

May 19, 2010

TO: San Joaquin Area Flood Control Agency

FROM: James B. Giottonini, Executive Director

SUBJECT: **RESOLUTION TO APPROVE THE PROPOSED 2010-2011 FISCAL YEAR BUDGET FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY**

RECOMMENDATION

It is recommended the Board of Directors of the San Joaquin Area Flood Control Agency adopt a resolution to approve the 2010-2011 fiscal year budget for the San Joaquin Area Flood Control Agency.

DISCUSSION

Background

On June 29, 2009, the Board adopted Resolution No. 09-15 approving the fiscal year (FY) 2009-2010 proposed budget for San Joaquin Area Flood Control Agency (Agency). The Agency's 2009-2010 budget was the first realistic budget illustrating funds set aside for proposed and ongoing projects, including the estimated balances that would be left at the end of the fiscal year in the Agency's Federal Reimbursement and SJAFCA funds for future flood control activities. [Note: In previous budget years, all Agency funds were appropriated leaving a zero fund balance at the end of the fiscal year].

As of March 31, 2010, with 75 percent of the 2009-2010 FY lapsed, the Agency has expended 74 percent of the total Operating Budget (Exhibit A). The year-to-date and projected year-end figures include the operating costs incurred by the City of Stockton. These expenditures will be brought before the Board for review and approval to reimburse the City for these costs. Consequently, Agency expenses incurred by the City for the first half of FY 2009-2010 can be found in today's Agenda Packet, ~~Item 5.5~~ Item 6.3. Staff will continue to bring the City's invoice for operating costs to the Board for approval.

The proposed budget for FY 2010-2011 includes the Agency's anticipated expenditures for general administration and operations, and the anticipated expenditures for capital improvement projects and activities. These work activities and projects are funded by the following sources: Equalization Fee Fund, SJAFCA Fund, Federal Reimbursement Fund, and Operations and Maintenance (O&M) Fund as described below:

Equalization Fee Fund. The Equalization Fee Fund accounts for money collected through the Agency's Equalization Fee Program. The Equalization Fee Program was implemented to ensure all new development contributes a fair share to the cost of construction for the Flood Protection Restoration Project. The benefits associated with undeveloped land were assessed at the time the Agency's original assessment district was formed. As development occurs and improvements are constructed, an equalization fee is assessed.

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Money collected through the Equalization Fee Program is transferred annually to the SJAFCA Fund and can be used to pay for the costs of flood control projects not included in the bonded indebtedness for the assessment district, and/or to retire the assessment bonds early, or to pay for the construction of additional improvements.

The balance of the Equalization Fee Fund at the end of each fiscal year is transferred to the SJAFCA Fund. Staff estimates receiving \$37,000 in equalization fees for FY 2010-2011.

SJAFCA Fund. The SJAFCA Fund includes money from the unexpended bond proceeds, the annual transfer from the Equalization Fee Fund, and earned interest. In FY 2009-2010, this fund was used to pay for the Lower San Joaquin River Feasibility Study, various Provisionally Accredited Levee (PAL) documentation and submittals, geotechnical studies/reviews, and technical support. During FY 2010-2011, this fund will be used to pay for contractual activities, acquisitions, engineering, and administrative functions that are approved by the Board.

The estimated balance in the SJAFCA Fund on July 1, 2010 is ~~\$8,371,700~~ \$8,374,700. The SJAFCA Fund is estimated to have the following activity during FY 2010-2011:

	—\$8,371,700	
Estimated Balance July 1, 2010:	\$8,374,700	
	\$403,255	Revenues
	<u>(\$1,026,900)</u>	Expenses
	\$ 7,748,055	
	\$7,751,055	Estimated Balance June 30, 2011

Federal Reimbursement Fund. The Federal Reimbursement Fund is a special fund set aside to account for the Agency's ongoing federal reimbursements. In FY 2009-2010, \$350,000 in reimbursement was received for the Flood Protection Restoration Project. During FY 2009-2010, these funds were used to pay for work activities to complete PAL documentation for various levee reaches and the Agency's share of the FEMA Conditional Letter of Map Revision for Smith Canal. This fund will continue to be used to pay for appropriate contractual activities, acquisitions, engineering, and administrative functions approved by the Board.

