



**San Joaquin Council of Governments
ANNUAL FINANCIAL PLAN
Fiscal Year 2026/27**

Proposed Final March 26, 2026

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San Joaquin Regional Transit District

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SUBMITTED BY:

Diane Nguyen

Executive Director

Grace Orosco

Deputy Director of Finance and Administration

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	FY 2025-26	FY 2026-27	+/-	+/-
REVENUES	Amendment #3	Proposed Draft	Change	% Change
Federal Grants	30,541,057	28,901,219	(1,639,838)	-5.37%
State Grants	16,847,401	8,593,012	(8,254,389)	-49.00%
Local	9,625,460	9,721,688	96,228	1.00%
Interest	40,000	40,000	-	0.00%
Other	60,000	60,000	-	0.00%
SJCOG OPERATING REVENUE	57,113,918	47,315,919	(9,797,999)	-17.16%
EXPENDITURES				
<i>Salaries & Benefits</i>	7,137,261	7,137,261	-	0.00%
<i>Services & Supplies</i>				
Office, Computer License	367,000	377,000	10,000	2.72%
Communications	60,000	60,000	-	0.00%
Memberships	45,000	45,000	-	0.00%
Maintenance - Equipment	10,000	10,000	-	0.00%
Rents & Leases - Equipment	131,000	131,000	-	0.00%
Publications & Legal Notices	7,500	7,500	-	0.00%
Insurance	278,000	303,000	25,000	8.99%
Building Operations & Maintenance	335,000	335,000	-	0.00%
SJCOG Building Debt Service Principal and Interest	200,000	200,000	-	0.00%
<i>Transportation/Travel</i>				
Transportation,Travel & Training (In & Out of State)	233,000	233,000	-	0.00%
<i>Professional Services</i>	47,859,656	38,026,657	(9,832,999)	-20.55%
Capital Outlay	450,500	450,500	-	0.00%
SJCOG OPERATING EXPENDITURES	57,113,918	47,315,919	(9,797,999)	-17.16%

March 2026
SJCOG Board

STAFF REPORT

SUBJECT: Approval of the Fiscal Year 2026-27
Proposed Final Annual Financial Plan

RECOMMENDED ACTION: Adopt Resolution 2026-22, approving
the Fiscal Year 2026-27 Proposed Final
Annual Financial Plan

The attached proposed Annual Financial Plan (AFP) provides a detailed summary of revenues and expenditures by cost category and line item. The proposal compares the Fiscal Year 2026-27 proposed budget with the most recently adopted Fiscal Year 2025-26 AFP. In addition, it compares the proposal to the Fiscal Year 2024-25 actual expenditures. The total revenues and expenditures amount to **\$47,315,919**. The proposed AFP represents the general fund budget for the San Joaquin Council of Governments (SJCOG). The revenues and expenditures in the AFP are the same as the Overall Work Program (OWP), however, presented in a traditional line-item format compared to the work element format of the OWP.

Below is a summary of revenues and expenditures in the AFP. For details on each of those categories please refer to the attachment.

Readers should note several differences between SJCOG and its member agencies' budgets:

- SJCOG revenue sources are quite different from our member agencies.
- SJCOG employs staff on an at-will basis, as compared to civil service for most member jurisdictions, and has its own employee handbook and policies.
- SJCOG has its own Financial and Accounting Policy guiding our financial matters including procurement procedures.
- SJCOG employees are exempted from Social Security except for Medicare.
- As noted below, SJCOG offers a defined contribution retirement plan to its employees. SJCOG has no CalPERS or other post-employment benefit obligations except limited sick leave conversion as noted for qualifying employees.

Upon adoption by the board, pursuant to the SJCOG Joint Powers Agreement, the AFP will be sent to the member agencies for ratification. Ratification is achieved when a majority of the member agencies, representing 55% of the county's population, approve the AFP.

The following assumptions are incorporated in the budget:

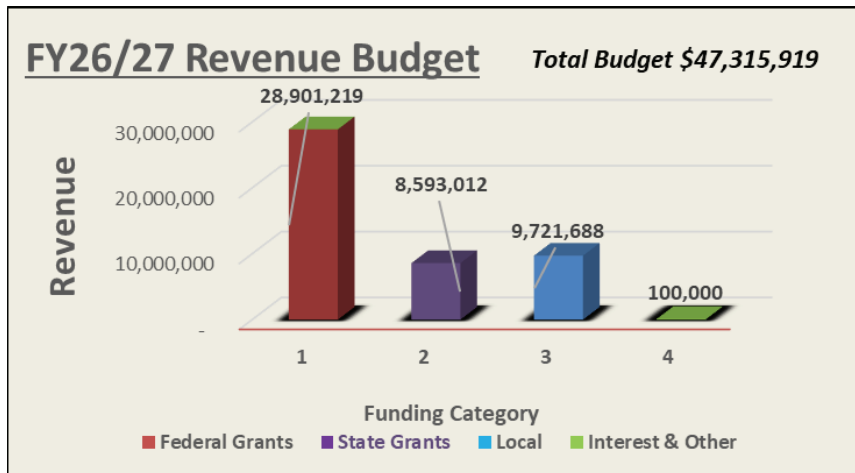
1. The budget includes a longevity incentive program to attract and maintain an experienced and knowledgeable workforce. The incentive is structured to recognize and reward the length of staff's tenure. The longevity pay targets will be 10, 15 and 20 years (of continuous service), with an increase in base salary of 1%, 2% and 3% respectively.

