



Agenda Item No: 4

Meeting Date: April 3, 2020

## Cities Association of Santa Clara County Agenda Report

FY 2020 Budget

Prepared by: Andi Jordan  
Executive Director

**TOPIC:** Fiscal Year 2020-2021 Budget Proposal

**SUBJECT:** Consideration of Cities Association of Santa Clara County General Fund Budget

**EXECUTIVE SUMMARY:** Per the by-laws, a budget is to be proposed in April and disseminated to the cities. The budget may be adopted in April or no later than June 2019.

This budget remains flat but proposes the addition of a part time admin (20 hours/month) that will clerk and possibly take over bookkeeping as well as the addition of legal counsel (5 hours/month) for the association.

In addition, Los Altos Hills is requesting a more proportional dues rate, asking for the billing document to include information similar to the League of California Cities.

Los Altos Hills City Manager and Town Council submitted two proposals for membership dues. (attached):

- proportional dues structure similar to the SCSC Roundtable
- League of California Cities Dues Structure

**RECOMMENDATION:** Approve Budget and give direction to the Executive Director regarding member dues structure.

### BACKGROUND:

Cities Association of Santa Clara County Bylaws state:

#### **BYLAWS: ARTICLE VII - FINANCES**

*Section 1. Budget. On or before April 15 of each calendar year, the Board of Directors shall approve a preliminary budget for the Association for the fiscal year commencing with July 1 of the same calendar year. The Board of Directors shall adopt a final budget no later than June 15 of each year. A copy of the preliminary budget when approved and a copy of the final budget when adopted shall be transmitted to each Member City.*

*Dues. Each Member City shall pay to this Association annual dues in accordance with a dues schedule adopted by the Board of Directors on or before June 1 of each year. Dues shall be for the fiscal year commencing July 1 and shall be an amount for each member*

*City based upon the approved budget. The full amount shall be due and payable before July 1 of each year. Any City becoming a member of this Association during a fiscal year shall pay the full dues for that year prior to exercising any rights of membership. The dues schedule shall be revised every three (3) to four (4) years.*

*Section 3. Funds. All funds received by the Association from the membership or any*

*other source shall be deposited in a financial institution or institutions determined by the Secretary/Treasurer and disbursed only by check signed by any persons designated by the Board of*

*Directors as signers on the account including the Executive Director, the Secretary/Treasurer and the President. There shall be a Reserve of funds to cover six (6) to nine (9) months of operating expenses to ensure financial stability of the Association. The dues schedule shall be revised as such.*

*Section 4. Accounting. Every two (2) to three (3) years, an audit of the Association's finances shall be completed, and copies thereof shall be filed with the Board of Directors.*

*Annually, a complete written account of all receipts and disbursements during the previous year, showing the opening and closing balances shall be prepared by the Secretary/Treasurer or a designee. Copies thereof shall be filed with the Board of Directors Monthly, bank and reconciliation statements shall be reviewed by the Secretary/Treasurer and initialized as such. Monthly reports of accounting and investments shall be prepared and filed with the Board of Directors by the Secretary/Treasurer or a designee.*

- *Cities Association Dues in the 1989 were \$2677 per jurisdiction with a budget of \$40,000.*
- *Dues have remained relatively flat, and they actually were reduced at times because of the size of the reserves.*
- *In 2010, it was observed that Reserves had grown over the previous four fiscal years and exceeded the Cities Association Financial Policy of six to nine months of projected operating expenses.*
- *The 2010 Subcommittee on Use of Reserves recommended a decrease in dues by 4.77% for three fiscal years in order to attain a level of Reserves consistent with the organization's financial policy.*
- *FY 2013-14 marked the end of the 3-year budget with reduced dues. FY 2014-15 Budget resumed the original dues schedule, which was an increase of 4.77% of the prior year's dues schedule.*
- *New for FY 2014-15, the Cities Association started utilizing a virtual office as an effort to reduce expenses; office expenses were reduced by 19% from the expected budget.*
- *For FY 2015-16, with the continued dues schedule, it was proposed and approved to use*
- *Reserves to meet operating expenses. It is Cities Association policy to maintain a Reserves fund that covers 6 – 9 months of operating expenses (\$42,000 – \$63,000).*
- *For FY 2016-17, the dues were increased by 5% in order to resume operations without using increased Reserves to meet expenses. Projected Reserves at the end of the FY 2017-18-budget year is \$53,771.32.*

