



CITY OF BEVERLY HILLS STAFF REPORT

Meeting Date: January 13, 2015
To: Honorable Mayor & City Council
From: Jeffrey C. Kolin, City Manager
Subject: League Membership Dues for Calendar Year 2015 Including the Voluntary Surcharge
Attachments: Invoice and Background information from the League of California Cities

INTRODUCTION

This report transmits information on the annual League of California Cities membership dues for the City set at \$11,736 and the additional litigation surcharge of 2.4% (\$281.66). Unless the Council directs otherwise, staff intends to go ahead and include the voluntary surcharge payment with the annual membership fee.

DISCUSSION

Like most of the approximately 485 cities in California, Beverly Hills is member of the League of California Cities, an organization that actively works in concert with cities, partners and coalition members in protecting local control through advocacy and education. The amount of membership dues are based on the City population and for Beverly Hills the annual fee for 2014 is \$11,736. The League was instrumental in the passing of proposition 1A and 22 which provided much needed protection of local revenue from being diverted to the State during fiscal crisis. This year the League is asking for an optional litigation surcharge of 2.4% to continue its effort to secure meaningful constitutional protection of city revenues.

Staff believes that the additional surcharge is well worth the investment and will result in greater returns through continued efforts of protecting local control.

FISCAL IMPACT

The surcharge will result in an additional \$281.60 in dues for a total of \$12,017.60. The amount is covered in the Policy and Management Department FY14-15 budget.

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RECOMMENDATION

This report is for information only.

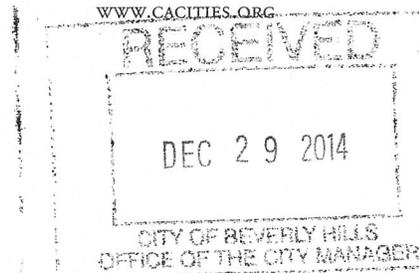
A handwritten signature in black ink, appearing to read 'Jeffrey C. Kolin', written over a horizontal line.

Jeffrey C. Kolin

Approved By

Attachment 1

December 16, 2014



TO: City Managers and City Clerks in non-manager cities

FROM: Officers of the League of California Cities
Stephany Aguilar, President, and Council Member of Scotts Valley
Dennis Michael, First Vice-President, and Mayor of Rancho Cucamonga
JoAnne Mounce, Second Vice-President, and Council Member of Lodi
José Cisneros, Immediate Past President, and Treasurer of San Francisco
Chris McKenzie, Executive Director

SUBJECT: League Dues for 2015 – No Increase!
Voluntary Surcharge to Support Vital Litigation

Thank you for your City's membership in the League of California Cities. We understand the City's financial resources are precious and value your commitment to keep the League strong now, and into the future.

League Membership – A Great Investment

Enclosed is your city's 2015 dues statement and related supporting documentation. The value your city derives from membership in the League of California Cities makes the payment of League dues a wise investment. Please review the enclosed customized "Return on Investment" report for your city. It reflects financial benefits your city enjoys as a direct result of the League's legislative and ballot measure advocacy. A strong and effective League is central to your city's strength and vitality.

For the seventh consecutive year League dues remain unchanged. During this unprecedented period of no dues increases, the League's revenues from all sources decreased 22 percent. Like cities facing decreased revenues, the League responded by reducing its expenses. Today, total expenses are 24 percent lower than in 2008.

Annual Report – Advancing the Mission

The League is the leading voice for California cities. Working in concert with cities, partners, and coalition members, protecting local control through advocacy and education remains the cornerstone of League activities. Through numbers, the enclosed 2014 Annual Report provides an informative glimpse of the organization and the activities dedicated to advancing the League's mission. The strategies, activities and advocacy behind these numbers are made possible because of continuing commitments from cities like yours.

Voluntary Litigation Surcharge – Defending Local Control

The League and city officials have invested tremendous human and financial resources over the past decade to secure meaningful constitutional protection of city revenue sources. Proposition 1A and Proposition 22

*Our mission is to expand and protect local control for cities
through education and advocacy to enhance the quality of life for all Californians.*

represent the will of the voters and significant victories for local control. However, the work is not over. When legislation is enacted that erodes these revenue protections and other constitutional authority of cities, defending and enforcing these protections can require litigation as a last resort.

