



SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY
www.sfcjpa.org

East Palo Alto, Menlo Park, Palo Alto, San Mateo County Flood Control District, and the Santa Clara Valley Water District

**Notice of Special Meeting of the
SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY BOARD
City of Palo Alto Council Chambers
250 Hamilton Avenue, Palo Alto, California
Thursday, March 22, 2012 at 4:00 p.m.**

AGENDA

- 1) ROLL CALL
- 2) APPROVAL OF MEETING MINUTES – February 9, 2012 Board Meeting
- 3) APPROVAL OF AGENDA
- 4) CONSENT CALENDAR – Fiscal Year 2009-10 Audit

Recommendation: Accept Fiscal Year 2009-10 Audited Financial Statements audited by Grant & Smith, LLP. Audit highlights: one corrected deficiency, down from seven in the previous audit; more project expenses were recaptured by member agencies than in previous years; a one-year budget makes planning difficult; cash received from member agencies did not include receipt of dues prior to July 1; net assets at year end totaled \$193,260; and concern that CalPERS systemwide unfunded liability equaled 46.6% of payroll.

- 5) PUBLIC COMMENT – *Limited time for public comment on items not on the Agenda. Members of the public may address the Board on any Agenda item when that item is considered by the Board.*
- 6) REGULAR BUSINESS – EXECUTIVE DIRECTOR'S REPORT
 - a) Update: SF Bay-Highway 101 project
 - b) Santa Clara Valley Water District proposed November 2012 ballot measure
 - c) Update: Grant applications
- 7) BOARD MEMBER MATTERS - *Non-agendized comments, requests, or announcements by Board members; no action may be taken.*
- 8) ADJOURNMENT

PLEASE NOTE: This Board meeting Agenda can be viewed online by 4:00 p.m. on March 19, 2012 at www.sfcjpa.org -- click on the "Meetings" tab near the top. The reports for the items described on the Agenda will be available at the same online location by 4:00 p.m. on March 20, 2012.

NEXT SCHEDULED MEETING: April 19, 2012 at 4:00 p.m. at the Menlo Park City Council Chambers.

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Director Burt called the meeting to order at 4:09 p.m. at the City of Menlo Park Council Chambers, Menlo Park, CA.

DRAFT

1) ROLL CALL

Members Present: Director Burt, City of Palo Alto
Director Abrica, City of East Palo Alto (left at 5:35)
Director Keith, City of Menlo Park
Director Schmidt, Santa Clara Valley Water District
Director Pine, San Mateo County Flood Control District (arrived 4:11)

Alternates Present: Director Kwok, Santa Clara Valley Water District (in audience)
Director Ohtaki, City of Menlo Park (in audience)

JPA Staff Present: Len Materman, Executive Director
Kevin Murray, Staff
Miyko Harris-Parker, Staff

Legal Counsel: Greg Stepanicich

Others Present: Art Kraemer, Palo Alto resident; Trish Mulvey, Palo Alto resident;
Jerry Hearn; Portola Valley resident; Dennis Parker, East Palo Alto
resident; Joe Teresi, City of Palo Alto; Ann Stillman, San Mateo
County Flood Control District; Kevin Sibley, Santa Clara County Flood
Control District; Chip Taylor, City of Menlo Park; Chris Elias, Santa
Clara Valley Water District

2) APPROVAL OF MEETING MINUTES - December 15, 2011 Meeting

Director Keith motioned to approve the December 15, 2011 meeting minutes. Director Abrica seconded. February 09, 2012 meeting minutes Approved 4-0. Director Schmidt noted that that though he was not a Director (he was the SCVWD alternate) at that meeting he was present.

3) APPROVAL OF AGENDA

Director Schmidt motioned approval of the agenda. Director Keith seconded. Agenda approved 4-0.

4) PUBLIC COMMENT

Trish Mulvey, Palo Alto resident, said that it was great to have Director Schmidt on the Board and she offered him her congratulations. Mrs. Mulvey expressed her concern over the fact that the Board has not yet approved of the purposes that were brought to the Board a few months ago. Mrs. Mulvey told the Board that she hopes to see a budget that goes with hand –in-hand with the agency purposes in the near future.

5) REGULAR BUSINESS

Board Organization: Select a Chair, Vice Chair, and members of Board Committees

Director Burt noted that he was chairing the meeting because our former Chairperson is out going Director Kwok of the SCVWD. Director Burt welcomed Directors Pine and Schmidt to the Board. Director Schmidt thanked outgoing Chairperson Kwok for all of the guidance and help that he has provided to the JPA and to Director Schmidt personally.

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Director Burt asked for Board nominations for the Chairperson position. Director Abrica nominated Director Burt for chair. Director Keith seconded the motion saying that she believes Director Burt will be a great Chairperson. Nomination to appoint Director Burt as Chairperson of the SFCJPA Board approved unanimously 5-0. Chairperson Burt thanked the Board and stated that he was looking forward the challenges and the opportunities we have before us this year.

Chairperson Burt asked for nominations for the Vice-Chairperson position. Director Abrica nominated Director Keith for Vice-chair. Director Schmidt seconded. Nomination to appoint Director Keith Vice-Chairperson Passed unanimously 5-0.

Chairperson Burt asked for volunteers for the two Board standing committees Personnel and Finance and the one ad-hoc committee on Emergency Preparedness and Response. Director Pine volunteered for the Finance Committee. Director Keith said she would be happy to be on either Finance Committee or the Personnel committee. Chairperson Burt asked for a vote on the nominations of Directors Pine and Keith to the Finance Committee. Nominations of Director Burt and Director Keith to the Finance Committee passed unanimously 5-0.

Chairperson Burt volunteered for the Personnel Committee. Director Abrica volunteered for the Emergency Prep. Committee. Director Schmidt volunteered for the Emergency Prep. Committee and the Personnel Committee. Nomination to appoint Chairperson Burt and Director Schmidt to the Personnel Committee passed unanimously 5-0. Nomination to appoint Director Abrica and Director Schmidt to the Emergency Prep. Committee passed unanimously 5-0.

