (LWA) was brought on in August 2020 to support project execution of the LSJRP for the Preconstruction Engineering and Design (PED) phase of the project and the transition from the design to the construction phase.

AGENDA ITEM 5.3

AMENDMENT No. 5 OF TASK ORDER No. 1 WITH LARSEN WURZEL AND ASSOCIATES, INC. FOR PROJECT IMPLEMENTATION SUPPORT TO THE SAN JOAQUIN RIVER BASIN, LOWER SAN JOAQUIN RIVER, CALIFORNIA PROJECT, TS30L CONSTRUCTION, PHASE A SHIMA TRACT DESIGN AND PROCESSING OF REIMBURSEMENT FROM THE U.S. ARMY CORPS OF ENGINEERS

LWA's role augments SJAFCA staff work as a member of the non-federal sponsor team and supports SJAFCA's project management efforts to successfully implement the Project. Project implementation support will focus on activities that facilitate the improved integration and participation of project delivery team members. As provided in the attached proposal and scope, below is a summary of LWA's support activities.

1. Project Management Support: Participation in project development team meetings and coordination with SJAFCA staff; provide advise on scope, schedule, budget, resource planning, issue resolution recommendations, process review, and similar activities to facilitate project advancement.
2. Design and Technical Review Support: Provide valuable non-federal sponsor perspective on USACE design products for Shima Tract. This will include evaluation of impacts affecting real estate requirements, various civil engineering disciplines; identification of specialized resource requirements and collaborating on local concerns/interest; Provide an overall review of the Shima Tract design package, to include plans, specification, design documentation report; Participation on ongoing TS_30_L requirements, mitigation needs, and pre-construction and construction needs.
3. Support on Future Reaches: Provide project implementation advice on future design reaches of the Project, including design development of other reaches, alternative alignment considerations, mitigation planning approaches, project phasing, schedule management, resource planning and coordination.
4. Project Financial Reporting and Tracking: Collaborate with SJAFCA staff to set up the infrastructure for efficient and timely cost reporting, tracking and credit package preparation for both in-kind work contributions and LERRD crediting.
5. Provide SJAFCA's staff with Construction support of the San Joaquin River Basin, Lower San Joaquin River, California Project TS30L.
6. Provide SJAFCA with recommendations based on similar projects that are managed by outside Flood Control agencies.
7. Assist SJAFCA with USACE processes and requirements.

The Board approved the prior Amendment 4 in the amount of \$50,300 on July 20, 2023. With this proposed Amendment 5, an additional \$92,262 will bring the total not-to-exceed budget to \$428,366.

Next Steps

As a next step, staff recommend authorizing the Executive Director to negotiate and execute amendment No.5 of Task Order No. 1 with LWA.

AMENDMENT No. 5 OF TASK ORDER No. 1 WITH LARSEN WURZEL AND ASSOCIATES, INC. FOR PROJECT IMPLEMENTATION SUPPORT TO THE SAN JOAQUIN RIVER BASIN, LOWER SAN JOAQUIN RIVER, CALIFORNIA PROJECT, TS30L CONSTRUCTION, PHASE A SHIMA TRACT DESIGN AND PROCESSING OF REIMBURSEMENT FROM THE U.S. ARMY CORPS OF ENGINEERS

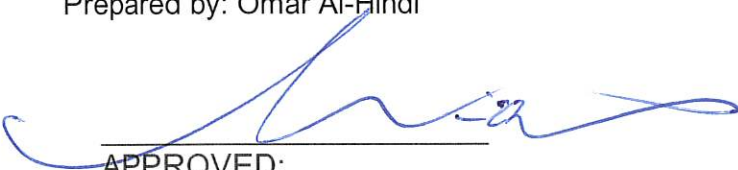
FISCAL IMPACT

The proposed Task Order amendment 5 falls within the current fiscal year, and there is sufficient funds in the 2023/2024 budget for the LSJRP adjustment.

STRATEGIC PLAN CONSISTENCY ANALYSIS

Consideration of the recommended amendment No. 5 of Task Order No. 1 with Larsen Wurzel & Associates, Inc. presented herein is consistent with the Mission and Goals of the Board-adopted Strategic Plan. Specifically, it is consistent with the *Goal #2, "Drive for Operational Transparency."*

Prepared by: Omar Al-Hindi



APPROVED:
CHRIS ELIAS EXECUTIVE
DIRECTOR

Attachments:

1. LWA amendment No.5 Proposal for a professional services agreement and Task Order amendment with Larsen Wurzel & Associates, Inc. for project management support to the San Joaquin River Basin, Lower San Joaquin River, California Project.
2. Amendment No.5
3. Amendment No.5 Resolution 24-04

LARSEN WURZEL
& Associates, Inc.

December 11, 2023

Mr. Chris Elias, Executive Director
San Joaquin Area Flood Control Agency
22 East Weber Avenue, Suite 301
Stockton, CA 95202

Subject: Amendment No. 5 to Task Order No. 1 – San Joaquin River Basin, Lower San Joaquin River, California Project, TS30L Construction and Phase A Shima Tract Design Support

Dear Mr. Elias:

Larsen Wurzel & Associates, Inc. (LWA) is pleased to submit the attached proposed supplemental budget for continued assistance to the San Joaquin Area Flood Control Agency (SJAFC) on the Lower San Joaquin River Project (Project). This amendment proposes to supplement the budget for the on-going construction phase support services (TASK 2) and Mosher Slough reimbursement support services (TASK 3). LWA has supported the advancement of the first increment of construction at Ten-mile Slough (i.e. TS_30_L) toward the start of physical construction and partnered with SJAFC on future reach planning. Additionally, LWA has advanced the steps toward USACE reimbursement of SJAFC's prior work at Mosher Slough and Upper Calaveras River.

