



SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY
SFCJPA.ORG

**Notice of Regular Meeting of the
BOARD OF DIRECTORS
City of East Palo Alto Council Chambers
2415 University Avenue, East Palo Alto, California
May 24, 2018 at 3:30 p.m.**

AGENDA

1. ROLL CALL
2. APPROVAL OF AGENDA
3. APPROVAL OF MEETING MINUTES – March 22, 2018 Regular Board meeting
4. PUBLIC COMMENT – *Individuals may speak on any topic for up to three minutes; during any other Agenda item, individuals may speak for up to three minutes on the subject of that item.*
5. CONSENT CALENDAR
 - a. Accept the Fiscal Year 2015-16 Management Letter and Audited Financial Statements from Grant & Smith, LLP
 - b. Resolution 18.5.24A of the Board of Directors to continue Worker's Compensation coverage for Board members and extend that coverage to volunteers
 - c. Resolution 18.5.24B of the Board of Directors to adopt a records retention schedule
6. REGULAR BUSINESS – Executive Director's Report
 - a. Approve the Fiscal Year 2018-19 Salary Schedule
 - b. S.F. Bay-Highway 101 project: discuss construction activities and planning
7. BOARD MEMBER COMMENTS – *Non-agendized requests or announcements; no action may be taken.*
8. ADJOURNMENT

PLEASE NOTE: This Board meeting Agenda and supporting documents related to items on the Agenda can be viewed online by 3:30 p.m. on May 21, 2018 at sfcjpa.org -- click on the "Meetings" tab near the top.

NEXT MEETING: Regular Board meeting, June 28, 2018 at 3:30 PM, City of Palo Alto Council Chambers

San Francisquito Creek Joint Powers Authority
May 24, 2018 Regular Meeting of the Board
Agenda Item 3
March 22, 2018 Board Meeting Minutes

Chairperson Kremen called the meeting to order at 3:36 p.m. at the City of Palo Alto Council Chambers, Palo Alto, California.

DRAFT

1) ROLL CALL

Members Present: Director Kremen, Santa Clara Valley Water District (SCVWD)
Director Keith, City of Menlo Park
Director Pine, San Mateo County Flood Control District (SMCFCD)
Director Scharff, City of Palo Alto

Members Absent: Director Abrica, City of East Palo Alto

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

Others Present: Dennis & Luella Parker, East Palo Alto residents; Jerry Hearn, Portola Valley resident; East Palo Alto resident; Trish Mulvey, Palo Alto resident; Robert Reklis; Kamal Fallaha, City of East Palo Alto; Michel Jeremias, City of Palo Alto; Ann Stillman, SMCFCD; Russell Chen, SCVWD; Melanie Richardson, SCVWD

2) APPROVAL OF AGENDA

Director Keith made a motion to approve the agenda. Director Scharff seconded. Agenda approved 3-0. Director Pine not present at time of approval. Director Abrica not present.

3) APPROVE BOARD MEETING MINUTES: FEBRUARY 22, 2018 REGULAR BOARD MEETING

Director Scharff made a motion to approve the February 22, 2018 Regular Board meeting minutes. Director Keith seconded. February 22, 2018 Regular Board meeting minutes approved 3-0. Director Pine not present at time of approval. Director Abrica not present.

Director Pine arrive 3:37 pm.

4) PUBLIC COMMENT

None

5) REGULAR BUSINESS

S.F.BAY-HIGHWAY 101 PROJECT: DISUCSS CONSTRUCTION ACTIVITIES, COSTS, AND CREEKSIDE TRAILS

Mr. Materman provided the Board with a recap of the recent winter storms and construction activities that have occurred since the February 22 Board meeting. Mr. Materman reported that SFCJPA staff and SCVWD staff are working with the levee and floodwall contractor, Teichert Construction, to identify the areas to request variances to the Ridgeway Rail buffer zone so that Teichert can complete construction this year. Mr. Materman reported that the new fire hydrant is scheduled to be installed on East Bayshore road within the next few weeks and that the Cities of East Palo Alto and Palo Alto are considering specific measures to improve East Bayshore as an alternate bike trail route. Mr. Materman told the Board that the SFCJPA has requested that the trail behind the floodwall from Verbena to East Bayshore be opened permanently to reduce the reliance on the Pulgas Ave./East Bayshore route in East Palo Alto.

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Chairperson Kremen asked if the debris issues that were discussed in previous meetings had been resolved. Mr. Materman responded saying that East Palo Alto officials mentioned at the public meeting that they would improve the alternate routes.

Kamal Fallaha, City of East Palo Alto, reported that Pulgas Avenue was cleaned up and that no parking signs will be installed on East Bayshore. Mr. Fallaha added that city staff is looking into resurfacing Verbena Drive in the area closest to the project.

Robert Reklis, resident of the City of Palo Alto, spoke about safety concerns for cyclists and inconvenience associated with the trail closures and alternate routes, and he expressed support for East Palo Alto's cleanup activities.

Director Keith asked what further work can be done to improve the safety of the East Bayshore section. Mr. Materman noted that in addition to East Palo Alto's improvements, the City of Palo Alto was exploring work and he asked Michel Jeremias from that City to describe these efforts. Ms. Jeremias stated that City of Palo Alto has been trying to locate funding to improve the safety of the section between East Bayshore and Embarcadero Road, and that this will take some time.

