

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

August 14, 2019
7:00 p.m.

CALL TO ORDER & ROLL CALL

Chair Leonard called the regular meeting of the City of Culver City Finance Advisory Committee to order at 7:00 p.m. in the Dan Patacchia Meeting Room at City Hall.

Members Present: JANE LEONARD, Chair
DARREL MENTHE, Vice Chair
CRYSTAL ALEXANDER, Member
NANCY BARBA, Member
ALEJANDRO LARA, Member

Absent: SEAN KEARNEY, Member
BRYAN SUA, Member
CHRISTOPHER HARRIS, Member

Staff Present: Onyx Jones, Chief Financial Officer
Erica McAdoo, Procurement & Financial Svcs. Mgr.
Michelle Villongco, Associate Analyst

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Pledge of Allegiance

The Finance Advisory Committee recited the Pledge of Allegiance.

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Public Comment for Items NOT On the Agenda

Chair Leonard invited public comment.

The following member of the audience addressed the Committee:

Les Greenberg requested status reports on the contract for the Fraud Hotline, the Enterprise Internal Controls Review and Cash Handling reports, the update of the 2017 Fraud Waste and Abuse Report and the 2019 Grants Management Report and presentation to the City Council, and follow up on the discussion regarding implementation of a formal suggestion system.

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Consent Calendar

Item C-1

Approval of the Minutes for the Adjourned Regular Meeting of June 12, 2019

MOVED BY MEMBER ALEXANDER, SECONDED BY VICE CHAIR MENTHE AND UNANIMOUSLY CARRIED, THAT THE FINANCE ADVISORY COMMITTEE APPROVE MINUTES FOR THE MEETING OF JUNE 12, 2019 (ABSENT MEMBERS KEARNEY AND SUA, AND WITH MEMBER LARA ABSTAINING).

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Item C-2

Approval of the Minutes for the Adjourned Regular Meeting of July 10, 2019

MOVED BY MEMBER ALEXANDER, SECONDED BY VICE CHAIR MENTHE AND UNANIMOUSLY CARRIED, THAT THE FINANCE ADVISORY COMMITTEE APPROVE MINUTES FOR THE MEETING OF JULY 10, 2019 (ABSENT MEMBERS KEARNEY AND SUA, AND WITH MEMBER LARA ABSTAINING).

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Order of the Agenda

No changes were made.

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Action Items

Item A-1

Approval of Measure Y Sales Tax Status Report for Transmittal to the City Council and Discussion of Measure Y and Measure C Sales Tax Status Reports

Erica McAdoo, Procurement & Financial Services Manager, provided a summary of the material of record.

Discussion ensued between staff and Committee Members regarding changes at Sony Pictures Studios; Amazon Fulfillment Services; state proceeds; the permit process for cannabis; delays to implementation and loss of projected revenue; the state process for collection of revenue; adjustments; and declines across the state.

Chair Leonard invited public comment.

No cards were received and no speakers came forward.

MOVED BY MEMBER ALEXANDER, SECONDED BY MEMBER BARBA AND UNANIMOUSLY CARRIED, THAT THE FINANCE ADVISORY COMMITTEE APPROVE TRANSMITTAL OF THE MEASURE Y SALES TAX REPORT TO THE CITY COUNCIL (ABSENT MEMBERS KEARNEY AND SUA).

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Item A-2

(1) Receive Reports from Current Subcommittees; 2) Discussion of Approved Work Plan; (3) Discussion of The Creation of Subcommittees; (4) (If Desired) Creation of Subcommittees; and (5) (If Desired) Appointment of Members to Such Subcommittees

Business Tax Review Subcommittee

Discussion ensued regarding subcommittee membership; pending information from the consultant; timing; annual collection; adjustments; the vacant business seat; keeping the process moving; installation of new Committee Members at the next meeting; and data received and the need for clarification.

On Demand Transportation Services Subcommittee

Member Barba indicated that no report was available; discussed the intent to continue the Committee pending further action by the City, LA Metropolitan Transit Authority (MTA) and other cities.

Chair Leonard reported that changes had been made to the work plan and the item was continued to the current meeting for approval before submittal to the City Council.

