

# South Bay Cities Council of Governments

October 9, 2017

TO: SBCCOG Steering Committee

FROM: Jacki Bacharach, SBCCOG Executive Director

SUBJECT: SBCCOG Dues Formula

## 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.

## ORIGINAL DUES FORMULA

The dues formula for the SBCCOG was developed in 2002. Using 2000 census figures, the calculation was based on a recommendation from the city managers using 50% population and 50% general fund expenditures. The base was \$3500 which was what the City of Rolling Hills paid.

At the time that the 2010 census data was available, the Steering Committee decided that it would be prudent to have an ad hoc committee comprised of current and past officers as well as David Biggs, former Carson City Managers and Chair of the City Managers' group, review the current dues and recommend possible changes. There was one meeting in February 2013 but no recommendations.

## ASSESSMENT

Starting in 2008-2009 fiscal year, there was also a climate action planning assessment that ranged from \$1500 to \$7000 per member for 3 years and then was lowered to \$1250 to \$5250 depending on population for 4 years. With this assessment all cities were provided their municipal and community greenhouse gas inventories as well as updates. The assessment lasted 7 years until it was incorporated into the dues.

## AD HOC FINANCE COMMITTEE

Between August 2014 and February 2015 an Ad Hoc Finance Committee met four times. The members of the committee were 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). Their memo with recommended actions that were adopted by the Board in March 2015 is attached.

## REVISED/CURRENT DUES FORMULA

The March 2015 SBCCOG Board action incorporated the amount of the special assessment into the original dues formula still using 2000 data. It is as follows:

- \$3500 – base/minimum
- 50% - 2000 population
- 50% - 2000 operating budget
- Assessment amount as of 2015
- 7% increase for 5 years – 2015-2016 to 2019-2020

## RECOMMENDATION

Provide direction.

# 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 for FY 2015-2016 based upon proportional increase of 7%**

				NEW DUES - 2015-2016				
	CITY	Current Amount invoiced to Member Agencies in FY 14- 15	Value of 2002 Dues plus assessment amount in 2015 \$	Increase \$20,000/yr.	Proposed increase 2015-2016 (% change)	CPI increase 2002-2015 (% increase)	Dues amount 2002	Value of 2002 dues amount in 2015 \$
1	CARSON	\$ 19,989.00	\$ 24,481	\$ 21,360	7%	30.47%	\$ 14,739	\$ 19,231
2	EL SEGUNDO	\$ 12,332.00	\$ 15,404	\$ 13,178	7%	30.47%	\$ 10,082	\$ 13,154
3	GARDENA	\$ 16,244.00	\$ 20,051	\$ 17,358	7%	30.47%	\$ 12,494	\$ 16,301
4	HAWTHORNE	\$ 20,417.00	\$ 25,039	\$ 21,817	7%	30.47%	\$ 15,167	\$ 19,789
5	HERMOSA BEACH	\$ 8,991.00	\$ 11,045	\$ 9,608	7%	30.47%	\$ 6,741	\$ 8,795
6	INGLEWOOD	\$ 30,268.00	\$ 37,892	\$ 32,344	7%	30.47%	\$ 25,018	\$ 32,642
7	LAWDALE	\$ 10,666.00	\$ 12,774	\$ 11,398	7%	30.47%	\$ 6,916	\$ 9,024
8	LOMITA	\$ 8,006.00	\$ 9,760	\$ 8,555	7%	30.47%	\$ 5,756	\$ 7,510
9	LOS ANGELES	\$ 34,399.00	\$ 43,282	\$ 36,758	7%	30.47%	\$ 29,149	\$ 38,032
10	MANHATTAN BEACH	\$ 12,989.00	\$ 15,859	\$ 13,880	7%	30.47%	\$ 9,419	\$ 12,289
11	PALOS VERDES ESTATES	\$ 7,559.00	\$ 9,177	\$ 8,077	7%	30.47%	\$ 5,309	\$ 6,927
12	RANCHO PALOS VERDES	\$ 11,568.00	\$ 13,950	\$ 12,361	7%	30.47%	\$ 7,818	\$ 10,200
13	REDONDO BEACH	\$ 18,056.00	\$ 22,416	\$ 19,294	7%	30.47%	\$ 14,306	\$ 18,666
14	ROLLING HILLS ESTATES	\$ 6,685.00	\$ 8,037	\$ 7,143	7%	30.47%	\$ 4,435	\$ 5,787
15	ROLLING HILLS	\$ 4,625.00	\$ 5,692	\$ 4,942	7%	30.47%	\$ 3,500	\$ 4,567
16	TORRANCE	\$ 34,399.00	\$ 43,282	\$ 36,758	7%	30.47%	\$ 29,149	\$ 38,032
17	COUNTY OF LOS ANGELES	\$ 35,250.00	\$ 44,392	\$ 37,668	7%	30.47%	\$ 30,000	\$ 39,142
		<b>\$ 292,443.00</b>		<b>\$ 312,500.00</b>				
		Total Dues:		\$ 312,500.00				

