



SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY

Notice of Regular Meeting of the Board of Directors

Thursday, February 25, 2021

3:30 P.M.

Due to the risk of COVID-19 transmission, this meeting will be held remotely. Members of the public may observe and offer comment at this meeting telephonically or otherwise electronically by using the chat function and typing your question or comment, by selecting the raise your hand function or if you are joining by phone unmuting yourself and letting Clerk of the Board or Board Chair know you wish to speak. If you require an accommodation pursuant to the Americans with Disability Act, please contact the Clerk of the Board at the phone number or email listed at the bottom of this Agenda by 10:00 am on the day of the meeting.

Join Zoom Meeting

<https://us02web.zoom.us/j/82078555340?pwd=TVBLUG8zdVBVUW9TZThUTDAwWit1Zz09>

Meeting ID: 820 7855 5340 Passcode: 481566

(669) 900-6833,,82078555340#,,,,*481566#

Members of the Public may speak on any agenda item for up to three minutes

Agenda

1. ROLL CALL
2. APPROVAL OF AGENDA: Changes or additions to the agenda.
3. APPROVAL OF MEETING MINUTES: January 28, 2021 Regular Meeting.
4. PUBLIC COMMENT: *Individuals may speak on a non-agendized topic for up to three minutes.*

REGULAR BUSINESS

Members of the Public may speak on any agenda item for up to three minutes

5. INFORMATION ITEMS
 - A. Executive Director's Report
6. CONSENT AGENDA – Action Items
 - A. FY 2019/2020 Audit

(650) 457- 0943 * jpa@sfcjpa.org * 2100 Geng Road, Suite 210* Palo Alto, CA 94303

SFCJPA.ORG



SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY

B. CALPERS SSI Resolution

7. ACTION ITEMS

- A. Flood Early Warning System – recommended changes
- B. SFCJPA Committees – designations

8. DISCUSSION ITEM/S

- A. Preliminary 2021/2022 organizational budget

9. BOARD MEMBER COMMENTS, INFORMATION ITEMS, REQUESTS and ANNOUNCEMENTS (Information only)

10. CLOSED SESSION

Public Comment on Closed Session: Individuals may speak up to three minutes.

- A. Public Employee Performance Evaluation
Title: Executive Director
- B. Report from Closed Session

11. ADJOURNMENT

PLEASE NOTE: Board meeting Agenda and supporting documents related to items on the Agenda can be viewed online by 3:30 p.m. on February 22, 2021 at sfcjpa.org -- click on the "Meetings" tab near the top.



SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY

February 25, 2020

SFCJPA Board Meeting





Agenda

Members of the Public may speak on any agenda item for up to three minutes

1. ROLL CALL

2. APPROVAL OF AGENDA: Changes or additions to the agenda.

3. APPROVAL OF MEETING MINUTES: January 28, 2021 Regular Meeting

4. PUBLIC COMMENT: *Individuals may speak on a non-agendized topic for up to three minutes on a topic within the SFCJPA's jurisdiction.*



Agenda Item 5A

Executive Director's Report – Information Items

Milestones and Events –

February marks the 23rd anniversary of the flooding event that led to the creation of the SFCJPA.

February 23 and March 2 at 5pm. Virtual public meetings on the Upstream Project – first a general overview then a focused review of the project's impacts to trees and our mitigation plans.

Brief summary of February 23 virtual public meeting.



Agenda Item 5A

Executive Director's Report

Project Updates

Reach 2 - Upstream Project

- * Updated total project cost estimate \$38M

- * Funding gap update

 - ~ Optimistic gap – \$5.5M

 - ~ Conservative gap – \$23M

- * Work on regulatory permitting continues

 - ~ LEDPA Analysis

 - ~ USACE CAP 205

Both are driving consideration of different channel widening approaches

Agenda Item 5A

Executive Director's Report, Continued

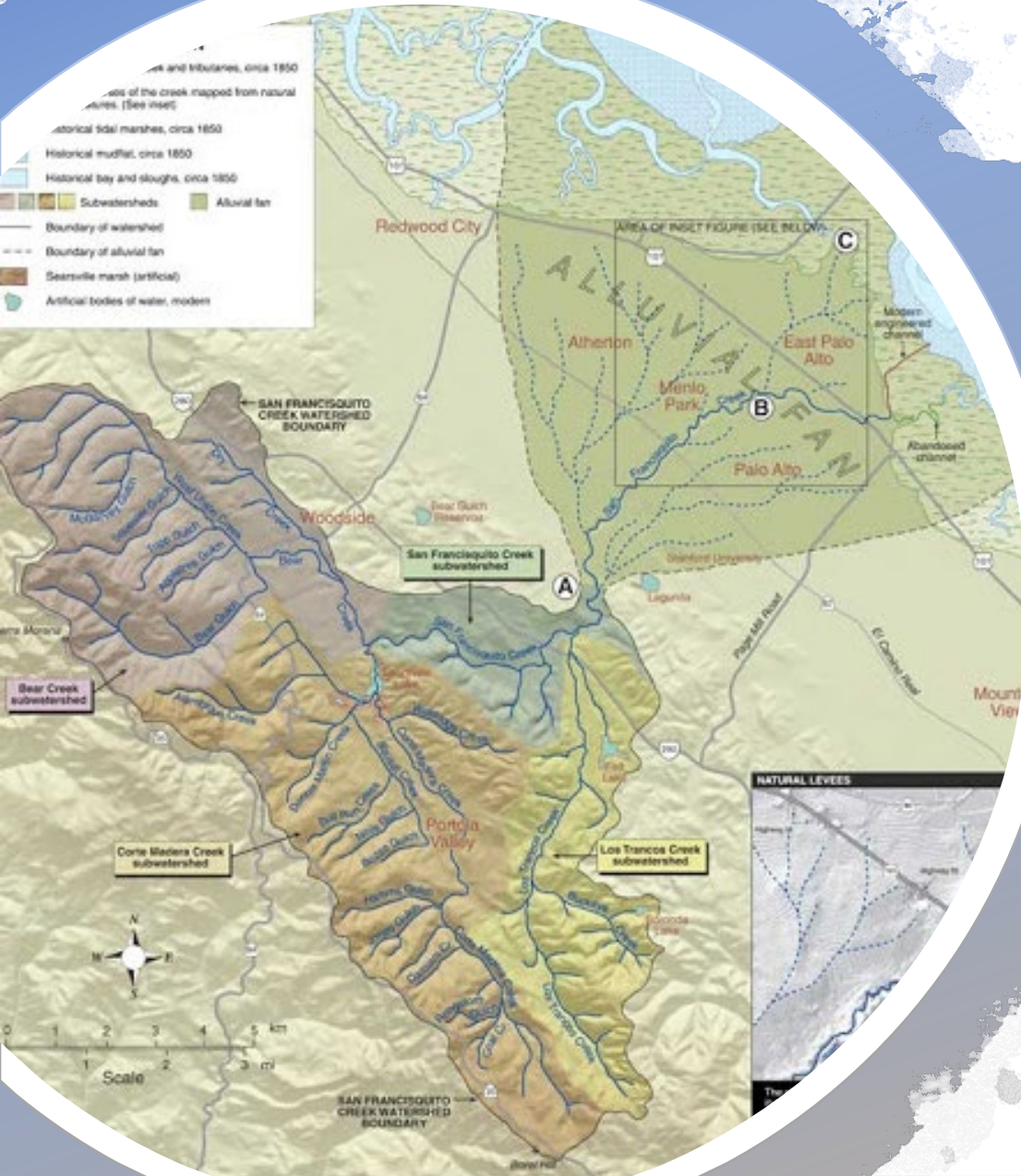
Reach 3 - 100-Year Flood Protection, evaluating detention basins

Woodard & Curran, the SFCJPA, and Stanford University held a kick-off meeting on February 2.

SAFER Bay

- * Waiting for FEMA's evaluation of the \$50M FEMA/CalOES BRIC grant application.

- * Our Urban Flood Grant application made it to 2nd step – we hosted a very successful virtual site visit.





Agenda Item 5A

**Executive Director's Report,
Continued**

Organization and Admin Updates

Audit for FY 2019/2020 completed



CONSENT AGENDA – Action Items

Agenda Item 6A

Audit for fiscal year 2019/2020

Agenda Item 6B

CALPERS SSI Resolution



Agenda Item 7A

Flood Early Warning System – Action Item

Discussion and possible action on changes to public notification system component of the system.