Proposed SFCJPA Fiscal Year 2012-13 Operating Budget discussion and approval

Mr. Materman presented the proposed FY 2012-2013 budget package, which included a proposed increase in the member agency annual contribution. He gave a brief background of the SFCJPA's budget outcomes over the last five years. Mr. Materman provided the Board with a list of the anticipated activities that the SFCJPA will be working on in the upcoming fiscal year. Mr. Materman suggested that the Board consider looking into a two year budget approval to better help the budget process for the SFCJPA and its member agencies.

Director Schmidt asked for clarification on the slide showing revenues vs. expenses saying that the slide should show a surplus in reserves instead of a decline. Mr. Materman responded saying that he would have to look into it and get back to Board members with the clarification. Director Schmidt commented on the fact that if the Board decides that we do not want to have any increases in membership dues then looking at the red line the next step would not be to just budget as normal, instead would have to make some substantial changes. Mr. Materman agreed, saying that we would have to take a look at the anticipated activity and project list and determine which of the projects or activities we would not be able to commit to. Director Schmidt said that it would be nice to include in the budget package something that could show different levels of membership dues and what each of those levels would get us.

Director Keith stated that the Cities of Menlo Park and East Palo have lost funding from the closure of their Redevelopment Agencies (RDA). Director Keith said that Menlo Park has lost \$3 million and that the RDA was providing approximately \$38,000 of the SFCJPA membership dues and about \$50,000 comes from the storm water budget, which is also under stress.

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Director Abrica asked if the \$50,000, which is shown on the budget to cover the Grant Administrator position, is going to be received annually. Mr. Materman replied saying yes the \$50,000 would be received annually for three fiscal years under the term of the State grant contract. Mr. Materman explained that the remaining \$10,000 would hopefully be able to offset some of the Project Manager's salary. Director Abrica agreed with Director Schmidt's request for a document that would show the different levels of member agency dues and what each of those levels would get us saying that it could help in trying to find a comfortable balance for each member agency. Director Abrica commented that maybe we do a \$10,000 increase for this budget then look at how much more we can increase in the future so that we are able to more than just an all or nothing approach.

Director Pine asked for an explanation on the figures that are being proposed for the employee benefits line item. Mr. Materman responded saying that the proposed amounts are based on the benefit providers as we have had increases in benefits expenses every two years. Director Pine said that it is hard to increase the member agency contribution, but we have kept them flat for some time if the \$98,000 was based on inflation it might not be such a big hit.

Chairperson Burt said that he appreciates the difficulties that are being had with the RDA situation as the City of Palo Alto had its hardest budget two years ago and that in normal times it might be good to do a big jump but it may be prudent find a way to do small increases for now. Chairperson Burt continued saying that in 2007-08 when we increased the member agency dues it was not just an increase in the dues but it was also a transformation of the agency so that we were not an agency that was specifically relying on the Corp of Engineers. Chairperson Burt explained that he was going to talk about this later in regards to Director Kwok, as Director Kwok's role was significant in these changes.

Chairperson Burt said that we are having concerted activity that is getting us very close to addressing the problems and coming up ways to come together with state funds, local dollars, our county agencies and we recognize that we are getting our money's worth we just have this dilemma right now when we are getting a head of steam here we have disruptions that are going on with our member agencies being able to contribute more. Chairperson Burt asked if there is any precedent or any problem legally or with the Board to allow one member agency to say that they will incur a liability, but on a cash basis, i.e. if one of our member agencies says this year we will pay the former amount but in outlining years we will incur the additional amount. Greg Stepanicich, SFCJPA Legal Counsel, stated that he would have to review the original SFCJPA agreements to see if differential and deferred payments are an option.

Mr. Materman noted that our current year balance is about \$50,000 over what we bring in and if there was a \$10,000 increase for next fiscal year we would be fine, but after that we would be cutting into the reserves and that is not a sustainable situation.

Director Keith asked Director Pine if it would be possible for San Mateo County to subsidize the funding for Menlo Park and East Palo Alto. Director Pine replied saying that he would check into the idea. Director Keith said that if we do move forward with a \$10,000 increase we could look at the \$40,000 set aside for the Grant Administrator position. Mr. Materman responded saying that the Grant Administrator position is a position that is needed for the State grant which will have a significant amount work that our 3 person staff cannot take on.

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Chairperson Burt asked Mr. Materman to give the Board an outline of what we have gotten from our grant submittals in comparison to the funds we have paid out. Mr. Materman provided a brief outline saying that

- the cost associated with the Newell Bridge Cal-trans grant was about \$10,000 not including staff time with a \$480,000 award;
- the state grant cost was about \$20,000, not including staff time, for an \$8 million award, and
- for the DWR grant for the coastal levees the JPA spent about \$18,000, and though we don't know the result we applied for \$1.3 million.

Chairperson Burt said that there is a second element to how these additional grants and activities are leveraged and it's a political one. Chairperson Burt said we were able to get the SCVWD to be major participants in the downstream of Highway 101 effort thanks to our two SCVWD directors and coming on the horizon we have the renewal of the SCVWD Measure B funds which is now the Safe, Clean Water ballot measure due to come to voters this November. Chairperson Burt reminded the Board that as we heard in our last meeting the budgeted amount for the Safe, Clean Water measure was raised from \$26 million for this project to \$35 million and in the last election for the original Measure B passed by 1,100 votes and it passed in Palo Alto by 1,500 votes. Chairperson Burt explained that it was going to be very important for us to be able to convince the voters of Palo Alto, who tend to be voters who are willing to support tax measures that they are really getting their money worth.

