

City of Culver City Fiscal Impact Analysis General Plan Update

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Prepared for:



City of Culver City
9770 Culver Boulevard
Culver City, CA 90232

Prepared by:



Lisa Wise Consulting, Inc.
939 South Broadway, Suite 611
Los Angeles, CA 90015



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Executive Summary

Introduction

This fiscal impact analysis presents a model of the effects of the Draft Culver City General Plan Update (General Plan) on the City's General Fund accounts. The analysis examines the fiscal implications of land use and development patterns that are anticipated by changes to the General Plan. The model is based on the City's existing fiscal policy and rates using the achieved revenues and actual expenditures from the most recently completed budget year (FY 22/23). The model tests the net effect of the General Plan, given anticipated development volumes, on ongoing operations costs for the City. Capital costs, such as those covered by impact fees, are not considered, nor are impacts on non-city costs for other districts including schools.

Growth Projections

The analysis is based on population, housing, employment and commercial space growth projections for 2045 that are included in the Program Environmental Impact Report (EIR) for the General Plan. The 2045 forecasts differ from the total amount of development capacity that is created by the General Plan and the entitlements that would stem from its application. The EIR states:

*"The General Plan 2045 and analysis contained within this PEIR are based on certain assumptions pertaining to future growth through the horizon year 2045. This PEIR analyzes the 2045 growth projections based on an understanding of historic, current, and projected demographic and economic conditions in the Planning Area through 2045, rather than full buildout. The full buildout scenario would assume that every parcel would be developed with the maximum amount allowed under the General Plan 2045. Actual development that may occur by the horizon year is typically less than the theoretical maximum of development."*¹

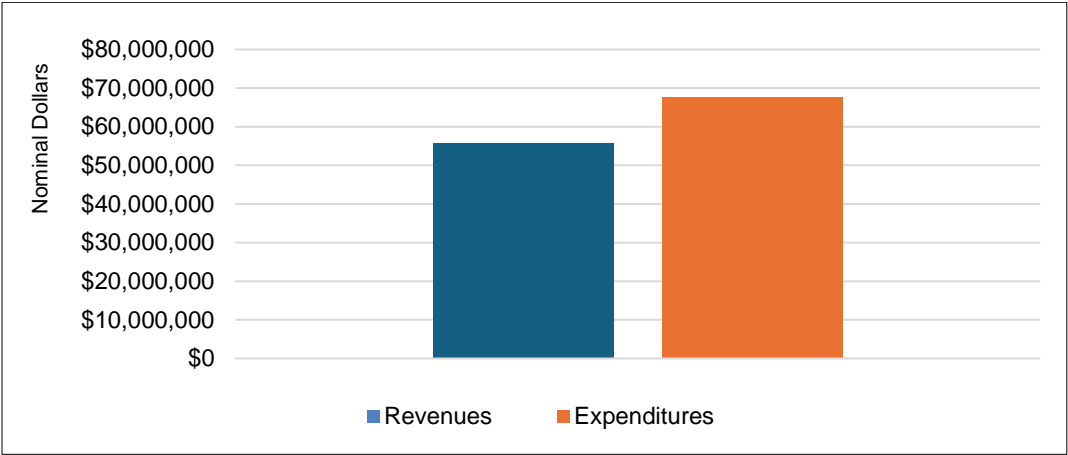
Fiscal Impact

Using the current fiscal policies and the growth projections in the EIR, the fiscal impact analysis suggests a net negative fiscal impact to the General Fund revenues of the City of Culver City. Table 1 illustrates the key finding of the analysis, which is that the annual operating budget would incur an approximately \$11.9 Million deficit representing a little over 21% of total anticipated revenues. This deficit is expected as the General Plan anticipates adding population (who typically consume more services than the revenue that they generate) at a greater rate than adding non-residential uses (which typically generate more revenue than the services that they consume). These impacts are based on the net change in population, housing, employment and commercial space that is anticipated in the City in 2045.

