



Culver CITY

DAN PATACCHIA MEETING ROOM
9770 CULVER BOULEVARD
CULVER CITY, CALIFORNIA 90232-0507
CITY HALL Tel. (310) 253-6000
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FINANCE ADVISORY COMMITTEE **Wednesday, November 13, 2013**

GORAN ERIKSSON, Chair
CRYSTAL ALEXANDER, Vice-Chair
ALLAN AZRAN, Member
DESMOND BURNS, Member
RICHARD HIBBS, Member
SEAN KEARNEY, Member
ALEJANDRO LARA, Member
STEVEN REITZFELD, Member
DAVID TROVATO, Member

PUBLIC COMMENT

The Finance Advisory Committee will listen to the public on any item on the agenda or item of interest that is not on the agenda. The Finance Advisory Committee cannot take action on any item not scheduled on the agenda. Such items may be referred for administrative action or scheduled on a future agenda.

If you wish to speak to the Committee, please complete a Speaker's Card and present it to the staff liaison before the agenda item is called. You will be called by name when it is your turn to speak to the Committee.

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

Persons wishing to speak on agenda items will be called at the time the agenda item is brought forward. Comments will generally be limited to five minutes per speaker; however, a three-minute limit may be declared by the Chair for agenda items for which many Speaker Cards have been submitted.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

A total of twenty minutes shall be devoted to audience participation at the beginning of the agenda. Speakers will be called on in the order cards were received by City staff. If additional time is needed, the committee chair will allow for same at the end of the agenda.

When your name is called, please stand and state your name and city of residence. Speakers must limit their comments to five minutes. A three-minute limit may be declared by the Chair if there are a large number of individuals desiring to address the Council.

AUTHORITY OF PRESIDING OFFICER

Section 611 of the City Charter provides that during any public meeting, all persons shall have the right to address the City Council, and any City commission, board or committee, subject to reasonable rules of decorum and time limits established by ordinance or the presiding officer. Therefore the presiding officer may, from time to time, establish different time limits than those listed in this Agenda in order to effectively conduct Committee business.

CELL PHONES AND OTHER DISTRACTIONS

Use of cell phones, pagers, and other communication devices is prohibited while the Committee meeting is in session. Please turn all devices off or place on silent alert and leave the meeting area to use. During the meeting, please refrain from applause or other actions that may be disruptive to the speakers or the conduct of City business.

MEETING INFORMATION

Finance Advisory Committee Meetings are regularly scheduled for the second Wednesday of every month. Committee Agenda information is available at least 72 hours before each meeting via posting at City Hall, and on the City website. Information may also be accessed by calling the Finance Department at (310) 253-5865.



Agendas are
Available on the web at
www.culvercity.org

Finance Advisory Committee REGULAR MEETING AGENDA

Wednesday, November 13, 2013

7:00 PM

Dan Patacchia Meeting Room

CALL TO ORDER & ROLL CALL:

Goran Eriksson, Chair
Allan Azran, Member
Richard Hibbs, Member
Alejandro Lara, Member
David Trovato, Member

Crystal Alexander, Vice-Chair
Desmond Burns, Member
Sean Kearney, Member
Steven Reitzfeld, Member

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT – Items Not on the Agenda

CONSENT CALENDAR *(Consent Calendar items are considered to be routine in nature and may be approved by one motion. Public requests to discuss Consent Calendar items must be filed with the Secretary before the Consent Calendar is called.)*

C-1. Minutes of the October 9, 2013 Regular Meeting.

ACTION ITEMS *(Public requests to discuss Action Items must be filed with the Secretary before the item is called)*

A-1. Updates from the Finance Advisory Committee Ad Hoc Subcommittees.

ITEMS FROM STAFF

S-1. 2013 Second Quarter Measure Y Information.

S-2. Staff Presentation on Web Financial/Budget Transparency Tools.

S-2. Discussion of December Agenda.

ITEMS FROM COMMITTEE MEMBERS

ADJOURN

THESE MINUTES ARE NOT OFFICIAL UNTIL APPROVED BY THE
CULVER CITY FINANCE ADVISORY COMMITTEE

REGULAR MEETING OF THE
CULVER CITY FINANCE
ADVISORY COMMITTEE
CULVER CITY, CALIFORNIA

October 9, 2013
7:00 p.m.

