

Agenda Item 4



EXECUTIVE OFFICER'S REPORT

PROJECT: FY 2025/2026 Final Operating Budget

PROPOSAL: Review and approve the FY 2025/2026 Operating Budget.

APPLICANT: San Joaquin Local Agency Formation Commission

LOCATION: N/A

PURPOSE: The FY 2024/2025 budget sets forth the revenues and expenditures of San Joaquin LAFCo pursuant to Government Code Section 56381, Annual Budget.

PROCESS: This is an action item and discussion amongst all Commissioners and alternate Commissioner's insights and comments are considered important for this item.

RECOMMENDATION: It is recommended that the Commission approve the FY 2025/2026 budget. Overall this budget reflects holds static the combined County/cities allocations from the FY 2024/2025 budget. Individual city allocations reflect that city's percentage of residents of the total estimated population residing within San Joaquin cities on January 1, 2025.

San Joaquin Local Agency Commission Allocation FY 2025/2026					
City	Population 1/1/2024	Population 1/1/2025	% All City Population	FY 25/26 Allocation	Delta FY25 to FY26
Escalon	7,337	7,232	1%	\$ 2,801.31	\$ (55.69)
Lathrop	37,102	38,596	6%	\$ 14,950.14	\$ 356.14
Lodi	67,262	67,093	10%	\$ 25,988.44	\$ (214.56)
Manteca	92,116	93,733	14%	\$ 36,307.42	\$ 478.42
Mountain House	-	28,795	4%	\$ 11,153.73	\$ 276.73
Ripon	15,966	15,753	2%	\$ 6,101.92	\$ (101.08)
Stockton	323,355	320,877	48%	\$ 124,291.52	\$ (712.48)
Tracy	97,501	98,215	15%	\$ 38,043.52	\$ (28.48)
	640,639	670,294	100%	\$ 259,638.00	\$ -
San Joaquin County	161,689	135,562		\$ 259,638.00	\$ -

BACKGROUND: State Government Code Section 56381 directs the preparation of LAFCo's annual operating budget. This section directs the following:

- Commission shall adopt annually, a proposed budget by May 1 and final budget by June 15.
- Commission shall transmit its proposed and final budgets to the board of supervisors and each city.
- County and its cities shall each provide one-half share of the commission's operational costs.
- At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year.

Consistent with these directions, the Mayor's Select Committee has decided that the cities share be apportioned amongst the individual cities on a per capita basis from the January 1 State Department of Finance Population Estimates (E-1). This estimate is made available on May 1, or nearest regular workday. The January 1, 2025 population for San Joaquin County was estimated to be 805,856 with 670,294 (83%) residing within the jurisdictional boundaries of individual cities respectfully and 135,562 (17%) within the County's unincorporated areas.

The Commission's budget sub-committee, Commissioners Barton and Johnson, met with the Executive Officer on April 4, 2025 to discuss the preliminary budget. Through that review it was recommended that the total County/City allocation remain the same as FY 2024/2025. On April 10, 2025, the Commission agreed with the sub-committee recommendation in the preliminary budget. On April 15, 2025, the Executive Officer notified the County and cities of their respective fair share presented in the preliminary budget and on May 2, 2025 the adjusted allocation based on the May 1, 2025 State Department of Finance January 1, 2025 population estimate.

Socio-Economic Trends:

San Joaquin is part of the eight (8) county region that encompasses the Central Valley. During 2024, the eight (8) counties in the Central Valley grew by 26,310 new residents that represented approximately 24% of the total new residents within California. Also during 2024 the eight (8) counties in the Central Valley produced 15,574 new dwellings representing 12.4% of the total number of new dwellings in the state. San Joaquin produced 4,058 new dwellings in 2024, the most in the Central Valley region while Fresno added 8,933 new residents.

Agriculture is the region's top industry. Theodore Roosevelt once said that, "Conservation means development as much as it does protection." In light of this principle, Government Code Section 56668(e) directs the Commission to consider the effect a proposal on maintaining the physical and economic integrity of agricultural lands. The policies of the Commission that are reflected in the budget have maintained the economic integrity of agricultural lands. In the most recent report, the Agricultural Commission found that, "In San Joaquin County we generate over \$3



billion annually from our agriculture alone. Once you add in all the agriculture-adjacent industries such as food manufacturing and wineries the number shoots up to over \$4 billion annually. These numbers for the agriculture industry have remained strong even through times of economic struggle, attesting to the reliability of the agriculture industry as the foundation of our County's efforts. With this in mind, we must all do our part in order to help an industry that has such a direct effect on each of our lives." Below is a table showing the continued growth of our top industry."

