



Culver CITY

DAN PATACCHIA MEETING ROOM
9770 CULVER BOULEVARD
CULVER CITY, CALIFORNIA 90232-0507
CITY HALL Tel. (310) 253-6000
FAX (310) 253-6010

GORAN ERIKSSON, Chair
CRYSTAL ALEXANDER, Vice-Chair
MAURICIO BLANCO, Member
RICHARD HIBBS, Member
SEAN KEARNEY, Member
ALEJANDRO LARA, Member
STEVEN REITZFELD, Member
JOE SUSCA, Member
DAVID TROVATO, Member

FINANCE ADVISORY COMMITTEE MEETING AGENDA – REVISION #1 Wednesday, May 13, 2015

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
REVISED AGENDA #1**

Wednesday, May 13, 2015
7:00 PM
Dan Patacchia Meeting Room

CALL TO ORDER & ROLL CALL:

Goran Eriksson, Chair
Mauricio Blanco, Member
Sean Kearney, Member
Steven Reitzfeld, Member
David Trovato, Member

Crystal Alexander, Vice-Chair
Richard Hibbs, Member
Alejandro Lara, Member
Joe Susca, 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 April 8, 2015 Regular Meeting.

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

A-1. Receive Presentation from CFO on 2015-16 Proposed Budget

A-2. Receive Report from the Special Event Sponsorship Policy Review Ad Hoc Subcommittee

A-3. Receive Update on Transient Occupancy Tax (TOT) Revenues as Related to Short-Term Rentals and, if Desired, Provide a Recommendation to the City Council

A-4. Discussion of Benchmarking Study

ITEMS FROM STAFF

S-1. Discussion of June 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

April 8, 2015
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 Patio Meeting Room.

Members Present:

GORAN ERIKSSON, Chair
CRYSTAL ALEXANDER, Vice Chair
MAURICIO BLANCO, Member
RICHARD HIBBS, Member
SEAN KEARNEY, Member
ALEJANDRO LARA, Member
JOE SUSCA, Member
DAVID TROVATO, Member

Absent:

STEVEN REITZFELD, Member

Staff Present:

Jeff Muir, Chief Financial Officer
Michelle Villongco, Secretary
Erica McAdoo, Senior Budget Management Analyst

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Pledge of Allegiance

The FAC recited the Pledge of Allegiance.

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Public Comment for Items NOT On the Agenda

Chair Eriksson invited public comment.

No cards were received and no speakers came forward.

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Consent Calendar

Item C-1

Meeting Minutes

**THE FAC PASSED A MOTION APPROVING THE MINUTES FOR THE
REGULAR MEETING OF MARCH 11, 2015.**

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Action Items

Item A-1

**Invitation to Commissions, Committees and Boards to Provide Comment
during the City's Fiscal Year 2015/2016 Budget Process**

Jeff Muir, Chief Financial Officer, noted that the item had been carried over from the previous month and he invited Committee Members to provide additional comments or feedback.

Discussion ensued between staff and Committee Members regarding funding the Housing programs previously funded by the Redevelopment Agency; City Council consideration of the matter; the discretion of the City Manager; the budget process; input; presentations to the public; budget impacts; the opportunity of the City Council to look at the issue again; updating the Financial Forecast to reflect what is in the proposed budget; funding necessary based upon decisions made; and a suggestion to keep the item open until item S-1 is heard.

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Item A-2

**Receive Report from the Special Event Sponsorship Policy Review Ad Hoc
Subcommittee**

Member Hibbs reported that the Special Event Sponsorship Policy Review ad hoc subcommittee had not met last month but would reconvene in April.

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Item A-3

Discussion of Benchmarking Study & Project Timeline

Erica McAdoo, Senior Budget Management Analyst, discussed document distribution; validating information on the data; examination of measures; and validating information based upon the program area.

Discussion ensued between staff and Committee Members regarding the verification of Fire Department data for the City of Monterey; Fire Department staffing in Culver City; support from the City of Los Angeles; contracting out of Police Services in Monterey; verification of data in Santa Monica that resulted in a correction to recreational parks data; whether to include Campbell as they have contracted public safety; the possibility that Culver City could choose to contract out services; adding a note to clarify when services are contracted out; clarifying whether senior center data is the number of meals served or the number of visitors; crossover; whether meals draw people in and then they use other services; finding the next measure of Senior Program Data; the fact that the Culver City Senior Center draws users from other areas; use of the Santa Monica Community Center by seniors; contracting out to a Human Services Center for senior services by Santa Monica; recreation centers; identifying the proper measure; tracking the use of parks and recreation; acreage; total program enrollment; actual number of people being served; program areas; subcommittee access to data; adding verbiage; crafting an analysis; data analysis; comparative statements for the subcommittees; the Saskatoon template; next steps in the process; and continued consideration of the item at the meeting of May 13, 2015.

