

THESE MINUTES ARE OFFICIAL & APPROVED BY THE
CULVER CITY FINANCE ADVISORY COMMITTEE

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

January 8, 2020
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
KEITH JONES, Member
SEAN KEARNEY, Member
ANDREW LACHMAN, Member*
ALEJANDRO LARA, Member
BRYAN SUA, Member**

*Member Lachman arrived at 7:07 p.m.

**Member Sua arrived at 7:05 p.m.

Absent: None.

Staff Present: Erica McAdoo, Financial Services & Purchasing Manager
Punit Chokshi, Senior Management Analyst
John Figueroa, Senior Account Clerk

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Pledge of Allegiance

Member Lara 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

Item C-1

Approval of Minutes for the Adjourned Regular Meeting of November 20, 2019

Chair Leonard asked that the word issue on page 2 be changed to issues; she stated that Claudia Vizcarra should have been noted as present at the meeting; and she noted that the speaker named Beverly had not provided her last name.

Member Sua arrived at 7:05 p.m.

MOVED BY MEMBER ALEXANDER, SECONDED BY MEMBER LARA AND UNANIMOUSLY CARRIED, THAT THE FINANCE ADVISORY COMMITTEE APPROVE MINUTES FOR THE ADJOURNED REGULAR MEETING OF NOVEMBER 20, 2019 AS AMENDED (ABSENT MEMBER LACHMAN).

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Item C-2

Approval of Minutes for the Adjourned Regular Meeting of December 11, 2019

Chair Leonard received clarification that deductions had been discussed and noted in the minutes, and she therefore indicated that no changes to the minutes were necessary.

MOVED BY MEMBER KEARNEY, SECONDED BY MEMBER BARBA AND UNANIMOUSLY CARRIED, THAT THE FINANCE ADVISORY COMMITTEE APPROVE MINUTES FOR THE ADJOURNED REGULAR MEETING OF DECEMBER 11, 2019 AS SUBMITTED (ABSENT MEMBER LACHMAN AND WITH MEMBERS ALEXANDER AND LARA ABSTAINING).

Member Lachman joined the meeting at 7:07 p.m.

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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

Vice Chair Menthe discussed dealing with the possible \$100,000 exemption; the work of staff to project potential revenue under different scenarios; an observation that the exemption had a smaller impact on revenue than expected; work done by the subcommittee so far; and continuing the process.

Discussion ensued between staff and Committee Members regarding the Brown Act; the draft shared with the entire Committee; subcommittee goals; presenting a third option for a graduated exemption; appreciation for the work of the subcommittee; wordsmithing; capturing changes in the economic makeup of the City; keeping rates comparable with other cities; increasing rates to maintain City services and adjust for the impacts of larger businesses coming into the City; attracting new businesses to the City; competitive rates; clarifying the purpose and background that resulted in the goals; categories; defining gross revenue; exemptions; fairness; progressive deductions; not providing unnecessary benefits to larger businesses; different methods and options within the methods; exemptions vs. deductions; graduated implementation; the consultant proposal vs. the subcommittee proposal; auditing; adding a rule as to how income is defined; sales tax revenue vs. gross revenue; the amount of revenue in the top 5; the background section; noting the work of the consultant; exceptions; the baseline; creating a reasonable cut off for what a small business income would be; addressing larger businesses in the City; and the number of small businesses vs. large businesses in the City.

Additional discussion ensued between staff and Committee Members regarding evaluating the top employers in the City; impacts to infrastructure and services; daytime vs. nighttime population in Culver City; impacts by numbers of employees vs. revenue generated; the unsuccessful head tax in Los Angeles; square footage fees; calculation and time needed to determine different formulas; methods used in different cities; employment tax; establishing a threshold of income or employees where the business moves to a higher tax rate; ways to measure impacts; business classification; the retail rate; Apple; Sony; the small

increase proposed; an article on the large businesses moving into Culver City; whether business taxes affect the decision of a business to locate in the City; revenue of the entire company vs. what is generated in the City; determining what to tax; artificial definitions; action items for staff: distribution of data; employment data; the Comprehensive Annual Financial Report (CAFR); concern with driving businesses out with a huge increase to fees; costs to relocate; changing the concentration of businesses; economic downturns; comparisons with other area cities; providing an amnesty program; providing an education campaign; allowing a temporary waiver of penalties; enacting a floating amnesty program focused on specific individuals; the challenge of administering an amnesty program; the contract with HdL; regular renewals; enforcement; concern with penalizing those who come into compliance early; timing; including information regarding timing in the recommendation; outreach; encouraging business organizations to interface with their members; impacts to staff time; the Chamber of Commerce; co-working space outreach; partnerships; becoming a legitimate member of the business community; welcome packets for new businesses; and staff support to ensure that everyone pays their business taxes.

Chair Leonard invited public participation.

The following member of the audience addressed the Committee:

Colin Diaz, Culver City Chamber of Commerce, discussed challenges; partnership and communication with the City; he indicated willingness to help; and concern with penalizing those who pay their share.

Additional discussion ensued between staff and Committee Members regarding those who use co-working spaces; providing a welcome packet; clarifying what is needed to be compliant with the City; promotion of available services from the City; providing an incentive to WeWork to alert their clients about the need to pay business taxes; the discovery process used by the consultant; the renewal process; phases of work done by HdL; the attachments provided for clarification; next steps; updating the document with Committee comments including adding to the background; the formal recommendation; the need for additional discussion with staff; presenting to Council Members; public input; placement of the item on an agenda as an Action Item; timing; the process; the ability to hold a special meeting; the Committee as an advisory body; questions to include in the presentation; and the goal to bring the recommendation forward for consideration at the February meeting.

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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

Erica McAdoo, Financial Systems & Purchasing Manager, reported that correspondence had been emailed to Committee Members.

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Items from Committee Members/Staff

Item S-1

Presentation of Internal Control Updates

Punit Chokshi, Senior Management Analyst, reported on a recent meeting with the Ad Hoc Subcommittee; discussed formalizing the process of handling formal complaints from the Fraud, Waste and Abuse Hotline; policies and practices of other cities; development of a process with the consultant; and the presentation of the Risk Assessment Report to the City Council on January 27, 2020.

Discussion ensued between staff and Committee Members regarding clarification that the other cities surveyed did not use outside auditors; policy development; standard processes; whether additional staff would be hired to handle oversight duties; clarification that the City of Santa Monica uses a third party auditor; the job description for the person handling internal controls; the reporting authority for the position; ethical complaints; the ability to report to the City Manager or City Council; the chain of command; the general practice of other cities to have complaints reported to the City Auditor; and final review by the Committee.

Further discussion ensued between staff and Committee Members regarding items for the February agenda; Measure CC; information packets about City services; continuing Measure Y; campaign materials; information available on the website; providing input from the FAC; the Brown Act; providing commentary as members of the FAC rather than as a collective body; and distribution of materials to Committee Members.

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Adjournment

There being no further business, at 9:09 p.m., the Finance Advisory Committee adjourned its meeting to Wednesday, February 12, 2020 at 7:00 p.m. in the Dan Patacchia Meeting Room.

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2/12/2020

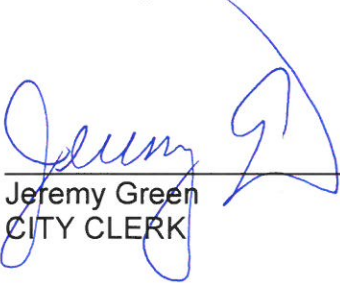
John Figueroa
CO-SECRETARY of the Culver City Finance Advisory Committee
Culver City, California

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

17 FEB 2020

Date