

STAFF REPORT

SUBJECT: FY 2017-18 Annual Financial Plan (AFP)

RECOMMENDED ACTION: That the Board Approves R-17-025 Adopting the FY 2017-18 AFP and send it to the member agencies for ratification.

Last month, SJCOG staff took the proposed FY 2017-18 Annual Financial Plan (AFP) to the Executive Committee as an informational item to see if the committee had any comments or direction on the AFP. The committee had no comments. The attached proposed AFP has not changed from last month. The FY 2017-18 Overall Work Program was adopted in draft by the Board on February 23 and sent out to member agencies, Caltrans and FHWA/FTA for review and comment. There have been no changes to the OWP. The following is the information sent to the Executive Committee last month. Staff requests the Board adopt the AFP and send it to the member agencies for ratification. A one-page summary concludes the staff report with the supporting tables attached.

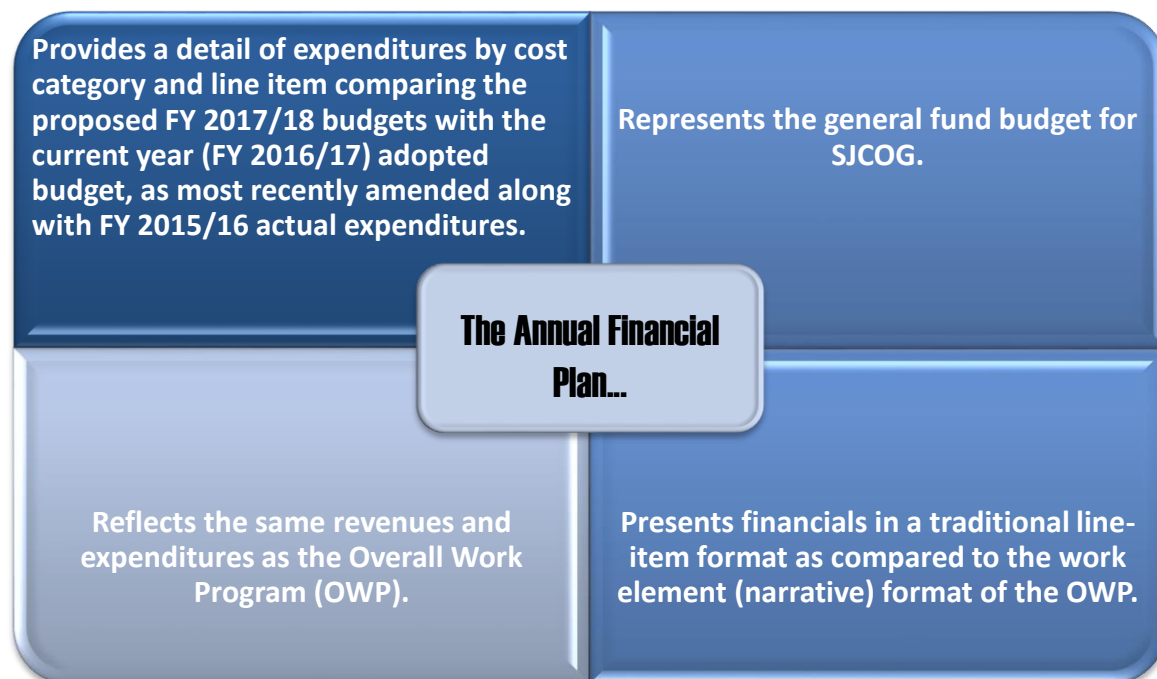
Exhibit 1: Timeline of Annual Financial Plan Review Process



BACKGROUND

SJCOG budgeting is quite unique compared to a city or county. SJCOG revenue sources are 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. 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.