Discussion ensued between staff and Committee Members regarding ensuring that everything was properly captured; agreement to remove the feasibility of Veterans Memorial becoming an enterprise fund from the list; and agreement to the addition of the work plan item to review and provide recommendations on internal audit reports.

Discussion ensued between staff and Committee Members regarding segways; tourism; liability issues in San Diego; creation of other subcommittees; expenses associated with the implementation and enforcement of a rent freeze ordinance; the genesis of the Finance Advisory Committee; fiscal transparency; providing tools to the community; the fiscal analysis included in agenda reports; the need for cost estimates; the consultant report; Committee purview; examining money spent in other cities; enforcement; sustainable practices; City Council direction; including the recommendation to develop a rent stabilization review subcommittee in the City Council work plan to research rent stabilization tools/programs and benchmarking associated costs across neighboring cities; fiscal transparency; language to use in the recommendation; revenue to offset the costs; costs for different elements of the plans; tools used to implement items for the rent control program; fees charged by the City of Los Angeles to offset costs; and Committee consensus to recommend establishment of a subcommittee to ensure transparency by examining costs associated with the implementation of the rent freeze ordinance.

MOVED BY MEMBER ALEXANDER, SECONDED BY MEMBER LARA AND UNANIMOUSLY CARRIED, THAT THE FINANCE ADVISORY COMMITTEE ACCEPT ITEMS 1-5 UNDER A-2 AS DISCUSSED (ABSENT MEMBERS KEARNEY AND SUA).

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Item A-3

(1) Discussion of 2nd Quarterly Committee Report of FAC Activities; (2) Authorization for Transmittal to City Council

Chair Leonard noted that changes recommended at the previous meeting had been incorporated into the report.

MOVED BY MEMBER LARA, SECONDED BY MEMBER BARBA AND UNANIMOUSLY CARRIED, THAT THE FINANCE ADVISORY COMMITTEE AUTHORIZE TRANSMISSION OF THE SECOND QUARTERLY REPORT OF FAC ACTIVITIES TO THE CITY COUNCIL (ABSENT MEMBERS KEARNEY AND SUA).

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Item A-4

(1) Consideration of Forfeiture of a Seat by an FAC Member; (2) [If Desired] Recommend Transmittal to the City Council for Removal of Member; and (3) [If Desired] Recommend Appointment of a New FAC Member from the Existing List of Applicants to Fill the Seat Vacancy

Chair Leonard introduced the item.

Erica McAdoo, Procurement & Financial Services Manager, provided a summary of the material of record.

Discussion ensued between staff and Committee Members regarding procedures; policy; the importance of having business representatives when considering the update of business taxes; timely filling of 2nd business seat with current vacancy already going to City Council; recruitment through the existing pool of candidates; both positions to be considered at same time; and appreciation to staff for working with Mr. Harris.

MOVED BY MEMBER ALEXANDER, SECONDED BY VICE CHAIR MENTHE AND UNANIMOUSLY CARRIED, (ABSENT MEMBERS KEARNEY AND SUA) THAT THE FINANCE ADVISORY COMMITTEE:

1. RECOMMEND TRANSMITTAL TO THE CITY COUNCIL FOR REMOVAL OF MEMBER CHRISTOPHER HARRIS; AND,
2. RECOMMEND THE CITY COUNCIL APPOINT A NEW FAC MEMBER FROM THE EXISTING LIST OF APPLICANTS TO FILL THE SEAT.

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Public Comment – Items NOT on the Agenda (Continued)

Chair Leonard invited public comment.

No cards were received and no speakers came forward.

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Receipt of Correspondence

Chair Leonard discussed email and letters received from Les Greenberg.

MOVED BY MEMBER ALEXANDER, SECONDED BY MEMBER BARBA AND UNANIMOUSLY CARRIED, THAT THE FINANCE ADVISORY COMMITTEE: RECEIVE AND FILE CORRESPONDENCE (ABSENT MEMBERS KEARNEY AND SUA) .