Agenda Item 7B – Action Item

SFCJPA Committees of the Board

Discussion and possible action to Confirm the current set of committees and to confirm the status of each committee: Standing or Ad Hoc.



Agenda Item 8A

Discussion of preliminary
organizational budget for fiscal year
2021/2022 (no action)

**San Francisquito Creek Joint Powers Authority FY 21-22
Proposed Draft Operating Budget**

Proposed Budget reflects increase in Member Contributions

REVENUES		
Member Contributions (\$337,240 x 5) ₁		1,686,200
Grant funding: SAFER Bay project 1		-
Upstream of Highway 101 EIR legal		-
Interest		3,500
Total Revenues		1,689,700

EXPENSES		
Acct.	Description	Amount
Personnel		
1	Executive Director Salary ₂	135,000
2	E.D. Transportation Allowance	5,000
3	Finance & Admin. Mgr. (FAM) Salary ₂	106,668
4	Senior Project Mgr. (SPM) Salary ₂	123,480
5	Senior Project Manager (SPM) Salary ₂	123,480
6	COLA ₃	16,432
7	Employee Benefits	254,500
8	Membership Dues	15,000
9	Payroll Administration/Fees	3,000
10	Employer Taxes	55,000
Subtotal Personnel		837,560

Contract Services		
11	Legal Counsel	130,000
12	Auditor	20,000
13	Project Consultants	70,000
	One-time Upstream of Hwy. 101 Project expenses ₃	231,500
	Reach 2 EIR Addendum	50,000
	Cap 205	160,000
	O&M	70,000
	Subtotal Contract Services	731,500

Administrative		
14	Computers/Software	4,800
15	Meeting Supplies	1,000
16	Travel/Training	7,000
17	Office Supplies	1,500
18	Telecommunication	2,000
19	IT	3,000
20	Postage	100
21	Printing/Design	1,000
22	Website	1,500
23	Liability Insurance	15,000
24	Office Lease	56,000
25	Utilities	-
26	Office furniture/maintenance	800
	Subtotal Administrative	93,700

General Contingency	
27 General Contingency	35,000
Total Expenses ⁴	1,697,760
<p>¹ Member Contributions include addition of 15% reserves approved by the Board in November 2020 to start in FY21-22.</p> <p>² COLA at 4.5%:Based on CPI of 2% and 2.5% for the past two years (reference https://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm)</p> <p>³ This amount is carryover from FY 20-21. No new revenue has been added to the budget for this line item</p> <p>⁴ Total expense line includes 231,500 carried over, however this amount was deducted from the calculation for member contributions which were based on "expected real" expense) in the amount of 1,466,260</p>	



Agenda Item 9

BOARD MEMBER COMMENTS and ANNOUNCEMENTS

Board members may share news, updates, and announcements and may request items for future agendas.



Agenda Item 10 - Closed Session

10. A. Public Employee Performance Evaluation, Executive Director

10. B. Report from Closed Session



Agenda Item 11

Adjournment

Thank you, everyone.



SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY

San Francisquito Creek Joint Powers Authority
February 25, 2021 Regular Meeting of the Board
Agenda Item 3
January 28, 2021 Board Meeting Minutes

Director Kremen called the meeting to order at 3:30 p.m. via streaming video and teleconference call.

DRAFT

1) ROLL CALL

Members Present: Director Gary Kremen, Santa Clara Valley Water District (Valley Water)
Director Ruben Abrica, City of East Palo Alto
Director Drew Combs, City of Menlo Park (Not present at roll call)
Director Pat Burt, City of Palo Alto
Director Dave Pine, San Mateo County Flood & Sea Level Rise Resiliency District

JPA Staff Present: Margaret Bruce, Executive Director
Kevin Murray, Staff
Tess Byler, Staff
Miyko Harris-Parker, Staff

Legal Present: Trisha Ortiz
Ginetta Giovinco
Regina Danner

2) APPROVAL OF AGENDA

Agenda item Six a., Board member roles and committee assignments, moved up to next order of business after approval of agenda.

ACTION: Motion and second (Burt/Pine) to approve the agenda moving agenda item Six a., Board member roles and committee assignments, to the next order of business after approval of agenda passed 4-0. Director Combs was not present at the time of vote.

Roll call vote:
Director Abrica Aye
Director Burt Aye
Director Combs Not present
Director Kremen Aye
Director Pine Aye

3) APPROVAL OF January 28, 2021 REGULAR BOARD MEETING MINUTES

ACTION: Motion and second (Kremen/Abrica) to approve the January 28, 2021 Regular Board meeting minutes passed 4-0-1.

Roll call vote:
Director Abrica Aye
Director Burt Abstained
Director Combs Aye
Director Kremen Aye
Director Pine Aye

4) PUBLIC COMMENT

None.

5) INFORMATION ITEMS

Executive Director's Report

Ms. Bruce presented the Executive Director's report.

San Francisquito Creek Joint Powers Authority
February 25, 2021 Regular Meeting of the Board
Agenda Item 3
January 28, 2021 Board Meeting Minutes

Mid-Year Budget Report

Mid-Year budget showing current and estimated expenses was presented to the Board.

Project Timeline Updates

Ms. Bruce provided the Board with the updated project timeline. Staff directed to bring back discussion on Caltrans funding and status of litigation for the Newell Bridge project.

6) ACTION ITEMS

Board member roles and committee assignments

ACTION: Motion and second (Kremen/Pine) to nominate Director Abrica for Board Chairperson passed 4-0. Director Combs was not present at the time of vote.

Roll call vote:

Director Abrica Aye

Director Burt Aye

Director Combs Not Present

Director Kremen Aye

Director Pine Aye

Director Combs arrived at 3:33 pm.

ACTION: Motion and second (Burt/Pine) to nominate Director Combs for Board Vice-Chairperson passed 5-0.

Roll call vote:

Director Abrica Aye

Director Burt Aye

Director Combs Aye

Director Kremen Aye

Director Pine Aye

Director Burt added to Finance Committee. No changes to other Board Committees.

Settlement of PG&E cost share agreement

ACTION: Motion and second (Kremen/Pine) to approve Resolution Number 21-01-28 approving settlement agreement with Pacific Gas and Electric Company passed 5-0.

Roll call vote:

Director Abrica Aye

Director Burt Aye

Director Combs Aye

Director Kremen Aye

Director Pine Aye

San Francisquito Creek Joint Powers Authority
February 25, 2021 Regular Meeting of the Board
Agenda Item 3
January 28, 2021 Board Meeting Minutes

Corrected 2021 Meeting Dates

ACTION: Motion and second (Pine/Kremen) to adopt the corrected 2021 Board meeting calendar with no regular meeting scheduled for July 2021 approved 5-0.

Roll call vote:

Director Abrica Aye

Director Burt Aye

Director Combs Aye

Director Kremen Aye

Director Pine Aye

Briefing on Project Information to Cities – Discussion and possible action

A presentation was given to the Board regarding project elements of the Upstream Project. Staff announced that the Palo Alto ARB presentation will be held on March 4, 2021 and that there also be two community meetings/webinars that will be held for the public to discuss project elements.

Director Burt suggested that a breakdown of the tree removal from each section be shown in the presentation.

Director Combs recommended categorizing the trees to make clear which trees are heritage trees and which trees are being replaced and which trees are not being replaced.

Kamal Fallaha, City of East Palo Alto Public Works Director, commented on the need for the SFCJPA project and Newell Road Bridge project to have more consistency in design approaches.

Xenia Hammer, Palo Alto resident, commented that viewing platforms were eliminated from the Newell Bridge project in 2012 due to an outcry from neighbors.

7) BOARD MEMBER COMMENTS, INFORMATION ITEMS, REQUESTS and ANNOUNCEMENTS

Director Combs commented on residents cleaning up debris in the creek after they did not get help from local agencies.

Director Burt commented on a recent study on automobile tire debris impacts to fisheries and improving water quality that may be applicable to the SFCJPA.

Director Kremen suggested staff contact Valley Water regarding access to stream maintenance permits.

Director Kremen suggested looking into the SFCJPA having a creek cleanup day.

Director Abrica suggested that staff agendize a discussion regarding creek cleanup for an upcoming Board meeting.

8) CLOSED SESSION

Public comment on Closed Session

None.

San Francisquito Creek Joint Powers Authority
February 25, 2021 Regular Meeting of the Board
Agenda Item 3
January 28, 2021 Board Meeting Minutes

Conference with Legal Counsel – Existing Litigation Joshua V. San Francisquito Creek Joint Powers Authority

Adjourned to closed session at 4:45 pm.

