

South Bay Cities Council of Governments

June 27, 2019

TO: SBCCOG Board of Directors

FROM: SBCCOG Steering Committee

RE: Budget for Fiscal Year 2019-2020

Adherence to the Strategic Plan

Goal D: Organizational Stability. Be a high performing organization with a clear path to long-term financial health, staffing continuity and sustained board commitment.

The budget presented as follows is the same as the one presented in May but there are two additions:

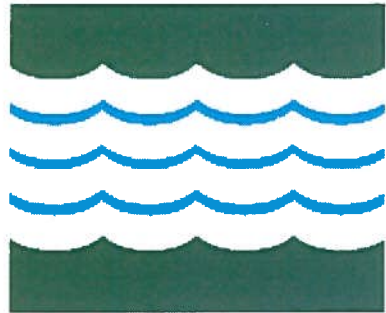
1. There is a breakdown of compensation for the Jacki Bacharach & Associates contract
2. Concerning the wish list that was included with possible additional items to the budget, the Steering Committee is recommending:
 - a. Additional Employee Retirement Benefits of \$200/month for a total of \$20,669 be removed from the wish list and added to the budget.
 - b. The remaining items on the wish list – Legal Services for Michael Jenkins and Additional Reserves for Shutdown Costs – be referred to the Finance Committee which will be created shortly.

Estimated Fund Balance is revised accordingly:

Estimated beginning fund balance 6/30/19 (including reserves)	\$ 913,589
Less Reserves	- 137,149
Estimated beginning fund balance 6/30/19 (excluding reserves)	776,440
Estimated Revenues FY 19-20	1,951,485
Proposed Budget FY 19-20	2,129,797
Provide for Reserve FY 19-20	<u>20,000</u>
Estimated Ending Balance 6/30/20	\$ 578,129

RECOMMENDATION:

Approve the attached 2019-2020 SBCCOG Operating Budget which includes the above revisions as recommended by the Steering Committee.