Les Greenberg discussed letters submitted; supporting evidence of Culver City's contractual dealings with Moss Adams LLP; the lack of clarity in the relationship between the City and Moss Adams; he noted that the annual cap had been exceeded; discussed a lack of clarity with how fees are determined; billing practices; the potential for overcharging; additional charges; concern with a lack of review of the current contract; and he expressed concern that proper billing practices were not being followed.

Onyx Jones, Chief Financial Officer (CFO), distributed copies of the staff response; highlighted information in the report; noted that she had started with the City in February 2019, but information goes back to 2016; she discussed the original Request or Proposals (RFP); the Scope of Service; the contract; compensation; the amount paid in 2016; out of pocket expenses; invoices; number of hours; cost savings; hourly rates vs. the flat rate; term of the agreement; the ability of the CFO to renew the contract; amounts budgeted for internal review and controls; scope of work; invoices showing what work was completed; development of the City's cash handling process, and fraud, waste and abuse programs; invoices; grants management internal audits; presentations by Moss Adams to the City Council Ad Hoc Subcommittee to review Internal Control Audit Reports and the FAC; additional costs; the Moss Adams engagement letter; pending reports; Fiscal Year 2019-2020 budget; policy development; lessons learned in the study; and frequency of the Enterprise Risk Assessment Study.

Discussion ensued between staff and Committee Members regarding clarification that the Enterprise Risk Assessment looks at the City as a whole; the overall rating; implemented process changes; policy development; expertise; creation of City-wide policies; subcommittee review for proposal to the City Council; unit guidelines for the grant administration policy; the need to regularly update policies; the amount of time shifted from the work of the City to fulfill community records requests; support for addressing problems; having sufficient time to enact changes; significance of labor representation on Committee to provide validation of changes since internal controls audit began; recommended improvements; increased internal control of fiscal processes; the integrity of the process and

transparency; discussion on value of hiring consultants; specialized work; cash-handling; budget; the schedule for future internal controls RFP; consideration of other firms; continuing internal controls; consensus for process to be conducted every three to five years; and involvement of the Internal Controls City Council Ad Hoc Subcommittee.

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Items from Committee Members/Staff

Onyx Jones, Chief Financial Officer, discussed the Fraud Waste and Abuse page on the City website; integration; the state hotline; and link to the vendor.

Discussion ensued between staff and Committee Members regarding navigation on the website; making it clear that reports are regarding City resources; hotlinks; telephone and email contact information; continued work on the contract; upcoming training scheduled for Grants Administration; finalizing policies to go with the new training module; integration; cash handling; review, training and segregation of duties; hiring additional staff; the inventory of Citywide procedures by Moss Adams; the Risk Assessment Project; regular updates; and scheduling the presentation to the City Council.

Item S-1

Discussion of September Agenda

Discussion ensued between staff and Committee Members regarding items for the September agenda including: the status report on internal controls; installation of new Members; the work plan and subcommittees; and subcommittee reports.

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Adjournment

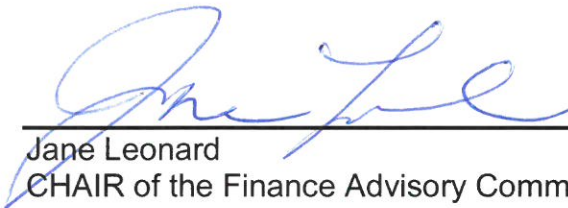
There being no further business, at 8:44 p.m., the Finance Advisory Committee adjourned its meeting to Wednesday, September 11, 2019 at 7:00 p.m. in the Dan Patacchia Meeting Room.

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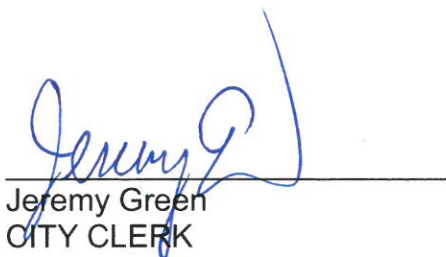
John Figueroa for Michelle Villongco
SECRETARY of the Culver City Finance Advisory Committee
Culver City, California

APPROVED



Jane Leonard
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
CITY CLERK

18 JAN 2020

Date