Chairperson Burt said that we are really grateful of the work that was done to increase the allocation to this project and so being able to show the kind of progress we are doing that we are not only getting this great leverage pursuing these grants and these other opportunities, the acceleration that we are starting with downstream is extremely important in terms of being able to help the SCVWD pass this new bond measure which helps all of us, frankly without that bond measure passing our master plan which looks like is coming together would have a giant hole. Chairperson Burt said that second, we have been discussing at this Board the prospect of an assessment district to fill that final gap in the 100 year protection for the whole watershed and it looks as if the new SCVWD measure passes that we could have an assessment district that would have assessment maybe only for the properties that are only in creek flooding because we have this dilemma of properties that are in both tidal and creek flooding and they will not get out of the cost of the flood insurance as they are still in the tidal area even though they got out of the creek and if we peel off properties that are only in the creek area and have an assessment district for them we don't know the exact numbers but it's looking like they can save a lot of money per household/per property and get out of flooding and get out of a \$1,300 a year or so flood insurance. Chairperson Burt said that we are in the cusp of being able to present to voters a good return on investment in both instances not necessarily either or, but the dilemma we have is that if we were to back off on any of the activities we could jeopardize all of that and while he fully appreciates what's going on with member agencies and that dilemma we need to recognize the extremely important and sustain the momentum of what is going here and help each other by trying to do that. Chairperson Burt said that he and the City of Palo Alto fully respect the dilemma that is going on in the other cities with the RDA issue and that we all want to help and do what we can.

Director Keith agreed with what Chairperson Burt said and that she is glad to see the Pope-Chaucer Bridger design and she would like to have an update on the Middlefield Bridge and the result of the flood insurance issue that we were watching in DC.

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Mr. Materman said that the Pope-Chaucer Bridge design we all recognize the value and importance of that both from a flood control perspective as well as a political perspective getting back to what Chairperson Burt just mentioned about the bond measure and where that stands is that the SFCJPA staff has had discussions with the SCVWD staff and that we are looking at engaging a designer within the next six months to start the process of designing the bridge and of course we can't construct that until we construct the elements downstream of there so we don't transfer the risk farther downstream.

Mr. Materman said that there were some issues with the Middlefield Road Bridge application as there was a Caltrans employee retiring at the time we submitted our application which got misplaced and when it was found and submitted to headquarters it was passed the deadline. Mr. Materman continued to explain that Caltrans has called for a rehabilitation of the bridge instead of a replacement and that the application forwarded from Menlo Park to Caltrans was an application that called for replacement as rehabilitating the Middlefield Road Bridge is completely unfeasible. Mr. Materman said that Caltrans has asked for more information on the hydraulics and we have yet to provide that information though Caltrans has invited us to participate in a site visit so that they can inspect the bridge. Director Keith asked when the e-mail was sent for the site visit. Mr. Materman replied saying that we would have to check with the Menlo Park staff as the e-mail was sent from Caltrans to Menlo Park staff. Director Keith asked if a site visit would be helpful. Mr. Materman replied saying yes and in order to continue the application it would be required. Mr. Materman provided a brief response in regards to the flood insurance issue in DC saying that the House measure did not include the provision it was stripped from the measure and the final year long appropriations bill that was passed by Congress authorized Flood Insurance program for a 6 month temporary re-authorization and did not address the issue.

Director Schmidt thanked Chairperson Burt for keeping us focused on the big picture and that it is clear that we need to take action on these budgetary issues so that the SFCJPA budget does not feel a drastic curtailing of those opportunities. Director Schmidt said that he heard two suggestions so far, given the difficult strain that two of our member agencies are facing; one is to do something now with the understanding that it is just for one year and the other possibility is working out some type of accrual basis.

Director Kwok, SFCJPA Alternate, said that when he listens to the details of the budget, he believes it is going to be a little bit more of a challenge this year and he suggested asking the Finance Committee to look at how the work being done refill the reserves especially the work being done with grant funding. Director Kwok said that Chairperson Burt hit a very important point about looking for more grants for construction and that SCVWD has always been on the position for seeking grants. Director Kwok stated that it is very important to continue to lobby our representatives in DC to put in request in support of the SCVWD to ensure the funding keeps coming in.

Mr. Materman said that the next agenda item will focus on the SFCJPA grants and that we are going to try to maximize the amount of credit we get for work that has already been done.

Chairperson Burt clarified that the Board does not have to pass or accept the budget today. Mr. Materman responded agreeing that we do not have to pass or accept a budget today as the

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SFJPA is not pushing the timeline rather it is the member agencies budget processes that are needing the information for the SFCJPA's FY2012-13 budget.

Director Schmidt moved to approve the FY2012-2013 proposed budget with \$617,075 in expenses. Director Keith seconded the motion. FY 2012-2013 budget with \$617,075 in expenses approved unanimously, 5-0. Director Keith moved approval of increasing the FY2012-2013 member agency dues by \$10,000 per member agency.

Mr. Materman reminded the Board that the result of their accepting of the budget will be him sending a letter and invoice to each Member Agency. Director Schmidt asked that the letter being sent include the Board's statement of intent that additional revenues will be needed following FY 2012-2013. Chairperson Burt agreed and asked that Director Schmidt's request be added to the motion. Director Keith seconded the motion. Motion to approve FY 2012-2013 member agency dues by \$10,000 to \$108,000 per member agency with the Boards statement of intent that additional revenues will be needed following FY2012-2013 passed unanimously, 5-0.

Director Pine asked if the Board's statement of intent should reflect an increase date. Director Schmidt replied saying yes, we should include the Board's statement of intent for additional revenues are expected in FY 2013-2014. Director Keith asked that the reserves document that was presented to the Board be included in with the letter and invoice.

Chairperson Burt apologized that the previous item took longer than expected noting that one of the Board members had to leave momentarily and that Director Kwok had to leave and we will bring back our presentation to thank Director another time.

Update: SF Bay-Highway 101 project, including the CA Department of Water Resources grant
Mr. Materman provided a brief update of the SF Bay-HWY 101 project. Mr. Murray stated these items that we are pursuing credit for we don't know if we are going to get full credit for all of the expenditures but we are going to try.

