



SAN JOAQUIN COUNCIL OF GOVERNMENTS

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

March 27, 2023

Harry Black
City of Stockton
425 N El Dorado Street
Stockton, CA 95202

Robert Rickman
CHAIR

David Bellinger
VICE CHAIR

Diane Nguyen
EXECUTIVE DIRECTOR

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

Dear Mr. Black:

On March 23, 2023 the SJCOG Board adopted the Annual Financial Plan for FY 2023-24. Attached is the board staff report as well as a copy of the adopting resolution. 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 a majority of the 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 2023/24 on a forthcoming agenda prior to June 30, 2023, for ratification.

The Annual Financial Plan implements the FY 2023/24 Overall Work Program (OWP) that was also adopted by the SJCOG Board on March 23, 2023.

The attached Annual Financial Plan (AFP) provides detail of revenues and expenditures by cost category and line item comparing the proposed FY 2023-2024 budgets with the current year (FY 2022-2023) adopted budget, as most recently amended, along with FY 2021-2022 actual expenditures. The total revenues and expenditures total **\$41,687,240.00**. The proposed AFP represents the general fund budget for SJCOG. The revenues and expenditures in the AFP are the same as the Overall Work Program (OWP), however, presented in a traditional line-item format compared to the work element format of the OWP.

Readers should note several differences between SJCOG and its member agencies' budgets:

- SJCOG revenue sources are quite different from our member agencies.
- 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.
- SJCOG employees are exempted from Social Security except for Medicare.
- As noted below, SJCOG offers a defined contribution retirement plan to its employees. 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. The AFP anticipates SJCOG to be fully staffed. The budget includes a 5.02% pool that can be drawn upon for merit-based increases and potential promotions. 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 (Mission Square Retirement).
 - b. SJCOG employee vacation accruals are capped at two times the individual's annual leave.
 - c. Upon separation with 50 years of age or 20 years of SJCOG employment, an employee can convert accrued sick leave hours to be deposited into a Retirement Health Savings Account to pay for health-related expenses. The conversion is based upon the employee's salary at retirement.

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, 2023.** 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) 235-0584.

Thank you for your assistance.

Sincerely,

DocuSigned by:

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STEVE DIAL
Deputy Executive Director/Chief Financial Officer

Attachments:

R-23-104

FY 2023-24 Annual Financial Plan Staff Report

FY 2023-24 Annual Financial Plan Board Summary



**San Joaquin Council of Governments
ANNUAL FINANCIAL PLAN
Fiscal Year 2023/24**

Proposed Final March 23, 2023

CHAIR

Supervisor Robert Rickman, San Joaquin County

VICE-CHAIR

Mayor David Bellinger, City of Escalon

BOARD OF DIRECTORS

Mayor Pro Tem Lisa Craig	City of Lodi
Councilmember Diane Lazard	City of Lathrop
Mayor Gary Singh	City of Manteca
Mayor Kevin J. Lincoln II	City of Stockton
Councilmember Kimberly Warmasley	City of Stockton
Councilmember Dan Wright	City of Stockton
Supervisor Miguel Villapudua	County of San Joaquin
Supervisor Steven Ding	County of San Joaquin
Mayor Nancy Young	City of Tracy
Vice Mayor Leo Zuber	City of Ripon

EX OFFICIO DIRECTORS

Dennis Agar, Director	Caltrans District 10
Gary Giovanetti, Director	San Joaquin Regional Transit District
William R. Trezza, Commissioner	Port of Stockton

SUBMITTED BY:

Diane Nguyen
Executive Director

Steve Dial
Deputy Executive Director/
Chief Financial Officer

San Joaquin Council of Governments
ANNUAL FINANCIAL PLAN
Fiscal Year 2023/2024
Proposed Final March 23, 2023

