

SPECIAL BUDGET DISCUSSION MEETING OF THE
CITY COUNCIL, CULVER CITY
HOUSING AUTHORITY BOARD,
CULVER CITY PARKING AUTHORITY,
AND SUCCESSOR AGENCY TO THE CULVER CITY
REDEVELOPMENT AGENCY BOARD
CULVER CITY, CALIFORNIA

June 18, 2018
6:00 p.m.

Call to Order & Roll Call

Mayor Small called the special budget discussion meeting of the City Council, Successor to the Culver City Redevelopment Agency Board, Culver City Parking Authority, and Culver City Housing Authority Board to order at 6:02 p.m. in the Mike Balkman Chambers at City Hall.

Present: Thomas Small, Mayor
Meghan Sahli-Wells, Vice Mayor
Göran Eriksson, Council Member
Alex Fisch, Council Member
Daniel Lee, Council Member

Note: The City Council also sits as Members of the Governing Board(s) convened as part of the meeting.

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Invocation/Pledge of Allegiance

John Nachbar, City Manager, led the invocation and the Pledge of Allegiance was led by Mr. Colin Diaz.

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Community Announcements by City Council Members/Information Items from Staff

Vice Mayor Sahli-Wells invited everyone to attend the community meeting on the Inglewood Oil Field on June 20, 2018.

Mayor Small reported attending the Chicago Forum on Global Cities, the U.S. Conference of Mayors in Boston, and the Yale College of Mayors in New York; he indicated that he would be publishing information about the conferences in the future; he noted Mayor Cooper's participation in an event regarding new technologies for cities; and he discussed Open Counter; Clear Road; and data sharing standards for cities.

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Joint Public Comment - Items Not on the Agenda

Mayor Small invited public comment and discussed procedures for public speaking.

The following members of the audience addressed the City Council:

Adam Sartain provided fliers and invited everyone to a performance his new musical *Public Comment* on June 23 at The Fringe Festival.

Dr. Janet Hoult discussed her past experience volunteering with the United Nations Relief and Works Agency; people seeking sanctuary in the United States; she expressed pride that Culver City is a sanctuary city and supported SB 54; she indicated that the Culver City Police Department had reviewed the draft immigration section of the Police Department Policy at a meeting held on June 14; and she thanked the Police Department and Culver City for being a place that values immigrants.

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Receipt and Filing of Correspondence

Jeremy Green, City Clerk, reported that no correspondence had been received.

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Order of the Agenda

No changes were made.

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Consent Calendar

Item C-1

CC - Approval of Minutes for the Special City Council Meeting on June 4, 2018

MOVED BY VICE MAYOR SAHLI-WELLS, SECONDED BY COUNCIL MEMBER ERIKSSON AND UNANIMOUSLY CARRIED THAT THE CITY COUNCIL APPROVE MINUTES FOR THE SPECIAL CITY COUNCIL MEETING ON JUNE 4, 2018.

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Action Items

Item A-1

CC:HA:PA:SA - Budget Study Session - City Manager's Proposed Budget for Fiscal Year 2018-2019: Discussion and Direction for Budget Balancing Strategies

Jeff Muir, Chief Financial Officer, discussed a document with adjustments to the proposed budget; provided a presentation on the City Manager's proposed budget for Fiscal Year 2018-2019 noting long term fiscal instability; discussed the need to reduce expenditures; personnel costs; public safety costs; the feeling that reducing staff is reducing services; challenges to reducing future cost increases; the need for direction to investigate reductions to services; options to increase revenue; polling; pursuing an additional quarter cent tax on the November 2018 ballot; removal of the sunset of Measure Y in an election in 2020; the Business Tax Ordinance; research; survey work; finding consensus; the staff recommendation to work with the Finance Advisory Committee (FAC) and the Chamber of Commerce to formulate recommendations; further direction regarding the height limitation; and consideration of placing the item on the 2020 election.

Discussion ensued between staff and Council Members regarding survey work on modernization of the business tax; the height limit and the ability to create more Transient Occupancy Tax (TOT) with an increase in the number of hotel rooms; creating housing options; revenue generating options; fiscal stability over the long-term; economic development; loosening the

height limit to stimulate street activity; creating desirable destinations for tourism; linking to cultural resources; lower service cost/high activity areas with restaurant and retail use; creating housing opportunities; specific consideration of increased height limits; proceeding for the next several years; and the need for additional discussion.