Director Pine commented that he and Mr. Materman had a discussion about the gas pipeline and he asked for any updates that may have come since that discussion. Mr. Materman responded saying that tomorrow he and Mr. Murray are meeting with PG&E and we will know more about the pipeline situation after that meeting. Mr. Materman said that it has taken PG&E a long time to appoint a Project Manager for this project and that it would seem that a pipeline built in 1959 would up for replacement but they would be asking PG&E about it tomorrow. Director Keith asked if we know if the line has been tested. Mr. Materman said he would ask that question at the meeting. Mr. Murray responded that his understanding is that the pipeline has not been tested with the same pressure testing that PG&E has done on other pipelines.

6) BOARD MEMBER MATTERS - *Non-agendized comments, requests, or announcements by Board members. No action may be taken.*

Director Schmidt stated that yesterday he attended a meeting at the Guadalupe Coyote Resource Conservation District and one thing they had there was a presentation from somebody from the San Mateo County Resource Conservation District which does some really interesting partnering with different agencies on rehabilitation and he wondered if they had ever come and presented at the SFCJPA and if not the group sound very interesting and we might consider having them come and make a presentation.

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Mr. Materman responded saying that to his knowledge they have not presented to the Board but we could certainly have them come and make a presentation.

Director Pine addressed the Board saying that he is looking forward to working with each member on this project and he thanked Mr. Materman for taking the time to meet with him and giving him the background information on the agency and its projects.

Director Keith stated that it was very important for Mr. Materman to go to Sacramento and make some connections with our elected as they those connections will be very helpful in seeking funding efforts for our project.

7) ADJOURNMENT:

Chairperson Burt adjourned the meeting at 5:37 pm

Minutes Prepared by Clerk of the Board: Miyko Harris-Parker

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Agenda Item 4
Consent Calendar – Fiscal Year 2009-10 Audit

Recommendation: Accept Fiscal Year 2009-10 Audited Financial Statements audited by Grant & Smith, LLP. Audit highlights: one corrected deficiency, down from seven in the previous audit; more project expenses were recaptured by member agencies than in previous years; a one-year budget makes planning difficult; cash received from member agencies did not include receipt of dues prior to July 1; net assets at year end totaled \$193,260; and concern that CalPERS systemwide unfunded liability equaled 46.6% of payroll.



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JOINT POWERS AUTHORITY

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

**SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY**

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Directors
San Francisquito Creek Joint Powers Authority:

We have audited the accompanying statement of net assets of the San Francisquito Creek Joint Powers Authority (the "Authority") as of June 30, 2010, and the related statements of revenues, expenses and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as June 30, 2010, and the respective changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Grant & Smith, LLP

Oakland, California
January 6, 2012

SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2010

This Management's Discussion and Analysis is intended to serve as a narrative overview and analysis of the financial activities of the San Francisquito Creek Joint Powers Authority (the "Authority") for the year ended June 30, 2010. The information presented here should be read in conjunction with the information furnished in the financial statements and notes to the financial statements.

Overview of the Financial Statements

The Authority's financial statements include the statement of net assets, statement of revenues, expenses and changes in net assets, and statement of cash flows. Also included are the notes to the financial statements.

The statement of net assets shows the difference between assets and liabilities. Net assets are classified into three categories: invested in capital assets (net of related debt), restricted, and unrestricted. The Authority had no capital assets and related debt at June 30, 2010. All the Authority's assets and liabilities are current (generally within 12 months).

The statement of revenues, expenses and changes in net assets shows the revenues and expenses that contributed to the change in net assets during the year.

The statement of cash flows summarizes the cash inflows and outflows based on type of activity, including cash flows from operations, non-capital financing activities, capital and related financing activities, and investing activities. The Authority had no capital and related financing activity during the year ended June 30, 2010.

Notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the financial statements.

Financial Analysis

The most significant events affecting the comparability of the Authority's financial statements for the year ended June 30, 2010, to the prior year are highlighted below.

Statement of Net Assets

The net assets of the Authority increased by \$25,623 from the prior year. The composition of net assets as of June 30, 2010 and 2009 is shown in the following table:

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Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2010 (continued)

	<i>FY 09-10</i>	<i>FY 08-09</i>	<i>Change</i>
Cash	\$240,559	\$322,305	\$(81,476)
Prepaid expenses	15,585	8,730	6,855
Total assets	<u>256,144</u>	<u>331,035</u>	<u>(74,891)</u>
Accounts payable	26,675	24,256	2,419
Accrued salaries and benefits	36,209	26,142	10,067
Deferred revenue		113,000	(113,000)
Total liabilities	<u>62,884</u>	<u>163,398</u>	<u>(100,514)</u>
Net assets	<u>\$193,260</u>	<u>\$167,637</u>	<u>\$25,623</u>

The \$81,476 decrease in cash resulted from use and earning of prior years deferred revenue.

Accrued salaries and benefits increased by \$10,067. The increase resulted from accrued vacation, personal leave and professional development leave of all of the employees

Deferred revenue decreased due to member entities not prepaying 2010-2011 Member Entity contributions.

Statement of Revenues, Expenses and Changes in Net Assets

During the year ended June 30, 2010, the Authority's net assets decreased by \$40,821 from the prior year. This change in net assets is shown in the following table:

	<i>FY 09-10</i>	<i>FY 08-09</i>	<i>Change</i>
Total operating revenues	\$490,000	\$490,000	
Total operating expenses	466,544	530,894	\$(64,350)
Operating profit (loss)	<u>23,456</u>	<u>(40,894)</u>	<u>(64,350)</u>
Net non-operating revenues	2,167	2,165	2
Change in net assets	25,623	(38,729)	64,352
Net assets, beginning of year	<u>167,637</u>	<u>206,366</u>	<u>(38,729)</u>
Net assets, end of year	<u>\$ 193,260</u>	<u>\$167,637</u>	<u>\$ 25,623</u>

Operating revenues are comprised of Member Entity contributions. Each member contributed approximately \$98,000 in fiscal year 2008-09 and \$98,000 in fiscal year 2009-2010.