Exhibit B: Important features of the Annual Financial Plan (attached to this staff report)



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.
 - a. The employee retirement program is a defined contribution program managed by the International City Managers Association Retirement Program.
 - b. SJCOG employees' vacation accruals is 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

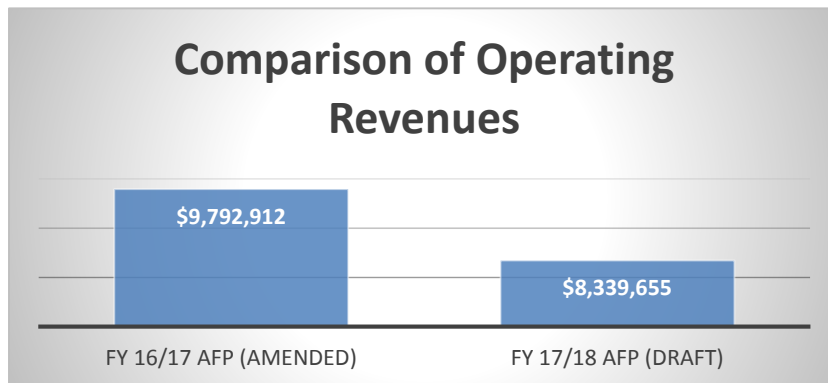


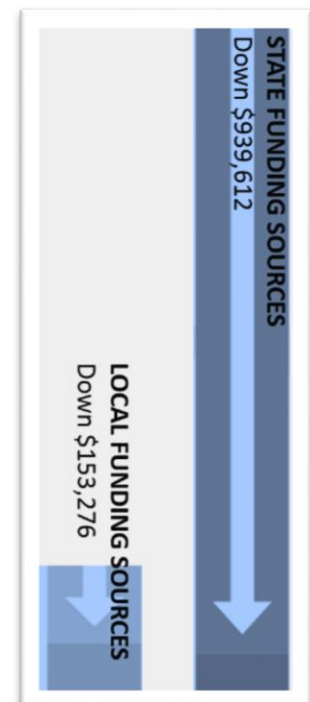
Figure 1-1: Comparison of Operating Revenues of current year and proposed AFP

Compared to the current year amended AFP, SJCOG general fund operating revenues are decreased \$939,327 from \$9,792,912 to \$8,339,655. Budgeted expenditures are \$8,339,655. Overall, federal funding for general fund activities is 4.14% higher than FY 2016/17 due to RSTP carrying over from FY 16/17. Note that while FHWA PI and FTA

5303 (MPO Planning) funds are budgeted lower than FY 16/17, receiving a higher amount is possible. SJCOG receives the allocation estimate 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 \$100,000. This will not be determined until Caltrans receives the final apportionment and obligation authority from US DOT.

State funding sources are down \$939,612 or 168.22 % 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 \$153,276 or 3.78% with the spend down of the Calaveras COG and Manteca SR 99 Project Management contracts. In addition, one-time revenue to reimburse SJCOG for the Series 2011A bond refunding cost of issuance is not carried over to 2017/18. This is offset somewhat by small increases in sales tax driven revenues, Measure K and Local Transportation Funds.