Mayor Small invited public participation.

The following members of the audience addressed the City Council:

Peter Jacobs discussed cutting costs; planning for the worst and hoping the best; the staff recommendation for the quarter cent sales tax and removal of the sunset of Measure Y; unfunded pension liabilities; he presented a ten year forecast; discussed annual payments to cover the unfunded pension liability; planning for additional revenue or cuts; solicitation of free proposals from investment managers; the need to examine every penny spent; thinking outside the box to solve the problem; a suggestion to cut 1% from every non-safety department; and concern with taxing business and property owners out of existence.

Council Members expressed appreciation to Mr. Jacobs for the presentation and discussed the comparison between the three sanitation workers and the police sergeant; different budgets; enterprise funds; and the inability to shift funds.

David Voncannon thanked Mr. Jacobs for the presentation; discussed the sunset of Measure Y; adding the quarter cent tax to the ballot in 2020 or 2022; pressure on the budget for the next 15-20 years; the density question; he reported attending the Planning Academy for the Southern California League of Cities; discussed the intent of the state legislature to tie density and housing to transportation; taking control of density and planning out of the City's hands; housing bills in the Senate; the architect roundtable during the Transient Oriented Development (TOD) studies; horizontal building in Los Angeles; he stated that additional density was coming to all of Los Angeles including Culver City; and he suggested considering where Culver City wants to put their density.

Discussion ensued between staff and Council Members regarding pursuing the quarter cent sales tax and removal of the sunset for Measure Y; upcoming elections; polling; separate

consideration of the taxes; strong support for the renewal of Measure Y; clarification that there is only a quarter cent left; other governmental entities interested in the tax; limited options; maintaining the level of service; the suggestion to start with the quarter cent tax on the ballot for November 2018; the lack of other available options; concern that the quarter cent tax could be taken by another government agency; the feeling that other cities would be putting similar measures on their ballots; concern with waiting on the sunset provision; allowing time for education; significant revenue sources lost from the state in 2012; the campaign created to pass Measure Y; cuts made before the passage of Measure Y; the number of empty offices at City Hall; clarification that further cuts will mean less services; the choice before the voters; overcoming unfunded pension liabilities; diligence in controlling how money is spent; using surpluses as a pre-payment; figuring out ways to save money; the amortization used by CalPERS; the safety plan and the miscellaneous plan; subsidiary specific sub-amortizations; using a strategy in which amortization bases are paid off; clarification that as long as PERS meets its assumptions over the long-term there is a benefit; interest savings over time; the Section 115 Pension Trust; investment limitations per the state code; the rate of return; appreciation for taking the long view of the financial situation of the City; long term liabilities; use of the outside actuary; requests for increases from the Police and Fire Departments; growth of the City; and whether cuts are realistic given the growth of the City.

Jamie Wallace questioned the ramifications of the School Board seeking a parcel tax at the same time that the City is seeking a quarter cent sales tax.

Discussion ensued between staff and Council Members regarding polling research; separation of the School District from the City; clarification that there is not a ceiling for the parcel tax; collaborative messaging; the need for a collaborative relationship between the City and the School Board; strategizing how each body can be successful together; the School Board Liaison Committee; coordinated, complementary efforts; consideration of developer fees; consensus to pursue the remaining quarter cent of local sales tax authority for the next election; and consensus to place the sunset of Measure Y on the ballot for a subsequent election.

Additional discussion ensued between staff and Council Members regarding business tax ordinance modernization and tax rate adjustments; changes to the municipal code sections in the business tax ordinance since 1967; the opportunity to examine the ordinance; services needed to support businesses in the City; efficiency and fairness; ways to modernize the business tax code so that smaller businesses are not negatively affected; a suggestion to charge an emergency services fee for larger studios; the need for modernization; irrelevant business-type descriptions; benefits to streamlining and simplifying the code; actions of the City of Rolling Hills; tax rates as compared to surrounding jurisdictions; the need for groundwork; length of the endeavor; jobs being created in the City that do not line up with the current code; the expenditure to get the task done; the experience of the city of Seattle; structuring the ordinance to work well for the major stakeholders and the smaller businesses; and moving forward with the study period.

