

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

May 10, 2023
7:00 p.m.

CALL TO ORDER & ROLL CALL

Chair Lachman called the regular meeting of the City of Culver City Finance Advisory Committee to order at 7:03 p.m. in the Dan Patacchia Meeting Room at City Hall.

Members Present: ANDREW LACHMAN, Chair
DARREL MENTHE, Vice Chair
MARC BAUER, Member*
ANNE DIGA JACOBSEN, Member
JOHNNIE GRIFFING, Member
KEITH JONES, Member**
KEVIN LACHOFF, Member

*Member Bauer arrived at 7:17 p.m.
**Member Jones arrived at 7:07 p.m.

Staff Present: Lisa Soghor, Chief Financial Officer
John Figueroa, Senior Account Clerk
Kevin Kha, Senior Account Clerk

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Pledge of Allegiance

Member Griffing led the Pledge of Allegiance.

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Public Comment for Items NOT on the Agenda

Chair Lachman invited public comment.

John Figueroa, Senior Account Clerk, indicated that no public comment had been received.

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Receipt and Filing of Correspondence

John Figueroa indicated that no correspondence had been received.

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Consent Calendar Items

Item C-1

Approval of the Minutes for the Finance Advisory Committee Meeting of April 12, 2023

MOVED BY MEMBER GRIFFING AND SECONDED BY MEMBER LACHOFF THAT THE FINANCE ADVISORY COMMITTEE APPROVE THE MINUTES FOR THE FINANCE ADVISORY COMMITTEE MEETING OF APRIL 12, 2023.

THE MOTION CARRIED BY THE FOLLOWING VOTE:

AYES: DIGA JACOBSEN, GRIFFING, LACHOFF, LACHMAN, MENTHE
NOES: NONE
ABSENT: BAUER, JONES

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Order of the Agenda

MOVED BY VICE CHAIR MENTHE AND SECONDED BY MEMBER DIGA JACOBSEN THAT THE FINANCE ADVISORY COMMITTEE RE-ORDER THE AGENDA TO CONSIDER ITEMS A-3 AND A-4 BEFORE ITEM A-1.

THE MOTION CARRIED BY THE FOLLOWING VOTE:

AYES: DIGA JACOBSEN, GRIFFING, LACHOFF, LACHMAN, MENTHE
NOES: NONE
ABSENT: BAUER, JONES

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Action Items

Item A-3
(Out of Sequence)

(1) Receive Reports from the Government Efficiency Ad Hoc Subcommittee, (2) Approve the Innovation Award Nominees Chosen by the Ad Hoc Subcommittee, (3) Provide Direction to Staff, if Deemed Appropriate

Member Griffing provided a report on the Government Efficiency Ad Hoc Subcommittee; reported that the judges of the subcommittee had chosen winners; indicated that he had acted as a facilitator for the process but did not vote; noted the increased number of applications received; discussed categories; criteria; consensus achieved; certification of the results; next steps; the Awards ceremony; availability of the Mayor; the agreed upon date; and the separate ceremony for the Equity and Human Relations Advisory Committee (EHRAC).

Member Jones joined the meeting.

MOVED BY MEMBER DIGA JACOBSEN AND SECONDED BY VICE CHAIR MENTHE THAT THE FINANCE ADVISORY COMMITTEE ACCEPT THE REPORT FROM THE GOVERNMENT EFFICIENCY AD HOC SUBCOMMITTEE.

THE MOTION CARRIED BY THE FOLLOWING VOTE:

AYES: DIGA JACOBSEN, GRIFFING, JONES, LACHOFF, LACHMAN,
MENTHE
NOES: NONE
ABSENT: BAUER

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Item A-4
(Out of Sequence)

FAC – Receive Reports for Discussion from the (1) Assets Ad Hoc Subcommittee, (2) Structural Revenue Review Ad Hoc Subcommittee, (3) FAC Anniversary Ad Hoc Subcommittee, and (4) City Council Engagement Ad Hoc Subcommittee; (5) Provide Direction to Staff, if Deemed Appropriate

Chair Lachman suggested that the Structural Revenue Ad Hoc Subcommittee work with the City to do a series of public events to engage the public on best practices of other cities and the perspective of the business community in funding affordable housing and workforce housing.

Discussion ensued between staff and Committee Members regarding consideration under Item A-1.

Member Diga-Jacobsen discussed distribution of invitations and date of the commemoration.