¹ Culver City General Plan 2045 and Zoning Code Update Project Draft Environmental Impact Report State Clearinghouse No. 2022030144, March 2024 P.2-18

Table 1: General Fund Net Fiscal Impact Summary	
Revenues	\$55,683,116
Expenditures	\$67,643,811
Net Impact	-\$11,960,695
Net Impact as % of Revenues	-21.48%

Figure 1: General Fund Net Fiscal Impact Summary



Technical Analysis

Method and Approach

This section describes the methodology, and inputs used to structure the fiscal impact analysis. This analysis is designed to measure the fiscal impact of the 2045 General Plan Update (General Plan) on the City of Culver City's General Fund based on the 2045 volumes expressed in the General Plan Program Environmental Impact Report (EIR).

Methodology

The fiscal impact analysis measures the impact of potential new development on the City's General Fund. The analysis estimates the annual General Fund revenues and expenditures that could be generated at 2045 development volumes expressed in the EIR. The fiscal model's net annual surplus or deficit represents the difference between estimated annual General Fund revenues and expenditures based on anticipated development volumes. The percentage of net annual surplus or deficit to total annual revenues are calculated to determine positive, neutral, or negative fiscal impact.

Service Population

The analysis uses per capita revenue and expenditure estimates, which are based on the current and projected future service population. The service population includes the total resident population and those who work within the City's boundaries. Employees in Culver City are expected to generate less demand for city services compared to residents. The service population calculation estimates the impacts of workers in Culver City to be 22.8% of a fulltime resident's based on the number of hours spent in the community. Revenue estimates vary based on the number of projected residents, employees or the service population as noted. Estimates of increases in expenses are based on the service population

Revenues

Revenues allocated to the City General Fund under the fiscal analysis are estimated using methods identified below.

- Taxes including:
 - Property Tax based on the assessed property value
 - Sales Tax estimated taxable sales based on net new retail space
 - Transient Occupancy Tax (based on recent historic growth of hotel rooms)
 - Real Property Transfer Tax (assessed property value, property turnover)
- Other revenue sources on a per employee, per resident or service population basis.

Expenditures

Costs to the General Fund from each department or category are estimated on a per service population basis. As there may be fixed costs that are not variable for each function, a prorated approach allows for an evaluation of service levels relative to the projected change in population and employment.

The fiscal model doesn't include programs that are funded independently of the General Fund (such as the bus line or waste management), and the analysis excludes impacts to the school district or other special districts that are funded separately and are not operated directly by the City. Also, unlike the EIR, the impact model only considers operations costs and therefore does not include estimates of impact fee revenues, which are charged to mitigate the effects of development on public facilities (e.g., streets, parks, storm drains, etc.).

Inputs & Baseline Data

The following inputs and baseline data have been applied throughout the fiscal model based on available data such as, City input, market analysis findings, and industry standards.

- Key development volumes including the number of units, total nonresidential square footage, number of jobs rely on the 2045 volumes included in the EIR.
- The General Fund FY 2022-23 budget provides the most completed actual costs and revenues and is used as the baseline for analysis.
- All outputs are reported in 2024 dollars.
- Revenue factors are existing fiscal policies and rates.
- Revenues are based on per service population and remain stable through the analysis.
- Tax rates will not change.
- There is no change in the share of City services provided on a fee-for-service basis (i.e., additional General Fund dollars are not used to subsidize or further subsidize City services).
- All new infrastructure and facility costs required for future development will be covered by developers and property owners (e.g., development impact fees, CFDs, etc.).

The specific rates and quantities that are used in the analysis are described in the fiscal impact analysis section that follows.

Fiscal Impacts

A fiscal impact analysis measures the impact of potential new development on a municipal budget. New residential and commercial development bring new residents and businesses, which increases the need for more city services while generating additional taxes and other revenues for the city. A development program has a positive fiscal impact on a city's budget when the associated new development generates more revenue for the city than the cost of additional city services needed to support it.

The analysis does not include expenditures or revenues associated with other funds outside the General Fund, including enterprise funds such as the Culver City Bus Line or waste collection and sewage enterprise

funds. Additionally, the analysis focuses on city service costs related to ongoing operations and maintenance and does not include capital costs for new infrastructure or facilities.