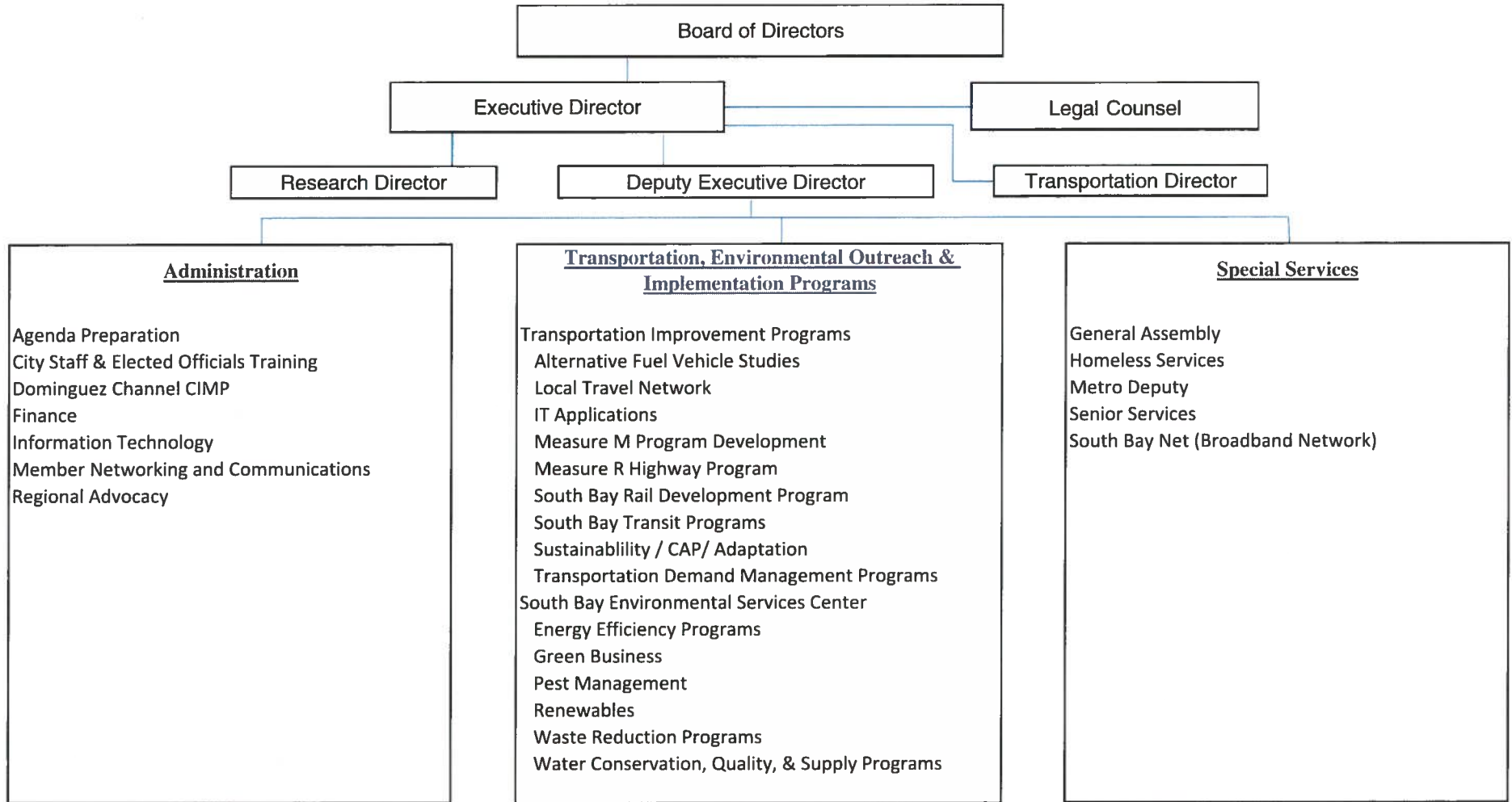
SOUTH BAY CITIES
COUNCIL OF GOVERNMENTS

PROPOSED BUDGET
FISCAL YEAR 2019-2020

June 27, 2019



**SBCCOG
ORGANIZATIONAL STRUCTURE
PROPOSED BUDGET FISCAL YEAR 2019-2020**



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

**SBCCOG
BUDGET SUMMARY
PROPOSED BUDGET
FISCAL YEAR 2019-2020**

	ACTUAL FY 17-18	ADOPTED BUDGET FY 18-19	REVISED BUDGET FY 18-19	YTD AS OF 03/31/19	PROPOSED BUDGET FY 19-20	INCREASE (DECREASE) PROPOSED BUDGET 19-20/ REVISED BUDGET 18-19	
						AMOUNT	PERCENT
ESTIMATED REVENUES:							
Dues	\$ 352,500	\$ 372,500	\$ 372,500	\$ 372,500	\$ 392,500	\$ 20,000	5.37%
Other General Fund Revenues	228,166	234,194	254,838	170,527	257,689	2,851	1.12%
Grant Revenues	2,301,808	1,337,717	1,419,235	756,069	1,301,296	(117,939)	-8.31%
Total Revenues	\$ 2,882,474	\$ 1,944,411	\$ 2,046,573	\$ 1,299,096	\$ 1,951,485	\$ (95,088)	-4.65%
EXPENDITURES:							
Salaries & Benefits	\$ 835,812	\$ 760,817	\$ 707,281	\$ 486,223	\$ 689,284	\$ (17,997)	-2.54%
Professional/Contractual	1,568,696	887,227	982,724	625,747	974,552	(8,172)	-0.83%
Supplies & Services	343,201	335,479	348,228	282,930	365,960	17,732	5.09%
Sub Total Expenditures	\$ 2,747,709	\$ 1,983,522	\$ 2,038,233	\$ 1,394,900	\$ 2,029,797	\$ (8,436)	-0.41%
<i>Moving Expenses (one-time)</i>	-	-	-	-	100,000	100,000	-
Total Expenditures	\$ 2,747,709	\$ 1,983,522	\$ 2,038,233	\$ 1,394,900	\$ 2,129,797	\$ 91,564	4.49%
Estimated Balance (Deficit)	\$ 134,765	\$ (39,111)	\$ 8,340	\$ (95,804)	\$ (178,311)	(186,651)	-2238.03%
Provide for Reserve	20,000	20,000	20,000	20,000	20,000	-	-
Estimated Balance (Deficit)	\$ 114,765	\$ (59,111)	\$ (11,660)	\$ (115,804)	\$ (198,311)	\$ (186,651)	1600.78%

RESERVES:

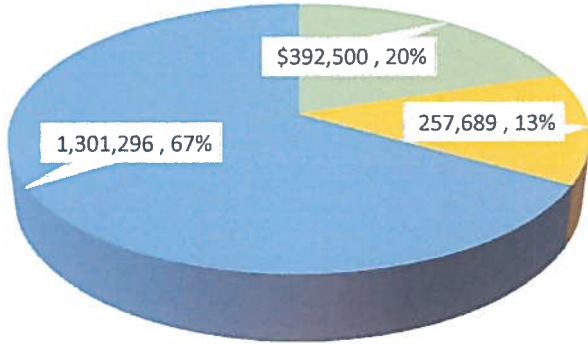
Contributions to Reserve:	Amount	Reserve per Finance Committee's Recommendations (Shutdown Costs)	Recommendation 2019
Prior to FY15-16	\$ 53,372	Lease for Office (6 months)	\$ 76,668
FY 15-16 Plus Interest Earnings	20,192	JB&A Contract (2 months required per contract)	70,000
FY 16-17 Plus Interest Earnings	20,349	Audit (for the year)	6,578
FY 17-18 Plus Interest Earnings	20,939	Employee Vacation Liability	38,343
FY 18-19 Plus Interest Earnings	22,297	Payroll Expenses to Close Out (equivalent to one month)	57,714
FY 19-20 Proposed Plus Interest	22,743	Lease for Copier (thru end of contract for the year)	15,876
Total in LAIF thru 6/30/20	\$ 159,892	Other Contracts (contractors, consultants 30 days)	33,351
		Total estimated shutdown cost	\$ 298,530

Note:

In establishing the reserve, the Finance Committee had three goals: a) Reasonable Reserves; b) Cash Flow; c) Shutdown Costs. Dues increase of \$20,000/year for five years was based on approximately 6% of the 2015 operating budget. For 2019, the estimated shutdown cost is \$298,530 as illustrated above.

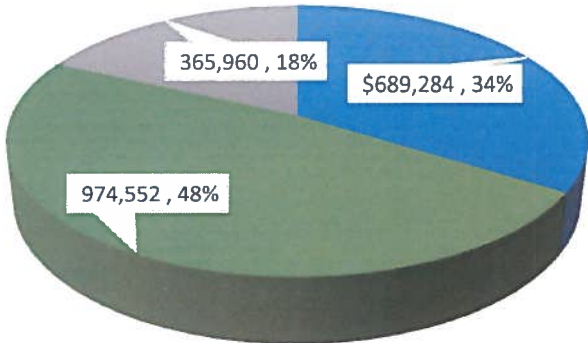
**SBCCOG
ESTIMATED REVENUES/ EXPENDITURES CHARTS
PROPOSED BUDGET
FISCAL YEAR 2019-2020**