Public Employee Performance Evaluation: Executive Director

Adjourned to closed session at 5:03 pm.

Report out from Closed Session

Readjourned to open session at 5:32 pm.

SFCJPA Legal representative Trisha Ortiz stated that there were no reportable actions from the closed sessions.

9) ADJOURNMENT

Adjourned at 5:33 pm

Minutes drafted by Clerk of the Board: Miyko Harris-Parker.

Executive Director’s Report, February 25, 2021

Organizational updates and announcements

- Milestones
- Events

Project Updates

Upstream Project Funding

- Funding gap update – Working with our partners at Valley Water, and considering costs based on current engineering and project details, as well as the outcome of the successful passage of Measure S, this is the current view of the Upstream Project funding status and need.

Unidentified Funding/ Potential Shortfall	Assuming all grants & USACE	Assuming Cal Trans, all preliminarily-awarded grants w/NO USACE	Assuming USACE, all preliminarily-awarded grants, w/NO Cal Trans	Assuming NO CalTrans or USACE
	(Best Case)	(Potential A)	(Potential B)	(Conservative)
	\$5,925,000	\$14,125,000	\$14,866,176	\$23,066,176

- Project total cost estimate is: \$38M. The total project cost estimate may increase over time, as overall costs go up (inflation, materials, labor, etc.). Project detail costs will change, some increasing, some decreasing, as engineering and design work progresses - increasing the degree of certainty of project costs.
- Valley Water/Measure S contribution is approximately \$11.5M of the project total estimated cost of \$38M. Considering various possible scenarios, the project has a funding gap at least \$5.9M, under the most optimistic scenario, to \$23M under a more conservative scenario. Additional grant funding opportunities will be sought.
- Of the \$11.5M from Valley Water/Measure S, \$9.2M is designated for construction costs. \$1.3M is designated for design and engineering costs.

San Francisquito Creek Joint Powers Authority
February 25, 2021 Board Meeting
Agenda Item 5 A
Executive Director's Report

The following funding sources have been identified at this time:

- CA Department of Water Resources Prop 1 Grant of \$2.875M for channel widening – Awarded and being administered through San Francisco Estuary Partnership. Execution of the local sponsor agreement is contingent upon the project obtaining regulatory permits within 18 months of the signing of the regional Grant Agreement between the California Department of Water Resources and San Francisco Estuary Partnership. This sets a deadline of November 2022 for obtaining permits for the project.
- Army Corps of Engineers - The General Investigation was successfully closed as of late 2020, and staff has been working on another potential funding mechanism through the San Francisco District's Continuing Authorities Program (CAP) project under Section 205. A draft Project Management Plan has been developed, and the next step for continuing this partnership is a cost share agreement, which we plan to bring for Board consideration in March. To best fit the program, we are focusing on channel widening or other features in the Creek reach between University Avenue and West Bayshore Road for this effort. The CAP 205 program could provide up to \$10 Million in federal funding (including planning and design) for the USACE to design and implement. Status: Increasingly likely. The next step will be to engage with the USACE to conduct feasibility analyses and design which requires a SFCJPA commitment currently estimated at \$500,000 over the next 3 years. We plan to request \$160,000 for the first year of this commitment in our draft FY2021/2022 operational budget. At the completion of the analysis and if the proposed project has a net economic benefit, the SF District of the Corps of Engineers would commit the remainder of the \$10M maximum federal investment (currently estimated at \$8.2M) towards construction.
- FEMA HMGP Grant for \$3M for Pope/Chaucer Bridge - Status: Funding appears certain, but no agreement has been signed. Funding is awaiting 404 permit application submittal. Anticipated in Summer 2021.
- Pope-Chaucer Bridge and Channel Widening Planning Applications.
 - Based on feedback from presentations to the Palo Alto Architectural Review Board and East Palo Alto City Council, as well as discussions with regulatory staff, Army Corps, and neighbors that would be impacted by the project, we have engaged in additional hydraulic and engineering evaluations of the project features to determine if design modifications can

San Francisquito Creek Joint Powers Authority

February 25, 2021 Board Meeting

Agenda Item 5 A

Executive Director's Report

be made that will reduce impacts to the creek and to trees, reduce impacts to property owners, and reduce construction costs.

- We will re-submit our Planning Application (including any design changes resultant from the new analysis) in late March. Palo Alto's Architectural Review Board hearing will take place in April or May of 2021. The ARB recommendations will then be presented for approval by the City Council, which is not yet scheduled.
- Menlo Park Planning Commission is not yet scheduled but is expected to occur shortly after Palo Alto's ARB hearing.
- Regulatory permit applications will be submitted in June, incorporating modifications resulting from City reviews to the extent possible.

Future Upstream Project Grant Funding opportunities:

Staff plans to re-submit a previously submitted channel widening project Notice of Intent (NOI) to CalOES/FEMA under the Hazard Grant Management Program (HGMP) program. A previous submittal was 'wait listed' and we recently learned, was ultimately unsuccessful. There are two upcoming disaster funding opportunities where our channel widening project elements may be suitable. If suitable, our NOIs will be submitted prior to deadlines in March and May. The potential dollar amount(s) are to-be-determined.

Regulatory Permits – Staff and consultants continue to work on regulatory permits for the Upstream Project, including incorporating changes in accordance with the recently changed Clean Water Act Section 401 Certification Rule (effective September 11, 2020).

We are also evaluating channel capacity improvement alternatives to potentially reduce construction costs, reduce impacts to project neighbors, to trees, and to the channel. The hydraulic and engineering analyses should take another 2 – 4 weeks. Results will be incorporated into City planning applications and our LEDPA.

We plan to submit permit applications after local municipal reviews and incorporation of any design changes imposed by the cities. We anticipate that permits can be obtained well ahead of the updated schedule for our anticipated construction in 2023 and 2024.

Newell Bridge Status – According to Palo Alto Public Works staff, the schedule for construction of the Newell bridge replacement, which is being led by the City of Palo Alto, has been pushed out one year to 2023. The status of the Newell Bridge design is at ~30% design. CalTrans has confirmed and programmed funding for design and

San Francisquito Creek Joint Powers Authority
February 25, 2021 Board Meeting
Agenda Item 5 A
Executive Director's Report

permitting. Additional funding for construction has been allocated, and presumably will be programmed in the future. The Palo Alto public works team and SFCJPA team are meeting monthly to ensure we are coordinating and supporting each other's work.

Upstream detention evaluation

A project kick-off meeting between SFCJPA, the consultant and Stanford was held on February 2 to discuss existing data and planning for the initial site. Next steps are to formalize and confirm site access logistics and protocols. Kevin Murray is leading this effort.

We continue to have regular update and coordination calls with Stanford.

SAFER Bay

SAFER Bay Grant Funding opportunities

We were informed by the California Natural Resources Agency on January 15, that our July 2020 Urban Flooding Grant application for SAFER Bay Phase 1, seeking \$5.9 million in funding, was selected to move forward to Step 2. This involved conducting a virtual Site Visit on February 4. Key personnel involved in or supportive of the project attended, including City of East Palo Alto, Climate Resilient Communities/Casa Nuestra, Commercial property owners/developers, and key community members. The Site Visit review panel was complementary of the virtual site visit.

FEMA/CalOES BRIC Grant Application

The FEMA BRIC application was submitted to the California Governor's Office of Emergency Services (CalOES) by the City of Menlo Park December 3, 2020, and the project team satisfactorily responded to several requests for information from CalOES. The application is now in FEMA's review process.

