

STAFF REPORT

- SUBJECT:** FY 2018-19 Proposed Annual Financial Plan
- RECOMMENDED ACTION:** Recommend the Board Adopt R-18-33 Approving the FY 2018-19 Annual Financial Plan and Direct the Executive Director to Transmit the Annual Financial Plan to SJCOG Member Agencies for Ratification

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 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. 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.

SALARY AND CLASSIFICATION SCHEDULE

Included in this package is a revised salary and classification schedule. In May 2015, the Board adopted the findings of a salary and classification study. One finding was to adjust the minimum and maximum levels of the salary ranges by the annual CPI change to keep the ranges relevant to the marketplace. Ranges have been adjusted 2.9372% per the California CPI.

FISCAL IMPACT

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 complimentary to the Overall Work Program.

RECOMMENDED

That the Board adopt R-18-33 approving the FY 2018-19 Annual Financial Plan and direct the Executive Director to transmit the AFP to SJCOG member agencies for ratification.

Prepared by: Steve Dial, Deputy Executive Director/CFO and Grace Orosco, Chief Accountant



**San Joaquin Council of Governments
ANNUAL FINANCIAL PLAN
Fiscal Year 2018/2019**

Proposed March 22, 2018

CHAIR

Supervisor Katherine Miller, County of San Joaquin

VICE-CHAIR

Mayor Robert Rickman, City of Tracy

BOARD OF DIRECTORS

Mayor Jeff Laugero

Councilmember Doug Kuehne

Councilmember Leo Zuber

Councilmember Steve Dresser

Councilmember Jesus Andrade

Supervisor Bob Elliott

Supervisor Chuck Winn

Vice Mayor Elbert Holman

Councilmember Susan Loftus

Mayor Stephen DeBrum

City of Escalon

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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 Manteca

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
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	FY 2016-17		FY 2017-18		FY 2018-19	+/-	+/-
REVENUES	Actual		Amd #2		Proposed 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%

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REVENUE

	FY 2017-18	FY 2018-19	+/-
Revenue Source	Amd #2	Proposed 3/22/18	Change
FEDERAL GRANTS			
<i>U.S. Department of Transportation:</i>			
Federal Highway Administration (PL)	\$ 1,206,368	\$ 1,268,522	\$ 62,154
Federal Highway Administration (PL C/O)	\$ -	\$ -	\$ -
Federal Transit Administration MPO Planning (FTA 5303)	\$ 295,198	\$ 301,018	\$ 5,820
Federal Transit Administration MPO Planning (FTA 5303 C/O)	\$ -	\$ 100,000	\$ 100,000
RSTP SR99 and SR 120 Ramps: STPL 6088(057)	\$ 1,000,000	\$ 1,500,000	\$ 500,000
CMAQ TDM	\$ 1,207,600	\$ 950,000	\$ (257,600)
			\$ -
	\$ 3,709,166	\$ 4,119,540	\$ 410,374
STATE GRANTS			
<i>California Department of Transportation:</i>			
STIP Planning & Programming	\$ 200,000	\$ 200,000	\$ -
FY 17/18 Caltrans Sustainable Transportation Planning Grant (SB1)	\$ 365,668	\$ 275,000	\$ (90,668)
FY 18/19 Caltrans Sustainable Transportation Planning Grant (SB1)		\$ 341,000	\$ 341,000
Caltrans Rural Planning Assistance (RPA)	\$ 80,000	\$ 80,000	\$ -
Freeway Service Patrol (FSP13-6088-048)	\$ 200,000		\$ (200,000)
Freeway Service Patrol (FSP14-6088-053)	\$ 100,000	\$ 506,198	\$ 406,198
Construction Freeway Service Patrol	\$ -		\$ -
Caltrans TDM Partnership Planning Grant			\$ -
Affordable Housing & Sustainable Communities	\$ 19,250		\$ (19,250)
State Transit Assistance	\$ 58,574	\$ 88,597	\$ 30,023
SUBTOTAL	\$ 1,023,492	\$ 1,490,795	\$ 467,303
LOCAL			
TDA (LTF Planning + TDA Administration)	\$ 1,128,229	\$ 1,214,048	\$ 85,819
TDA (LTF ALUC Stockton Metro)			\$ -
Measure K Project Management	\$ 1,000,000	\$ 1,000,000	\$ -
Measure K Administration	\$ 568,586	\$ 593,200	\$ 24,614
RTIF	\$ 75,000	\$ 75,000	\$ -
Valley MPOs Air Quality Planning	\$ 181,100	\$ 181,100	\$ -
Fresno Prop 84			\$ -
TDM - Merced CAG CMAQ	\$ 75,000	\$ 83,000	\$ 8,000
TDM - StanCOG CMAQ	\$ 195,000	\$ 195,000	\$ -
SACOG TDM (Trip Planning System)	\$ 80,000	\$ 95,000	\$ 15,000
StanCOG- Modeling			\$ -
Calaveras COG: RTPA Technical Support			\$ -
SAFE	\$ 128,000	\$ 150,000	\$ 22,000
COG Fees	\$ 10,000	\$ 10,000	\$ -
SJCOGI	\$ 561,000	\$ 561,000	\$ -
SUBTOTAL	\$ 4,001,915	\$ 4,157,348	\$ 155,433
OTHER			
Sales Tax Line of Credit and 2011 Bond Issuance			\$ -
Interest	\$ 5,000	\$ 5,000	\$ -
Other (ALUC Fees+doc fees)	\$ 15,000	\$ 15,000	\$ -
SUBTOTAL	\$ 20,000	\$ 20,000	\$ -
TOTAL	8,754,573.00	\$ 9,787,683	1,033,110.18