- Prior to 2018, General Membership Meetings and dinners have previously been funded by sponsors and donations. We are currently not able to take sponsorships directly.
- Article VII, Section 2 of the Cities Association Bylaws states “the dues schedule shall be revised every three (3) to four (4) years.”
- There was no increase in dues for the FY 2017-18 Proposed Budget.
- 2018-2019 The Board voted for the Executive Director a full-time position, from 30 hours to 40 hours, from \$70,000 to \$100,000.
- 2019-2020 Executive Director salary increased to \$105,000. *The Executive Director receives no benefits, no reimbursements, no stipends.*
- 2019-2020, the Board voted to increase the budget by cpi-w only for the next 3 years.
- 2020-2021 Budget proposal includes:
  - No salary increase for the Executive Director
  - Addition of Office Assistant: \$30/hr, 40 hr/ month, \$14,400/year
  - Addition of Legal Counsel: \$300/hr, 5/hr month, \$18,000/year
  - Ongoing admin cost of software, office supplies: \$1000/year
  - Computer, printer, backup hard drive, phone: \$5000
  - (would leave a \$62,592 surplus)

**ANALYSIS:**

The General Fund Budget does not include the planning collaborative or the SCSC Roundtable. The General Fund Budget abides by the principles set forth in the bylaws.

**FISCAL IMPACT:**

If there is a cost or revenue to the recommended action, so note. If the money was included in the current year’s budget or requires an additional appropriation, so note. Identify the fund or revenue source. If there is no fiscal impact, so note. This section must be approved by the Finance Director prior to City Manager approval.

**OPTIONS:**

- Approve the budget as presented.
- Amend the budget.

**RECOMMENDED ACTION:**

Approve the FY 2020-2021 budget with the addition of administrative staff a

**ATTACHMENTS:**

1. FY 2020 Budget Proposal
2. CASCC Dues FY 2019 & FY 2020
3. Letter from Los Altos Hills

**Cities Association of Santa Clara County 2020-2021 General Budget**

	2018-2019	2017-2018 Actual (through June 4)	2018-2019 Actual (through March 31, 2019)	2019-2020 adopted budget	2019-2020 estimate	2020-2021 proposed	NOTES:
<b>REVENUE:</b>							
projected resources:							
starting balance	40,283			37,500	70,060	95,372	this is a resource, not a revenue
::restricted						31,500	3 months operating reserve
::unrestricted						63,872	
total BFB			37,500	37,500	70,060	95,372	
Dues	144,886	87,868	144,886	149,957	150,290	150,290	increase of cpiw per board last year. (I don't know what CPI w is
Non-dues (directories)	1,000	915	300	500		0	
LAIIF interest	500	500		500	3,000	2,000	
Event Tickets (~65people x 2events)	7,475	7,250	5200+	10,400	6,911	10,400	
Revenue Totals	153,861			161,357	160,201	162,690	
Total Resources				198,857	230,261	258,062	all of revenues for the year and beginning fund balance

**GENERAL EXPENSES:**

Office Expenses (insurance, printing, meeting supplies, office supplies, ED expenses, software, website update, recognition, PO Box, postage, etc)	8,861	7,166	12,000	11,570	7,500	10,070	includes allowing for scanning of historical documents
Priorities for Board Directed Projects (intern for legislative activities, project)	7,000	1,000		5,000	1,000	5,000	1000.00 regional economic forum, plus \$4k for board priorities
Office: Personnel							
ED compensation	100,000	70,000	100,000	105,000	105,000	105,000	no increase in Executive Director Salary has been included
Payroll expenses	10,000	7,000	10,000	10,500	10,500	10,500	
Consultant (legal or other consultant to complete organizational status, legal)	10,000	1,069	3,000	4,000	3,500	5,000	organizational status

