



SAN FRANCISQUITO CREEK
JOINT POWERS AUTHORITY
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East Palo Alto, Menlo Park, Palo Alto, San Mateo County Flood Control District, and the Santa Clara Valley Water District

**Notice of Special Meeting of the
SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY BOARD
City of Menlo Park Council Chambers
701 Laurel Street, Menlo Park, California
Thursday, February 9, 2012 at 4:00 p.m.**

AGENDA

- 1) ROLL CALL
- 2) APPROVAL OF MEETING MINUTES – December 15, 2011 Board Meeting
- 3) APPROVAL OF AGENDA
- 4) PUBLIC COMMENT – *Limited time for public comment on items not on the Agenda. Members of the public may address the Board on any Agenda item when that item is considered by the Board.*
- 5) REGULAR BUSINESS – EXECUTIVE DIRECTOR'S REPORT
 - a) Board Organization: select a Chair, Vice Chair, and members of Board Committees
 - b) Proposed SFCJPA Fiscal Year 2012-13 Operating Budget discussion and approval
 - c) Update: SF Bay-Highway 101 project, including the CA Department of Water Resources grant
- 6) BOARD MEMBER MATTERS - *Non-agendized comments, requests, or announcements by Board members; no action may be taken.*
- 7) ADJOURNMENT

PLEASE NOTE: This Board meeting Agenda can be viewed online by 4:00 p.m. on February 6, 2012 at www.sfcjpa.org -- click on the "Meetings" tab near the top. The reports for the items described on the Agenda will be available at the same online location by 4:00 p.m. on February 7, 2012.

NEXT SCHEDULED MEETING: March 22, 2012 at 4:00 p.m. at the Palo Alto City Council Chambers.

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Chairperson Kwok called the meeting to order at 4:30 p.m. at the City of Menlo Park Council Chambers, Menlo Park, CA.

DRAFT

1) ROLL CALL

Members Present: Director Burt, City of Palo Alto
Chairperson Kwok, Santa Clara Valley Water District
Director Groom, San Mateo County Flood Control District
Director Abrica, City of East Palo Alto
Director Keith, City of Menlo Park

Alternates Present: Director Romero, City of East Palo Alto (in audience)
Director Schmidt, Santa Clara Valley Water District (in audience)

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

Legal Counsel: Greg Stepanicich

Others Present: Art Kraemer, Palo Alto resident; Trish Mulvey, Palo Alto resident;
Jerry Hearn; Portola Valley resident; Dennis Parker, East Palo Alto
resident; Joe Teresi, City of Palo Alto; Ann Stillman, San Mateo
County Flood Control District; Kevin Sibley, Santa Clara Valley Water
District; San Francisco Corps of Engineers District Commander
DiCiro; Yvonne Letiller Corps of Engineers; Arjis Rakstins, Corps of
Engineers; Mark Bierman, Corps of Engineers; Chip Taylor, City of
Menlo Park; Chris Elias, Santa Clara Valley Water District; Liang Lee,
Santa Clara Valley Water District

2) APPROVAL OF MEETING MINUTES – November 17, 2011 Meeting

Director Keith requested the following corrections to the November 17, 2011 meeting minutes: on page 4 of 7; Director Keith said she would like to figure out how to take the levee all the way to the end and that Director Keith said that Menlo Park has the Atherton Channel. Director Burt moved approval of the November 17, 2011 meeting minutes with stated changes. Director Keith seconded. November 17, 2011 meeting minutes approved with changes 5-0.

3) APPROVAL OF AGENDA

Agenda approved 5-0.

4) PUBLIC COMMENT

Jerry Hearn, Portola Valley resident, congratulated Director Keith on becoming Mayor and he hopes that her position of Mayor does not take her away from the SFCJPA. Mr. Hearn stated that he had attended the Palo Alto meeting on Monday night which was more in-depth than he expected and that Mr. Materman did a fabulous job on his presentation but what was really remarkable was when he looked out at the audience almost all of the people behind him right now were there and some people like Joe Teresi spent a quarter of his time up at the microphone giving information. Mr. Hearn continued saying what really struck is what a team

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effort this all has been and Director Burt was there with many comments and in the past it has always felt like it was just a few people plucking away at it but it was obvious that there were a whole lot of people who were there supporting the efforts of what was going on. Mr. Hearn said that at this time of year it always really nice to kind of feel that way towards each other, but that that was a real distinct and real heartwarming thing to see how many people were there ready to get up and say what needed to be said to move this project forward. Mr. Hearn thanked everyone who was there, everyone who gave a presentation and he really thought the presentation given by Mr. Materman was excellent, very clear and very thoughtful.

Chairperson Kwok thanked Mr. Hearn for his kind comments.

