Culver CITY

DAN PATACCHIA MEETING ROOM
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CULVER CITY, CALIFORNIA 90232-0507
CITY HALL Tel. (310) 253-6000
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FINANCE ADVISORY COMMITTEE MEETING AGENDA
Wednesday, March 9, 2016

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, March 9, 2016
7:00 PM
Dan Patacchia Meeting Room

CALL TO ORDER & ROLL CALL:

Goran Eriksson, Chair
Richard Hibbs, Member
Alejandro Lara, Member
Steven Reitzfeld, Member
David Trovato, Member
Crystal Alexander, Vice-Chair
Sean Kearney, Member
Jane Leonard, Member
Bryan Sua, 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 February 10, 2016 Regular Meeting.

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

A-1. Approval of Measure Y Sales Tax Status Report for Transmittal to City Council

A-2. (1) Discussion of Approved Work Plan; (2) Discussion of the Creation of Subcommittees; (3) (If Desired) Creation of Subcommittees; and (4) (If Desired) Appointment of Members to Such Subcommittees.

ITEMS FROM STAFF

S-1. Discussion of April 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

February 10, 2016
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 **RICHARD HIBBS**, Member **SEAN KEARNEY**, Member **JANE LEONARD**, Member **BRIAN SUA**, Member **DAVID TROVATO**, Member
Absent:	**ALEJANDRO LARA,** Member **STEVEN REITZFELD**, Member
Staff Present:	**Jeff Muir**, Chief Financial Officer **Erica McAdoo**, Senior Budget Management Analyst **Michelle Villongco**, Secretary

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Pledge of Allegiance

Richard Hibbs led 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

Discussion ensued between Committee Members regarding the omission of a request for an update on the sponsorship item on the February agenda, and a typographical error in the fourth line of the Discussion of Benchmarking study item on page 2.

Item C-1

Meeting Minutes

THE FAC PASSED A MOTION APPROVING THE MINUTES FOR THE REGULAR MEETING OF JANUARY 20, 2016 AS AMENDED (ABSENT LARA AND REITZFELD).

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Action Items

Item A-1

Discussion of Benchmarking Study

Erica McAdoo, Senior Budget Management Analyst, highlighted changes made since the last discussion including: the addition of report highlights; additions to incorporate a section on General Fund Reserve targets; bullet points were added as well as data from other cities; grammatical changes; changes were made to the Fire Department and EMS pages; hyperlinks and page references were added; the conversion to pdf format; updated calculations; exclusion of Monterey and Campbell since they are contract cities; revisions to calculations; updates to data in the narrative; General Fund Reserve policies; the Contingency Reserve policy; and the Glossary of Terms.

Discussion ensued between staff and Committee Members regarding missing hyperlinks; reserve policies; minor changes to wording; and review of the figures by the Fire and Police Chiefs.

THE FAC PASSED A MOTION TO AUTHORIZE TRANSMISSION OF THE BENCHMARKING STUDY TO THE CITY COUNCIL WITH MINOR CHANGES AS DISCUSSED (ABSENT LARA AND REITZFELD).

Additional discussion ensued between staff and Committee Members regarding clarification that the Study would be presented to the City Council on the February 22, 2016 meeting agenda; a suggestion that Committee Members attend that City Council meeting; and appreciation to staff and Committee Members for their efforts.

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Item A-2

Presentation and Discussion of General Fund Financial Forecast

Jeff Muir, Chief Financial Officer, discussed the update of the General Fund Forecast; the extension of the initial five-year forecast; significant increases in CalPERS employer costs; illustrating the sunset of Measure Y; projected actuals for 2015-2016; Fines and Forfeitures; expenditure categories; capital expenditures; assumptions; one-time sales tax adjustments this year; normalizing figures; Real Property Transfer Tax; one-time or surplus monies; identified trends; the erosion of certain Utility Users Tax categories; decreased water consumption; future cost increases; cable TV; telecom; use of a consultant to help forecast changes to laws that will affect revenue; solar; one-time costs; ongoing costs; increases to the baseline operating budget; Cost of Living Adjustments; personnel; retirements; turnover; savings; modest surpluses forecast before infrastructure investments are made; the opportunity to partner with Costco to address storm water issues; grants; additional resources to fund storm water improvements; the 30% contingency reserve requirement; increases to the annual operating budget; increased reserves; setting aside 10% of Parks and Recreation fees to pay for wear and tear of the facilities; unassigned fund balance; infrastructure assumptions; use of reserves over the forecast; and clarification that the forecast and trend are very similar to last year.