POSITION CLASSIFICATIONS & SALARY SCHEDULE
ANNUAL

Proposed Amendment March 22, 2018

<u>Position</u>	12 month Change in CPI	<u>Minimum</u>		<u>Maximum</u>	
		Previous	New	Previous	New
Executive Director		Contract		85% of Exec. Dir.	
<u>GROUP A</u>		210,403.00	\$ 210,402.82	\$ 178,842.55	\$ 178,842.40
Deputy Executive Director/Chief Financial Officer Deputy Director Planning, Programming & Project Delivery					
<u>GROUP B</u>	2.9372%	82,161.24	\$ 84,574.48	\$ 134,759.00	\$ 138,717.14
Habitat Conservation Program Manager* Manager of Administrative Services Project Manager					
<u>GROUP C</u>	2.9372%	71,223.79	\$ 73,315.78	121,210.61	\$ 124,770.81
Chief Accountant Senior Regional Planner Senior Program Specialist Information Technology Manager					
<u>GROUP D</u>	2.9372%	63,024.57	\$ 64,875.73	94,177.70	\$ 96,943.89
Associate Regional Planner Associate Habitat Planner Associate Program Specialist Staff Accountant Public Information Officer					
<u>GROUP E</u>	2.9372%	55,650.83	\$ 57,285.41	79,147.85	\$ 81,472.58
Assistant Regional Planner Assistant Program Specialist Assistant Habitat Planner Administrative Analyst Information Technology Technician					
<u>GROUP F</u>	2.9372%	49,441.64	\$ 50,893.84	66,746.99	\$ 68,707.48
Office Administrator					
<u>GROUP G</u>	2.9372%	43,637.47	\$ 44,919.19	63,877.88	\$ 65,754.10
Administrative Technician Accounting Assistant II Planning Technician					
<u>GROUP H</u>	2.9372%	38,491.83	\$ 39,622.41	52,867.26	\$ 54,420.08
Accounting Assistant I Administrative Clerk II					
GROUP I		33,854.00	\$ 34,848.36	45,703.00	\$ 47,045.39
Administrative Clerk I					

*The Board adopted the findings of the Salary & Classification study in May 2015 grandfathering the Program Manager and Habitat Program Manager at the previously adopted salary range, \$145,000.

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SERVICE AND SUPPLIES

		FY 2017-18	FY 2018-19
Title	Line Item Description	Amd #2	Proposed 3/22/18
Office Expense - General	General Supplies	\$ 74,000	\$ 74,000
	Recognitions	\$ 2,000	\$ 2,000
	Printing	\$ 12,270	\$ 12,270
	Noncapital Equip/Furniture	\$ 20,000	\$ 20,000
	Computer Software & License	\$ 119,730	\$ 119,730
Office Expense - General Subtotal		\$ 228,000	\$ 228,000
Office Expense - Postage Subtotal		\$ 18,000	\$ 18,000
Office Expense - Subscriptions Subtotal		\$ 10,200	\$ 10,200
Office Expense - Subtotal		\$ 256,200	\$ 256,200
Communications-Subtotal		\$ 56,000	\$ 66,000
Memberships - Subtotal		\$ 56,000	\$ 50,000
Maintenance - Equipment - Subtotal		\$ 13,000	\$ 10,000
Rents & Leases - Equipment - Subtotal		\$ 300,000	\$ 225,000
Publications & Legal Notices - Subtotal		\$ 3,000	\$ 10,000
Insurances - Subtotal		\$ 108,000	\$ 108,000
Building Maintenance - Subtotal		\$ 175,000	\$ 185,000
Building Debt Service - Principle & Interest		\$ 100,000	\$ 175,000
TOTAL SERVICES & SUPPLIES		\$ 1,067,200	\$ 1,085,200