EXPENDITURES

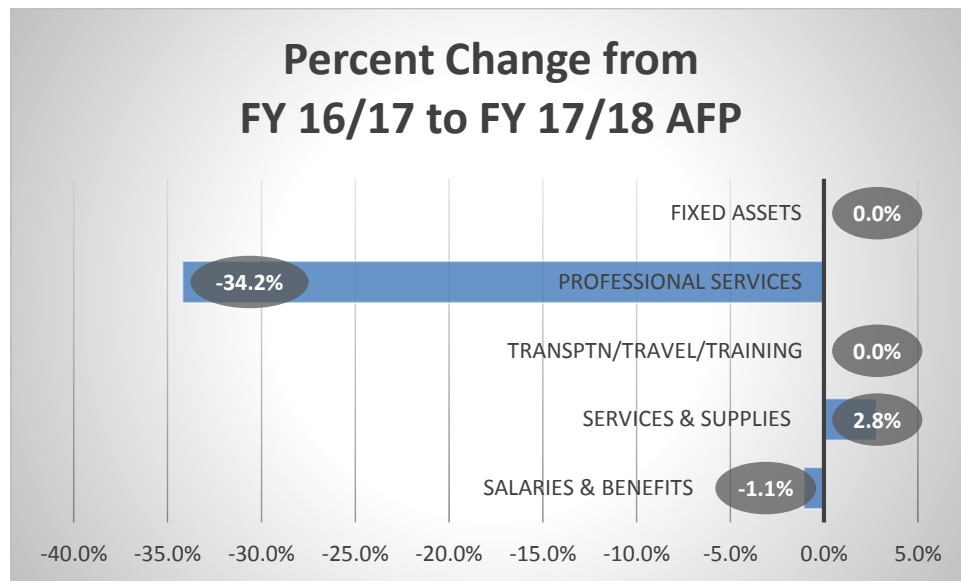


Figure 1-2: Percent Change between current year and proposed AFP

Salaries and Benefits are proposed to decrease slightly 1.1% \$4,183,048 to \$4,135,664, when compared to FY 16/17 levels. While the agency is at or near full staffing levels, the turnover in staff has resulted in lower salaries. The budget includes accommodation for merit-based raises. The salary-driven benefits adjust accordingly.

Services and Supplies is proposed to be increase slightly 2.8% \$1,044,259 to \$1,779,200 due to increases in software licensing for the Granicus application and the New World Enterprise Resource Planning system (new accounting and program management system).

Transportation, travel and training remains budgeted the same as FY 16/17, \$110,000. This includes all in and out-of-state travel, subsistence, training and rideshare incentive.

Professional Services is decreasing 34.2% from \$3,631,175 \$ 2,706,291 reflecting the reduction in Freeway Service Patrol contracting work in the OWP.

Fixed Assets remains the same as the current fiscal year at \$320,500.

San Joaquin Council of Governments					
ANNUAL FINANCIAL PLAN					
Fiscal Year 2017/18					
Proposed Final March 23, 2017					
	FY 2015-16	FY 2016-17	FY 2017-18	+/-	+/-
REVENUES	Actual	Amendment #1	Proposed Final 3/23/17	Change	% Change
Federal Grants	\$ 3,094,084	\$ 3,555,606	\$ 3,709,166	\$ 153,560	4.14%
State Grants	\$ 2,537,251	\$ 1,498,186	\$ 558,574	\$ (939,612)	-168.22%
Local	\$ 2,522,701	\$ 4,205,191	\$ 4,051,915	\$ (153,276)	-3.78%
Interest	\$ 4,825	\$ 5,000	\$ 5,000	\$ -	0.00%
Other	\$ 15,343	\$ 15,000	\$ 15,000	\$ -	0.00%
SJCOG OPERATING REVENUE	\$ 8,174,204	\$ 9,278,982	\$ 8,339,655	\$ (939,327)	-11.3%
EXPENDITURES					
Salaries & Benefits	\$ 3,436,556	\$ 4,183,048	\$ 4,135,664	\$ (47,384)	-1.1%
Services & Supplies	\$ 977,084	\$ 1,144,259	\$ 1,177,200	\$ 32,941	2.8%
				\$ -	
Office Expense	\$ 192,331	\$ 247,350	\$ 256,200	\$ 8,850	3.5%
Communications	\$ 54,664	\$ 56,000	\$ 56,000	\$ -	0.0%
Memberships	\$ 48,304	\$ 46,000	\$ 56,000	\$ 10,000	17.9%
Maintenance - Equipment	\$ 6,198	\$ 13,000	\$ 13,000	\$ -	0.0%
Rents & Leases - Equipment	\$ 149,377	\$ 300,000	\$ 300,000	\$ -	0.0%
Transportation, Travel & Training (In & Out of State)	\$ 112,276	\$ 110,000	\$ 110,000	\$ -	0.0%
Publications & Legal Notices	\$ 2,087	\$ 3,000	\$ 3,000	\$ -	0.0%
Insurance	\$ 99,018	\$ 103,000	\$ 108,000	\$ 5,000	4.6%
Building Operations & Maintenance	\$ 176,297	\$ 165,909	\$ 175,000	\$ 9,091	5.2%
SJCOG Building Debt Service	\$ 136,532	\$ 100,000	\$ 100,000	\$ -	0.0%
				\$ -	
Professional Services	\$ 2,789,640	\$ 3,631,175	\$ 2,706,291	\$ (924,885)	-34.2%
				\$ -	
Capital Outlay	\$ 397,913	\$ 320,500	\$ 320,500	\$ -	0.0%
Unallocated/Reserve					
SJCOG OPERATING EXPENDITURES	\$ 7,601,193	\$ 9,278,982	\$ 8,339,655	\$ (939,327)	-11.3%
Excess (Deficit) Revenues	\$ 573,011.00	\$ 0.00	\$ -	\$ (0.00)	
Over Expenditures (Operating)					



