

# South Bay Cities Council of Governments

January 25, 2018

TO: SBCCOG Board of Directors

FROM: Ad Hoc Dues Formula Committee, Christian Horvath, Chair  
Steering Committee

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.

The Ad Hoc Dues Formula Committee met on January 5. Those present were: Chair & Redondo Beach City Councilmember Christian Horvath, Rolling Hills Estates Councilmember Frank Zerunyan, Manhattan Beach Councilmember Nancy Hersman, Rolling Hills Councilmember Bea Dieringer, and Rolling Hills Estates City Manager Doug Prichard and Hermosa Beach City Manager Sergio Gonzalez. SBCCOG Chair and Torrance Councilmember Kurt Weideman attended as an ex officio member. Jacki Bacharach and Brooke Heri were present from the SBCCOG staff.

At the request of Chair Horvath, Councilmember Zerunyan explained that the concern of his city is the fair allocation of the dues. He stated that the SBCCOG is important to his city and the whole South Bay and that his city does actively participate. He also said that the total amount of the dues is not in question and that he did not see the purpose of this committee micromanaging or second-guessing the Board. However, there is a disproportionate impact on several cities from the current dues formula based on how many people they serve.

## PROPOSAL FROM ROLLING HILLS ESTATES

Councilmember Zerunyan presented a proposal which he described as simple and equitable, that would set the dues at \$.38 per capita. This would generate the amount of funds from dues that were anticipated in the year starting July 2019.

Discussion ensued and the following topics were reviewed:

- The SBCCOG benefits residents of cities so per capita is a reasonable standard.
- Dues should pay for essential expenses to operate the SBCCOG.
- The SBCCOG is more than just services. All cities benefit from the information they receive as well as the advocacy for South Bay interests.

## CONSENSUS TO PROMOTE EQUITY AND SIMPLICITY

- There should be a minimum base fee to be a member.
- Index dues going forward – there should be CPI adjustment annually.
- Per capita should be based on the 2010 or most current census data. (The dues are currently calculated on the 2000 dues.)

## RECOMMENDATION OF AD HOC DUES FORMULA COMMITTEE

- Dues should be set at \$.38 per capita based on most current census data.
- Every city should pay a minimum of \$3500
- There should be an annual CPI adjustment on the per capita but not the base.
- The new formula should become effective July 2019 so that there is a transition period. The existing formula will be used for the upcoming budget which will start July 2018.

## STEERING COMMITTEE REVIEW AND RECOMMENDATION

- The Steering Committee reviewed the recommendation of the Ad Hoc Dues Formula and moved to: send this issue to the full board with the Ad Hoc Committee's report and a summary of the Steering Committee concerns and seek direction from the Board. At the Board meeting, the current dues formula should once again be included and how much each city pays. 10 cities were represented at the Steering Committee meeting.
  - The Steering Committee's concerns were as follows:
    - There was some concern about an automatic CPI but maybe if it had a cap it would be ok
    - There was concern about the large increase that some members would have and whether they could afford it – ex. Carson would be 29.8% increase
    - It was stated that this is not urgent and it won't take effect until 2019 at the earliest so why now?
    - Members wanted time to meet with their staff and they also wanted all cities to be informed so they could discuss the proposal
    - During the meeting, Mike Jenkins, our attorney, was consulted as to whether a change in the dues formula would require a 2/3 vote of the Board and he opined that since it would effectively raise dues on some members, it would require a 2/3 vote
    - If there is a change, the 2010 census numbers should be used

