

May 2, 2012

TO: San Joaquin Area Flood Control Agency

FROM: James B. Giottonini, Executive Director

SUBJECT: **RESOLUTION TO APPROVE THE PROPOSED 2012-2013 BUDGET FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY**

### RECOMMENDATION

It is recommended the Board of Directors of the San Joaquin Area Flood Control Agency adopt a resolution to approve the proposed fiscal year 2012-2013 budget for the San Joaquin Area Flood Control Agency.

### DISCUSSION

#### Background

On May 11, 2011, the Board adopted SJAFCA Resolution No. 11-07 approving the Agency's proposed budget for fiscal year (FY) 11/12 (Exhibit A). Also shown on Exhibit A is an updated budget showing actual beginning balances and revised revenue projections.

As of March 31, 2012, (75 percent of the FY lapsed) the Agency has spent 62 percent of the FY 11/12 Operating Budget (see table below). This includes operating expenses incurred from the City of Stockton through the end of the third quarter. Please note that the City of Stockton has not yet charged the Agency for indirect costs. The year-end estimated operating expenses include projected City-incurred indirect costs through the last quarter of FY 11/12.

#### **FY 11/12 To-Date Operating Expenses and Year-End Estimate**

	11/12 Budget	11/12 Actual As of 3/31/12*	Year-End Estimated Operating Expenses
SJAFCA Employee Services	936,000	612,804 (65%)	860,000 (92%)
City Employee Services	73,000	43,492 (60%)	60,000 (82%)
Other Services	370,000	261,620 (71%)	370,000 (100%)
Materials & Supplies	8,000	1,653 (21%)	7,000 (84%)
Other Expenses	140,000	22,809 (16%)	80,000 (60%)
<b>Approved Operating Budget:</b>	<b>\$1,527,000</b>	<b>\$942,378 (62%)</b>	<b>\$1,377,000 (90%)</b>

\* 75% of FY Lapsed

On February 1, 2012, the Board adopted SJAFCA Resolution No. 12-05 approving payment of the City of Stockton's invoice for operating costs incurred during the first quarter of FY 11/12. City-incurred operating costs for the second and third quarter are included in today's Agenda (Item 3.6). Staff will continue to bring the City's invoices for operating expenditures before the Board for approval.

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The proposed FY 12/13 budget presents the Agency's anticipated expenditures for general administration and operations. The Agency's activities are supported by the following resources: SJAFCA Fund, Federal Reimbursement Fund, FEMA Grant Fund, Operations and Maintenance Fund, and Cost-Share Agreements.

The Agency no longer has an Equalization Fee Fund because the collection of this fee ceased with the termination of the Agency's Assessment District in September last year, thus eliminating a source of revenue to the SJAFCA Fund.

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

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

The estimated available balance in the SJAFCA Fund on July 1, 2012, is \$6,864,136.

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

The estimated available balance in the Federal Reimbursement Fund on July 1, 2012, is \$4,977,526.

***FEMA Grant Fund.*** The FEMA Grant Fund was created to account for the disbursement of grant money related to a Cooperative Technical Partner (CTP) agreement with FEMA. As shown on the updated FY 11/12 budget (Exhibit A), \$89,753.89 was available in the FEMA CTP grant which is being used to cover contract and administration costs to continue the development of the innovative mapping concept developed by San Joaquin County.

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

The O&M budget for FY 12/13 is presented to the Board today as Agenda Item 4.1.

***Cost-Share Agreements.*** The Agency has collaborated with local reclamation districts and other government agencies for funding support through cost-share agreements. During FY 10/11, the Agency received \$284,255 for the Lower San Joaquin River Feasibility Study (LSJRFS), and \$142,467 for the Smith Canal Gate project.

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For current FY 11/12, the Agency has received \$306,885 for the LSJRFS. The Agency anticipates receiving \$13,122 for the Smith Canal contract change order for the Proposition 218 election (Agenda Item 3.2).

