

South Bay Cities Council of Governments

February 8, 2016

TO: Steering Committee

FROM: Jacki Bacharach, SBCCOG Executive Director

RE: SBCCOG Dues Recommendation FY 2016-2017

Adherence to Strategic Plan:

Goal D: Organizational Stability. Be a high performing organization with a clear path to long-term financial health, staffing continuity and sustained board commitment

BACKGROUND

The ad hoc finance committee which met during the FY2014-2015 period analyzed the SBCCOG dues structure and reserve policy and made recommendations for both. Attached is the memo that was approved by the Board with the committee's recommendations for your reference.

The incremental increase of dues of just under 7% each year came from a consensus of the City Managers, who recommended that small dues increases each year over the next 5 years would be preferable to a large one-time increase.

The recommended increase is approximately \$20,000 total each year. The attached table shows the allocation to each city of the \$20,000 increase to the total dues collected for the FY2016-2017. Each city will share in equal proportion with a 6.4% increase.

The Board also approved increasing the reserves by 2% for the next two years until we reach the 6% that is desired with an evaluation being made in February. With the addition of last year's net income of \$49,157 and this year's \$8,000 budgeted reserve growth, the \$20,000 dues increase will allow SBCCOG to meet its targeted 2% increase in reserves bringing the 2016-2017 reserve up to the 4% level for FY2016-2017.

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 April 28, 2016 Board of Directors meeting so that the 2016-2017 budget presented to the Board in May reflects the dues revenue projected.

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 a notice be sent to members stating the intention to consider a 6.4% dues increase for 2016-2017 at the April 28, 2016 Board meeting per the attached table and adopted policy on reserves.

**SBCCOG DUES Calculations for FY 2015-2016 based upon proportional increase of
6.4%.**

Increases dues total by \$20,000.

			NEW DUES - 2016-2017				
	CITY	Current Amount invoiced to Member Agencies in FY 15- 16	Increase \$20,000/yr.	Proposed increase 2016- 2017 (% change)	CPI increase 2002-2015 (% increase)	Dues amount 2002	Value of 2002 Dues plus assessment amount in 2015 \$
1	CARSON	\$ 21,360	\$ 22,727	6.4%	30.47%	\$ 14,739	\$ 24,481
2	EL SEGUNDO	\$ 13,178	\$ 14,021	6.4%	30.47%	\$ 10,082	\$ 15,404
3	GARDENA	\$ 17,358	\$ 18,469	6.4%	30.47%	\$ 12,494	\$ 20,051
4	HAWTHORNE	\$ 21,817	\$ 23,213	6.4%	30.47%	\$ 15,167	\$ 25,039
5	HERMOSA BEACH	\$ 9,608	\$ 10,223	6.4%	30.47%	\$ 6,741	\$ 11,045
6	INGLEWOOD	\$ 32,344	\$ 34,414	6.4%	30.47%	\$ 25,018	\$ 37,892
7	LAWDALE	\$ 11,398	\$ 12,128	6.4%	30.47%	\$ 6,916	\$ 12,774
8	LOMITA	\$ 8,555	\$ 9,103	6.4%	30.47%	\$ 5,756	\$ 9,760
9	LOS ANGELES	\$ 36,758	\$ 39,111	6.4%	30.47%	\$ 29,149	\$ 43,282
10	MANHATTAN BEACH	\$ 13,880	\$ 14,768	6.4%	30.47%	\$ 9,419	\$ 15,859
11	PALOS VERDES ESTATES	\$ 8,077	\$ 8,594	6.4%	30.47%	\$ 5,309	\$ 9,177
12	RANCHO PALOS VERDES	\$ 12,361	\$ 13,152	6.4%	30.47%	\$ 7,818	\$ 13,950
13	REDONDO BEACH	\$ 19,294	\$ 20,529	6.4%	30.47%	\$ 14,306	\$ 22,416
14	ROLLIING HILLS ESTATES	\$ 7,143	\$ 7,600	6.4%	30.47%	\$ 4,435	\$ 8,037
15	ROLLING HILLS	\$ 4,942	\$ 5,258	6.4%	30.47%	\$ 3,500	\$ 5,692
16	TORRANCE	\$ 36,758	\$ 39,111	6.4%	30.47%	\$ 29,149	\$ 43,282
17	COUNTY OF LOS ANGELES	\$ 37,668	\$ 40,079	6.4%	30.47%	\$ 30,000	\$ 44,392
		\$ 312,500.00	\$ 332,500.00			\$ 229,998.00	\$ 362,531.67