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CULVER CITY FINANCE ADVISORY COMMITTEE

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

February 15, 2017
7:00 p.m.

CALL TO ORDER & ROLL CALL

Chair Alexander called the meeting of the Finance Advisory Committee to order at 7:04 p.m. in the Dan Patacchia Meeting Room.

Members Present: **CRYSTAL ALEXANDER**, Chair
 DAVID TROVATO, Vice Chair
 SEAN KEARNEY, Member
 ALEJANDRO LARA, Member
 JANE LEONARD, Member
 STEVEN REITZFELD, Member
 GUSTAVO RENDON, Member

Absent: **JOSE CASAREZ**, Member
 BRYAN SUA, Member

Staff Present: **Jeff Muir**, Chief Financial Officer
 Erica McAdoo, Senior Budget Management Analyst
 Michelle Villongco, Secretary

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Pledge of Allegiance

David Trovato led the Pledge of Allegiance.

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Public Comment for Items NOT On the Agenda

Chair Alexander invited public comment.

No speakers came forward and no cards were received.

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Consent Calendar

Item C-1

Meeting Minutes

THE FAC PASSED A MOTION APPROVING THE MINUTES FOR THE REGULAR FINANCE ADVISORY COMMITTEE MEETING OF JANUARY 11, 2017 (ABSENT MEMBERS CASAREZ AND SUA).

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Action Items

Item A-1

Receive Reports from Subcommittees

Member Leonard reported on the meeting of the Emergency Preparedness Subcommittee with Christine Para, Erica McAdoo and Jeff Muir; discussed objectives; prior activity on the item; the Disaster Reimbursement Process template; sections of the document to be developed by a consultant; training; contracts with providers; inclusion of emergency elements; cost recovery; Information Technology backup; disaster codes; mutual aid with other cities; the damage estimates process; finance systems; using examples of other cities; including consultant fees in the upcoming budget; staff training; and creating a Request For Proposal (RFP).

Chair Alexander discussed the budget process and suggested creating an action item for the March agenda to recommend to the City Council that funding be set aside for emergency preparedness in the Finance Department.

Member Trovato discussed items related to the Short Term Rentals subcommittee at the recent City meetings; statistics and actuals; monitoring challenges; inquiries about short term rentals; the actions of Santa Monica and West Hollywood; on-site monitoring; enforcement; regulations; revenue; addressing complaints; shared information; inspections; licenses; business taxes; liability; and further City Council consideration of the item.

Additional discussion ensued between staff and Committee Members regarding clarification that no one who spoke at the meeting admitted to owning a short term rental; industry representatives; the current volume of short term rentals in the City; projected revenue; prices charged; R-2 and R-3 lots in the City;

Transient Occupancy Tax; other fees; enforcement; sub-renting in the City; timing; defining short term rentals; licensing requirements; and zoning.

Discussion ensued between staff and Committee Members regarding the Economic Development Initiatives subcommittee; the state deficit; challenges with the affordable housing component; commercial retail development; and linkages with the subcommittees.

Chair Alexander indicated that a report regarding the Public/Private Partnerships subcommittee would come forward next month.

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Item A-2

Discussion and Recommendation of FAC Representatives to the City Council-Designated Task Force(s)

Chair Alexander reported that the City Council had requested that a task force be established on the issue of short term rentals and on marijuana taxation; discussed the importance of regulating marijuana sales; state law on marijuana sales; testing, distribution and sales; proximity to schools or child care facilities; ensuring that there are not too many dispensaries concentrated in one area; examining the actions of other cities; regulatory fees; data collection; the level of activity in other cities; and formulating assessments.

Discussion ensued between staff and Committee Members regarding following the tobacco and alcohol model; making sure that tax levels are not so high that business goes underground; starting taxation low; clarification that there is not a tax on medicinal marijuana use; staying comparable with Los Angeles; allowing cities to assess their own taxes; doctors that certify medicinal use; the current prohibition in the City; and the feeling that if general sales are taxed then everyone will get medicinal certification.

Chair Alexander invited public participation.

The following member of the audience addressed the Committee:

Göran Eriksson discussed the many aspects of the item including growing, manufacturing, testing, distribution, and retail; separate licenses; and the ability of the City to pick and choose what is allowed, taxed and regulated.

Discussion ensued between staff, Committee Members and Mr. Eriksson regarding problems associated with the increased use of marijuana; whether the City wants to encourage the business in the City; finding comparable cities to examine; the amount of revenue realized by comparable cities; the unavailability

of data from the dispensaries; involvement of different City departments; bringing in outside expertise to help staff; state law; evaluation of risk; implementation of a moratorium; voter approval of a new tax; the schedule for upcoming elections; clarification that if the City does not take an active position, state law will apply; the need for some kind of decision; selection of members to serve on the City task force; and volunteers for the Short Term Rental Committee.