ESTIMATED REVENUES FY 2019-2020: \$1,951,485



■ Dues ■ Other General Fund Revenues ■ Grant Revenues

ESTIMATED EXPENDITURES FY 2019-2020: \$2,129,797



■ Salaries & Benefits ■ Professional/Contractual ■ Supplies & Services

SBCCOG
ESTIMATED REVENUE DETAILS
PROPOSED BUDGET
FISCAL YEAR 2019-2020

REVENUE SOURCE:	ACCOUNT CODE	ACTUAL FY 17-18	ADOPTED BUDGET FY 18-19	REVISED BUDGET FY 18-19	YTD AS OF 03/31/19	PROPOSED BUDGET FY 19-20	INCREASE (DECREASE) PROPOSED BUDGET 19-20/ REVISED BUDGET 18-19	
							AMOUNT	PERCENT
Dues	4020	\$ 352,500	\$ 372,500	\$ 372,500	\$ 372,500	\$ 392,500	\$ 20,000	5.37%
General Assembly Sponsorship	4050	60,250	60,000	60,000	54,750	60,000	-	-
Holiday Light Exchange	4055	7,800	2,800	2,250	2,250	-	(2,250)	-100.00%
Training	4060	-	-	5,000	5,000	-	(5,000)	-100.00%
MTA South Bay Deputy	4070	95,144	97,944	96,937	74,615	100,439	3,502	3.61%
Interest Income	4090	3,258	5,000	21,823	21,534	28,800	6,977	31.97%
Green Business Assist Program	4125	-	12,000	12,000	12,000	12,000	-	-
Reimbursable Expense	4190	415	300	300	-	300	-	-
CIMP Dominguez Channel Admin Fee	4810	48,690	56,150	56,150	-	56,150	-	-
Miscellaneous Revenue	4999	12,609	-	378	378	-	(378)	-100.00%
Sub-total General Fund Revenues		\$ 580,666	\$ 606,694	\$ 627,338	\$ 543,027	\$ 650,189	\$ 22,851	3.64%
GBN - Hawthorne	4126	\$ -	\$ -	\$ 13,584	\$ 24,278	\$ 10,000	\$ (3,584)	-26.38%
GBN - Torrance	4127	-	-	30,000	30,000	10,000	(20,000)	-66.67%
SBWIB Broadband Income	4135	28,129	18,700	26,951	25,386	11,044	(15,907)	-59.02%
SBWIB Telework	4136	20,000	15,000	15,000	9,782	-	(15,000)	-100.00%
PUC SCE/SCG Contract	4510	611,706	400,000	319,676	181,054	189,479	(130,197)	-40.73%
SCG-DWP Outreach	4512	40,000	40,000	40,000	30,000	40,000	-	-
SCG-Strategic Plan Income	4514	2,386	-	14,076	5,223	-	(14,076)	-100.00%
SCE-Strategic Plan Income	4515	9,544	-	56,305	20,890	-	(56,305)	-
WBMWD Contract	4520	178,231	185,000	168,218	116,005	168,980	762	0.45%
Sanitation District	4525	49,000	49,000	49,000	24,500	49,000	-	-
Torrance Water	4540	26,250	26,250	26,250	19,688	29,000	2,750	10.48%
CalTrans LTN	4544	-	-	154,123	-	231,184	77,061	50.00%
Metro Vanpool	4545	31,240	36,000	30,735	22,040	50,000	19,265	62.68%
Metro Express Lane	4546	48,000	48,000	48,000	36,000	48,000	-	-
Metro Smart Mobility	4548	36,534	-	-	-	-	-	-
EV-LA County	4549	-	-	5,500	4,127	-	(5,500)	-100.00%
Charge Bliss	4553	9,312	-	-	-	-	-	-
Measure R	4570	679,069	200,000	94,518	52,161	120,000	25,482	26.96%
Metro SGC	4575	359,968	-	-	-	-	-	-
PACE (HERO, Ygrene)	4580	15,921	4,600	3,427	2,625	3,320	(107)	-3.12%
Center for Sustainable Energy	4588	15,000	-	-	-	-	-	-
Integrated Pest Management	4589	6,000	6,000	6,000	1,759	6,000	-	-
SOLSmart	4590	-	-	13,640	7,500	1,071	(12,569)	-92.15%
Energy Efficiency	4591	-	-	-	-	32,071	32,071	-
Homeless (PATH)	4600	24,999	15,000	25,000	16,687	25,000	-	-
Homeless - LA County	4601	65,513	79,167	69,332	44,936	79,347	10,015	14.44%
Water Replenishment District	4610	38,001	65,000	52,000	39,000	50,000	(2,000)	-3.85%
Measure M	4611	7,005	150,000	157,900	42,428	147,800	(10,100)	-6.40%
Sub-total Grant Revenues		\$ 2,301,808	\$ 1,337,717	\$ 1,419,235	\$ 756,069	\$ 1,301,296	\$ (117,939)	-8.31%
Total Estimated Revenues		\$ 2,882,474	\$ 1,944,411	\$ 2,046,573	\$ 1,299,096	\$ 1,951,485	\$ (95,088)	-4.65%