2045 Development Quantities

The fiscal impact analysis evaluates the projected levels of net new development as a static model, based on the buildout quantities provided by the City for the General Plan that are anticipated at the end of the study period in 2045. Although development trends in the next 21 years are unknown, the projected levels of development in the EIR are applied as a means of measuring the effects of potential net new development.

The 2045 buildout capacity represents the projected future development within the City's boundaries. The buildout scenario accounts for new net residential, retail, office, and industrial space. The majority of new development will be infill development and redevelopment. This fiscal analysis is independent of specific sites within the city.

A summary of the estimated total number of residents, jobs, housing units, and commercial square for the 2045 buildout scenario is provided in Table 2. The values on this table are based on the projections contained in the EIR. Note that the EIR only provides projection for total commercial space. For the purpose of this fiscal impact analysis, it was necessary to estimate the portion of this space that would be occupied by retail uses. The analysis anticipates the current proportion of commercial space in Culver City would continue. Table 3 shows the current distribution of commercial space by use type.

Table 2: EIR Development Potential Projections				
Land Use	EIR Base	GP 2045 Projections	Net Change (GP 2045 - Existing)	
Population	40,800	62,400	21,600	<i>people</i>
Jobs	68,040	84,300	16,260	<i>jobs</i>
Households	17,000	28,310	11,310	<i>households</i>
Residential	17,010	29,710	12,700	<i>units</i>
Commercial*	28,624,900	31,956,900	3,332,000	<i>square feet</i>
Industrial	1,881,100	2,245,900	364,800	<i>square feet</i>
Institutional	3,076,600	3,076,600	-	<i>square feet</i>

**Commercial includes Studio uses.*
Source: GP Draft PEIR and City of Culver City

Table 3: Current Distribution of Commercial Space			
Land Use	Buildings	Existing Rentable Building Area	Percent
Retail	464	4,428,813	33.6%
Office	423	8,758,249	66.4%
Total Commercial	1,266	13,187,062	100.0%
Industrial	202	2,054,818	
Total	1,468	15,241,880	

Source: Costar Group

This analysis also desegregates the total residential development in the EIR by unit type in order to estimate the potential assessed valuation and contribution to other ad valorem based revenue sources including the City's Real Property Transfer Tax. The EIR identifies a total of 12,700 net new dwelling units in Culver City in 2045. Due to the scarcity of available sites for new single family residential units, Culver City Staff estimated that approximately 0.05% of the total growth, or 64 units, would be single family with the rest developing as multi-family units. This is a departure from the existing building stock which according to the census is 71% single family detached or attached. This implies that 99.5% of new units (12,637) would be multi-family units. Currently, 44% of Culver City's multifamily units are owner occupied condominiums. This represents a legacy of condominium development that has not occurred in California in recent decades. A recent report by the Turner Center for Housing Innovation at UC Berkley¹ identifies the factors behind this decline and estimates that 10% of new multi-family units built in California are condominiums.

It is also anticipated that the preponderance of these new units would be developed at market rate. Currently 3.7% of Culver City's current housing inventory is below market rate (BMR). However, the city currently has 500 BMR units in its development pipeline. The estimate for future development is based on analysis provided by HR&A's May 2024 Affordable Housing Funding Gap Analysis. In that report the consultant estimated that between 7 and 13% of new units in new units in Culver City would be BMR units. The report was based on an expectation that the units would generally be at 80% of AMI. Using the midpoint of this forecast, this analysis uses an estimate of 10% of new units built out to 2045 would be BRM at 80% of AMI. All of the BMR units are expected to occur as part of multifamily developments. The BMR units were further disaggregated by estimating that 90% of would be rental and 10% would be for sale.

Table 4 summarizes the projected net new development for 2045 based on the quantities provided in the EIR.