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Items from Staff

Item S-1

Receive Report from the CFO on the Status of Housing Programs Provided by the City

Jeff Muir, Chief Financial Officer, provided background on the item; discussed recent City Council consideration of Housing programs on March 23, 2015; and the current status of the Rental Assistance Program (RAP).

Discussion ensued between staff and Committee Members regarding annual costs: the planned indefinite phase-out and closure of the waiting list; decreases to costs as participants decrease; when funds run out; funding for creating more affordable housing units and homeless services; staff and administrative costs; clarification that housing program costs were not factored into the forecast; decreased staffing; state restoration of affordable housing; transferring RAP

participants to the Section 8 program; concern with one-time funding for an ongoing program; competition for resources; affects to other programs; dependence on Measure Y revenues; concern with consideration of the program in isolation; absorption of costs by the General Fund; and the original recommendation by the FAC on November 13, 2013.

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Item A-1
(Continued)

Invitation to Commissions, Committees and Boards to Provide Comment during the City's Fiscal Year 2015/2016 Budget Process

Discussion ensued between Committee Members and staff regarding whether to make another recommendation to the City Council; how maintaining the RAP fits into the budget; clarification that the program can only remain as long as there are three Council Members in support; the potential for the program to only last one year; political motivations; programs that could have been restored with the money; opportunities lost; prioritization when cuts were made; retirement incentives; restating the prior recommendation; looking for other funding sources to fund the program; programs run by other agencies; exploration of transitional programs; the waiting list for Section 8 housing; the inability to give people priority within that system; exploring the opportunities to transfer the program to other local agencies; the loss of the subsidy; use of a relocation consultant; sizing administration and staff to the program; the original motion; other actions in the City that are not necessarily taken with 'financial sense' as the top criterion; clarifying how the budget will change if the RAP program continues; the vote of the City Council in May; recommendations regarding funding sources and consultants; and the program with the St. Joseph's Center.

**MOVED BY MEMBER KEARNEY AND SECONDED BY VICE CHAIR
ALEXANDER: THAT THE FAC REAFFIRM ITS PRIOR RECOMMENDATION
THAT THE RAP PROGRAM NOT BE FUNDED FROM THE CITY'S GENERAL
FUND. THE MOTION CARRIED BY THE FOLLOWING VOTE:**

**AYES: ALEXANDER, BLANCO, ERIKSSON, KEARNEY, LARA, SUSCA,
TROVATO**

NOES: HIBBS

ABSENT: REITZFELD

Additional discussion ensued between staff and Board Members regarding encouraging the pursuit of funding sources other than the General Fund to continue housing programs; whether the City Council had discussed use of a consultant to help transition; the need for a phase out; clarification that there are no new participants in the RAP; providing incentives to participants to leave the

program; landlord participation; available options; use of a relocation specialist; expediting phase out; concern with confusing and upsetting residents by trying to expedite their leaving; the five-year phase out of non-elderly, non-handicapped participants; a suggestion for a one-year phase-out for all participants; concern with being able to accommodate the participants; a suggestion that savings from staff reduction be used for the relocation services; the recommendation that the program not continue to be funded by the General Fund; whether something makes financial sense; concern with effects to the lives of residents; options; consideration of staff recommendations; a comprehensive study on how residents could be helped by other programs; the decision not to expedite the process; alternative external programs; researching equitable housing opportunities; and creating an actionable plan.

**MOVED BY MEMBER TROVATO AND SECONDED BY MEMBER HIBBS:
THAT THE FAC RECOMMEND THAT THE CITY INVEST IN A CONSULTANT
IN ORDER TO RESEARCH AND IDENTIFY AN EQUITABLE HOUSING
TRANSITION PLAN FOR RESIDENTS WITHIN THE CURRENT RAP
PROGRAM, THE GOAL BEING, CREATION OF AN ACTIONABLE PLAN
THAT WOULD REDUCE THE RELIANCE ON THE GENERAL FUND. THE
MOTION CARRIED BY THE FOLLOWING VOTE:**

**AYES: ALEXANDER, BLANCO, ERIKSSON, HIBBS, KEARNEY, LARA,
SUSCA, TROVATO
NOES: NONE
ABSENT: REITZFELD**

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Item S-2

Discussion of May Agenda

Jeff Muir, Chief Financial Officer, discussed upcoming agenda items for the May meeting; he reported on a recent closed session meeting with the City Council on the Urban Runoff issue; financing mechanisms; alternatives; he noted that the City Council was to take action on the Regional Plan by June 28, 2015; discussed potential recommendations from the FAC; whether a special meeting is necessary; whether a subcommittee is needed to address the issue; a possible presentation to the FAC by Public Works; and potential effects to the budget comparison timeline.

