FY 2020/21 Budget Workshop
(Item 4.1)

BOARD OF DIRECTORS MEETING
JUNE 18, 2020

Reduce and Manage the Region’s Flood Risk
Overview

- Agency Budget Organization & Sources of Funding
- Operating Budget (Item 5.1)
- Capital Projects in Operating Fund (Item 5.1)
  - *RFMP Phase 3*
  - *Lower San Joaquin River Project*
- Mossdale Program CIP Budget (Item 5.2)
- Smith Canal CIP Budget (Item 5.3)
- Recap & Summary
Sources of Funding

Fund Balances as of May 1, 2020:

- **$11.54M**
  - SJAFCA Operating Fund
  - • USACE reimbursement
  - • Former Collection Fee Program
  - • Cost-share Agreements

- **$5.63M**
  - O&M Fund
  - • Annual assessments

- **$5.30M**
  - Smith Canal Funds
  - • Assessments
  - • Bond Proceeds
  - • State Funding Agreements

- **$2.32M**
  - Mossdale Tract Fund
  - • Member Agency Loans
  - • State Funding Agreement – UFRR Study
  - • Development Fee Program
  - • Climate Resilience Grant

*Fund balance does not include Smith Canal Bond Proceeds from sale completed May 20, 2020.
Project Fund deposit from Bond Sale = $23,257,458
Operating Budget Summary

Request - Approve the Annual Operating Fund Budget for FY 20/21 including:
- Annual General and Administrative expense budget
- Indirect cost allocation approach
- CIP Budgets for the Lower San Joaquin River Project & Regional Planning for FY 20/21

<table>
<thead>
<tr>
<th>FY 20/21 Proposed General and Administrative Expense Budget</th>
<th>$1,599,628</th>
</tr>
</thead>
<tbody>
<tr>
<td>SJAFCA/CITY Employee Services</td>
<td>$1,024,028</td>
</tr>
<tr>
<td>Other Services</td>
<td>455,000</td>
</tr>
<tr>
<td>Materials &amp; Supplies</td>
<td>3,100</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>117,500</td>
</tr>
<tr>
<td>Proposed Operating Budget:</td>
<td>$1,599,628</td>
</tr>
</tbody>
</table>

Operating General & Admin Budget covers:
- SJAFCA and City charged employee Services, Other services, Materials & Supplies, other Non-Project related Consulting Services (Legal, Engineering, Audit, and other Technical Services), and Other Expenses
- No budgeted revenues for G&A.
- Direct costs allocated to Projects / Programs
- Indirect Costs allocated to Projects / Programs

Item 5.1 – Operating Budget
General & Administrative Allocation

- Direct Staff time on Projects is directly billed to Projects/Programs.
- Remaining Indirect costs will be allocated w/ true-up at end of year.
- Allocation of Indirect Costs from Capital Projects & Programs
  - Allocation to Projects/Programs based on percentages
  - Allocation is based on Staff’s assessment of the annual budget and level of effort for each Project/Program.

<table>
<thead>
<tr>
<th>Fund</th>
<th>No.</th>
<th>Allocation %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Fund</td>
<td>55601</td>
<td>10%</td>
</tr>
<tr>
<td>RFMP</td>
<td>55601</td>
<td>5%</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>55694</td>
<td>10%</td>
</tr>
<tr>
<td>Smith Canal</td>
<td>55666</td>
<td>40%</td>
</tr>
<tr>
<td>Mossdale</td>
<td>55679</td>
<td>30%</td>
</tr>
<tr>
<td>Fed Project</td>
<td>55653</td>
<td>5%</td>
</tr>
</tbody>
</table>

Item 5.1 – Operating Budget
Capital Programs in Operating Fund

- **Regional Flood Management Planning Phase 3**
  - Eligible activities 100% funded through Funding Agreement with DWR
  - Costs are tracked within Operating Budget
  - Phase 3 Grant is expected to provide $850,000
  - Grant is expected to be presented to the Board for approval in July
  - Budget authorization would be approved at that time

- **Lower San Joaquin River Project (FY 20/21 Augmentation)**
  - Additional CIP Budget needed to meet forecasted obligations