**SBCCOG DUES Calculations based upon per capita w/minimum \$3500**

	CITY	2010 CENSUS POPULATION	POPULATION %	Dues based on per capita multiplier	Proposed Dues begin 2019-20	Current Dues based on 5-yr plan 2019-20	Difference
1	CARSON	91,714	0.088450	\$ 34,851	\$ 34,851	\$ 26,828	\$ 8,023
2	EL SEGUNDO	16,654	0.016061	\$ 6,329	\$ 6,329	\$ 16,551	\$ (10,223)
3	GARDENA	58,829	0.056736	\$ 22,355	\$ 22,355	\$ 21,802	\$ 553
4	HAWTHORNE	84,293	0.081293	\$ 32,031	\$ 32,031	\$ 27,403	\$ 4,629
5	HERMOSA BEACH	19,506	0.018812	\$ 7,412	\$ 7,412	\$ 12,067	\$ (4,655)
6	INGLEWOOD	109,673	0.105770	\$ 41,676	\$ 41,676	\$ 40,624	\$ 1,052
7	LAWNDALE	32,769	0.031603	\$ 12,452	\$ 12,452	\$ 14,315	\$ (1,863)
8	LOMITA	20,256	0.019535	\$ 7,697	\$ 7,697	\$ 10,745	\$ (3,048)
9	LOS ANGELES	145,438	0.140262	\$ 55,266	\$ 55,266	\$ 46,168	\$ 9,098
10	MANHATTAN BEACH	35,135	0.033885	\$ 13,351	\$ 13,351	\$ 17,433	\$ (4,082)
11	PALOS VERDES ESTATES	13,438	0.012960	\$ 5,106	\$ 5,106	\$ 10,145	\$ (5,039)
12	RANCHO PALOS VERDES	41,643	0.040161	\$ 15,824	\$ 15,824	\$ 15,526	\$ 298
13	REDONDO BEACH	66,748	0.064373	\$ 25,364	\$ 25,364	\$ 24,234	\$ 1,131
14	ROLLING HILLS ESTATES	8,067	0.007780	\$ 3,065	\$ 3,500	\$ 8,972	\$ (5,472)
15	ROLLING HILLS	1,860	0.001794	\$ 707	\$ 3,500	\$ 6,207	\$ (2,707)
16	TORRANCE	145,438	0.140262	\$ 55,266	\$ 55,266	\$ 46,168	\$ 9,098
17	COUNTY OF LOS ANGELES	145,438	0.140262	\$ 55,266	\$ 55,266	\$ 47,311	\$ 7,956
		<b>1,036,899</b>	1.000000	<b>\$ 394,021.62</b>	<b>\$ 397,249.36</b>	<b>\$ 392,500.00</b>	
				\$ 0.380			

5-year Plan BASED ON CURRENT ADOPTED FORMULA	
2018-19	2019-20
\$ 25,461	\$ 26,828
\$ 15,708	\$ 16,551
\$ 20,691	\$ 21,802
\$ 26,006	\$ 27,403
\$ 11,452	\$ 12,067
\$ 38,554	\$ 40,624
\$ 13,586	\$ 14,315
\$ 10,198	\$ 10,745
\$ 43,816	\$ 46,168
\$ 16,545	\$ 17,433
\$ 9,628	\$ 10,145
\$ 14,735	\$ 15,526
\$ 22,999	\$ 24,234
\$ 8,515	\$ 8,972
\$ 5,891	\$ 6,207
\$ 43,816	\$ 46,168
\$ 44,900	\$ 47,311
<b>\$ 372,500.00</b>	<b>\$ 392,500.00</b>

Notes:  
 - LA City and LA county populations were calculated as being the same as Torrance  
 - Per Capita will be adjusted based on the CPI annually  
 source => <http://www.sco.ca.gov/Files-ARD-Local/LocRep/1112cities.pdf>

SBCCOG DUES Calculations based upon City Population & Budget updated for 2010 CENSUS and 2012 Operating budgets - Increase \$100,000 over 5 year period