Further discussion ensued between staff and Council Members regarding consideration of a parcel tax vs. sales tax or taxes with a wider participation rather than just land owners; enhanced infrastructure facility districts; creating value for landowners through the regulatory framework; MoveLA; enhanced infrastructure financing districts around transit; paying for affordable housing and transit infrastructure using tax increment; housing creation; capturing City increment that is captured anyway; differences with other cities and whether there is value for Culver City; the value in a multi-jurisdictional project; the amount of revenue that could be generated by adjusting height restrictions in certain parts of the City; differentiating what is being built in Culver City vs. what is being built in Los Angeles; raising TOT for hotels; resident initiative regarding height limits; the sensitive nature of the topic; consideration of the issue in the General Plan Update; community benefit; maintaining the character of the community; particular areas where certain things work; exceeding 56 feet near the Metro; redevelopment projects; the need for buy-in; resident driven initiatives vs. City Council driven initiatives; quality of life; concern with being exclusionary; finding room for middle class owners in the City; concern that the state will make decisions for the City if action is not taken; SB 1818; consideration by the Economic Development subcommittee; not waiting for the General Plan; ensuring that addressing density is in the General Plan; changing demographics in the City; voter

consideration; achieving meaningful affordable housing with six stories; the opportunity to own or rent in Culver City; different height limits in different areas of the City; using resources wisely; integrating height into the General Plan process; how many studies Culver City should have; the feeling that most real estate in Culver City has been given over to parking; current outdated zoning; examination of where money is spent; potential revenue generators; revisiting fees charged for non-residents; the feeling that most extras were cut during the recession; the 20% cut of the full time budgeted positions in the General Fund; the need for cooperation from management; the difficulty of having someone other than a supervisor evaluate different positions in the City; the need to examine ongoing expenses; large expenditures in Public Safety and Public Works; one-time expenses; discretionary expenses; growing demand going forward; increased efficiency; careful consideration before adding additional personnel; unfunded mandates; the importance of looking at the revenue side; public/private partnerships; e-sports; the Olympics; innovative thinking; analyzing structures to ensure that they are optimized; outside auditors; proactive auditing of business taxes; creating efficiencies through the process of examining expenses; working hard for the quarter cent tax; the soft story retrofit issue; savings through retrofitting and sustainability; clarification that the department heads are already underfunded; direct requests for 2018-2019 funding; combining cost saving measures; the additional ambulance unit; jail services; items to be considered by the FAC including revenue from Airbnb and a potential Uber tax; highlighting good fiscal management; the FAC workplan; work with the consultant and the FAC; municipal fiber; the cannabis tax; short term rentals; highlighting painful cuts of the past and economic development efforts; and Mayor Cooper's strategic plan initiatives.

Jeff Muir, Chief Financial Officer, summarized adjustments to the proposed budget presented to the City Council for adoption on June 25, 2018 including: increasing the transfer from the Parking Authority to the General Fund to cover implementation and maintenance of the parking permit preferential system, the Bicycle and Pedestrian Coordinator, the need to replace a police vehicle, an adjustment to the Cultural Trust Fund, an item related to the Grants Fund, the Rideshare program, changes to gas tax estimates from the state, the annual recurring transfer from the Sewer Fund into the Capital Fund, minor changes in the Landscape Maintenance

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District Funds, and the transfer from the Parking Authority into the General Fund; and he encouraged anyone with questions or concerns to contact him.

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Public Comment - Items Not on the Agenda

Mayor Small invited public comment.

No cards were received and no speakers came forward.

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Items from Council Members

None.

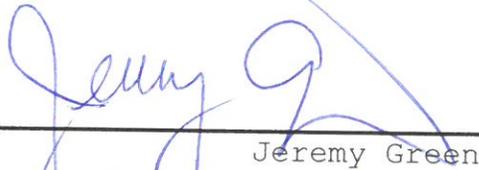
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Adjournment

There being no further business, at 8:26 p.m., the City Council, Successor Agency to the Culver City Redevelopment Agency Board, Culver City Parking Authority, and Culver City Housing Authority Board adjourned to June 20, 2018.

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Jeremy Green
CITY CLERK of Culver City, California
EX-OFFICIO CLERK of the City Council and SECRETARY of the
Successor Agency to the Culver City Redevelopment Agency
Board, Culver City Parking Authority,
and Culver City Housing Authority Board
Culver City, California



THOMAS SMALL
MAYOR of Culver City, California and CHAIR of the Successor
Agency to the Culver City Redevelopment Agency Board, Culver
City Parking Authority, and Culver City Housing Authority
Board