

ITEM 1

Agenda of August 17, 2017

**TO: Sacramento Area Flood Control Agency
Board of Directors**

**FROM: Jason D. Campbell, Deputy Executive Director
(916) 874-7606**

**SUBJECT: RESOLUTION - ADOPTING THE RECOMMENDED FISCAL YEAR
2017-18 BUDGET**

OVERVIEW:

Resolution No. 2017-067 adopts SAFCA's Fiscal Year (FY) 2017-18 Recommended Budget which reflects an aggressive approach to pursuing the Board's policy of reducing the most severe flood risks in the Sacramento area as quickly as possible.

RECOMMENDATION:

Staff recommends the Board adopt Resolution No. 2017-067 adopting SAFCA's FY 2017-18 Recommended Budget.

MEASURES/EVALUATION:

None.

FISCAL IMPACT:

The Recommended Budget anticipates \$98.7 million in expenditures to be funded by actual prior year fund balances, aid from local government, State aid, bond proceeds, assessments, and Development Impact Fees.

ENVIRONMENTAL IMPACT:

Not applicable.

BACKGROUND

The FY 2017-18 Recommended Budget reflects SAFCA's efforts to continue ongoing flood risk reduction improvements in the Sacramento area. SAFCA continues to work with our Federal, State and local partners on several fronts including the Folsom Dam improvements; advancing efforts on the Federal portion of Natomas Basin Project; Design and Construction of the Levee Accreditation Project (LAP); close out of the non-Federal phase of the Natomas Levee Improvement Program (NLIP); operation & maintenance of flood control facilities, and related mitigation features. The Recommended Budget also reflects the Agency's planning and general administration activities.

In accordance with the Government Code 29006, SAFCA's budget must conform to forms as prescribed by the Controller and shall present data as prescribed for each fund. The Recommended Budget includes the balance, sources, uses and position allocation for each fund.

In accordance with the Government Code 29080, the Clerk of the SAFCA Board has caused a Notice of Public Hearing to be published on August 5, 2017, in a newspaper of general circulation and devoted to the publication of general news, printed and published within the boundaries of the Sacramento Area Flood Control Agency, with the date being at least ten days prior to the public hearing date of August, 17, 2017 (attached hereto as Attachment 1).

DISCUSSION

The Capital Project and Operational activities included in the Agency's FY 2017-18 Recommended Budget of \$98.7 million is discussed below and shown in Exhibits A-F attached to Resolution No. 2017-067. SAFCA's contribution to these activities will be funded by one of the following sources: the Operation and Maintenance Assessment District No. 1 (O&M); the North Area Local Project Capital Assessment District No. 2 (NALP); the Consolidated Capital Assessment District (CCAD); the Development Impact Fee (DIF) funds; the Natomas Basin Local Assessment District (NBLAD); and the Consolidated Capital Assessment District No. 2 (CCAD 2). The following discussion is organized around these funding sources.

Operation and Maintenance Assessment District No. 1 Fund (O&M)

\$11.0 Million in Expenditures

The final budget for the O&M fund covers a wide range of activities including general administration, planning, and operations & maintenance activities for FY 2017-18 expenditures. The O&M fund includes **\$2.8 million for SAFCA's Salaries and Benefits** for seventeen full-time staff and one part-time retired annuitant position. Agency staff performs the administrative operations, general planning, and administration of programs and provision of project management and oversight of flood improvement efforts. The recommended budget does not include any increases in the Board approved salary ranges for each position as shown in Exhibit 1 of Exhibit A. However, the final budget does include funding for a potential cost of living adjustment and anticipated step increases for eligible employees. There are currently three vacant Board approved positions that are anticipated to be filled during FY 2017-18.

