



SACOG Board of Directors

Meeting Date: December 20, 2018

Agenda Item No. 2018-December-**10**

Approve Fiscal Year 2019-2020 and 2020-2021 SACOG Member Dues Increase

Action

Prepared by: Erik Johnson

Approved by: James Corless

Attachments: Yes

1. Issue:

Should SACOG increase city and county membership dues?

2. Recommendation:

The Government Relations and Public Affairs Committee recommends that the board approve a member dues increase phased in over fiscal years 2019-2020 and 2020-2021.

3. Background/Analysis:

SACOG assesses member dues from each city and county every fiscal year. The dues are currently calculated and charged on a per capita basis, with the base increasing annually based on changes to the Consumer Price Index (CPI), and the updated population for each jurisdiction based on annual updates from the State of California. The 2018-2019 rate is 18.9 cents per capita, which generates \$462,864 or approximately 1.2 percent of SACOG's budget. The formula has been in place since 2005, when the rate was 14 cents per capita. Prior to 2005, there was no Consumer Price Index increase in the formula.

Currently, member dues are segregated into a Board and Advocacy Budget to fund expenditures that are ineligible for state or federal funding. Major expenditure categories include staff time that is considered advocacy under state or federal rules; board per diem and mileage reimbursement; special events such as board tours to Maryland, Denver, and Virginia; and development of the new SB 375 pilot program with the Air Resources Board.

Two-thirds of SACOG's budget comes from state and federal funds that have limitations on what they can be used for (i.e., issue area and expenditure categories), and strict rules for how they can be spent (i.e., procurement). State and federal funds typically require a local match, and SACOG has one major source: Transportation Development Act funds, which account for approximately 10 percent of the budget. This leaves a very small amount of local funding available to fund any activities that are ineligible for state or federal funds.

4. Discussion/Analysis:

In his first full year at SACOG, the Executive Director worked with staff to develop an ambitious work plan based on input from the October 2017, board retreat. The work plan is based off 10 goals and spells out specific tasks, projects, and deliverables that the agency is working towards by the end of the fiscal year.

This last year has had many successful new initiatives: Civic Lab, Green Region, RUCS 2.0, Air Resources Board authorization to develop a pilot program, Youth Leadership Academy, and tours to different communities across the country.

Staff is recommending broadening how member dues are used and increasing member dues to cover some of those costs. Staff has reviewed the budgets of peer agencies across the state, and SACOG's dues are the lowest as a percentage of total revenues (1.2%), with peers falling between 2.0-4.3 percent.

By increasing member dues, SACOG can ensure more stable funding to continue the new initiatives that the board and member jurisdictions have supported over the last year. Staff proposes the Board of Directors increase member dues to represent 2.0 - 2.2% of SACOG's budget, matching our California peers. This increase would generate \$671,153 - \$879,442 annually based on the option selected. Attachment A provides four options for increasing member dues. The total proposed increase is approximately \$8,000 higher than what was shared with the Government Relations and Public Affairs Committee based on final calculations of population and CPI for 2018-2019.

The first option is an increase on a per capita basis over a single year. The second option phases in an increase over two years. The third and fourth options would establish two separate forms of tiers based on member population. The third option is a flat rate cost increase based on total population. The fourth option is based on per capita rates. Both tiered options would treat comparably sized jurisdictions the same, rather than assessing strictly on jurisdictional size. Attachment B explains in more detail the projects that can be funded with a member dues increase and also provides additional background and research to the options provided in Attachment A.

Staff recommends that the board provide direction to staff now so that local governments can be informed about the dues increase as they start their own budgeting processes. If the board moves forward with increasing dues, staff will align expenditures with those anticipated new revenues in the draft 2019-2020 budget, which will come before the board in March 2019.

The Government Relations and Public Affairs Committee unanimously recommended adopting the second option: an increase over two years that would increase dues to \$671,153 in 2019-2020 and \$879,442 in 2020-2021. In subsequent years, dues would increase based on the existing cost of living rate and population formula. The population is based on California Department of Finance estimates from the January prior to the beginning of the fiscal year. The cost of living is based on the change in the California CPI from December of two years prior to December of the year prior to the beginning of the fiscal year.

5. Fiscal Impact/Grant Information:

An increase to member dues would be included and collected in the 2019-2020 and 2020-2021 budgets. If the board adopts option 2, SACOG would receive an increase from the current fiscal year of \$208,289 in the first year, and \$416,578 in the second year. In subsequent years, the increases would be based on current CPI plus population. In the past decade, the average California CPI has increased 2.22%. The selected delivery option would determine the amount of member dues paid by each member jurisdiction.

6. This staff report aligns with the following SACOG Work Plan Goals:

- 5 - Establish the Sacramento Region as an Innovator & Test-Bed for New Ideas
- 6 - Help the Region Advance a Vision for "Next Generation Transit"
- 8 - Build out our Council of Governments Functions
- 9 - Better Connect & Communicate with Members & Regional Electeds