Operating expenses are comprised of the personnel cost of the Authority's three employees, project consultants, legal and accounting, insurance and office expenses. The Authority's operating expenses for the year ended June 30, 2010, decreased by \$64,350 which is primarily due to the following:

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Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2010 (continued)

- Approximate \$29,000 increase in Personnel costs due primarily to salaries increase by \$16,000 and benefits \$13,000
- Approximately \$90,000 decrease in consultant services. Prior year \$88,000 was paid for a Flood Reduction Alternatives Analysis.

Net non-operating revenues increased by \$98,164 due to:

- Approximate \$98,162 increase in federal contribution for the Corps Project.

Summary of Known Facts, Decisions or Conditions

The following are currently known facts decisions or conditions that are expected to have a significant impact on the financial position or changes in financial position of the Authority:

- The Authority's operational budget is funded by annual member agency contributions. The member agencies derive funding from different sources within their general budgets. Those budgets are dependent upon the State's economy and a future stable economic climate. The Authority members are only bound in a voluntary agreement, and make year-to-year decisions whether they will continue to participate in the Authority by contributing the amount requested by the Authority through its approved operating budget.
- The Authority is under contract with the U.S. Army Corps of Engineers for Phase II (Feasibility Phase) related to a 20-year flood control and ecosystem restoration project. The contract estimates total project cost to be \$7.5 million, of which the Authority, acting as the umbrella organization for its member agencies, is responsible for 50% local matching funds, including \$500,000 in-kind management contributions.

Two members of the Authority, the San Mateo County Flood Control District and the Santa Clara Valley Water District, have agreed through a resolution of the Authority Board, to provide \$1.5 million each for project completion through Phase II. The federal matching dollars are approved on a year-to-year basis through the Congressional/Presidential budget planning process and are subject to fluctuation in amounts.

The agreements discussed above call for the Authority to manage the project with the Corps, coordinate all member agency participation, run a media and public participation campaign, and maintain accounting records.

Funding beyond Phase II has not yet been determined and is the subject of management discussions. The entire cost of project will not be known until sometime after Phase II is completed in about 2011.

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Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2010 (continued)

Requests for Information

The annual financial report is designed to provide a general overview of the Authority's finances and operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mr. Len Materman
Executive Director
San Francisquito Creek Joint Powers Authority
615 B Menlo Ave
Menlo Park, CA 94025

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2010**

ASSETS		2010
CURRENT ASSETS		
Cash		\$ 240,559
Prepaid Expenses		15,585
Total Current Assets		<u>256,144</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable		26,675
Accrued Salaries and Benefits		36,209
Total Current Liabilities		<u>62,884</u>
 NET ASSETS		 <u><u>\$ 193,260</u></u>

See accompanying notes.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2010**

	ACTUAL	BUDGET	VARIANCE
OPERATING REVENUES - MEMBER			
Entity Contributions:			
City of Palo Alto	\$ 98,000	\$ 98,000	\$ -
City of East Palo Alto	98,000	98,000	-
City of Menlo Park	98,000	98,000	-
Santa Clara Valley Water District	98,000	98,000	-
San Mateo County Flood Control District	98,000	98,000	-
Total Operating Revenues	<u>490,000</u>	<u>490,000</u>	<u>-</u>
OPERATING EXPENSES:			
Personnel:			
Salaries	247,848	248,025	(177)
Benefits	117,055	100,809	16,246
Payroll Taxes	19,365	22,130	(2,765)
Personnel Services	3,398	3,150	248
Auto Allowance	5,833	5,000	833
Legal	13,572	15,000	(1,428)
Financial/CPA	12,000	12,000	-
Office Expense	38,770	37,882	888
Consultant Services/Studies	7,746	50,000	(42,254)
Contingency	957	10,000	(9,043)
Total Operating Expenses	<u>466,544</u>	<u>503,996</u>	<u>(37,452)</u>
Operating Income (Loss)	<u>23,456</u>	<u>(13,996)</u>	<u>37,452</u>
NON-OPERATING REVENUE(EXPENSES):			
Interest	2,167	2,500	(333)
Federal Contribution to Corps Project	467,123		467,123
Consultant Services	(467,123)		(467,123)
Total Non-Operating Revenues	<u>2,167</u>	<u>2,500</u>	<u>(333)</u>
CHANGES IN NET ASSETS	25,623	(11,496)	37,119
NET ASSETS, BEGINNING OF YEAR	<u>167,637</u>	<u>44,124</u>	<u>123,513</u>
NET ASSETS, END OF YEAR	<u>\$ 193,260</u>	<u>\$ 32,628</u>	<u>\$ 160,632</u>

See accompanying notes.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Member Entities	\$ 392,000
Cash Paid to Employees for Services	374,201
Cash Paid to Suppliers for Goods and Services	101,712
Cash Used by Operating Activities	<u>(83,913)</u>

CASH FLOWS FROM INVESTING ACTIVITY

Interest Received	<u>2,167</u>
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Decrease in Cash	(81,746)
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CASH, BEGINNING OF YEAR	<u>322,305</u>
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CASH, END OF YEAR	<u><u>240,559</u></u>
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NON-CASH NON-CAPITAL FINANCING ACTIVITY

Project Costs Paid by U.S. Army Corps of Engineers	<u><u>\$ 467,123</u></u>
----------------------------------------------------	--------------------------

RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

TO OPERATING LOSS:

Cash Provided by Operating Activities	\$ (83,913)
Increase in Prepaid Expenses	6,855
Increase in Accounts Payable	(2,419)
Increase in Accrued Salaries and Benefits	(10,067)
Increase in Deferred Revenue	113,000
Operating Loss	<u><u>\$ 23,456</u></u>

See accompanying notes.

San Francisquito Creek Joint Powers Authority
Notes to Financial Statements
Year Ended June 30, 2010

NOTE 1 - ORGANIZATION

The San Francisquito Creek Joint Powers Authority (the “Authority”) was created in May 1999 as a joint powers authority by the City of Menlo Park, the City of Palo Alto, the City of East Palo Alto, the Santa Clara Valley Water District and the San Mateo Flood Control District (the “Member Entities”). The Authority was formed to manage the joint contribution of services and to provide policy direction on issues of mutual concern related to the San Francisquito Creek, including bank stabilization, channel clearing and other creek maintenance, planning of flood control measures, preserving and enhancing environmental values and instream uses, and emergency response coordination.