CITY	2010 CENSUS POPULATION	POPULATION %	2012 BUDGETS	EXP %	Current Dues based on year 2000 data plus assessment	SCENARIO #1					Current Dues based on year 2000 data plus assessment	BUDGETS Year 2000	% Change City Operating Budgets 2000 to 2012	% change proposed dues increase 2015-2016 (first year)	% change proposed dues increase by 2019-2020 (after 5 years)
						Updated POPEXP data w/Min \$5,000 (Increase \$20,000/yr.)	Updated POPEXP data w/Min \$5,000 (Increase \$20,000/yr.)	Updated POPEXP data w/Min \$5,000 (Increase \$20,000/yr.)	Updated POPEXP data w/Min \$5,000 (Increase \$20,000/yr.)	Updated POPEXP data w/Min \$5,000 (Increase \$20,000/yr.)					
1 CARSON	91,714	0.088450	78,718,066	0.05035	\$ 19,989.00	\$ 20,789	\$ 22,177	\$ 23,565	\$ 24,953	\$ 26,341	\$ 19,989.00	42,575,144	85%	4%	32%
2 EL SEGUNDO	16,654	0.016061	87,793,379	0.05616	\$ 12,332.00	\$ 13,215	\$ 13,937	\$ 14,669	\$ 15,381	\$ 16,104	\$ 12,332.00	61,943,954	42%	7%	31%
3 GARDENA	58,829	0.056736	68,544,017	0.04384	\$ 16,244.00	\$ 16,441	\$ 17,447	\$ 18,453	\$ 19,458	\$ 20,464	\$ 16,244.00	48,389,565	42%	1%	26%
4 HAWTHORNE	84,293	0.081293	92,515,065	0.05918	\$ 20,417.00	\$ 20,979	\$ 22,383	\$ 23,788	\$ 25,193	\$ 26,597	\$ 20,417.00	53,091,394	74%	3%	30%
5 HERMOSA BEACH	19,506	0.018812	27,313,810	0.01747	\$ 8,991.00	\$ 9,127	\$ 9,490	\$ 9,853	\$ 10,216	\$ 10,579	\$ 8,991.00	20,850,226	31%	2%	18%
6 INGLEWOOD	109,673	0.105770	180,375,719	0.11538	\$ 30,268.00	\$ 30,156	\$ 32,367	\$ 34,579	\$ 36,790	\$ 39,001	\$ 30,268.00	138,572,801	30%	0%	29%
7 LAWDALE	32,769	0.031603	14,968,417	0.00957	\$ 10,666.00	\$ 9,684	\$ 10,096	\$ 10,507	\$ 10,919	\$ 11,331	\$ 10,666.00	9,830,277	52%	-9%	6%
8 LOMITA	20,256	0.019535	15,752,474	0.01008	\$ 8,006.00	\$ 8,368	\$ 8,664	\$ 8,961	\$ 9,257	\$ 9,553	\$ 8,006.00	8,008,369	97%	5%	19%
9 LOS ANGELES	145,438	0.140262	258,394,355	0.16528	\$ 34,399.00	\$ 39,756	\$ 42,811	\$ 45,867	\$ 48,922	\$ 51,978	\$ 34,399.00	161,098,958	60%	16%	51%
10 MANHATTAN BEACH	35,135	0.033885	70,820,376	0.04530	\$ 12,989.00	\$ 14,007	\$ 14,799	\$ 15,591	\$ 16,383	\$ 17,175	\$ 12,989.00	36,597,175	94%	8%	32%
11 PALOS VERDES ESTATES	13,438	0.012960	15,136,759	0.00968	\$ 7,559.00	\$ 7,576	\$ 7,802	\$ 8,028	\$ 8,255	\$ 8,481	\$ 7,559.00	9,506,340	59%	0%	12%
12 RANCHO PALOS VERDES	41,643	0.040161	22,463,355	0.01437	\$ 11,568.00	\$ 11,203	\$ 11,748	\$ 12,293	\$ 12,839	\$ 13,384	\$ 11,568.00	10,871,607	107%	-3%	16%
13 REDONDO BEACH	66,748	0.064373	103,573,993	0.06625	\$ 18,056.00	\$ 19,858	\$ 21,165	\$ 22,471	\$ 23,777	\$ 25,083	\$ 18,056.00	63,833,906	62%	10%	39%
14 ROLLING HILLS ESTATES	8,067	0.007780	7,630,943	0.00488	\$ 6,685.00	\$ 6,440	\$ 6,567	\$ 6,693	\$ 6,820	\$ 6,947	\$ 6,685.00	5,037,202	51%	-4%	4%
15 ROLLING HILLS	1,860	0.001794	2,559,483	0.00164	\$ 4,625.00	\$ 5,390	\$ 5,425	\$ 5,459	\$ 5,493	\$ 5,528	\$ 4,625.00	1,203,382	113%	17%	20%
16 TORRANCE	145,438	0.140262	258,394,355	0.16528	\$ 34,399.00	\$ 39,756	\$ 42,811	\$ 45,867	\$ 48,922	\$ 51,978	\$ 34,399.00	161,098,958	60%	16%	51%
17 COUNTY OF LOS ANGELES	145,438	0.140262	258,394,355	0.16528	\$ 35,250.00	\$ 39,756	\$ 42,811	\$ 45,867	\$ 48,922	\$ 51,978	\$ 35,250.00	161,098,958	60%	13%	47%
	1,036,899	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				
					Total Dues:	\$ 312,500.00	\$ 332,500.00	\$ 352,500.00	\$ 372,500.00	\$ 392,500.00					
					Min. Dues:	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00					

source => <http://www.sco.ca.gov/Files-ARD-Local/LocRep/1112cities.pdf>