**SBCCOG
EXPENDITURE DETAILS BY ACCOUNT
PROPOSED BUDGET
FISCAL YEAR 2019-2020**

EXPENDITURE CATEGORY	ACCOUNT CODE	ACTUAL FY 17-18	ADOPTED BUDGET FY 18-19	REVISED BUDGET FY-18-19	YTD AS OF 03/31/19	PROPOSED BUDGET FY 19-20	INCREASE (DECREASE) PROPOSED BUDGET 19-20/ REVISED BUDGET FY18-19	
							AMOUNT	PERCENT
Salaries/Regular	6010	\$ 689,242	\$ 636,166	\$ 585,035	\$ 397,256	\$ 552,000	\$ (33,035)	-5.65%
Salaries/Part-Time	6030	-	-	-	-	5,520	5,520	-
Overtime	6011	-	1,000	1,000	743	1,400	400	40.00%
Medical/Deferred Comp	6012	77,031	60,000	54,750	39,000	67,200	12,450	22.74%
Life Insurance	6013	1,050	1,170	1,059	910	1,114	55	5.19%
Social Security	6014	38,407	39,823	36,836	25,370	34,566	(2,270)	-6.16%
Medicare	6015	8,982	9,239	8,546	5,933	8,084	(462)	-5.41%
FUTA	6016	1,764	420	378	385	491	113	29.81%
California SUI-ER	6017	5,204	4,340	3,906	3,978	3,069	(837)	-21.42%
Workers' Comp	6018	5,297	4,839	8,109	6,371	8,200	91	1.12%
Employee Reimbursable Expense	6019	1,163	3,820	3,200	1,815	2,640	(560)	-17.50%
Vacation/Floating Holiday Payoff	6020	7,672	-	4,462	4,462	5,000	538	12.06%
Sub-total Salaries & Benefits		\$ 835,812	\$ 760,817	\$ 707,281	\$ 486,223	\$ 689,284	\$ (17,997)	-2.54%
Office Supplies	6201	\$ 13,856	\$ 15,000	\$ 10,254	\$ 9,449	\$ 12,599	\$ 2,345	22.87%
Postage	6202	1,248	700	700	846	1,200	500	71.43%
Refreshments	6203	24,373	17,110	26,907	19,198	25,597	(1,310)	-4.87%
Membership Dues	6204	11,057	11,461	11,461	10,416	11,500	39	0.34%
Mileage Reimbursement	6205	3,337	1,392	5,498	3,487	4,649	(849)	-15.44%
Meetings/Conferences	6206	7,729	4,680	5,651	5,308	6,840	1,189	21.04%
Special Events/General Assembly	6224	25,578	21,320	25,746	36,984	31,160	5,414	21.03%
Staff Training/Development	6207	694	3,000	3,000	415	2,500	(500)	(0.17)
Newsletter	6208	8,509	8,400	10,409	8,261	8,400	(2,009)	-19.30%
Audit Fees	6209	6,200	6,500	6,386	5,000	6,578	192	3.01%
Contractual Services	6210	1,168,696	467,227	562,724	310,747	554,552	(8,172)	-1.45%
Professional Services	6211	400,000	420,000	420,000	315,000	420,000	-	-
Rent	6212	146,865	150,234	150,234	112,210	153,336	3,102	2.06%
Equipment Lease	6213	10,483	11,400	11,795	8,431	11,685	(110)	-0.93%
Telephone	6214	8,165	8,679	8,022	5,644	8,610	588	7.33%
IT Services/Maintenance	6215	56,251	48,067	45,732	41,038	63,129	17,397	38.04%
Software/Hardware	6216	8,000	21,236	19,451	9,347	8,777	(10,674)	-54.88%
Liability Insurance	6217	2,246	2,000	2,381	2,226	2,400	19	0.80%
Subscription/Advertising	6218	262	1,000	1,000	232.00	1,000	-	-
Miscellaneous Supplies/HLE	6219	7,846	2,800	2,216	2,900	-	(2,216)	-100.00%
Specialty Legal Services	6220	-	-	-	-	5,000	5,000	-
Miscellaneous Expenses	6225	501	500	1,385	1,538	1,000	(385)	-27.80%
Sub-Total Supplies & Services		\$ 1,911,897	\$ 1,222,706	\$ 1,330,952	\$ 908,677	\$ 1,340,512	\$ 9,560	0.72%
<i>Moving Expenses (one-time)</i>	6221	-	-	-	-	100,000	100,000	-
Total Operating Expenditures		\$ 2,747,709	\$ 1,983,522	\$ 2,038,233	\$ 1,394,900	\$ 2,129,797	\$ 91,564	4.49%
Provide for Reserve		20,000	20,000	20,000	20,000	20,000	-	-
Grand Total		\$ 2,767,709	\$ 2,003,522	\$ 2,058,233	\$ 1,414,900	\$ 2,149,797	\$ 91,564	3.31%

**SBCCOG
 APPROVED SALARY SCHEDULE BY POSITION/
 PROFESSIONAL-CONTRACTOR LABOR DISTRIBUTION
 PROPOSED BUDGET
 FISCAL YEAR 2019-2020**