Flood Early Warning System

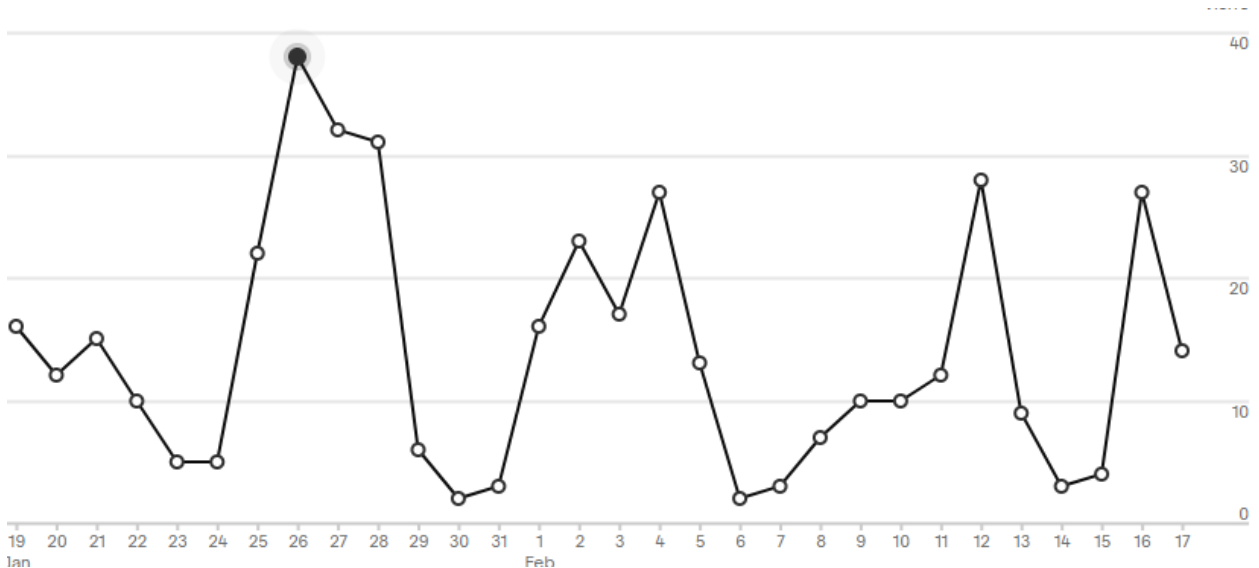
At the December board meeting, questions were raised regarding the Flood Early Warning System. The request for more information has proven helpful in identifying and correcting some minor problems with the system. The Flood Early Warning System's public alert component is item 7A on this month's board meeting agenda.

Downstream Project

O&M: Monitoring and maintenance of the restoration sites that mitigate construction impacts have been paid for over the past 3 years through the construction funding agreements put in place to build the project. Funding for the first of the seven remaining years of monitoring and reporting as required by our regulatory permits is included in the preliminary operational budget for fiscal year 2021/2022.

Organization/Administration Updates

- The audit for fiscal year 2019/2020 has been completed.
- Plans are in place for two virtual community events to provide updates on the Reach 2 project and potential impacts on trees. The first of these meetings took place on February 23. The second is scheduled for March 2. Both are at 5pm. Early RSVPs indicate there will be a robust turn-out.
- Visits to the SFCJPA website reached their highest peak since the new website was launched just before the January Board meeting and have continued to see days of increased activity since then.



Forward View of Board Agendas

Please review and provide your input on items that you would like to see on future agendas. This forward view will be updated each month.

San Francisquito Creek Joint Powers Authority
 February 25, 2021 Board Meeting
 Agenda Item 5 A
 Executive Director's Report

Board Committee Meetings	Purpose	Date
Personnel Committee	Director's Performance Review	To be/Will have been scheduled....

Regular Board meeting	Envisioned Agenda Items
March*	Organization and Project Updates Draft Budget (potential approval/acceptance) Organization and Project Updates Board Handbook
April*	Organization and Project Updates Budget Approval (unless approved in March) Employee Handbook/Policies - review
May*	
June*	Comprehensive Plan review
July*	Comprehensive Plan 2021 edition acceptance/ratification
August*	Summer Board Recess. No meeting planned.
September*	
October*	
November*	
December*	
January*	Election of new board member positions; review updated board handbook

Consent Agenda Item 6A – Audit for Fiscal Year 2019/2020

Background

As the board may recall, the SFCJPA lost its electronic financial records due to the failure of a hard drive and the absence of backed-up records. Since that time, staff has restored or re-created all lost data and has been working with our auditor to compile and complete all prior year audits. This audit represents the last 'in arrears' audit.

Discussion

On February 26, 2021 the SFCJPA Finance Committee met and received a presentation and overview of this audit prepared by our auditor Miranda Beasley of Grant & Smith, LLP. Ms. Beasley reported that the audit is a 'clean' audit, and the 'clean' management letter reflects the same. The members of the Finance Committee had no questions or requests for additional information.

Recommendation

Unless a change is requested, this item is agendaized as a consent item for the board's approval and acceptance of the 2019/2020 audit. Recommended action: Accept the 2019/2020 Audit.

February 2, 2021

San Francisquito Creek Joint Powers Authority
Attn: Board of Directors
2100 Geng Rd Suite 210
Palo Alto, CA 94303

We have audited the financial statements of the governmental activities, San Francisquito Creek Joint Powers Authority for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 24, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by San Francisquito Creek Joint Powers Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during June 30, 2019. We noted no transactions entered into by San Francisquito Creek Joint Powers Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial

statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter February 2, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to San Francisquito Creek Joint Powers Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as San Francisquito Creek Joint Powers Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to MDA, schedule of authority’s proportionate share of net pension liability and schedule of employer contributions, which are (is) required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of Board of Directors and management of San Francisquito Creek Joint Powers Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Grant & Smith, LLP

**SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**



**SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY**

DRAFT

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Financial Statements	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10
Required Supplementary Information	
Schedule of Authority's Proportionate Share of Net Pension Liability	25
Schedule of Employer Contributions	26

DRAFT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
San Francisquito Creek Joint Powers Authority
Palo Alto, California

We have audited the accompanying statement of net position of San Francisquito Creek Joint Powers Authority (the "Authority") as of June 30, 2019, and the related statement of revenues, expenses and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority at June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and on pages 3 to 6, schedule of Authority's proportionate share of net pension liability, and schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Grant & Smith, LLP
Oakland, California
February 2, 2021

DRAFT

SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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, 2019. 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 position, statement of revenues, expenses and changes in net position, and statement of cash flows. Also included are the notes to the financial statements.

The statement of net position shows the difference between assets and liabilities. Net position is classified into three categories: invested in capital assets (net of related debt), restricted, and unrestricted.

The statement of revenues, expenses and changes in net position shows the revenues and expenses that contributed to the change in net position 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, 2019.

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, 2019, to the prior year are highlighted below.

Statement of Net Position

The net position of the Authority increased by \$7,661 from the prior year. The composition of net position as of June 30, 2019 and 2018 is shown in the following table:

SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2019

	<i>FY 18-19</i>	<i>FY 17-18</i>	<i>Change</i>
Cash	\$855,173	\$828,034	\$27,139
Prepaid Expenses	7,448	10,969	(3,521)
Total assets	<u>862,621</u>	<u>839,003</u>	<u>23,618</u>
Deferred Outflows of Resources	35,603	43,813	(8,210)
Accounts Payable	6,464	2,365	4,099
Accrued Salaries and Benefits	61,789	60,615	1,174
Unearned Grant Income	562,609	601,713	(39,104)
Net Pension Liability	243,180	202,271	40,909
Total liabilities	<u>874,042</u>	<u>866,964</u>	<u>7,078</u>
Deferred Inflows of Resources	12,087	11,418	669
Net Position	<u>\$12,095</u>	<u>\$4,434</u>	<u>\$7,661</u>

Unearned Grant Income decreased by \$39,104. Net pension Liability increased by \$40,909 due to pension investments not earning what was expected.

Statement of Revenues, Expenses and Changes in Net position

During the year ended June 30, 2019, the Authority's net position increased by \$7,661 from the prior year. This change in net position is shown in the following table:

	<i>FY 18-19</i>	<i>FY 17-18</i>	<i>Change</i>
Total operating revenues	\$925,000	\$760,000	\$165,000
Total operating expenses	943,821	857,124	86,697
Operating profit (loss)	(18,821)	(97,124)	78,303
Net non-operating revenues(expenses)	26,482	24,954	1,528
Change in net position	7,661	(72,170)	79,831
Net position, beginning of year	4,434	76,604	(72,170)
Net position, end of year	<u>\$ 12,095</u>	<u>\$ 4,434</u>	<u>\$7,661</u>

SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Operating revenues are comprised of Member Entity contributions. Each member contributed \$185,000 in fiscal year 2018-2019 and \$152,000 in 2017-2018.