5) REGULAR BUSINESS

Office location: Authorize Executive Director to sign office lease for 615 Menlo Avenue, Menlo Park

Mr. Materman asked for the Board to approve the authorization for him, the Executive Director, to sign a one-year office lease for 615 B Menlo Ave in Menlo Park. Mr. Materman informed the Board that the SFCJPA staff was given a 45-day notice in early November from their landlord, the Menlo Park Fire Protection District. Mr. Materman stated that a lot of research was done by himself, the SFCJPA's Finance & Office Administrator, Miyko Harris-Parker, and City of Palo Alto real estate staff to find new office space for the SFCJPA and that he believes that 615 B Menlo Ave is the best place available within our budget for the new office location. Mr. Materman noted that the lease was reviewed by Greg Stepanicich's office and that the lease would be \$2,000 a month with triple net fees of about \$300 a month.

Chairperson Kwok asked if the space and capacity were the same as the SFCJPA's current location. Mr. Materman responded saying that the space is similar but more functional and that the square footage is about the same. Mr. Materman said that staff would be looking to move on December 20 as there is a bit of construction that will be done before the move.

Director Keith stated that she spoke with the Fire Chief of the Menlo Fire District and that he informed her that he had offered the SFCJPA some other office space for a \$1,000 a month on Willow Road East of 101 and keeping in mind that we have a limited budget, Director Keith asked Mr. Materman to explain why that offer was turned down. Mr. Materman responded saying that originally the Fire Chief offered the space for \$1,500 and then he came back and said he could lower it to \$1,000 and that staff looked at the space, which is a warehouse, called the USAR. Mr. Materman continued saying that we were offered a series of offices connected by a hallway and conference rooms in another part of the warehouse and in looking at the space and its location he felt that a series of separate offices, separated from the conference area and separated from the communities we serve, that it was better to spend a little more money and get a lot better office space.

Director Burt asked what the notification requirement for termination or the new lease would be as 45 days is obviously not adequate. Mr. Materman responded saying that the new lease notification is 60 days.

Chairperson Kwok asked the Board for their preference. Director Burt asked Director Keith if she had any other concerns. Director Keith responded saying that looking at our budget it is a limited budget and she was expecting the lease payment to go down especially after speaking to the Fire Chief and knowing that there was a better offer on the table.

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Director Keith stated that she did not think the location was hard to get to as it is right off Hwy 101 on Willow Road near Facebook. Director Keith stated that she was hoping we would take advantage of the reduced amount of expenditures on rent.

Mr. Materman responded saying that the cost would be an extra \$12,000 a year and that to him looking at the space and looking at the competition in terms of who else is in the warehouse he found that we are an independent agency that is growing and the space in downtown Menlo Park that is eminently more functional is worth an additional \$12,000 a year for an agency with a budget of \$500,000 and a capital budget of several million dollars. Mr. Materman said that he wanted a space that we can function well in and he understands the idea for savings and he appreciates that and the budget is very tight but for an extra \$12,000 the agency could run a lot more smoothly if we had our own space.

Director Groom asked for clarification of the additional \$12,000 as we are paying \$1,500 a month right now. Mr. Materman stated that he was referring to the difference of the \$1,000 offered at the warehouse vs. the proposed contract amount.

Director Keith said that she knows how difficult this was in such a short time frame so she will make a motion to support authorizing the Executive to sign a one-year lease agreement for 615 B Menlo Ave in Menlo Park, Ca. Director Groom seconded the motion.

Director Burt asked for the exact square footage of the new space. Mr. Materman responded saying that the lease says the square footage of the office is 715 square feet. Director Burt stated that going forward if we are looking for long-term space; we might be able to find something that we can hold on to for under \$2.00 a square foot and that it could be space that could work pretty well. Director Burt continued saying that he is not enamored with going down the El Camino during traffic with a downtown location so going forward if we have any indication we are going to move we should look at a low end traditional office space.

Chairperson Kwok asked what the anticipated amount for construction would be. Mr. Materman responded saying that we anticipate a little over \$1,500.

Authorization of Executive Director to sign a one-year lease for office space located at 615 B Menlo Ave Passed 5-0.

Grant applications: update on proposals submitted to the California Department of Water Resources to improve San Francisco Bay Levees

Mr. Murray gave a brief update on the DWR grant proposals.

Director Abrica commented on the fact that at the last Board meeting there was some discussion about the guidelines being contradictory and asked if that situation had been resolved. Mr. Materman responded saying that our interpretation based on our legal firm's opinion is that we do not have to worry about the labor guidelines in question so we moved forward with our submission.

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U.S. Army Corps of Engineers Feasibility Study: Update by San Francisco District Commander DiCiro

Commander DiCiro provided an update on the Corps feasibility Study noting that the Corps estimates needing another \$7 million to finish study.