SJAFC has requested continued support on the LSJRP as the design development at Shima Tract and preliminary design activities advance for other components of the overall program. Additionally, LWA will provide overall program management assistance for such tasks as budget planning, resource alignment, risk identification, partnership coordination, issue escalation support, program cost tracking and process advisement. Since SJAFC is going through a process to update their consultant on-call list and issue future task orders, this amendment serves as a bridge until SJAFC has completed that process.

Task Order No. 1 of the Consultant Services Master Agreement (Consultant Project No. 2005000) dated August 1, 2020, contains a term through December 31, 2023, as amended. This proposal would extend the term under the Consultant Services Master Agreement and this Task Order No. 1 by 6 months, to June 30, 2024.

The estimated budget amendment to provide the services described in this proposal would increase the value of Task Order No. 1 by \$92,262 from \$336,104 to \$428,366. Services will be charged on an actual time and materials basis up to the identified not-to-exceed amount. LWA will send requests for payment to SJAFC monthly based upon the services delivered.

We appreciate the continued opportunity to support SJAFCA in advancing the Lower San Joaquin River Project. If you agree with this proposed supplemental budget, please contact us regarding amending Task Order No.

1. Please let me know if you have any questions or comments regarding this proposal.

Sincerely,

A handwritten signature in blue ink, appearing to read 'E. Nagy' with a stylized flourish at the end.

Eric E. Nagy, PE
Principal
Larsen Wurzel & Associates, Inc.

SCOPE OF WORK & BUDGET

Task Order No. 1 - Amendment No. 5

San Joaquin River Basin, Lower San Joaquin River, California Project, TS30L Construction and Phase A Shima Tract Design Support

This amendment proposes a budget increase and timeline extension to continue implementation support for the San Joaquin River Basin, Lower San Joaquin River, California Project. On August 1, 2020, LWA and SJAFCA executed Task Order No. 1 (TO #1) to support (1) SJAFCA's on-going coordination with USACE on Preconstruction Engineering and Design (PED) activities, (2) SJAFCA's negotiation and execution of a Project Partnership Agreement (PPA) with USACE and the associated Local Project Partnership Agreement with the California Department of Water Resources, and (3) SJAFCA's transition from the design to the construction phase of the project.

The last amendment, Amendment 4, included a timeline and budget extension through December 2023 for the advancement of the first increment of construction and for support to reimbursement from USACE for prior work at Mosher Slough. Over the last six months, USACE and its partners, DWR and SJAFCA, have advanced mitigation site identification and acquisition, finalized remaining design comments on TS_30_L and completed environmental compliance, to include NEPA and CEQA documentation as well as resource agency re-consultation. Further, designs on the Shima Tract levees (the second increment of design and construction) have gone through conceptual development and the team has performed technical studies and started toward the 35% design package. At the same time, the team is preparing for other compliance requirements to facilitate a successful construction package in the coming years. LWA will continue supporting SJAFCA in the early design development at Shima Tract and other future reach planning efforts.

As defined under Task 3, LWA has worked closely with USACE on a request for reimbursement for SJAFCA's prior flood risk reduction work at Mosher Slough and Upper Calaveras River components to the Stockton Metropolitan Project. LWA will continue to support SJAFCA as needed by working addressing any comments USACE may have on the reimbursement package until it is through the USACE-required review and approval process.

LWA proposes to continue its services to SJAFCA through June 30, 2024. LWA staff is responsible to support SJAFCA's role in the delivery of concurrent design, environmental compliance, real estate/relocation, construction contracting, and construction management activities for TS_30_L, Shima Tract, and future reach design development. This includes close partnership with SJAFCA staff and management team on project risk identification, issue resolution, strategic planning and evaluation, process advisement, and other tasks needed to efficiently deliver the NFS obligation. This role augments SJAFCA staff work as a member of the NFS team and supports SJAFCA's project management efforts to successfully implement the Project. Project delivery is the joint responsibility of USACE, the CVFPB, and SJAFCA. Project implementation support will focus on

activities that facilitate the improved integration and participation of project delivery team members. As provided in the prior scope under this Task Order 1, below is a summary of LWA's support activities.

1. *Project Management Support*

LWA will support SJAFCA staff by participating in project development team meetings and other meeting attendance as requested. Examples of other project meetings include environmental coordination, scheduling, technical analysis, civil alignment and layout approaches, project management and oversight alignment, real estate, management reviews, etc. For this task, LWA has budgeted for 6 hours of meetings per month. LWA will provide process, schedule, and non-federal responsibilities advice to SJAFCA. LWA will make recommendations, support with issue papers, provide schedule reviews and markups, consider resourcing needs, and provide similar activities to facilitate project advancement.

2. *Design and Technical Review Support*

LWA will provide design integration support by providing a non-federal sponsor perspective on USACE design products for Shima Tract. This will include evaluation of impacts affecting real estate requirements, local concerns and interested, impacts to stakeholders, an overall evaluation of civil engineering topics, identification of critical design consideration, advice on other discipline specific resources necessary for evaluation. LWA will provide an overall review of the Shima Tract design package, to include plans, specification, design documentation report. LWA will participate as a member of the Project Development Team for TS_30_L related items while USACE completes pre-construction items, such as elderberry relocations, mitigation site preparation, and construction contract solicitation package development. Also, LWA will provide review and advise on future O&M manual addendums, supplements, and their requirements.