**San Joaquin Council of Governments
ANNUAL FINANCIAL PLAN
Fiscal Year 2016/2017**

Proposed Adoption March 23, 2017

CHAIR

Mayor Stephen DeBrum, City of Manteca

VICE-CHAIR

Supervisor Katherine Miller, County of San Joaquin

BOARD OF DIRECTORS

Mayor Jeff Laugero
Mayor Doug Kuehne
Councilmember Leo Zuber
Councilmember Steve Dresser
Mayor Michael Tubbs
Supervisor Bob Elliott
Supervisor Chuck Winn
Vice Mayor Elbert Holman
Councilmember Susan Loftus
Mayor Robert Rickman

City of Escalon
City of Lodi
City of Ripon
City of Lathrop
City of Stockton
County of San Joaquin
County of San Joaquin
City of Stockton
City of Stockton
City of Tracy

EX OFFICIO DIRECTORS

Ken Baxter
Gary Giovanetti, Director
Victor Mow, Commissioner

Caltrans District 10
San Joaquin Regional Transit District
Port of Stockton

SUBMITTED BY:

Andrew T. Chesley
Executive Director

Steve Dial
Deputy Executive Director/
Chief Financial Officer

San Joaquin Council of Governments
ANNUAL FINANCIAL PLAN
Fiscal Year 2017/18
Proposed Final March 23, 2017

REVENUES	FY 2015-16 Actual	FY 2016-17 Amendment #1	FY 2017-18 Proposed Final 3/23/17	+/- Change	+/- % Change
Federal Grants	\$ 3,094,084	\$ 3,555,606	\$ 3,709,166	\$ 153,560	4.14%
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Salaries & Benefits	\$ 3,436,556	\$ 4,183,048	\$ 4,135,664	\$ (47,384)	-1.1%
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				\$ -	
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Maintenance - Equipment	\$ 6,198	\$ 13,000	\$ 13,000	\$ -	0.0%
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Building Operations & Maintenance	\$ 176,297	\$ 165,909	\$ 175,000	\$ 9,091	5.2%
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				\$ -	
Professional Services	\$ 2,789,640	\$ 3,631,175	\$ 2,706,291	\$ (924,885)	-34.2%
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SJCOG OPERATING EXPENDITURES	\$ 7,601,193	\$ 9,278,982	\$ 8,339,655	\$ (939,327)	-11.3%
Excess (Deficit) Revenues	\$ 573,011.00	\$ 0.00	\$ -	\$ (0.00)	
Over Expenditures (Operating)					

San Joaquin Council of Governments
ANNUAL FINANCIAL PLAN
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Proposed Final March 23, 2017