Operating expenses are comprised of the personnel cost of the Authority's four employees, project consultants, legal and accounting, insurance and office expenses. The Authority's operating expenses for the year ended June 30, 2019, increased by \$86,697 which is primarily due to the following:

- Approximate \$81,000 increase in Personnel Costs

Summary of Known Facts, Decisions or Conditions

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

- The Authority's operational budget is primarily funded by annual member agency contributions per the Authority's approved operating budget. The Authority members are only bound in a voluntary Joint Powers Agreement, and each approves a contribution from its general budget as part of the annual budgeting process. Thus, while the Authority's project commitments extend for years, its operating funds and operating reserves do not extend beyond one fiscal year.
- Unearned grant revenue agreements/commitments
- Capital projects or agreements with Army Corp of Engineers

SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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:

Ms. Margaret Bruce
Executive Director
San Francisquito Creek Joint Powers Authority
Embarcadero Place
2100 Geng Road Suite 210
Palo Alto, CA 94303

DRAFT

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

ASSETS

CURRENT ASSETS

Cash and Investments	\$	855,173
Prepaid Expenses		7,448
Total Assets		862,621

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pension	\$	35,603
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$	6,464
Accrued Salaries and Benefits		61,789
Unearned Grant Income		562,609
Total Current Liabilities		630,862

NONCURRENT LIABILITY

Net Pension Liability		243,180
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DEFERRED INFLOWS OF RESOURCES

Pension Deferred		12,087
Total Deferred Inflows of Resources		12,087

NET POSITION-UNRESTRICTED

	\$	12,095
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See accompanying notes.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

	ACTUAL	BUDGET	VARIANCE
OPERATING REVENUES-Member			
Entity Contributions:			
City of Palo Alto	\$ 185,000	\$ 185,000	\$
City of East Palo Alto	185,000	185,000	
City of Menlo Park	185,000	185,000	
Santa Clara Valley Water District	185,000	185,000	
San Mateo County Flood Control District	185,000	185,000	
Total Operating Revenues	<u>925,000</u>	<u>925,000</u>	
OPERATING EXPENSES:			
Personnel:			
Salaries and Wages	500,195	504,593	(4,398)
Benefits	255,315	230,000	25,315
Payroll Taxes	40,533	42,000	(1,467)
Personnel Services	8,480	9,500	(1,020)
Auto Allowances	5,000	5,000	
Legal	18,131	40,000	(21,869)
Financial/CPA	13,000	15,000	(2,000)
Grant Administrator	40,426	35,000	5,426
Office Expense	62,556	76,500	(13,944)
Consultant Services/Studies			-
Contingency	185	35,000	(34,815)
Total Operating Expenses	<u>943,821</u>	<u>992,593</u>	<u>(48,772)</u>
Operating Profit(Loss)	<u>(18,821)</u>	<u>(67,593)</u>	<u>48,772</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest	17,905	1,500	16,405
Grants	983,318	85,000	898,318
Consultant Services/Project	(974,741)		(974,741)
Total Non-Operating Revenues(Expenses)	<u>26,482</u>	<u>86,500</u>	<u>(60,018)</u>
CHANGES IN NET POSITION	7,661	18,907	(11,246)
NET POSITION, BEGINNING OF YEAR	4,434		4,434
NET POSITION, END OF YEAR	<u>\$ 12,095</u>	<u>\$ 18,907</u>	<u>\$ (6,812)</u>

See accompanying notes.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Member Entities	\$ 925,000
Cash Paid to Employees for Services	(745,081)
Cash Paid for all Expenses Other Than Employees	(131,581)
Cash Provided by Operating Activities	48,338

CASH FLOWS FROM INVESTING ACTIVITY

Interest Received	17,905
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CASH FLOWS FROM CAPITAL FINANCING ACTIVITY

Cash Received from Grantors	(39,104)
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Increase in Cash	27,139
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CASH & INVESTMENTS, BEGINNING OF YEAR	828,034
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CASH & INVESTMENTS, END OF YEAR	\$ 855,173
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NON-CASH NON-CAPITAL FINANCING ACTIVITY

Project Costs Paid by U.S. Army Corps of Engineers	\$
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RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

TO OPERATING LOSS:

Cash Provided(Used) by Operating Activities	\$ 48,338
Decrease in Prepaid Expenses	(3,521)
Increase in Deferred Outflow	(8,210)
Decrease in Accounts Payable	(12,676)
Decrease in Deferred Inflow	(669)
Increase in Accrued Salaries and Benefits	(42,083)
Operating Profit(Loss)	\$ (18,821)

See Accompanying Notes.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – NATURE OF OPERATIONS

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 – SUMMARY OF 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. Revenue and costs related to the Corps Project (see Note 5) are classified as non-operating revenues and expenses.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The Authority follows 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 power 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 \$185,000 during the year ended June 30, 2019, 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 112 to 160 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 \$61,789 for this liability at June 30, 2019. Sick leave benefits do not vest and have not been accrued; they are recorded as expense in the period the sick leave is taken. More than 40 hours and up to 120 hours of any combination of accrued vacation leave and accrued administrative leave may be converted to cash, payable to an employee once during each fiscal year at a time requested by the employee.

Grants Received

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

Estimates

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

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Authority has \$35,603 of deferred outflows related to its pension plan, including differences between expected and actual experience, changes in assumptions and differences between expected and actual investment earnings on plan investments.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Authority has \$12,087 of deferred inflows related to its pension plan, including differences between expected and actual experience, and changes in assumptions.

Net Position

The difference between assets, liabilities and deferred inflows/outflows of resources is reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position classified as net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding principal of related debt. Restricted net position is the net position that has external constraints placed on them by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions, or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

New Accounting Pronouncements Implemented

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements Implemented (Continued)

information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2018.

New Accounting Pronouncements Not Yet Adopted

In January 2017, the GASB issued Statement No. 84, Fiduciary Obligations. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2020.

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for the Authority's fiscal year ending June 30, 2022.

In March 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement is effective for the Authority's fiscal year ending June 30, 2022.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The objective of this Statement is (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Statement is effective for the Authority's fiscal year ending June 30, 2022.

In August 2018, the GASB issued Statement No. 90, Majority Equity Interest-an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separated organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. The Statement is effective for the Authority's fiscal year ending June 30, 2020.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for the Authority's fiscal year ending June 30, 2023.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 3 - CASH AND INVESTMENTS

The cash and investments balance as of June 30, 2019 consisted of:

LAIF		\$ 191,320
Wells Fargo Bank		663,821
Petty Cash		32
Total		\$ 855,173

During the year ended June 30, 2019, \$663,821 of the Authority’s cash was maintained in bank accounts. 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 held in the Authority’s name and places the Authority ahead of general creditors of the institution.

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
- Repurchase Agreements
- Commercial Paper
- Medium Term Corporate Notes
- Certificates of Deposit
- Mutual Funds
- Supranational Obligations
- Bank Deposits
- County Pooled Investment Funds
- Securities of California and Other States

\$191,320 was maintained in the State Treasurer's investment pool (Local Agency Investment Fund). Oversight of LAIF is provided by the Pooled Money Investment Board consisting of the Treasurer, Controller and Director of Finance for the State of California. The 's position in the pool is equal to the value of the pool shares. The income from the pooled investments is allocated between the participants based on the daily cash balance maintained.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 4 - EMPLOYEE RETIREMENT PLAN

The Authority provides retirement benefits to its four employees through the Miscellaneous Plan a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (“CalPERS”). The Plan acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 65
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	13.751%	6.55%

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 4 - EMPLOYEE RETIREMENT PLAN (CONTINUED)

Contribution Description

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is on the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019 the contributions recognized as part of pension expense were as follows:

Contributions – Employer	\$ 42,282
Contributions – Employee	\$ 33,584

Pension Liabilities, Pension Expense and Deferred Inflows/Outflows of Resources Related to Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, 2019, the Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 243,180

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019 and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 4 - EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense and Deferred Inflows/Outflows of Resources Related to Pension (Continued)

procedures. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of the contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2019, the Authority recognized pension expense of \$42,2820. At June 30, 2019, the Authority reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 21,110	\$ (1,636)
Changes of Assumptions	14,493	(5,138)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		(5,313)
Total	\$ 35,603	\$ (12,087)

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age & Service
Payroll Growth	3%
Mortality Rate Table	Derived using CalPERS Membership Data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 4 - EMPLOYEE RETIREMENT PLAN (CONTINUED)

All actuarial assumptions used in the June 30, 2018 valuation were based on measurement dates June 30, 2018 – June 30, 2019, including updates to salary increase, mortality and retirement rates. The experience study can be obtained at the CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 4 - EMPLOYEE RETIREMENT PLAN (CONTINUED)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	50%	4.8%	5.98%
Global Fixed Income	28%	1%	2.62%
Inflation Sensitive	-%	.77%	1.81%
Private Equity	8%	6.3%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%		(.92)%