**EVENT EXPENSES:**

Membership Dinner - DECEMBER	13,000	14,000	12,769	14,000	7,389	14,000	
Membership Meeting - SPRING	5,000	4,500	6,500	11,000	0	7,500	
Expense Totals	153,861			161,070	134,889	157,070	

ending fund balance 95,372 100,992

office expenses	2019-2020	2020-2021
hospitality	1,500	2,000
software	1,680	1,680
additional software		400
website	600	600
PO Box	135	135
d&o Insurance	1,300	1,300
phone		

**OPTIONS:**

pt admim							
::salary					14,400	ave \$30/hr, 40 hr/ month, \$14,400 year	
::ongoing office expenses					1,000	software, office supplies,	
::one time - equipment					5,000	computer, printer, backup harddrive, phone,	
legal (250)					18,000	ave \$300/hr, 5 hr month, 18,000	
TOTAL					38,400	(would leave a \$62,592 surplus)	

Cities Association of Santa Clara County Approved Dues: 2019-2020

	Portion	Cities	2017-2018 Dues	2017-2018 Income	approved 2018 - 2019 revenue	2018-2019 Approved Dues Each City	2019-2020 Proposed Dues	2019-2020 Proposed Revenue
Large Cities	26.10%	(3) San Jose, Santa Clara, Sunnyvale	\$ 7,641	\$ 22,923	\$ 37,815.27	12,605.09	\$13,046.27	\$39,138.80
Medium Cities	36.20%	(5) Cupertino, Gilroy, Milpitas, Mountain View, Palo Alto	\$ 6,367	\$ 31,836	\$ 52,448.76	10,489.75	\$10,856.89	\$54,284.47
Small Cities	29.00%	(5) Campbell, Los Altos, Los Gatos, Morgan Hill, Saratoga	\$ 5,094	\$ 25,468	\$ 42,016.97	8,403.39	\$8,697.51	\$43,487.56
Very Small Cit	8.70%	(2) Los Altos Hills, Monte Serenio	\$ 3,820	\$ 7,640	\$ 12,605.09	6,302.54	\$6,523.13	\$13,046.27
Total Dues Income				\$ 87,866	144,886.09			149957.103

**Subject:** Re: Annual membership fee for Cities Association  
**Date:** Tuesday, February 25, 2020 at 3:45:35 PM Pacific Standard Time  
**From:** Michelle Wu  
**To:** Andi Jordan  
**CC:** Larry Klein  
**Attachments:** Option 1 - Round Table Structure.xlsx, Option 2 - League of Cities Style.xlsx, Cities Association Letter re fee schedule.pdf, 2019-CA League of Cities Dues Schedule.pdf

Hi Andi,

In response to your previous email requesting proposal on fee structure changes for Cities Association, attached are two proposed options from Town of Los Altos Hills for revising the Cities Association fee structure so that it is proportional to the size of the cities. Can you please put on the next Cities Association agenda as an item pertaining to "periodic revision of dues structure"? The formulas are similar and the board could consider either one of the two options.

Option 1: uses the same methodology as the Round Table and applies it to the entire association

Option 2: is based of the League of California Cities dues schedule for 2019 (also attached as a PDF for reference)

For both options, the 2019 Adopted budget \$150,000 was used as the target.

A little background -

In 2019, Los Altos Hills City Council made its request to the Cities Association for a proportional dues structure when we sent in our payment. The Council approved letter is also attached. I would appreciate that, on behalf of the Cities Association, you follow up on our request this year before the fee is due in June.

