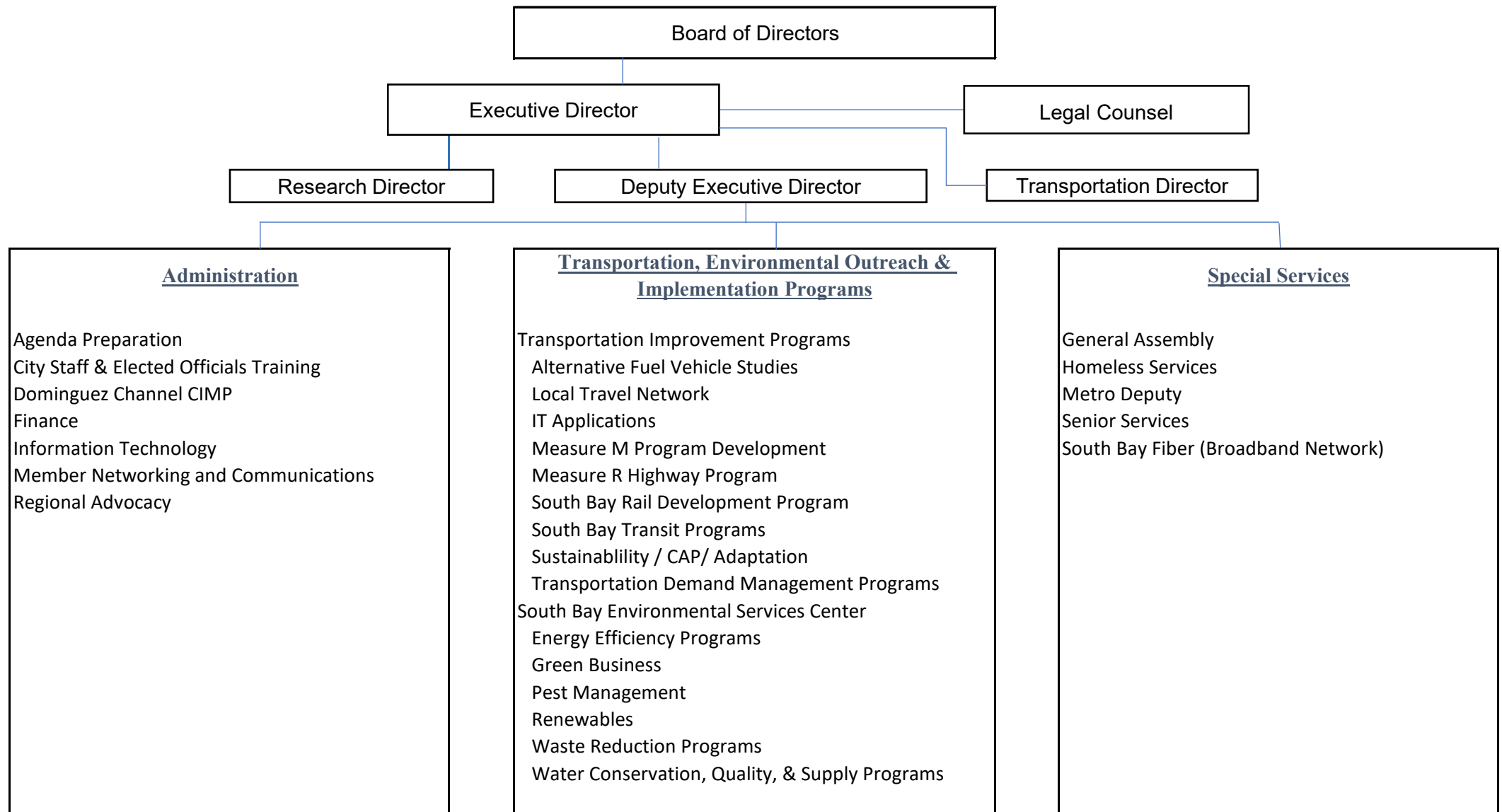




**SBCCOG
ORGANIZATIONAL STRUCTURE
PROPOSED BUDGET
FISCAL YEAR 2020-2021**



- Goal A: Environment, Transportation and Economic Development**
- Goal B: Regional Advocacy**
- Goal C: Member Networking and Communications**
- Goal D: Organizational Stability**

SBCCOG
BUDGET NARRATIVE
FISCAL YEAR 2020-2021
June 8, 2020

Budget summary: Overall, the DGRSWH Budget for FY20-21 reflects a projected budget balance of \$88,235: revenue increase of \$4,568,190 or 234.09% and an expenditure increase of \$4,301,644 or 201.97%. Primarily, these increases are due to the South Bay Fiber project which is a pass through for the fiber network construction. A one-time web-site redesign expense of \$100,000 is also included.

