

# South Bay Cities Council of Governments

February 9, 2015

TO: SBCCOG Steering Committee

FROM: Ad Hoc Finance Committee

SUBJECT: Update on Deliberations and Recommendations

The Ad Hoc Finance Committee has met four times since August 2014. The members of the committee are Board members Jim Goodhart, Ralph Franklin, Britt Huff and Michael DiVirgilio and City Managers Tony Dahlerbruch (Palos Verdes Estates), Michael Rock (Lomita) and Tom Bakaly (Hermosa Beach).

The Committee discussed the following:

- The SBCCOG budget format which they directed be revised to be more informative and transparent. The revised 2014-2015 Mid-Year Budget will be presented for approval at the March Steering and Board meetings.
- The cash flow needs and requirements.
- The reserve policy.
- CALPACS membership - The SBCCOG has been paying the cities' membership in CALPACS (\$3575) which is an on-line listing of salaries and benefits for jurisdictions throughout Southern California was evaluated. It was felt that CALPACS is no longer needed since Transparent California annual reporting is a requirement for all jurisdictions in the state.
- The dues which have not been updated since 2001 and the separate assessment.
- The frequency of going out to bid for an audit. Best practices were discussed and it was felt that since our organization is unusual and we are not unhappy with our current auditor, we should plan to go to bid every 5 to 6 years.

## COMMITTEE RECOMMENDATIONS

- Cash flow – consider a line of credit and create a cash flow policy so that reserves are used for intended purposes for one time emergencies.
- Re-evaluate the reserve policy and what the reserves are supposed to cover – i.e. one time expenses in the event of a catastrophe or loss or major grants.
- Drop out of CALPACS (\$3575), remove the expenditure from the budget and come up with a recommendation for the funds.
- Dues
  - Combine the funding needed through the assessment into the dues thereby eliminating the assessment
  - Update the dues formula to reflect the 2010 census numbers
  - Propose an increase of approximately \$100,000 to be increased over the next 5 years so that there is no “sticker shock”
  - Bring to February City Managers' meeting for their review and comment to the Steering Committee and Board
- Audit – exercise the two one year options with our current auditor

RECOMMENDATION

Approve Ad Hoc Finance Committee recommendations

Schedule for Budget Actions

- a. 2014-2015 Mid-Year Budget Revision – March Steering Committee & March Board Meeting
- b. Dues and Assessment for 2015-2016 – March Board meeting
- c. Presentation of 2015-2016 Budget – May Board meeting
- d. Adoption of 2015-2016 Budget – June Board meeting per Bylaws