I believe that Cities Association that has the obligation to periodically review its dues structure. Further, in Article VII, Section 2 of the Association's Bylaws state the dues schedule shall be revised every (3) to four (4) years. We certainly appreciate the opportunity to comment and recommend a revision to the dues structure before this year's fee is due.

Let me know if you have any questions.

Best regards,

- Michelle Wu

Mayor, Town of Los Altos Hills

6508149037

On Feb 10, 2020 9:35 AM, Andi Jordan <andi@citiesassociation.org> wrote:

Good morning, Michelle.

The Executive Board met Friday and discussed your email and request to review the dues structure. The Executive Board would be happy to explore alternatives to the dues structure if the Town Council of Los Altos Hills would like to propose changes.

Per the bylaws, a preliminary budget must be approved by April 15 with final adoption no later than June 15<sup>th</sup>.

See you Thursday,

~Andi

408.766.9534

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**From:** Andi Jordan <andi@citiesassociation.org>  
**Date:** Friday, January 31, 2020 at 10:37 AM  
**To:** Michelle Wu <mwu@losaltoshills.ca.gov>  
**Cc:** Larry Klein <kleincouncil@sunnyvale.ca.gov>, Carl Cahill <ccahill@losaltoshills.ca.gov>  
**Subject:** Re: Annual membership fee for Cities Association

Hi Michelle –

I have forwarded your email to the Executive Board as this is a question for the Executive Board and Board, not me.

I have also kept the Executive Board apprised of Los Altos Hills' communications and objections to the dues structure.

Have a great weekend,

~Andi

408.766.9534

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**From:** Michelle Wu <mwu@losaltoshills.ca.gov>  
**Date:** Thursday, January 30, 2020 at 3:22 PM  
**To:** Andi Jordan <andi@citiesassociation.org>  
**Subject:** Annual membership fee for Cities Association

Hi Andi,

Attached is the invoice from League of California Cities. This invoice is much more transparent than the Cities Association annual invoice. The League of California Cities invoices cities for membership dues in proportion to population. The League membership dues for the Town are lower than Cities Association dues (\$5,111 versus \$6,523.13). Page 2 shows the billing formula. The League states their 2020 Strategic Priorities right on the invoice. They also have a mission statement. On Page 3 they even provide a customized high level return on investment report. The League provides the Town with far more benefit than the Cities Association in terms of municipal official training, policy analysis and legislative advocacy.

Would the Cities Association be able to provide a more detailed transparent invoice and develop a memberships dues structure that is more proportional in terms of population and benefits received by each Agency?

The amount of money right now is relatively small but if the Cities Association is to become more effective in carrying out its somewhat ambiguous and duplicative mission, it is probably going to need to grow its budget and dues revenue to hire some staff including a policy analyst or two and maybe some admin support staffing. It's better to address the rate structure now while the Cities Association is still small.

Best regards,

- Michelle Wu



LOSALTOS HILLS



CALIFORNIA

September 27, 2019

Honorable Manny Cappello  
Board President  
Cities Association of Santa Clara County  
P.O. Box 1079  
Los Gatos, CA, 95031

RE: Dues Schedule Revision Request

Dear Honorable Manny Cappello:

On behalf of the Los Altos Hills City Council, I would like to request that the dues schedule for the Cities Association of Santa Clara County membership fees be revised.

Article VII, Section 2 of the Association's Bylaws states: "the dues schedule shall be revised every three (3) to four (4) years." However, it is our understanding that the current dues schedule has not been changed for many years, only increasing proportionally with each annual budget.

To stay in accordance with the Association's Bylaws, the Los Altos Hills City Council recommends that the dues schedule be revised on or before June 1<sup>st</sup> of next year. In addition, we recommend that:

- a) The funding formula be based more in proportion to population like that of the League of California Cities Association (see attached fee schedule) or the Santa Clara Santa Cruz Community RoundTable. Dues tiered in this manner better represent the benefits that member cities receive from the Cities Association of Santa Clara County.
- b) The Board of Directors begin publishing an annual report that details the past year's achievements and planned goals for the coming year. A mission statement would also be helpful.