REVENUES	FY 2021-22 Actual	FY 2022-23 Amendment #3	FY 2023-24 Proposed Final	+/- Change	+/- % Change
Federal Grants	5,095,875.06	9,646,688.20	11,175,862.00	1,529,173.80	15.85%
State Grants	3,592,632.34	12,077,932.42	22,443,157.00	10,365,224.58	85.82%
Local	5,778,141.34	6,847,246.59	7,988,221.00	1,140,974.41	16.66%
Interest	10,723.00	20,000.00	20,000.00	-	0.00%
Other	73,824.96	60,000.00	60,000.00	-	0.00%
SJCOG OPERATING REVENUE	14,551,196.70	28,651,867.21	41,687,240.00	13,035,372.79	45.50%
EXPENDITURES					
Salaries & Benefits	4,486,781.28	5,312,472.93	6,281,809.00	969,336.07	18.25%
Services & Supplies	1,077,170.21	1,212,800.00	1,338,500.00	125,700.00	10.36%
Office Expense	336,434.13	313,000.00	338,000.00	25,000.00	7.99%
Communications	60,810.26	60,000.00	60,000.00	-	0.00%
Memberships	34,890.58	45,000.00	45,000.00	-	0.00%
Maintenance - Equipment	5,199.74	10,000.00	10,000.00	-	0.00%
Rents & Leases - Equipment	51,493.74	131,000.00	131,000.00	-	0.00%
Transportation, Travel & Training (In & Out of State)	83,703.41	100,000.00	125,000.00	25,000.00	25.00%
Publications & Legal Notices	3,919.22	7,500.00	7,500.00	-	0.00%
Insurance	174,019.45	146,300.00	205,000.00	58,700.00	40.12%
Building Operations & Maintenance	217,331.92	200,000.00	217,000.00	17,000.00	8.50%
SJCOG Building Debt Service Principal and Interest	109,367.76	200,000.00	200,000.00	-	0.00%
Professional Services	8,059,048.90	21,746,094.28	33,686,431.05	11,940,336.77	54.91%
Capital Outlay	120,336.29	380,500.00	380,500.00	-	0.00%
Unallocated/Reserve					
SJCOG OPERATING EXPENDITURES	13,743,336.68	28,651,867.21	41,687,240.05	13,035,372.84	45.50%

March 2023
SJCOG Board

STAFF REPORT

SUBJECT: FY 2023-2024 Proposed Annual Financial Plan (AFP)

RECOMMENDED ACTION: That the Board Adopt Resolution 23-104 Approving the FY 2023-2024 Annual Financial Plan

The attached proposed Annual Financial Plan (AFP) provides detail of revenues and expenditures by cost category and line item comparing the proposed FY 2023-2024 budgets with the current year (FY 2022-2023) adopted budget, as most recently amended, along with FY 2021-2022 actual expenditures. The total revenues and expenditures total **\$41,687,240.00**. The proposed AFP represents the general fund budget for SJCOG. The revenues and expenditures in the AFP are the same as the Overall Work Program (OWP), however, presented in a traditional line-item format compared to the work element format of the OWP.

Below is a summary of revenues and expenditures in the AFP. For the detail for each of those categories please refer to the attached.

Readers should note several differences between SJCOG and its member agencies' budgets:

- SJCOG revenue sources are quite different from our member agencies.
- 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.
- SJCOG employees are exempted from Social Security except for Medicare.
- As noted below, SJCOG offers a defined contribution retirement plan to its employees. SJCOG has no CalPERS or post employments benefit obligations except limited sick leave conversion as noted.

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.