Present Situation

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

- **SJAFCA Employee Services.** SJAFCA Employee Services includes salary and benefits for six positions: Executive Director, Deputy Executive Director, Senior Civil Engineer, Associate Civil Engineer, Project Manager, and Secretary. All positions are City of Stockton positions with the exception of the Executive Director. The total allocation of resources to support six positions during FY 12/13 is \$840,000.
- **City Employee Services.** This category segregates City of Stockton personnel expenses from SJAFCA positions and reflects those costs associated with accounting, payroll, and administrative support for the Agency's O&M assessment district. The anticipated cost for City Employee Services for FY 12/13 is \$64,000.
- **Other Services.** Other Services includes those expenses associated with professional services such as legal counsel, lobbying efforts, technical consultants, and annual auditing. General liability, insurance premiums, equipment rental, computer support, mail, postage, duplication, and file storage are also included. The anticipated cost for Other Services for FY 12/13 is \$361,000.
- **Materials and Supplies.** This category includes expenses for general office supplies, computer software, publication costs for legal notices, and the Agency's vehicle maintenance. The total anticipated cost for Materials and Supplies for FY 12/13 is \$8,000.
- **Other Expenses.** Other Expenses include costs for travel (including lobbying trips to Washington, D.C.), parking, staff development, professional memberships, permits/certifications, and web site maintenance. This category also includes the indirect costs incurred from the City of Stockton. The total anticipated cost for Other Services for FY 12/13 is \$80,000.

**Capital Improvement Program (CIP) Budget.** CIP projects include the Lower San Joaquin River Feasibility Study and the Smith Canal Gate project. No appropriation is requested at this time. Staff will bring back to the Board, at a later date, an appropriation for these projects as needed.

Summary

Estimated fund balances at the beginning of FY 12/13, as shown on Exhibit B, reflect balances in the Agency's accounts that have not been committed to existing projects. At this time the FY 12/13 proposed budget anticipates the Agency's total operating costs to be \$1,353,000.

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The estimated combined balances of the Federal Reimbursement and SJAFCA Fund on June 30, 2013, is \$10,822,547 (Federal Reimbursement Fund \$4,596,216 + SJAFCA Fund \$6,226,331). These funds can be used for design, permitting, and construction of future projects to provide flood control benefits to the SJAFCA Assessment District.

It is recommended that the Board adopt a resolution approving the Agency's proposed FY 12/13 budget.

PREPARED BY: Marlo Duncan



APPROVED:  
JAMES B. GIOTTONINI  
EXECUTIVE DIRECTOR

JBD:MD

Attachments

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# EXHIBIT A

## FY 2011/2012 ADOPTED BUDGET (MAY 11, 2011)

	Estimated Fund Balance 7/1/2011	Federal Reimb. Fund	SJAFCA Fund
Estimated Fund Balance July 1, 2011:	\$ 13,076,071	\$ 5,577,572	\$ 7,498,499
<b>Revenues</b>			
Transfer from Equalization Fee Fund	20,000		20,000
Interest	75,000	30,000	45,000
Federal Reimbursement	-0-		
FY 10/11 LSJRFS local cost share	284,255		284,255
<b>Total Estimated Revenues:</b>	<b>\$ 379,255</b>	<b>\$ 30,000</b>	<b>\$ 349,255</b>
<b>Expenses</b>			
<b><u>OPERATING BUDGET</u></b>			
SJAFCA Employee Services	936,000	280,800	655,200
City Employee Services	73,000	21,900	51,100
Other Services	370,000	113,130	256,870
Materials & Supplies	8,000	5,055	2,945
Other Expenses	140,000	39,300	100,700
<b>Total Estimated Operating Expenses:</b>	<b>\$ 1,527,000</b>	<b>\$ 460,185</b>	<b>\$ 1,066,815</b>
<b><u>CAPITAL IMPROVEMENT PROGRAM</u></b>			
Lower San Joaquin River Feasibility Study	TBD		
<b>Total Capital Improvement Expenses:</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
<b>Total Estimated Expenses:</b>	<b>\$ 1,527,000</b>	<b>\$ 460,185</b>	<b>\$ 1,066,815</b>
<b>Estimated Fund Balance June 30, 2012:</b>	<b>\$ 11,928,326</b>	<b>\$ 5,147,387</b>	<b>\$ 6,780,939</b>