Estimated revenues: As illustrated on the Estimated Revenue Details (page 4), the total General Fund revenues which include Dues, are projected to decrease by (\$11,601) or (1.78%). Revenues from grants increased \$4,579,791 or 351.94%. As stated above, this increase is due primarily to the South Bay Fiber project.

Below is an explanation of some of the revenue increases and (decreases) with the corresponding account codes and descriptions on the revenue categories:

- *Dues/4020* - remains at same level as current year
- *General Assembly Sponsorship/4050* - estimated decrease of (\$20,000) due to the cancellation of the GA in 2020
- *MTA South Bay Deputy/4070* – increase in reimbursement of \$5,849 reflects estimated increase funded by Metro
- *CalTrans LTN/4544* – decrease of (\$127,527) due to project ending
- *Measure R/4570* - decrease of (\$32,000) due to decrease in program activity
- *PACE programs/4589* - decrease of (\$2,220) due to less participation in program
- *Integrated Pest Management/4589* - decrease of (\$3,700) due to change in scope of services
- *Energy Coalition (REN)/4592* - new contract estimated \$100,000
- *Homeless – LA County, Innovation Fund/4602* – new contract estimated \$739,685; includes \$295,287 of pass through funds for cities
- *Measure M/4611* – decrease of (\$87,800) due to decrease in program activities
- *South Bay Fiber Network (SBFN)/4612* - increase of \$4,101,365; additional funding for network construction
- *Fiber – State of CA/4613* - anticipated spending of \$50,000
- *Contracts ended*
 - *PUC SCE/SCG Contract/4510*
 - *SCE/SCG Strategic Plan/4514-4515*
 - *SolSmart/4590*
 - *Energy Efficiency/4591*
 - *SBWIB Broadband/4135*

Adopted expenditures/Salaries & Benefits: The adopted expenditures (page 5) for the coming fiscal year show a *net* increase of \$4,301,644 or 201.97% compared to the adopted budget in the current year. The Salaries & Benefits portion of the budget increased \$232,729 or 33.76%, which reflects four additional staff.

Below is an explanation of the expenditure increases with the corresponding account codes and descriptions on the various expenditure categories:

SBCCOG
ADOPTED BUDGET NARRATIVE
FISCAL YEAR 2020-2021
June 8, 2020

- *Salaries/Regular/6010* – \$739,070 reflects adopted budget for 11 positions, up from 7 in the current year
- *Salaries/Part-Time/6030* – provides \$5,520 funding for a part-time employee, as needed, working an average of 20 hours a month to assist with outreach events
- *Medical/Deferred Comp/6012* – \$92,400 includes SBCCOG's contribution of \$700 per month per employee.
- *Benefits/6013-6017* – as salaries increase, benefits will have a relative increase, especially those benefits based on a percentage of salaries such as: Social Security, Medicare, and California SUI-ER
- *Employee Reimbursable Expense/6019* – \$5,940 provides a cell phone allowance of \$55 per month for nine employees (current year budget is for four employees) who often work in the field; required to telecommute or attend outside meetings
- *Vacation/Floating Holiday Payoff/6020* - \$5,000 provides for payoff in case an employee leaves during the coming fiscal year

Supplies & Services: Overall, the Supplies & Services category shows a *net* increase of \$4,026,688 or 300.38%. As stated above, the expense increase is due primarily to the South Bay Fiber Network.