CALL TO ORDER & ROLL CALL

Chair Eriksson called the meeting of the Finance Advisory Committee to order at 7:00 p.m. in the Dan Patacchia Meeting Room.

Members Present: **GORAN ERIKSSON**, Chair
 CRYSTAL ALEXANDER, Vice Chair
 ALLAN AZRAN, Member
 DESMOND BURNS, Member
 RICHARD HIBBS, Member
 SEAN KEARNEY, Member
 ALEJANDRO LARA, Member
 STEVEN REITZFELD, Member
 DAVID TRAVATO, Member

Staff Present: **Jeff Muir**, Chief Financial Officer
 Gracie Hasan, Secretary

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Pledge of Allegiance

The Pledge of Allegiance was led by Richard Hibbs.

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Public Comment for Items NOT On the Agenda

None.

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Consent Calendar

Item C-1

Meeting Minutes

THE FAC PASSED A MOTION APPROVING THE MINUTES FOR THE REGULAR MEETINGS OF AUGUST 14, 2013 AND SEPTEMBER 11, 2013.

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Action Items

Item A-1

1) Discussion of Approved Work Plan and City Council Comments; (2) Discussion of the Creation of Subcommittees; (3) (If Desired) Creation of Subcommittees; and (4) (If Desired) Appointment of Members to Such Subcommittees

Discussion ensued between Members and staff regarding the task of reviewing and making recommendations on the business tax ordinance; the request by the City Council that the subcommittee look for funding options for the Rental Assistance Program; the demise of the Redevelopment Agency; rent control; the Section 8 program; whether the General Fund can still afford to support the program; the Housing Authority; the finite amount of funding; potential state funding to pay back old housing debts; contractual obligations; creating ad hoc subcommittees; ramifications of taking money out of the General Fund for the Rental Assistance Program; creating a priority list of issues to be addressed; total cost of the program; Emergency Hotel vouchers; what programs to cut in order to support the Rental Assistance Program; demographics of the participants; work of the ad hoc subcommittee; and City Council comments.

Additional discussion ensued between staff and Members regarding creating ad hoc subcommittees; Brown Act issues; the finite nature of the ad hoc subcommittees; reporting to the full Committee; tasks to be accomplished; prioritization; keeping to one subject per committee; communication strategies; a suggestion that the Rental Assistance item be considered with a report back to the Committee before the holidays; work with staff; changes to the budget process; and review of Requests for Proposals.

Copies of the Work Plan were distributed to Committee members.

THE FAC PASSED A MOTION TO CREATE AD HOC SUBCOMMITTEES.

Further discussion ensued between staff and Members regarding City Council priorities; long-term and short-term issues; grouping tasks together; low hanging fruit; what can be reported with regard to Measure Y; the storm water issue; liability; the drop dead date; involving Public Works; educating the subcommittee vs. educating the entire Committee; new costs to the General Fund; the assessment district; grouping like subject matter with similar solutions and time frames; concern with grouping too much together; picking several items and leaving others for later; items to be considered by the Committee as a whole; scheduling; issues to focus on before budget consideration; agreement that the Committee try things and make adjustments as needed; trial and error; and Members expressed interest in the subcommittees they wanted to serve on.

Action Items (Continued)

Item A-1

THE FAC ESTABLISHED AN AD-HOC SUBCOMMITTEE TO DEAL WITH COMMUNICATION STRATEGY AND MEASURE Y REPORTING METHODOLOGY WITH:

- **MEMBER TROVATO, MEMBER AZRAN AND CHAIR ERIKKSON SERVING.**

THE FAC ESTABLISHED AN AD-HOC SUBCOMMITTEE TO DEAL WITH THE RENTAL ASSISTANCE PROGRAM WITH:

- **MEMBER BURNS, MEMBER LARA, AND MEMBER REITZFELD SERVING.**

THE FAC ESTABLISHED AN AD-HOC SUBCOMMITTEE TO DEAL WITH THE BUDGET PROCESS AND FINANCIAL POLICIES WITH:

- **VICE CHAIR ALEXANDER, MEMBER HIBBS, AND MEMBER KEARNY SERVING.**

Further discussion ensued between Members regarding when to meet; the Brown Act; email; previous communication; sharing information vs. forming opinions and influencing others; the genesis of consideration of the Rental Assistance Program item; and sharing items of general interest.