Discussion ensued between staff and Committee Members regarding clarification that the fiber investment is already taken out; financing the fiber project; economic development; the amount of revenue eventually produced; maintenance; operational costs; repayment; clarification that the City will build the infrastructure and lease it to carriers; the prohibitive nature of the investment needed for some carriers to get into the City; the Facilities Planning Reserve; one-time land sale proceeds; addressing the sunset of Measure Y; classifying funds from Airbnb if there are any; examining declining economy scenarios; stock market volatility; positive trends; TOT revenue; the new hotel; changes in car dealer ownership; and revenue generated by car purchases vs. service.

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Items from Staff

Item S-1

Discussion of March Agenda

Discussion ensued between staff and Committee Members regarding items for the March agenda; the sponsorship item; the election; the budget process; the WorkPlan; the County proposal to charge fees for stormwater; and the development of County Measure R2 for transportation.

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Items from Committee Members

None.

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Adjournment

There being no further business, at 8:04 p.m., the Finance Advisory Committee adjourned its meeting to Wednesday, March 9, 2016 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　　　　Date

City of Culver City, California

Finance Advisory Committee Agenda Item Report

Meeting Date: 03/09/2016	Item Number: A-1
AGENDA ITEM: Approval of Measure Y Sales Tax Status Report for Transmittal to City Council.	
Contact Person/Dept.: Jeff S. Muir/Finance	Phone Number: 310/253-5865
Public Notification: (E-Mail) Meetings and Agendas – Finance Advisory Committee (03/03/2016)	
Department Approval: Jeff Muir (03/03/2016)	

RECOMMENDATION:

Staff recommends that the Finance Advisory Committee (FAC) approve the Measure Y Sales Tax Status Report and authorize transmittal to City Council.

DISCUSSION:

Item 2 on the FAC Work Plan is to 'Develop a methodology to analyze Measure Y proceeds and report the results to the public.' The attached Measure Y Status Report is a simple, one-page report that provides some background information on Measure Y, and shows budget versus actual results by fiscal year, top 25 Measure Y sales tax producers and the cumulative total received.

With approval of the FAC, and incorporating any changes requested by the FAC, staff will transmit this report to the City Council.

ATTACHMENTS:

- Measure Y Sales Tax Status Report VIII - Draft

MOTION:

That the FAC:

(1) Discuss the Measure Y Status Report;

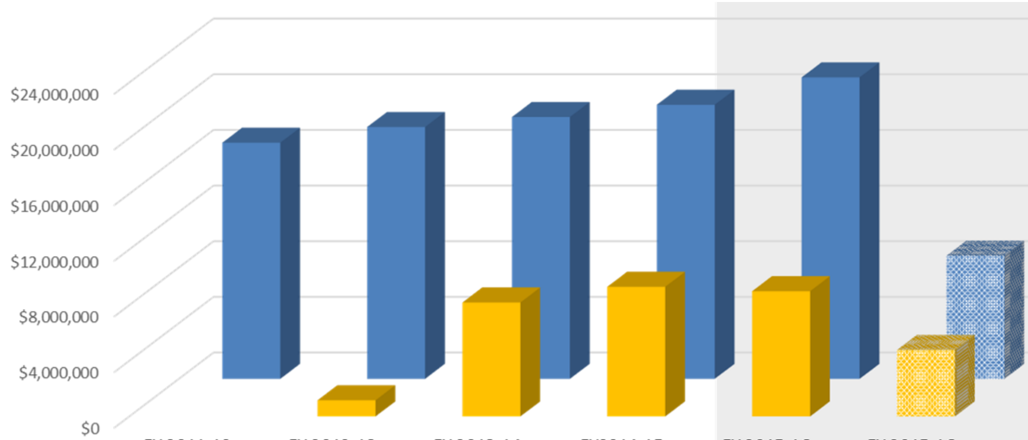
(2) Make recommendations to Staff; and

(3) Authorize transmittal to City Council.

Measure Y Sales Tax Status Report VIII:

The purpose of this report is to provide the Council and residents a status update on Measure Y revenue activity that occurred in the City. This report captures Measure Y sales tax collections through the second quarter of the 2016 Fiscal Year.

CULVER CITY SALES TAX REVENUE



	FY 2011-12	FY 2012-13	FY 2013-14	FY2014-15	FY 2015-16 Rev. Budget	FY 2015-16 (Jul-Dec)
Measure Y		$1,163,591	$8,189,558	$9,319,093	$9,000,000	$4,777,640
Sales Tax	$16,970,122	$18,095,663	$18,817,179	$19,698,255	$21,665,000	$8,849,154

FISCAL YEAR 2016: QUARTER 2 MEASURE Y REVENUE

Through the second quarter of Fiscal Year 2016, Measure Y sales tax collections total $5.0 million, or 53.1 percent of budgeted revenues. Note that as a result of strong 1st and 2nd Quarter results, Measure Y Sales Tax year-end projections were increased from $8.65 million to $9.0 million during the Mid-Year Budget Review.