Chairperson Kwok asked what the original budget was. Mr. Materman responded saying that the original budget for the study was \$7.5 million. Commander DiCiro responded saying that if funding is nice and clean and the Corps gets the money when requested then they can pretty much guarantee the job getting done on time.

Chairperson Kwok asked if the original budget was for a simplified risk analysis. Commander DiCiro replied saying that because of money constraints, the SFCJPA asked for a simplified risk analysis because a full risk takes more money and more time. Mr. Materman said that a full risk analysis would take about \$1.3 million and we did not want to double the cost of the study just to learn more details about the project at this stage. Mr. Materman continued saying that for about 1/6 of the cost we were able to find out what we needed.

Mr. Materman asked for clarification on the benefit-cost ratio. Commander DiCiro explained that Mr. Materman was asking how the ratio comes to 2:1. Corps Economist Mark Bierman responded saying that the numbers are shown on an event basis and that this number should not be directly compared to project cost. Mark Bierman said that the Corps staff had decided to show a 100-year event because that is what the SFCJPA is interested in at this time.

Chairperson Kwok clarified that there was no Board action to be taken and that the topic can be agendaized for further Board discussion.

Director Abrica stated that one of the next steps in this process has to do with revising the schedule of projects deciding what the SFCJPA wants the Corps to do and he asked when this would occur. Mr. Materman responded saying that earlier this past summer we had a series of meetings in which we discussed how we make sure the money we are spending now will turn into something. Mr. Materman said that we, mostly Mr. Murray and Corps Project Manager Yvonne LeTellier, went through an exercise last summer, in which we are trying to take certain work items from the Corps and complete them with our member agencies who have the capability to do so, especially the Santa Clara Valle Water District. Mr. Materman said that staff has begun the process of which Director Abrica is speaking of, and Mrs. LeTellier said that we are not done with this process yet.

Chairperson Kwok commented on the SCVWD taking on some side studies and asked SCVWD staff to speak about the approaches the SCVWD is taking on one of its creeks and maybe those approaches could work later down the road for the SFCJPA.

Liang Lee, SCVWD, said that he does not think there is another innovative method that can be used besides what the SFCJPA is moving forward with (more local control) and that we have to follow the Corps procedures and methods, but doing it locally could save some money.

Director Keith commented that right now we are in the second phase and she asked how much it will cost to get to the third phase and what is the cost for planning. Mrs. Letillier said that the estimation of the total project cost is around \$10 million and we are asking for another \$7 million.

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Mr. Materman stated that the math Mrs. Lettiller is proposing is right, but that we have to keep in mind that there was a substantial amount of work that was done locally by consultants that could bring the cost down. Mrs. Lettiller responded saying that is true, but the Corps still needs to look at the work to determine if it fits with Corps guidelines.

Director Keith asked the Corps officials if this project makes sense. Commander DiCiro responded saying yes, this project makes sense but the funding has to be provided in a timely way for it to be completed within a timeline and budget we are discussing.

Director Keith asked the Commander how long he would continue to be in this position. Commander DiCiro responded saying that he would be in his current position another six months then a new Commander would be in charge of the SF Corps District. Commander DiCiro said that though Commanders come and go to different districts the civilians like Mrs. Lettiller and Mr. Rakstins provide continuity.

Director Groom asked that when a funding request from the Corps goes to Congress does it go to Congress directly. Commander DiCiro stated that the Corp funding requests go through the Office of Management and Budget process.

Director Burt asked for comment on the next WRDA (Water Resources Development Act) and the independent utility of our project. Mr. Materman responded saying that in his mind the lag time for the next WRDA is a concern. Mr. Materman said that if we are lucky our Chief's Report at the end of the Feasibility Study will be timed before the next WRDA bill, but if the WRDA bill passes before we get to our Chief's Report, we may be waiting many years for the next WRDA bill. Mr. Materman continued saying that as far as the independent utility the Commander knows we are always looking for each project to have independent utility.

Commander DiCiro said that a lot of people get confused and ask us why can't you just do the work and we have to remind them that we get funded for each project; if we don't get funded we start moving people out of the district because they don't have work.

Director Abrica asked if at some point we can get a chart that breaks everything down regarding the project especially whether we limit to fluvial or expand to coastal flooding areas. Director Abrica stated that he has issues with the fact that the Federal government would be OK with us not doing coastal flooding protection not in support, but that the Federal government would allow a project like this to happen without it.

Commander DiCiro commented that if it is a case of being short of funds than the SFCJPA should look at where the Federal government will say yes this project is in the best interest of all involved.

Chairperson Kwok thanked Commander DiCiro and the Corps staff for a great presentation. Chairperson Kwok said that we had some good news and bad news, the good news being that yes we can do a project the bad news being we need more time and more money.