The Authority is governed by a five-member board, comprised of one director appointed by each Member Entity. The Authority is legally separate and fiscally independent from each of the Member Entities, which means it can incur debt, set and modify its own budgets and fees, enter into contracts, and sue or be sued in its own name. The accompanying financial statements reflect the financial activity of the Authority.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liability is incurred, regardless of the timing of the related cash flows.

The accounts of the Authority are organized on the basis of an enterprise fund. Enterprise funds account for activities: (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; (ii) that are required by laws or regulations that the activity’s cost of providing services, including capital costs (such as depreciation or debt service) be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund’s principal ongoing operations. The principal operating revenues of the Authority are contributions from the Member Entities to cover operating costs of the Authority. Operating expenses include administrative salaries and consultant services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

San Francisquito Creek Joint Powers Authority
Notes to Financial Statements
Year Ended June 30, 2010 (continued)

The Authority follows Governmental Accounting Standards Board pronouncements. It also follows those Financial Accounting Standard Board Statements issued before November 30, 1989 that do not conflict with Governmental Accounting Standards Board pronouncements.

Budget

The Board of Directors each year adopts an operating budget consistent with generally accepted accounting principles. This budget is not effective until approved by the governing body of each Member Entity. There were no significant revisions to the budget during the year.

Member Entity Contributions

Under terms of the joint powers agreement, the Authority's Board annually estimates the operating costs of the Authority for the coming fiscal year and proposes a formula for allocating the costs to the Member Entities. The Member Entities then make contributions representing their share of the needed operating costs to the Authority. Each Member Entity contributed \$98,000 during the year ended June 30, 2010, to cover Authority operating costs for the year.

Accumulated Vacation and Sick Leave

By Authority policy, employees earn 96 hours per year of personal leave as well as 88 to 136 hours of vacation, depending on years of service. Up to 180 hours of personal leave and up to 280 hours of vacation can be carried over from year to year until used. The Authority has accrued \$31,739 for this liability at June 30, 2010. Sick leave benefits do not vest and have not been accrued; they are recorded as expense in the period the sick leave is taken.

Grants Received

Grants are reported as non-operating revenue as soon as all eligibility requirements have been met.

Net Assets

Net assets are reported as unrestricted since they have no external restrictions on their use. When both restricted and unrestricted net assets are available, it is the Authority's policy to use restricted resources before using unrestricted resources.

Estimates

Management has made estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual values could differ from these estimates.

NOTE 3 - CASH AND INVESTMENTS

During the year ended June 30, 2010, all the Authority's cash was maintained in bank accounts. These cash deposits are entirely insured or collateralized by the bank holding the deposit. California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all municipal deposits. This collateral remains with the institution, but is considered to be held in the Authority's name and places the Authority ahead of general creditors of the institution.

San Francisquito Creek Joint Powers Authority
Notes to Financial Statements
Year Ended June 30, 2010 (continued)

Investments authorized by the California Government Code for Authority purchase include:

Securities of the United States Government	California Local Agency Investment Fund
Securities of United States Government Agencies	Securities of California Local Agencies
Bankers Acceptances	Medium Term Corporate Notes
Commercial Paper	Money Market Mutual Funds
Certificates of Deposit	Savings Account
Negotiable Certificates of Deposit	Securities of the State of California
Repurchase Agreements	

NOTE 4 - EMPLOYEE RETIREMENT PLAN

The Authority provides retirement benefits to its three employees through the California Public Employees Retirement System (“CalPERS”), a cost-sharing multiple-employer defined benefit pension plan. This plan acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The Authority’s employees participate in the Miscellaneous Employee Plan.

Benefit provisions under the plan are established by State statute. Benefits are based on years of service, age and final compensation, equal to the average of the employees’ highest consecutive 12-month period. Funding requirements for the plan are determined as of each June 30 on an actuarial basis by CalPERS and the Authority must contribute these amounts. Benefits vest over five years, benefit payments are monthly for life and the retirement age is 50.

CalPERS determines contribution requirements using the Entry Age Normal method. Under this method, the Authority’s total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the Authority must pay annually to fund an employee’s projected retirement benefit. The actuarial assumptions used to compute contribution requirements are also used to compute the pension benefit obligation. The Authority required contribution rate for the year ended June 30, 2010 was 13.414%. The actuarially required contribution for the years ended June 30, 2010, 2009 and 2008, and the amounts actually contributed by the Authority were \$21,476, \$31,631 and \$49,096, respectively.

CalPERS uses the market related value method of valuing the plan’s assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. The Authority’s unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 20-year period ending June 30, 2024.

The plan’s actuarial value (which differs from market value) and funding progress over the past three years are set forth below at their actuarial valuation date of June 30, 2009 (dollars in thousands):

San Francisquito Creek Joint Powers Authority
Notes to Financial Statements
Year Ended June 30, 2010 (continued)

<i>Actuarial Valuation Date</i>	<i>Entry Age Accrued Liability</i>	<i>Actuarial Value of Assets</i>	<i>Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>	<i>Unfunded Liability as % of Payroll</i>
2007	\$ 2,611,746	\$ 2,391,434	\$ 220,312	91.6%	\$ 665,523	33.1%
2008	2,780,281	2,547,323	232,957	91.6	688,607	33.8%
2009	3,104,798	2,758,511	346,287	88.9	742,981	46.6%

The most recently available actuarial report from CalPERS was as of June 30, 2009. Audited annual financial statements are available from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

NOTE 5 – U. S. ARMY CORPS OF ENGINEERS PROJECT

In November 2005, the Authority entered into an agreement with the U.S. Army Corps of Engineers (the “Corps”) to share in the cost of a study (the “Corps Project”) to determine project alternatives for flood damage reduction and ecosystem restoration for the San Francisquito Creek Watershed. The study is estimated to cost approximately \$7.5 million with costs shared evenly between the Corps and the Authority (along with its Member Entities). The funding agreement shows that the Authority’s share of project costs will be met by \$1.5 million contributions each from the Santa Clara Valley Water District and the San Mateo County Flood Control District, \$32,325 each from the City of East Palo Alto and City of Menlo Park, and approximately \$800,000 of in-kind contributions from Authority staff. After the study is complete in approximately 2013, the Authority and Corps will consider moving to a construction phase of the project. At the beginning of each year, the Santa Clara Valley Water District and the San Mateo County Flood Control District are required to deposit cash into an escrow account maintained by the Corps in the amount estimated by the Corps to be needed during the year. The Authority reports all Corps Project costs as non-operating consultant services/studies expenses and the Corps share of such costs as Federal contribution (\$467,123 for the year ended June 30, 2010) as the costs are incurred.



