

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

November 20, 2019
7:00 p.m.

CALL TO ORDER & ROLL CALL

Chair Leonard called the special meeting of the City of Culver City Finance Advisory Committee to order at 7:01 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 7:02 p.m.

Absent: None.

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

Bryan Sua 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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Presentations

Item P-1

Presentation from Consultant to the FAC on Ballot Measure Issues Survey Results

Rick Sklars, FM3 Research, discussed the survey conducted about the proposed ballot measure and to assess general issues in Culver City; methodology; the general mood of the community; demographics; job approval ratings; viewpoints on various issues; funding issues; ballot measures; factors that affect viewpoint; consideration without the sunset clause; the level of support for renewing Measure Y; the Business License Tax; the description of how businesses would be taxed; exemptions for small businesses; bringing tax rates to be in line with other area cities; fiscal responsibility; the ability of the City to provide services; and accountability.

Discussion ensued between Mr. Sklars and Committee Members regarding viewpoint based upon political affiliation, and partisan breakdown in the City.

Chair Leonard explained procedures for public speaking and invited public comment.

The following members of the audience addressed the Committee:

Sherry Roan expressed concern with the number of people surveyed; discussed homelessness; traffic; landlords in the City; small business owners; she felt there were too many rules and restrictions; discussed rents; questioned why houses and condos were not under rent control; and she felt that everyone should be allowed to vote.

Rick Sklars explained survey methodology and discussed the representative sample taken.

Discussion ensued between the consultant and Committee Members regarding identification of registered voters; methods of contacting survey respondents; and

formulation of questions.

Clinton Goldsmith received clarification regarding dissemination of information to the City Council; the process for placing an item on the ballot; the position of the City Council to place the sales tax item on the ballot; work of the subcommittee of the FAC to provide information to the City Council regarding the business tax measure; and composition of the Business Tax Review Subcommittee.

Discussion ensued between the consultant and Committee Members regarding the survey of the likely voter population in 2020 and clarification that a survey was taken, not a vote.

Ron Bassilian indicated that he had received the survey but had not completed it; he felt the survey was leading; he discussed the simulated opposition campaign; and recent questionable expenditures by the City Council.

Rick Sklars discussed the attempt of the survey to gage initial reactions to the idea and preferences; the tax issue; figuring out what opponents would say; the simulated opposition; and pension issues.

Zach Bevington provided background on himself and asked about proposed changes to the business taxes.

Discussion ensued between the consultant, staff and Committee Members regarding true costs to the businesses; increases for the film studios; the ballot measure description; purpose of the survey; averages; exemptions; concern with misinformation; previous surveys for the City to gage public support of various ballot measures; percentages vs. dollar amounts; public participation; the aim to get a random sampling of voters in Culver City; allowing more participation in the survey; and additional surveying.

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Consent Calendar

Item C-1

Approval of the Minutes for the Adjourned Regular Meeting of October 16, 2019

Chair Leonard invited public comment.

The following member of the audience addressed the Committee:

Les Greenberg wanted it to be clear in either the minutes of October 16, 2019 or

the minutes of November 20, 2019, that, regarding the Internal Controls Update, the public was not provided with a copy of the Lighthouse contract nor were they told what was in the contract, and he added that they were not told that instead of reports being sent to Moss Adams, they would be sent to three Culver City staff members.

THE FINANCE ADVISORY COMMITTEE APPROVED MINUTES FOR THE REGULAR MEETING OF OCTOBER 16, 2019 (WITH MEMBER LARA ABSTAINING).

Chair Leonard received clarification that when correspondence is received, it is not specifically listed in the minutes and she inquired about the timeframe for posting approved minutes on the City website.

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Order of the Agenda

No changes were made.

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Action Items

Item A-1

- (1) Discussion of Internal Audit Report of Enterprise Risk Assessment and**
- (2) Authorize report for Transmittal to City Council**

Colleen Rosales, Moss Adams, provided background on herself; reported on the results of the Enterprise Risk Assessment; discussed the process; assessment methods; interviews; document and data review; employee surveys; response rates; validation of facts; continuous improvement; level of preparedness; determination of the Internal Audit Work Program; risk trajectory; risk mitigation efforts; the facility condition assessment; asset management; changing demographics in the City changing community needs and expectations; information technology; rich departments vs. poor departments; taking an enterprise approach; improving efficiencies; improving as a City rather than being department specific; cyber security; organizational structure and staffing; recessionary impacts; limited administrative support in the City; workload; the lack of centralized communications and facilities management; changing community expectations; unfunded mandates; ambitious plans and policies; the competitive nature of public sector jobs; vacant positions; productivity; institutional knowledge; the external environment; risks to the City; impacts to day to day business; traffic; affordable housing; homelessness; climate change; natural disasters; impacts to

City operations; proactive participation in regional partnerships; state initiatives; and innovative solutions from a partnership perspective.

Chair Leonard invited public comment.

The following member of the audience addressed the Committee:

Les Greenberg discussed Section M, The Fraud Waste and Abuse Hotline; use of hotlines as an effective tool to fight government corruption; his previous letters to the Committee; recommendations from Moss Adams; he expressed concern that the pilot program now routes complaints not to Moss Adams, but instead to staff; he discussed setting the tone for the City; confidentiality for anonymous whistleblowers; noted fear of retaliation expressed by employees; he felt that Committee approval of the report was premature; and he expressed concern with a lack of due diligence.