Table 4: Summary of 2045 Buildout			
	PEIR	2045 Total	2045 Change
	Baseline	2045	Net
Residents	40,800	62,400	21,600
Jobs	68,040	84,300	16,260
Housing Units	16,839	29,286	12,700
Single-Family	8,435	8,499	64
Condominiums	772	1,909	1,137
Apartments	6,946	17,181	10,236
BMR Condominiums (2BD, @ 80% Average AMI)	69	170	126
BMR Apartments (2BD, @ 80% Average AMI)	617	1,527	1,137
Commercial Sf.	30,506,000	34,202,800	3,696,800
Retail	9,613,539	10,732,575	1,119,037
Office	19,011,361	21,224,325	2,212,963
Industrial	1,881,100	2,245,900	364,800

¹ Construction Defect Liability in California: How Reform Could Increase Affordable Homeownership Opportunities Turner Center for Housing Innovation. UC Berkley July 2024.

Table 4: Summary of 2045 Buildout			
	PEIR	2045 Total	2045 Change
	Baseline	2045	Net
Institutional	3,076,600	3,076,600	0
Source: GP Draft PEIR, Costar and City of Culver City			

Sources and Uses

The General Fund is the City's primary vehicle for funding and ongoing revenues and expenditures for general operations of the city government, which are not accounted for in other department funds. These are activities and services, such as public safety, recreation and parks, and a city administration that is financed primarily through tax-generated revenues.

The fiscal impact analysis relies on the City's 2022-2023 General Plan Budget Actuals, which reflect the recorded revenues and expenditures that occurred, and do not represent estimated budget projections. Table 5 shows the revenues by source to the City's General Fund, and Table 6 shows the expenditures to the General Fund by source.

Table 5: General Fund Actual Receipts FY 22/23 Revenues	
	Revenues
Property Tax	\$14,723,868
Property Tax – Secured	\$6,592,918
Property Tax – Unsecured	\$8,130,950
Utility User Tax	\$16,524,880
Sales Tax (including Measure CC)	\$42,394,800
Sales Tax	\$25,248,159
Measure CC	\$17,146,641
Transient Occupancy Tax (TOT)	\$11,963,174
Franchise Tax	\$1,805,748
Business Tax	\$18,736,311
Real Property Transfer Tax	\$9,655,756
Licenses & Permits	\$4,010,256
Use of Money & Property	\$5,519,297
Other Revenue	\$908,533
Charges for Services	\$10,949,213
Intergovernmental (includes VLF)	\$8,055,497
Other Transfers	\$3,423,930
Fines & Forfeitures	\$5,290,389
Commercial and Industrial Development Tax (Comm/Ind Dev Tax)	\$545,566
Cost Allocation Rec	\$6,365,092
Total General Fund*	\$160,872,310

Table 6: General Fund FY 22/23 Actual Expenditures	
	Expenditures
Administration	\$3,778,800
City Attorney	\$2,129,319
Finance	\$6,270,598
Planning & Development	\$111,343
Community Development	\$10,133,254
Parks Recreation & Community Services	\$9,953,493
Police	\$50,330,046
Fire	\$30,959,964
Public Works	\$14,996,165
Non-Departmental	\$13,925,429
Human Resources	\$2,252,778
Information Technology	\$5,389,798
Housing & Human Services Department	\$288,312
Total Expenditures*	\$150,519,299
Net Annual Surplus/(Deficit)	\$10,353,011
Net Annual Surplus/(Deficit) as % of Total Revenue	6.4%
* Rounded to nearest dollar	

Towards the end of FY 22/23, Culver City restructured its departmental organization. The Community Development department was separated with Planning and Development, and Housing and Human Services became stand-alone departments, and Economic Development was moved to the City Manager's Office. For FY 22/23, most of the expenditures related to these units are accounted for under Community Development. Starting in FY 23/24, the costs were fully separated. The previous structure was retained in this analysis.