Mr. Materman continued his presentation of agenda item 5a by highlighting efforts by staff to secure locations to store excess soil to reduce the largest unknown project cost. Mr. Materman also provided the Board with a summary of the upstream of Highway 101 project revenues to date, which stands at \$10,200,000, all from the SCVWD.

Director Keith expressed her concerns regarding the very large potential soil costs. Director Keith asked about private interest for soil. Mr. Materman explained that in East Palo Alto there is a private owner near University Avenue who has approached us for assistance with soil and that staff is continuing to seek other interested parties.

Chairperson Kremen asked about the next steps for financing the upstream project. Mr. Materman replied that when the EIR comes out later this year it will be a good time to move forward with a public discussion of funding options.

PRESENTATION BY STANFORD UNIVERSITY ON ITS PLAN TO REMOVE THE LAGUNITA DIVERSION DAM

Tom Zigterman, Stanford University Director of Water Resources and Civil Infrastructure, gave a presentation on the University's plan to remove the Lagunita Diversion Dam, starting this summer and concluding by October. Chairperson Kremen asked if this would impact to creek flow. Mr. Zigterman replied that the dam removal will create more natural flow. Mr. Materman asked if sediment behind the dam would be mobilized. Mr. Zigterman acknowledged that some sediment behind the dam will move, but it is not expected to change downstream conditions.

Jerry Hearn, Portola Valley resident, spoke about creek restoration being one of the SFCJPA's purposes and how he sees Stanford as a leader in watershed restoration. Mr. Hearn reflected that the removal of the Lagunita dam was a top priority project for the Watershed Council and he thanked Mr. Zigterman and others at Stanford for their efforts to complete this project.

UPDATE ON THE UPSTREAM OF HIGHWAY 101 PROJECT

Mr. Materman provided a brief update on the project upstream of Highway 101, including a new potential funding source of up to \$10 million in federal funding known as CAP 205. Melanie Richardson, SCVWD, also spoke briefly about the CAP 205 process, noting that with this source Congressional approval is not required.

San Francisquito Creek Joint Powers Authority
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Director Keith asked if it would be helpful to get letters of support from our Congress and Senate representatives for this process. Mr. Materman responded saying yes, we would seek such letters of support if we choose to move forward with that process.

APPROVE THE FISCAL YEAR 2018-19 OPERATING BUDGET

Mr. Materman presented the draft fiscal year 2018-19 operating budget of expenses and revenues for approval. Its revenue included a proposal for the first increase in annual Member Agency dues in three years. Director Keith of the Board Finance Committee expressed her thoughts saying that the proposal looks good but that she would like to see the agency's reserves at a higher level. Director Pine, also on the Finance Committee, concurred stating that Mr. Materman's first draft proposal made to the Committee did not add to the agency's reserve. Director Pine said that they directed Mr. Materman to present a modest additional increase in member agency dues to build up the reserve.

Director Scharff noted that the request for the increase is large and that he does not understand why the funds need to be collected at this time to build reserves as the Authority can request a budget amendment if needed. Director Keith suggested one hundred eight-five thousand per member agency. Director Scharff concurred.

Director Scharff made a motion to approve the FY 2018-2019 budget, with \$984,412 in expenses and a contribution of \$185,000 per Member Agency. Director Keith seconded. FY 2018-2019 budget was approved 4-0. Director Abrica not present.

6) BOARD MEMBER COMMENTS

Director Keith shared with the Board that she attended the National League of Cities meeting in Washington, DC and she had the opportunity to speak with the Army Corps Headquarters staff. Director Keith stated that she was told that our project with the Corp would probably not make the Corps' budget workplan for the current fiscal year. Mr. Materman concurred, noting that the implication is that the Study will continue to be 100% locally funded. Director Keith noted that Congresswoman Speier's aide stated that the Congresswoman is very supportive of the project.

7) ADJOURNMENT

Director Kremen adjourned the meeting at 5:26 pm.

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

San Francisquito Creek Joint Powers Authority
May 24, 2018 Board Meeting
Agenda Item 5
Consent Calendar

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

a. Accept the Fiscal Year 2015-16 Management Letter and Audited Financial Statements from Grant & Smith, LLP

Conducted by Grant & Smith, LLP, the SFCJPA's 2015-16 Management Letter and Audited Financial Statements (attached) found that there were no difficulties with completing the audit, no disagreements with management, and no "deficiencies" or areas of concern. The Audited Financial Statements found that the net assets of the SFCJPA increased during the 2015-16 Fiscal Year by \$71,275 from the prior year. The Management Letter and Audited Financial Statements will be reviewed by the Board Finance Committee on Tuesday, May 22, 2018. Upon Board acceptance of this audit, the SFCJPA will immediately engage Grant & Smith, LLP to develop audited financial statements for FY 2016-17, which we anticipate bringing to the Board by December.

Proposed Board Action: Accept the attached Fiscal Year 2015-16 Audited Financial Statements from Grant & Smith, LLP.

b. Resolution 18.5.24A of the Board of Directors to continue Worker's Compensation coverage for Board members and extend that coverage to volunteers

The Special District Risk Management Authority (SDRMA), which has provided the Property & Liability and Worker's Compensation coverage for the SFCJPA since November 2003, is now requiring agencies desiring worker's compensation coverage for non-paid governing board members or volunteers to pass a resolution explicitly stating that policy. If the SFCJPA Board approves the enclosed resolution 18.5.24A, then while providing services for the SFCJPA, Board members would continue to receive this coverage and volunteers could be added to our coverage.