Top 10				
Agricultural Products	2020	2021	2022	2023
Milk	\$439,824,000	\$445,621,000	\$626,472,000	\$621,400,000
Grapes	\$340,913,000	\$428,359,000	\$421,061,000	\$393,887,000
Almonds	\$694,031,000	\$453,764,000	\$397,177,000	\$343,553,000
Cherries	\$186,512,000	\$319,989,000	\$279,998,000	\$273,374,000
Eggs, Chicken All	\$181,649,000	\$207,583,000	\$174,580,000	\$238,924,000
Walnuts	\$221,926,000	\$367,825,000	\$145,997,000	\$149,326,000
Tomatoes, All	\$61,473,000	\$70,980,000	\$114,174,000	\$147,369,000
Cattle & Calves	\$109,354,000	\$111,616,000	\$128,954,000	\$145,596,000
Blueberries	\$59,118,000	\$60,990,000	\$64,350,000	\$81,178,000
Silage, Other	\$57,158,000	\$68,617,000	\$84,367,000	\$77,970,000
	\$2,351,958,000	\$2,535,344,000	\$2,437,130,000	\$2,472,577,000

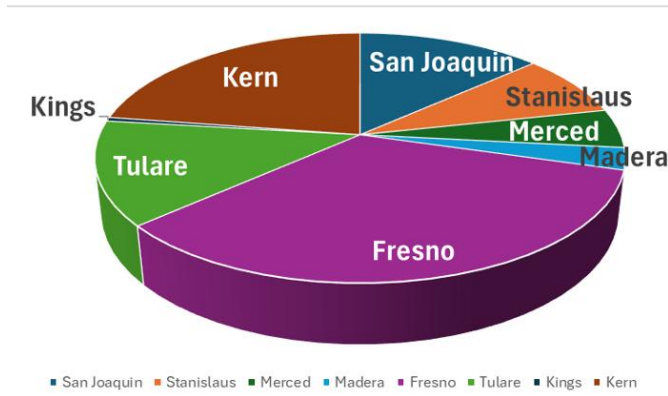
Demonstrating the high quality of life afforded in San Joaquin is the 3,528 new residents calling San Joaquin home in 2024. The City of Manteca added 1,617 new residents followed closely by the City of Lathrop with 1,494 new residents. Overall, about 2% of the States total population resides within San Joaquin County. Thus, the proposed budget is consistent with Government Code Section 56668(a), "Population...proximity to other populated areas; and the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years."

Government Code Section 56668(m) directs the Commission to consider, "The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments. The policies of our jurisdictions and Commission demonstrate our region's commitment to meeting housing needs. Implementation of these policies resulted in San Joaquin producing 3.25% of the new dwelling units constructed within the State. The total number of housing units within San Joaquin County increased by 4,068 units for a growth rate of 1.5% in 2024. The City of Manteca added the most dwelling units 1,015 dwellings units for a 3.3% annual growth rate while the City of Lathrop was the fastest growing city with a 5.6% dwelling unit growth rate.

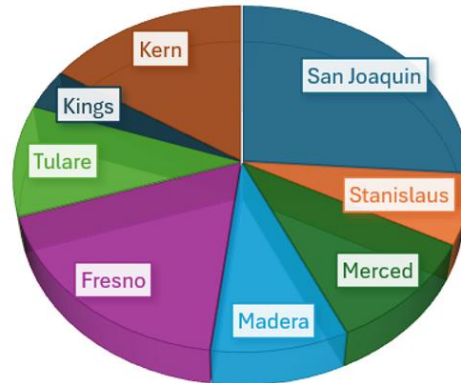


2024 Central Valley Growth		
County	Population	Housing
San Joaquin	3,528	4,068
Stanislaus	2,159	1,020
Merced	1,328	1,621
Madera	745	1,382
Fresno	8,933	2,803
Tulare	3,526	1,621
Kings	135	585
Kern	5,956	2,471
Total	26,310	15,571
% State Growth	24%	12%

2024 Population Growth



2024 Housing Growth



FY 2025/2024 Accomplishments

The implementation actions taken over the past fiscal year included modernization and streamlining of procedures, ensuring efficient delivery of services along with annexation requests. Modernization and streamlining efforts included partnering with the University of the Pacific for the SJ Index information available on the Commission website, a public information brochure, laserfische of legal records, development of project tracking software, drafting of an employee handbook and moving of LAFCo offices to the Stockton Airport.