Note that moving forward Culver City expects significant changes to its budget in terms of revenues and expenses. The City recently changed its rates for business license fees and it is anticipated to collect over \$30 million in fees for FY 23/24. This represents an approximate increase of 66% over the \$18.7 million collected in FY 22/23. In January of 2023, Culver City declared a Homelessness Emergency. In FY 23/24, approximately \$17 million General Fund dollars were added to the Housing and Human Services budget to fund homeless services in the city. These expenditures more than offset the revenue increase from the updated business license tax rates. Culver City's Financial Forecast predicts a \$5-6 million structural deficit annually over the next 10 years.

Service Population

The analysis uses per capita revenue and expenditure estimates, which are based on the current and projected future service population. The service population includes the total resident population and those who work within the City's boundaries. Employees in Culver City generate fewer demands for city services compared to residents largely due to the amount of time they spend in the city. The service population

calculation estimates the impacts of workers in Culver City to be 28.8% of residents. Table 7 shows the net service population increase and the total projected for 2045.

Table 7: Net Service Population			
	Baseline	Net New	2045 Buildout
Residents	40,800	21,600	62,400
Employees			
Total Jobs	68,040	16,260	84,300
Employee Factor	22.8%	22.8%	22.8%
Employee Estimate	15,513	3,707	19,220
Net Service Population	56,313	25,307	81,620
Service Increase %		45%	145%

Assessed Property Value

In the analysis, property value estimates are used to calculate future property tax revenue estimates. Table 8 shows the factors for estimating assessed property values. Estimated values for apartment units and retail, office, and industrial square footage were created using a capitalized rent value approach, the key inputs are shown in Table 8. Estimates for the assessed property value of net new residential units and commercial square feet are shown in Table 9 and Table 10.

Table 8: Capitalized Rent Values							
	Annual Rent per SF	Capitalization Rate	Vacancy	Operating Expenses	Less Operating Expenses	Less Vacancy	Capitalized Value
Residential							
Apartments (2BD)	\$42.84	4.50%	5.1%	32.5%	\$13.92	\$2.20	\$594
BMR Apartments (2BD) (80% AMI)	\$34.27	4.50%	5.1%	32.5%	\$11.14	\$1.76	\$475
Commercial							
Retail	\$56.05	5.40%	5.3%	12.5%	\$7.01	\$2.97	\$853
Office	\$47.19	6.80%	16.0%	12.5%	\$5.90	\$7.55	\$496
Industrial	\$37.79	5.00%	4.9%	12.5%	\$4.72	\$1.85	\$624
Source: NAR Commercial Real Estate Metro Market Report, Los Angeles-Long Beach-Anaheim, 2024 Q1							

Table 9: Assessed Value Inputs						
	Estimated Value		Vacancy	Occupancy Rate	Holding Period (years)	Turnover Rate
Residential						
Single Family (3BD)	\$1,800,000	<i>per unit</i>	5.1%	94.9%	15	3.7%
Condominiums (2BD)	\$960,000	<i>per unit</i>	5.1%	94.9%	15	3.7%
Apartments (2BD) ¹	\$623,319	<i>per unit</i>	5.1%	94.9%	15	1.5%
BMR Condominiums (2BD, @ 80% Average AMI)	\$406,667	<i>per unit</i>	5.1%	94.9%	15	3.7%
BMR Apartments (2BD, @ 80% Average AMI)	\$498,655	<i>per unit</i>	5.1%	94.9%	15	0.0%
Commercial						
Retail	\$853	<i>per sq. ft.</i>	5.3%	94.7%	15	1.5%
Office	\$496	<i>per sq. ft.</i>	16.0%	84.0%	15	1.5%
Industrial	\$624	<i>per sq. ft.</i>	4.9%	95.1%	15	1.5%
¹ Based on average apartment size of 1,050.						
Source: Zillow, 2022; Redfin, 2022; Loopnet, 2022						