3. *Support on Future Reaches*

LWA will provide project implementation advice on future design reaches of the Project. This includes review and consultation on alternative alignments, mitigation planning approaches, project phasing, schedule management, resource planning and coordination. LWA will coordinate across the non-federal sponsor team and provide advice related to efficient and effective project implementation. This is particularly focused on strategies related to delivery NFS requirements such as real estate, utility relocations, CEQA documentation, mitigation, and other responsibilities of SJAFCA under the Project.

4. *Project Financial Reporting and Tracking*

LWA will work with SJAFCA to set up the infrastructure for efficient and timely cost reporting, tracking and credit package preparation. This is initially target toward arranging the tools and resources required to efficiently prepare in-kind contribution (IKC) package and LERRDs credit packages to USACE as part of the LSJRP. This task assumes LWA will prepare one crediting package to be submitted to USACE.

5. *Other As-Directed Services:*

From time to time the project team develops deliverables requiring the non-Federal sponsor's feedback, decisions, or recommendations. Or, SJAFCA may be required to prepare deliverables for the project to facilitate the timely execution of work. For this LWA can augment staff on an as needed

basis. Examples of these products include funding request letters, program cost and schedule risk assessments, program white-papers, change control documents, relocation justification documents, real estate related agreements, project fact sheets, public outreach materials, project management plan updates, etc.

LWA also proposes to continue providing support to TASK 3 for the Mosher Slough and Upper Calaveras River Reimbursement Support under this amendment. LWA would focus its efforts in a similar manner to what has been performed over the six months. This will be accomplished through assisting SJAFCA with securing the reimbursement of additional federal funds from the STOCKTON METROPOLITAN AREA, CALIFORNIA Project authorized by Section 211 of the Water Resources Development Act (WRDA) of 1996. This support will focus on the Mosher Creek and Upper Calaveras River elements of the project through direction provided under Section 5055 of WRDA 2007. Support activities include close coordination with USACE staff by responding to any comments or feedback received through the USACE review processes.

The following table presents the budget amendment proposal for services covering a six-month duration. LWA's current 2024 rate sheet is available in **Attachment A** to this proposal.

Project Implementation Support	Monthly Hours	Rate	Monthly Budget	Subtotal (6-months)	Total
TASK 2 – LSJR Project – Construction Phase Support					
Principal	35	\$275	\$9,900	\$59,400	
Senior Associate II	5	\$237	\$1,185	\$7,110	
Senior Analyst	15	\$179	\$2,685	\$16,110	
Analyst I	5	\$144	\$720	\$4,320	
Expenses			\$100	\$600	
					\$87,540
TASK 3 – Mosher Slough – Reimbursement Support					
Principal	0.25	\$275	\$68	\$408	
Senior Project Manager I	1	\$257	\$257	\$1,542	
Senior Associate I	2	\$226	\$452	\$2,712	
Expenses			\$10	\$60	
					\$4,722
Budget Augmentation – Amendment #3			\$15,377		\$92,262
Existing Budget Authorization					\$336,104
TOTAL PROPOSED AUTHORIZATION					\$428,366

ATTACHMENT 1

Task Order 1, Amendment 5
Lower San Joaquin River Project Implementation Support
December 11, 2023

ATTACHMENT A – RATE SHEET

Larsen Wurzel & Associates, Inc.
Hourly Rate Schedule

Staff Position	2024*
Principal	\$275
Senior Consultant	\$280-340
Supervising Project Manager	\$270
Senior Project Manager II	\$263
Senior Project Manager I	\$257
Associate Project Manager II	\$251
Associate Project Manager I	\$246
Project Manager II	\$240
Project Manager I	\$234
Supervising Associate	\$249
Senior Associate II	\$237
Senior Associate I	\$226
Associate III	\$214
Associate II	\$202
Associate I	\$191
Senior Analyst	\$179
Analyst II	\$161
Analyst I	\$144
Supervising Engineer	\$250
Senior Engineer II	\$241
Senior Engineer I	\$234
Project Engineer	\$226
Associate Engineer	\$203
Assistant Engineer II	\$191
Assistant Engineer I	\$179
CAD Tech/GIS Specialist	\$156
Junior Engineer	\$146
Senior Project Coordinator	\$161
Project Coordinator	\$144
Project Assistant	\$137
Technical Editor	\$119
Clerical Staff	\$108
Intern	\$84

**Rates subject to adjustment on January 1st of each year.*

Direct expenses, travel, mileage and subconsultant costs billed through LWA shall be billed per the terms of SJAFCA MSA Exhibit B-2 presented in SJAFCA RFQ-23-01

RESOLUTION NO. SJAFCA 24-04

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

=====

AUTHORIZATION TO EXECUTE AMENDMENT NO. 5 TO TASK ORDER NO. 1 OF THE MASTER SERVICES AGREEMENT WITH LARSEN WURZEL & ASSOCIATES, INC., FOR PROJECT IMPLEMENTATION SUPPORT TO THE SAN JOAQUIN RIVER BASIN, LOWER SAN JOAQUIN RIVER, CALIFORNIA PROJECT TS30L CONSTRUCTION AND PHASE A SHIMA TRACT DESIGN

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

Authorize the Executive Director to:

1. Execute Amendment No. 5 to Task Order No. 1 of the Master Services Agreement with Larsen Wurzel and Associates, Inc. for the San Joaquin River Basin, Lower San Joaquin River, California Project, in the amount of \$92,262 for implementation support.
2. Appropriate \$92,262 to fund the tasks covered in Amendment No. 5 with a not-to-exceed total contractual budget of \$428,366.