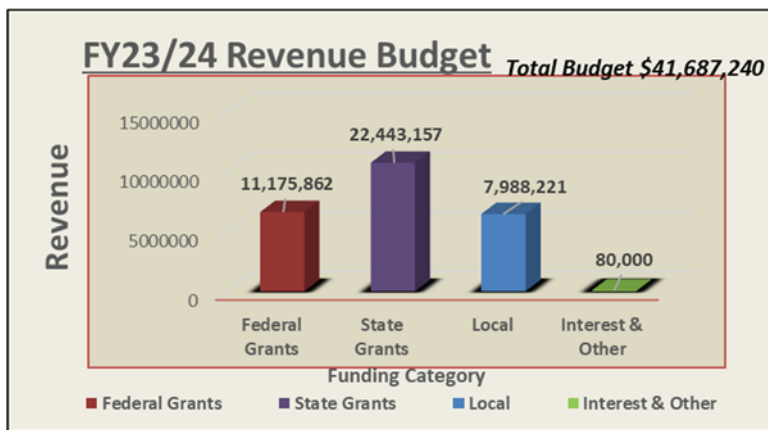
The following assumptions are incorporated in the budget:

1. Work will not begin, and expenses will not be incurred unless anticipated revenue sources are secured.
2. The AFP anticipates SJCOG creating two new positions and being fully staffed. The budget includes a 7% pool that can be drawn upon for merit-based increases and potential promotions. 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 (Mission Square Retirement).
 - b. SJCOG employee vacation accruals are capped at two times the individual's annual leave.
 - c. Upon separation with 50 years of age or 20 years of SJCOG employment, an employee can convert accrued sick leave hours to be deposited into a Retirement Health Savings Account to pay for health-related expenses. The conversion is based upon the employee's salary at retirement.

REVENUES

Compared to the current year amended AFP, SJCOG general fund operating revenues are proposed to increase from \$28,651,867.21 to \$41,687,240.00, an increase of \$13,035,372.79.



Overall, federal funding for general fund activities is \$1,529,173.80 or 15.85% higher than FY 2022-23 due primarily to Increased funds for I-205 Managed Lanes Widening and consumption of one year of Congestion Mitigation/Air Quality funds (CMAQ) for dibs, SJCOG's Transportation Demand Management program.

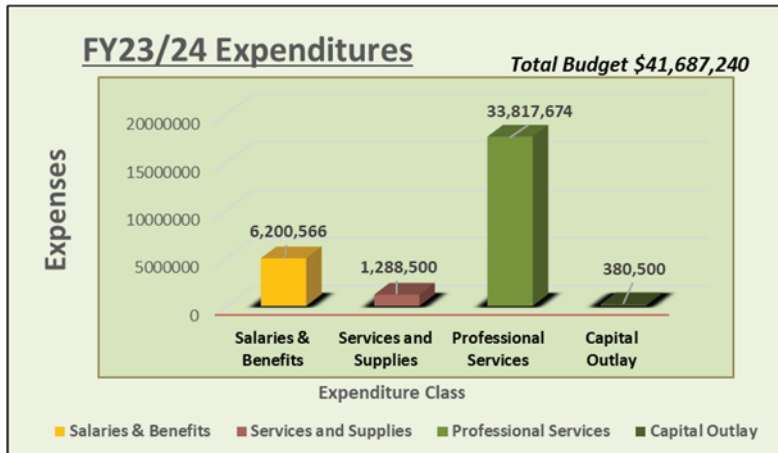
State funding sources are higher by \$10,365,224.58 or 85.82% due to:

- Regional Early Action Planning (REAP) 2.0 grant in the amount of \$10,400,000.
- \$801,535.98 drawdown on REAP 1.0
- Receipt of \$1,750,000 Regional Climate Collaborative grant.
- \$1,063,328.18 drawdown on prior year's Freeway Service Patrol funding.
- \$1,097,293 is available for FY 23-24 future years of Freeway Service Patrol funding.
- \$330,214.72 drawdown has occurred on three years of Senate Bill 1 (SB1) Sustainable Transportation Planning Grants offset by a FY 23-24 allocation of \$341,671.
- \$295,837.54 drawdown on prior year's State Transportation Improvement Program (STIP) for planning offset by FY 23-24 allocation of \$290,000.
- Expenditure of \$1,538,053 from the state grant for Sustainable Transportation Equity Project (STEP).
- Clean Mobility Options grant in the amount of \$500,970
- \$31,777 drawdown on Affordable Housing & Sustainable Community grant.
- State Transit Assistance increased by \$46,037.