## FY 2011/2012 UPDATED BUDGET (AS OF MARCH 31, 2012)

	Fund Balance 7/1/2011	Federal Reimb. Fund	SJAFCA Fund
Fund Balance:	\$ 13,006,305	\$ 5,419,711	\$ 7,586,594
<b>Revenues</b>			
Transfer from Equalization Fee Fund	16,000		16,000
Interest	45,000	18,000	27,000
Federal Reimbursement	-0-		
FY 10/11 LSJRFS local cost share	306,885		306,885
RD's cost share Smith Canal	13,122		13,122
FEMA Grant (Update Guides & Model Maps)	89,754		89,754
<b>Total Estimated Revenues:</b>	<b>\$ 470,761</b>	<b>\$ 18,000</b>	<b>\$ 452,761</b>
<b>Expenses</b>			
<b><u>OPERATING BUDGET</u></b>			
SJAFCA Employee Services	936,000	280,800	655,200
City Employee Services	73,000	21,900	51,100
Other Services	370,000	113,130	256,870
Materials & Supplies	8,000	5,055	2,945
Other Expenses	140,000	39,300	100,700
<b>Total Estimated Operating Expenses:</b>	<b>\$ 1,527,000</b>	<b>\$ 460,185</b>	<b>\$ 1,066,815</b>
<b><u>CAPITAL IMPROVEMENT PROGRAM</u></b>			
Lower San Joaquin River Feasibility Study	TBD		TBD
Smith Canal - Prop. 218 Election	18,650		18,650
FEMA Update Guides & Model Maps	89,754		89,754
<b>Total Capital Improvement Expenses:</b>	<b>\$ 108,404</b>	<b>\$ -0-</b>	<b>\$ 108,404</b>
<b>Total Estimated Expenses:</b>	<b>\$ 1,635,404</b>	<b>\$ 460,185</b>	<b>\$ 1,175,219</b>
<b>NEW Estimated Balance 6/30/2012:</b>	<b>\$ 11,841,662</b>	<b>\$ 4,977,526</b>	<b>\$ 6,864,136</b>

## EXHIBIT B

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



**SAN JOAQUIN AREA  
FLOOD CONTROL AGENCY**


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**RESOLUTION APPROVING THE PROPOSED FISCAL YEAR 2012-2013 BUDGET  
FOR THE SAN JOAQUIN AREA FLOOD CONTROL AGENCY**


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

1. That the San Joaquin Area Flood Control Agency's 2012-2013 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 2012-2013 fiscal year budget will be brought back to the Board for consideration and approval.

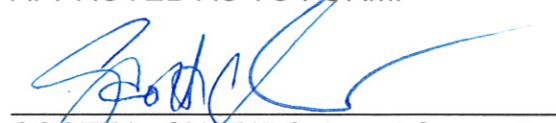
PASSED, APPROVED AND ADOPTED this 2<sup>nd</sup> day of May, 2012.

  
for DALE FRITCHEN, 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

**Exhibit "A"**

FY 2012/2013 PROPOSED BUDGET			
	Estimated Fund Balance 7/1/2012	Federal Reimb Fund	SJAFCA Fund
Estimated Fund Balance July 1, 2012:	\$ 11,841,662	\$ 4,977,526	\$ 6,864,136
<b>Revenues</b>			
Interest	27,000	9,000	18,000
Federal Reimbursement	-0-		
FY 10/11 LSJRFS local cost share	306,885		306,885
<b>Total Estimated Revenues:</b>	\$ 333,885	\$ 9,000	\$ 324,885
<b>Expenses</b>			
<b><u>OPERATING BUDGET</u></b>			
SJAFCA Employee Services	840,000	252,000	588,000
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Other Expenses	80,000	22,250	57,750
<b>Total Estimated Operating Expenses:</b>	\$ 1,353,000	\$ 390,310	\$ 962,690
<b><u>CAPITAL IMPROVEMENT PROGRAM</u></b>			
Lower San Joaquin River Feasibility Study	TBD		
Smith Canal Proposition 218 Election	TBD		
<b>Total Capital Improvement Expenses:</b>	\$ -0-	\$ -0-	\$ -0-
<b>Total Estimated Expenses:</b>	\$ 1,353,000	\$ 390,310	\$ 962,690
<b>Estimated Fund Balance June 30, 2013:</b>	\$ 10,822,547	\$ 4,596,216	\$ 6,226,331