Jurisdiction	Population	Current Dues	Option #1	Option #2		Option #3	Option #4
			Single year	Increase over two years		Flat Rate Cost tier	Per Capita tier
			FY 19/20	FY 19/20	FY 20/21	FY 19/20	FY 19/20
Sacramento County	584,729	\$ 110,395	\$ 209,750	\$ 160,072	\$ 209,750	\$ 150,000	\$ 175,419
Sacramento	493,025	\$ 93,081	\$ 176,854	\$ 134,968	\$ 176,854	\$ 150,000	\$ 147,908
Elk Grove	171,059	\$ 32,295	\$ 61,361	\$ 46,828	\$ 61,361	\$ 50,000	\$ 58,160
El Dorado County	153,295	\$ 28,942	\$ 54,989	\$ 41,965	\$ 54,989	\$ 50,000	\$ 52,120
Roseville	135,868	\$ 25,651	\$ 48,738	\$ 37,194	\$ 48,738	\$ 50,000	\$ 46,195
Placer County	111,446	\$ 21,041	\$ 39,977	\$ 30,509	\$ 39,977	\$ 50,000	\$ 37,892
Citrus Heights	87,731	\$ 16,428	\$ 31,213	\$ 23,820	\$ 31,213	\$ 25,000	\$ 35,092
Folsom	78,525	\$ 14,825	\$ 28,168	\$ 21,497	\$ 28,168	\$ 25,000	\$ 31,410
Rancho Cordova	73,872	\$ 13,947	\$ 26,499	\$ 20,223	\$ 26,499	\$ 25,000	\$ 29,549
Davis	68,740	\$ 12,978	\$ 24,658	\$ 18,818	\$ 24,658	\$ 25,000	\$ 27,496
Yuba City	59,095	\$ 12,733	\$ 24,193	\$ 18,463	\$ 24,193	\$ 25,000	\$ 23,638
Rocklin	64,417	\$ 12,162	\$ 23,107	\$ 17,634	\$ 23,107	\$ 25,000	\$ 25,767
Yuba County	59,347	\$ 11,157	\$ 21,198	\$ 16,178	\$ 21,198	\$ 25,000	\$ 23,739
Woodland	59,616	\$ 11,255	\$ 21,385	\$ 16,320	\$ 21,385	\$ 25,000	\$ 23,846
West Sacramento	53,163	\$ 10,037	\$ 19,070	\$ 14,554	\$ 19,070	\$ 25,000	\$ 21,265
Lincoln	48,165	\$ 9,093	\$ 17,277	\$ 13,185	\$ 17,277	\$ 25,000	\$ 19,266
Yolo County	30,122	\$ 5,687	\$ 10,805	\$ 8,246	\$ 10,805	\$ 10,000	\$ 13,555
Galt	25,693	\$ 4,851	\$ 9,216	\$ 7,034	\$ 9,216	\$ 10,000	\$ 11,562
Sutter County	20,875	\$ 3,941	\$ 7,488	\$ 5,715	\$ 7,488	\$ 10,000	\$ 9,394
Auburn	14,096	\$ 2,661	\$ 5,056	\$ 3,859	\$ 5,056	\$ 5,000	\$ 6,343
Marysville	11,973	\$ 2,260	\$ 4,295	\$ 3,278	\$ 4,295	\$ 5,000	\$ 5,388
Placerville	10,743	\$ 2,028	\$ 3,854	\$ 2,941	\$ 3,854	\$ 5,000	\$ 4,834
Live Oak	8,636	\$ 1,630	\$ 3,098	\$ 2,364	\$ 3,098	\$ 2,000	\$ 4,318
Winters	7,255	\$ 1,370	\$ 2,602	\$ 1,986	\$ 2,602	\$ 2,000	\$ 3,628
Loomis	6,775	\$ 1,279	\$ 2,430	\$ 1,855	\$ 2,430	\$ 2,000	\$ 3,388
Wheatland	3,095	\$ 584	\$ 1,110	\$ 847	\$ 1,110	\$ 2,000	\$ 1,548
Colfax	2,070	\$ 391	\$ 743	\$ 567	\$ 743	\$ 2,000	\$ 1,035
Isleton	854	\$ 161	\$ 306	\$ 234	\$ 306	\$ 2,000	\$ 427
		\$ 462,864	\$ 879,442	\$ 671,153	\$ 879,442	\$ 807,000	\$ 844,180

Member Dues Options

Staff reviewed member dues is in line with precedent and standard peer practices statewide. Based on the comparable member dues from our peer agencies and the expected cost of our expanding programs of nearly \$2,000,000 (Attachment B) for FY 18/19, SACOG has drafted three options for increasing member dues.

Option #1

Year one dues increase to represent 2.2% of SACOG's total budget.

- Per capita rate would increase from 18 cents to 34 cents in FY 19/20.

Option #2

Dues increase to be spread over a two-year cycle: Year one would represent 1.6% of total revenue budget, and year two would represent 2.2% of total budget.

- Year one (FY 19/20) would increase the per capita rate to 27 cents, and 36 cents for year two (FY 20/21).
- In subsequent years, the existing formula of California Consumer Price Index increases and population estimates would be applied.

Options #3 & #4

Dues structure to be represented as tiered approach based on member population. Total costs are based on an increase from 1.16% to 2.2%. See spreadsheet for tier cost breakdowns for each jurisdiction.

Option #3 Flat Rate Cost Tier		Option #4 Per Capita Tier	
0 – 10,000	\$ 2,000	0 – 10,000	50 cents
10,000 – 20,000	\$ 5,000	10,000 – 30,000	45 cents
20,000 – 30,000	\$ 10,000	30,000 – 90,000	40 cents
30,000 – 90,000	\$ 25,000	90,000 – 200,000	34 cents
90,000 – 200,000	\$ 50,000	200,000 and above	30 cents
200,000 and above	\$ 150,000		

Alternatives to Dues Increase

If the board does not want to increase member dues, there are other options for SACOG to increase new revenues. Two examples include adding new membership category of associate members (e.g., special districts, other governmental entities) and charging members for direct service delivery.