REVENUE				
Revenue Source	FY 2015-16 Actual	FY 2016-17 Amendment #1	FY 2017-18 Proposed Final 3/23/17	+/- Change
FEDERAL GRANTS				
<i>U.S. Department of Transportation:</i>				
Federal Highway Administration (PL)	\$ 1,505,580	\$ 1,243,678	\$ 1,206,368	\$ (37,310)
Federal Highway Administration (PL C/O)		\$ -	\$ -	\$ -
Federal Transit Administration MPO Planning (FTA 5303)	\$ 343,739	\$ 304,328	\$ 295,198	\$ (9,130)
Federal Transit Administration MPO Planning (FTA 5303 C/O)		\$ -	\$ -	\$ -
Regional Surface Transportation Program (RSTP) CMP Update		\$ -	\$ -	\$ -
RSTP SR99 and SR 120 Ramps: STPL 6088(057)	\$ 258,053	\$ 800,000	\$ 1,000,000	\$ 200,000
CMAQ TDM	\$ 845,938	\$ 1,207,600	\$ 1,207,600	\$ -
FHWA Goods Movement	\$ 140,774			\$ -
SUBTOTAL	\$ 3,094,084	\$ 3,555,606	\$ 3,709,166	\$ 153,560
STATE GRANTS				
<i>California Department of Transportation:</i>				
SB-45 STIP Planning & Programming 15/16	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Freeway Service Patrol 11/12				\$ -
Freeway Service Patrol 12/13				\$ -
Freeway Service Patrol 13/14		\$ 474,171	\$ 200,000	\$ (274,171)
Freeway Service Patrol 14/15		\$ 506,198	\$ 100,000	\$ (406,198)
Construction Freeway Service Patrol	\$ 299,039	\$ 75,000	\$ -	\$ (75,000)
Caltrans TDM Partnership Planning Grant				\$ -
Caltrans SJ Valley Goods Movement Partnership Planning Grant	\$ 295,490	\$ 154,717	\$ -	\$ (154,717)
Affordable Housing & Sustainable Communities	\$ 69,967	\$ 29,526	\$ -	\$ (29,526)
SJVAPCD Electric Vehicle Grant				\$ -
State Transit Assistance	\$ 69,162	\$ 58,574	\$ 58,574	\$ -
SUBTOTAL	\$ 933,658	\$ 1,498,186	\$ 558,574	\$ (939,612)
LOCAL				
TDA (LTF Planning + TDA Administration)	\$ 835,885	\$ 1,095,669	\$ 1,128,229	\$ 32,560
TDA (LTF ALUC Deferred Special Assessment)	\$ 123,695	\$ -	\$ -	\$ -
Measure K Project Management	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -
Measure K Administration	\$ 295,884	\$ 542,000	\$ 568,586	\$ 26,586
RTIF	\$ 55,566	\$ 85,000	\$ 75,000	\$ (10,000)
Valley MPOs Air Quality Planning	\$ 192,710	\$ 172,000	\$ 181,100	\$ 9,100
Fresno Prop 84				\$ -
TDM - Merced CAG CMAQ				\$ -
TDM - Merced CAG CMAQ (FY 13/14)	\$ 8,327	\$ 75,000	\$ 75,000	\$ -
TDM - StanCOG CMAQ	\$ 195,000	\$ 195,000	\$ 195,000	\$ -
Tri-County Forecasting (Merced, Stanislaus, Fresno)	\$ 15,350	\$ -	\$ -	\$ -
SACOG TDM (Trip Planning System)	\$ 117,970	\$ 80,000	\$ 80,000	\$ -
StanCOG-SB 375 Modeling				\$ -
Calaveras COG: RTPA Technical Support	\$ 21,171	\$ 69,022	\$ 50,000	\$ (19,022)
City of Manteca: SR 99 Project Management Support	\$ 4,908	\$ 50,000	\$ -	\$ (50,000)
Cost of Issuance Reimbursement		\$ 142,500	\$ -	\$ (142,500)
SAFE	\$ 100,556	\$ 128,000	\$ 128,000	\$ -
COG Fees	\$ 2,493	\$ 10,000	\$ 10,000	\$ -
SJCOGI	\$ 583,768	\$ 561,000	\$ 561,000	\$ -
SUBTOTAL	\$ 3,553,283	\$ 4,205,191	\$ 4,051,915	\$ (153,276)
OTHER				
Interest	\$ -	\$ 5,000	\$ 5,000	\$ -
Other (ALUC Fees+doc fees)	\$ 20,168	\$ 15,000	\$ 15,000	\$ -
SUBTOTAL	\$ 20,168	\$ 20,000	\$ 20,000	\$ -
TOTAL	\$ 7,601,193	\$ 9,278,982	\$ 8,339,655	\$ (939,327)

