



## Government Relations & Public Affairs Committee

Meeting Date: December 10, 2018

Agenda Item No.: 2018-December-4

Fiscal Year 2019-2020 SACOG Member Dues Increase

### Action

Prepared by: Conor Peterson

Approved by: Erik Johnson

Attachments: Yes

#### 1. Issue:

Should SACOG increase city and county membership dues?

#### 2. Recommendation:

That the Government Relations & Public Affairs Committee recommend a member dues increase for fiscal year 2019-2020.

#### 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, and the updated population for each jurisdiction based on annual updates from the State of California. The 2018-19 rate is 18.2 cents per capita, which generates \$475,125 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 \$807,000 - \$870,568 annually based on the option selected. Attachment A provides four options for increasing member dues.

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.

#### **5. Fiscal Impact/Grant Information:**

An increase to member dues would be included and collected in the 2019-2020 budgetary cycle. 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

### **ATTACHMENTS:**

#### **Description**

Attachment A: Member Dues Options

Attachment B: The Importance of Member Dues to SACOG's Work

## Member Dues Options

Staff reviewed SACOG's existing member dues alongside peers across the state. Current dues are lower than peers and an increase in dues could ensure ongoing funding for SACOG initiatives. 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 four 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 26 cents, and 34 cents for year two (FY 20/21).

### 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.

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	579,613	\$ 105,490	\$ 208,661	\$ 126,763	\$ 208,661	\$ 150,000	\$ 145,705
Sacramento	485,683	\$ 88,394	\$ 174,846	\$ 43,839	\$ 174,846	\$ 150,000	\$ 50,390
Elk Grove	167,965	\$ 30,570	\$ 60,467	\$ 39,735	\$ 60,467	\$ 50,000	\$ 51,762
El Dorado County	152,241	\$ 27,708	\$ 54,807	\$ 34,993	\$ 54,807	\$ 50,000	\$ 45,585
Roseville	134,073	\$ 24,401	\$ 48,266	\$ 28,502	\$ 48,266	\$ 50,000	\$ 37,129
Placer County	109,203	\$ 19,875	\$ 39,313	\$ 22,522	\$ 39,313	\$ 50,000	\$ 29,339
Citrus Heights	86,291	\$ 15,705	\$ 31,065	\$ 20,161	\$ 31,065	\$ 25,000	\$ 30,898
Folsom	77,246	\$ 14,059	\$ 27,809	\$ 18,845	\$ 27,809	\$ 25,000	\$ 28,881
Rancho Cordova	72,203	\$ 13,141	\$ 25,993	\$ 17,830	\$ 25,993	\$ 25,000	\$ 27,326
Davis	68,314	\$ 12,433	\$ 24,593	\$ 17,762	\$ 24,593	\$ 25,000	\$ 27,221
Yuba City	68,052	\$ 12,385	\$ 24,499	\$ 15,752	\$ 24,499	\$ 25,000	\$ 24,140
Rocklin	60,351	\$ 10,984	\$ 21,726	\$ 15,351	\$ 21,726	\$ 25,000	\$ 23,526
Yuba County	58,816	\$ 10,705	\$ 21,174	\$ 15,014	\$ 21,174	\$ 25,000	\$ 23,010
Woodland	57,526	\$ 10,470	\$ 20,709	\$ 13,854	\$ 20,709	\$ 25,000	\$ 21,233
West Sacramento	53,082	\$ 9,661	\$ 19,110	\$ 12,355	\$ 19,110	\$ 25,000	\$ 18,936
Lincoln	47,339	\$ 8,616	\$ 17,042	\$ 7,417	\$ 17,042	\$ 25,000	\$ 11,368
Yolo County	28,419	\$ 5,172	\$ 10,231	\$ 6,642	\$ 10,231	\$ 10,000	\$ 11,453
Galt	25,450	\$ 4,632	\$ 9,162	\$ 5,458	\$ 9,162	\$ 10,000	\$ 9,410
Sutter County	20,910	\$ 3,806	\$ 7,528	\$ 3,672	\$ 7,528	\$ 10,000	\$ 6,332
Auburn	14,070	\$ 2,561	\$ 5,065	\$ 3,135	\$ 5,065	\$ 5,000	\$ 5,405
Marysville	12,010	\$ 2,186	\$ 4,324	\$ 2,793	\$ 4,324	\$ 5,000	\$ 4,816
Placerville	10,702	\$ 1,948	\$ 3,853	\$ 2,178	\$ 3,853	\$ 5,000	\$ 3,756
Live Oak	8,346	\$ 1,519	\$ 3,005	\$ 1,883	\$ 3,005	\$ 2,000	\$ 3,607
Winters	7,214	\$ 1,313	\$ 2,597	\$ 1,747	\$ 2,597	\$ 2,000	\$ 3,346
Loomis	6,692	\$ 1,218	\$ 2,409	\$ 918	\$ 2,409	\$ 2,000	\$ 1,760
Wheatland	3,519	\$ 640	\$ 1,267	\$ 540	\$ 1,267	\$ 2,000	\$ 1,034
Colfax	2,068	\$ 376	\$ 744	\$ 221	\$ 744	\$ 2,000	\$ 423
Isleton	846	\$ 154	\$ 305	\$ 221	\$ 305	\$ 2,000	\$ 423
		\$ 440,120	\$ 870,568	\$ 631,162	\$ 870,568	\$ 807,000	\$ 835,406