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Transportation Travel & Training

	FY 2017-18	FY 2018-19
	Amd #2	Proposed 3/22/18
In and Out of State Travel	\$ 76,700	\$ 80,000
Training	\$ 31,500	\$ 31,500
Rideshare Incentive	\$ 1,800	\$ 3,000
Transportation & Travel - Subtotal	\$ 110,000	\$ 114,500

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PROFESSIONAL SERVICES

	FY 2017-18	FY 2018-19
<i>Work Element No./Project Description</i>	Amd #2	Proposed 3/22/18
601.01--Regional Transportation Plan	\$ 200,000	\$ 300,000
601.011--Regional Transportation Plan (AHSC)	\$ 20,000	\$ -
601.012--SCS Implementation	\$ 269,918	\$ 536,500
601.02--Regional Planning Studies	\$ 30,000	\$ 30,000
602.01--RTIP	\$ -	\$ -
603.01--Road & Street Monitoring	\$ 750,000	\$ 1,266,944
603.02--Transit Coordination	\$ 150,000	\$ 50,000
603.03--Transportation Air Quality	\$ 235,000	\$ 200,000
603.04--Goods Movement	\$ -	\$ -
603.041 --Goods Movement Partnership Planning Grant	\$ -	\$ -
701.01--Technical Assistance	\$ -	\$ -
801.01--Intergovernmental Coordination	\$ 50,000	\$ 50,000
801.012--Intergovernmental Coordination (RPA)		\$ 80,000
801.02--Projections & Forecasts	\$ 50,000	\$ 50,000
801.03--Airport Land Use Commission	\$ 70,000	\$ 50,000
801.04--Congestion Management	\$ 85,000	\$ 85,000
801.05--Regional Planning	\$ 15,000	\$ 15,000
801.06--Valley MPO Coordination	\$ 20,000	\$ 20,000
801.07--Interregional Partnerships	\$ -	\$ -
801.09--SJCOG Inc		
901.01--Measure K	\$ 100,000	\$ 100,000
901.02--RTIF	\$ 46,000	\$ 46,000
901.03--Smart Growth	\$ -	\$ -
1001.01--COG OWP	\$ 5,000	\$ 5,000
1001.02--TDA Administration	\$ 232,791	\$ 250,000
1001.03--Community Involvement	\$ 17,500	\$ 17,500
1001.04--FAST ACT Management	\$ -	\$ -
1101.01--Transportation Demand Management	\$ 250,000	\$ 250,000
1101.03--Transportation Demand Management	\$ -	\$ -
1201.01--Freeway Service Patrol	\$ 300,000	\$ 350,000
Indirect	\$ 225,000	\$ 225,000
TOTAL	\$ 3,121,209	\$ 3,976,944

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FIXED ASSETS

<i>Title</i>	<i>Description</i>	FY 2017-18	FY 2018-19
		Amd #2	Proposed 3/22/18
	Office Furniture/Equipment	\$ 25,000	\$ 25,000
	Replacement Printers (2)	\$ 5,500	\$ 5,500
	Server Upgrade	\$ 30,000	\$ 30,000
	ERP Accounting System	\$ 150,000	\$ -
	Customer Relation Management		\$ 25,000
	Computer Upgrades	\$ 20,000	\$ 20,000
	Capitalized Building Maintenance	\$ 90,000	\$ 90,000
TOTAL		\$ 320,500	\$ 195,500

San Joaquin Council of Governments
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	Customer Relation Management		\$ 25,000
	Computer Upgrades	\$ 20,000	\$ 20,000
	Capitalized Building Maintenance	\$ 90,000	\$ 90,000
<i>TOTAL</i>		\$ 320,500	\$ 195,500



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:

NOES:

ABSENT:

KATHERINE MILLER
Chair