POSITION	SALARY
Administrative Officer - Tier 1	\$ 93,000
Senior Project Manager - Tier 1	88,000
Accountant - Tier 3	81,000
Project Manager - Tier 3	70,000
Environmental Services Analyst III - Tier 3	87,000
Environmental Services Analyst III - Tier 2	82,000
Environmental Services Analyst III - Tier 1	77,000
Environmental Services Analyst II - Tier 3	72,000
Environmental Services Analyst II - Tier 2	67,000
Environmental Services Analyst II - Tier 1	62,000
Environmental Services Analyst I - Tier 3	57,000
Environmental Services Analyst I - Tier 2	52,000
Environmental Services Analyst I - Tier 1	47,000
Administrative Assistant - Tier 3	45,000
Administrative Assistant - Tier 2	40,000
Administrative Assistant - Tier 1	35,000
Part-time Hourly Staff (ESAs for events)	10,000

PROFESSIONAL SERVICES	TOTAL AMOUNT
Executive Director (JB) and staff - appx. Jacki Bacharach and Associates \$180,000 - appx. \$240,000 (subs to JB)	\$ 420,000
CONTRACTOR SERVICES	
Transportation Director - Steve Lantz	112,690
Research Director - Siembab Corp.	95,000
Energy Efficiency Engineer - GSE Solutions	100,000
Metro Deputy - Mike Bohlke	106,862
Budget & Finance Consultant - Agnes Walker	15,000
Additional consultants or staff as needed on contracts or project development	125,000
Estimated Professional & Contractor Expenses FY 2019-2020	\$ 974,552

**SBCCOG
LIST OF ACRONYMS USED
PROPOSED BUDGET
FISCAL YEAR 2019-2020**

<u>ACRONYM</u>	<u>DEFINITION</u>	<u>ACRONYM</u>	<u>DEFINITION</u>
CA-SUI	California State Unemployment Insurance	LADWP	Los Angeles Department of Water & Power
CALCOG	California Council of Governments	LAIF	Local Agency Investment Fund
CAP	Climate Action Plan	LARC	Los Angeles Regional Coalition
CEC	California Energy Commission	LGSEC	Local Government Sustainability Energy Coalition
CIMP	Coordinated Integrated Monitoring Program	MEL	Metro Express Lanes
CPUC	California Public Utilities Commission	MTA	Metropolitan Transportation Authority
DWP	Department of Water & Power	MUD	Multi Unit Dwellings
EUC	Energy Upgrade California	LTN	Local Travel Network
EV	Electric Vehicle	PACE	Property Assessed Clean Energy
FTE	Full Time Equivalent	PATH	People Assisting the Homeless
FUTA	Federal Unemployment Tax Act	PUC	Public Utilities Commission
FY	Fiscal Year	SB	South Bay
GA	General Assembly	SBCCOG	South Bay Cities Council of Governments
GBC	Green Building Challenge	SBWIB	South Bay Work Investment Board
GBN	Green Business Network	SCE	Southern California Edison
GSW	Golden State Water	SCG	Southern California Gas
HERO	Home Energy & Resources Organization	SGC	Strategic Growth Council
HLE	Holiday Light Exchange	WBMWD	West Basin Metropolitan Water District
ICLEI	International Council for Local Environmental Initiatives	WRCOG	Western Riverside Council of Government
LA	Los Angeles	WRD	Water Replenishment District

**SBCCOG
PROPOSED BUDGET NARRATIVE
FISCAL YEAR 2019-2020
June 27, 2019**

Budget summary: Overall, the proposed budget for fiscal year 2019-2020 reflects a projected *net* deficit of \$186,651 compared to the revised budget in the current year (page 2). This amount includes a revenue decrease of (\$95,088) or (4.65%) but an expenditure increase of \$91,564 or 4.49%. There are one-time moving expenses of \$100,000. Removing this one-time cost, the proposed expenditures would show a decrease of (\$8,436) or (0.41%).

Estimated revenues: As illustrated on the Estimated Revenue Details (page 4), the total General Fund revenues, including Dues, project an increase of \$22,851 or 3.64%. Revenues from grants decreased (\$117,939) or (8.31%). SBCCOG expects many of the grants will not receive the same level of funding as previous years.

