



SAN JOAQUIN COUNCIL OF GOVERNMENTS

555 E. Weber Avenue • Stockton, California 95202 • P 209.235.0600 • F 209.235.0438 • www.sjco.org



March 30, 2018

Kurt Wilson
City of Stockton
425 N. El Dorado Street
Stockton, CA 95202

Katherine Miller

CHAIR

Robert Rickman

VICE CHAIR

Andrew T. Chesley

EXECUTIVE DIRECTOR

Member Agencies

CITIES OF
ESCALON,
LATHROP,
LODI,
MANTECA,
RIPON,
STOCKTON,
TRACY,
AND
THE COUNTY OF SAN
JOAQUIN

Dear Mr. Kurt Wilson:

Enclosed is a summary of the San Joaquin Council of Governments' Annual Financial Plan (AFP) for Fiscal Year 2018/19. The Board adopted the Plan on March 22, 2018. A copy of the adopting resolution is enclosed. Pursuant to SJCOG's Joint Powers Agreement, following adoption of the budget by the SJCOG Board, it is to be delivered to member agencies for ratification by each governing body. Approval by governing bodies representing 55% or more of the county's population is considered ratification.

Therefore, SJCOG requests you place SJCOG's Annual Financial Plan for Fiscal Year 2018/19 on a forthcoming agenda prior to June 30, 2018 for approval.

The Annual Financial Plan implements the FY 2018/19 Overall Work Program (OWP) that was also adopted by the SJCOG Board on March 22, 2016.

The attached Annual Financial Plan (AFP) provides a detail of expenditures by cost category and line item comparing the proposed FY 2018/19 budgets with the current year (FY 2017/18) adopted budget, as most recently amended along with FY 2016/17 actual expenditures. The Annual Financial Plan represents the general fund budget for SJCOG. The revenues and expenditures in the AFP are the same as the Overall Work Program (OWP) presented in a traditional line item format compared to the work element format of the OWP.

The attached includes a summary of revenues and expenditures in the AFP and schedules detailing each of those categories (Revenues, Service and Supplies, Transportation, training and travel, Professional Services and Pass through).

Readers should note several differences between SJCOG and member agency's budgets:

- SJCOG revenue sources are quite different from our member agencies. For example, Federal Highways Administration (FHWA) PL and Federal Transit Administration (FTA) 5303 funds are only available to Metropolitan Planning Organizations.
- SJCOG employs staff on an at-will basis vis-à-vis civil service and has its own employee handbook and policies.
- SJCOG has its own Financial and Accounting Policy guiding our financial matters including procurement procedures.
- As noted below, SJCOG offers a defined contribution retirement plan to its SJCOG has no CalPERS or post employments benefit obligations except limited sick leave

conversion as noted.

The following assumptions are incorporated in the budget:

1. Work will not begin and expenses will not be incurred unless anticipated revenue sources are secured.
2. SJCOG is fully staffed at 33 employees. The budget includes a 5% pool that can be drawn upon by the Executive Director for merit-based increases. The full impact of that pool is incorporated into the salary driven benefits (retirement, Medicare, disability).
3. SJCOG has no significant liability exposure for post-employment benefits.
 - a. The employee retirement program is a defined contribution program managed by the International City Managers Association Retirement Program.
 - b. SJCOG employee vacation accruals are capped at two times the individual's annual leave.
 - c. Upon retirement (50 years of age/20 years of SJCOG employment), an employee can convert accrued sick leave hours to pay for health care premiums until their sick leave account is exhausted and is based upon the employee's salary at retirement. There is no inflation factor in post-retirement years. Payout is limited to a maximum of one year's value of documented premium costs per year.

REVENUES

Compared to the current year amended AFP, SJCOG general fund operating revenues have increased \$1,033,110 from \$8,754,573 to \$9,787,683 or 10.6% higher. Budgeted expenditures are \$9,787,683. Overall, federal funding for general fund activities is higher than FY 2017/18 due to RSTP carrying over from FY 17/18, slight increases in FHWA planning funds (PL) and FTA MPO planning funds (5303). In addition, \$100,000 of previous year's FTA funds is being programmed. SJCOG receives the PL and 5303 allocation estimates in a range. We are budgeting on the low side of the range. The high end of the range could raise those two sources by \$60,000. This will not be determined until Caltrans receives the final apportionment and obligation authority from US DOT.

State funding sources are \$467,303 higher or 31.35% primarily due to an allocation of SB1 funding for both FY 17/18 and FY 18/19 and additional Freeway Service Patrol funding. In addition, SJCOG received a Rural Planning Assistance allocation in the amount of \$80,000. These funds will be spent by CALCOG. Local revenues are higher by \$155,433 or 3.74% due to increased sales tax-based revenues.

EXPENDITURES

Salaries and Benefits are proposed to increase by 6.1% \$4,135,664 to \$4,418,039, when compared to FY 17/18 levels. The primary reason for the increase is due to an increase in medical and dental premiums. The budget includes a 5% pool for merit-based raises. The salary-driven benefits adjust accordingly.

Services and Supplies is proposed to be increase slightly by 2.6% \$1,177,200 to \$1,208,700 due to increase in building maintenance and utilities and communication expenses. There is a reclassification of \$75,000 between Rents & Leases – Equipment and SJCOG Building Debt Service Principal and Interest, however, the net change is zero.

Transportation, travel and training is proposed to increase slightly by 3.9% \$4,500. This includes all in and out-of-state travel, subsistence, training and rideshare incentive.