### Lower San Joaquin River Federal Project - FY 2020/21 CIP Budget

<table>
<thead>
<tr>
<th>Non-Federal Sponsor (SJAFCA) Obligations</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Design Agreement</td>
<td>$666,300</td>
</tr>
<tr>
<td>Project Partnership Agreement</td>
<td>$2,394,000</td>
</tr>
<tr>
<td>Allocated Overhead</td>
<td>$79,981</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td>$3,140,281</td>
</tr>
</tbody>
</table>

| Less Previously Funded Costs                      | ($154,169) |
| **FY 2020/21 Augmentation**                       | $2,986,113 |
Future Funding for Operations

- Agency Operations funded from Reserves since SJAFCA completed the FPRP in 1998
- No long-term source of revenue to support ongoing Agency Operations
- Allocation of Agency Indirect G&A to Capital Projects stretches available funding & allows for allocation of Reserves to support the Lower San Joaquin River Project
- The projected reserve fund balance at June 30, 2021 is estimated to be $4.3 million
  - Assumes an allocation of reserves to Smith Canal and that Smith Canal 221 Credit is applied to the LSJRP Phase 1 PPA Obligation
- SJCFCWD was advancing the Flood CALM Assessment
  - Could provide funding for SJAFCA’s operations that overlap with District
  - COVID-19 delayed the effort
- Agency needs to rely on Programs / Projects to support Agency operations.
- Long term funding for the LSJRP presents opportunity to address Fiscal sustainability

Item 5.1 – Operating Budget
Mossdale Program Budget Augmentation

Request
- Approve augmentation to the CIP Budget for the Mossdale Program for FY 20/21

Current Status
- 2-Year CIP Budget approved in May 2018 authorized work through June 2020.
- SJAFCa advanced:
  - UFRR Feasibility Study - near completion
  - Regional Development Impact Fee Program – in place today
  - Overlay Assessment District – Assessment Engineering in place
  - Enhanced Infrastructure Financing District – Consulting contracts in place
  - Qualified Engineering consultants for 1st Phase of Work, Common Feature - Manteca Dryland Levee Evaluation

Budget Augmentation
- Advance engineering & environmental review – Up to $3,000,000
- Climate Resiliency Scope of Work - $200,000

Funding
- Balance of UFRR funding commitment from DWR – Design & Environmental Work eligible
- Bay Area Council Climate Resilience Grant
- Carry over fund balance
## Mossdale Program Budget Augmentation

<table>
<thead>
<tr>
<th></th>
<th>Approved Budget (FY's 17 to 20)</th>
<th>Budget Augmentation FY 2020/21</th>
<th>Updated Budget through FY 2020/21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES 1/</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UFRR Feasibility Study Grant</td>
<td>$523,956</td>
<td>$2,726,044</td>
<td>$3,250,000</td>
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<tr>
<td>Bay Area Climate Resiliency Grant</td>
<td>$200,000</td>
<td>$200,000</td>
<td></td>
</tr>
<tr>
<td>Member Agency Loans</td>
<td>$310,000</td>
<td>$0</td>
<td>$310,000</td>
</tr>
<tr>
<td>Levee Impact Fees</td>
<td>$1,332,565</td>
<td>$1,882,988</td>
<td>$3,215,553</td>
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<tr>
<td>Investment Interest</td>
<td>$0</td>
<td>$73,225</td>
<td>$73,225</td>
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<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$2,166,521</td>
<td>$4,882,257</td>
<td>$7,048,778</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UFRR Feasibility Study 2/</td>
<td>$531,669</td>
<td>($262,892)</td>
<td>$268,776</td>
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<tr>
<td>Program Management</td>
<td>$1,529,096</td>
<td>$2,958</td>
<td>$1,532,054</td>
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<tr>
<td>Local Funding Implementation</td>
<td>$983,200</td>
<td>$0</td>
<td>$983,200</td>
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<tr>
<td>Project Implementation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preliminary Design &amp; Env. Review</td>
<td>$0</td>
<td>$3,000,000</td>
<td>$3,000,000</td>
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<tr>
<td>Climate Resiliency Grant Work</td>
<td>$0</td>
<td>$200,000</td>
<td>$200,000</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>$3,043,965</td>
<td>$2,940,066</td>
<td>$5,984,031</td>
</tr>
</tbody>
</table>

1/ Represents either available committed funding or actual revenues received to date
2/ Current task order for remaining Feasibility Study work exceeds updated budget amount, however, the remaining work is expected to be completed within the update budget.
Smith Canal Budget Adjustment & Augmentation