To the Board of Directors
and Management of San Francisquito Creek Joint Powers Authority

In planning and performing our audit of the financial statements of San Francisquito Creek Joint Powers Authority as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered San Francisquito Creek Joint Powers Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in San Francisquito Creek Joint Powers Authority's internal control to be significant deficiencies:

Deficiency 1

During our audit, we noted that certain general ledger balances were not adjusted prior to year end. These included the adjustments to reconcile revenues, and other adjustments. These corrections were posted after the year-end close.

Recommendation 1

We strongly suggest that management should take whatever steps necessary to improve the year end adjustment and closing process. This should include a careful review of transactions that occur shortly before and after year end to ensure that all material transactions are identified and adjusted.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Oakland, California
January 6, 2012

San Francisquito Creek Joint Powers Authority
March 22, 2012 Board Meeting
Agenda Item 6
Executive Director's Report

With the help of Kevin Murray and Miyko Harris-Parker, I am pleased to submit the following:

a) Update: SF Bay-Highway 101 project

On March 2nd, SFCJPA consultant HDR, Inc. submitted the 60% design of the SF Bay-Highway 101 project for review by SFCJPA and member agency staff. With this submittal, we now have far greater detail on the project than we did with the 30% design. For example, we more fully understand the project impacts on adjacent property owners, and can begin negotiations that will enable the project to be built as designed. With these details, we are now working closely with PG&E and the East Palo Alto Sanitary District on their modifications to utilities in the area. Also, with the 60% submittal, our environmental consultant ICF can develop the project's Environmental Impact Report. While unexpected delays are possible, especially on a project this complex, the following is our anticipated schedule this year:

- Administrative Draft EIR complete: mid-April
- 90% design: early June
- Public Draft EIR: mid-June with a 45 day comment period
- 100% design: early July
- Final EIR: mid-September
- Adoption of EIR: end of September

SFCJPA staff has created a Draft Agreement to Fund, Own, Maintain, and Manage the Construction of Phase 1 of the SF Bay-Highway 101 project, and we have circulated the Draft Agreement among member agency staff. This agreement will define the roles and responsibilities of the agencies in the implementation of Phase 1, which will include constructing the new levees, degrading a portion of the northern levee downstream of the O'Connor pump station to allow overflow into the baylands, excavating sediment throughout the project reach, constructing a new boardwalk to connect the Friendship Bridge to the new Palo Alto side levee, and modifying utilities.

Several outstanding issues will be resolved through the process of completing the Draft Agreement, including: which agency or agencies will manage the project's construction, which agency or agencies will secure regulatory permits, which agencies will own and be responsible for maintaining the constructed project, and how – and how much – funding beyond the State Department of Water Resources grant will be secured and managed. I plan to present an outline of the Draft Agreement at the April 19 SFCJPA Board meeting and ask the Board to approve the agreement in May.

Since the project will construct a new levee within the Palo Alto Municipal Golf Course, the project must mitigate this permanent impact. In order to separate the schedules of the SFCJPA project and City's plans in the golf course area, SFCJPA and City staff have negotiated a mitigation measure that is primarily a cash payment from the SFCJPA to the City. The amount will be equivalent to the cost of mitigating for impacts – a baseline project that replaces four golf holes within the levee footprint and relocates other holes necessary to maintain a regulation 18-hole golf course. This payment would reduce the permanent impacts to a less-than-significant level, however, since the implementation of this mitigation measure is outside the SFCJPA's jurisdiction, it represents a significant and unavoidable impact to the Golf Course.

This arrangement would allow Palo Alto to determine the future use of this recreational area, and give it the option to make improvements beyond the baseline mitigation project. It would also absolve the SFCJPA of responsibility to design and construct the golf course reconfiguration within the SF Bay-Highway 101 project. The text of this mitigation measure, which will be included within the Draft EIR, will reference a side agreement between the SFCJPA and City regarding the payment terms.

This agenda item is a discussion item, and no Board action is requested.

San Francisquito Creek Joint Powers Authority
March 22, 2012 Board Meeting
Agenda Item 6
Executive Director's Report

b) Santa Clara Valley Water District proposed November 2012 ballot measure

As discussed at the December 2011 SFCJPA Board meeting, the Santa Clara Valley Water District is actively planning its next countywide ballot measure for November 2012 called "Safe, Clean Water and Natural Flood Protection." It is intended to provide funding beyond the 15-year period of the previous measure, passed countywide in November 2000.

Since mid-December, City of Palo Alto staff, myself, SFCJPA Chair Pat Burt and other elected officials have been involved in discussions related to the San Francisquito Creek project elements to be funded should the "Safe, Clean Water" measure pass. At the March Board meeting, we will discuss the project summary shown below and how this may fit in with all of our efforts along San Francisquito Creek. Our conversation will help to inform a discussion by the Water District Board at its March 27 meeting.