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

	CITY	2010 CENSUS POPULATION	2000 CENSUS POPULATION	POPULATION %	2012 BUDGETS	CITY BUDGETS Year 2000	EXP %	Current Dues based on year 2000 data plus assessment	SCENARIO #2					% change proposed dues increase 2015-2016	Current Dues based on year 2000 data plus assessment	CITY BUDGETS Year 2000	2000 CENSUS POPULATION
									NEW DUES - 2015-2016	NEW DUES - 2016-2017	NEW DUES - 2017-2018	NEW DUES - 2018-2019	NEW DUES - 2019-2020				
									Increase \$20,000/yr.	Increase \$20,000/yr.	Increase \$20,000/yr.	Increase \$20,000/yr.	Increase \$20,000/yr.				
1	CARSON	91,714	89,730	0.088450	78,718,066	42,575,144	0.05035	\$ 19,989.00	\$ 21,360	\$ 22,727	\$ 24,094	\$ 25,461	\$ 26,828	7%	\$ 19,989.00	42,575,144	89,730
2	EL SEGUNDO	16,654	16,033	0.016061	87,793,379	61,943,954	0.05616	\$ 12,332.00	\$ 13,178	\$ 14,021	\$ 14,865	\$ 15,708	\$ 16,551	7%	\$ 12,332.00	61,943,954	16,033
3	GARDENA	58,829	57,746	0.056736	68,544,017	48,389,565	0.04384	\$ 16,244.00	\$ 17,358	\$ 18,469	\$ 19,580	\$ 20,691	\$ 21,802	7%	\$ 16,244.00	48,389,565	57,746
4	HAWTHORNE	84,293	84,112	0.081293	92,515,065	53,091,394	0.05918	\$ 20,417.00	\$ 21,817	\$ 23,214	\$ 24,610	\$ 26,006	\$ 27,403	7%	\$ 20,417.00	53,091,394	84,112
5	HERMOSA BEACH	19,506	18,566	0.018812	27,313,810	20,850,226	0.01747	\$ 8,991.00	\$ 9,608	\$ 10,223	\$ 10,837	\$ 11,452	\$ 12,067	7%	\$ 8,991.00	20,850,226	18,566
6	INGLEWOOD	109,673	112,580	0.105770	180,375,719	138,572,801	0.11538	\$ 30,268.00	\$ 32,344	\$ 34,414	\$ 36,484	\$ 38,554	\$ 40,624	7%	\$ 30,268.00	138,572,801	112,580
7	LAWDALE	32,769	31,711	0.031603	14,968,417	9,830,277	0.00957	\$ 10,666.00	\$ 11,398	\$ 12,127	\$ 12,856	\$ 13,586	\$ 14,315	7%	\$ 10,666.00	9,830,277	31,711
8	LOMITA	20,256	20,046	0.019535	15,752,474	8,008,369	0.01008	\$ 8,006.00	\$ 8,555	\$ 9,103	\$ 9,650	\$ 10,198	\$ 10,745	7%	\$ 8,006.00	8,008,369	20,046
9	LOS ANGELES	145,438	137,946	0.140262	258,394,355	161,098,958	0.16528	\$ 34,399.00	\$ 36,758	\$ 39,111	\$ 41,463	\$ 43,816	\$ 46,168	7%	\$ 34,399.00	161,098,958	137,946
10	MANHATTAN BEACH	35,135	33,852	0.033885	70,820,376	36,597,175	0.04530	\$ 12,989.00	\$ 13,880	\$ 14,768	\$ 15,656	\$ 16,545	\$ 17,433	7%	\$ 12,989.00	36,597,175	33,852
11	PALOS VERDES ESTATES	13,438	13,340	0.012960	15,136,759	9,506,340	0.00968	\$ 7,559.00	\$ 8,077	\$ 8,594	\$ 9,111	\$ 9,628	\$ 10,145	7%	\$ 7,559.00	9,506,340	13,340
12	RANCHO PALOS VERDES	41,643	41,145	0.040161	22,463,355	10,871,607	0.01437	\$ 11,568.00	\$ 12,361	\$ 13,153	\$ 13,944	\$ 14,735	\$ 15,526	7%	\$ 11,568.00	10,871,607	41,145
13	REDONDO BEACH	66,748	63,261	0.064373	103,573,993	63,833,906	0.06625	\$ 18,056.00	\$ 19,294	\$ 20,529	\$ 21,764	\$ 22,999	\$ 24,234	7%	\$ 18,056.00	63,833,906	63,261
14	ROLLING HILLS ESTATES	8,067	7,676	0.007780	7,630,943	5,037,202	0.00488	\$ 6,685.00	\$ 7,143	\$ 7,601	\$ 8,058	\$ 8,515	\$ 8,972	7%	\$ 6,685.00	5,037,202	7,676
15	ROLLING HILLS	1,860	1,871	0.001794	2,559,483	1,203,382	0.00164	\$ 4,625.00	\$ 4,942	\$ 5,259	\$ 5,575	\$ 5,891	\$ 6,207	7%	\$ 4,625.00	1,203,382	1,871
16	TORRANCE	145,438	137,946	0.140262	258,394,355	161,098,958	0.16528	\$ 34,399.00	\$ 36,758	\$ 39,111	\$ 41,463	\$ 43,816	\$ 46,168	7%	\$ 34,399.00	161,098,958	137,946
17	COUNTY OF LOS ANGELES*	145,438		0.140262	258,394,355	161,098,958	0.16528	\$ 35,250.00	\$ 37,668	\$ 40,078	\$ 42,489	\$ 44,900	\$ 47,311	7%	\$ 35,250.00	161,098,958	
		1,036,899	867,561	1.000000	1,563,348,921		1.00000	\$ 292,443.00	\$ 312,500.00	\$ 332,500.00	\$ 352,500.00	\$ 372,500.00	\$ 392,500.00		\$ 292,443.00		867,561
								Total Dues:	\$ 312,500.00	\$ 332,500.00	\$ 352,500.00	\$ 372,500.00	\$ 392,500.00				

Note: LA City and LA County populations were calculated as being the same as Torrance  
 \*Became a SBCCOG Member in Fiscal Year 2009-2010  
 source => <http://www.sco.ca.gov/Files-ARD-Local/LocRep/1112cities.pdf>

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