Discussion ensued between staff and Members regarding the timeline for implementation; possible costs; actions of other cities; the rough estimate of the annual debt service; and the benchmarking study.

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Items from Committee Members

Member Hibbs discussed taxation of Airbnbs and using those monies to help address housing issues in the City.

Jeff Muir, Chief Financial Officer, noted the need for coordination with Los Angeles and discussed land use issues.

Vice Chair Alexander reported on an editorial in the Los Angeles Times on April 8, 2015 regarding Mesa, Arizona and their use of nurse practitioners rather than paramedics to reduce costs and provide enhanced services.

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Adjournment

There being no further business, at 9:07 p.m., the Finance Advisory Committee adjourned its meeting to Wednesday, May 13, 2015 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

Goran Eriksson
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.

Martin R. Cole
CITY CLERK

Date

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

Meeting Date: 05/13/15		Item Number: <u>A-1</u>
AGENDA ITEM: Receive Presentation From Chief Financial Officer on Fiscal Year 2015-16 Proposed Budget.		
Contact Person/Dept.: Jeff S. Muir/Finance	Phone Number: 310/253-5865	
Public Notification: (E-Mail) Meetings and Agendas – Finance Advisory Committee (05/08/15)		
Department Approval: Jeff Muir (05/08/15)		

RECOMMENDATION:

Receive a presentation on the Fiscal Year 2015-16 Proposed Budget.

DISCUSSION:

The Chief Financial Officer will provide a presentation on the Fiscal Year 2015-16 Proposed Budget.

ATTACHMENTS:

None

Meeting Date: 05/13/2015		Item Number: <u>A-3</u>	
AGENDA ITEM: Receive Update on Transient Occupancy Tax (TOT) Revenues as Related to Short-Term Rentals and, if Desired, Provide a Recommendation to the City Council.			
Contact Person/Dept.: Jeff S. Muir/Finance		Phone Number: 310/253-5865	
Public Notification: (E-Mail) Meetings and Agendas – Finance Advisory Committee (05/12/15)			
Department Approval: Jeff Muir (05/12/15)			

RECOMMENDATION:

Staff recommends the Finance Advisory Committee (FAC) receive an update regarding Transient Occupancy Tax (TOT) revenues relating to short-term rentals and, if desired, provide a recommendation to City Council.

DISCUSSION:

City staff (in consultation with the City Attorney's Office and Community Development Department), reviewed the issue of whether the City can apply its TOT to short-term rentals (residents who rent out their homes through online services such as Airbnb or Vacation Rentals by Owner). This report outlines some of the issues to be considered when determining whether to apply the City's TOT to short-term rentals.

Applicability of City's TOT to Short-Term Rentals

Several cities have been successfully applying their TOT to short-terms rentals (usually, defined as rentals for durations of less than 30 days). Culver City's current TOT is written broadly enough that it could apply to owners who rent their homes, apartments or rooms (collectively, "Units") using the services of Airbnb, Vacation Rentals by Owner or other similar services (collectively, "Intermediaries"). The City's TOT ordinance (CCMC Section 11.02.100, et seq.) applies to transient occupancy of a hotel for a rental period of 30 days or less. "Hotel" is defined broadly as:

"Any structure, or any portion of any structure*, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, ***tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobilehome or house trailer at a fixed location, ***or other similar structure or portion thereof.***" (Emphasis added.)**

Also, the definition of “operator” in the City’s TOT ordinance does not distinguish between property owners who rent their Units directly to short-term tenants and those owners who rent their Units via Intermediaries, and includes a proprietor serving in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee or “**any other capacity**”. Therefore, the TOT ordinance should be equally applicable to property owners and Intermediaries.

Third Parties’ Collection of TOT on City’s Behalf

Instances where cities impose the obligation to collect and remit TOT on entities such as Airbnb and Vacation Rentals by Owner is less common than cities’ direct imposition of TOT on the owners of the properties being rented on a short-term basis. City staff is aware of only two instances, San Francisco and Malibu, where Airbnb is already collecting TOT on short-term rentals.