Below is an explanation of increases or (decreases) and the corresponding account codes and descriptions of the expenses:

- *Office Supplies/6201* – decrease of (\$5,099) based on current expenses: paper, pens, business cards, etc.
- *Membership Dues/6204* – adopted budget \$11,500 paid to 13 Chambers of Commerce in the South Bay, CALCOG, ICLEI, LGSEC, LARC, and Cal Chamber
- *Mileage Reimbursement/6205* – an increase of \$2,222 due to staff increase; provides employee reimbursements for attending events or site visits based on IRS mileage rate
- *Special Events/6224* – \$40,000 adopted for all expenses related to General Assembly; reflects increase of \$8,840 to allow for price increases from vendors
- *Newsletter/6208* – \$11,424, an increase of \$3,024; includes both the Newsletter and the What is the SBCCOG & SBESC handouts
- *Contractual Services/6210* – *net* increase of \$3,758,518; reflects increase in grant-related expenditures, primarily South Bay Fiber Network (SBFN)
- *Professional Services/6211* – \$420,000 for JB&A agreement; no change in budget; however, only \$416,000 was distributed to JB&A in FY19-20 (per request by JB&A to balance total compensation for FY2018-19)
- *Rent/6212* – decrease (\$17,236): annual lease at new location less than annual lease at prior location
- *Equipment Lease/6213* – \$9,960 for Xerox machine per agreement
- *IT Services/Maintenance/6215* – \$36,616, a decrease of (\$26,513) due to change of vendor
- *Software/Hardware/6216* - \$14,133, includes scheduled computer upgrade
- *Miscellaneous Supplies/HLE/6219* – Holiday Light Exchange program cancelled

SBCCOG
ADOPTED BUDGET NARRATIVE
FISCAL YEAR 2020-2021
June 8, 2020

- *Specialty Legal Services/6220* – \$10,000 for legal services outside of current pro-bono services
- *City Reimbursements/6222* - \$295,287 LA County Homeless Innovation pass through funds for cities
- *Moving Expenses/6221* – \$42,226, balance of \$100,000 from prior year to cover residual moving expenses
- *Website Redesign/6032* - adopted budget of \$100,000, one-time expense

Reserves: Per the newly adopted reserve policy, the target amount for contingencies is \$405,000. As shown on the Budget Summary (page 2), if approved, \$249,892 shall be accumulated in LAIF as of June 30, 2021. This amount includes \$53,372 reserve funds established prior to FY15-16 and \$106,520 from the 5-year dues increase with interest. In addition, \$90,000 to be reserved in FY20-21. In order to reach the target of \$405,000, \$38,777 will be required each year for four additional years.

**SBCCOG
CALCULATION OF ESTIMATED FUND BALANCE
FOR JUNE 30, 2021**

Fund Balance for June 30, 2019 per Audited Financial Statement		\$ 756,750
Revised Revenue Budget FY19-20	\$ 5,458,495	
Less Adjustments:		
Energy Coalition	\$ (84,000)	
Homeless LA County	(147,937)	
Fiber - State of CA	<u>(60,000)</u>	
Total Revenue Adjustments	(291,937)	
Adjusted Revised Revenue Budget FY19-20		5,166,558
Revised Expenditure Budget FY19-20	(5,119,467)	
Less Adjustments:		
Salaries & Benefits (staff not hired)	111,671	
Moving expenses not incurred	<u>42,226</u>	
Total Expense Adjustments	153,897	
Adjusted Revised Expenditure Budget FY19-20		<u>(4,965,570)</u>
Estimated Fund Balance FY19-20		957,738
Adopted Budget FY20-21		
Estimated Revenues	6,519,675	
Estimated Expenditures	<u>(6,431,440)</u>	
Estimated Balance (Revenue over Expenditures)		88,235
Less Reserve for Contingencies:		
FY19-20 (final dues increase with interest)	(22,743)	
FY20-21 as adopted	<u>(90,000)</u>	
Total Adopted Reserve		(112,743)
Adopted carryover balance for moving expenses		<u>(42,226)</u>
Estimated Fund Balance June 30, 2021		<u><u>\$ 891,004</u></u>

Note: The SBCCOG has received a \$1.2 million from the State of California for the fiber network, of which \$764.00 has been expended. This \$1.2 million is not currently part of the fund balance.