

South Bay Cities Council of Governments

June 22, 2023

TO: SBCCOG Board of Directors

FROM: SBCCOG Steering Committee
SBCCOG Staff

SUBJECT: City of Rolling Hills Membership Dues Proposal

BACKGROUND

The SBCCOG's Ad Hoc Finance Committee met several times over later 2022 and early 2023. On February 1st, the Committee discussed the need to increase dues and voted to recommend the Board adopt a dues scenario that included an increase as part of the FY23-24 budget preparation. Attendees at that meeting included Board Members Cruikshank, Tanaka, Uphoff, Dieringer, and Suarez along with City Managers from Rancho Palos Verdes and Hawthorne. At its February meeting, the Board discussed the need to increase dues and heard Rolling Hills' opposition. The Board approved a notice of intent to consider a dues increase to member cities.

On March 13, 2023, the City of Rolling Hills City Council discussed the membership dues for the SBCCOG at their regular meeting. After discussion and public comment, the following motion was approved:

Motion by Mayor Pro Tem Mirsch, seconded by Councilmember Black to request the SBCCOG use a formula which ensures that the City of Rolling Hills arrives at a not-to-exceed dues amount of \$1,000; and if the SBCCOG Board does not accept this dues formula proposal, staff will return to the City Council with a procedural item to formally leave the SBCCOG as a member agency. Motion carried with the following vote:

AYES: Black, Mirsch, Mayor Wilson

NOES: Dieringer

ABSENT: Pieper

At its April meeting, the Board discussed the need to increase membership dues. During the discussion, Rolling Hills Board Member Bea Dieringer requested the Board consider an exemption for Rolling Hills' from the standard dues formula and approve a dues amount of \$2,275 for the city's FY23-24 membership. The Board entertained such a motion but did not pass the proposal. The Board ultimately voted to increase dues but not incorporate the special assessment for the Regional Planner into the dues formula at this time.

On May 19th, FY23-24 membership dues invoices were distributed to member agencies, including the City of Rolling Hills. The city's invoice included membership dues of \$6,817 and \$2,000 for the Regional Planner special assessment, for a total of \$8,817. SBCCOG has not received official notice from the city that it will not be paying the invoiced amount. According to the SBCCOG Joint Powers Agreement, if a city fails to pay dues within three months of the dues assessment, after a 30-day written notice that city is suspended and shall not participate or

vote on the Board of Directors. A city may be readmitted only upon full payment of all dues owed.

At its June 12, 2023 meeting, the Steering Committee voted to agendaize an item for discussion and possible action at the June 22 Board meeting regarding the Rolling Hills' SBCCOG membership and dues. Rolling Hills' City Manager provided a proposal (Attachment 1) drafted by Rolling Hills Delegate, Mayor Patrick Wilson. The proposal includes annual dues of \$3,500 and \$1,000 for the Regional Planner special assessment, for a total of \$4,500.

STAFF RESPONSE TO PROPOSAL

In 2000 when the current dues formula was decided, it was unanimously agreed that dues would be a combination of population and general fund budget and, that there should be a minimum of at least \$3,500 for any agency to participate because there are basic costs of the organization that should be paid for by all members. According to US Bureau of Labor Statistics' CPI Inflation calculator, \$3,500 in 2000 is equivalent to approximately \$6,200 in 2023. Additionally, the organization has grown in both cost and value to members since then.

If the Board was to accept the proposal, several questions should be raised including: do the city's dues never go up?; If they were to increase, what would those increases be based on?; If a reduced dues amount is approved, does the city receive proportionally reduced services?

Although the city considers the majority of the SBCCOG's working groups to not speak to its needs and is unable to take advantage of some of the SBCCOG's programs behind its gates, the city and its residents do benefit directly and indirectly from the organization. This includes:

- Direct Benefits:
 - Energy Efficiency
 - City Hall Lighting Upgrade (2014)
 - \$0 city investment; \$2,465 in annual savings; \$7,111 in incentives; \$3,200 SBESC service value
 - LED Lighting for Tennis Courts (2019)
 - \$7,492 in annual savings
 - SoCal Edison Energy Leader Partnership (2006-2019)
 - City achieved Gold Energy Leader Level
 - SBCCOG helped city complete and implement an Energy Action Plan, outlining municipal energy savings projects and community programs that would help the city reduce municipal and community-wide energy consumption (completed in 2017)
 - Climate Action Planning & Greenhouse Gas
 - SBCCOG developed city's Climate Action Plan in 2018
 - SBCCOG developed city's Community Greenhouse Gas Emissions Inventory in 2005/2007, as well as Municipal and Community Greenhouse Gas Emissions Inventories in 2010/2012
 - Water Conservation
 - 29 rain barrels to 15 residents (nearly proportional to the number distributed to other small Peninsula cities)
 - Residents are eligible to participate in workshops, classes, and other programs facilitated by SBCCOG in partnership with West Basin Municipal Water District
 - Regional Planner & Regional Early Action Planning Projects

- City staff consistently participates in monthly Community Development Directors meetings
- At the request of city staff, SBCCOG's Regional Planner prepared a memo on options for code enforcement contract staff and consultant services upon the departure of the city's code enforcement officer
- SBCCOG's Regional Planner regularly researches and provides information on grants, webinars, trainings, and programs
- City is equally engaged as 7 other cities in SBCCOG's ADU Acceleration Project (REAP 1)
 - By participating in the SBCCOG's project, the city saved approximately \$12,000-\$15,000 should it have done the project on its own
- South Bay Fiber Network
 - SBCCOG covered 100% of capital costs to bring 1GB of dedicated broadband service to the city (approximately \$18,400 in Measure M funds)
 - No identical service is available from commercial internet service providers, but closest comparable cost is over \$1,600/month, compared to the SBFN's \$1,000/month. The unique geography of the city could be cost prohibitive for most companies to deliver high-speed broadband infrastructure, and if it was built, it would likely not meet the dedicated speed and quality of the SBFN service
 - SBCCOG is evaluating the ability to fund additional sites throughout the city as part of a final call for lateral connections to be funded by the SBCCOG's Measure M grant
- Indirect Benefits
 - SBCCOG advocacy
 - State funding (\$1M budget allocation for SBFN)
 - Transportation issues (such as goods movement, Vincent Thomas Bridge, LAWA expansion)
 - Legislation
 - Local and regional transportation project investments (such as PV Drive/Dapplegray, PV Drive/Western Ave, and PCH/Hawthorne, as well as SBCCOG-funded improvements to the I-405 and I-110)

The city should consider whether any of the goods or services it procures have not gone up in cost over the past 20 years. The SBCCOG is not immune to economics and costs to provide its robust services have increased in the past two decades. SBCCOG staff recognizes that the city's distinct characteristics may limit its ability to participate in all programs, but believes that the city has significantly benefited from direct programs through the SBCCOG for their city and from regional efforts by this regional organization and that the Board-approved \$8,817 FY23-24 dues amount is a fair assessment.

RECOMMENDATION

Staff recommends the Board of Directors oppose the City of Rolling Hills' dues proposal.

Attachment: Rolling Hills dues proposal from Mayor Patrick Wilson