The recommended **\$4.9 million in services and supplies** expenditures supports Agency wide expenses such as liability insurance, office rent, assessment district administration and general legal services. Staff proposes ongoing efforts to improve Agency data management and the continued performance of operations & maintenance activities for mitigation sites and drainage pumping facilities that cannot be attributed to other Agency assessment funds. The O&M budget includes **\$3.3 million in other charges which is a net increase of \$2.7 million from prior year. The increase is due to the \$2.9 million** budget cost for calling the remaining Series 1996 Subordinated O&M Bonds. By calling these bonds, SAFCA will recognize nearly \$500,000 in interest savings over the remaining life of the bonds. Finally, the O&M fund includes \$500,000 in contingencies and anticipates a reserve increase of \$6.3 million.

The O&M Fund is projected to receive **\$7.2 million in revenue** during FY 2017-18, with **\$6.3 million coming from assessments, \$900,000 generated from labor charges** to projects funded by other funds, and **\$20,000 in interest earned** on the reserves. Please see Exhibit A attached to Resolution No. 2017-067 for the requisite details.

North Area Local Project Capital Assessment District No. 2 Fund (NALP)

\$0.2 Million in Expenditures

Although most levee improvements and floodplain land acquisitions have been completed in this Assessment District, some performance obligations remain. These obligations include completing miscellaneous NALP construction and floodplain restoration work and completing real property transactions in the Dry Creek, Robla Creek and Magpie Creek Diversion Channel floodplains. For FY 2017-18, **\$200,000 in expenses** is requested for Construction Services and Support. Please see Exhibit B attached to Resolution No. 2017-067 for requisite details regarding this fund.

Consolidated Capital Assessment District Fund (CCAD)

\$17.9 Million in Transfers to CCAD2

In June 2016, SAFCA adopted the CCAD 2, replacing the CCAD. As a result, FY 2016-17 will be the final year that the CCAD fund will be used for operations and capital expenditures. The FY 2016-17 CCAD fund balance of \$8,362,417 and the final assessments of \$9,585,000 will be transferred to CCAD 2. Please see Exhibit C attached to Resolution No. 2017-067 for requisite details.

Development Impact Fee Fund (DIF)

\$6.9 Million in Expenditures

The DIF fund covers costs for capital projects as described in the adopted Development Impact Fee program. Expenditures include **\$144,000 in Services and Supplies** primarily for the provision of engineering and other professional services for relocation planning efforts associated with the Bryte Landfill. Also, included are payments of the annual Reclamation District No. 1600 assessments, Yolo County taxes and flood insurance premiums associated with SAFCA's agreement with the Sacramento Valley Conservancy on preserving agricultural lands in the Elkhorn Basin. In addition, **\$4.0 million is needed for supporting projects including** \$2.4 million for the relocation of the Bryte Landfill in advance of the widening of the Sacramento Weir, \$600,000 for design and analysis of the Sankey Gap efforts in relation to the Sutter Point Specific Plan, \$700,000 for agricultural conservation easements in the Elkhorn basin, and \$265,000 in planning and engineering for the Beach Stone Lake improvements in South Sacramento County. In addition to support for projects, \$2.8 million will be transferred to the O&M Fund for repayment of funds advanced for land acquisition in the Elkhorn Basin during FY 2007-08.

FY 2017-18 revenues are conservatively projected at \$2.5 million in DIF proceeds. Please see Exhibit D attached to Resolution No. 2017-067 for requisite details.

Natomas Basin Local Assessment District Fund (NBLAD)

\$20,000 in Expenditures

The NBLAD fund is primarily a pass through fund necessary to support the Series 2014 bond debt service. The Assessment District was formed to cover the increase in costs of Natomas Basin Levee Improvements. Final expenditures are for engineering services necessary to prepare the tax roll and to levy the NBLAD assessments in FY 2017-18 as well as charges from the Sacramento County Auditor Controller for servicing the NBLAD fund.

Revenues are projected at \$5.2 million in State reimbursements under the Early Implementation Program (EIP) agreement for the Natomas Levee Improvement Program (NLIP). EIP reimbursements are being placed in the NBLAD to more clearly delineate potential sources that can be used for management's goal of calling Series 2014 bonds and retiring all or a portion of the debt in 2024. Please see Exhibit E attached to Resolution No. 2017-067 for details.