Proposed Board action: Approve the enclosed Resolution Number 18.5.24A, which states that members of the Board of Directors and volunteers shall be deemed to be employees of the authority while providing their services for the purpose of providing worker's compensation coverage.

c. Resolution 18.5.24B of the Board of Directors to adopt a records retention schedule

On September 7, 1999, Governor Gray Davis signed Senate Bill 742 (Chapter 360, Statutes of 1999), creating a Local Government Records Program to be administered by the California State Archives. The SFCJPA does not have a Board approved records retention policy. Exhibit A to the enclosed Board Resolution is a records retention schedule drafted by SFCJPA legal counsel and edited by Finance & Administration Manager Miyko Harris-Parker to provide guidelines regarding the identification, maintenance, safeguarding, and destruction of agency records and the prompt and accurate retrieval of records to ensure compliance with legal and regulatory requirements. The retention policy and schedule will be overseen and managed by our Finance & Administration Manager, and all employees must follow its guidelines.

Proposed Board action: Approve the enclosed Resolution Number 18.5.24B, including its Exhibit A, which adopts a San Francisquito Creek Joint Powers Authority records retention schedule.

Submitted by:


Len Materman
Executive Director

March 27, 2018

Board of Directors
San Francisquito Creek Joint Powers Authority
615B Menlo Avenue
Menlo Park, California 94025

We have audited the financial statements of San Francisquito Creek Joint Powers Authority for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted 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 (will complete when we finalize). Professional standards also require that we communicate to you the following information related to our audit. As described below, there were no deficiencies, difficulties or negative findings in this year's audit.

Significant Audit Findings

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. 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 dated March 27, 2018. The management representation letter is a letter written and signed by the Authority's senior management. The letter attests to the accuracy of the financial statements that the Authority has submitted to the auditors for their analysis.

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 Schedule of Authority’s Proportionate Share of Net Pension Liability and Schedule of Authority’s Proportionate Share of Net Pension Liability, which are 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.

We were engaged to report on Schedule of Authority’s Proportionate Share of Net Pension Liability and Schedule of Authority’s Proportionate Share of Net Pension Liability, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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, 2016**



**SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY**

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
San Francisquito Creek Joint Powers Authority
Menlo Park, California

We have audited the accompanying statement of net position of San Francisquito Creek Joint Powers Authority (the "Authority") as of June 30, 2016, 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, 2016, 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)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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
March 27, 2018

SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

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, 2016. 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 Authority had no capital assets nor any restricted net position and related debt at June 30, 2016.

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, 2016.

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, 2016, to the prior year are highlighted below.

Statement of Net Position

The net position of the Authority increased by \$71,275 from the prior year. The composition of net position as of June 30, 2016 and 2015 is shown in the following table:

SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

	<i>FY 15-16</i>	<i>FY 14-15</i>	<i>Change</i>
Cash	\$782,683	\$692,377	\$90,306
Other Government Receivables	105,419	104,501	918
Prepaid Expenses	3,430	14,191	(10,761)
Total assets	<u>891,532</u>	<u>811,069</u>	<u>80,463</u>
Deferred Outflows of Resources	51,827		51,827
Accounts Payable	3,833	14,301	(10,468)
Accrued Salaries and Benefits	47,436	35,636	11,800
Total liabilities	<u>51,269</u>	<u>49,937</u>	<u>1,332</u>
Pension Liability	215,008	164,311	50,967
Deferred Inflows of Resources	590,028	581,042	8,986
Net Position	<u>\$87,054</u>	<u>\$15,779</u>	<u>\$71,275</u>

Accrued salaries and benefits increased by \$11,800 due to accrued vacation. Prepaid expenses and accounts payable decreased by \$10,761 and \$10,468 respectively. Deferred outflows of resources increased due to pension contribution payments and change in assumptions. Pension liability increased by \$50,967.

Statement of Revenues, Expenses and Changes in Net position

During the year ended June 30, 2016, the Authority's net position increased by \$71,275 from the prior year. This change in net position is shown in the following table:

	<i>FY 15-16</i>	<i>FY 14-15</i>	<i>Change</i>
Total operating revenues	\$760,000	\$590,000	\$170,000
Total operating expenses	634,742	604,518	(30,224)
Operating profit (loss)	<u>125,258</u>	<u>(14,518)</u>	<u>139,776</u>
Net non-operating revenues(expenses)	(53,983)	(3,273)	(50,710)
Change in net position	71,275	(17,791)	89,066
Net position, beginning of year	15,779	33,570	(17,791)
Net position, end of year	<u>\$87,054</u>	<u>\$15,779</u>	<u>\$(71,275)</u>

SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

Operating revenues are comprised of Member Entity contributions. Each member contributed \$152,000 in fiscal year 2015-2016 and \$118,000 in fiscal year 2014-2015.

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, 2016, increased by \$30,224 which is primarily due to the following:

- Approximate \$35,636 increase in Personnel Costs is primarily due to salary increases and new personnel hire.

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 do not extend beyond one fiscal year and it has limited operating reserves.

SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

Requests for Information

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

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

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

ASSETS

CURRENT ASSETS

Cash and Investments	\$	782,683
Other Government Receivables		105,419
Prepaid Expenses		3,430
Total Assets		891,532

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pension	\$	51,827
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$	3,833
Accrued Salaries and Benefits		47,436
Total Current Liabilities		51,269

NONCURRENT LIABILITY

Pension Liability	215,008
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DEFERRED INFLOWS OF RESOURCES

Unearned Grant Income	561,949
Pension Deferred	28,079
Total Deferred Inflows of Resources	590,028

NET POSITION-Unrestricted	\$	87,054
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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, 2016

	ACTUAL	BUDGET	VARIANCE
OPERATING REVENUES-Member			
Entity Contributions:			
City of Palo Alto	\$ 152,000	\$ 152,000	\$
City of East Palo Alto	152,000	152,000	
City of Menlo Park	152,000	152,000	
Santa Clara Valley Water District	152,000	152,000	
San Mateo County Flood Control District	152,000	152,000	
Total Operating Revenues	760,000	760,000	
OPERATING EXPENSES:			
Personnel:			
Salaries and Wages	317,651	393,650	(75,999)
Benefits	148,898	200,000	(51,102)
Payroll Taxes	23,831	32,000	(8,169)
Personnel Services	6,501	7,200	(699)
Auto Allowances	5,000	5,000	
Legal	34,145	45,000	(10,855)
Financial/CPA	12,000	15,000	(3,000)
Grant Administrator	36,250	43,000	(6,750)
Office Expense	48,985	58,600	(9,615)
Consultant Services/Studies		40,000	(40,000)
Contingency	1,481	35,000	(33,519)
Total Operating Expenses	634,742	874,450	(239,708)
Operating Profit(Loss)	125,258	(114,450)	239,708
NON-OPERATING REVENUES (EXPENSES):			
Interest	2,114	242	1,872
Grants	2,876	33,000	(30,124)
Federal Contribution to Corps Project			
Local Agencies Contribution to Corps Project			-
JPA Projects	645,116		645,116
Consultant Services/Project	(704,089)		(704,089)
Total Non-Operating Revenues(Expenses)	(53,983)	33,242	(87,225)
CHANGES IN NET POSITION	71,275	(81,208)	152,483
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	15,779		15,779
NET POSITION, END OF YEAR	\$ 87,054	\$ (81,208)	\$ 168,262

See accompanying notes.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Member Entities	\$ 760,000
Cash Paid to Employees for Services	(490,667)
Cash Paid for all Expenses Other Than Employees	(201,084)
Cash (Used) by Operating Activities	<u>68,249</u>

CASH FLOWS FROM INVESTING ACTIVITY

Interest Received	2,114
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CASH FLOWS FROM CAPITAL FINANCING ACTIVITY

Cash Received from Grantors	<u>19,943</u>
Increase in Cash	90,306

CASH & INVESTMENTS, BEGINNING OF YEAR

692,377

CASH & INVESTMENTS, END OF YEAR

\$ 782,683

NON-CASH NON-CAPITAL FINANCING ACTIVITY

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

TO OPERATING LOSS:

Cash Provided(Used) by Operating Activities	\$ 68,249
Decrease in Other Government Receivables	918
Decrease in Prepaid Expenses	(10,761)
Increase in Deferred Outflow	51,827
Decrease in Accounts Payable	66,565
Decrease in Deferred Inflow	10,957
Increase in Accrued Salaries and Benefits	(62,497)
Operating Profit(Loss)	<u><u>\$ 125,258</u></u>

See Accompanying Notes.

SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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)
YEAR ENDED JUNE 30, 2016

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 powers agreement, the Authority's Board annually estimates the operating costs of the Authority for the coming fiscal year and proposes a formula for allocating the costs to the Member Entities. The Member Entities then make contributions representing their share of the needed operating costs to the Authority. Each Member Entity contributed \$152,000 during the year ended June 30, 2016, 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 \$47,436 for this liability at June 30, 2016. 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)
YEAR ENDED JUNE 30, 2016**

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. Currently, the Authority does not report any deferred outflows.

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. See note 6.

Net Position

The difference between assets, liabilities and deferred inflow 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

Governmental Accounting Standards Board Statement No. 72

In June 2015, GASB issued Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2016.

SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 72

In June 2015, GASB issued Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2016.

New Accounting Pronouncements Not Yet Adopted

Governmental Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Benefits. 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 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.

Governmental Accounting Standards Board Statement No. 76

The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

Governmental Accounting Standards Board Statement No. 76 (Continued)

(GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of this Statement are effective for the Authority’s fiscal year ending June 30, 2016.

NOTE 3 - CASH AND INVESTMENTS

The cash and investments balance as of June 30, 2016 consisted of:

LAIF	\$ 93,470
Wells Fargo Bank	688,929
Petty Cash	284
Total	<u>\$ 782,683</u>

During the year ended June 30, 2016, \$688,9294 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
- Securities of United States Government Agencies
- Bankers Acceptances
- Commercial Paper
- Certificates of Deposit
- Negotiable Certificates of Deposit
- California Local Agency Investment Fund
- Securities of California Local Agencies
- Repurchase Agreements
- Medium Term Corporate Notes
- Money Market Mutual Funds
- Savings Account
- Securities of the State of California

\$93,470 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 Agency'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)
YEAR ENDED JUNE 30, 2016**

NOTE 4 - EMPLOYEE RETIREMENT PLAN

General information about the Pension Plan

The Authority provides retirement benefits to its three employees through the California Public Employees Retirement System (“CalPERS”), a cost-sharing multiple-employer defined benefit pension plan. This plan acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. The Authority’s employees participate in the Miscellaneous Plan. 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, 2016

, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	
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)
 YEAR ENDED JUNE 30, 2016**