PASSED, APPROVED AND ADOPTED this 18th day of JANUARY 2024.

XXX XXX, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, Executive Director
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 5.4

TO: San Joaquin Area Flood Control Agency Board of Directors

FROM: Chris Elias, Executive Director

SUBJECT: **APPROVE PREQUALIFIED CONSULTANT LIST FOR VARIOUS FLOOD RISK REDUCTION PROJECTS**

RECOMMENDATIONS

It is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency (SJAFCA) adopt a Resolution to approve Prequalified Consultant List (Exhibit A) for various flood risk reduction services and authorize the Executive Director to utilize the prequalified consultant list as necessary to satisfy SJAFCA's program needs.

DISCUSSION

Background

SJAFCA has multiple large-scale flood risk reduction projects currently underway within San Joaquin County that will require adequate staffing in conjunction with multiple consultants to deliver flood risk reduction to the Lower San Joaquin River system. The evaluation of current level of staffing and resourcing to support the various efforts are currently underway, and one of the main elements of project resourcing will entail the procurement of qualified consultants to support SJAFCA's programs and projects. While SJAFCA engages in a multitude of other regional initiatives per our Strategic Plan, the key programs and projects requiring significant consulting resources have been described below:

Lower San Joaquin River Project Phase 1

SJAFCA has partnered with the Central Valley Flood Protection Board (CVFPB), and collectively, the two agencies serve as the local non-federal sponsors of the Federally authorized Lower San Joaquin River Project Phase 1 (LSJRP – Phase 1), a flood risk reduction effort estimated at upwards of \$1.4B that will reduce flood risk to North and Central Stockton. Additional Information regarding this project can be found online here: https://www.spk.usace.army.mil/lower_sj_river/. The segments of LSJRP-Phase 1 are at various stages of planning, design, and construction. The Smith Canal Gate Construction Project is a critical facility within the LSJRP-Phase 1 project.

Lower San Joaquin River Project Phase 2 (Mossdale Tract)

SJAFCA has partnered with the Department of Water Resources (DWR) through an Urban Flood Risk Reduction (UFRR) Project to conduct planning, levee design, restoration/ recreation design, and environmental assessment work for needed improvements in the Mossdale Tract Area. A Final Environmental Impact Report is anticipated by Spring 2024. SJAFCA and the CVFPB have also partnered with the United States Army Corps of Engineers (USACE) to conduct a feasibility study to determine Federal interest in the Project.

SJAFCA additionally serves as the Local Flood Management Agency (LFMA) responsible for reporting on efforts to achieve an Urban Level of Flood Protection (ULOP). SJAFCA's work will include establishing of multiple financing mechanisms to advance the project, as well as subsequent planning, design, and construction of the levees to the West and North of Mossdale Tract and easterly extension of the Dry Land levee to the South of Manteca.

APPROVE PREQUALIFIED CONSULTANT LIST FOR VARIOUS FLOOD RISK REDUCTION PROJECTS

Additional information regarding this project can be found online here: <https://www.sjafca.org/projects/mossdale-tract>.

Paradise Cut Bypass and South Delta Restoration Project

SJAFCA will serve as the lead agency for the Paradise Cut Bypass and South Delta Restoration Project (aka Paradise Cut Bypass Expansion and Ecosystem Enhancement Project), which is a multi-benefit project that will reduce flood risk to broad urban and non-urban areas in the Lower San Joaquin River Basin and provide thousands of acres of ecosystem enhancements. This feature of the State Plan of Flood Control is identified in the Central Valley Flood Protection Plan as a key component to reducing the risk of flooding in the San Joaquin River system through expansion of the floodway and will conduct ecosystem enhancements that will provide habitat to listed species including fish, avian, and other plants and animals while adding other societal benefits. SJAFCA will be responsible for the facilitation of an advisory committee, and various other technical groups overseeing the project.

In 2019, a pre-qualified list of consultants was developed to assist SJAFCA on the various projects described above. However, due to the limited staffing resources, coupled with the increased complexity of the projects (i.e. transition from the planning phase into design and construction phases), SJAFCA needs to expand and update its prequalified list. The update of this list was needed to enable SJAFCA to draw from a variety of consultants that provide unique offering and expertise to SJAFCA's technical needs whether on a project-by-project basis or an on-call basis.

Present Situation

On September 29, 2023, SJAFCA staff provided an informational briefing to the Board regarding the RFQ (Exhibit B), and later that day, the RFQ was posted on PlanetBids®, which is an online platform for the procurement of public works consultants and contractors. Non-mandatory workshops were held twice on October 11, 2023. Thirty-two (32) Statements of Qualifications (SOQ's) were received by October 25, 2023, on the following technical disciplines, with several firms applying for multiple technical disciplines within their SOQ's:

- Planning and Plan Formulation (13 firms)
- Flood Risk Assessment (7 firms)
- Civil Engineering (13 firms)
- Geology and Geotechnical Engineering (10 firms)
- Hydrology and Hydraulic Engineering (12 firms)
- Surveying (8 firms)
- Real Estate Support (6 firms)
- Environmental Planning and Permitting (5 firms)
- Program Management, Facilitation and Staff Augmentation (10 firms)
- Financial Planning & Implementation (1 firm)
- Organizational Planning (4 firms)

The SOQ Review Board included staff from SJAFCA, City of Stockton Department of Public Works, and San Joaquin County Department of Public Works, who were highly qualified in the management of general civil engineering work, including flood risk reduction programs. The review of SOQs was conducted based on the criteria that was outlined in the RFQ, which included: Firm Experience, Team Experience, Similar Projects, Primary Reference Project, and Approach.