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Items from Staff

Item S-1

Presentation on Fiscal Year 2012-13 General Fund Expenditures and Revenues (pre-audit)

Jeff Muir, Chief Financial Officer, provided a General Fund update and discussed results of Fiscal Year 2012-2013.

Discussion ensued between staff and Members regarding the Real Property budget; the Transient Occupancy Tax; building activity and permits; use of money and property; changes in the Police and Fire budget; cell phone taxes; and effects of the partial shut down of the Federal government.

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Item S-2

Discussion of November Agenda

Discussion ensued between staff and Members regarding an update on Measure Y; non-General Fund items; other programs and funds in the City; and subcommittee reports.

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Items from Committee Members

None.

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Adjournment

There being no further business, at 8:40 p.m., the Finance Advisory Committee adjourned its meeting to Wednesday, November 13, 2013 at 7:00 p.m. in the Dan Patacchia Meeting Room.

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Gracie Hasan
SECRETARY of the Culver City Finance Advisory Committee
Culver City, California

APPROVED

Goran Eriksson
CHAIR of the Finance Advisory Committee, Culver City, California

City of Culver City, California
Finance Advisory Committee Agenda Item Report

Meeting Date: 11/13/2013		Item Number: <u>A-1</u>
AGENDA ITEM: Updates from the Finance Advisory Committee Ad Hoc Subcommittees.		
Contact Person/Dept.: Jeff S. Muir/Finance	Phone Number: 310/253-5865	
Public Notification: (E-Mail) Meetings and Agendas – Finance Advisory Committee (11/08/13)		
Department Approval: Jeff Muir (11/08/13)		

RECOMMENDATION:

Staff recommends that the Finance Advisory Committee (FAC) receive updates from the Ad Hoc Subcommittees.

DISCUSSION:

The FAC approved the establishment of three Ad Hoc Subcommittees at the October 2013 meeting as follows:

Communications Strategy and Measure Y Reporting: Azran, Erikson & Trovato.

Rental Assistance Program: Burns, Lara & Reitzfeld

Budget Process and Financial Policies: Alexander, Hibbs & Kearny

It is recommended that each subcommittee provide a brief report of actions and discussions to date to the full board. It is intended for this to be a standing agenda item for such monthly updates, until the Ad Hoc Subcommittees complete their work.

ATTACHMENTS:

None.

MOTION:

That the FAC:

- (1) Receive updates from the Ad Hoc Subcommittees; and
- (2) Make comments and/or take actions, if any, and receive and file any report(s).

City of Culver City, California
Finance Advisory Committee Agenda Item Report

Meeting Date: 11/13/2013		Item Number: <u>S-1</u>
AGENDA ITEM: 2013 Second Quarter Measure Y Information.		
Contact Person/Dept.: Jeff S. Muir/Finance	Phone Number: 310/253-5865	
Public Notification: (E-Mail) Meetings and Agendas – Finance Advisory Committee (11/08/13)		
Department Approval: Jeff Muir (11/08/13)		

RECOMMENDATION:

Staff recommends that the Finance Advisory Committee (FAC) receive and file 2013 Second Quarter Measure Y information.

DISCUSSION:

The City contracts with HdL Companies to provides quarterly sales tax updates and information. The second quarter of 2013 (April through June) marked the first quarter of Measure Y receipts. HdL provided its reports to the City at a meeting in October. Certain reports contain information that is deemed confidential by the Board of Equalization. Staff is sharing the reports provided by HdL that are not considered confidential.

Total Measure Y receipts for the second quarter of 2013 were \$1,492,114. HdL indicated that it is typical for the first quarter or two of a new transactions and use tax to be lower due to start up reporting issues. Some companies don't report or collect correctly, and the Board of Equalization (BOE) works to identify and rectify these issues. Companies that did not report correctly will be required to file amended returns by the BOE so ultimately the City will receive what it was entitled to. In the future, the reports provided by HdL will begin to populate with comparison data from previous quarters. It will take a full year until there is meaningful comparative data.

The non-confidential reports are provided as an attachment. Also included is the 2013 2nd Quarter Sales Tax Update which provides general sales tax information.

