

South Bay Cities Council of Governments

March 26, 2015

TO: SBCCOG Board of Directors

FROM: SBCCOG Steering Committee

SUBJECT: 2015-2016 Dues – Notice of Intention to Consider an Increase

On the recommendation of the Ad Hoc Finance Committee and last month's Steering Committee, Lomita City Manager Michael Rock led the City Managers in a discussion of the 2015-2016 dues at their February meeting. He explained that the SBCCOG budget was rather complex since it has to account for not just the SBCCOG activities but also the SBESC and our grants with revenues of almost \$3 million a year and yet dues are only \$230,000. He reminded the group that the dues have not changed since 2001.

With handouts, he explained that the SBCCOG needs to have more help from the cities. Cash flow and reserves are exacerbated by the low amount of dues.

While the current dues formula is based on the 2000 census, it was felt that the increases for the cities would be easiest if any increase was based on the existing dues and not an updated formula. Also, it was recommended that there be no separate assessment.

Michael Rock expressed the strong recommendation of the Ad Hoc Finance Committee that the Board institute slow increases and not do one time 'shock' increases after long periods of time to catch up.

The City Managers came to a consensus that a dues increase of 7% for the next 5 years using the existing formula be approved with the assessment eliminated. (See attached table) It was agreed that this recommendation would be sent to all of the city managers so that those that were not present would be notified. This was done on February 18. Since there was some concern from some of the managers that were not present, the item was agendized again for the City Managers' meeting on March 18. At that meeting, there were several different city managers attending and once again, consensus was reached, with one abstention, to recommend a 7% dues increase for at least this coming year with the understanding that this would start an annual discussion for at least the subsequent four years of additional dues increases. They also want to be sure that dues increases are considered at regular intervals after that.

Besides their consensus recommendation, they asked the SBCCOG staff to prepare an analysis of what the dues for each city would be if they had been increased every year since 2003 in the amount of the Consumer Price Index. Also, SBCCOG staff was asked to prepare a memo which explains what will happen if the dues are not increased this year. These documents will be circulated when they are available.

Per the Bylaws, which require a 60 day notice for any increase in the dues, the requested action is to approve a notice of intention to consider a dues increase at the May 28, 2015 Board of Directors meeting.

The actual Bylaws provision reads as follow:

Dues. The Members of the Council shall be responsible for the payment to the Council annually, of dues and the amounts periodically budgeted by the Governing Board, as and for the

operating costs of the Council ("Dues"). Sixty (60) days' notice shall be provided to Members of the date of the meeting at which any increase in the Dues is to be determined for the following year. If an increase in dues is proposed from the previous year, an affirmative vote of two-thirds (2/3) of the total voting membership of the Governing Board is required to set the new dues.

RECOMMENDATION

That the Board of Directors state its intention to consider a 7% increase for the next 5 years using the existing formula with no separate assessment per attached table.

SBCCOG DUES Calculations based upon proportional increases - Increase \$100,000 over 5 year period