The estimated balance in the Federal Reimbursement Fund on July 1, 2010 is ~~\$6,245,500~~ \$6,237,300. Due to the uncertainty of Federal reimbursements, the FY 2010-2011 budget does not assume a reimbursement will be received. Therefore, revenues indicated for the Federal Reimbursement Fund are from earned interest only. The Federal Reimbursement Fund is estimated to have the following activity during FY 2010-2011:

	\$6,245,500	
Estimated Balance July 1, 2010:	\$6,237,300	
	53,000	Revenues
	<u>(509,100)</u>	Expenses
	\$ 5,789,400	
	\$5,781,200	Estimated Balance June 30, 2011

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

The O&M budget for FY 2010-2011 is presented to the Board today under a separate staff report. (See Agenda Item 5.1 in this Agenda Packet).

In addition to the above-mentioned sources of funding, the Agency continues to collaborate with local reclamation districts, and State and Federal agencies. As part of this ongoing effort, the Agency has sought funding support from cost-share partners. In FY 2009-2010, cost-share agreements with local partners added over \$400,000 in revenue to help pay for project costs related to the Lower San Joaquin River Feasibility Study, the Smith Canal Closure Structure, and Levee Segment P359 PAL documentation.

Other sources of funding include Federal grants. In FY 2009-2010 the Agency secured a \$500,000 Federal grant through FEMA's Risk Mapping, Assessment and Planning/Cooperative Technical Partners program for the San Joaquin River Delta Base Flood Elevation Refinement project and the San Joaquin County Office of Emergency Services Flood Mitigation and Preparedness Pilot project.

The proposed activity in the SJAFCA and Federal Reimbursement funds for FY 2010-2011 is explained below. The budget is arranged similar to last year's budget in that the Agency's proposed expenses are organized into two categories: Operating Budget and Capital Improvement Program.

Present Situation

Operating Budget. The Agency's Operating Budget (illustrated in Exhibit B), includes expenses related to employee services. "SJAFCA Employee Services" includes salary and benefits for 6 positions. As proposed in last year's budget, this year's budget includes sufficient funding to allow for equity adjustments and/or job reclassification for staff undertaking additional duties above and beyond their current pay grade. For example, the budget includes adjusting the Deputy Executive Director position to an equitable salary, and upgrading one Associate Civil Engineer position to a Senior Civil Engineer. Any position adjustments would be subject to Board review and approval. The total FY 2010-2011 cost for "SJAFCA Employee Services" is \$864,000.

The Operating Budget also includes salary and benefit expenses for "City Employee Services." It should be noted that the Agency no longer receives legal counsel support from the City. However, accounting and administrative support for the Agency's assessment district is provided by City staff. The total FY 2010-2011 cost for "City Employee Services" is \$71,000.

"Other Services" includes expenses associated with special and professional services in handling day-to-day activities such as legal counsel, lobbying, technical consulting, and annual auditing services. General liability, insurance premiums, and communication

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services, such as phone, computer support, mail, postage, duplication and file storage are included. The total FY 2010-2011 cost for "Other Services" is \$365,000.

"Materials and Supplies" includes costs for general office supplies, such as paper, printing supplies, computer software, and publication costs for legal notices. SJAFCA's vehicle maintenance is also included. The total FY 2010-2011 cost for "Materials and Supplies" is \$9,000.

"Other Expenses" includes costs associated with travel, training, professional memberships, meetings, and web site maintenance. This year's appropriation includes travel for lobbying trips to Washington D.C. Also included are the annual indirect costs the Agency incurs from the City of Stockton as it relates to support services. The total estimated cost for "Other Expenses" is \$112,000.

To summarize, the proposed Operating Budget for FY 2010-2011 is \$1,421,000:

	• \$ 864,000	SJAFCA Employee Services
	• \$ 71,000	City Employee Services
	• \$ 365,000	Other Services
	• \$ 9,000	Materials and Supplies
	• \$ 112,000	Other Expenses
Total:	<u>\$1,421,000</u>	

Capital Improvement Project (CIP) Budget. The CIP Budget for FY 2010-2011 includes funding for technical support in the amount of \$60,000. In addition, the budget includes the Calaveras River toe drain project in the amount of \$55,000 which will cover construction expenses for the installation of a toe drain, at the north bank levee of the Calaveras River at Bianchi Road undercrossing, for the accreditation of this levee.