The top twenty-five (25) Measure Y tax producers for the 2nd quarter of 2013 were (in alphabetical order):

City of Culver City, California
Finance Advisory Committee Agenda Item Report

Amazon.com LLC
Arco AM PM
Bed Bath & Beyond
Best Buy
Centinela Chevron
Dell Marketing LP
Foot Locker Retail
Forever XXI
H & M
Howard Industries Division
JC Penney
Macy's
Marshalls

Martin B Retting
Old Navy LLC
Rite Aid
Ross
Samys Camera Inc
Target
Tito's Tacos
TJ Maxx
Toys R Us
Verizon Wireless
Victoria's Secret
Wolfgang Puck Catering & Events

ATTACHMENTS:

Culver City Sales Tax Update 2013 2nd Quarter
Major Industry Groups
Transactions & Use Tax Allocation Summary
Sales, Use and Transactions Tax Receipts

MOTION:

That the FAC receive and file this report.

Q2

2013



Culver City Sales Tax *Update*

Third Quarter Receipts for Second Quarter Sales (April - June 2013)

Culver City In Brief

Receipts from second quarter sales were 3% above the like sales period one year earlier but payment aberrations offset some gains. Excluding accounting adjustments, actual sales were up 3.5%.

Bright spots included autos and transportation, general consumer goods and restaurants and hotels. New business additions bolstered increases in all of these categories but mainly in the restaurants and hotels group. Retroactive recovery of mis-allocated revenue inflated receipts from various general consumer and restaurant segments. The jump in the electronics and appliance store results may be partly due to a year-ago payment aberration that is still being confirmed.

Declines mainly affected the building and construction and business and industry categories. A reporting anomaly that inflated building and construction amounts a year ago caused the decline in that category. Business closeouts led to the drop in business and industry results.

Revenue from the city's newly approved Measure "Y" came in at 36.8% of the city's point of sale sales tax and totaled \$1,492,114.

Net of accounting adjustments, all of Los Angeles County was up 3.7%; statewide sales grew 5.4%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Arco AM PM	Old Navy
Best Buy	Rite Aid
Bunnin Chevrolet	Room & Board
Centinela Chevron	Ross
Costco	Samys Camera
Culver City Chevron	Target
Culver City Scion	Toys R Us
Culver City Volvo	Vans
JC Penney	Verizon Wireless
Jins Shell	Vons
LABite.Com	Wolfgang Puck Catering & Events
Macys	
Miller Honda	
Miller Toyota Scion	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$3,867,633	\$4,031,809
County Pool	455,516	421,593
State Pool	3,877	2,771
Gross Receipts	\$4,327,026	\$4,456,173
Less Triple Flip*	\$(1,081,756)	\$(1,114,043)
Measure Y	\$0	\$1,492,114

*Reimbursed from county compensation fund

State Overall

Adjusted for accounting anomalies, receipts from local governments' one cent sales and use tax were up 5.4% over the second quarter of 2012.

More than half of the increase was driven by a strong quarter for auto sales plus new revenues flowing to the countywide use tax allocation pools largely as result of the previous passage of AB 155's expanded definition of nexus for out-of-state companies required to collect California sales and use taxes.

Receipts from the building and construction categories exhibited significant gains reflecting the beginning of a recovery in new housing construction and considerable remodeling activity. Restaurant sales were also strong but limited to low priced quick service chains and higher priced fine dining restaurants with full liquor licenses.

Gains from general consumer goods were modest overall and tended to be retailer and community specific. Tax revenues from fuel were down from last year's comparable quarter while receipts from business and industrial purchases were flat with the few increases in that group primarily tied to agriculture and food processing.

The Remaining Fiscal Year

The general consensus is that the state's economy will continue to recover in 2013-14 but sales tax growth may be more modest in the second half of the fiscal year than the first half.

Auto sales which have been up by double digits from years of pent-up demand are expected to plateau in another quarter or two with the pace of growth returning to more normal levels. With consumers taking on more debt to purchase new cars and homes, discretion-

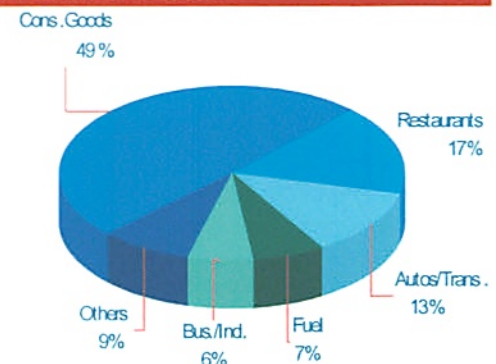
ary spending on other items is expected to slow. Low inflation, price competition and a job recovery tilted toward low paying or part-time work will also keep the cost of taxable goods in check.