Please feel free to contact me at [rspreen@losaltoshills.ca.gov](mailto:rspreen@losaltoshills.ca.gov) or Los Altos Hills Town staff at (650) 941-7222 if you have any questions.

Sincerely,

Roger Spreen  
Mayor, Los Altos Hills

## League of California Cities 2019 Dues Schedule

For cities having a population of:				2018 Dues	2019 Increase	2019 Dues
1	to	500	...	\$76	\$2	\$78
501	to	600	...	203	5	208
601	to	700	...	404	10	414
701	to	800	...	443	12	454
801	to	900	...	531	13	544
901	to	1,000	...	622	15	637
1,001	to	1,250	...	777	19	796
1,251	to	1,500	...	933	23	956
1,501	to	1,750	...	1,088	27	1,115
1,751	to	2,000	...	1,244	31	1,275
2,001	to	2,250	...	1,399	35	1,434
2,251	to	2,500	...	1,555	40	1,595
2,501	to	2,750	...	1,710	42	1,752
2,751	to	3,000	...	1,866	46	1,912
3,001	to	4,000	...	2,487	63	2,550
4,001	to	5,000	...	3,108	78	3,186
5,001	to	7,500	...	4,195	105	4,300
7,501	to	10,000	...	4,841	121	4,962
10,001	to	15,000	...	5,844	146	5,990
15,001	to	20,000	...	6,730	168	6,898
20,001	to	25,000	...	8,426	211	8,637
25,001	to	30,000	...	10,118	252	10,370
30,001	to	40,000	...	12,454	312	12,766
40,001	to	50,000	...	15,152	379	15,531
50,001	to	60,000	...	17,454	436	17,890
60,001	to	70,000	...	19,182	480	19,662
70,001	to	80,000	...	20,150	504	20,654
80,001	to	90,000	...	21,479	537	22,016
90,001	to	100,000	...	23,529	588	24,117
100,001	to	125,000	...	26,836	671	27,507
125,001	to	150,000	...	29,540	738	30,278
150,001	to	200,000	...	33,572	840	34,412
200,001	to	500,000	...	35,253	882	36,135
			<i>Plus</i>	1,682	42	1,724
			<i>per each full 10,000 of population over 200,001</i>			
500,001	to	640,000	...	85,573	2,139	87,712
			<i>Plus</i>	1,555	39	1,594
			<i>per each full 10,000 of population over 500,001</i>			
	Over	640,000		106,626	2,666	109,292

A bylaws provision states that no city's dues may increase by more than \$5,000.

## League of California Cities 2019 Dues Schedule

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1,751	to	2,000	...	1,244	31	1,275
2,001	to	2,250	...	1,399	35	1,434
2,251	to	2,500	...	1,555	40	1,595
2,501	to	2,750	...	1,710	42	1,752
2,751	to	3,000	...	1,866	46	1,912
3,001	to	4,000	...	2,487	63	2,550
4,001	to	5,000	...	3,108	78	3,186
5,001	to	7,500	...	4,195	105	4,300
7,501	to	10,000	...	4,841	121	4,962
10,001	to	15,000	...	5,844	146	5,990
15,001	to	20,000	...	6,730	168	6,898
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			<i>per each full 10,000 of population over 500,001</i>			
	Over	640,000		106,626	2,666	109,292

A bylaws provision states that no city's dues may increase by more than \$5,000.