Chairperson Kwok said that if there were no objections since Director Burt has to leave early we are going to move Agenda item E ahead of Agenda item D.

No objections were made.

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Federal policies and funding: Update by Thane Young, Washington DC lobbyist for the City of Palo Alto

Mr. Materman gave a brief background introduction of Mr. Thane Young, VP of Van Scoyoc Associates; Washington, DC lobbyist for the City of Palo Alto.

Mr. Young stated that he has been doing this work for over twenty years and has always had respect for the Corps of Engineers. Mr. Young provided a brief summary of the current funding process noting that we are well into the fiscal year of 2012 and we still don't have appropriations. Mr. Young stated that Congress has worked out a deal that has not been announced that includes in the Corps budget \$36 million for feasibility studies. Mr. Young said that Congress cannot earmark funds which has handicapped the Corps in not giving them the direction they have had for decades, however this gives us the opportunity to take advantage of some of the additional funding options. Mr. Young mentioned that the federal authorization of the National Flood Insurance Program, which is long overdue, is set to expire again this coming Friday and that in trying to deal with this issue the House sent to a bill to the Senate. Mr. Young noted that one problem with this bill is there is a provision that properties behind a flood control facility face residual risk which is contrary to the whole idea of taking people out of a floodplain. Mr. Young said that in the Senate version of the bill people will still have to pay some level of flood insurance regardless of work that has been done to take them out of a floodplain. Mr. Young stated that he is keeping an eye on this and is working closely with Senator Feinstein's and Senator Boxer's staff. Mr. Young stated that Senator Feinstein has been supportive of our position on this. Director Keith thanked Mr. Young for the update on the flood insurance bill.

Chairperson Kwok thanked Mr. Young for his presentation.

Discussion of proposed Santa Clara Valley Water District countywide special tax ballot measure

Mr. Materman provided the Board with a presentation of the Santa Clara Valley Water District special tax ballot measure.

Liang Lee, Deputy Operating Officer at SVCWD briefly explained the SCVWD's plan for funding the Santa Clara side of the SFCJPA project noting that the current plan includes setting aside \$35 million for the SFCJPA. Mr. Lee said that the plan is to give the estimated funding for the for the Santa Clara side of the creek for the Corps study. Mr. Lee said that these funds will only cover fluvial flooding and that another plan has to be made for the coastal flooding. Mr. Lee said that the plan is to spend money quickly to get a shovel ready project.

Chairperson Kwok asked if the \$35 million included design and construction. Mr. Lee responded saying that assuming the total cost of the project is \$100 million the local share would be \$35 million and this money would cover $\frac{3}{4}$ of that plus money for the downstream construction, and that the San Mateo side local share would be \$8 million dollars.

Director Burt thanked Mr. Lee and the SCVWD for the meetings they had with the City of Palo Alto staff and for increasing the funding from \$26 million to \$35 million. Director Burt asked if we could have language that says if the money can be used design or construction so that it is not limited. Mr. Lee responded saying yes. Director Burt asked if the \$8 million that is still left in the Clean Safe Creek accrued any interest. Mr. Lee responded saying yes that the current balance is probably closer to \$10.5 million.

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Director Burt stated that the SCVWD Board has not taken action to spend the remaining funds on construction as we do not yet have a dollar amount for the cost. Director Burt continued, saying that his take on the meeting between Palo Alto and the SCVWD was that the SCVWD's legal said that it would be permissible for their Board to take action and the City of Palo Alto has asked if the SCVWD Board as a policy action could in hopefully their January meeting, endorse that as a permissible use of funds for construction and then retain the prerogative to approve that on a budgetary allocation once the design is complete. Director Burt asked if this was something that was reasonable and feasible to occur. Mr. Lee responded saying yes, that SCVWD staff plans to go the Board in March to approve the Clean Safe Water Program, the existing Clean Safe Creek Program is to sunset in 2016 and the current plan is to start in 2014, and we want terminate Clean Safe Creek early and start the new plan immediately.

Director Burt said that we are hoping that we will be ready to spend those dollars before 2014 and we want to make sure the SCVWD Board is going to be taking up the authorization to do so.

Chairperson Kwok stated that there were two SCVWD Board members here today that would support Director Burt's suggestion and though we cannot speak on behalf of the Board we can direct staff to look at that the possibility.

Chairperson Kwok said that he spoke to HDR because the SCVWD Board wants to know how much money we are going to need and HDR said that the 60% will be done in January and the 90% will be done in April.

Director Abrica asked for clarification on if the planning and design money is it already there. Mr. Lee said that the SCVWD has included \$8 million for planning and design and there was also a grant submitted to DWR for funding as well.

Director Burt left at 6:07 pm.

