

South Bay Cities Council of Governments

March 10, 2014

TO: Steering Committee

FROM: Jacki Bacharach, SBCCOG Executive Director

RE: Annual SBCCOG Member Dues & Assessment Amounts

Adherence to Strategic Plan:

- Guiding Principle: Act collaboratively on programs or activities that can be better accomplished collectively than by any one jurisdiction.
- Goal D – Organization Stability, #7 – Create a long-range financial plan to assure the future viability of SBCCOG.

STATUS

In preparing the budget for 2014-2015, it is necessary at this time to ratify the amount for next year's dues.

The dues for the SBCCOG have been at the same level since 2002 when they were set using 2000 census figures. The calculation is based on a recommendation from the city managers at that time using a base of \$3,500 plus a weighted formula, which includes population and general fund expenditures.

Since 2008-2009 fiscal year, there has also been a climate action planning assessment. This assessment has ranged from \$1500 to \$7000 per member agency and was reduced in the 2011-2012 fiscal year to \$1250 to \$5250 depending on population. With this assessment all cities have been provided their municipal and community green house gas inventories and the SBCCOG will be keeping them updated. SBCCOG has also been using these funds to assist cities with the development of climate action plans as well as strategies that they can incorporate to include in their plans. We have also used these funds to prepare the successful grant application to Southern California Edison for which we have received \$771,630.00 for the completion of the Energy Efficiency Chapters of each city's Climate Action Plan as well as a SBCCOG Climate Action Plan.

While this activity started as a response to AB 32 state legislation, state and regional grants are increasingly being based on these plans as well as some general plan update requirements. In the last few years, two of our cities have not paid the assessment but because of the work of the SBCCOG through our partnerships with SCE and SCG, they have received climate action planning assistance primarily in the preparation of an energy action plan.

BACKGROUND

Over the last 10 years, the programs of the SBCCOG have grown in scope and number, mostly due to partnerships that the SBCCOG has received. The partnership income has not only funded the

programs, but has also allowed those funds to be leveraged to pay for SBCCOG overhead expenses. For example, the SBCCOG pays \$1,000/month for the office, phones and other office expenses and the partnerships pay the remainder.

In 2002, the SBCCOG's principal funding sources were dues and SCAG overall work program funds. Since then, SCAG no longer funds programs to the subregions and the SBCCOG has been successful in receiving funds elsewhere. Now, the majority of funds to cover the SBCCOG operating budget come from:

- \$230,000 - Dues (Note: the County of Los Angeles was added in 2009-2010 which increased the dues by \$30,000)
- \$135,000 - Overhead costs from the partnerships (increasing with each grant received)
- \$ 84,340 - Contract in which Metro reimburses nearly the entire cost for the Westside / South Bay Metro Board representative's deputy (almost entirely in and out item)
- \$ 62,625 – Special Assessment for climate action planning that reimburses the services rendered by SBCCOG staff for assistance to cities in preparation of the city climate action inventories and plans
- \$ 35,000 - General Assembly sponsorships (this year \$61,000 received but this was not meant to be a major fund raiser)

On the expenditure side, the principal increase in costs since 2002 has been for professional management services to run the SBCCOG. The increase is largely due to the SBCCOG's oversight and management of the partnerships and other grant programs such as Measure R for which the SBCCOG is responsible. The professional services contract also includes overseeing the SBCCOG's professional staff of employees who implement SBESC programs. In addition, the SBCCOG identifies and obtains new funding for new and existing programs. Other functions of the SBCCOG management services contract are to provide liaison with other local and regional agencies; monitor regional plans and programs, prepare the newsletter and other outreach materials and coordinate and facilitate all of the SBCCOG's committee and working group meetings.

Unfortunately, even with the new sources of revenue, the SBCCOG has been balancing its budget with reserves for the last several years. Reserves have been sufficient but will not continue to be indefinitely.