The six year boom in the state's technology sector appears to be slowing with companies shifting from buying their own hardware and software to renting computer power through cloud based services. Gas prices will continue to be impacted by refinery shutdowns, Middle East crises and oil speculators. However with today's new cars almost 20% more fuel efficient than those sold only six years ago, further tax gains from this segment are not anticipated.

Continued recovery in construction activity is expected to generate a major share of sales tax growth in the second half of the fiscal year. With rising home and stock market values benefiting higher income families, luxury goods in all categories are also projected to show solid gains.

SALES PER CAPITA**REVENUE BY BUSINESS GROUP**

Culver City This Quarter

**CULVER CITY TOP 15 BUSINESS TYPES**

Business Type	Culver City		County	HdL State
	Q2 '13*	Change	Change	Change
Department Stores	166.3	1.4%	0.0%	0.2%
Discount Dept Stores	667.8	-1.5%	2.5%	2.3%
Electronics/Appliance Stores	269.8	40.8%	4.3%	3.9%
Family Apparel	198.1	8.7%	4.3%	4.7%
Grocery Stores Liquor	101.5	-7.2%	4.2%	2.7%
Home Furnishings	123.5	22.7%	4.4%	6.8%
New Motor Vehicle Dealers	385.4	2.9%	6.8%	11.1%
Plumbing/Electrical Supplies	63.3	-9.9%	24.3%	22.6%
Restaurants Beer And Wine	106.1	22.5%	-2.1%	-0.6%
Restaurants Liquor	239.0	16.2%	11.1%	9.6%
Restaurants No Alcohol	296.0	18.3%	5.7%	5.9%
Service Stations	269.2	-1.1%	-5.8%	-5.7%
Shoe Stores	92.2	32.0%	40.0%	39.6%
Specialty Stores	179.0	-4.8%	3.3%	5.2%
Women's Apparel	73.6	-6.2%	5.5%	2.9%
Total All Accounts	\$4,031.8	4.2%	6.4%	7.0%
County & State Pool Allocation	424.4	-7.6%		
Gross Receipts	\$4,456.2	3.0%		