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

- Dues/4020 - includes the \$20,000 increase in Dues, which represents the final year of the five-year plan.
- Interest Income/4090 - approximately a \$7,000 increase in Interest Income is projected, assuming SBCCOG can maintain the current level of cash invested in the Local Agency Investment Fund (LAIF) including Dominguez Channel funds.
- MTA South Bay Deputy/4070 – an increase in reimbursement of \$3,502 for the MTA South Bay Deputy reflects an estimated 4% increase per LA Metro, funded by Metro.
- PUC SCE/SCG Contract/4510 – an estimated decrease of (\$130,197)
- SCE/SCG Strategic Plan Income/4514-4515 – total decrease (\$70,381)
- GBN Torrance-Hawthorne/4126-4127 – total decrease (\$20,000)
- Torrance Water/ 4540 – an increase of \$2,750
- CalTrans LTN/4544 – an increase of \$77,061
- Metro Van Pool/4545 – an increase of \$19,265
- Measure R/4570 – an increase of \$25,482
- Energy Efficiency/4591 - an additional payment of \$32,071

Proposed expenditures/Salaries & Benefits: The proposed expenditures (page 5) for the coming fiscal year show a *net* increase of \$91,564 or 4.5% compared to the revised budget in the current year. The Salaries & Benefits portion of the budget decreased (\$17,997) or (2.54%).

Below is an explanation of the expenditure increases (decreases) with the corresponding account codes and descriptions on the various expenditure categories.

- *Salaries/Regular/6010* – proposed budget \$552,000 reflects the budget for eight positions.
- *Medical/Deferred Comp/6012* – proposed budget \$67,200 includes SBCCOG's contribution of \$500 per month per employee. If an employee decides not to use the fund for medical insurance premium, the amount is contributed to the employee's 457(b) Deferred Compensation Plan. ***The proposed budget includes an additional \$200 per month per employee toward employee's 457(b) Deferred Compensation Plan only. This was taken off the wish list and recommended for the budget by the Steering Committee.*** Employees do not have the option of receiving unused funds as cash.

**SBCCOG
PROPOSED BUDGET NARRATIVE
FISCAL YEAR 2019-2020
June 27, 2019**

- *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 in special events.
- *Benefits/6013-6017* – as salaries decrease, benefits will have a relative decrease, especially those benefits based on a percentage of salaries such as: Social Security; Medicare; and California SUI-ER.
- *Workers' Comp/6018* – the \$8,200 proposed budget was provided by Hartford Insurance. Staff will discuss with Hartford the basis for the rate as it appears Hartford is using a much higher salary rate for 10 employees (the staffing level in the past).
- *Employee Reimbursable Expense/6019* – the proposed funding of \$2,640 provides a cell phone allowance of \$55 per month for four employees, who often work in the field or outside the office.
- *Vacation/Floating Holiday Payoff/6020* - \$5,000 is included in the proposed budget to provide for payoff in case an employee leaves SBCCOG during the year.

Supplies & Services: Overall, the Supplies & Services category shows a *net* increase of \$9,560 or .72%. Below is an explanation of increases or (decreases) and the corresponding account codes and descriptions of the expenses:

- *Office Supplies/6201* – increase of \$2,345 based on current expenses: includes paper; pens; business cards; etc.
- *Postage/6202* – increase of \$500 based on current expenses; also anticipates rate increase from the Post Office; stamps for mailing invoices, checks, etc.
- *Refreshments/6203* – decrease (\$1,310) based on current expenses; refreshments provided during Board and Committee meetings.
- *Membership Dues/6204* – proposed budget \$11,500 paid to 13 Chambers of Commerce in the South Bay; dues to American Express, CALCOG, ICLEI, LGSEC, LARC, and CalChamber.
- *Mileage Reimbursement/6205* – proposed budget \$4,649 provides employee reimbursements for attending events or site visits based on IRS mileage rate.
- *Meetings/Conferences/6206* – proposed budget \$6,840 for meetings and conferences attended by Board members (CALCOG), Executive Director, and appropriate staff; includes travel expenses, meals, and registration fees. In the past, this expense was combined with special events such as General Assembly. Beginning with the proposed budget, expenses will be separated to better track against the revenue from General Assembly. Hence, the year to year comparison may not be entirely indicative of the actual costs as explained further below.
- *Special Events/6224* – proposed budget \$31,160 for all expenses related to General Assembly; (see below regarding year to year comparison).
- *Staff Training & Development/6207* – proposed budget \$2,500 to cover tuition, books, parking fees, and training for staff as appropriate.
- *Newsletter/6208* – proposed budget \$8,400 is the typical amount to publish the Newsletter; the revised budget included an additional printing.
- *Audit Fees/6209* – proposed budget \$6,578 based on contract.