# LAH: Option 1 based on Roundtable

## 2019-2020 Budget -- with Proposal Dues Structure Based on Population

City Name	Population used Prior to Census numbers	.5/.1	2019/20 Final Budget	What they actually paid 2019-2020	population used prior to census numbers	Change	
San Jose	1,046,079	\$ 104,607.90	\$ 30,994.63	\$ 13,046.27		(17,948)	MORE
Campbell	42,854	\$ 21,427.00	\$ 6,348.68	\$ 8,697.51		2,349	
Cupertino	59,796	\$ 29,898.00	\$ 8,858.58	\$ 10,856.89		1,998	
Gilroy	55,170	\$ 27,585.00	\$ 8,173.25	\$ 10,856.89		2,684	
Milpitas	77,604	\$ 38,802.00	\$ 11,496.77	\$ 10,856.89		(640)	MORE
Morgan Hill	43,645	\$ 21,822.50	\$ 6,465.86	\$ 8,697.51		2,232	
Mountain View	77,925	\$ 38,962.50	\$ 11,544.33	\$ 10,856.89		(687)	MORE
Palo Alto	66,932	\$ 33,466.00	\$ 9,915.75	\$ 10,856.89		941	
Santa Clara	123,983	\$ 61,991.50	\$ 18,367.67	\$ 13,046.27		(5,321)	MORE
Saratoga	30,799	\$ 15,399.50	\$ 4,562.77	\$ 8,697.51		4,135	
Sunnyvale	149,831	\$ 74,915.50	\$ 22,196.96	\$ 13,046.27		(9,151)	MORE
Los Altos	31,402	\$ 15,701.00	\$ 4,652.10	\$ 8,697.51		4,045	
Los Gatos	30,505	\$ 15,252.50	\$ 4,519.21	\$ 8,697.51		4,178	
Los Altos Hills	8,658	\$ 4,329.00	\$ 1,282.65	\$ 6,523.13		5,240	
Monte Sereno	3,900	\$ 1,950.00	\$ 577.77	\$ 6,523.13		5,945	
		\$ 506,109.90	\$ 149,957.00	\$ 149,957.07		0	

per capita fee structure	
Large City	\$ 0.50
Medium City	\$ 0.50
Small City	\$ 0.50
XL City	\$ 0.10
County	\$ 0.50

<u>For Cities that have a Population of:</u>			<u>Cities</u>	<u>Dues per tier:</u>	<u>proposed CASC</u>	<u>Change from</u>	<u>population</u>	<u>LCC 2020 Dues</u>
					<u>dues Total:</u>	<u>current dues</u>		
1	to	10,000	Monte Sereno	\$ 2,000.00	\$ 4,000.00	less	3900	2,626
			Los Altos Hills			less	8658	5,111
10,001	to	20,000		\$ 3,000.00				
20,001	to	30,000		\$ 4,000.00				
30,001	to	40,000	Los Altos	\$ 5,000.00	\$ 15,000.00	less	31,402	13,149
			Saratoga			less	30,799	13,149
			Los Gatos			less	30,505	13,149
40,001	to	50,000	Campbell	\$ 6,000.00	\$ 12,000.00	less	42,854	15,997
			Morgan Hill			less	43,645	15,997
50,001	to	60,000	Gilroy	\$ 7,000.00	\$ 14,000.00	less	55,170	18,427
			Cupertino			less	59,796	18,427
60,001	to	70,000	Palo Alto	\$ 8,000.00	\$ 8,000.00	less	66,932	20,252
70,001	to	80,000	Milpitas	\$ 9,000.00	\$ 18,000.00	less	77,604	21,274
			Mountain View			less	77,925	21,274
80,001	to	90,000		\$ 10,000.00				
90,001	to	100,000		\$ 11,000.00				
100,001	to	125,000	Santa Clara	\$ 20,000.00	\$ 20,000.00	more	123,983	28,332
125,001	to	150,000	Sunnyvale	\$ 25,000.00	\$ 25,000.00	more	149,831	31,187
150,001	to	175,000		\$ 30,000.00				
175,001	on...		San Jose	\$ 35,000.00	\$ 35,000.00	more	1,046,079	112,570
<b>Total Budget:</b>					\$ 151,000.00			\$ 350,921.00