THE FAC PASSED A MOTION TO RECOMMEND TO THE CITY COUNCIL THAT MEMBER REITZFELD SERVE AS PRIMARY REPRESENTATIVE ON THE CITY-WIDE TASK FORCE FOR SHORT TERM RENTALS, WITH MEMBER TROVATO SERVING AS ALTERNATE.

Further discussion ensued between staff and Committee Members regarding who would serve on the task force for a potential tax on marijuana; absent Members; and a suggestion to appoint Member Casarez while allowing him to opt out if he chooses.

THE FAC PASSED A MOTION TO RECOMMEND TO THE CITY COUNCIL THAT, UPON HIS ACCEPTANCE, MEMBER CASAREZ SERVE AS PRIMARY REPRESENTATIVE ON THE CITY-WIDE TASK FORCE TO DEAL WITH A POTENTIAL TAX ON MARIJUANA, WITH CHAIR ALEXANDER SERVING AS ALTERNATE.

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Item A-3

Presentation and Discussion on the General Fund Financial Forecast

Jeff Muir, Chief Financial Officer, discussed mid-year budget estimates; anticipated revenues; higher than anticipated property tax revenue; winding down the business of the Redevelopment Agency; sales taxes; Measure Y; charges for services; Planning revenue; one-time revenue; current revenue estimates; Edison rebates; Utility Users Tax; Transient Occupancy Tax; the revised budget; expenditures by department; capital investments; infrastructure improvements; the long-term forecast; one-time land sale proceeds; significant changes to CalPERS assumptions; contribution rates; and the baseline forecast.

Discussion ensued between staff and Committee Members regarding property taxes; the Commercial Industrial Development Tax; the Real Property Transfer Tax; average turnover; year-to-year changes in total revenues; expenditure assumptions; Measure Y; additional add-ons to sales tax; Measure M; the actuarial firm contract; estimates to incorporate CalPERS changes; the Safety Initiative Ordinance; employee benefit contribution; Safety MOUs; the cap on the City's share of annual increases to employee health care costs; retiring medical premiums; Capital Improvement Projects; safety rates; unfunded liabilities;

changes to mortality assumptions; Capital Market Assumptions; Long Term Expected Rates; unfunded liabilities; actuarial projections; expected rate of return; realism about the costs of benefits and investment income; getting through difficult years; pensions; negotiating prospective changes in benefits with current employees; infrastructure investments; the operating deficit; the sunset of Measure Y; the reserve requirement; options to address potential future deficits; urban runoff; Measure CW; statewide measures; Federal funding; money-saving strategies; the current net budget of Parks and Recreation; safety costs; the unfunded liability; interest costs over time; reserve investments; restrictions on investments; averages over the long-term; lowering the discount rate; active litigation with regard to the Redevelopment Agency; extending Measure Y; economic cycles; expansionary periods followed by recessionary periods; slowed growth; and the presentation to the City Council on February 27.

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Items from Committee Members/Staff

Member Reitzfeld received clarification regarding building on the hillside behind 10725 Cranks Road and the relaxation of state requirements.

Discussion ensued between staff, meeting participants, and Committee Members regarding Accessory Dwelling Units; square footage of the new house; potential impacts to Federal funding associated with the sanctuary city issue; auditing requirements for cities that get Federal funding; clarification that Transportation and the Section 8 voucher program are the programs with the largest amount of Federal funding; the power of the President to affect Federal allocations; and legal constraints.

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Item S-1

Discussion of March Agenda

Chair Alexander reported that she would be absent from the May Committee meeting.

Discussion ensued between staff and Committee Members regarding the Emergency Preparedness budget recommendations; continuing the work of the subcommittees; receipt of an update regarding the task force; and the Measure Y report.

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Adjournment

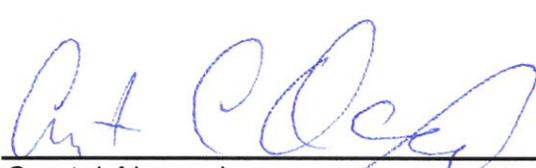
There being no further business, at 9:17 p.m., the Finance Advisory Committee adjourned its meeting to Wednesday, March 8, 2017 at 7:00 p.m. in the Dan Patacchia Meeting Room.

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Michelle Villongco
SECRETARY of the Culver City Finance Advisory Committee
Culver City, California

APPROVED



Crystal Alexander
CHAIR of the Finance Advisory Committee, Culver City, California

I declare under penalty of perjury under the laws of the State of California that, on the date below written, these minutes were filed in the Office of the City Clerk, Culver City, California and constitute the Official Minutes of said meeting.

Jeremy Green
DEPUTY CITY CLERK

Date