Actions taken to ensure efficient service delivery included the drafting and circulation of a Request for Proposals (RFP) for the rural fire district service review and governance study, award of contract for such and formation of a steering committee. The fire service review and governance study is scheduled to be delivered during FY2025/2026. In addition to this important study, LAFCo staff approved 91 out of boundary service requests so existing that infrastructure could be more efficiently utilized.

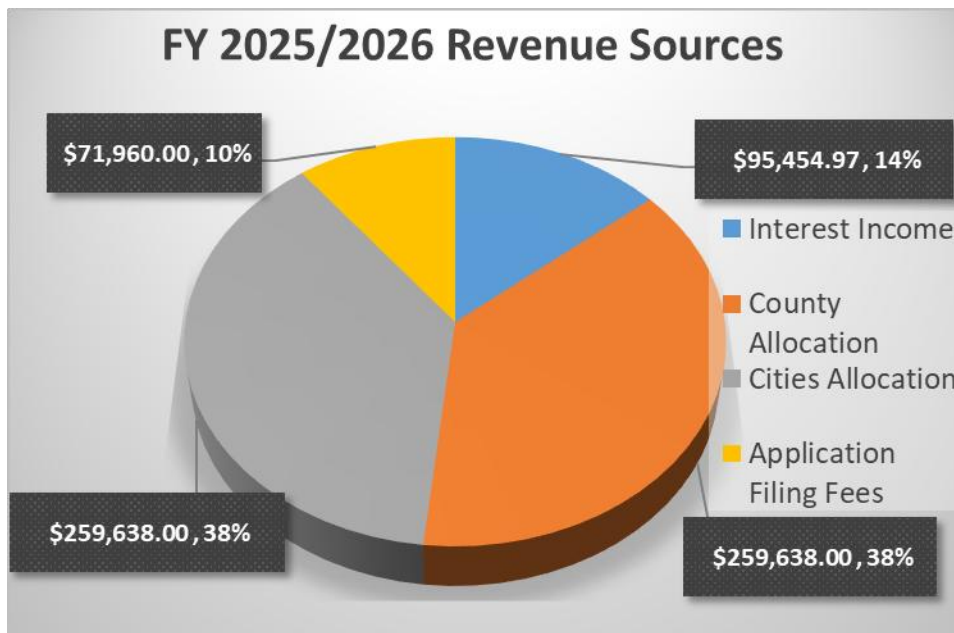


LAFCo actions on annexations reflected the region's emphasis on balanced growth. Annexations included 4 for economic development and job creating land uses within the cities of Lathrop, Stockton and Tracy and a large residential master plan area within Manteca. Annexation also included one to the Central San Joaquin Water Conservation District to facilitate efficient delivery of irrigation water needed for agricultural production.

FY 2025/2026 Budget

The FY 2025/2026 Budget reflects what is needed to continue the momentum of the progress made during the last fiscal year. The FY 2025/2026 budget is balanced and reflects the recommendation of the Commission's budget sub-committee that was subsequently reviewed and discussed by the full Commission.