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Item A-1

**FAC – Discussion of the Economics of Affordable Housing: Guest Panelist
Kathe Head**

Kathe Head, Keyser Marston, provided background on herself; discussed the process that cities go through when looking at affordable housing projects; foundational issues; initial city decisions; goals and objectives for affordable housing projects; site selection; city-owned land; common types of projects; funding; meeting requirements of funding sources; density; height; Floor Area Ratio (FAR); mixed use vs. residential; location; ground floor commercial; foot traffic; car traffic; parking; public benefit; establishing goals and objectives; outside financial sources to fill gaps; types of developers; factors when considering a developer; funding sources; tax credits; area median income; state initiatives; mitigation of climate issues; allowable uses; buying credits to be allowed to pollute; project-based vouchers; fair market rents; financial analysis of developer proposals; ensuring that operating expenses are covered by the rent; tax credit applications; components for a pro forma analysis; reasonable assumptions; loans; the “true debt test”; and transaction structuring.

Member Bauer joined the meeting.

Discussion ensued between staff and Committee Members regarding federal tax credits; the way tax credits are awarded; allocations on a per project basis; committed funds; application periods; a Bill proposed by Sydney Kamlager-Dove; efforts to recreate redevelopment; changes in the Consumer Price Index (CPI); the Real Estate Transfer Tax; unmet need; mental health related facilities; permanent supportive housing; the importance of providing a continuum of care; transitional housing; funding for wraparound services; the percentage of homeless people who recently lost their housing and are easier to help; the larger percentage of homeless people who are experiencing mental health issues; the large majority of projects built on donated land; ensuring that the locality has a monetary stake in the process; covenants; refinancing; soft loans; SB 679; the Los Angeles County Affordable Housing Solutions Agency; the state trust fund matching program;

complexities of the process; clearing up misperceptions; and understanding the commitment needed from the City in order to build the housing.

Chair Lachman invited public comment.

The following member of the public addressed the Committee:

Denise Neal questioned how much housing was planned and where it would be built; noted that the ADU (Accessory Dwelling Unit) program would not address homeless issues or be included in the affordable housing program; discussed liquefaction that makes it unsafe to build high density housing in certain places; working with other area cities to identify land for public/private partnerships; FAA (Federal Aviation Administration) release of control of Santa Monica Airport; bedrock; funding to build something small on church property; requesting building space in Santa Monica; surplus properties available; building foot traffic in the Arts District; dedicated funds to build housing from Apple; identification of where it is safe to build subterranean parking; street-level market space; airspace units; examining Karen Bass's territory; and help from Los Angeles and Santa Monica.

Discussion ensued between staff and Committee Members regarding collaboration with other cities; identification of funding sources; collaboration with the City Council; affordable projects already in the City; local developers; whether the permitting structure discourages development; incentives; managing a series of public discussions; staff commitment to assist the process; the Affordable Housing Subcommittee that already exists; work done to identify participants; supportive housing; bringing in attainable housing for low to moderate income individuals; inclusionary zoning; CEQA (California Environmental Quality Act); hazardous waste sites; putting together a public education program on the economics of affordable housing including workforce, affordable, and moderate income housing; debt financing; and land use entitlements.

MOVED BY MEMBER GRIFFING, SECONDED BY MEMBER BAUER, AND UNANIMOUSLY CARRIED THAT THE FINANCE ADVISORY COMMITTEE AUTHORIZE THE AFFORDABLE HOUSING AD HOC SUBCOMMITTEE TO WORK WITH THE CITY TO FORM A PUBLIC EDUCATION PROGRAM FOCUSED ON THE ECONOMICS OF THE IMPLEMENTATION OF AFFORDABLE HOUSING.

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Item A-2

FAC - (1) Approval of Measure CC and C Sales Tax Status Reports (FY2022-2023, Q2) for Transmittal to City Council; and (2) Approval of Real Property Transfer Tax Status Report (FY2022-2023, Q3) for Transmittal to City Council

Lisa Soghor, Chief Financial Officer, noted previous discussion of synthesizing the reports for Measure C and Measure CC into a single report; discussed providing quarter by quarter comparisons; the focus on the City budget; large percentage gains in sales tax in Fiscal Year 2021-2022; recovery from COVID; the slight decline in overall sales tax numbers; differences between the overall sales tax and transaction taxes; gains in the share of the tax for online ordering during the pandemic; shifts in reporting; declines in the share of the pool taxes; and distribution centers now seen as the point of sale.