**SBCCOG
PROPOSED BUDGET NARRATIVE
FISCAL YEAR 2019-2020
June 27, 2019**

- *Contractual Services/6210* – net decrease of (\$8,172); reflects reduction in grant-related expenditures.
- *Professional Services/6211* – proposed budget at \$420,000 for JB&A agreement; no change.
- *Rent/6212* – increase \$3,102 based on Maritz lease agreement; may change depending on new lease agreement.
- *Equipment Lease/6213* – proposed budget \$11,685 for Xerox machine costs per agreement.
- *Telephone/6214* – proposed budget \$8,610 includes 5% increase.
- *IT Maintenance Services/6215* – proposed budget \$63,129, an increase of \$17,397 which includes the 3-year Website maintenance (SBCCOG pays the 3-year contract in advance for cost savings); the increase is partly offset by a decrease (\$10,674) in Software/Hardware (6216). Beginning with the proposed budget, staff reallocated costs between these two accounts to better reflect the actual expenditure.
- *Liability Insurance/6217* – proposed budget \$2,400 based on quotes from Hartford.
- *Subscription/6218* – proposed budget \$1,000 for Daily Breeze.
- *Miscellaneous Supplies/HLE/6219* – none budgeted for the Holiday Light Exchange.
- *Specialty Legal Services/6220* – new budget \$5,000 for legal services outside of current pro-bono services.
- *Miscellaneous Expenses/6225* – proposed budget \$1,000 for expenses not covered by any of the established accounts.
- *Moving Expenses/6221* – proposed budget of \$100,000 a guesstimate (based on broker discussions) to cover moving expenses; one-time expense for the year.

General note on expenditure comparisons: Variations from year to year expenditures by category may not necessarily reflect actual amounts for each category. In prior years, expenditures were inconsistently categorized as some were accounted for by grant names – e.g., for a Measure R expenditure, it was shown as Measure R category; or, for Strategic Growth Council, it was shown as such - instead of, perhaps, as either salaries, benefits, supplies, professional service, or some other type of expense. Some were accounted for as the actual expense – e.g., Conferences, Travel & Arrangements, etc. During the preparation of the FY 2018-2019 proposed budget, staff started categorizing the expenditures as appropriately as possible; however, it was a challenge to “re-categorize” prior years to achieve a more accurate comparison because of how expenditures were recorded in the SBCCOG’s accounting system, QuickBooks. Staff has prepared the proposed budget for the coming fiscal year using a more consistent method to describe the expenditure. Going forward, the year-to-year data should reflect a more realistic comparison.

Reserves: As shown on the Budget Summary (page 2), \$159,892 will be accumulated in LAIF as of June 30, 2020, representing the Members’ contributions towards maintaining a reserve for contingencies, in case of SBCCOG shut down. Based on staff calculations, using the same criteria as previously approved by the Board to project shutdown costs, the reserve should be \$298,530 as of June 30, 2020.

**SBCCOG
PROPOSED BUDGET NARRATIVE
FISCAL YEAR 2019-2020
June 27, 2019**

Wish List: In addition to the proposed budget, additional appropriation requests are listed below:

Professional Services Subcommittee Request:

Legal Services for Michael Jenkins (currently pro bono)	\$12,000
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Staff Request:

Additional Reserves for Shutdown Costs	<u>150,000</u>
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Total Wish List	<u><u>\$162,000</u></u>
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Estimated Fund Balance: Staff calculated the estimated fund balance based on the audited financial statements at 6/30/18. The impact of the revised budget for the current year was then considered to determine the beginning balance at 6/30/19 as shown below.

Estimated beginning fund balance 6/30/19 (including reserves)	\$ 913,589
Less Reserves	<u>-137,149</u>
Estimated beginning fund balance 6/30/19 (excluding reserves)	776,440
Estimated Revenues FY 19-20	1,951,485
Proposed Budget FY 19-20	2,129,797
Provide for Reserve FY 19-20	<u>20,000</u>
Estimated Ending Balance 6/30/20	\$ 578,129
If additional requests are funded	<u>-162,000</u>
Revised Estimated Ending Balance 6/30/20	<u><u>\$ 416,129</u></u>