APPROVE PREQUALIFIED CONSULTANT LIST FOR VARIOUS FLOOD RISK REDUCTION PROJECTS

After review of all Statements of Qualifications, the Selection Review Board deemed all 32 of the responding firms as qualified. The final Pre-qualified List is attached as Exhibit A.

Next Steps

The Executive Director will procure consultants by issuing Request for Proposals and making selections from the qualified firms as necessary to satisfy SJAFCA's project and program resourcing needs. Each RFP may be uniquely developed and may vary in detail to satisfy the procurement needs of the program or project. The Executive Director may also utilize the sole-sourcing authority.

While the Prequalified Consultant List provides SJAFCA a multitude of consulting resource options, there may be conditions such as funding limitations, unavailability of qualified consultants, or inapplicability of the list, which may warrant the Executive Director to seek a brand-new solicitation (i.e., new request for qualifications and/ or proposals) from consultants beyond those on the list. In such situations, the consultants on the pre-qualified list will still be invited to propose on the work.

FISCAL IMPACT

There is no immediate impact to the current year's fiscal budget with the Board's action to approve the Pre-qualified List. The Executive Director will enter into consultant services agreements and issue task orders up to his delegated authority of \$100,000 as needed, and as appropriated under each fiscal year's budget to satisfy SJAFCA's program needs. The Board will approve all agreements and amendments beyond the Executive Director's authority and will be notified of all fiscal impacts beyond the budget appropriated under each fiscal year.

Given the wide range of services and anticipated duration (3 years with options of 3 annual extensions), the RFQ highlighted an estimated cumulative contract amount (not to exceed) of up to \$10M, which depends on the need of the program, future Board action, available finances and budget and other considerations.

STRATEGIC PLAN CONSISTENCY ANALYSIS

The material found in this report is consistent and will provide consultant resourcing to further the Mission, Goals, Objectives, and Priority Actions of the Board-adopted Strategic Plan.

Prepared By: Glenn Prasad

Approved By:



CHRIS ELIAS
EXECUTIVE DIRECTOR

Attachments:

1. Pre-qualified Consultant List
2. Request for Qualifications for Various Flood Risk Reduction Projects (RFQ)
3. Resolution 24-05

San Joaquin Area Flood Control Agency

DRAFT Pre-qualified Consultant list

Plan Formulation

- CBEC Eco Engineering
- Consero Solutions
- ESA
- GEI
- GME
- HDR
- KSN
- LWA
- MBK
- R&F
- River Partners
- Tetra Tech

Flood Risk Management

- Blackburn
- ESA
- HDR
- NHC
- R&F
- Tetra Tech
- Wood Rodgers

Civil Engineering

- CBEC
- GEI
- GME
- Haley Aldrich
- HDR
- KSN
- Mead & Hunt
- MGE
- NHC
- PBI
- R&F
- Tetra Tech
- Wood Rodgers

Geology and Geotechnical

- Blackburn
- ENGEO
- GEI
- Haley Aldrich
- HDR
- Kleinfelder
- MGE

- Shannon & Wilson
- Tetra Tech
- Wood Rodgers

Hydraulic and Hydrologic Engineering

- CBEC
- Domenichelli
- ESA
- GEI
- HDR
- KSN
- MBK
- Mead & Hunt
- NHC
- R&F
- Tetra Tech
- Wood Rodgers

Surveying

- CBEC
- Cinquini & Passarino
- GME
- KSN

- Mark Thomas
- PSOMAS
- Redefined Horizons
- Wood Rodgers

Real Estate Support

- Associated Right of Way
- BRI
- Interwest Consulting Group
- KSN
- Monument ROW
- Wood Rodgers

Environmental Planning

- ESA
- GEI
- HDR
- River Partners
- Wood Rodgers

Program Management & Staff Augmentation

- Consero Solutions
- GEI
- KSN
- LWA
- MBK
- R&F
- River Partners
- Tetra Tech
- Wood Rodgers
- Woodard Curran

Financial Planning and Implementation

- LWA

Organizational Planning

- Consero Solutions
- LWA
- R&F
- Woodard Curran

RESOLUTION NO. SJAFCA 24-05

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

=====

RESOLUTION APPROVING THE PRE-QUALIFIED CONSULTANT LIST

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

The Board of Directors hereby:

1. Approves the pre-qualified consultant list attached hereto; and
2. Authorizes the Executive Director to utilize the Pre-qualified Consultant List by negotiating and entering into consultant service agreements as needed to implement various flood risk reduction projects.

PASSED, APPROVED AND ADOPTED this 18th day of JANUARY 2024.

XXX XXX, Chair
of the San Joaquin Area
Flood Control Agency

ATTEST:

CHRIS ELIAS, Executive Director
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 6.1

TO: San Joaquin Area Flood Control Agency Board of Directors

FROM: Chris Elias, Executive Director

SUBJECT: **RECEIVE UPDATE TO AGENCY'S STRATEGIC PLAN PRIORITY ACTIONS**

RECOMMENDATION

Receive and consider updates to the proposed changes to San Joaquin Area Flood Control Agency's (SJAFCA) Strategic Plan Priority Actions.

