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CITY OF CULVER CITY FINANCE ADVISORY COMMITTEE**

**SPECIAL MEETING OF THE
CITY OF CULVER CITY
FINANCE ADVISORY COMMITTEE
CULVER CITY, CALIFORNIA**

**July 29, 2020
7:00 p.m.**

CALL TO ORDER & ROLL CALL

Vice Chair Menthe called the special meeting of the City of Culver City Finance Advisory Committee to order at 7:01 p.m. via teleconference.

Members Present: ANDREW LACHMAN, Chair*
 DARREL MENTHE, Vice Chair
 MARC BAUER, Member
 JOSH GOLDSTEIN, Member*
 JOHNNIE GRIFFING, Member
 KEITH JONES, Member
 SEAN KEARNEY, Member
 KEVIN, LACHOFF, Member
 BRYAN SUA, Member

Chair Lachman joined the meeting at 7:02 p.m.
Member Goldstein joined the meeting at 7:03 p.m.

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

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Chair Lachman joined the meeting.

Pledge of Allegiance

Bryan Sua led the Pledge of Allegiance.

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Public Comment - Items NOT on the Agenda

Chair Lachman invited public comment.

Michelle Villongco, Associate Analyst, indicated that no public comment had been received for Items Not on the Agenda.

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Consent Calendar

None.

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Order of the Agenda

No changes were made.

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Action Items

Item A-1

Discussion of Potential Measure on the November 3, 2020 General Municipal Election Ballot to Submit to the Voters an Amendment to Culver City Municipal Code Section 3.08.400 to Increase the Real Property Transfer Tax

Chair Lachman introduced the item; discussed the short time frame to get things done; reliance on sales tax revenue; Prop 13; Culver City as a low property tax city; the business license tax; finding ways to address the structural deficit; the proposed Real Property Transfer tax; evaluating the effect on businesses and residents; minimizing the effect on those hurting the most during the pandemic; and City Council appreciation for the FAC.

Jesse Mays, Assistant City Manager, provided a summary of the material of record.

Discussion ensued between staff and Committee Members regarding on the origin of the item; assistance in putting the information together; projections; the consultants; 2019 sales data; privacy requirements; the recent Luskin School report; the difficulty of buying a house in the current market; advantages for sellers vs. for buyers; new construction; adding to housing stock; discouraging people from flipping houses; concern with the public process; procedural objections that mask substantive objections; concern that the value of the FAC is diminished if

sufficient time is not provided to give the City Council the benefit of their work; the business license tax proposal; exemptions for lower level homeowners; top tier sales; growth of the City; bracket creep; requiring a five-year Consumer Price Index (CPI) readjustment; distinguishing between residential and commercial sales; the ranking of Culver City among municipalities in the Tax Transfer Rate; the ability of charter cities to raise their rates; responsibility for paying the tax; homes used as a retirement plan; forbearance agreements; foreclosures; people who sell that do not have equity in their homes or could be losing money; clarification that the existing ordinance specifies that the tax is joint; the percentage of property taxes Culver City receives compared to other area cities; redevelopment tax increment; the ability to maintain quality public services and property values; enforcement; liability for payment; business restructuring; budget cuts related to COVID; reducing the size of local government; using the crisis to make the City stronger; community transformation; decreasing the deficit and increasing the operating budget; criteria for evaluating new sources of revenue; the small number of transactions providing most of the revenue; correcting the balance between homeowners and renters; creating a zero sum situation; skewing the floor higher with automatic increases based on sales tax distribution; number of tiers; options presented; support for a marginal tax; differentiating between groups of people impacted by changes; exemptions; looking out for "Mom and Pop" owners; excluding the anomalies; relying on projections; the effective tax rate; the Los Angeles County transfer tax; average home and condo prices in Culver City; differing impacts for buyers and for sellers; and common concerns including net new, requiring an update after 5 years, differentiating between residential and commercial, and having a comparison chart applying a .45 rate for all sales vs. without the sales over \$40 million.

Chair Lachman invited public comment.

The following members of the public addressed the Committee:

Robert Zirgulis played "Tax Man" by The Beatles to illustrate that he felt he had been taxed enough and was against any more taxes.

Keli Estes questioned how much the consultant was paid for the report, asked about costs to put the measure on the ballot and to administrate vs. how much the City would end up making; she expressed concern with single family residents in average homes being targeted; discussed decreases with market fluctuations; and concern with the process and a direct hit on the middle class.

Additional discussion ensued between staff and Committee Members regarding clarification that the lowest tax rate is the current tax rate, not an increase; next steps in the process; whether to make a recommendation; providing options to the City Council; ensuring that the City Council and the public get a discussion of the options; tiers; general support for Option 2 with extensive public outreach and mandatory reassessment after 5 years either up or down, consideration of an

exemption for net new housing, and joint liability for the cost; providing an option not to put a measure on the ballot; the feeling that the tiers provide a distinction between residential and commercial; support for marginal, not flat rates; the difficulty of comparing Culver City with other cities; costs of collection; a suggestion for a higher rate for the top tier; the need for more time to consider items; foreclosures vs. sales; enforcement costs; the title transfer; the Business License contract; Los Angeles County Recorder's Office procedures; City responsibility for collection of different tiers; actions of other area cities; election costs; an observation that whether residential or commercial, everyone benefits; and assessing the tax in a more predictable manner, not subject to the market.

MOVED BY MEMBER BAUER AND SECONDED BY MEMBER GRIFFING THAT THE FINANCE ADVISORY COMMITTEE SUPPORT OPTION 2 WITH A MANDATORY FIVE-YEAR UPDATE UP OR DOWN, CONSIDER AN EXEMPTION FOR NET NEW HOUSING, SEPARATE RESIDENTIAL AND COMMERCIAL, AND IN THE FUTURE, ENSURE THAT SUFFICIENT TIME IS PROVIDED FOR THE FAC TO CONSIDER ITEMS.

THE MOTION CARRIED BY THE FOLLOWING VOTE:

AYES: BAUER, GRIFFING, KEARNEY, LACHMAN, LACHOFF, MENTHE,
SUA

NOES: GOLDSTEIN, JONES

Additional discussion ensued between staff and Committee Members regarding dissention due to the feeling that increasing the Real Property Transfer Tax was not the right thing to do due to negative effects on homeowners during the period of economic difficulty; the feeling that the action insufficiently impacts the budget crisis; and agreement that the action is not meant to solve the budget crisis on its own.

Chair Lachman thanked those who provided public comment on short notice.

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Public Comment – Items NOT on the Agenda (Continued)

Chair Lachman invited public comment.

Michelle Villongco, Associate Analyst, reported that no public comment had been received.

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Receipt of Correspondence

Michelle Villongco, Associate Analyst, indicated that no correspondence had been received.

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Items from Committee Members/Staff

None.

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Adjournment

There being no further business, at 9:27 p.m., the Finance Advisory Committee adjourned its meeting to Wednesday, August 12, 2020 at 7:00 p.m.

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

APPROVED

Andrew Lachman
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