			SCENARIO #2									
			NEW DUES - 2015-2016	NEW DUES - 2016-2017	NEW DUES - 2017-2018	NEW DUES - 2018-2019	NEW DUES - 2019-2020					
	CITY	Current Amount invoiced to Member Agencies in FY 14-15	Value of 2003 Dues plus assessment amount in 2015 \$	Increase \$20,000/yr.	Increase \$20,000/yr.	Increase \$20,000/yr.	Increase \$20,000/yr.	Increase \$20,000/yr.	Proposed increase 2015-2016 (% change)	CPI increase 2003-2015 (% increase)	Dues amount 2003	Value of 2003 dues amount in 2015 \$
1	CARSON	\$ 19,989.00	\$ 24,052	\$ 21,360	\$ 22,727	\$ 24,094	\$ 25,461	\$ 26,828	7%	27.6%	\$ 14,739	\$ 18,802
2	EL SEGUNDO	\$ 12,332.00	\$ 15,113	\$ 13,178	\$ 14,021	\$ 14,865	\$ 15,708	\$ 16,551	7%	27.6%	\$ 10,082	\$ 12,863
3	GARDENA	\$ 16,244.00	\$ 19,688	\$ 17,358	\$ 18,469	\$ 19,580	\$ 20,691	\$ 21,802	7%	27.6%	\$ 12,494	\$ 15,938
4	HAWTHORNE	\$ 20,417.00	\$ 24,598	\$ 21,817	\$ 23,214	\$ 24,610	\$ 26,006	\$ 27,403	7%	27.6%	\$ 15,167	\$ 19,348
5	HERMOSA BEACH	\$ 8,991.00	\$ 10,849	\$ 9,608	\$ 10,223	\$ 10,837	\$ 11,452	\$ 12,067	7%	27.6%	\$ 6,741	\$ 8,599
6	INGLEWOOD	\$ 30,268.00	\$ 37,165	\$ 32,344	\$ 34,414	\$ 36,484	\$ 38,554	\$ 40,624	7%	27.6%	\$ 25,018	\$ 31,915
7	LAWNDALE	\$ 10,666.00	\$ 12,572	\$ 11,398	\$ 12,127	\$ 12,856	\$ 13,586	\$ 14,315	7%	27.6%	\$ 6,916	\$ 8,822
8	LOMITA	\$ 8,006.00	\$ 9,593	\$ 8,555	\$ 9,103	\$ 9,650	\$ 10,198	\$ 10,745	7%	27.6%	\$ 5,756	\$ 7,343
9	LOS ANGELES	\$ 34,399.00	\$ 42,434	\$ 36,758	\$ 39,111	\$ 41,463	\$ 43,816	\$ 46,168	7%	27.6%	\$ 29,149	\$ 37,184
10	MANHATTAN BEACH	\$ 12,989.00	\$ 15,585	\$ 13,880	\$ 14,768	\$ 15,656	\$ 16,545	\$ 17,433	7%	27.6%	\$ 9,419	\$ 12,015
11	PALOS VERDES ESTATES	\$ 7,559.00	\$ 9,023	\$ 8,077	\$ 8,594	\$ 9,111	\$ 9,628	\$ 10,145	7%	27.6%	\$ 5,309	\$ 6,773
12	RANCHO PALOS VERDES	\$ 11,568.00	\$ 13,723	\$ 12,361	\$ 13,153	\$ 13,944	\$ 14,735	\$ 15,526	7%	27.6%	\$ 7,818	\$ 9,973
13	REDONDO BEACH	\$ 18,056.00	\$ 22,000	\$ 19,294	\$ 20,529	\$ 21,764	\$ 22,999	\$ 24,234	7%	27.6%	\$ 14,306	\$ 18,250
14	ROLLIING HILLS ESTATES	\$ 6,685.00	\$ 7,908	\$ 7,143	\$ 7,601	\$ 8,058	\$ 8,515	\$ 8,972	7%	27.6%	\$ 4,435	\$ 5,658
15	ROLLING HILLS	\$ 4,625.00	\$ 5,590	\$ 4,942	\$ 5,259	\$ 5,575	\$ 5,891	\$ 6,207	7%	27.6%	\$ 3,500	\$ 4,465
16	TORRANCE	\$ 34,399.00	\$ 42,434	\$ 36,758	\$ 39,111	\$ 41,463	\$ 43,816	\$ 46,168	7%	27.6%	\$ 29,149	\$ 37,184
17	COUNTY OF LOS ANGELES	\$ 35,250.00	\$ 43,520	\$ 37,668	\$ 40,078	\$ 42,489	\$ 44,900	\$ 47,311	7%	27.6%	\$ 30,000	\$ 38,270
		\$ 292,443.00		\$ 312,500.00	\$ 332,500.00	\$ 352,500.00	\$ 372,500.00	\$ 392,500.00				
		Total Dues:		\$ 312,500.00	\$ 332,500.00	\$ 352,500.00	\$ 372,500.00	\$ 392,500.00				