Brian Schmidt, SVWD and JPA director, said that he was very happy about the money being allocated for the SFCJPA, and that he is hoping that the SCVWD Board looks into to figuring out what else can be done for the coastal flooding issue. Mr. Schmidt said that he would like to see if there is something that can be done, if there is anything at all even if only a down payment it would be a great thing to help deal with some of the coastal issues that have been addressed.

Trish Mulvey, Palo Alto resident, said that she echoes what Mr. Hearn said earlier regarding the Palo Alto study session and she thanked everyone involved. Mrs. Mulvey said that she wanted to mention the name of the new SCVWD bond is Safe Clean Water, no mention of creeks. Mrs. Mulvey said that in reading the SCVWD Board agenda package for next week they continue receive questions about Hetch-Hetchy. Mrs. Mulvey said that on the San Mateo side to the extent that you can think through the coastal piece and how to do the handshakes to get this piece done.

Art Kramer, Palo Alto resident, said that Measure B passed just barely and that Palo Alto has spent \$15 million so far from Measure B funds and that if something substantial is not in this next SCVWD bond it won't pass.

Director Keith stated that she appreciates the comments made by Mr. Kramer. Director Keith said that she was thankful that Mr. Materman helped get the grant for Newell and that hopefully it will be done next year. Mr. Materman said that the design will begin early next year. Director Keith asked if the Middlefield Road Bridge is the only other bridge to qualify for the same funding, and Mr. Materman replied saying yes.

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Chairperson Kwok said that the Board was very thankful to have had the Corps of Engineers representatives as well as Palo Alto's lobbyist, Mr. Thane Young with us.

2012 Board meeting schedule

Mr. Materman presented the 2012 Board meeting schedule noting that per previous Board discussion the times of the meetings were changed to 4:30 pm.

Director Groom noted that she has a standing meeting after the SFCJPA meeting so a later meeting time does not work for her, though she will do her best to make it work. Director Groom also suggested maybe canceling the December meeting all together.

Director Keith agreed that leaving the meeting start time at 4:00 pm would be best.

Director Abrica stated that he was fine either way.

Director Keith made a motion to adopt the 2012 Board meeting schedule amending the meeting start time to 4:00 pm. Director Groom second. 2012 Board meeting schedule approved 4-0 with meeting start time amended to 4:00 pm.

6) **BOARD AND ASSOCIATE MEMBER MATTERS** - *Non-agendized comments, requests, or announcements by Board and/or Associate members, no action may be taken*

7) **ADJOURNMENT:**

Chairperson Kwok adjourned the meeting at 6:34 pm with happy holiday wishes to everyone.

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

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Executive Director's Report

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

a) Board Organization: select a Chair, Vice Chair, and members of Board Committees

The first meeting of the year for the SFCJPA Board is a time for Board members to fill open officer positions and positions on Board committees. The positions to be decided upon by a vote of the Board at this time include Chair, Vice Chair/Secretary, and members of the Finance and Personnel Committees.

In 2011, Director Patrick Kwok (Santa Clara Valley Water District) served as SFCJPA Board Chair and Director Pat Burt (City of Palo Alto) served as SFCJPA Vice Chair. The Board Finance Committee was composed of SFCJPA Directors Kirsten Keith (City of Menlo Park) and Carole Groom (San Mateo County Flood Control District), and the Personnel Committee included Directors Ruben Abrica (City of East Palo Alto) and Pat Burt.

In January 2012, our Board alternate from the Santa Clara Valley Water District, Brian Schmidt, became the Water District representative to the SFCJPA Board with Patrick Kwok assuming the role of alternate. Also in January, San Mateo County Supervisor Dave Pine replaced Carole Groom as the County's representative on our Board, with Supervisor Rose Jacobs Gibson remaining the alternate.

The role of the SFCJPA Board Finance Committee, which meets two times per year, is to hear, comment on, and then present to the full Board the annual budget and audit. The role of the Board Personnel Committee, which meets once per year, is to initiate the annual review of the Executive Director.

Proposed Board Action: Select a Board Chair and Vice Chair, and members of the Board Finance Committee and Personnel Committee.

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

For the past three years, I have introduced our annual operating budget with two comments: there is no requested increase in each Member Agency's contribution and we have a structural deficit that is unsustainable. This year, our deficit remains unsustainable, but to reverse that circumstance – and to build on our success at planning, designing, and fundraising for major capital projects – I am proposing an increase to Member Agency contributions.

Our Member Agencies are not immune to the difficulties facing many local governments in California, and the next fiscal year is particularly difficult for some. Therefore, this proposed increase is not easy for me to request or for our agencies to deliver. Yet, requesting this increase is the responsible thing to do. Member Agency contributions have not changed since the 2007-08 fiscal year, yet in those five years the SFCJPA has changed greatly, with substantially increased activity around a broader mandate. Five years ago, the agency was focused on the important pursuits of partnering with the Corps of Engineers on a Feasibility Study and maintaining San Francisquito Creek.