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 as of June 30 through the CalPERS' annual actuarial valuation process. The plans actuarially determined rate is based on the estimated amount necessary to pay 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, 2016 the contributions recognized as part of pension expense were as follows:

Contributions – Employer	\$ 38,335
Contributions - Employee (Paid by Employer)	\$ 11,442
Contributions – Employee (Paid by Employee)	\$ 11,442

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age & Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses: includes Inflation
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)
YEAR ENDED JUNE 30, 2016

NOTE 4 - EMPLOYEE RETIREMENT PLAN (CONTINUED)

All actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, 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 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, 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 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 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 under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 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. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes. Refer to page 9 of CalPERS GASB 68 accounting valuation report, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

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)
YEAR ENDED JUNE 30, 2016**

NOTE 4 - EMPLOYEE RETIREMENT PLAN (CONTINUED)

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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	51%	5.25%	5.71%
Global Fixed Income	20%	.99%	2.43%
Inflation Sensitive	6%	.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	12%	4.5%	5.13%
Liquidity	1%	(0.55)%	(1.05)%

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% 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)
YEAR ENDED JUNE 30, 2016**

NOTE 4 - EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 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 (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	<u>Discount Rate -1% (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>Discount Rate +1% (8.50%)</u>
Plan's Net Pension Liability	\$ 324,755	\$ 208,447	\$ 112,324

Pension Expense and Deferred Inflows/Outflows

The net pension liability/(asset) for the plan is \$215,008. (The net pension liability of the Miscellaneous Risk Pool as of June 30, 2016 is \$14,775,287,594).

For the measurement period ended June 30, 2016 (the measurement date), the San Francisquito Creek Joint Powers Authority incurred a pension expense of \$38,335.

As of June 30, 2016, the San Francisquito Creek Joint Powers Authority reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions	13,492	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		(16,902)
Pension contributions subsequent to measurement date	38,335	
Adjustment due to Differences in Proportions		(11,177)
Total	<u>\$ 51,827</u>	<u>\$ (28,079)</u>

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

NOTE 4 - EMPLOYEE RETIREMENT PLAN (CONTINUED)

The amounts above are net of outflows and inflows recognized in the 2015-16 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 Inflows of Resources
2017	(10,957)
2018	(10,158)
2019	(6,964)

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 is currently party to 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 estimates total Study costs to be \$7.5 million, of which the Authority, acting as the local sponsor on behalf of its member agencies, is responsible for 50% local matching funds, including \$618,225 in-kind contributions.

Funding agreements by and between the Authority and its member agencies provide 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 have 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 reports 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)
YEAR ENDED JUNE 30, 2016**

NOTE 6 – DEFFERED INFLOWS

Deferred inflow of resources – funds from funders received in this fiscal year and the previous fiscal year but have not been spent.

The amount of deferred inflow for year ended June 30, 2016 is \$561,949 - funders included:

The Department of Water Resource Grant is an advance for costs associated with 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.

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

The Authority has evaluated the results of operations for the period of time from its year end June 30, 2016 through April 17, 2018, the date the financial statements were available to be issued.

**SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE
SHARE OF THE NET PENSION
FOR THE YEAR ENDED JUNE 30, 2016
LAST 10 YEARS***

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.00600%	0.00264%
Proportionate share of the net pension liability	\$ 159,686	\$ 164,311
Covered- employee payroll	\$ 285,466	\$ 260,616
Proportionate Share of the net pension liability as percentage of covered-employee payroll	55.94%	63.05%
Plan fiduciary net position as a percentage of the total pension liability	75.70%	71.17%
Plan's proportionate Share of Aggregate Employer contributions	\$ 14,442	\$ 10,968

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, 2016.

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, 2016
LAST 10 YEARS**

	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	38,335	37,657
Contributions in relation to the actuarially determined contributions	<u>(38,335)</u>	<u>(37,657)</u>
Contribution Deficiency (excess)	0	0
Covered-employee payroll	\$285,466	\$260,616
Contributions as a percentage of covered-employee payroll	13.43%	14.45%

Notes to Schedule

Valuation date:	6/30/2015	6/30/2013
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Methods and assumptions used to determine contribution rates:

Cost-sharing multiple-employer	Entry age	Entry age
Inflation	2.75%	2.75%
Salary increases	Varies by entry age and service	
Investment rate of return	net of pension plan invest expense, including inflation	7.38% 7.50%
Mortality	Derived using CalPERS' membership data for all funds	

GASB 68 required schedule



SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY
SFCJPA.ORG

RESOLUTION NUMBER 18.5.24A

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY DECLARING THAT BOARD OF DIRECTORS MEMBERS
AND VOLUNTEERS SHALL BE DEEMED TO BE EMPLOYEES OF THE AUTHORITY
FOR THE PURPOSE OF PROVIDING WORKERS' COMPENSATION COVERAGE FOR
THESE INDIVIDUALS WHILE PROVIDING THEIR SERVICES**

WHEREAS, the San Francisquito Creek Joint Powers Authority utilizes the services of Governing Body Members and Volunteers; and

WHEREAS, Section 3363.5 of the California Labor Code provides that a person who performs voluntary service for a public agency as designated and authorized by the Governing Body of the agency or its designee, shall, upon adoption of a resolution by the Governing Body of the agency so declaring, be deemed to be an employee of the agency for the purpose of Division 4 of said Labor Code while performing such services; and

WHEREAS, the Board of Directors wishes to extend Workers' Compensation coverage as provided by State law to all Board Members of the San Francisquito Creek Joint Powers Authority as presently or hereafter constituted; all persons performing voluntary services without pay other than meals, transportation, lodging or reimbursement for incidental expenses; and interns or individuals on work-study programs.