*=((0.8 * LAC AMI tables (2022)) * .3)/cap rate	
LAC (80% AMI, 2 BR)	\$76,250

Table 10: Assessed Value Estimates		
	Baseline	Net New
Residential		
Single Family (3BD)	\$5,518,026,909	\$114,300,000
Condominiums (2BD)	\$269,261,396	\$1,091,793,600
Apartments (2BD)	\$1,573,459,810	\$6,380,020,960
BMR Condominiums (2BD, @ 80% Average AMI)	\$10,138,855	\$51,388,433
BMR Apartments (2BD, @ 80% Average AMI)	\$111,890,475	\$567,112,974
Residential Total	\$7,482,777,445	\$8,204,615,967
Commercial		
Retail	\$2,980,976,910	\$954,758,217
Office	\$3,428,395,600	\$1,098,059,116
Industrial	\$426,775,521	\$227,727,892
Commercial Total	\$6,836,148,031	\$2,280,545,224
Total Assessed Value	\$14,318,925,476	\$10,485,161,191

Property Tax

The key factors used to estimate property tax revenues are shown in Table 11. Under California's Proposition 13, the base property tax rate is 1% of the assessed property value. Culver City receives 10.43% of the 1% base property tax revenue. The anticipated property tax revenues for the net new development based on these rates at the level of development anticipated by the EIR for 2045 are shown below.

Table 11: Property Tax	
	Baseline
Property Tax Rate	1%
City Rate	10.43%
Source: City of Culver City, Annual Comprehensive Financial Report FY 22-23	

Table 12: Net New Property Tax Revenues	
	Net New
Residential	
Single Family (3BD)	\$119,215
Condominiums (2BD)	\$1,138,741
Apartments (2BD)	\$6,654,362
BMR Condominiums (2BD, @ 80% Average AMI)	\$53,598
BMR Apartments (2BD, @ 80% Average AMI)	\$591,499
Residential Total	\$8,557,414
Commercial	
Retail	\$1,145,276
Office	\$237,520
Industrial	\$2,378,609
Commercial Total	\$3,761,405
Total Property Tax Revenues	\$12,318,819

Property Transfer Tax

The City collects property transfer tax when real properties change ownership. Table 13 shows the rate of residential transfers per year based on US Census data on length of residence in Culver City. The annual transfer rate was calculated at 3.7% for residential properties, 1.5% for apartments, commercial and industrial properties. Using the collections from the last complete year when the tax was collected, the City receives 2.33% across transfer. Table 14 shows the estimated annual revenue from property transfer tax based on projected 2045 volumes.

Table 13: Residential Property Turnover Rates

	Estimate
Total Population in Occupied Units	17,691
Year Moved into Unit	
2021 to 2022	715
2018 to 2020	3,138
2010 to 2017	5,934
2000 to 2009	3,357
Total moved 2000 to 2022	13,144
Years in period	20
Average annual turnover	657
Annual Turnover Rate	3.71%
<i>Source: ACS, 2020</i>	

Table 14 Property Transfer Tax

Property Transfer Tax		
	Baseline	
Property Transfer Tax Rate	2.33%	
Annual Transfer Rate (Turnover)		
Residential	3.7%	
Commercial	1.5%	
Industrial	1.5%	
Source: 2022 ACS and LWC		
Property Transfer Rates		
Rate	Baseline	Share
0.45% on amounts of \$1,499,999 or less	0.05%	20%
1.5% on amounts from \$1,500,000 to \$2,999,999	1.50%	25%
3.0% on amounts from \$3,000,000 to \$9,999,999	3.00%	25%
4.0% on amounts \$10,000,000 and above.	4.00%	30%
Total		100%
Property Transfer Tax Revenues 2045 Buildout		
	Net New	
Residential		
Single Family (3BD)	\$99,104	
Condominiums (2BD)	\$946,644	
Apartments (2BD)	\$2,233,645	
Residential Total	\$3,279,393	
Commercial		
Retail	\$334,261	

Table 14 Property Transfer Tax	
	Net New
Office	\$384,430
Industrial	\$79,728
Commercial Total	\$798,419
Total Property Tax Revenues	\$4,077,812

State Motor Vehicle License Fees (VLF) In-Lieu

Beginning in 2004, the State of California changed its approach for allocating vehicle license fees (VLF) to local jurisdictions by substituting VLF fees with property tax revenues. The City records revenue generated from VLF under the “Intergovernmental” line item under the Culver City Adopted Budget for FY 2022-23. Table 15 shows the factors used to calculate the VLF property rate that are used to estimate future in-lieu VLF values.