PROJECT E5	San Francisquito Creek Flood Protection – San Francisco Bay to Middlefield Road, Palo Alto
GOAL	To protect more than 3,000 homes and businesses, and city infrastructure, while enhancing long-term water quality, wildlife habitat and recreational opportunities.
DESCRIPTION	Complete construction of projects that provide 100-year flood protection and ecosystem benefits from San Francisco Bay to Hwy-101, and construction of projects that provide approximately 50-year flood protection, ecosystem and recreational benefits, between Hwy-101 and Middlefield Road. The work will include modifying bridges at University Avenue, Newell Road, Middlefield Road and Pope/Chaucer Street, addressing additional channel constrictions upstream of Hwy-101, and setback levees and floodwalls downstream of Hwy-101. The project is sponsored by the San Francisquito Creek Joint Powers Authority, of which the District is a member agency, in partnership with the Army Corps of Engineers. Additional benefits may be realized if federal funding from the Army Corps is available. The project builds on the planning and design tasks initiated as part of the Clean, Safe Creeks program and are on track to be completed.
BENEFITS	Provide flood protection to more than 3,000 parcels in Palo Alto Reduce bank erosion and sedimentation-related impacts along San Francisquito Creek Provide new or improved habitats for endangered species and enhanced recreational opportunities for the community Improve water quality
GEOGRAPHIC AREA OF BENEFIT	Palo Alto
ESTIMATED FUNDING FROM SAFE, CLEAN WATER PLAN	\$35.5 million

San Francisquito Creek Joint Powers Authority
March 22, 2012 Board Meeting
Agenda Item 6
Executive Director's Report

c) Update: Grant applications

For Phase 1 of the SF Bay-Highway 101 project, the SFCJPA has entered in to contract negotiations with the State Department of Water Resources (DWR) for the \$8 million awarded for construction from Proposition 1E funding. On February 13, 2012, I submitted a letter to DWR accepting the grant award and confirming the SFCJPA as the recipient of the funding. On February 23rd, Kevin Murray and I met with our project manager and other staff at DWR to discuss the contracting process and allowable in-kind contributions. Currently, we are developing a final scope of work, schedule, and budget for Phase 1. The total contracting process could take several months to complete. We will update the Board monthly on the progress of contract development as we move forward.

On March 16, the Association of Bay Area Governments, through its San Francisco Estuary Partnership, submitted a pre-proposal titled "Flood Control 2.0: Rebuilding Habitat and Shoreline Resilience through a New Generation of Flood Control Design and Management" to the US Environmental Protection Agency. Included within the introductory sections of the pre-proposal are the following paragraphs:

This project proposes to develop and implement a set of innovative approaches to flood control management along the San Francisco Bay shoreline. Our broad local-regional partnership leverages flood control agency resources to significantly improve the amount, quality, and long-term resilience of Bay Area tidal wetlands, beaches and mud flats, and major creeks. We aim to incentivize these emerging approaches by helping local flood control agencies solve a suite of expensive and time-consuming technical, financial, and regulatory challenges related to excessive in-channel sedimentation. This timely and comprehensive project takes advantage of the "second chance" provided by Bay Area history: the need and opportunity to rebuild aging or out-of-date flood control infrastructure at the Bay shore, while addressing the interrelated challenges of habitat restoration, ineffective sediment transport, increasing flood risk, and sea level rise (SLR).

This project will use the combined talents of the National Estuary Program for the San Francisco Bay (The San Francisco Estuary Partnership, SFEP), a research institution (The San Francisco Estuary Institute, SFEI), the key regulatory agency for Bay sediment management (The Bay Conservation and Development Commission, BCDC), and a regional restoration coordinator (The San Francisco Bay Joint Venture, SFBJV). This team will work with three forward-thinking flood control agencies and the regional Bay Area Flood Protection Agencies Association (BAFPAA) to strategically address the scientific, regulatory, and policy challenges of this new approach.

San Francisquito Creek Lower Flood Control Channel (partner: S.F. Creek Joint Powers Authority) *San Francisquito Creek, entering San Francisco Bay between the cities of Palo Alto and East Palo Alto, and has been identified as an "anchor watershed" for steelhead (CEMAR 2007). The stream currently flows through an engineered trapezoidal flood control channel, bypassing the adjacent marsh. The JPA previously commissioned a Historical Ecology Analysis of the fluvial-tidal interface and a series of modeling and engineering studies. A pioneering approach is underway to redesign the flood control channel to spread flood flows and sediment through the adjacent tidal marsh, with construction anticipated during 2013. The project has attracted over \$16 million in state and local funding. EPA funds will fill gaps in post-project monitoring to facilitate project permitting and implementation, and contribute this model project to the regional strategy.*

Should this grant be awarded to ABAG, most of the funding for the San Francisquito Creek effort would go to ABAG and SFEI. But this effort will directly benefit our understanding of our baylands, our post-construction maintenance activities, and it will further highlight this SFCJPA project as a model for other projects at the intersection of a watershed and coastline.

San Francisquito Creek Joint Powers Authority
March 22, 2012 Board Meeting
Agenda Item 6
Executive Director's Report

The final grant application I wanted to alert the Board to is a proposal that has not been submitted yet. In late February, SFCJPA project manager Kevin Murray gave a site tour to US Fish and Wildlife Service (FWS) staff managing the National Coastal Wetlands Conservation Program. The NCWC Program funds the design and construction of projects that restore or rehabilitate coastal wetlands. FWS staff feels that the restoration benefits of our SF Bay-Highway 101 project make it a likely candidate for funding and have offered to work with us to develop a proposal over the next two months. Only designated State agencies can officially apply for this funding source, but it is not uncommon for a local agency to be the lead on an application and recruit a State agency to "sponsor" the proposal. I discussed this opportunity recently with the head of the State Coastal Conservancy, which is an agency that has supported our work and grant proposals in the past and is open to supporting us on the NCWC grant. Since the NCWC funding is from a federal source, we can use it as match funding against the \$8 million in State construction funding already awarded to the Project by the Department of Water Resources. Maximum federal funding available per project from NCWC is \$1 million and awards are scheduled to be announced in December of this year. Should we move forward with this proposal with the State Coastal Conservancy, we will bring this back to the Board for a resolution at a future meeting.

Submitted by:



Len Materman
Executive Director