NOW, THEREFORE, BE IT RESOLVED, that such persons coming within the categories specified above, including the duly elected or appointed replacements of any Board member and other designated individuals be deemed to be employees of the San Francisquito Creek Joint Powers Authority for the purpose of Workers' Compensation coverage as provided in Division 4 of the Labor Code while performing such service. However, said Board members and other designated individuals will not be considered an employee of the San Francisquito Creek Joint Powers Authority for any purpose other than for such Workers' Compensation coverage, nor grant nor enlarge upon any other right, duty, or responsibility of such Board members or other designated individuals, nor allow such persons to claim any other benefits or rights given to paid employees of the San Francisquito Creek Joint Powers Authority.

Approved and adopted the 24th day of May 2018. We, the undersigned, hereby certify that the foregoing Resolution Number 18.5.24A was duly adopted by the Board of Directors of the San Francisquito Creek Joint Powers Authority.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ATTEST:

APPROVED:

Date: 5/24/18
Director

Date: 5/24/18
Chairperson

APPROVED AS TO FORM:

Gregory W. Stepanovich

Legal Counsel Date: 5/21/18



SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY
SFCJPA.ORG

RESOLUTION NUMBER 18.5.24B

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY ADOPTING A RECORDS RETENTION SCHEDULE**

Whereas, maintenance of numerous records is expensive, slows document retrieval, and is not necessary after a certain period of time for the effective and efficient operation of the San Francisquito Creek Joint Powers Authority (“SFCJPA”); and

Whereas, Section 34090 of the Government Code of the State of California provides a procedure whereby any public agency record which has served its purpose and is no longer required may be destroyed; and the State of California has adopted guidelines specifying retention periods for various government records; and

Whereas, the Board of Directors of the SFCJPA desires to adopt a records retention schedule to ensure efficient and effective maintenance of its various documents and records.

Now, therefore, the Board of Directors of the San Francisquito Creek Joint Powers Authority hereby resolves that:

1. The records of the SFCJPA, as set for in the Records Retention Schedule, attached hereto as “Exhibit A,” are hereby authorized to be destroyed as provided by Section 34090 et. seq. of Government Code of the State of California and in accordance with the provision of said schedule upon the request of the Board Secretary and with the consent in writing of the General Counsel, without further action by the Board of Directors of SFCJPA.
2. With the consent of the Board Secretary and the General Counsel, updates are hereby authorized to be made to the Records Retention Schedule without further action by the Board of Directors.
3. The term “records” as used herein shall include documents, instructions, books, microforms, electronic files, magnetic tape, optical media, or papers, as defined by the California Public Records Act.
4. This resolution shall become effective immediately upon its passage and adoption.

Approved and adopted the 24th day of May 2018. We, the undersigned, hereby certify that the foregoing Resolution Number 18.5.24B was duly adopted by the Board of Directors of the San Francisquito Creek Joint Powers Authority.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ATTEST:

APPROVED:

Date: 5/24/18
Director

Date: 5/24/18
Chairperson

APPROVED AS TO FORM:

Shega W. Stepanovich

Legal Counsel Date: 5/21/18

EXHIBIT A – SFCJPA RECORDS RETENTION SCHEDULE

I. PURPOSE

The purpose of this policy is to provide guidelines regarding the retention or destruction of records of the San Francisquito Creek Joint Powers Authority; provide for the identification, maintenance, safeguarding, and destruction of records in the normal course of business; ensure prompt and accurate retrieval of records; and ensure compliance with legal and regulatory requirements.

II. AUTHORIZATION

Staff is hereby authorized to destroy records in accordance with this policy and maintain the same records by means approved by the Board Secretary.

III. RETENTION SCHEDULE

RECORD SERIES TITLE AND CONTENTS	RETENTION PERIOD	OFFICE RETENTION-NOTES
ADMINISTRATION		
Correspondence	Current year + 2	
Policy and Procedures	Permanent; as revised	
JPA Agreement and Amendments	Permanent; as revised	
Roster of Public Agency Filing	Permanent	
Accreditation	Permanent	
HUMAN RESOURCES		
Employee Handbook	Permanent; as revised	
Personnel Records (copies)	Termination + 3	Attendance, evaluations, drafts, worksheets, postings
Medical Records	Termination + 30	Does not apply to individuals employed less than 1 year
Payroll Records	Termination + 7	Records containing name, address date of birth, sex, job classification, amount of compensation
I-9 Forms	Termination + 3	
Recruitment	Completion + 3	Applications, resumes, ethnicity disclosures, examination materials, job bulletins
BOARD/COMMITTEES		
Meeting Notes	5 years	
Minutes - Executive Board	Permanent	
Minutes - Program Committees	Permanent	
Recordings - Audio	30 Days, provided mins. have been adopted	
Recordings - Video of Meetings	1 year	Video tapes, CDs, or other stored recording of public meetings made by or at the direction of the JPA (e.g. Board meetings)
Resolutions	Permanent	