Today, we are focused on beginning construction of a critical, complex capital project downstream of Highway 101 with a total budget of over \$15 million, as well as planning and designing a suite of alternative projects upstream of Highway 101, which collectively have regional public safety, environmental and recreational benefits. And we intend to increase our service to the communities united by San Francisquito Creek by developing an improved system of coastal levees and trails that would continue our work as a model for Sea Level Rise adaptation already recognized by the State.

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At the February 9 Board meeting, I will present a summary of our planned activities between now and June 30, 2013 (the end of the next fiscal year), so that Board members and the public can know exactly what they are "buying" with their investment in the SFCJPA. At that Board meeting, I will go through the history of Member Agency contributions and our agency reserves, which are on a current pace to be eliminated entirely by June 30, 2014. I will also discuss the material contained in the following three attachments to this Report:

- 1) FY 2011-12 revenues, approved Operating Budget, actual expenses to date, and year-end estimated total expenses,
- 2) FY11-12 estimated total operating expenses in comparison to the proposed FY12-13 Operating Budget and our estimated operating budgets in FY13-14 and FY14-15, and
- 3) Proposed FY 2012-13 Operating Budget for Board consideration and approval.

As the attached documents indicate, the budget picture for the SFCJPA in the current fiscal year is very close to what we expected when the Board approved our budget one year ago. We expect to be slightly under budget, with the contingency absorbing any overages. This fiscal year, the funds within our Project Consultants account are expected to help us achieve outreach related to our SF Bay-Highway 101 project, our feasibility study of a possible SFCJPA-led special finance district, support for grants applications submitted by the agency, watershed analysis and project design support by two UC Berkeley graduate seminar classes and their faculty, and the local share of Caltrans' grant to the City of Palo Alto for the design of the Newell Road Bridge.

Next fiscal year, I propose to increase the annual contribution to the SFCJPA by each Member Agency from \$98,000 to \$118,000. One-half of that \$20,000 increase is needed to cover the SFCJPA's existing annual deficit. The additional \$10,000 per agency would allow us to increase our Project Consultants category in order to increase our ability to secure outside funding, particularly from the State. Next fiscal year, I also propose to increase our Legal Counsel category, due to an increased demand for services to review new agreements and our project Environmental Impact Reports. From our current year-end actual expenses to next year, no increase is planned for administrative costs or for personnel costs, other than keeping pace with health care benefits costs. Additionally, we expect to secure \$50,000 for project administration from our Department of Water Resources grant, from which we plan to spend about \$40,000 on a part-time grant administrator to cover the financial and reporting requirements of this grant.

In summary, in FY2012-13, we anticipate that personnel-related costs will comprise 66.8% of the operating budget, contract services 24.6%, administration 6.9%, and contingency 1.6% (compared to last year, this represents a roughly 6% drop in personnel costs relative to the overall budget and a similar percentage increase in consultant costs, again owing to our emphasis on project delivery). If we saw no increase in Member Agency contributions next fiscal year, we would run a deficit of slightly over 20% of our annual Operating Budget. With a proposed \$20,000 increase in contributions from each Member Agency, we would run a surplus of almost 4% next year, and as the second attachment indicates, this would eliminate the need for another increase in Member Agency contributions until FY2015-16 at the earliest.

Proposed Board Action: Discuss and approve the Proposed SFCJPA Fiscal Year 2012-13 Operating Budget, including the amount requested of Member Agencies for the 2012-13 Fiscal Year.

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c) Update: SF Bay-Highway 101 project, including the CA Department of Water Resources grant

On January 31, 2012 the California Department of Water Resources (DWR) provided the SFCJPA with a letter formalizing the State's award of \$8 Million in funding for the *San Francisquito Creek Flood Protection and Ecosystem Restoration Capital Improvement Project, San Francisco Bay to Highway 101, Phase I* through the statewide Proposition 1E Stormwater Flood Management Grant.

With a contract template also provided by the State last week, this grant agreement would fund half of the total project costs of Phase I, which consists of raising and building new levees for a widened channel, excavating sediment within the channel that restricts flows, relocating utilities impacted by the levees and mitigating for impacts to the Palo Alto Municipal Golf Course.

Within 14 calendar days of our receipt of DWR's January 31 letter, the SFCJPA must submit a letter confirming the SFCJPA as the Grantee to accept the grant award. DWR has confirmed that even if another agency or agencies were to manage construction and therefore hold construction contracts, that the SFCJPA is the appropriate agency to accept and administer the grant funds.