The role of the SBCCOG remains as it was in 2002:

- Supporting the SBCCOG Committees and Working Groups
- Developing and implementing the SBCCOG projects and programs
- Protecting the SBCCOG interests in the region
- Lobbying for policies and funding which benefit the SBCCOG members
- Carrying out the day-to-day operations of the SBCCOG

In addition since 2002, three major programs have been added to the SBCCOG's portfolio of projects – the South Bay Environmental Services Center (SBESC) in 2004-2005 fiscal year; the South Bay Measure R Highway Program in 2011 and climate action planning and sustainability programs such as the LUV project and the SBCCOG's work on adoption of electric vehicles

BENEFITS TO THE MEMBERS

These major programs are funded with grant or partnership funds, which are heavily leveraged and will continue to be. They allow the SBCCOG to have an office, which has provided a visible location and has increased our access to other opportunities as well as providing a better working environment. In addition, our members have access to expertise that would otherwise not be available. For example, the SBCCOG contracts with a transportation consultant funded out of Measure R to implement that program and for just \$1000 more per month from the operating fund, the SBCCOG is getting monthly reports on national, state, regional, and local transportation issues as well as being kept up to date on proposed policies that affect the South Bay cities for us to comment on. He also staffs the Infrastructure Working Group and attends regional meetings providing reports on upcoming issues.

Another example of leveraging expertise: - because of our AQMD and CEC grants, SBCCOG has access to the latest information on electric vehicles and the future of the transportation fleet and how cities should be preparing as well as responding to the new technologies and funding opportunities that will enhance South Bay mobility while reducing GHG emissions. The consultant working on these projects is also working directly with cities on their grant projects and has many years experience in the field of urban planning.

And finally, because the cities of the South Bay are in the SBCCOG Energy Leader Program through the SBCCOG's partnership with SCE, just in the last three years, South Bay cities have collectively received almost \$700,000 in unrestricted funds as rebates for their energy savings projects while realizing approximately \$715,000 in annual energy cost savings.

OPPORTUNITY FOR PAYMENTS TO CITIES

Because of the partnership funding we have received, SBCCOG has been able to underwrite the cost of city staff participation in professional development workshops dealing with energy and water efficiency such as the building operator certification and several others. Without this funding, city staff would not have been able to attend.

This year, the SBCCOG has received funding from our partnerships for some of our special projects, such as the Energy Efficiency Climate Action Plan, which include the possibility that we can reimburse cities for some of their staff time when working on these projects. Staff will be recommending a formula or some standard way of determining reimbursements.

RECOMMENDATION FROM LAST YEAR

In April 2014, the Steering Committee recommended that the Board increase the dues for fiscal year 2013-2014 starting in July 2013 by \$35,000 so that we could begin to address the deficit and that in the next year, Board members would work with the City Managers to review the SBCCOG work program, dues amount, and dues formula and make a decision on an increase. The additional dues were to be allocated using the existing formula and the assessment was to remain the same as it was last year. This recommendation was not approved by the Board.

This year, the strategic planning session started later than originally expected so that there was not sufficient time for the Board members and City Managers to review the dues amount and formula and come to a decision on a dues increase.

Since there has not been sufficient time to review current dues amounts and the formula, it is staff's recommendation that the SBCCOG continue to spend reserves to balance the operating budget for one more year.

Furthermore, until a formula is developed for city reimbursements for some of their expenses through our partnership projects, it is recommended that the assessment stay in place. This assessment provides the SBCCOG with the flexibility to work on issues dealing with climate action planning that are not solely related to energy efficiency.

RECOMMENDATION

Recommend that the SBCCOG Board approve current dues amounts and the formula as well as the special assessment, and continue to spend reserves to balance the operating budget for one more year.

It is also recommended that the Chair appoint a committee of Steering Committee members and city managers to review the dues amount and provide a recommendation by the end of 2014 in preparation for the 2015-2016 fiscal year.