Request
- Allocate up to $5,000,000 of Agency operating reserves to the Smith Canal Gate Project
- Authorize Executive Director to approve Change Orders of up to $5,000,000 for the Project
- Supplement the previously approved FY 20/21 CIP Budget on May 21st to incorporate this request

Items previously outstanding at time of Construction Contract Award (April 30, 2020)
- Proceeds from sale of bonds
- Additional construction management and engineering services during construction costs
- Amount of contingency for the Project
Outstanding Items

➢ Proceeds from sale of bonds
  • Sale of Smith Canal Area Assessment District Revenue Bonds closed on May 20, 2020
  • Netted $23,257,457 deposit into the Project Fund (approx. $950,000 more than estimated on April 30th at time of Contract Award)

➢ Additional Construction Management (CM) and Engineering Services During Construction (ESDC)
  • 3rd Year of Construction – Impact both CM and ESDC
  • Biological Monitoring during and outside of In-Water Work Window; Additional Hydroacoustic Monitoring
  • Engineering to address sheet pile lengths and geotechnical analysis
    • Additional CM cost is $1,601,000
    • Additional ESDC cost is up to $909,000

➢ Contingency Allocation
  • Design and CM engineering teams recommend an allocation of 25% of the construction bid (ex. General Requirements)
  • Staff recommends an allocation of only the 1st Year Contingency at this time
Budget Adjustment Summary

➢ First Year Allocation of Contingency
  • Estimated to be $4,360,000

➢ Allocation of estimated Indirect G&A Costs
  • 40% Allocation of $1.6 Million is $640,000

➢ Requested allocation of operating fund reserves to cover additional expenses $5.0 million

➢ Board Considerations:
  • Section 221 Credit Agreement – Costs spent on Smith Canal are creditable to LSJRP. Staff is currently preparing credit packages of submission.
  • Allocation of funds would serve two purposes
  • Agency is already engaged with DWR staff to request supplemental funding

Item 5.3 – Smith Canal Gate Project
Updated Smith Canal Budget – FY 20/21

<table>
<thead>
<tr>
<th>SJAFCA Smith Canal Gate Project</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Smith Canal Area Assessment District Budget</td>
<td></td>
</tr>
<tr>
<td>Fiscal Year 2020/2021 (Updated)</td>
<td></td>
</tr>
</tbody>
</table>

### REVENUES

- **State UFFR Funding**: $11,559,198
- **Transfer of Agency Reserves (From 55601)**: $5,000,000
- **Local Assessment Revenue**: $1,699,893

**TOTAL REVENUES**: $18,259,091

### ADMINISTRATION

- **Assessment Administration**: $20,000

### CAPITAL EXPENDITURES [1]

- **Supplemental Engineering**: $186,868
- **Project Management (Construction Phase)**: $289,412
- **Allocated Agency Overhead**: $640,000
- **Construction**: $16,722,445
- **Construction Contingency**: $4,360,000
- **Construction Management**: $2,706,889
- **Real Estate Acquisition**: $-
- **Real Estate Contingency**: $-
- **Public Outreach**: $10,862
- **Environmental Mitigation**: $-
- **Recreational Enhancements**: $-

**TOTAL EXPENDITURES**: $24,936,477

Item 5.3 – Smith Canal Gate Project
## Recap & Summary of Recommended Budget Actions

<table>
<thead>
<tr>
<th>Category</th>
<th>Applicable Funding</th>
<th>Agenda Item</th>
<th>Expenditures FY 2020/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Budget</td>
<td>SJAFCA Reserves / Allocation of Costs</td>
<td>5.1</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>Lower San Joaquin River Project</td>
<td>SJAFCA Reserves</td>
<td>5.1</td>
<td>$2,986,000</td>
</tr>
<tr>
<td>Mossdale Tract</td>
<td>Mossdale Tract Fund Balances, Funding Agreements/Grants, Impact Fees</td>
<td>5.2</td>
<td>$2,940,000</td>
</tr>
<tr>
<td>Smith Canal</td>
<td>Allocation of Agency Reserve Funds</td>
<td>5.3</td>
<td>$5,000,000</td>
</tr>
</tbody>
</table>

➢ Questions?

➢ Conclude workshop and consider of each recommended budget action