Year-to-date Measure Y revenue slowed slightly in comparison to 2015 receipts by $0.2 million (4.6 percent). This year-over-year decline, however was due to the push for business compliance at this time last year. Cumulatively, a total of $23.5 million in revenues has been raised since the measure's implementation.

Measure Y funds are budgeted as part of the annual budget approval process by the City Council. Funds received are deposited into the City's General Fund and allocated to sustain general municipal functions.

TOP 25 MEASURE Y SALES TAX PRODUCERS

(in alphabetical order)

Amazon Com	Macys
Arco AMPM	Melrose Mac
Best Buy	Nordstrom Rack
Centinela Chevron	Panel It
Costco w/Gas	Ralphs
Culver City Chevron	Rite Aid
Dimension Data North America	Samys Camera
Foot Locker	T Mobile
Howard Industries	Target
JC Penney	Tesoro
Jin's Shell	Toys R Us
	Verizon Wireless
	Vons
	Westside Arco

***Source:** HdL Companies, Culver City Measure Y Sales Tax Update*

Measure Y is a voter-approved one-half percent transaction and use tax adopted to maintain City of Culver City critical services. With limited exceptions, the transactions and use tax is imposed on the same goods and merchandise as the local sales and use tax. The 10-year measure gained overwhelming voter approval in November 2012 and went into effect April 2013 to provide necessary resources to resolve the City's structural deficit issues and continue services at existing levels. Measure Y contains a sunset provision, which will result in the expiration of the measure on March 31, 2023 if not reauthorized by voters.

City of Culver City, California

Finance Advisory Committee Agenda Item Report

Meeting Date: 03/09/2016	Item Number: A-2
AGENDA ITEM: (1) Discussion of Approved Work Plan; (2) Discussion of the Creation of Subcommittees; (3) (If Desired) Creation of Subcommittees; and (4) (If Desired) Appointment of Members to Such Subcommittees.	
Contact Person/Dept.: Jeff S. Muir/Finance	Phone Number: 310/253-5865
Public Notification: (E-Mail) Meetings and Agendas – Finance Advisory Committee (03/03/2016)	
Department Approval: Jeff Muir (03/03/2016)	

RECOMMENDATION:

Staff recommends that the Finance Advisory Committee (FAC) (1) discuss the approved Work Plan; (2) discuss the creation of Subcommittees, (3) (if desired) create subcommittees, and (4) (if desired) appoint members to such subcommittees.

DISCUSSION:

On March 23, 2015, the City Council approved the amended Work Plan of the Finance Advisory Committee, as follows:

1. 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.
2. Review and make recommendations on revenue opportunities that may be available to the City.
3. Continue to provide quarterly reports to the City Council on Measure Y proceeds.
4. Continue to monitor the communications strategy of financial information on the City's website.
5. Review and make recommendations for the annual updates to the long-term financial forecast.
6. Review and make recommendations for addressing storm water requirement compliance.
7. Review current and potential utilization of assessment districts.
8. Review and provide input to the City Council on a policy related to special event sponsorship.

The FAC has created subcommittees to begin dealing with work plan items. Currently active Subcommittees include:

1. Special Events Work Plan Item (Work Plan Item #8):
Members Alexander, Eriksson and Hibbs

To date, the FAC has made a recommendation to city Council on the City's Rental Assistance Program, filed quarterly status reports to Council regarding Measure-Y sales tax proceeds (Item 3), commented on and approved the recommended modifications to the budget process, made a series of recommendations regarding the City's current financial policies (Item 4), and reviewed the long-term financial forecast (Item 5). The FAC has drafted a Policy related to Special Event Sponsorship (Item 8), received presentations on the storm water issue from Public Works staff (Item 6), and received a presentation on the various assessment district options available to cities (Item 8). Staff continues to work with the subcommittee established to deal with the communication of financial information on the website (Item 4). Most recently, the FAC has also transmitted its Budget Benchmarking Study to City Council (Item 1).

The purpose of this item is for the FAC to discuss remaining work plan items and their priority, whether subcommittees are appropriate, and if so, to establish and make appointments to them.

ATTACHMENTS:

None.

MOTION:

That the FAC:

(1) Discuss the approved Work Plan and provide feedback to staff on prioritization; and

(2) Discuss the potential creation of subcommittees; and,

(3) (if desired) Create such subcommittees; and,

(4) (if desired) Appoint members to such subcommittees.