Professional Services is increasing 21.8% from \$3,121,209 to \$3,990,444 reflecting the increase in Route 99/120 PA & ED anticipated consulting work in the OWP. Approximately 1/3 of this budget category pays for Route 99/120 PA & ED consulting work. In addition, this is the category funding the CALCOG expenses.

Fixed Assets reduction of \$150,000 marks the completion/installation of the ERP Accounting System implementation.

SJCOG staff would be pleased to appear before your policymakers to answer any questions they might have regarding this matter. **We request ratification prior to June 30, 2018** Please let me know when this will be on your agenda. If you have any questions regarding this matter, don't hesitate to contact me at 235-0600.

Thank you for your assistance.

Sincerely,



STEVE DIAL

Deputy Executive Director/Chief Financial Officer

San Joaquin Council of Governments
ANNUAL FINANCIAL PLAN
Fiscal Year 2018/19
Adopted March 22, 2018

	FY 2016-17		FY 2017-18		FY 2018-19		+/ -	+/ -
REVENUES	Actual		Amd #2		Adopted 3/22/18		Change	% Change
Federal Grants	\$ 2,685,619	\$	3,709,166	\$	4,119,540	\$	410,374	9.96%
State Grants	\$ 692,611	\$	1,023,492	\$	1,490,795	\$	467,303	31.35%
Local	\$ 3,703,696	\$	4,001,915	\$	4,157,348	\$	155,433	3.74%
Interest	\$ 9,408	\$	5,000	\$	5,000	\$	-	0.00%
Other	\$ 54,024	\$	15,000	\$	15,000	\$	-	0.00%
SJCOG OPERATING REVENUE	\$ 7,145,358	\$	8,754,573	\$	9,787,683	\$	1,033,110	10.6%
EXPENDITURES								
Salaries & Benefits	\$ 3,740,424	\$	4,135,664	\$	4,406,539	\$	270,875	6.1%
Services & Supplies	\$ 1,020,985	\$	1,177,200	\$	1,208,700	\$	31,500	2.6%
						\$	-	
Office Expense	\$ 232,487	\$	256,200	\$	256,200	\$	-	0.0%
Communications	\$ 64,516	\$	56,000	\$	66,000	\$	10,000	15.2%
Memberships	\$ 47,853	\$	56,000	\$	56,000	\$	-	0.0%
Maintenance - Equipment	\$ 6,185	\$	13,000	\$	13,000	\$	-	0.0%
Rents & Leases - Equipment	\$ 140,574	\$	300,000	\$	225,000	\$	(75,000)	-33.3%
Transportation, Travel & Training (In & Out of State)	\$ 112,090	\$	110,000	\$	114,500	\$	4,500	3.9%
Publications & Legal Notices	\$ 9,172	\$	3,000	\$	10,000	\$	7,000	70.0%
Insurance	\$ 98,108	\$	108,000	\$	108,000	\$	-	0.0%
Building Operations & Maintenance	\$ 177,727	\$	175,000	\$	185,000	\$	10,000	5.4%
SJCOG Building Debt Service Principal and Interest	\$ 132,273	\$	100,000	\$	175,000	\$	75,000	42.9%
						\$	-	
Professional Services	\$ 2,324,517	\$	3,121,209	\$	3,976,944	\$	855,736	21.5%
						\$	-	
Capital Outlay	\$ 124,482	\$	320,500	\$	195,500	\$	(125,000)	-63.9%
Unallocated/Reserve								
SJCOG OPERATING EXPENDITURES	\$ 7,210,408	\$	8,754,573	\$	9,787,683	\$	1,033,110	10.6%



RESOLUTION
SAN JOAQUIN COUNCIL OF GOVERNMENTS

R-18-33

**RESOLUTION APPROVING THE ADOPTION OF THE 2018–19
ANNUAL FINANCIAL PLAN
FOR THE SAN JOAQUIN COUNCIL OF GOVERNMENTS**

WHEREAS, the San Joaquin Council of Governments is required by the Joint Powers Agreement to adopt a budget (Annual Financial Plan) annually, and

WHEREAS, the adopted budget is to be sent to the member agencies for ratification.

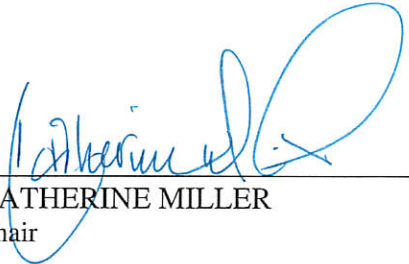
NOW THEREFORE BE IT RESOLVED, that the San Joaquin Council of Governments adopts the FY 2018–19 Annual Financial Plan and directs the Executive Director to transmit it to the member agencies for ratification.

PASSED AND ADOPTED this 22nd day of March 2018 by the following vote of the San Joaquin Council of Governments, to wit:

AYES: Jesus Andrade, City of Stockton; Steve DeBrum, City of Manteca; Steve Dresser, City of Lathrop; Bob Elliot, San Joaquin County; Elbert Holman, City of Stockton; Doug Kuehne, City of Lodi; Susan Loftus, City of Stockton; Kathy Miller, San Joaquin County; Walt Murken, City of Escalon; Chuck Winn, San Joaquin County; and Leo Zuber, City of Ripon.

NOES:

ABSENT: Robert Rickman, City of Tracy.


KATHERINE MILLER
Chair