Local revenues are higher by \$1,140,974.41 or 16.66% due to increased sales tax receipts on Local Transportation Fund by \$104,835 and Measure K by \$1,370,030.

Decrease in Regional Transportation Fund by \$170,500. Decrease in Roth Road funding by \$148,390.59 and decrease in other miscellaneous funding by \$15,000.

EXPENDITURES



Salaries and Benefits are proposed to increase by \$969,336.07 or 18.25% from \$5,312,472.93 to \$6,281,809.00 compared to the FY 22-23 amended budget. The budget includes creating two new planning positions and filling existing position vacancies. It also includes a \$300,294.00 or 7.0% of total salaries pool for merit-based raises. The salary-driven benefits adjust accordingly.

Services and Supplies are proposed to increase by \$100,700.

Computer software and licensing is increasing by \$25,000 to support both a return to the office, working remotely and heightened cybersecurity. Liability insurance is increasing by \$58,700. Building maintenance is increasing by \$17,000 due to increased utilities, security upgrades, and vandalism repairs.

Transportation, Travel, and Training increase by \$25,000.

With several new board members and new employees, more training expenses are expected. This budget is increased by \$25,000 up to \$125,000. This will help to support such activities as the annual One Voice® trip.

Professional Services – Increases \$11,940,336.77 from FY 22-23 \$21,746,094.28 to 33,686,431.05

There is consumption of various grants and funding sources. For example, the SB-1 Sustainable Communities Grants consumed \$179,039.29 While the Regional Early Action Plan (REAP 1.0) has consumed \$1,116,535.98, we are budgeting \$9,300,000 for REAP 2.0. The Sustainable Transportation Equity Project (STEP) has consumed \$1,738,053.00. We are budgeting \$223,965.04 for the CMO Voucher is program and \$1,650,000 for San Joaquin Regional Climate Collaborative. Lastly, \$3,800,000 is programmed for the I-205 Managed Lanes Widening project.

Position Classification and Salary Schedule

Per board policy, the salary ranges at both the minimum and maximum levels are adjusted by the CPI change.

FISCAL IMPACT

All revenues in the AFP are secured and available. The Annual Financial Plan is required to be adopted by the Board of Directors prior to April 1 each year and disseminated to the member

agencies for ratification. The Annual Financial Plan is the traditional line-item budget identifying estimated revenues and expenditures for the fiscal year. The Annual Financial Plan is complementary to the Overall Work Program.

RECOMMENDATION

That the Board adopt Resolution 23-104 approving the FY 2023-24 Annual Financial Plan.

Prepared by: Steve Dial, Deputy Executive Director/CFO, and Grace Orosco, Manager of Finance



**RESOLUTION
SAN JOAQUIN COUNCIL OF GOVERNMENTS**

R-23-104

**RESOLUTION APPROVING THE ADOPTION OF THE 2023-2024
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 2023-2024 Annual Financial Plan and directs the Executive Director to transmit it to the member agencies for ratification.

PASSED AND ADOPTED this 23rd day of March 2023 by the following vote of the San Joaquin Council of Governments, to wit:

AYES: Mayor Bellinger, Escalon; Supervisor Ding, SJC; Mayor Lincoln, Stockton; Supervisor Rickman, SJC; Mayor Singh, Manteca; Supervisor Villapudua, SJC; Councilmember Warmlesley, Stockton; Councilmember Wright, Stockton; Mayor Young, Tracy; Vice Mayor Zuber, Ripon

NOES:

ABSENT: Mayor Pro Temp, Craig, Lodi; Councilmember Lazard, Lathrop


ROBERT RICKMAN, Chair