Consolidated Capital Assessment District No. 2 Fund (CCAD 2)

\$80.5 Million in Expenditures

This fund covers costs associated with implementation of capital improvement projects that are described in the CCAD 2 Engineer's Report, operations and maintenance activities for improvements within the assessment district, and right-of-way activities that are necessary to support project efforts. A summary of projects and operations activities is included in Exhibit 1 of Exhibit F to this report. CCAD 2 expenditures include **\$4.4 million in services and supplies** including \$1 million for maintenance activities for properties and facilities owned by SAFCA, \$505,000 for Engineering Services to support Agency planning activities and design activities not related to a specific project, \$419,500 related to Environmental Services, and \$2.0 million to create an endowment fund for the Operations & Maintenance, Repair, Replacement & Rehabilitation (OMRR&R) required by the USACE for the Folsom Dam Joint Federal Project (JFP).

The CCAD 2 fund also supports \$3.6 million in maintenance expenses by other agencies including Reclamation District No. 1000, American River Flood Control District, the City of Sacramento and the County of Sacramento. In addition, \$2.0 million will be used to reimburse the O & M fund for land purchased in the Elkhorn Basin during May 2007.

The majority of expenditures included in the CCAD 2 fund are for Capital Project Construction (\$47.1 million) and the acquisition of land related to those efforts (\$23.4 million).

FY 2016-17 was the final year that the CCAD fund was used for operations and capital expenditures. The remaining CCAD assessments collected during FY 2016-17, in the amount of

\$9.5 million, along with the fund balance of \$8.4 million will be transferred out of CCAD and transferred into CCAD 2 during FY 2017-18.

The Source of funding for the \$80.5 million in CCAD 2 expenditures is a combination of proceeds from Series 2016 bonds **\$56.5 million**, **\$9.0 million in State Aid Reimbursements from the Urban Flood Risk Reduction agreement**, **15.0 million in assessment revenue**, and **\$20,000 in interest** income. Please see Exhibit F attached to Resolution No. 2017-067 for requisite details.

FINANCIAL IMPLICATIONS

The final budget anticipates that the following sources will be used to finance the final \$98.7 million in expenditures budgeted for FY 2017-18:

Actual prior year fund balances \$55.3 million:

- O&M Fund: \$5.2 million
- NALP Capital Fund: \$0.5 million
- NBLAD Fund: \$2.5 million
- CCAD Fund: \$8.4 million
- DIF Fund: \$9.6 million
- CCAD 2 Fund: \$29.1 million

Anticipated Revenues:

- O&M Fund: \$0.9 million
- DIF Fund: \$2.5 million
- Intergovernmental Revenue: \$14.2 million
- Investment Interest: \$50,000

Assessments Revenue After Debt Service:

- O&M Fund: \$6.3 million
- CCAD 2 Fund: \$15.0 million
- NBLAD Fund: \$0

POLICY IMPLICATIONS

The FY 2017-18 Recommended Budget reflects an aggressive approach to pursuing the Board's policy of reducing the most severe flood risks in the Sacramento area as quickly as possible by leveraging available local, State and Federal funds. The budgeted expenditures include local and State funds to continue to progress the Federal portion of the work on the levees protecting the Natomas Basin. The budgeted expenditures also include SAFCA's contributions to ongoing Federal projects to modify Folsom Dam, and for a series of smaller non-Federal projects that will be funded largely by State grants. Finally, the budgeted expenditures include funds for SAFCA

to continue with the LAP design for the Sacramento River East Levee and construction on the North Area Streams project.

RECOMMENDATION

Staff recommends the Board adopt Resolution No. 2017-067 adopting SAFCA's FY 2017-18 Recommended Budget.