This vital defensive strategy is expensive, but essential. Implementing this strategy is conducted at greatly reduced cost and effort when the League coordinates efforts or serves as the lead plaintiff on behalf of member cities. The alternative would be for each city or *ad hoc* groupings of cities to initiate separate lawsuits. Through the League, cities can leverage their membership and resources to challenge the state whenever it attempts to weaken the important local revenue protections and authority California cities have worked so hard to achieve and maintain.

Acknowledging the increasingly important role litigation serves for the League, the board of directors formalized a policy to maintain a Litigation Contingency Reserve Account (LCRA) funded through an optional voluntary surcharge set as a percentage of dues. Reviewed annually by the League's finance committee and board of directors, the LCRA is set at \$275,000 and is reserved to 1) cover expenses incurred from board approved litigation within a single budget year; and 2) maintain sufficient set-asides to cover expenses the League would incur if the League becomes or remains involved in board approved litigation during the following year.

In 2013, approximately 50 percent of the member cities paid the optional ten percent of dues surcharge with support increasing to over 55 percent during 2014. By the end of 2014, it is projected that 43 percent of the surcharge collected will have been used to cover litigation expenses connected with two ongoing cases of importance to all California cities, the *League of California Cities v. Matasantos* (AB 1484 – implementation of the abolition of redevelopment agencies) and *City of El Centro, et al. v. David Lanier, et al* (SB 7 – loss of charter city authority).

To maintain the LCRA at \$275,000 and help support vital on-going litigation, the board strongly encourages each city to consider including with its 2015 dues an optional surcharge payment equal to 2.4 percent of dues. The recommended surcharge is shown on the enclosed invoice. The recommended surcharge is optional; a city may pay the base dues and enjoy all the benefits of membership. However, the board of directors sincerely hopes you will support the LCRA because of the tremendous value a coordinated litigation strategy and united front brings to your city and all cities throughout the state.

Conclusion – California Cities Work Together

Through the League, all cities and all city officials have the opportunity to help shape solutions to the issues of greatest importance to our cities and the state of California. Working together, we pursue those solutions most effectively. It is important for cities to act energetically, in unison, and with renewed focus to amplify our voice in key statewide policy matters.

The board of directors encourages your enthusiastic support of and participation in the League of California Cities in 2015. We look forward to continuing our fight together to protect local control and help you provide outstanding service to the residents of your great city.

If you have any questions about this matter, please contact Norman Coppinger, director of administrative services, at ncoppinger@cacities.org or 916-658-8277.

Enclosures: Dues invoice
Return on Investment Report
2014 Annual Report

INVOICE



1400 K Street, Sacramento, California 95814
Phone: 916.658.8200; Fax: 916.658.8240
www.cacities.org

To: City Manager
City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210

Invoice: 147411

Terms: Jan. 31, 2015

<u>Date</u>	<u>Description</u>	<u>Amount</u>
Dec. 8, 2014	Membership dues for calendar year 2015	\$11,736.00
	Optional litigation surcharge (2.4%)	\$281.66
	Total Amount	\$12,017.66
	City of Beverly Hills	
	Official Population 34,677	

Strategic Priorities for 2015

- Expand economic development tools and reduce regulation;
- Implement additional pension, other post-employment benefits (OPEB) and related reforms to help reduce unfunded liabilities and insolvency risks;
- Modernize the financing of critical infrastructure maintenance and construction programs; and
- Update the local government tax structure to respond to the "New Economy".

Our mission is to expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

League Membership - Your Best Investment

www.cacities.org

**Please make checks payable to
LEAGUE OF CALIFORNIA CITIES
and mail to the Sacramento address above.**

LEAGUE OF CALIFORNIA CITIES

LEAGUE MEMBERSHIP -- A GREAT INVESTMENT

Customized Return on Investment Report
December 2014

BEVERLY HILLS	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	Total
BEVERLY HILLS's Dues	10,937	11,394	11,736	11,736	11,736	11,736	11,736	11,736	11,736	11,736	104,483
VLF/Property Tax Swap ⁽¹⁾	115,959	290,612	555,160	1,031,721	1,364,662	1,411,524	1,346,636	1,388,994	1,729,161	1,746,112	10,980,541
Prop. 42 (local streets)	160,363	263,053	0	310,062	340,357	∅	∅	∅	∅	∅	1,073,834
HUTA state taking blocked					583,623	∅	∅	∅	∅	∅	583,623
HUTA and Prop. 42 protected by Prop. 22 ⁽²⁾						816,335	1,011,863	848,255	1,060,260	906,981	4,643,695
Property Tax loan securitized / prohibited by Prop. 22 ⁽³⁾					3,571,960						3,571,960
VLF shift prohibited by Prop. 22 ⁽⁴⁾						147,247					147,247
SB89 VLF Shift							-127,784	-125,085	-127,471	-130,245	-510,586
Redevelopment TI protected by Prop. 22						0					0
Redevelopment Disolution (net of ROPS) ⁽⁵⁾							>>>	0	<<<	<<<	0
Police Grants - Supplemental Budget											0
Pre-2004 Mandate Claims payment										34,081	34,081
Total Return	276,322	553,665	555,160	1,341,782	5,860,602	2,375,106	2,230,715	2,112,164	2,661,950	2,522,848	20,490,315
Rate of Return	25:1	49:1	47:1	114:1	499:1	202:1	190:1	180:1	227:1	215:1	196:1