DISCUSSION

Background

SJAFCA published its updated Strategic Plan in September 2022; it is available on the [website](https://www.sjafca.org/projects/strategic-plan)¹. SJAFCA's Strategic Plan sets the framework for the Agency's actions and decisions. It contains the Agency's mission statement, goals, objectives, and priority actions. SJAFCA's work directly supports each Priority Action and in turn its overall mission.

As presented in the Strategic Plan, the figure below illustrates the interconnections between SJAFCA's Goals and Objectives. These have remained static since the first Strategic Plan publication in 2019 and remain relevant to the Agency's ongoing work today.

FIGURE 4. Goals & Objectives

		1	2	3	4	5
		Plan for and Implement System Resiliency	Drive for Operational Transparency	Facilitate Funding to Structures most Beneficial to Local Interests	Support Appropriate, Mutually Beneficial Partnerships	Promote Public and Institutional Awareness
OBJECTIVES	1. Deliver projects and programs consistent with State and Federal regulatory requirements.	✓			✓	
	2. Identify and implement local and/or regional funding mechanisms; maximize State and Federal investment in the region for flood risk reduction efforts.			✓	✓	
	3. Develop public outreach programs to maximize public and institutional awareness and involvement.		✓			✓
	4. When appropriate, optimize partnerships and integrate flood risk reduction efforts with local maintaining agencies.		✓		✓	✓
	5. Identify and include system resiliency needs in project development.	✓				
	6. Monitor potential impacts to the system and advocate for Agency's needs.	✓	✓			✓
	7. Pursue multi-benefit approaches to incentivize investments from non-traditional funding sources and promote system resiliency and resource mitigation.			✓	✓	

¹ <https://www.sjafca.org/projects/strategic-plan>

Priority Action Review

Following adoption of the first Strategic Plan in 2019, staff prepared at least semi-annual updates on the status of the Priority Actions and its adherence to SJAFCA's Strategic Plan. These included presents to the Board of Directors summaries of accomplishments and a look forward to SJAFCA's program.

In January 2022, staff presented a status update and proposed revisions to the Priority Actions found in the Strategic Plan. Following the Board of Director's feedback and at the March 2022 BOD meeting, staff proposed updates to the Strategic Plan, which were published on the Agency's website with the updated Strategic Plan.

As part of the 2022 Strategic Plan Update, SJAFCA identified thirteen Priority Actions which define specific performance measures that tie directly back to the listed Goals and Objectives.

Throughout 2022 and 2023, the staff and consultant team has presented updates to the Agency's programs and progress toward the Priority Actions. During the presentations, the Board reaffirmed its priorities as presented in the plan with an emphasis on its mission to reduce and manage the region's flood risk.

At October 19, 2023 Board meeting, the SJAFCA team presented the current status of the Priority Actions. During that meeting staff discussed achievements, misses, changes, implementation risks and opportunities. Several PAs had been completed or now require changes due to updated program developments, so staff offered to bring to the Board proposed updates in early 2024.

Results Demonstrate Progress Toward Systemwide Resiliency

Recent accomplishments over the last several years have resulted in substantial progress toward the Agency's Mission, Goals and Objectives. Given the broad, diverse constituency, the Agency balances the scale of environmental justice for flood control. This is especially apparent given the historical dearth of funding going to and attention on the region's flood risk management. As such, the agency's strategy and its work, especially over the last five years, has elevated the importance of flood control in the SJ region and drawn significant local, state and federal investment. As presented during the October board meeting and highlighted here, notable achievements include:

- Completion of design and environmental compliance for the first increment of the Lower San Joaquin River Project at the Delta Front, TS_30_L.
- Substantial completion of in-water work of the Smith Canal Gate Structure
- Formation of the Levee Construction and Maintenance Assessment District and first bond issuance in August, 2023, which provide vital financing for the Lower San Joaquin River Project and maintenance obligations.
- Federal and local signing of the Feasibility Cost Share Agreement in September 2022 and completion of the alternatives milestone conference in March, 2023 for the second

Priority Action Review

phase of the Lower San Joaquin River Feasibility Study (aka the Lathrop & Manteca Study).

- Formation and successful administration of the Enhanced Infrastructure Financing District, for the Agency's work in Mossdale.
- Regional Flood Management Planning in support of the State's adoption of the 2022 Central Valley Flood Protection Plan (CVFPP).
- Signing of the Paradise Cut Bypass Expansion and South Delta Restoration Project funding agreement in July 2023.

Present Situation

Now, with a look ahead to the next few years, the staff and consultant team has evaluated its progress relative to these Priority Actions and is presenting revisions. Staff requests that the Board consider the proposed revised Priority Actions; in doing so, any feedback, revision, or other suggestions from the Board will be incorporated. Upon completion, staff will finalize the new list of Priority Actions and bring this amendment for the Board of Director's adoption at the next Board meeting.

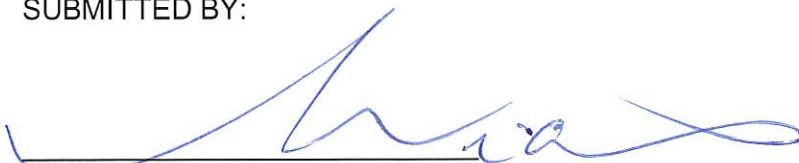
FISCAL IMPACT

This is an informational item with no fiscal impact.