(a) An expected inflation of 2.0% used for this period

(b) An expected inflation of 2.92% used for this period

Pension Plan Fiduciary Net Position

Detailed information about the plan fiduciary net position is available in the separately issued CalPERS Financial reports.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 4 - EMPLOYEE RETIREMENT PLAN (CONTINUED)

Sensitivity of the Proportionate Share of Pension Liability to Changes in Discount Rate

The following presents the Authority's proportionate share of the net pension liability of the Plan, calculated using the discount rate of 7.15 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	<u>Discount Rate -1%</u> <u>(6.15%)</u>	<u>Current Discount</u> <u>Rate (7.15%)</u>	<u>Discount Rate +1%</u> <u>(8.15%)</u>
Plan's Net Pension Liability	\$ 390,073	\$ 243,180	\$ 121,930

As of June 30, 2019, the Authority reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows of</u> <u>Resources</u>
Differences Between Expected and Actual Experience	\$ 21,110	\$ (1,636)
Changes of Assumptions	14,493	(5,138)
Adjustment due to Differences in Proportions	_____	(5,313)
Total	<u>\$ 35,603</u>	<u>\$ (12,087)</u>

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 4 - EMPLOYEE RETIREMENT PLAN (CONTINUED)

The amounts above are net of outflows and inflows recognized in the 2018-19 measurement period expense.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions, other than the employer-specific item, will be recognized in future pension expense as follows:

Year Ending June 30,	Deferred Outflow/(Inflow) of Resources
2020	\$ 22,364
2021	(2,439)
2022	2,517
2023	0
2024	0
Thereafter	0

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. Phase I of the Corps Project, a reconnaissance investigation, concluded in 2006 with a determination of federal interest in advancing the Corps Project to Phase II. The Authority entered into a Feasibility Cost Share Agreement (FCSA) with the U.S. Army Corps of Engineers, for Phase II (Feasibility Phase) of a multi-year flood protection and ecosystem restoration federal study (Study). The FCSA estimated total Study costs to be \$7.5 million, of which the Authority, acting as the local sponsor on behalf of its member agencies, was responsible for 50% local matching funds, including \$618,225 in-kind contributions. Funding agreements by and between the Authority and its member agencies provided for the Authority’s share of project costs with \$1.5 million contributions each from the Santa Clara Valley Water District and the San Mateo County Flood Control District, \$32,500 from the City of Menlo Park , \$33,000 from the City of East Palo Alto, \$74,100 from the Santa Clara Valley Water District for Tidal flooding and approximately \$592,800 of in-kind contributions from Authority staff and \$25,425 of in-kind contributions from the Santa Clara Valley Water District. At the beginning of each year, the Santa Clara Valley Water District and the San Mateo County Flood Control District made cash deposits into an escrow account maintained by the Corps in the amount estimated by the Corps to

be needed during that year. The Authority reported all Corps Project costs as non-operating consultant services/studies expenses and the Corps share of such costs as Federal contribution.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 5 – U. S. ARMY CORPS OF ENGINEERS PROJECT (CONTINUED)

In 2019 the Corps of Engineers closed its General Investigation on San Francisquito Creek. The SFCJPA and San Francisco District of the Corps of Engineers may pursue an agreement under the Corps' Continuing Authorities Program, section 205 (CAP 205) at a later date.

Construction on the Bay-101 project began in August 2016. In channel work was completed in October 2018, with flood protection elements substantially completed by December 2018. Final construction elements which include minor grading outside of the channel and restoration plantings are anticipated to be complete by the end of 2019. The SFCJPA's Proposition 1E grant was closed out in late 2018 and final grant reimbursements were released at that time. The SFCJPA's Proposition 84 grant was closed out in 2019 and final grant reimbursements were released at that time.

Using local funds, the SFCJPA has advanced project design upstream of Highway 101. In September of 2019 the SFCJPA Board certified the Final Environmental Impact Report for the upstream project. Final design and permitting will take place over the next one to two fiscal years, with construction anticipated in 2021.

Using local funds and a grant from the California Department of Water Resources (DWR) Local Levee Assistance Program (LLAP) the SFCJPA completed feasibility level analyses and produced Feasibility Reports for the SAFER Bay project intended to improve flood protection and habitat along the SF Bay shoreline of the SFCJPA municipal member agencies. Separate reports were prepared for the San Mateo County and Santa Clara County coastal areas within the SFCJPA's jurisdiction. The SFCJPA has secured a second LLAP grant from DWR for design and environmental documentation for certain project areas in San Mateo County. Local and Federal funds are being pursued at this time to support advancing these efforts.

NOTE 6 – UNEARNED GRANT INCOME

Unearned Grant Income – funds from funders received in this fiscal year and the previous fiscal year but have not been spent.

The amount of unearned grant income for year ended June 30, 2019 is \$562,209 - funders included:

The California Department of Water Resource advanced costs to be used for the design, California Environmental Quality Act documentation and construction of the S.F. Bay to Highway 101 Flood Protection, Ecosystem Restoration, and Recreation Project on San Francisquito Creek.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 6 – UNEARNED GRANT INCOME (CONTINUED)

Funding from Facebook, Peninsula Open Trust, City of East Palo Alto and City of Palo Alto is to be used for the Strategy to Advance Flood-Protection Eco-System & Recreation along the Bay Project Adjacent to Facebook Headquarters.

NOTE 7 – SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year end June 30, 2019 through February 2, 2021, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompany financial statements other than what is disclosed.

DRAFT

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
SCHEDULE OF AUTHORITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019
LAST 10 YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.00815%	0.00739%	0.00619%	0.00600%	0.00264%
Proportionate share of the net pension liability	\$ 326,367	\$ 299,990	\$ 244,013	\$ 159,686	\$ 164,311
Covered- employee payroll	\$ 505,195	\$ 487,624	\$ 451,433	\$ 285,466	\$ 260,616
Proportionate share of fiduciary net position	\$ 1,044,546	\$ 1,044,546	\$ 747,412	\$ 655,409	
Proportionate Share of the net pension liability as percentage of covered-employee payroll	64.60%	61.52%	54.05%	55.94%	63.05%
Plan fiduciary net position as a percentage of the total pension liability	77.73%	77.69%	75.39%	75.70%	71.17%

Notes to Schedule:

Benefit changes: the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2019.

Changes in assumptions: There were no changes in assumptions.

GASB 68 Required Schedule

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019
LAST 10 YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 42,282	\$ 38,046	\$ 36,177	\$ 38,335	\$ 37,657
Contributions in relation to the actuarially determined contributions	<u>(42,282)</u>	<u>(38,046)</u>	<u>(36,177)</u>	<u>(38,335)</u>	<u>(37,657)</u>
Contribution Deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	505,195	\$487,624	\$451,433	\$285,466	\$260,616
Contributions as a percentage of covered-employee payroll	8.37%	7.80%	8.01%	13.43%	14.45%

Notes to Schedule

Valuation date: 6/30/2018 6/30/2017 6/30/2016 6/30/2015 6/30/2013

GASB 68 required schedule

DRAFT

Consent Agenda Item 6B – CALPERS SSI Resolution

Background

San Francisquito Creek Joint Powers Authority does not have an active Section 218 Agreement to provide Social Security and Medicare coverage to employees who are members of a retirement system. The SSSA office recommends that the agency resolve this issue to prevent erroneous Social Security and Medicare withholding and reporting that could result in penalties and interest from the IRS. This error could also result in the loss of future Social Security benefits to employees.

Discussion

The SFCJPA has been contributing to SSI and Medicare coverage to employees who are members of the CALPERS retirement system since February 12, 2004. In the past few years CALPERS and SSI have been doing audits of accounts to ensure that agencies that have employees who contribute to SSI and a retirement system have a Section 218 agreement in place.

A Section 218 Agreement is a voluntary agreement under Section 218 of the Social Security Act between a state and the Social Security Administration (SSA) to provide Social Security and Medicare coverage to state and local government employees.

In its role as California's designated SSSA, CalPERS is primarily responsible for administering Section 218 Agreements for all California public agencies. CalPERS's other responsibilities in that role include processing agreement modifications, educating employers about Social Security and Medicare coverage, and collecting and reporting coverage information to the SSA through the annual information request (AIR).

Recommendation

Unless a change is requested, this item is agendaized as a consent item for the board's approval and acceptance of CALPERS SSI Section 218 Resolution. Resolution language is from CALPERS SSI and cannot be modified. Recommended action: Accept the CALPERS SSI section 218 Resolution.