Staff Reports	Permanent	
By-Laws	Permanent	
Agendas	Permanent	
Meeting Notices	Permanent	
Minutes Board Meetings	Permanent	
Resolutions	Permanent	
CONTRACTS		
Agreements (excluding Capital Improvements)	End of contract + 5	
Permits, Construction	Permanent	
Permits, Other	Closed + 2	Alterations, excavations, road, street, sidewalks and curb, transportation, temporary uses
DEVELOPMENT		
Records of real property title	Permanent	Deeds, easements, liens
Bids, Unaccepted	2 years	
Bid Accepted; Notices and Affidavits	4 years	
Bids/Proposal Files (Successful Bidders) <ul style="list-style-type: none"> • Requests for bids/proposals • Bids/proposals received • Specifications, correspondence and backup data 	End of contract + 10	
Responses to Bids/Request for Proposals/Request for Qualifications	5 years	
Capital Improvement Plans <ul style="list-style-type: none"> • Construction, planning design, of authority assets • Contracts for Capital Improvements 	End of Contract + 10	
Studies and Reports	Permanent	Engineering studies and reports, including feasibility studies
Encroachment Permits	Permanent	
FINANCIAL		
Accounts Payable <ul style="list-style-type: none"> • Correspondence • A/P Distributions Journal • Cash Disbursements • Expense Reports • Invoices 	Audit + 4	
Accounts Receivable <ul style="list-style-type: none"> • A/R Register • Aged Trial Balance • Invoices 	Audit + 4	
Audit Reporting <ul style="list-style-type: none"> • Correspondence/ work papers • Reports • State Controller's Report 	Permanent	

Banking <ul style="list-style-type: none"> • Correspondence • Bank Confirmations • Bank Reconciliations • Bank Statements • Cancelled and Voided Checks • Deposit Slips • Signature Authorizations 	Current year + 7	
Financial Reporting <ul style="list-style-type: none"> • Correspondence • Reports and Studies • Chart of Accounts 	Current year + 7	
Revenue Bonds <ul style="list-style-type: none"> • Account statements & deposit slips • Administration • Bonds and Coupons (paid/cancelled) • Unsold • Authorization/public hearing/notice 	Account Statements etc: Closed + 10 Bonds and Coupons: Closed + 2 Unsold Bonds: Closed + 2 Authorization etc: Permanent	
Budget <ul style="list-style-type: none"> • Adopted • Proposed 	Adopted: Permanent Proposed: Current year + 2	
Ledgers <ul style="list-style-type: none"> • Accounts Analysis • Balance Sheets • General Ledger • Journal Entries 	Permanent	
INSURANCE		
Memorandum of Coverage	Permanent	
Insurance Policies	Permanent; as revised	
Endorsements	Permanent	
Premium Deposit Determination	Permanent	
Retrospective Ratings	Permanent	
Claims Audits	Permanent	
Actuarial Studies	Permanent	
Underwriting Files	Permanent	
Certificate of Insurance	Permanent; as revised	
ENVIRONMENTAL		
California Environmental Quality Act ("CEQA") and National Environmental Policy Act ("NEPA") Documents	Permanent	Exemptions, Environmental Impact Reports, Mitigations, monitoring, negative declarations, notices of completions, and determination, comments, statements of overriding consideration
CLAIMS & LEGAL		
General Correspondence	Permanent	

Attorney Correspondence	Permanent	
All Claims Documents	Closed + 5	
Litigation	Closed + 2	
Claims Involving Minors	3 years from age of 18 or Closed + 7, whichever is longer	
Opinions	Permanent	
MEMBERSHIP		
Membership Records	Permanent	
Program Participation Agreements	Permanent	
Appointment Resolutions & Letters	Permanent	
CONFLICT OF INTEREST		
Conflict of Interest Statements	Filing + 7	
Conflict of Interest Code	Current year + 7	
Fair Political Practices Filings	Termination of office + 7	Statement of Economic Interests for Elected Officials
Fair Political Practices Filings	Termination of office + 5	Statement of Economic Interests for Non-elected Officials

San Francisquito Creek Joint Powers Authority
May 24, 2018 Board Meeting
Agenda Item 6
Executive Director's Report

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

a. Approve the Fiscal Year 2018-2019 Salary Schedule

At the SFCJPA Board meeting on March 22, 2018, the Board approved the Fiscal Year 2018-19 Operating Budget, which included a 5% annual salary adjustment for SFCJPA staff (this followed Board approval at its January 25, 2018 meeting of a 4% salary increase for me). At the March Board meeting, I indicated that at an upcoming meeting I would ask the Board to approve an updated SFCJPA Salary Schedule to reflect the salaries in the approved FY2018-19 budget, which becomes effective on July 1. The State and CalPERS require that the Board approve and make public our updated Salary Schedule.

Proposed Board action: Approve the enclosed SFCJPA Fiscal Year 2018-19 Salary Schedule.

b. S.F. Bay-Highway 101 project: discuss construction activities and planning

Since construction began in 2016, we have discussed plans and activities for our project to improve public safety and recreation and increase marsh habitat along San Francisquito Creek from the Bay to Highway 101. By October 2017, the majority of the floodwalls were installed and connected to existing levees, bringing this area much greater flood protection against creek flows and tides even as we work to complete floodwalls and build new levees this construction season.