This longevity pay does not apply to the contract position of the Executive Director.

2. The budget includes a COLA adjustment of 2.67 percent in the minimum and maximum salary ranges of all classifications for noncontract positions. The COLA percent is applied to noncontract employees' salary.
3. SJCOG has no significant liability exposure for post-employment benefits.
 - a. The employee retirement program is a defined contribution program managed by Mission Square Retirement, formerly the International City Managers Association Retirement Program, with contributions defined within the Board adopted Policy Handbook
 - b. SJCOG employee vacation accruals are capped at two times the individual's annual leave, per the Board adopted Policy Handbook.
 - c. Upon separation, an employee can convert accrued sick leave hours to be deposited into a Retirement Health Savings Account to pay for health-related expenses, with the qualification being 50 years of age or 20 years of SJCOG employment. The conversion is based upon the employee's salary at retirement and alleviates SJCOG of any further liability.

REVENUES

Compared to the current year amended AFP, SJCOG general fund operating revenues are proposed to decrease from \$57,113,918 to \$47,315,919, which is a reduction of \$9,797,999. This change primarily reflects the planned drawdown of several large multi-year grant programs that were in peak implementation during Fiscal Year 2025-26. As for SJCOG capital projects, including SR 99/120 and I-205 Managed Lanes, significant expenditures are occurring in Fiscal Year 2025/26, with phase 1A of the SR 99/120 project completing construction in the summer. As those projects advance toward completion, associated grant or project delivery expenditures naturally decline in Fiscal Year 2026-27.



Federal funding for general fund activities is \$28,901,219 which is 5.37% lower than Fiscal Year 2025-2026. This is primarily due to the planned drawdown of I-205 Managed Lanes funds, and consumption of FTA 5304 pass through funds.

State funding sources are budgeted at \$8,593,012

or 49% lower primarily due to:

- \$5,292,852 drawdown on REAP 2.0
- \$507,429 drawdown on Regional Climate Collaborative grant.
- \$1,050,773 drawdown on Clean Mobility EV Bike program.
- \$825,508 drawdown on Clean Mobility EV Car Share program.
- \$344,730 drawdown on State Transportation Improvement Program (STIP) Planning Programming and Monitoring.
- Net drawdown of \$86,790 Freeway Service Patrol funding.
- \$411,884 drawdown has occurred on three years of Senate Bill 1 (SB1) Sustainable Transportation Planning Grants offset by a Fiscal Year 2026-27 allocation of \$363,600.

Local revenues are slightly higher by \$96,228.

EXPENDITURES

Salaries and Benefits remain stable at \$7,137,261.

The budget includes \$34,820 for longevity pay and \$315,488 or 7.5% of total salaries pool for merit-based raises. The salary-driven benefits adjust accordingly.

Services and Supplies are proposed to increase by \$35,000.

Liability insurance is increasing by \$25,000 due to increased premiums. Office expenses are increasing by \$10,000 due to increased costs for computer software and licensing.

Professional Services and Staff Augmentation will decrease by \$9,832,999 from FY 2025-2026 of \$47,859,656 to \$38,026,657.

There is planned consumption of several multi-year grants, which directly correlate to professional services.

- The prior year's SB-1 Sustainable Communities grants used \$474,880 and we are budgeting the new SB-1 allocation of \$350,000.

- The I-205 Managed Lanes Widening project drew down \$1,798,459
- We drew down on \$1,050,773 for EV Bike Share program, and \$825,508 for EV Car Share program.
- The San Joaquin Regional Climate Collaborative used \$507,429 while the Regional Early Action Plan (REAP 2.0) expended \$5,292,852.

Position Classification and Salary Schedule

Per board policy, the salary ranges at both the minimum and maximum levels are adjusted by the CPI change of 2.67%.

FISCAL IMPACT

The AFP assumes the continuation of currently programmed grant funding and revenue sources. The AFP is required to be adopted by the Board of Directors prior to April 1 each year and disseminated to the member agencies for ratification. The AFP is the traditional line-item budget identifying estimated revenues and expenditures for the fiscal year. The AFP is complementary to the Overall Work Program.

COMMITTEE ACTIONS:

Executive Committee — Unanimously approved the staff recommendation

RECOMMENDATION

That the Board adopt Resolution 2026-22 approving the Fiscal Year 2026-27 Annual Financial Plan.