San Joaquin Council of Governments
ANNUAL FINANCIAL PLAN
Fiscal Year 2017/18
Proposed Final March 23, 2017
SERVICE AND SUPPLIES

Title	Line Item Description	FY 2016-17 Adopted 3/24/16	FY 2016-17 Amendment #1	FY 2017-18 Proposed Final 3/23/17
Office Expense - General	General Supplies	\$ 74,000	\$ 74,000	\$ 74,000
	Recognitions	\$ 2,000	\$ 2,000	\$ 2,000
	Printing	\$ 15,000	\$ 15,000	\$ 12,270
	Noncapital Equip/Furniture	\$ 10,000	\$ 20,000	\$ 20,000
	Computer Software & License	\$ 75,000	\$ 117,000	\$ 119,730
Office Expense - General Subtotal		\$ 176,000	\$ 228,000	\$ 228,000
Office Expense - Postage Subtotal		\$ 18,000	\$ 18,000	\$ 18,000
Office Expense - Subscriptions Subtotal		\$ 1,350	\$ 1,350	\$ 10,200
Office Expense - Subtotal		\$ 195,350	\$ 247,350	\$ 256,200
Communications-Subtotal		\$ 52,800	\$ 56,000	\$ 56,000
Memberships - Subtotal		\$ 46,000	\$ 46,000	\$ 56,000
Maintenance - Equipment - Subtotal		\$ 13,000	\$ 13,000	\$ 13,000
Rents & Leases - Equipment - Subtotal		\$ 220,000	\$ 300,000	\$ 300,000
Publications & Legal Notices - Subtotal		\$ 3,000	\$ 3,000	\$ 3,000
Insurances - Subtotal		\$ 103,000	\$ 103,000	\$ 108,000
Building Maintenance - Subtotal		\$ 165,909	\$ 165,909	\$ 175,000
Interest Building Debt Service - Subtotal		\$ 100,000	\$ 100,000	\$ 100,000
TOTAL SERVICES & SUPPLIES		\$ 899,059	\$ 1,034,259	\$ 1,067,200

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Transportation Travel & Training

	FY 2016-17	FY 2016-17	FY 2017-18
	Adopted 3/24/16	Amendment #1	Proposed Final 3/23/17
In and Out of State Travel	\$ 76,700	\$ 76,700	\$ 76,700
Training	\$ 31,500	\$ 31,500	\$ 31,500
Rideshare Incentive	\$ 1,800	\$ 1,800	\$ 1,800
Transportation & Travel - Subtotal	\$ 110,000	\$ 110,000	\$ 110,000

San Joaquin Council of Governments
ANNUAL FINANCIAL PLAN
Fiscal Year 2017/18
Proposed Final March 23, 2017