Strategic Plan Consistency Analysis

The material found in this report is consistent with the Mission and Goals of the Board-adopted Strategic Plan, whereby each Priority Action directly links back to the components of SJAFCA's strategy.

SUBMITTED BY:

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

CHRIS ELIAS
EXECUTIVE DIRECTOR

Attachment:

1. Draft Priority Action Updates ("SJAFCA_PriorityAction_Update2024_Dec2023_DRAFT")

STRATEGIC PLAN

*Priority Action Update
2024*

DRAFT

JANUARY 2024

First Published October 2019



SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

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DRAFT

Priority Actions

Update 2024

- Action 1**
Updated
Jan 2024
- Implement the Lower San Joaquin River Project in accordance with the authorized Federal Project by:
- 1) Supporting USACE in the completion of Tenmile Slough, TS30L, physical construction by end 2025 with project closeout and transfer by mid-2026.
 - 2) Lead acquisition of real estate and relocation for Shima Tract, and support USACE in the design, combined CEQA/NEPA documentation, environmental permitting, and necessary mitigation. Target award of construction contract for the Shima Tract levee by Q1 2026.
 - 3) Supporting USACE in achieving 10% concepts of third increment of the Program by August 2025 (Phase E – San Joaquin River Right, French Camp, Duck Creek).
 - 4) Prepare a combined CEQA/NEPA document for the Mitigation Strategy Implementation Plan by end of 2024.
 - *Supporting Objectives: 1, 4*
- Action 2:**
Updated
Jan 2024
- Submit Smith Canal area package for Letter of Map Revision (LOMR) to FEMA by Q2 2024.
- *Supporting Objectives: 1, 4, 5*
- Action 3:**
Updated
Jan 2024
- Complete submittal to USACE for credit associated with Smith Canal Project construction within six months of project close-out.
- *Supporting Objectives: 1, 2*
- Action 4:**
Updated
Jan 2024
- Partner with USACE and the State to complete Phase 2 of the Federal Lower San Joaquin River Study for Mossdale Tract
- Partner Annually with the State of California on federal advocacy and congressional outreach
 - Identify USACE tentatively selected plan (TSP) and non-Federal sponsor locally preferred plan (LPP), if necessary, by January 2025.

- Secure Section 221 Memorandum of Understanding (MOU) for federal credit of advanced non-Federal sponsor flood risk reduction investments by December 2025.
- Obtain signed Chief's Report by Q1 2027.

➤ *Supporting Objectives: 1, 2, 4, 5, 7*

Action 5: Urgently advance flood risk reduction for the Mossdale Tract through implementation of the Urban Flood Risk Reduction (UFRR) recommended plan.

Updated
Jan 2024

- Publish Draft Mossdale UFRR Environmental Impact Report (EIR) for public review by June 2024.
- Complete Mossdale UFRR Dryland levee design by June 2025.
- Initiate UFRR Dryland Levee Construction in 2026.

➤ *Supporting Objectives: 1, 2, 4, 6*

Action 6: Achieve 200-year level of protection in Mossdale Tract as required by State Law and present adequate progress until improvements are complete. Advocate legislation to align requirements of Urban Level of Protection (ULOP) with USACE implementation of Phase 2 of the Federal Lower San Joaquin River (Lathrop-Manteca) Study.

Updated
Jan 2024

➤ *Supporting Objectives: 1*

Action 7: Refine project development plans considering emerging climate information in accordance with the Mossdale Climate Change Adaptation Policy.

➤ *Supporting Objectives: 1, 5*

Action 8: Complete formation of the proposed Overlay Assessment District for the Mossdale Tract Area by August 2024.

Updated
Jan 2024

➤ *Supporting Objectives: 2*

Action 9: Update capital improvement plans throughout project life-cycle, supporting annual budgeting and out-year planning.

➤ *Supporting Objectives: 1, 2, 6*

Action 10: Develop and implement a public awareness and outreach program that supports SJAFCA's mission, goals, and objectives through

targeted messaging and that leverages partnerships with member agencies.

➤ *Supporting Objectives: 3*

Action 11: Engage and nurture strategic relationships with local, state and federal officials, business community, non-governmental organizations and other stakeholder groups.

➤ *Supporting Objectives: 3, 6*

Action 12: Advance actions identified in Regional Flood Management Plan (RFMP) by working with local, State and Federal partners, through initiatives such as the State's Water Resilience Portfolio Initiative 25.4; scope regional efforts identified in the RFMP and chart path forward as opportunities arise.

Updated
Jan 2024

➤ *Supporting Objectives: 1, 2, 6, 7*

Action 13: Advance actions identified in the funding agreement with DWR for the Paradise Cut Bypass Expansion and Multi-Benefit Project, starting with the Feasibility Study initiation in June 2024.

New
Jan 2024

➤ *Supporting Objectives: 4, 5, 7*

Action 14: Develop a regional climate resiliency framework in collaboration with member agencies and external stakeholders by September 2024.

New
Jan 2024

➤ *Supporting Objectives: 1, 5*

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DRAFT

ATTACHMENT 1



SAN JOAQUIN AREA
FLOOD CONTROL AGENCY



Agenda Item 6.2

TO: San Joaquin Area Flood Control Agency

FROM: Chris Elias, Executive Director
Jim McGuire, Willdan – Assessment Engineering Consultant
Seth Wurzel, LWA – Financial Consultant

SUBJECT: **BRIEFING ON THE PROPOSED MOSSDALE TRACT OVERLAY ASSESSMENT DISTRICT**

RECOMMENDATION

It is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency receive an informational briefing on the proposed Mossdale Tract Overlay Assessment District (“OAD”).