Table 15: State Motor Vehicle License Fees (VLF) In-Lieu	
Property Tax In-Lieu of VLF	
Total Estimated Citywide Assessed Value (FY 2022-23)	\$15,561,988,828
Citywide VLF Property Tax In-lieu Revenue (FY 2022-23)	\$7,227,479
VLF Property Tax In-lieu Per \$1,000 in Assessed Value	\$0.4644
<i>Source: City of Culver City, Annual Comprehensive Financial Report FY 22-23, p. 259</i>	

Property Tax In-Lieu of VLF Revenues 2045 Buildout	
	Net New
Residential	
Single Family (3BD)	53,085
Condominiums (2BD)	507,063
Apartments (2BD)	2,963,083
BMR Condominiums (2BD, 80% AMI/Moderate)	23,866
BMR Apartments (2BD, 80% AMI Moderate)	263,385
Residential Total	3,810,483
Commercial	
Retail	443,420
Office	509,973
Industrial	105,764
Commercial Total	1,059,157
Total Property Tax In Lieu of VLF Revenue	4,869,640

Sales Tax

The City receives 1% (also known as Bradley Burns portion) of the sales tax collected from retail sales generated within the city. The City receives an additional 0.5% of sales tax revenues from the local Measure CC. Additionally, City voters initially approved Measure C in the November 2012 election at a 0.25% rate which had a sunset in 2023, and in March 2020, voters extended the 0.5% rate to sunset in 2033. This analysis anticipates that the additional sales tax rates would be reauthorized to 2045. Estimated sales tax revenues are based on net new retail square footage. Culver City is a net sales tax importer, meaning that the retailers in the city attract spending from beyond the community and at a higher rate than the County average on a per capital basis. Table 16 provides key factors for estimating sales tax revenues based on the 2045 development projections in the EIR.

Table 16: Sales Tax Revenues		
	Rate	Net New
Sales Tax (local share)	1.00%	
Sales Tax Measure C Rate	0.25%	
Sales Tax Measure CC Rate	0.5%	
Total City Rate	1.75%	
Baseline Retail SF	9,613,539	
Total Taxable Sales (CY 2023)	\$1,990,450,355	
Retail Taxable Sales Per SF	\$207.05	
Retail SF		1,119,037
Total Taxable Sales		\$231,692,707
Total General Fund Revenues		\$4,054,622

Transit Occupancy Tax (TOT) Revenues

Transit occupancy taxes (TOT) are levied on hospitality businesses such as hotels and motels that offer occupancy to the public for less than 28 days. There are 19 hotels and motels in the City with a total of 1,552 rooms. Since 2014, there have been 183 new hotel rooms developed across two properties. Using this rate of growth, it can be anticipated that Culver City would add an additional 384 hotel rooms by 2045. Table 17 projects the TOT estimated for 2045 using the current rate of TOT received per room.

Table 17: Transient Occupancy Tax	
Existing Number of Hotel Rooms	1,552
Baseline TOT Revenues	\$11,963,174
TOT per Hotel Room	\$7,708
New Hotel Rooms per 10 years	183
New Hotel Rooms 2045	384
Total Hotel Rooms 2045	1,936
Net New TOT	2,962,273
2045 Total TOT	14,925,447

Other Tax Revenues

Additional tax revenues are calculated per capita based on the service population except for three other revenue sources: 1) business license tax revenues and 2) licenses and permits revenues which were estimated based on employment, and 3) franchise tax revenues which were estimated based solely on residents. Table 18 shows the key factors used to calculate the additional tax revenues based on current rates as expressed in the City's FY 22/23 budget.