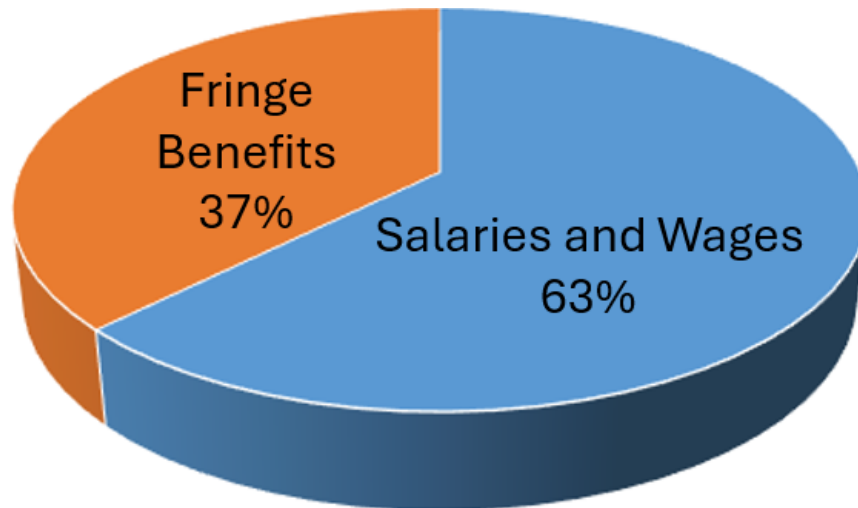
Upcoming anticipated projects again reflect San Joaquin's balanced growth with 6 job creating annexations, 14 residential projects and a SOI for Woodbridge Irrigation District so that water can be delivered for out of boundary farms. In total, projected revenues for the upcoming fiscal year total \$686,690.97. This total revenue comes from three sources: 1) Government Code Section 56381 allocations from the cities and county \$519,276; Application Filing Fees \$71,960; and, Interest on reserve funds \$95,454.97.



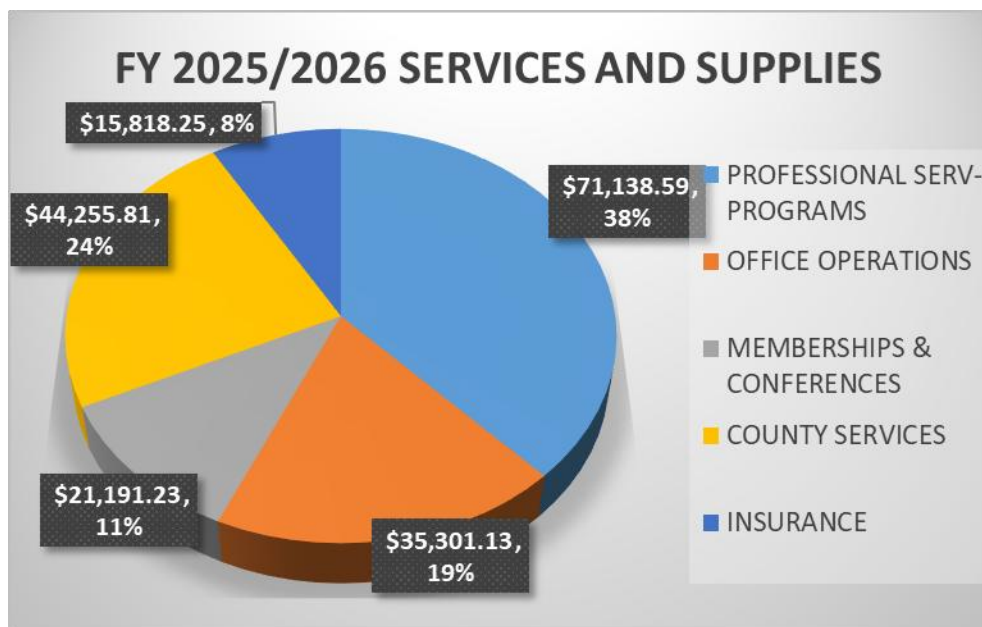
Commission expenditures are balanced with the projected revenues. The largest expenditure is staff costs totaling \$498,985.97. This inclusive of the 3.75% increase recommended in the preliminary budget. Staff costs are comprised of both salaries and wages; and, fringe benefits.



STAFF COST	FY 2025/2026 Budget	
Salaries and Wages	\$	313,494.39
Fringe Benefits	\$	185,491.58
TOTAL STAFF COST	\$	498,985.97



Service and Supplies expenditures represent the operational and overhead costs for the Commission. This expenditures are comprised of five basic (5) categories, that are shown below:



The Commission has a reserve of \$1,510,445.78 as of April 30, 2025. The FY 2025/2026 budget is balanced and the reserve account is expected to have a balance reserve of 208.5% on June 30, 2026.



Total Operating Cost	\$	686,690.97
Revenues - Operating Costs	\$	0.00
Fund Balance	\$	1,432,240.00

Attachments:

1. Resolution approving FY 2025/2026 San Joaquin LAFCo Budget
2. Budget Sheet