Discussion ensued between staff and Committee Members regarding the Governmental Efficiency Award; recent increases in car buying; point of receipt; sales tax vs. transaction tax; regulation and distribution of funds; state consideration of how taxes are addressed; changes to methods of company reporting; distribution centers in smaller cities; businesses that transitioned to cashless during the pandemic; unreported revenue; and effects of inflation on sales taxes.

Lisa Soghor, Chief Financial Officer, provided a report on Real Property Tax revenue; discussed the mercurial nature of the tax; the need to consider the source as one-time revenue; and striking differences from the previous year.

Discussion ensued between staff and Committee Members regarding feast or famine; number of transactions; interest rates; the slowdown in house-flipping; commercial real estate; the decreased estimate from the current year; City Council discretion as to where revenue is directed; one-time windfalls; fund balance; reserves; pension costs; infrastructure; necessary facility improvements; and balancing out costs down the road.

Chair Lachman invited public comment.

The following member of the public addressed the Committee:

Denise Neal discussed FIFA and the Olympics; performance venues; dedicating land to create a sports complex; generating Olympic participation; creating a new tax base for special events; collaboration with the Parks Recreation and Community Services (PRCS) Department; people renting affordable housing who want to become owners; creating a renewable, sustainable jet fuel grass program to generate extra income; and collaboration with the Baldwin Hills Conservancy.

MOVED BY MEMBER JONES, SECONDED BY MEMBER LACHOFF AND UNANIMOUSLY CARRIED, THAT THE FINANCE ADVISORY COMMITTEE: AUTHORIZE TRANSMITTAL OF THE QUARTERLY STATUS REPORTS (MEASURE C, MEASURE CC, AND REAL PROPERTY TRANSFER TAX) TO THE CITY COUNCIL.

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Item A-5

Receive an Update on the Culver City Economic Vitality Task Force

Member Lachoff indicated that the Culver City Economic Vitality Task Force had not met so there was nothing to report.

Chair Lachman invited public comment.

The following member of the public addressed the Committee:

Denise Neal reported that Joanna Papada, a global strategist with Manchester Bidwell in Pittsburgh, Pennsylvania wanted to do a Zoom meeting with the City and companies contributing to the tax base in order to help create strategic job training and placement programs; discussed the homeless population; jobs created by the Olympics; setting up a jobs fair wage program specifically tailored to the needs of the City; workforce housing; creative community relationships; connecting to matching funds and other resources available; and she indicated that she would share information with the Committee.

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Item A-6

Discussion of June 14, 2023 Agenda

Discussion ensued between staff and Committee Members regarding items for the next agenda including subcommittee reports and a follow-up on the air rights discussion.

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Public Comment – Items NOT on the Agenda (Continued)

Chair Lachman invited public comment.

The following member of the public addressed the Committee:

Denise Neal discussed improving strategic working relationships with SCAG (Southern California Association of Governments) and the Westside Council of Governments; building a regional shelter for the westside; the Santa Monica Civic; the needs assessments done by Rand; solving homelessness and housing problems for the region; forming an alliance with Karen Bass; federal contacts; zoning overlays for the county; tax opportunity credits; state enterprise zones; opportunity zones; and expediting the process.

Discussion ensued between Ms. Neal and Committee Members regarding whether or not the Santa Monica Civic is sound, and available land with the closing of the Santa Monica Airport.

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Items from Committee Members/Staff

Lisa Soghor, Chief Financial Officer, indicated that the proposed budget was up on the City website; the agenda had gone out for the City Council budget meeting; and adoption of the final budget was scheduled for the June 12, 2023 City Council meeting.

Member Griffing discussed availability of the winners to receive the Governmental Efficiency Awards.

Chair Lachman thanked staff and Committee Members for their efforts.

Discussion ensued between staff and Committee Members regarding assistance ordering the awards; the budget; providing an additional plaque for the department; gift cards; legal issues with soliciting donations; the anniversary event; support from the Culver Arts Foundation; new Committee Members; additional staffing; and the standard for achieving a quorum.

Member Lachoff indicated that he would not be present for the June meeting.

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Adjournment

There being no further business, at 9:17 p.m., the City of Culver City Finance Advisory Committee adjourned their meeting to a regular meeting to be held on June 14, 2023.

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John Figueroa
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 Bocchino
CITY CLERK

13 OCT 2023

Date