San Francisco recently enacted an ordinance specifically imposing its TOT on short-term rentals. That new ordinance imposed its TOT not only on the owners of the short-term rentals but also, specifically, on any website, online travel agency or online booking agent that offers, lists, advertises or accepts reservations for a short-term rental in San Francisco. Culver City’s TOT ordinance is not as specific as San Francisco’s TOT ordinance in this regard. Culver City’s TOT ordinance imposes the obligation to charge TOT on the proprietor of the structure and on his “managing agent”. The ordinance could be interpreted to require Airbnb, acting as an owner’s managing agent when it books a Culver City Unit, to collect money in exchange for booking that Unit.

In Malibu, Airbnb has entered into an agreement with Malibu to collect TOT on short-term Airbnb rentals of Malibu properties. This agreement was entered into after the Malibu City Council began preparations to issue a legislative subpoena seeking information regarding Airbnb’s short-term rentals in Malibu

Zoning Issues

Preliminary review of the City’s Zoning Code indicates that short-term rentals are not currently permitted in Culver City. Therefore, if the City determines that it wishes to apply its TOT to short-term rentals, a Zoning Code amendment, to specifically permit short-term rentals, would probably be needed.

Other cities that either regulate or ban short-term rentals include:

1. **Dana Point**, which until recently prohibited short-term rentals, has enacted an ordinance allowing the use but requiring a city permit.
2. **Tiburon, Laguna Beach, Auburn and St. Helena** allow short-term rentals but require a city permit.

3. **Mammoth Lakes** permits short-term rentals of condominiums but limits short-term rentals of single family homes to only one zone.
4. **Carmel** prohibits short-term rentals.
5. **Santa Monica** is scheduled to consider for final vote an ordinance that would make most short-term rentals illegal, with the exception of home sharing (requiring one resident to live on-site during the duration of the visitor's stay) which would be allowed with a city permit.

Next Steps

City staff recommends the FAC discuss this matter and, if desired make a recommendation to the City Council. In the event the City Council determines to move forward with applying its TOT to short-term rentals, City staff would work with the City Attorney's Office and Community Development Department to prepare any necessary CCMC amendments to the TOT ordinance and Zoning Code.

ATTACHMENTS:

None.

MOTION:

That the FAC:

1. Receive an update regarding Transient Occupancy Tax (TOT) revenues relating to short-term rentals; and
2. If desired, provide a recommendation to City Council.

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

Meeting Date: 05/13/2015		Item Number: <u>A-4</u>
AGENDA ITEM: Discussion of Budget Benchmarking Study.		
Contact Person/Dept.: Jeff S. Muir/Finance	Phone Number: 310/253-5865	
Public Notification: (E-Mail) Meetings and Agendas – Finance Advisory Committee (05/08/15)		
Department Approval: Jeff Muir (05/08/15)		

RECOMMENDATION:

Staff recommends that the FAC continue its discussion and recommendation on the Budget Benchmarking Study.

DISCUSSION:

Item 3 of the FAC Work Plan is to ‘Undertake a Budget Benchmarking Project to compare where and how Culver City spends and receives money to selected similar communities. Analyze possibilities for alternative service delivery methods.’

Discussion of this Work Plan Item is being continued from the April 8th FAC Meeting. The FAC has reviewed municipalities throughout the State of California and has narrowed the scope of cities for comparative analysis from 478 to 8 cities. During the April meeting, the FAC resumed its review among three ad hoc Benchmark Review Subcommittees and staff.

The FAC will continue its review of data points and statistics from each city’s budgets, State Controller’s Office Reports and other Benchmarking surveys. Subcommittees will present findings and questions from research and aggregate with data compiled by staff. The FAC will further review and update the Benchmarking Study Project Plan to determine next steps for project.

ATTACHMENTS:

- Budget Benchmark Project Study Plan - DRAFT

**Finance Advisory Committee
Draft Budget Benchmarking Study Project Plan**

	8/13/2014	9/10/2014	10/8/2014	11/12/2014	12/10/2014	1/14/2015	2/11/2015	3/11/2015	4/8/2015	5/13/2015	6/10/2015	7/8/2015	8/12/2015
I. PLANNING													
Initial Meeting													
Establish Benchmarking Subcommittees													
Research Benchmarking Templates/Best Practices													
II. DATA COLLECTION													
Develop List of Comparative Cities and Parameters for Study													
Identify Datapoints to be Collected for Study													
Research City Data, Compile and Review Data Collected													
Review Comparative Cities for Outliers & Edit List of Cities for Inclusion in Study													
III. ANALYSIS													
Prepare Illustrations, Tables & Figures from Data													
Analyze Variances between Cities													
Conduct Additional Research (if needed)													
IV. REPORT FINDINGS/RECOMMENDATIONS													
Draft Final Report													
Proof/Revise Final Report													
Present Benchmarking Study Report to City Council													