Official State Social Security Administrator
California Public Employees' Retirement System

P.O. Box 720720, Sacramento, CA 94229-0720 | Phone: (916) 795-0810 | Fax: (916) 795-3005
888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov/sssa

February 19, 2021

CalPERS ID No.: 7815455776

Miyko Ann Harris-Parker
Finance & Administration Manager/Clerk Of The Board
San Francisquito Creek Joint Powers Authority
2100 Geng Rd Suite 210, Office Number 208
Palo Alto, CA 94303

Dear Miyko Ann Harris-Parker,

Thank you for contacting the State Social Security Administrator's Office (State Administrator) regarding Social Security coverage for your agency.

Based on the information provided in the Coverage Questionnaire, [the] San Francisquito Creek Joint Powers Authority desires to conduct a divided vote election for employee social security benefits.

In a divided vote election, each employee who is a member of [the] California Public Employees' Retirement System on the election date will make an individual choice as to whether or not they personally want Social Security coverage. All new employees will be automatically covered under Social Security on the date they become members of the retirement system.

The first step is for [the] San Francisquito Creek Joint Powers Authority to adopt a resolution to request permission to conduct an election among eligible members of the retirement system. To do so, please complete and return the enclosed resolution and certification.

These documents should not be modified in any way, as only the content included and provided by this office will be accepted.

If you have any questions regarding the enclosed information, call us at (916) 795-0810.

Sincerely,

Veronica Silva-Gil
State Social Security Administrator Program

Enclosures

RESOLUTION

WHEREAS, [the] San Francisquito Creek Joint Powers Authority hereinafter designated as "Public Agency", desires to establish a "deemed" retirement system pursuant to Section 218(d)(6) of the Federal Social Security Act composed of positions of members of the California Public Employees' Retirement System hereinafter designated as "Present Retirement System", desiring coverage, and to include services performed by individuals employed by the Public Agency in positions covered by said "deemed" retirement system, as members of a coverage group established by Section 218(d)(4) of said Act, in the California State Social Security Agreement of March 9, 1951, providing for the coverage of public employees under the insurance system established by said Act as amended; and

WHEREAS, State and Federal law and regulations require, as a condition of such coverage, that a division be authorized by the Board of Administration, Public Employees' Retirement System; and

WHEREAS, it is necessary that the "Public Agency" now designate any services which it desires to exclude from coverage with respect to such coverage group under said insurance system; and

WHEREAS, it is necessary for the Public Agency to set forth the modification, if any, of the benefits and contributions under the Present Retirement System that may result from coverage under the said insurance system with respect to such coverage group;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration, Public Employees' Retirement System, be and hereby is requested to authorize the foregoing division; and

BE IT FURTHER RESOLVED, that upon receipt of authorization from the Board of Administration a division shall be conducted in accordance with the requirements of Section 218(d) of the Social Security Act, and applicable State and Federal laws and regulations; that each eligible member of the Present Retirement System at the time of the division shall be furnished a form to permit the member to elect whether or not his services should be excluded from or included under the said California State Social Security Agreement as hereinbefore provided; with such coverage effective as to services performed on and after February 12, 2004; and

BE IT FURTHER RESOLVED, that the following services with respect to said coverage group of the Public Agency shall be excluded from coverage under said agreement:

1. All services excluded from coverage under the agreement by Section 218 of the Social Security Act; and

2. Services excluded by option of the Public Agency (**Check a. or b.; fill in part b if checked**):

a. No optional exclusions desired.

b. Service performed: Part-time positions (less than 20 hours per week)

BE IT FURTHER RESOLVED, that with respect to the said coverage group the benefits and contributions of the Present Retirement System shall be modified pursuant to provisions of the Public Employees' Retirement law; and

BE IT FURTHER RESOLVED, that notice of the division shall be given to members of the Present System not less than ninety days prior to the date of the division; provided, however, that notice shall be given to employees becoming members of the Present Retirement System after the date of such notice up to and including the date of the division on the date on which they attain membership in the system; and that San Francisquito Creek Joint Powers Authority is hereby designated and appointed to conduct such division on behalf of the Public Agency in accordance with law, regulations, and this resolution, including the fixing of the date and the giving of proper notice thereof to members of the Present Retirement System and to all such eligible employees; and

BE IT FURTHER RESOLVED, that the Public Agency will pay and reimburse the State at such time and in such amounts as may be determined by the State the approximate cost of any and all work and services relating to such division.

Margaret Bruce
Presiding Officer

San Francisquito Creek Joint Powers Authority
Official Name of Public Agency

Date

CERTIFICATION

I, Margaret Bruce, Executive Director of the San Francisquito Creek Joint Powers Authority, State of California, do hereby certify the foregoing to be a full, true, and correct copy of Resolution No. adopted by the Board of the San Francisquito Creek Joint Powers Authority at the regular/special meeting held on the ____ day of _____, 2021, as the same appears of record in my office.

Signature

Executive Director
Title

Date

Agenda Item 7A - Flood Early Warning System - discussion and possible action.

Background:

In 2013 the Board directed staff to create a system that could update the public and local emergency response personnel to imminent high-water conditions along the San Francisquito Creek. The system utilizes rainfall and water-level sensors in the upper watershed to provide early warning of high flow conditions in the urbanized middle and lower reaches of the creek. Several of the sensors were installed specifically to be representative of the upper watershed, and others were installed by others, with data sharing for the Flood Early Warning System. This system became operational in 2014.

There are two distinct components that make up the Flood Early Warning System. The Contrail website is our “behind the scenes” operation and is used to inform emergency response personnel during events. Staff from the SFCJPA, SCVWD, SMC FSLR and the Cities of Palo Alto, East Palo Alto and Menlo Park monitor the system during large storms and convene hourly (or more frequently if needed) to develop coordinated messages to inform the emergency response members of the SFC MAC, who ultimately use the information as one of the many tools relied upon to make decisions about mobilization of assets and potential response needs.

The second part of the early warning system is the public interface page. This page was created by a separate consultant. On this page, our emergency response partners, and members of the public can easily view existing conditions at select places along the creek, sign up for alert notifications, or report a problem they have seen on the creek. This visual interface synthesizes the background data and creates a map of current creek conditions that is unique to the San Francisquito creek. This visual, publicly accessible information is not available anywhere else. Emergency alerts were issued to the community on January 11 and February 7 of 2017, during a series of storms that lead to near-flood flows.

Discussion:

At the December 2020 SFCJPA board meeting, questions were raised regarding the Flood Early Warning System. The questions raised during that discussion, as well as other recent information from our website host Connectria, have provided opportunities for review and consideration of this system.

When the system was deployed, the SFCJPA Flood Early Warning system was cutting-edge. There were no similar local or regional emergency alert systems, and no convenient way to coordinate SFCJPA staff’s knowledge of the Creek’s conditions during high flows, with the information needs of local emergency planners and responders. Since that time, regional emergency response agencies have deployed local and regional text and phone alert systems (SMCAAlert in San Mateo County <https://hsd.smcsheriff.com/smcalert> and AlertSCC in Santa Clara County

<https://emergencymanagement.sccgov.org> – both administered and operated by EverBridge <https://www.everbridge.com/>), and evacuation coordination and alert system ZoneHaven <https://www.zonehaven.com/>). These notification systems have eclipsed the SFCJPA’s flood early warning system.

Additionally, we have learned that the operating system and the associated programming of the public-facing notification system portion of the website has reached its End of Life. Until the operating system is updated it will be vulnerable to hackers, putting the SFCJPA and other entities that use the system at risk. Updating the operating system and associated program elements will require an investment of ~\$12,000, now and approximately every five years. Interim updates should also be planned approximately every two to three years, to ensure the entire system remains functional and secure. These smaller updates are anticipated to cost less than \$5,000 each.

The public interface Flood Early Warning System web page received 64 visits in the last month – about 16% of all traffic (there were 391 total site visits), evidence that members of the community value this visual resource about the creek.

The Contrail operation that provides real-time data from rainfall and water level sensors in the upper watershed and at key locations in Reach 2, and the reporting of water level conditions in the creek (the “back end” of the public-facing system) are a vital shared resource for emergency planners, responders, and our partner agencies. These two distinct components of the Flood Early Warning System and are managed independently. We are not recommending any changes to the Contrail “behind the scenes” data collection portion of the system.

Recommended Action:

Divest the SFCJPA of the responsibility for maintaining and implementing the text message and phone call early warning notifications and retain the visual representation of the creek flows on the public interface page. Coordinate with our SFC MAC partners regarding program changes.