Discussion ensued between staff and Committee Members regarding the pilot program; the need for a full Request for Proposals (RFP) process; the number of employees that receive the complaint at the same time; the third party notification; City Council notification; protections in place for whistleblowers; state law; accountability; implementation of the policy as recommended by Moss Adams; the need to establish an internal audit program in the City; the Purchasing Ordinance; the City process for receiving calls; exceptions; the Moss Adams contract; reporting procedures; and current policies in place.

THE FINANCE ADVISORY COMMITTEE: PASSED A MOTION TO AUTHORIZE TRANSMITTAL OF THE ENTERPRISE RISK ASSESSMENT TO CITY COUNCIL NOTING THE PILOT PROGRAM PROCESS.

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Item A-2

Receive Report on the Implementation of the Interim Rent Control Ordinance (IRCO), Related Expenses and a Possible Fee Study to Recover Costs for Landlord Registration

Jesse Mays, Assistance City Manager, provided a presentation on expenditures to date; the proposed budget for the remainder of fiscal year 2020; and the projected budget for a permanent program based on the interim rent control program.

Chair Leonard invited public comment.

The following members of the audience addressed the Committee:

Meg Sullivan
Judy Scott
Disa Lindgren
Gary Duboff
Rich Kissel
Carrie Karney
Mike Winn
Zach Bevington
Ron Bassilian
Michelle Weiner
Fred Sutton
Claudia Vizcarra
Jerry Chabola
Beverly

Discussion ensued between staff and Committee Members which included the following suggestions related to the current proposed budget:

- If the City Council approves a fee study to recover costs for the residential rental registration system, and a fee is approved, the City Council should determine how much, if any, of the fee, a landlord can pass along to their tenants. (Staff to bring this policy decision forward as a part of any future fee item.)
- A recommendation that the City Council consider whether to do a fee study to recover all costs associated with the Interim Rent Control Ordinance (IRCO), not simply the registration system costs.

Discussion ensued between staff and Committee Members which included the following suggestions related to the development of a permanent rent control program:

- The City Council consider whether to only rely on the new State rent control regulations (AB1482), and if so, whether to enforce the state regulations or rely on private enforcement with consideration of the relative budget impacts associated with each choice.
- The City Council should include the anticipated costs of a permanent program during the normal FY 20/21 budget cycle so they can be incorporated and taken into consideration during the annual budget process.

- The City Council should consider the cost associated with a permanent program at the same time adoption of any permanent program is considered.
- The City Council should consider what role, if any, the Landlord Tenant Mediation Board might play as part of a permanent rent control program.
- The City Council should consider possible indirect financial impacts of a permanent rent control program (such as potential devaluation of property, a decline in the number of CCUSD students/funding, or whether program costs might escalate over time).
- The City Council should consider the impacts added duties associated with a permanent rent control program might have on existing staff.
- The FAC requested receipt of additional future reports from staff regarding costs associated with the interim and proposed programs, and possible cost recovery methods, before the City Council considers a permanent program.

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Item A-3

Approval of Measure Y and C Sales Tax Status Report for Transmittal to City Council.

Erica McAdoo, Procurement & Financial Services Manager, provided a summary of the material of record, including new format of Quarterly Status Reports as infographic webpage.

Chair Leonard invited public comment.

No cards were received and no speakers came forward.

THE FINANCE ADVISORY COMMITTEE: PASSED A MOTION TO AUTHORIZE TRANSMITTAL OF THE MEASURE Y AND C STATUS REPORT TO CITY COUNCIL.

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Item A-4

Receive Reports from Subcommittees

Chair Leonard recommended this item be continued to the December 11, 2019 FAC Meeting. No Subcommittee reports were received.

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Item A-5

Discussion of 3rd Quarterly Committee Report of FAC Activities.

Discussion ensued between staff and Committee Members regarding additions to the report including rent control costs and implementation input; continuation of internal audits reports review; progress towards business tax ordinance recommendations; and the format for presenting the item to City Council; summarizing outcome and highlighting the volume of attendance at meeting for Rent Control item.

THE FINANCE ADVISORY COMMITTEE PASSED A MOTION TO AUTHORIZE TRANSMITTAL OF THE 3RD QUARTERLY COMMITTEE REPORT OF FAC ACTIVITIES TO CITY COUNCIL.

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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

None.

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Items from Committee Members/Staff

Item S-1

Discussion of December Agenda

Discussion ensued between staff and Committee Members regarding items for the December agenda including subcommittee report and internal controls update.

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Adjournment

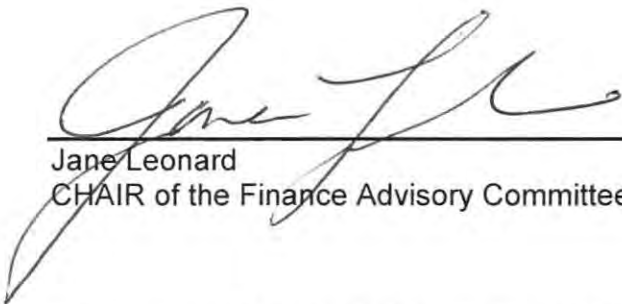
There being no further business, at 9:37 p.m., the Finance Advisory Committee adjourned its meeting to Wednesday, December 11, 2019 at 7:00 p.m. in the Dan Patacchia Meeting Room.

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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

9 JAN 2020
Date