1. Net gain in revenues by virtue of the VLF/Property Tax Swap. Growth in PropTax in Lieu of VLF versus estimated growth in VLF had it remained.
2. Prop. 22 ended the Legislature's ability to borrow or delay HUTA and Prop. 42 gas tax funds.
3. Prop. 22 ended the Legislature's ability to borrow local property taxes. The FY09-10 loan was securitized. Under Prop1A('04) another borrowing could have occurred in 3 years.
4. Prop. 22 ended the Legislature's ability to shift revenue allocations from the 0.65% state Vehicle License Fee.
5. Actual redevelopment TI from RPTTF returned to affected taxing agencies other than the city through Sept 2013.

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League of California Cities®

2014 ANNUAL REPORT

The League by the Numbers

Each year, the League of California Cities sets a course of action to meet the challenges facing California cities. The organization's staff works closely with elected and appointed city officials to influence state and federal policies affecting California cities and to create substantial educational programming. In 2014, the League achieved success in the Legislature and the courts, and it engaged thousands of city officials through regular publications, in-person conferences and meetings, webinars, Listservs and other in-depth resources. It is difficult to encapsulate all of this year's achievements, but a look at some hard numbers shows the ways in which the League effectively advocated for cities while educating and informing League members. This snapshot only begins to tell the story.



2,531
BILLS
INTRODUCED

Legislative

- **2,531** bills introduced, of which the League monitored, tracked and engaged on **1,124**.
- **45** city official meetings with legislators and legislative staff arranged by League staff.
- **483** members combined from **8** total policy committees, which met 3 to 4 times.
- **132** alumni of the League's California Civic Leadership Institute® between 2005 and 2014.



47 AMICUS
BRIEFS

Legal

- **1** lawsuit in which the League is a named petitioner on behalf of cities (*LCC v. Cohen*), to protect local sales and property tax authority.
- **1** lawsuit in which the League is providing partial financial and legal support (*City of El Centro v. Lanier*), to protect the contract powers of cities.
- **47** friend-of-the-court (i.e. amicus) briefs and letters approved for filing between November 2013 and October 2014.



24,000
WEBSITE
HITS

Information

- **115** CA Cities Advocate newsletter issues sent with an average of **36** articles per month.
- **24,000** average monthly hits to www.cacities.org.
- **5,000** Twitter followers.
- **2,200** Facebook likes.
- **12** issues of *Western City* magazine published, totalling **384** pages.
- **13,000** average monthly hits to www.westerncity.com.



2,050
ANNUAL
CONFERENCE
ATTENDEES

Education

- **25** webinars on a wide range of topics, **23** of them legislative and **2** legal.
- **3,500** webinar sites, often with more than **10** participants per site.
- **7** professional department meetings with more than **2,000** attendees combined.
- **2,050** Annual Conference attendees.
- **270** Expo exhibitors, including **90** first-time exhibitors.



473
MEMBER
CITIES

Membership

- **473** member cities — **98%** of all California cities.
- **261** member cities participated in the second-annual litigation surcharge — **55%** of member cities.
- **48** board members and **4** officers representing the diversity of California's large and small cities, the League's **16** regional divisions and **10** municipal departments.
- **132** current League Partners.



2,200
RESOURCES
DOWNLOADED
MONTHLY

New Resources to Assist Cities

- California Municipal Financial Health Diagnostic Tool.
- 2014 Local Streets and Roads Needs Assessment.
- Cap-and-Trade web portal with fact sheets, funding opportunities and events.
- Reengineered League App launched for the 2014 Annual Conference.
- **38** new Institute for Local Government (ILG) resources including case studies, tip sheets and white papers.
- **2,200** ILG resources downloaded monthly from www.ca-ilg.org.