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CITY OF CULVER CITY FINANCE ADVISORY COMMITTEE

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

December 11, 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 7:04 p.m. in the Dan Patacchia Meeting Room at City Hall.

Members Present: JANE LEONARD, Chair
DARREL MENTHE, Vice Chair
NANCY BARBA, Member*
KEITH JONES, Member
SEAN KEARNEY, Member
ANDREW LACHMAN, Member**
BRYAN SUA, Member

*Member Barba arrived at 7:10 p.m.

**Member Lachman arrived at 7:43 p.m.

Absent: CRYSTAL ALEXANDER, Member
ALEJANDRO LARA, Member

Staff Present: Onyx Jones, Chief Financial Officer
Erica McAdoo, Procurement & Financial Services Manager
Punit Chokshi, Senior Management Analyst
John Figueroa, Senior Account Clerk

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Pledge of Allegiance

Member Jones led the Pledge of Allegiance.

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Public comment for items not on the agenda

Chair Leonard invited public comment.

No cards were received and no speakers came forward.

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Consent Calendar

No items.

Discussion ensued between staff and Committee Members regarding availability of the minutes for approval at the January Committee meeting and Chair Leonard offered her notes to assist in the process.

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Order of the Agenda

No changes were made.

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Action Item

Item A-1

Receive Reports from Subcommittees

Business Tax Review Subcommittee

Chair Leonard indicated that the Business Tax Review Subcommittee consisted of Vice Chair Menche, Member Alexander, Member Jones and Member Lachman.

Vice Chair Menche discussed the purpose of the business tax to defray the cost of City services resulting from business activities; daytime population vs. nighttime population; the Gross Receipts tax; home businesses; the gig economy; the increase of large corporations in Culver City; comparisons with other cities; the business structure in Culver City; the consultant recommendation; increasing revenue by combining categories and adopting the average rates of other cities; commercial rentals; the tax on oil production; business categories; tax codes; making it politically palatable to raise taxes; defining gross revenue; and confidentiality issues.

Discussion ensued between staff and Committee Members regarding projected additional revenue from making the changes proposed by the consultant; differences in the approach and how to handle certain types of businesses; reclassification of businesses; the \$100,000 exemption; gross revenue as a City; low end exemptions to encourage businesses to become licensed; WeWork; categorizing businesses; large companies taxed as retail; the proposed classification for HBO; net revenue vs. gross revenue; and proprietary information.

Member Lachman joined the meeting.

Additional discussion ensued between staff and Committee Members regarding incentives for large businesses to locate in the City; the modest increase proposed via the Consultant's analysis; minimum franchise tax; changing the basis to charge the rate; renegotiating rates; the amount Apple will choose to report; concern with discouraging production; using a phased in approach to ease the changes; the difficulty of comparisons between cities; the spreadsheet; collaboration by the subcommittee; the consultant's rate; the intent not to infringe on small businesses; concern with driving out business; increased rents; impacts of large companies on infrastructure; imposing a per head tax for employees; the actions of Seattle; fees that can be charged to businesses; taxes vs. fees; Transportation Demand Management (TDM); requirements from the Air Quality Management District (AQMD); per head vs. gross receipts; taxing employment; the failure of Los Angeles to enact a head tax; companies that shift revenue to other profit centers; fees charged in Santa Monica that Culver City does not charge; business tax increases made in Culver City that could still result in lower rates than in other cities; the square footage tax in El Segundo; the FAC proposal vs. the consultant proposal; expressing the need for the tax increase; creative businesses; remaining competitive; enacting a progressive tax; enforcement; the exemption for smaller businesses located in the City versus a flat rate deduction for all businesses located in the City; an observation that larger businesses will not be voting on the measure; finding a middle ground; remaining welcoming to small businesses; ensuring that larger businesses pay their fair share; survey results from FM3; support for small business exemptions; the existing rate; Mom and Pop property owners; rent control; commercial property rentals; protecting the smaller landlords; frustration when others do not have to pay the same fees and taxes; mitigation; providing a recommendation to the City Council; mortuaries and hospitals; and appreciation to the subcommittee for their work on the item.

Chair Leonard invited public participation.

No cards were received and no speakers came forward.

Member Lachman discussed enforcement strategies; amnesty; education; welcome packets; regular events at co-working spaces; outreach; assistance with registration; and strengthening the ability of the City to collect.

Onyx Jones, Chief Financial Officer, discussed the link on the City website; the approval process; identifying unlicensed businesses; the collection process; compliance with the ordinance; the legal team; audits; and work with Hinderliter de Llamas and Associates (HdL).

Discussion ensued between staff and Committee Members regarding ensuring that everyone pays their fair share before the ballot measure comes forward; benefits to working with HdL; the electronic process; updated requirements; online registration and services, which will alleviate the need to come to City Hall; businesses that stop paying for renewals; business license penalties; late fees; the timeline; code violations; taxes vs. fees; the collection process; the amount of uncollected revenue; effectiveness; gross receipts; estimates; coordinated efforts with Community Development; permits; those who are past due vs. those who just do not pay; offering different types of amnesty; a suggestion to write up formal recommendations for the City Council; timing; the timeline for a ballot measure in November; holding a joint meeting with the City Council; examination of data; subcommittee consideration; presentation of scenarios; exemptions; support for the measure; deductions; additional polling to be conducted; rates proposed by the subcommittee; presenting options to the City Council; structure recommendations; exemption options; enforcement strategies; items anticipated to generate discussion due to the significant increase; the proposed rate structure; continued discussion of the item at the next meeting; the goal to maximize revenue for the City; deductions; descriptions of the options; and attaching dollar figures to each option.

On Demand Transportation Services Subcommittee

No report was available.

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Public Comment – Items NOT on the Agenda (Continued)

Chair Leonard invited public comment.

No cards were received and no speakers come forward.

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Receipt of Correspondence

Chair Leonard reported receiving a copy of a Letter to the Editor that Les Greenberg had written for the newspaper and she agreed to forward it to staff for distribution to the Committee.

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Items from Committee Members/Staff

Item S-1

Discussion of January Agenda

Chair Leonard reported providing an update to the City Council on December 9, 2019.

Discussion ensued between staff and Committee Members regarding agreement by the City Clerk to incorporate reports from all Committees, Boards and Commissions into a quarterly report for the City Council; plans for a joint meeting between the City Council and the FAC; the request for the percentage of the overall sales tax revenue that the top producers in the City are responsible for; online access to information; reports for Measure C and Measure Y; financial transparency; Open Government; the budget process; and FAC input on the budget before it goes to the City Council.

Onyx Jones, Chief Financial Officer, discussed the decision to postpone the Fleet Efficiency Study to 2021.

Discussion ensued between staff and Committee Members regarding policy development; and the difficulty of conducting an audit during a transition; ensuring that it is reflected in the minutes that the Fleet Efficiency Study will be conducted, but is delayed due to changes being made; the need for additional funding to conduct the policy development; the public nature of information presented in the meeting; recording requests; videotaping of the meetings by the public; tax rates; the confidential draft provided by the consultant for discussion; errors in the draft; and information on the agenda indicating that: "Use of cell phones, pagers and other communication devices is prohibited while the meeting is in session."

Discussion ensued between staff and Committee Members regarding items for the January agenda.

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Adjournment

There being no further business, at 9:29 p.m., the Finance Advisory Committee adjourned its meeting to Wednesday, January 8, 2020 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

Date