

Annual Budget
Fiscal Year Ending June 30, 2013



**Fresno Metropolitan
Flood Control District**

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FRESNO METROPOLITAN FLOOD CONTROL DISTRICT

File 160.411

June 27, 2012

Board of Directors
Fresno Metropolitan Flood Control District
5469 East Olive Avenue
Fresno, CA 93727

Directors of the Fresno Metropolitan Flood Control District,

Annual Budget for the Fiscal Period Ending June 30, 2013

The District continues to look for new innovative ways to maximize the efficiencies of each of its programs. The business model of the District provides for a relatively small staff and relies on outsourcing to private contractors for professional services, construction, operations and maintenance. Controlling cost and safeguarding revenues continues to be the guiding principles to the District business model.

Controlling Costs:

Insurance: The traditional model is to buy an insurance policy from an insurance carrier for health, workers compensation, liability and property damage coverage. The insurance carrier, not the insured, has control over the costs of the policies.

The District uses a different approach. Public and employee safety is number one. Our focus on safety returns dividends annually in lower costs for administering our liability and workers compensation programs. Our maintenance and safety programs focus on maintaining facilities to maximize safety for employees and the public. The District partners with ACWA-JPIA to manage the insurance needs. The ACWA-JPIA programs pool the liabilities of multiple self-insured employers to provide coverage at substantially reduced costs.

Contracted Services: The traditional governmental model uses public employees and acquires tools and equipment to maintain facilities. Instead, the District has been outsourcing many activities through competitively bid private contractor resources for decades. The District opines that private enterprise can provide equal quality work for a lower overall cost to the public. Because so much of the services, supplies and product purchased by the District are local, funds stay in the community.

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Operations and Maintenance: The District maintains 617 miles of constructed pipelines and 154 basin properties. It now mows about 250 acres of irrigated turf and also maintains about 1,800 acres of undeveloped property. All maintenance services are provided by private contractors. In addition to mowing, flailing and pipeline maintenance, contractors provide sprinkler repairs, fence repair, rodent control, weed control, and they also repair 104 pumps located at 76 pump stations. The District estimates it will spend \$157,000 maintaining facilities related directly to recharging water to replenish the underground aquifer of Fresno and Clovis. Overall, the District is planning to spend \$2.5 million this year in operations and maintenance.

Clean Stormwater: The District's Stormwater Quality Management program budget for 2012-2013 is a little over \$800,000 and like the Operations and Maintenance program is outsourced to a number of contractors and private sector consultants. Also, a portion of the budget goes to our local schools through a grant program to educate children on the Clean Stormwater program. The District's 154 drainage basins collect drainage from the local neighborhoods and reduce pollutants in the water before it is discharged to local canals and ultimately into the San Joaquin River. The District's system has been used as a model drainage system to manage stormwater. Maintaining the system requires the monitoring of water quality and periodically removing sediment from basin floors. All monitoring and sediment removal is performed through contracts with the private sector.

Capital Construction: The District uses private enterprise to construct all District facilities. This year, \$4 million are budgeted for planned construction of drainage facilities. While these facilities are critical infrastructure to protect property in the District, the District also encourages secondary water resource management, open space and recreational uses of the facilities.

Harnessing Technology: The District has 76 pump stations located throughout its service area. This current construction budget includes the construction of five more. These pump stations are used to move water through our system of inter-connected pipes to facilitate more efficient flood control operations and minimize the impact of storm events on the community. The telemetry system now allows staff to monitor basin water levels and remotely control pumps to move water through the system. The use of portable pumps has been minimized, except in extreme conditions. Prior to the implementation of the District's telemetry system, this process was manual and required District staff to frequently drive through the community to monitor basin water storage levels and manually turning pumps on and off.

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Coordination with Partner Entities: The District regularly works with the City of Clovis, the City of Fresno and the County of Fresno to coordinate our Capital program with theirs. It is our belief that a coordinated effort increases the efficiency of our program and minimizes inconvenience to the community we serve. In addition, we coordinate changes in our policies or procedures that impact the Development community with the local Building Industry Association (BIA).

Overall, the District's management team has a strong commitment to fiscal responsibility, which has kept the District sound throughout these difficult financial times. The District has been successful in retaining employees and maintaining continuity in fundamental service programs. About 38% of the staff has been with the District for over 15 years. The District uses one-time revenues to support one-time expenditures. Whenever available, grant funding is used to supplement the capital construction program. During this period of lower economic activity, the District has lessened the use of consultant engineering services and shifted those services internally to sustain the talent necessary as the economy recovers.

The Budget:

The budget document submitted for your consideration presents, in aggregate, a funding and expenditure plan for all programs and activities of the District for the 2012-2013 fiscal year. The budget is a plan of expenditures totaling \$23,598,524 which is balanced using \$20,431,528 in new revenue and \$3,166,996 in capital reserves allocated from prior year budgets. As previously mentioned in the Coordination with Partner Entities, the budget includes input from the City of Fresno, City of Clovis, and the County of Fresno. Highlights from the budget include the following:

- The District's obligation to maintain approximately 617 miles of constructed pipelines and 154 basin properties, remains a top priority. This budget includes \$2,530,969 to fully fund the District's ongoing operations and maintenance programs.
- Personnel expenses of \$8,402,589 fully fund 77 permanent positions including salaries and benefits as well as internship and temporary help positions.
- To remain compliant with federal and state regulatory requirements, the Stormwater Quality Management remains a priority for the District and its Co-permittees. This budget provides all necessary resources to plan for changes in the regulatory framework that are likely to impact the District over the next five years.
- The District continues to build-out the facilities proposed by Storm Drainage and Flood Control Master Plan. The budget contains \$6,918,420 in land purchases and capital improvement projects. The planning necessary to implement this expenditure plan has already begun and staff has projects approved and ready for construction.

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- The budget includes funding to continue design of projects planned for construction in the early portion of next fiscal year and also to provide flexibility to adjust project schedules should a currently planned project encounter a delay. In the event of delays, the District will continue to have approximately \$3 million of shelf-ready projects throughout the year.

One of the primary drivers influencing District Program Priorities is to adjust drainage plans as land use plans are updated with respect to future urbanization. While new construction and entitlement permit applications have decreased over the past few years, the need for long-term planning has increased as a result of land use planning dictating smaller lot sizes and changing street geometry. The District will:

- Modify drainage plans to accommodate new land use practices whenever possible and assist in mitigation where existing drainage systems cannot otherwise manage greater rates of runoff.
- Remain strongly connected to regional partners participating in water resources management, infrastructure development, parks, and recreational improvements.
- Be a catalyst for economic development with respect to drainage and flood control services.
- Continue coordination with the building industry and planning agencies to ensure well planned community development projects.

We remain committed to informing the Board of Directors of implementation of this budget including any changes that may affect program funding levels. We will continue to work with other local agencies, community partners, elected officials, and constituents to make strategic decisions that benefit our community in these challenging economic times.

Respectfully submitted,



Bob Van Wyk
General Manager-Secretary

BVW/sy

Attachment(s)