JClr/Bud-bd.doc
Attachment(s)

**AFFIDAVIT OF NOTIFICATION FOR A PUBLIC HEARING FOR THE PURPOSE OF
APPROVING THE FINAL FISCAL YEAR 2017-18 BUDGET**

The undersigned hereby certifies as follows:

1. The Clerk of the Board of Directors has caused the following public notice to be published on August 5, 2017, in a newspaper of general circulation and devoted to the publication of general news, printed and published within the boundaries of the Sacramento Area Flood Control Agency, with the date being at least 10 days prior to the specified public hearing date of August, 17, 2017:

PUBLIC NOTICE

SACRAMENTO AREA FLOOD CONTROL AGENCY
BOARD OF DIRECTORS
LEGAL NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on Thursday, August 17, 2017 at 3:00 p.m. or as soon thereafter is practicable the Sacramento Area Flood Control Agency (SAFCA) Board of Directors shall conduct a public hearing to adopt the Fiscal Year 2017-18 Recommended Budget.

The public hearing will be held in the Sacramento County Administration Building, Board of Supervisors' Chambers, 700 H Street, Sacramento, CA 95814.

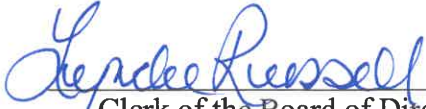
On Thursday, August 17, 2017, at 3:00 p.m. the Board of Directors will conduct a hearing to:

- Hear Final Budget recommendations by the SAFCA Executive Director
- Hear any Public Comments
- Deliberate and consider adoption of the Recommended Budget

Any member of the general public may appear at the hearing and be heard regarding any item of the budget. All proposals for revisions shall be submitted in writing to the Clerk of the Board of Directors before the close of the public hearing. Any person needing information regarding access to the meeting should contact SAFCA at (916) 874-7606. The Recommended Budget Hearing documents will be available at SAFCA, 1007, 7th Street, 7th Floor, and on SAFCA's Internet Website: <http://www.safca.org/finances.htm>.

2. Declaration of Publication from the "*Sacramento Bee*" attached hereto.

Executed on August 7, 2017


Clerk of the Board of Directors
of the Sacramento Area Flood Control Agency

SA

The Sacramento Bee

P.O. Box 15779 • 2100 Q Street • Sacramento, CA 95852

**Sacramento Area Flood Control Agency
Attn: Lyndee Russell, Clerk of the Board
1007 7th Street, 7th Floor
Sacramento, CA 95814**

DECLARATION OF PUBLICATION
(C.C.P. 2015.5)

COUNTY OF SACRAMENTO
STATE OF CALIFORNIA

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interest ed in the above entitled matter. I am the printer and principal clerk of the publisher of The Sacramento Bee, printed and published in the City of Sacramento, County of Sacramento, State of California, daily, for which said newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Sacramento, State of California, under the date of September 26, 1994, Action No. 379071; that the notice of which the annexed is a printed copy, has been published in each issue thereof and not in any supplement thereof on the following dates, to wit: **August 5, 2017**

I certify (or declare) under penalty of perjury that the foregoing is true and correct and that this declaration was executed at Sacramento, California, on **August 7, 2017**



(Signature)

NO 586

**PUBLIC NOTICE
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CONTROL AGENCY
BOARD OF DIRECTORS
LEGAL NOTICE OF
PUBLIC HEARING**

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RESOLUTION NO. 2017-067

Adopted by the Sacramento Area Flood Control Agency

ADOPTING THE RECOMMENDED FISCAL YEAR 2017-18 BUDGET

NOW, THEREFORE, BE IT RESOLVED BY THE SACRAMENTO AREA FLOOD CONTROL AGENCY BOARD OF DIRECTORS THAT:

The Fiscal Year 2017-18 Recommended Budget, as detailed in Exhibits A through F, is hereby approved, authorizing SAFCA to proceed with its flood protection mission.

ON A MOTION BY Director _____, seconded by Director _____, the foregoing resolution was passed and adopted by the Board of Directors of the Sacramento Area Flood Control Agency, this 17th day of August 2017, by the following vote, to wit:

AYES: Directors:

NOES: Directors:

ABSTAIN: Directors:

RECUSE: Directors:

ABSENT: Directors:

Chair of the Board of Directors of the
Sacramento Area Flood Control Agency

(SEAL)

ATTEST:

Clerk of the Board of Directors

JClr/2018 Final Budrs.doc
Attachments