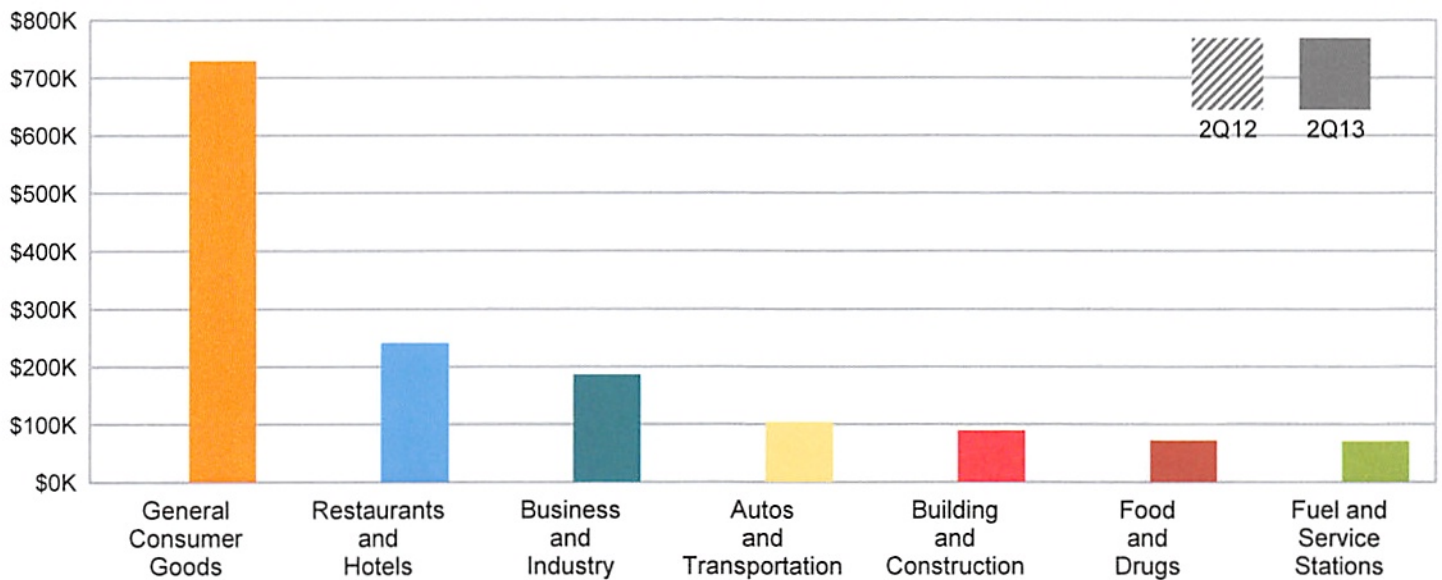
*In thousands

CULVER CITY MEASURE Y

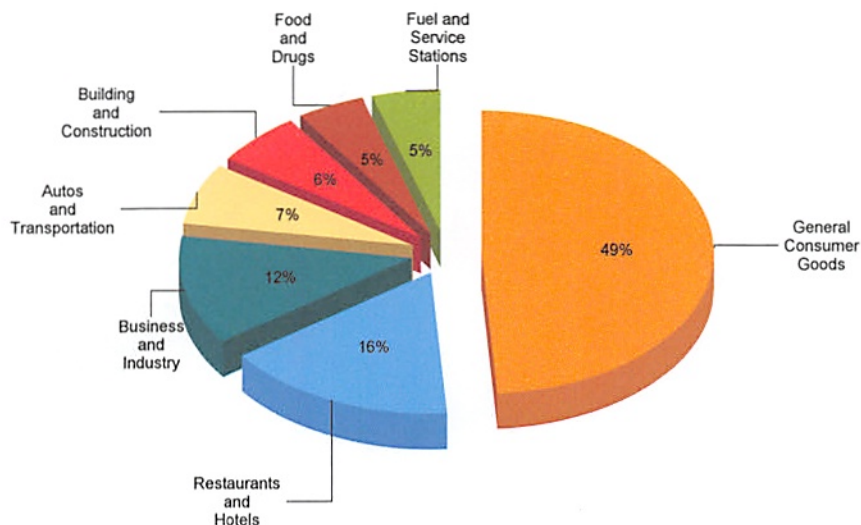
MAJOR INDUSTRY GROUPS

Major Industry Group	Count	2Q13	2Q12	\$ Change	% Change
General Consumer Goods	1,143	729,343	0	729,343	-N/A-
Restaurants and Hotels	163	241,200	0	241,200	-N/A-
Business and Industry	2,024	186,029	0	186,029	-N/A-
Autos and Transportation	303	103,596	0	103,596	-N/A-
Building and Construction	243	89,390	0	89,390	-N/A-
Food and Drugs	66	71,782	0	71,782	-N/A-
Fuel and Service Stations	34	70,375	0	70,375	-N/A-
Transfers & Unidentified	10	400	0	400	-N/A-
Total	3,986	1,492,114	0	1,492,114	-N/A-