The SFCJPA, Santa Clara Valley Water District (SCVWD), and cities of Palo Alto and East Palo Alto continue to coordinate with the levee and floodwall contractor (Teichert Construction) on construction planning and permit compliance. The following summarizes activities since the last update to the Board on March 22, 2018:

- On April 6, the SFCJPA submitted to the U.S. Fish & Wildlife Service (USFWS) a 2018 Ridgway's Rail Survey Report prepared by SCVWD, which identified Faber marsh nest locations of this endangered bird. On April 16, the USFWS accepted the report and 700-foot buffer zone around detected nests where our permit forbids construction through August 31. This acceptance allowed Teichert to resume work outside the buffer zone, and they have begun vegetation removal under the oversight of biologists.
- On April 9, the SFCJPA requested variances to specific areas of the buffer zone to enable the completion of project construction by early next year and thus avoid future impacts to Rail. On April 16, SFCJPA and SCVWD staff discussed our request with staff from USFWS, California Department of Fish and Wildlife, and Don Edwards National Wildlife Refuge. Based on suggestions from these agencies, staff from the SFCJPA, SCVWD and Teichert modified the timing and method of our proposed work in the Rail buffer zone. On May 9, we formally proposed specific construction activities and timelines within the buffer zone and mitigation for the impacts of this work. On May 15, USFWS informed the SFCJPA that they and the other regulatory agencies with jurisdiction had approved our proposal. While amendments to the project's USFWS Biological Opinion and U.S. Army Corps of Engineers permit still must be completed, this approval allows us and Teichert to plan for completion of the flood protection features this year. Certain project elements outside of both the buffer zone and the channel, such as surfacing trails and installing plants and interpretive signs, may extend to next spring.
- SFCJPA's marsh restoration contractor, Hanford ARC, halted construction activities January 31 to comply with the Ridgway's Rail breeding season restriction. Current work by Hanford ARC is limited to maintenance activities for plant establishment as required by our permits. The cost to water, weed and otherwise ensure the successful establishment of the restoration site this year is covered by funds originally intended for construction. Beginning in July 2019, this maintenance work will be funded through a project-wide Maintenance and Operations Agreement that will require new funding and will be presented to the SFCJPA Board by early next year. In addition to this maintenance, we are now planning for restoration construction to resume on September 1, including additional native plantings, predator deterrents, and the design, fabrication and installation of interpretive signage describing our project and the natural and built environments it will enhance.

San Francisquito Creek Joint Powers Authority
May 24, 2018 Board Meeting
Agenda Item 6
Executive Director's Report

- In compliance with environmental permit restrictions to protect the migration of steelhead fish, in-channel work, including replacing the levees, is paused and will resume in June. Significant planning for this year's diversion of water within the creek to enable in-channel construction has been completed, with an agreement to use the O'Connor Pump Station to divert and discharge water. Staff from the SFCJPA and City of East Palo Alto are working to coordinate construction of this diversion pipe and the City's installation of a new trash capture device on the Pump Station outfall.
- Westland Contractors, a construction contractor to the SFCJPA, has completed installation of a water main extension and new fire hydrant on East Bayshore Road to replace an existing fire hydrant on the Public Storage property in East Palo Alto that needs to be removed by the project. Once testing and certification of the new water line and hydrant is completed in the next few weeks, Teichert will remove the old hydrant.
- As discussed at previous Board meetings, costs associated with claims and change orders from Teichert Construction have the potential to significantly increase construction costs beyond the amount established in the 2016 six-party Construction Funding Agreement, even including new grant funds awarded in 2017 as a result of the SCVWD shifting some of its Proposition 84 grant funds to this project. To reduce costs, SFCJPA and SCVWD staff are working with Palo Alto and East Palo Alto staff to store excess soil on the outboard sides of both new levees. Coordination and cooperation are necessary to reduce the financial impacts of off-hauling and disposing excess soil. In addition, soil was recently tested for geotechnical and environmental parameters, with results expected on May 23, to enable us to determine if more levee material might be reused than previously estimated.
- SFCJPA staff continue to manage two Department of Water Resources (DWR) grant awards for this project. On April 6, SFCJPA staff submitted a draft Completion Report for our \$8 million Proposition 1E grant and \$8.7 million local match. This Report is currently under review by DWR.
- Representatives from the California Department of Finance were onsite at the SFCJPA offices and project site May 7-10 in the first of two Proposition 1E audit visits. The second visit is scheduled for June 11-14 and is expected to focus on verification of SFCJPA cost accounting procedures. The Department of Finance expects to release its audit report in August 2018.
- The Friendship Bridge and trail around the Palo Alto Airport are currently open, but Friendship Bridge is expected to close in July and remain closed through the end of this year for construction, including a bridge extension through the newly widened creek channel. The City of East Palo Alto has improved Pulgas Avenue and East Bayshore Road for bicycle use. To reduce the reliance on these East Palo Alto routes, the trail behind the floodwall from Verbena Road to East Bayshore Road will be permanently opened once the access points at those roads can be improved in the coming weeks. Additionally, the City of Palo Alto plans to install "sharrows" and signage on East Bayshore Road between Embarcadero Road and Pulgas Avenue to facilitate cars and bicycle traffic. This issue is very challenging, particularly for bike and pedestrian users of our trails, and we ask for patience during construction and look forward to the time in about seven months when the project's new or improved trails and trail access points will be opened permanently.

Submitted by:



Len Materman
Executive Director



SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY
SFCJPA.ORG

Fiscal Year 2018-19 Salary Schedule

Proposed May 24, 2018

<u>Position</u>	<u>Annual Salary</u>
Executive Director	\$172,224
Senior Project Manager	\$117,600
Project Manager	\$105,000
Finance & Administration Manager	\$101,588