Similar to last year's situation, funding to match Federal appropriations for FY 2010-2011 is unknown and is reflected on the attached Exhibit B as "TBD" (to be determined). Therefore, staff will bring to the Board, for consideration and approval, future contracts for work-in-kind to match any Federal appropriation.

To summarize, funding requested for the CIP Budget for FY 2010-2011, is \$115,000 and is subject to change when the Federal appropriation for the LSJRFS is determined:

	• \$ 60,000	Technical Support
	• \$ 55,000	Lower Calaveras River Toe Drain
	• *TBD*	LSJRFS 2010/2011 FY Appropriation
Total:	<u>\$ 115,000</u>	

Summary

Estimated fund balances at the beginning of FY 2010-2011, as shown on Exhibit B, reflect balances in the Agency's accounts that have not been committed to existing projects. The FY 2010-2011 proposed budget anticipates total expenditures of \$1,536,000 to cover operating costs and CIP projects/support.

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Upon approval of the proposed FY 2010-2011 budget, the combined balances in the Federal Reimbursement and SJAFCA Funds on June 30, 2011 are estimated to be ~~\$13,537,455~~ \$13,532,255 (Federal Reimbursement Fund ~~\$5,789,400~~ \$5,781,200 and SJAFCA Fund ~~\$7,748,055~~ \$7,751,055) which can be used for future design, permitting and construction of projects that provide flood control benefits to the SJAFCA Assessment District.

It is recommended that the Board adopt a resolution approving the Agency's proposed fiscal year 2010-2011 budget.

PREPARED BY: MARLO DUNCAN



APPROVED:
JAMES B. GIOTTONINI
EXECUTIVE DIRECTOR

JBG:RC:MD

Attachments

EXHIBIT A

2009/2010 YEAR-TO-DATE OPERATING BUDGET (75% of Fiscal Year Lapsed)			
Approved Budget		Expenditures to Date as of 3/31/2010	Year End Estimated Expenditures
Expenses			
SJAFCA Employee Services	832,500	578,427 (69%)	796,853 (96%)
City Employee Services	70,600	56,728 (80%)	78,348 (111%)
Other Services	283,200	217,620 (77%)	284,382 (100%)
Materials & Supplies	6,500	5,473 (84%)	7,173 (110%)
Other Expenses	108,500	99,211 (91%)	111,318 (103%)
Approved Operating Budget:		\$957,459 (74%)	\$1,278,074 (98%)
\$1,301,300			

EXHIBIT B

2010/2011 PROPOSED BUDGET & ALLOCATION TO FEDERAL REIMBURSEMENT AND SJAFCA FUNDS

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

RESOLUTION NO. SJAFCA 10-14

SAN JOAQUIN AREA
FLOOD CONTROL AGENCY

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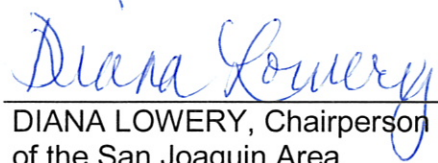
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BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JOAQUIN AREA
FLOOD CONTROL AGENCY, AS FOLLOWS:

1. That the San Joaquin Area Flood Control Agency 2010-2011 Proposed Budget is hereby approved and adopted, a copy of which is attached as Exhibit "A" and incorporated by this reference.

2. That any new appropriations and/or adjustments to the Agency's 2010-2011 fiscal year budget will be brought back before the Board for consideration and approval.

PASSED, APPROVED AND ADOPTED this 19th day of May, 2010.



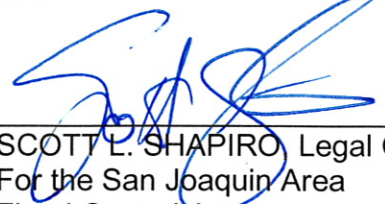
DIANA LOWERY, Chairperson
of the San Joaquin Area
Flood Control Agency

ATTEST:



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

APPROVED AS TO FORM:



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

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EXHIBIT A

2010/2011 PROPOSED BUDGET & ALLOCATION TO FEDERAL REIMBURSEMENT AND SJAFCA FUNDS			
		FEDERAL REIMBURSEMENT FUND	<u>SJAFCA FUND</u>
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Lower Calaveras River Toe Drain	\$55,000	\$55,000	
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Total Capital Improvement Expenses:	\$115,000	\$55,000	\$60,000
Total Expenses	\$1,536,000	\$509,100	\$1,026,900
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