Within 60 calendar days of DWR's January 31 letter, DWR requests that documentation be submitted that demonstrates that sufficient funds exist or will exist to complete the project. Also within 60 days of the commitment letter, we will need to submit a final work plan, budget, and schedule to DWR for review and approval.

So that we can meet this timetable, SFCJPA staff is currently drafting an agreement to define roles and responsibilities during construction of Phase I that would be entered in to, at a minimum, by the SFCJPA, City of East Palo Alto, and Santa Clara Valley Water District, which would own and maintain the new creek facilities in Santa Clara County. East Palo Alto will be the agency that owns and maintains the new creek facilities in San Mateo County. The Agreement being drafted will formalize this arrangement, and may also commit local funding to match the State's grant award.

There are three possible scenarios for construction management of the Project that we are exploring:

- 1) The SFCJPA hires a construction management firm that will work with the parties in the above-mentioned agreement, with the SFCJPA administering funding for the project.
- 2) The Water District manages construction of the project elements in Santa Clara County and East Palo Alto manages construction of the project elements in San Mateo County.
- 3) The Water District manages construction of the project elements on both sides of the creek, with agreed upon accommodations, monetary contributions, or technical expertise provided by East Palo Alto or the San Mateo County Flood Control District.

Additionally, at this time, there are two key issues that the SFCJPA, member agency staff, and project consultants are working through in order to complete the Phase 1 Project design and environmental documentation as soon as possible. These are:

- 1) PG&E will be modifying or relocating gas and electrical transmission lines to accommodate the project. The process to design these changes is underway, but any delays in PG&E's ability to deliver their modifications, in particular for the gas transmission line in the project area, could have a negative effect on the schedule of Project construction.

San Francisquito Creek Joint Powers Authority
February 9, 2012 Board Meeting
Agenda Item 5
Executive Director's Report

- 2) As part of the Project, the SFCJPA will need to mitigate the impacts to the Palo Alto Municipal Golf Course caused by the relocation of a creek levee into an area currently used for golf. The SFCJPA can either be the lead agency on these golf course mitigations, or provide funds to the City of Palo Alto to manage the mitigation activities. Given this opportunity, the City is considering the merits of accepting SFCJPA funds and taking responsibility for the mitigation work, and thus being able to decide on its timetable whether or not to supplement those funds to make additional improvements to the golf course or to construct new recreational facilities at the site.

As long as the City and SFCJPA can establish a fair cost of the mitigations, I support this approach, because it would separate the schedule for golf course mitigations from the schedule for creek improvements while providing the City maximum flexibility in how it manages its lands.

We are making progress on these issues, which will need to be resolved before the final Environmental Impact Report and permitting can be completed. At the February 9 Board meeting, we will discuss these issues and answer questions.

Submitted by:



Len Materman
Executive Director

San Francisquito Creek Joint Powers Authority -- FY 2011-12 Operating Budget

REVENUES:

Member Agency Contributions (\$98,000 X 5)	\$490,000
Estimated Interest on reserves	\$1,500
Total Revenues	\$491,500

		Approved Budget	7/01/11 - 02/06/12 Actual	Difference between budget and actual	Actual year-to-date exceeds budgeted year-to-date?	Estimated year-end totals
Acct.	Description	Amount	Amount	Amount		Amount
EXPENSES						
Personnel						
1001	Executive Director Salary	110,000	71,041	38,959		110,000
1002	E.D. Transportation Allowance	5,000	2,917	2,083		5,000
1003	Finance & Office Manager Salary	63,871	41,250	22,621		63,871
1004	Project Manager Salary	74,154	43,257	30,898		74,154
1005	Salaries Adjustments	-	-	-		0
1006	COLA	-	-	-		0
1007	Employee Benefits	125,000	65,667	59,333		125,000
1008	Membership Dues	4,000	4,055	(55)	Yes	4,055
1009	Payroll Administration/Fees	1,400	752	648		1,200
1010	Employer Taxes	18,500	12,968	5,532		18,500
Subtotal Personnel		401,925	241,907	160,018		401,780
Contract Services						
1011	Legal Counsel	25,000	10,449	14,551		25,000
1012	Auditor	12,000	-	12,000		12,000
1013	Project Consultants	60,000	16,499	43,501		60,000
Subtotal Contract Services		97,000	26,948	70,052		97,000
Administrative						
1014	Computers/Software/Support	1,600	607	993		1,200
1015	Meeting Supplies	1,200	615	585		1,100
1016	Travel/Training	4,000	2,357	1,643		4,000
1017	Office Supplies	1,400	1,148	252		1,400
1018	Telecommunication	1,900	580	1,320		1,200
1019	Postage	400	6	394		200
1020	Printing/Design	300	486	(186)	Yes	600
1021	Website	300	0	300		0
1022	Liability Insurance	3,000	1,152	1,848		3,000
1023	Office Lease	18,000	17,765	235	Yes	25,765
1024	Utilities	1,100	740	360		1,100
1025	Office furniture/maintenance	500	3,723	(3,223)	Yes	4,000
Subtotal Administrative		33,700	29,179	4,521		43,565
General Contingency						
1026	General Contingency	10,000	180	9,820		280
Total Expenses		\$542,625	\$298,214	\$244,411		\$542,625