Agenda Item 7B - Committees of the Board. For discussion and possible action.

Background:

This item is presented at the request of Chair Abrica.

Discussion:

The Board may establish committees to provide analysis and recommendation to the full board. Committees may either be Standing Committees or Ad Hoc committees. Standing committees are subject to the Brown Act. The Brown Act describes a standing committee as one which has "continuing subject matter jurisdiction." This means that a permanent committee that is designed to handle an issue or issues on a continual basis will be a standing committee and is subject to the Act's notice and posting requirements. Membership of Standing committees should be less than a quorum of the Board. Non-committee members of the board may attend committee meetings but should not engage in discussion.

Standing committees don't need to establish a "regular meeting time and place", but they must meet in public and post notices of their meetings as required by the Brown Act.

At this time, the committees of the SFCJPA Board are:

- Finance Committee (Directors Pine and Burt)
- Personnel Committee (Directors Abrica and Combs)
- Emergency Preparedness and Response Committee (Directors Abrica and Kremen)

Association of California Water Agencies Joint Powers Insurance Authority (ACWAJPIA) which provides medical, dental, vision and life insurance benefits to SFCJPA employees, requires that our Board appoint a representative and alternate to the ACWA/JPIA Board. The appointed representative must be a Board member, and the appointed alternate can be a staff member.

Our current ACWAJPIA representatives are Director Combs and Sr. Project Manager Tess Byler.

Ad hoc or "temporary" committees are treated differently under the Brown Act. Ad hoc committees are not subject to the notice and posting requirements of the Brown Act so long as the committee:

- is only comprised of agency board members,
- is not formed by formal action of the board,
- Is less than a quorum of the board,
- has a defined purpose and a time frame to accomplish that purpose; and
- is advisory, i.e., the committee has not been delegated any decision-making power and will be returning to the full board on its recommendation.

Recommended Action:

Confirm current set of committees.

Confirm status of each committee: Standing or Ad Hoc.

Agenda Item 8A – Preliminary Fiscal Year 2021/2022 Operating Budget

Background

Staff has prepared a preliminary FY 2021/2022 Operating Budget. This preliminary budget was presented to the Finance Committee on February 16 for discussion. Committee discussion and answers to committee member questions are reflected in the following discussion.

Discussion

At the February 16 Finance Committee meeting, staff presented this preliminary budget, briefly reviewing the line items within each category.

Revenues

For the FY 2021/2022 Operating Budget, member contributions are estimated to be \$337,240 per member. This is a 9% increase as compared to \$308,000 in the current year. This amount includes establishing the 15% reserve as directed by the SFCJPA Board in November 2020.

The SFCJPA does not anticipate receiving any direct grant revenues in the next fiscal year.

Personnel

Changes to the Director's salary will be based on the board's recommendation.

Director is seeking a transfer of the existing \$5,000 transportation allowance from that category to salary compensation.

Director is seeking a cost-of-living increase for staff based on the regional Consumer Price Index. Staff saw no cost-of-living adjustment in this fiscal year. The requested 4.5% increase is based on two years of regional CPI increases (the CPI does not provide a prospective forecast, so a retrospective was used as a proxy).

Some costs associated with Personnel are increasing. Membership dues (ACWAJPIA insurance provider represents the largest increase) – an increase of 87%, and employer taxes – an increase of 10%.

Total estimated personnel costs: \$837,560. This is a 2% increase over the prior year unless the board changes the Director's compensation.

Contract Services

Contract services provide for vital elements of the SFCJPA's work – both for operations support and project work.

Legal counsel support is estimated to be slightly less costly in the coming year, pending resolution of litigation. The contract with our auditor extends for one more year, so this cost remains fixed. One-time 'Upstream expenses' requested in our current fiscal year budget will not be fully expended and will be carried over and applied to upstream work in the coming fiscal year.

Looking ahead for the Contract services category there are four new items in the coming year:

- 1) A possible addendum to our Reach 2 EIR based on the forthcoming LEDPA analysis,
- 2) Funding for the USACE to perform initial environmental and engineering work to determine suitability of the channel widening portions of the Reach 2 project for the CAP 205 program,
- 3) Funding sufficient to carry out our Operations and Maintenance obligations for the Reach 1, 'Downstream' project.
- 4) Establishing a Labor Compliance Program¹. The SFCJPA needs to adopt a Labor Compliance Program (LCP) prior to execution of work on the SAFER Bay Project. This is a requirement specified in our grant agreement with the California Department of Water Resources.

The estimated total for this category is \$731,500. An increase of \$80,000 or 12% over the prior year's budget of \$651,500.

Administrative

Some items in this category have an unchanged or reduced budget amount as compared to last year, in part because of pandemic-related changes. Other items are increasing slightly – such as computers/software, to ensure the organization has operational resiliency and security. Some items are changing, such as utilities and office lease. Under our previous office lease, utilities and other expenses were not included. The following are included in our current office lease and are now no longer individual expenses: telephone/internet, security, janitorial, pest-control, property taxes, property insurance, utilities. On balance the current office lease is equivalent to the prior office's expenses plus the cost of the lease.

One-time moving expenses, additional computers, and software updates account for the exceedance from budget for the current fiscal year.

The estimated total for this category for the next fiscal year is \$93,700. An increase of \$4,525 or 5% over the prior year.

General Contingency

The same \$35,000 general contingency amount is proposed for the upcoming fiscal year. This is based on the total estimated budget, excluding the \$231,500 being carried over from the current fiscal year.

Summary

In summary, with a modest 9% increase, the preliminary proposed budget accomplishes:

- Salary adjustments for staff.
- Investment in key project-related work, necessary to move SAFER Bay, Reach 2, and Reach 3 work forward.
- Prudent spending for legal, auditor, and project consulting support, including establishing a required Labor Compliance Program.
- Investment in Operations/Administration to ensure organizational resilience and reliability.
- Establishing the board-directed 15% reserve.

¹ The contract services line item has been adjusted since Finance Committee review to include additional funding for the adoption of the SFCJPA LCP. Upon further review staff felt additional funding was needed to ensure adequate funding is available for the LCP and other project consultant services.

San Francisco Creek Joint Powers Authority Operating Budget
FY20-21 Approved, Estimated year-end, and FY 21-22 Proposed Draft Budget .
Proposed Budget reflects increase in Member Contributions.

REVENUES

Member Contributions (\$337,240 x 5) ¹	1,686,200
Grant funding: SAFER Bay project 1	-
Upstream of Highway 101 EIR legal	-
Interest	3,500
Total Revenues	1,689,700

EXPENSES

Acct.	Description	Amount
Personnel		
1	Executive Director Salary ²	135,000
2	E.D. Transportation Allowance	5,000
3	Finance & Admin. Mgr. (FAM) Salary ²	106,668
4	Senior Project Mgr. (SPM) Salary ²	123,480
5	Senior Project Manager (SPM) Salary ²	123,480
6	COLA ³	16,432
7	Employee Benefits	254,500
8	Membership Dues	15,000
9	Payroll Administration/Fees	3,000
10	Employer Taxes	55,000
	Subtotal Personnel	837,560
Contract Services		
11	Legal Counsel	130,000
12	Auditor	20,000
13	Project Consultants	70,000
	One-time Upstream of Hwy. 101 Project expenses ³	231,500
	Reach 2 EIR Addendum	50,000
	Cap 205	160,000
	O&M	70,000
	Subtotal Contract Services	731,500
Administrative		
14	Computers/Software	4,800
15	Meeting Supplies	1,000
16	Travel/Training	7,000
17	Office Supplies	1,500
18	Telecommunication	2,000
19	IT	3,000
20	Postage	100
21	Printing/Design	1,000
22	Website	1,500
23	Liability Insurance	15,000
24	Office Lease	56,000
25	Utilities	-
26	Office furniture/maintenance	800
	Subtotal Administrative	93,700
General Contingency		
27	General Contingency	35,000
Total Expenses ⁴		1,697,760

¹ Member Contributions include addition of 15% reserves approved by the Board in November 2020 to start in FY21-22.

² COLA at 4.5%:Based on CPI of 2% and 2.5% for the past two years (reference https://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm)

³ This amount is carryover from FY 20-21. No new revenue has been added to the budget for this line item

⁴ Total expense line includes 231,500 carried over, however this amount was deducted from the calculation for member contributions which were based on "expected real" expenses) in the amount of 1,466,260