2Q12 Compared To 2Q13



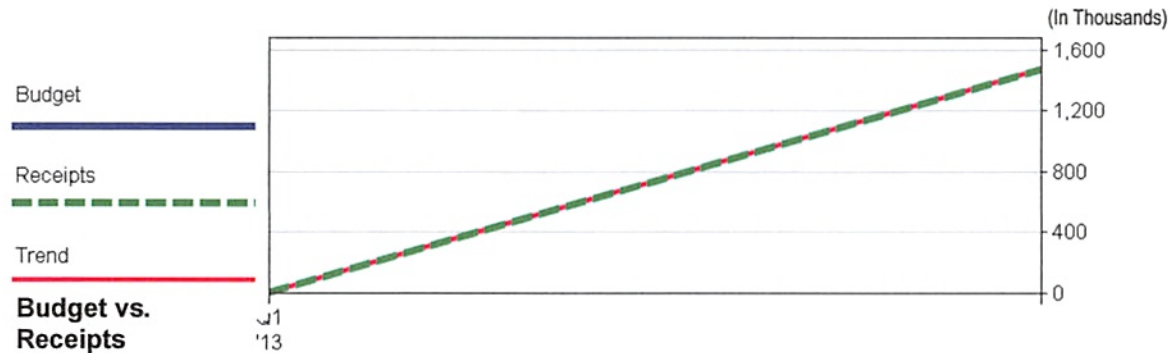
2Q13 Percent of Total



CULVER CITY MEASURE Y

TRANSACTIONS & USE TAX ALLOCATION SUMMARY

Seven Major Industry Groups	Fiscal Yr 2011-12 Totals	FY 2012-13 Sales Quarters				Fiscal Yr 2012-13 Totals	Dollar Change Prior Yr	Percent Change Prior Yr	FY 2013-14 Sales Quarters				Fiscal Yr 2013-14 YTD Totals	YTD % Change Prior Yr
		2Q	3Q	4Q	1Q				2Q	3Q	4Q	1Q		
District Tax														
Autos And Transportation	0	0	0	0	246	246	246	- N/A -	103,596				103,596	- N/A -
Building And Construction	0	0	0	0	166	166	166	- N/A -	89,390				89,390	- N/A -
Business And Industry	0	0	0	0	0	0	0	- N/A -	186,029				186,029	- N/A -
Food And Drugs	0	0	0	0	0	0	0	- N/A -	71,782				71,782	- N/A -
Fuel And Service Stations	0	0	0	0	0	0	0	- N/A -	70,375				70,375	- N/A -
General Consumer Goods	0	0	0	0	0	0	0	- N/A -	729,343				729,343	- N/A -
Restaurants And Hotels	0	0	0	0	479	479	479	- N/A -	241,200				241,200	- N/A -
Transfers & Unidentified	0	0	0	0	0	0	0	- N/A -	400				400	- N/A -
Total District Tax	0	0	0	0	891	891	891	- N/A -	1,492,114				1,492,114	- N/A -
Less: Cost of Administration	0	0	0	0	0	0	0	- N/A -	(21,070)				(21,070)	- N/A -
Grand Total	0	0	0	0	891	891	891	- N/A -	1,471,044				1,471,044	- N/A -
Budget														
Accrual Basis (60-day)	0					1,163,591								
Accrual Basis (90-day)	0					1,493,005								



CONFIDENTIAL INFORMATION - DO NOT COPY OR DISTRIBUTE WITHOUT AUTHORIZATION

Major Industry Groups	3Q 2012			4Q 2012			1Q 2013			2Q 2013		
	Sales / Use Tax	Transactions Tax	Ratio	Sales / Use Tax	Transactions Tax	Ratio	Sales / Use Tax	Transactions Tax	Ratio	Sales / Use Tax	Transactions Tax	Ratio
Autos And Transportation	514,464	0	0.0%	487,359	0	0.0%	493,277	246	0.0%	513,383	103,596	20.2%
Building And Construction	191,820	0	0.0%	179,158	0	0.0%	200,250	402	0.2%	195,042	89,154	45.7%
Business And Industry	293,370	0	0.0%	313,249	0	0.0%	305,648	0	0.0%	241,443	186,029	77.0%
Food And Drugs	173,062	0	0.0%	185,053	0	0.0%	178,456	0	0.0%	177,907	71,782	40.3%
Fuel And Service Stations	325,795	0	0.0%	263,224	0	0.0%	272,049	0	0.0%	269,243	70,375	26.1%
General Consumer Goods	1,957,356	0	0.0%	2,523,248	0	0.0%	1,874,288	0	0.0%	1,984,605	729,338	36.7%
Restaurants And Hotels	549,774	0	0.0%	575,092	0	0.0%	580,608	479	0.1%	667,444	241,200	36.1%
Transfers & Unidentified	0	0	0.0%	0	0	0.0%	0	0	0.0%	-480	400	
Total All Businesses	4,005,641	0	0.0%	4,526,384	0	0.0%	3,904,576	1,127	0.0%	4,048,587	1,491,873	36.8%
State and County Pools	427,060	0		592,655	0		467,774	0		424,365	0	
Gross Receipts	4,432,701	0	0.0%	5,119,039	0	0.0%	4,372,351	1,127	0.0%	4,472,952	1,491,873	33.4%
SBOE Admin	-42,414	0		-48,527	0		-45,836	0		-47,100	-21,070	
Total	4,390,288	0	0.0%	5,070,512	0	0.0%	4,326,515	1,127	0.0%	4,425,851	1,470,803	33.2%