Table 18: Additional Revenue Source Calculations			
	FY 2022-2023 Revenues	Rate Basis	Rate
Licenses & Permits	\$4,010,256	Per Employee	\$58.94
Utility User Tax	\$16,524,880	Per Service Population	\$293.45
Franchise Tax	\$1,805,748	Per Resident	\$44.26
Commercial and Industrial Development Tax	\$545,566	Per Service Population	\$9.69
Business Tax	\$18,736,311	Per Employee	\$275.37
Use of Money & Property	\$5,519,297	Per Service Population	\$98.01
Other Revenue	\$908,533	Per Service Population	\$16.13
Charges for Services	\$10,949,213	Per Service Population	\$194.43
Intergovernmental (includes VLF)	\$8,055,497	Per Service Population	\$143.05
Other Transfers	\$3,423,930	Per Service Population	\$60.80
Fines & Forfeitures	\$5,290,389	Per Service Population	\$93.95
Cost Allocation Rec	\$6,365,092	Per Service Population	\$113.03

Expenses

Net new expenditures to the City's General Fund were calculated on a per capita basis. The per capita rate was established by dividing expenditures occurring to the City's General Fund (2022-2023 Budget Actuals) by the estimated 2045 service population. Future net new expenditures were determined by multiplying the per capita costs by the current service population. Table 19 shows the estimated per capita rates for expenditures to the General Fund.

Table 19: Expenditure Rates		
	FY 2022/23 Expenditures	Estimated Rate
Administration	\$3,778,800	\$67.10
City Attorney	\$2,129,319	\$37.81
Finance	\$6,270,598	\$111.35
Planning & Development	\$111,343	\$1.98
Community Development	\$10,133,254	\$179.94
Parks Recreation & Community Services	\$9,953,493	\$176.75
Police	\$50,330,046	\$893.75
Fire	\$30,959,964	\$549.78

Table 19: Expenditure Rates		
	FY 2022/23 Expenditures	Estimated Rate
Public Works	\$14,996,165	\$266.30
Non-Departmental	\$13,925,429	\$247.29
Human Resources	\$2,252,778	\$40.00
Information Technology	\$5,389,798	\$95.71
Housing & Human Services Department	\$288,312	\$5.12
Rate Basis: Per Service Population		

Net Fiscal Impacts

Tables 20 and 21 summarize the total new revenues and expenses associated with the projected development volumes indicated in the EIR for the General Plan in 2045. The net fiscal impact is estimated to be negative on an annual recurring basis using existing rates of revenue and current service levels. The key finding of the analysis is that annual operating budget would incur an approximately \$11.9 Million deficit representing a little over 21% of total anticipated revenues. These impacts are based on the net change in population, housing, employment and commercial space in the City by 2045.

Table 20: General Fund Net New Revenues 2045	
	Net New
Property Tax	\$12,318,819
Utility User Tax	\$7,426,329
Franchise Tax	\$955,984
Fines & Forfeitures	\$2,377,516
Commercial and Industrial Development Tax (Comm/Ind Dev Tax)	\$245,179
Cost Allocation Rec	\$2,860,491
Real Property Transfer Tax	\$4,077,812
Intergovernmental (includes VLF)	\$3,620,164
Sales Tax (including Measure CC)	\$4,054,622
Transient Occupancy Tax (TOT)	\$2,962,273
Business Tax	\$4,477,549
Licenses & Permits	\$958,359
Use of Money & Property	\$2,480,388
Other Revenue	\$408,297
Charges for Services	\$4,920,608
Other Transfers	\$1,538,724
Total Revenues	\$55,683,116

Table 21: General Fund Net New Expenditures 2045	
	Net New
Administration	\$1,698,204
City Attorney	\$956,922
Finance	\$2,818,025
Planning & Development	\$50,038
Community Development	\$4,553,914
Parks Recreation & Community Services	\$4,473,129
Police	\$22,618,469
Fire	\$13,913,498
Public Works	\$6,739,320
Non-Departmental	\$6,258,128
Human Resources	\$1,012,405
Information Technology	\$2,422,191
Housing & Human Services Department	\$129,568
Total Expenditures	\$67,643,811
Net Annual Surplus/(Deficit)	-\$11,960,695
Net Annual Surplus/(Deficit) as % of Total Revenue	-21.48%