## The Importance of Member Dues to SACOG's Work

### WHAT MEMBER DUES FUND

SACOG's current member dues provide flexible funding to support activities that may not be eligible for state or federal funding (including Board per diem and other board-related expenses), as well as state and federal advocacy work. A majority of our member dues is spent to support our Federal/State Legislative Advocacy (60% of total member dues revenue).

### HOW WE DETERMINE MEMBER DUES

Member dues are calculated through a formula (18.2 cents per capita), which changes annually based on population estimates from the California Department of Finance and changes in the Consumer Price Index. Member dues represent approximately 1.2% of our overall revenue (2018-2019 budget).

### WHY WE ARE PROPOSING TO RAISE MEMBER DUES

Moving forward, there are a number of expanded or new initiatives that SACOG has advanced in the last year and a half that would significantly benefit from a more robust stream of flexible funds than currently provided through member dues. For example, SACOG has hired a full-time policy manager to run an expanded state and federal advocacy program, we have launched the successful Civic Lab program to make our region a leader in technology and innovation, we are developing a new mobility initiative that has already helped attract the attention of some autonomous vehicle companies, and we have run highly engaging board site visits to Maryland, Virginia, and Denver.

As the table below shows, these new activities are funded through a mix of state, federal and local funding sources, some of which are one-time grants. A dedicated funding source of local, flexible funds would enable expanded service and project delivery – including convening around specialized issues such as disaster preparedness and resiliency.

Project	Budget	Funding Source
Civic Lab Year 2	\$300,000	SB 1 formula; TDA
Mobility Innovation Exchange	\$300,000	CMAQ
RUCS 2.0	\$700,000	TDA; FTA 5303; SB 1 formula
Rural Main Streets	\$200,000	SB 1 grant; TDA
Peer Region Tours/Board Site Visits	\$40,000	Member Dues
Expanded State and Federal Advocacy Program	\$100,000	Member Dues
Regional Futures Forum/Elected Officials Conference	\$40,000	Member Dues
Sacramento Region Pilot Program (GHG targets)	\$70,000	Member Dues
Local Government Services	\$250,000	TDA

Project	Budget	Funding Source
Total	\$2,000,000	

These programs have directly benefitted nearly all cities and counties in the region:

- 20 jurisdictions have received direct technical assistance through the SGC-Transformative Climate Communities grant
- 10 jurisdictions are currently utilizing SACOG cooperative purchasing contracts through Local Government Services
- 9 jurisdictions have directly benefitted from funding through the Civic Lab and Green Region programs

#### MEMBER DUES AS A FUNDING SOURCE

What member dues fund in SACOG's current and future operating budgets with an increase:

2018-19 Budget		Hypothetical 2019-20 Budget (w/member dues increase)	
Advocacy (staff costs)	\$240,000	Expanded State and Federal Advocacy Program	\$200,000
Meetings & Travel	\$120,000	Technical Assistance	\$250,000
Board Costs	\$60,000	RUCS 2.0	\$80,000
Other	\$50,000	Civic Lab Year 2	\$75,000
Total	<b>\$470,000</b>	Peer Region Tours/Board Site Visits	\$40,000
		Regional Futures Forum/Elected Officials Conference	\$30,000
		Meetings & Travel	\$85,000
		Board Costs	\$60,000
		Other	\$50,000
		Total	<b>\$870,000</b>

#### Comparable Member Dues Structures: California Peers

SACOG member dues are among the lowest in the state for regional COGs/MPOs of our size.

Agency	% Total Revenue (2019 Budget)	Total Dues
ABAG/MTC	4.5%	\$2,718,906
SCAG	2.3%	\$2,053,962
SANDAG	2.0%	\$2,705,036
SLOCOG	2.2%	\$89,100
SACOG	1.2%	\$475,125
AMBAG	3.9%	\$162,700