SUMMARY

The Mossdale Tract OAD is the name of the proposed assessment district being advanced to help finance the local cost-share of improvements needed to provide an Urban Level of Flood Protection (“ULOP”) to the Mossdale Tract Area. The Mossdale Tract Area stretches from Weston Ranch in south Stockton through the City of Lathrop to the western portion of the City of Manteca. This informational briefing is an opportunity for the Board and members of the public to receive information on the approach for defining the benefit area, or boundary, of the Mossdale Tract OAD. At the Board meeting, representatives from Larsen Wurzel & Associates (LWA), the firm engaged by the SJAFCA to manage the assessment district process, and Willdan Financial Services, Inc. (WFS), the firm engaged to provide assessment engineering services, will provide a briefing on how the boundary of the Mossdale Tract OAD has been defined.

DISCUSSION

Since 2018, SJAFCA has been the responsible Local Flood Management Agency advancing efforts to achieve ULOP for the Mossdale Tract Area. SJAFCA has been advancing ULOP since that time on multiple fronts.

- **Local Funding:** To generate funding for the improvements SJAFCA has approved and implemented the Mossdale Tract Area Regional Urban Level of Flood Protection Levee Impact Fee Program (Regional Levee Fee) in coordination with its member Land Use Agencies. In addition, SJAFCA coordinated with its member land use Agencies to form the Mossdale Tract Enhanced Infrastructure Financing District (EIFD).
- **State Study & Funding:** SJAFCA applied for and received a \$5.0 million grant at 50% cost share from the State through its Urban Flood Risk Reduction Grant Program. This grant funded a Feasibility Study to evaluate options with State interest and advance Preliminary Design and Environmental Review of a preferred alternative. This partnership has led to a State Budget allocation of \$75 million that will ultimately be used to advance a portion of the preferred alternative.
- **Federal Study & Funding with State:** SJAFCA has executed a Feasibility Cost Share Agreement with the United States Army Corps of Engineer’s (USACE) and the State of California which is advancing a Study to determine Federal Interest in flood risk reduction in the basin. This is the first step in the process that can lead to the USACE constructing flood control improvements at a 65% cost share, with the State and SJAFCA paying the remaining 35% of the project’s construction.

Ultimately, to advance ULOP, SJAFCA will be responsible for the local share of improvements needed

Briefing on the Proposed Mossdale Tract Overlay Assessment District

to achieve ULOP. The proposed OAD is needed to ensure that SJAFCA can fully fund its share of the cost of any improvements to be implemented by USACE in partnership with the State. Further, to the extent that Federal interest in flood risk reduction for the Mossdale Tract does not ultimately achieve ULOP, SJAFCA will need to construct any remaining improvements needed to meet the state-mandated flood protection standard.

Mossdale OAD Schedule

The schedule for the formation starts with several Board briefings to clearly apprise the Board, members of the public and interested parties about the principles behind the assessment and further explain the rationale and justification for the assessment needed to generate the local cost-share to secure State and federal participation.

The following matrix outlines some of the timelines and key public engagement opportunities in the next six months.

<u>Timeframe</u>	<u>Item</u>
January 2024	Board Briefing on Benefit Area
February 2024	Board Briefing on Assessment Methodology
April 2024	Board Approval of Engineer's Report / Call for Ballot Proceeding
May 2023	Ballot Mailing
April / May 2023	Public Workshops
June 2023	Public Hearing

As noted above, the first briefing that staff and consultants plan to provide for the Board will cover the approach for defining the benefit area, or boundary, of the Mossdale Tract OAD. LWA and WFS will provide a briefing on how the boundary of the Mossdale Tract OAD has been developed and defined.

FISCAL IMPACT

Although this is an informational briefing only, the fees for services provided by LWA and WFS, as assessment district consultants, are included in the FY 2023/24 budget for the Mossdale Tract program.

Strategic Plan Consistency Analysis

The material found in this report is consistent with the Mission and Goals of the Board-adopted Strategic Plan, specifically Goal 1 to Plan for and Implement System Resiliency and Goal 3 Facilitate Funding Structures that are Most Beneficial to Local Interests.

APPROVED BY:

CHRIS ELIAS
EXECUTIVE DIRECTOR

Agenda Item 12

January 18, 2024

TO: San Joaquin Area Flood Control Agency Board of Directors

FROM: Scott L. Shapiro, General Counsel

SUBJECT: **Potential Board Action on Executive Director Contract Following Public Employment Evaluation**

RECOMMENDATION

It is recommended that the Board of Directors determine whether any actions are required on the Executive Director's contract following the closed session public employment evaluation.

DISCUSSION

Background

The Board of Directors will provide an evaluation of the Executive Director during closed session. It is best practice to provide a time for the Board of Directors to take any appropriate action on the Executive Director's contract following such evaluation and the Brown Act requires that such actions be taken, if at all, in an open session.

Present Situation

This agenda item has been created to provide a space for the Board to take any action it wishes to, or to not take any action at all.

APPROVED BY:

A handwritten signature in blue ink, appearing to read 'S. Shapiro', with a long horizontal flourish extending to the right.

SCOTT L SHAPIRO
GENERAL COUNSEL

**End of
Agenda Packet**