PROFESSIONAL SERVICES

Work Element No./Project Description	FY 2016-17 Adopted 3/24/16	FY 2016-17 Amendment #1	FY 2017-18 Proposed Final 3/23/17
601.01--Regional Transportation Plan	\$ 75,000	\$ 75,000	\$ 75,000
601.011--Regional Transportation Plan (AHSC)	\$ 75,000	\$ 75,000	
601.02--Regional Planning Studies	\$ 50,000	\$ 50,000	\$ 30,000
602.01--RTIP	\$ -	\$ -	\$ -
603.01--Road & Street Monitoring	\$ 25,000	\$ 25,000	\$ 750,000
603.02--Transit Coordination	\$ 100,000	\$ 100,000	\$ 150,000
603.03--Transportation Air Quality	\$ 200,000	\$ 200,000	\$ 235,000
603.04--Goods Movement	\$ -	\$ -	\$ -
603.041 --Goods Movement Partnership Planning Grant	\$ 100,000	\$ 129,243	\$ -
701.01--Technical Assistance	\$ 50,000	\$ 99,022	\$ -
801.01--Intergovernmental Coordination	\$ 94,000	\$ 94,000	\$ 50,000
801.02--Projections & Forecasts	\$ 72,000	\$ 72,000	\$ 50,000
801.03--Airport Land Use Commission	\$ 50,000	\$ 50,000	\$ 70,000
801.04--Congestion Management	\$ 85,000	\$ 85,000	\$ 85,000
801.05--Regional Planning	\$ -	\$ -	\$ 15,000
801.06--Valley MPO Coordination	\$ 35,000	\$ 35,000	\$ 20,000
801.07--Interregional Partnerships	\$ -	\$ -	\$ -
801.09--SJCOG Inc	\$ -	\$ -	
901.01--Measure K	\$ 65,000	\$ 207,500	\$ 100,000
901.02--RTIF	\$ 34,511	\$ 69,511	\$ 46,000
901.03--Smart Growth	\$ -	\$ -	\$ -
1001.01--COG OWP	\$ 5,000	\$ 5,000	\$ 5,000
1001.02--TDA Administration	\$ 250,000	\$ 250,000	\$ 232,791
1001.03--Community Involvement	\$ 17,500	\$ 17,500	\$ 17,500
1001.04--FAST ACT Management	\$ 10,000	\$ 10,000	\$ -
1101.01--Transportation Demand Management	\$ 35,000	\$ 257,400	\$ 250,000
1101.03--Transportation Demand Management	\$ -	\$ -	\$ -
1201.01--Freeway Service Patrol	\$ 1,200,000	\$ 1,275,000	\$ 300,000
Indirect	\$ 450,000	\$ 450,000	\$ 225,000
TOTAL	\$ 3,078,011	\$ 3,631,175	\$ 2,706,291

San Joaquin Council of Governments
ANNUAL FINANCIAL PLAN
Fiscal Year 2017/18
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FIXED ASSETS

<i>Title</i>	<i>Description</i>	FY 2016-17 Adopted 3/24/16	FY 2016-17 Amendment #1	FY 2017-18 Proposed Final 3/23/17
	Office Furniture/Equipment	\$ 25,000	\$ 25,000	\$ 25,000
	Replacement Printers (2)	\$ 5,500	\$ 5,500	\$ 5,500
	Server Upgrade	\$ 30,000	\$ 30,000	\$ 30,000
	Air District Car	\$ -	\$ -	\$ -
	ERP Accounting System	\$ 150,000	\$ 150,000	\$ 150,000
	Computer Upgrades	\$ 20,000	\$ 20,000	\$ 20,000
	Capitalized Building Maintenance	\$ 90,000	\$ 90,000	\$ 90,000
TOTAL		\$ 320,500	\$ 320,500	\$ 320,500



RESOLUTION
SAN JOAQUIN COUNCIL OF GOVERNMENTS

R-17-25

RESOLUTION APPROVING THE ADOPTION OF THE 2017–18
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 2017–18 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 2017 by the following vote of the San Joaquin Council of Governments, to wit:

AYES:

NOES:

ABSENT:

STEPHEN DEBRUM
Chair