San Francisquito Creek Joint Powers Authority

FY2011-12 Estimated Year-end Totals & Proposed FY2012-13 through FY2014-15 Operating Budgets

REVENUES

Annual Member Agency contributions of \$118,000 beginning in FY12-13 (\$118,000 x 5)	590,000
State grant funding *	50,000
Interest	1,500
Total Revenues	\$641,500

EXPENSES

Acct. Fields	Description	FY 2011-12 Estimated Year-end Totals	Proposed FY 2012-13	Estimated FY 2013-14	Estimated FY 2014-15
Personnel					
2001	Executive Director Salary	110,000	110,000	110,000	110,000
2002	Executive Director Auto Allowance	5,000	5,000	5,000	5,000
2003	Finance Administrator Salary	63,871	63,871	63,871	63,871
2004	Project Manager Salary	74,154	74,154	74,154	74,154
2005	Salaries Adjustments **	0	0	0	7,440
2006	COLA	0	0	0	0
2007	Employee Benefits	125,000	135,000	140,000	145,000
2008	Membership Dues for benefits	4,055	4,000	4,250	4,500
2009	Payroll Administration/fees	1,200	1,400	1,450	1,500
2010	Employer Taxes	18,500	19,000	20,000	21,000
Subtotal Personnel		\$401,780	\$412,425	\$418,725	\$432,465
Contract Services					
2011	Legal Counsel	25,000	30,000	30,000	30,000
2012	Auditor	12,000	12,000	12,000	15,000
2013	Grant Administrator *	0	40,000	40,000	40,000
2014	Project Consultant	60,000	70,000	70,000	70,000
Subtotal Contract Services		\$97,000	\$152,000	\$152,000	\$155,000
Administrative					
2015	Computers/Software/Support	1,200	1,600	1,600	1,600
2016	Meeting Supplies	1,100	1,200	1,200	1,200
2017	Travel/Training	4,000	4,000	4,000	4,000
2018	Office Supplies	1,400	1,200	1,200	1,200
2019	Telecommunication	1,200	2,100	2,100	2100
2020	Postage	200	450	450	450
2021	Printing/Design	600	300	300	300
2022	Website	0	300	300	300
2023	Liability Insurance	3,000	3,000	3,000	3,000
2024	Office Lease	25,765	24,000	25,000	25,000
2025	Utilities	1,100	4,000	4,000	4,000
2026	Office furniture/maintenance	4,000	500	500	500
Subtotal Administrative		\$43,565	\$42,650	\$43,650	\$43,650
General contingency					
2027	General Contingency	280	10,000	10,000	10,000
Total Expenses		\$542,625	\$617,075	\$624,375	\$641,115

* State grant funds cover a part-time consultant for the financial administration and reporting of the grant.

** 3% salary increase in June 2014 (previous increase was 3% in February 2009)

San Francisquito Creek Joint Powers Authority

Proposed FY 2012-13 Operating Budget

REVENUES

Annual Member Agency contributions (\$118,000 x 5)	590,000
State grant funding	50,000
Interest	1,500
Total Revenues	\$641,500

EXPENSES

Acct. Fields	Description	Proposed FY 2012-13 Operating Budget
Personnel		
2001	Executive Director Salary	110,000
2002	Executive Director Auto Allowance	5,000
2003	Finance Administrator Salary	63,871
2004	Project Manager Salary	74,154
2005	Salaries Adjustments	0
2006	COLA	0
2007	Employee Benefits	135,000
2008	Membership Dues for benefits	4,000
2009	Payroll Administration/fees	1,400
2010	Employer Taxes	19,000
Subtotal Personnel		\$412,425
Contract Services		
2011	Legal Counsel	30,000
2012	Auditor	12,000
2013	Grant Administrator	40,000
2014	Project Consultant	70,000
Subtotal Contract Services		\$152,000
Administrative		
2015	Computers/Software/Support	1,600
2016	Meeting Supplies	1,200
2017	Travel/Training	4,000
2018	Office Supplies	1,200
2019	Telecommunication	2,100
2020	Postage	450
2021	Printing/Design	300
2022	Website	300
2023	Liability Insurance	3,000
2024	Office Lease	24,000
2025	Utilities	4,000
2026	Office furniture/maintenance	500
Subtotal Administrative		\$42,650
General contingency		
2027	General Contingency	10,000
Total Expenses		\$617,075