



SAN JOAQUIN COUNCIL OF GOVERNMENTS

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MAY 02 2016

CITY MANAGER  
CITY OF STOCKTON

April 29, 2016

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EXECUTIVE DIRECTOR

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

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

Dear Mr. Wilson:

Enclosed is a summary of the San Joaquin Council of Governments' Annual Financial Plan (AFP) for Fiscal Year 2016/17. The Board adopted the Plan on March 24, 2016. 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 2016/17 on a forthcoming agenda prior to June 30, 2016 for approval.

The Annual Financial Plan implements the FY 2016/17 Overall Work Program (OWP) that was also adopted by the SJCOG Board on March 24, 2016.

The attached Annual Financial Plan (AFP) provides a detail of expenditures by cost category and line item comparing the proposed FY 2016/17 budgets with the current year (FY 2015/16) adopted budget as most recently amended. 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 vis-à-vis the work element format of the OWP. Upon adoption by the Board, pursuant to the SJCOG Joint Powers Agreement, the AFP will be sent to the member agencies for ratification. Ratification is achieved when a majority of the member agencies representing 55% of the county population approve the AFP.

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. The budget includes a 5% pool that can be drawn upon 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.
  - The employee retirement program is a defined contribution program managed by the International City Managers Association Retirement Program.
  - SJCOG employees' vacation accruals are capped at two times the individual's annual leave.
    - 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.

## **REVENUES**

Compared to the current year amended AFP, SJCOG general fund operating revenues are decreased 14% by approximately \$1,202,294 from \$9,792,912 to \$8,590,618. Budgeted expenditures are \$8,590,618. Overall, federal funding for operating is 19.5% lower than FY 2015/16 due to the one time re-obligation of FHWA-PL and FTA 5303 MPO planning funds in 2015/16 not carrying over to FY 2016-17. State funding sources are down 27.8 % primarily due to the spending down of Freeway Service Patrol funds carried over from previous years and the drawdown of the San Joaquin Valley Goods Movement Partnership Planning grant and the Affordable Housing and Sustainable Communities grant. Local revenues are down fractionally 4.8% with the reduction in Regional Transportation Impact Fees (RTIF) normal levels and the completion of the Stockton airport portion of the Airport Land Use Compatibility Plan. This is offset somewhat by small increases in sales tax driven revenues, Measure K and Local Transportation Funds.

## **EXPENDITURES**

**Salaries and Benefits** are proposed to increase 4.3% \$4,004,906 to \$4,183,048, when compared to FY 15/16 levels. This reflects the agency being at or near full staffing levels and includes accommodation for merit-based raises. The salary-driven benefits adjust accordingly.

**Services and Supplies** is proposed to be reduced nearly 5.1% \$1,060,300 to \$1,009,059 based upon efficiencies instituted in the agency such as going paperless, etc.

**Transportation, travel and training** remains budgeted the same as FY 2015 – 16, \$110,000. This includes all in and out-of-state travel, subsistence, training and rideshare incentive.

**Professional Services** is decreasing 43.2 % from \$4,407,206 \$ 3,078,011 reflecting the level of anticipated consulting work in the OWP. Approximately 1/3 of this budget category pays for Freeway Service Patrol operations.

**Fixed Assets** remains the same as the current fiscal year at \$320,500. \$150,000 is the second year allocation to the new Enterprise Resource Planning system (accounting/payroll/program management program).

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, 2016.** 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 (209) 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 2016/17**  
**Adopted March 24, 2016**

REVENUES	FY 2015-16 Adopted 3/26/15	FY 2015-16 Amendment#1	FY 2016-17 Proposed	+/- Change	+/- % Change
Federal Grants	\$ 2,613,509	\$ 3,820,519	\$ 3,198,006	\$ (622,513)	-19.5%
State Grants	\$ 1,793,333	\$ 1,781,916	\$ 1,393,943	\$ (387,973)	-27.8%
Local	\$ 4,196,000	\$ 4,170,477	\$ 3,978,669	\$ (191,808)	-4.8%
Interest	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	0.0%
Other	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	0.0%
<b>SJCOG OPERATING REVENUE</b>	<b>\$ 8,622,842</b>	<b>\$ 9,792,912</b>	<b>\$ 8,590,618</b>	<b>\$ (1,202,294)</b>	<b>-14.0%</b>
<b>EXPENDITURES</b>					
Salaries & Benefits	\$ 4,004,906	\$ 4,004,906	\$ 4,183,048	\$ 178,142	4.3%
Services & Supplies	\$ 1,060,300	\$ 1,060,300	\$ 1,009,059	\$ (51,241)	-5.1%
Office Expense	\$ 198,500	\$ 198,500	\$ 195,350	\$ (3,150)	-1.6%
Communications	\$ 60,000	\$ 60,000	\$ 52,800	\$ (7,200)	-13.6%
Memberships	\$ 42,000	\$ 42,000	\$ 46,000	\$ 4,000	8.7%
Maintenance - Equipment	\$ 13,000	\$ 13,000	\$ 13,000	\$ -	0.0%
Rents & Leases - Equipment	\$ 226,800	\$ 226,800	\$ 220,000	\$ (6,800)	-3.1%
Transportation, Travel & Training (In & Out of State)	\$ 110,000	\$ 110,000	\$ 110,000	\$ -	0.0%
Publications & Legal Notices	\$ 27,000	\$ 27,000	\$ 3,000	\$ (24,000)	-800.0%
Insurance	\$ 103,000	\$ 103,000	\$ 103,000	\$ -	0.0%
Building Operations & Maintenance	\$ 180,000	\$ 180,000	\$ 165,909	\$ (14,091)	-8.5%
SJCOG Building Debt Service	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	0.0%
Professional Services	\$ 3,387,136	\$ 4,407,206	\$ 3,078,011	\$ (1,329,195)	-43.2%
Capital Outlay	\$ 170,500	\$ 320,500	\$ 320,500	\$ -	0.0%
Unallocated/Reserve					
<b>SJCOG OPERATING EXPENDITURES</b>	<b>\$ 8,622,842</b>	<b>\$ 9,792,912</b>	<b>\$ 8,590,618</b>	<b>\$ (1,202,294)</b>	<b>-14.0%</b>
Excess (Deficit) Revenues Over Expenditures (Operating)	\$ -	\$ -		\$ 0.00	



**RESOLUTION  
SAN JOAQUIN COUNCIL OF GOVERNMENTS**

**R-16-18**

**RESOLUTION APPROVING THE ADOPTION OF THE 2016-17  
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 2016-17 Annual Financial Plan and directs the Executive Director to transmit it to the member agencies for ratification.

PASSED AND ADOPTED this 24th day of March 2016 by the following vote of the San Joaquin Council of Governments, to wit:

**AYES:** Vice Mayor Dresser, Lathrop; Councilman Holman, Stockton; Mayor Pro Tem Kuehne, Lodi; Mayor Pro Tem Laugero, Escalon; Councilmember Lofthus, Stockton; Supervisor Miller, SJ County; Mayor Pro Tem Morowitz, Manteca; Mayor Silva, Stockton; Supervisor Villapudua, SJ County; Supervisor Winn, SJ County; Councilmember Young, Tracy; Councilman Zuber, Ripon.

**NOES:** None.

**ABSENT:** None.

ANTHONY SILVA  
Chair