

**CITY OF REDONDO BEACH  
BUDGET & FINANCE COMMISSION AGENDA  
Thursday, April 11, 2024**

**415 DIAMOND STREET, REDONDO BEACH**

**CITY COUNCIL CHAMBER**

**REGULAR MEETING OF THE BUDGET AND FINANCE COMMISSION - 6:30  
PM**

**ALL PUBLIC MEETINGS HAVE RESUMED IN THE CITY COUNCIL  
CHAMBER. MEMBERS OF THE PUBLIC MAY PARTICIPATE IN-PERSON,  
BY ZOOM, EMAIL OR eCOMMENT.**

Budget and Finance Commission meetings are broadcast live through Spectrum Cable, Channel 8, and Frontier Communications, Channel 41. Live streams and indexed archives of meetings are available via internet. Visit the City's office website at [www.Redondo.org/rbtv](http://www.Redondo.org/rbtv).

TO WATCH MEETING LIVE ON CITY'S WEBSITE:

<https://redondo.legistar.com/Calendar.aspx>

\*Click "In Progress" hyperlink under Video section of meeting

TO WATCH MEETING LIVE ON YOUTUBE:

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TO JOIN ZOOM MEETING (FOR PUBLIC COMMENT ONLY):

Register in advance for this meeting:

[https://us02web.zoom.us/webinar/register/WN\\_k4SPUmJ-T4-fA9GB4QYaZw](https://us02web.zoom.us/webinar/register/WN_k4SPUmJ-T4-fA9GB4QYaZw)

After registering, you will receive a confirmation email containing information about joining the meeting.

If you are participating by phone, be sure to provide your phone # when registering. You will be provided a Toll Free number and a Meeting ID to access the meeting. Note; press # to bypass Participant ID. Attendees will be muted until the public participation period is opened. When you are called on to speak, press \*6 to unmute your line. Note, comments from the public are limited to 3 minutes per speaker.

eCOMMENT: COMMENTS MAY BE ENTERED DIRECTLY ON WEBSITE AGENDA PAGE:

<https://redondo.granicusideas.com/meetings>

- 1) Public comments can be entered before and during the meeting.
- 2) Select a SPECIFIC AGENDA ITEM to enter your comment;
- 3) Public will be prompted to Sign-Up to create a free personal account (one-time) and then comments may be added to each Agenda item of interest.
- 4) Public comments entered into eComment (up to 2200 characters; equal to approximately 3 minutes of oral comments) will become part of the official meeting record.

EMAIL: TO PARTICIPATE BY WRITTEN COMMUNICATION WITH ATTACHED DOCUMENTS BEFORE 3PM DAY OF MEETING:

Written materials that include attachments pertaining to matters listed on the posted agenda received after the agenda has been published will be added as supplemental materials under

the relevant agenda item. Email [FinanceMail@redondo.org](mailto:FinanceMail@redondo.org)

## **REGULAR MEETING OF THE BUDGET AND FINANCE COMMISSION - 6:30 PM**

### **A. CALL MEETING TO ORDER**

### **B. ROLL CALL**

### **C. SALUTE TO THE FLAG**

### **D. APPROVE ORDER OF AGENDA**

### **E. BLUE FOLDER ITEMS - ADDITIONAL BACK UP MATERIALS**

*Blue folder items are additional back up material to administrative reports and/or public comments received after the printing and distribution of the agenda packet for receive and file.*

#### **E.1. [For Blue Folder Documents Approved at the Budget and Finance Commission Meeting](#)**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

### **F. CONSENT CALENDAR**

*Business items, except those formally noticed for public hearing, or discussion are assigned to the Consent Calendar. The Commission Members may request that any Consent Calendar item(s) be removed, discussed, and acted upon separately. Items removed from the Consent Calendar will be taken up under the "Excluded Consent Calendar" section below. Those items remaining on the Consent Calendar will be approved in one motion following Oral Communications.*

#### **F.1. [APPROVAL OF AFFIDAVIT OF POSTING FOR THE REGULAR BUDGET AND FINANCE COMMISSION MEETING OF APRIL 11, 2024](#)**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

#### **F.2. [APPROVAL OF THE MINUTES FROM THE REGULAR AND SPECIAL BUDGET AND FINANCE COMMISSION MEETINGS OF NOVEMBER 28, 2023 \(SPECIAL\), DECEMBER 14, 2023, JANUARY 11, 2024 AND FEBRUARY 8, 2024](#)**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

### **G. EXCLUDED CONSENT CALENDAR ITEMS**

### **H. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

*This section is intended to provide members of the public with the opportunity to comment on any subject that does not appear on this agenda for action. This section is limited to 30 minutes. Each speaker will be afforded three minutes to address the Commission. Each speaker will be permitted to speak only once. Written requests, if any, will be considered first under this section.*

#### **H.1. [For eComments and Emails Received from the Public](#)**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

### **I. ITEMS CONTINUED FROM PREVIOUS AGENDAS**

### **J. ITEMS FOR DISCUSSION PRIOR TO ACTION**

**J.1. FISCAL YEAR 2024-25 BUDGET INPUT**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

**K. MEMBER ITEMS AND REFERRALS TO STAFF**

**L. ADJOURNMENT**

*The next meeting of the Redondo Beach Budget and Finance Commission will be a regular meeting to be held at 6:30 p.m. on May 9, 2024, in the Redondo Beach Council Chambers, at 415 Diamond Street, Redondo Beach, California.*

*It is the intention of the City of Redondo Beach to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting you will need special assistance beyond what is normally provided, the City will attempt to accommodate you in every reasonable manner. Please contact the City Clerk's Office at (310) 318-0656 at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.*

*An agenda packet is available 24 hours at [www.redondo.org](http://www.redondo.org) under the City Clerk.*



# Administrative Report

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E.1., File # BF24-0470

Meeting Date: 4/11/2024

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**TITLE**

For Blue Folder Documents Approved at the Budget and Finance Commission Meeting



# Administrative Report

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F.1., File # BF24-0468

Meeting Date: 4/11/2024

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**TITLE**

APPROVAL OF AFFIDAVIT OF POSTING FOR THE REGULAR BUDGET AND FINANCE  
COMMISSION MEETING OF APRIL 11, 2024

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**Financial Services**

415 Diamond Street, P.O. Box 270  
 Redondo Beach, California 90277-0270  
[www.redondo.org](http://www.redondo.org)

tel 310 372-1171  
 fax 310 937-6666

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STATE OF CALIFORNIA            )  
 COUNTY OF LOS ANGELES        )       SS  
 CITY OF REDONDO BEACH        )

**AFFIDAVIT OF POSTING**

In compliance with the Brown Act, the following materials have been posted at the locations indicated below.

Legislative Body	Budget and Finance Commission
Posting Type	Regular Meeting Agenda
Posting Locations	415 Diamond Street, Redondo Beach, CA 90277 ✓ Adjacent to Council Chambers ✓ City Clerk's Counter, Door "1"
Meeting Date & Time	April 11, 2024 6:30 p.m.

As the Finance Director and Liaison of the Budget and Finance Commission of the City of Redondo Beach, I declare, under penalty of perjury, the document noted above was posted at the date displayed below.

*Wendy Collazo, Finance Director  
 Budget and Finance Commission*

Date: April 8, 2024



# Administrative Report

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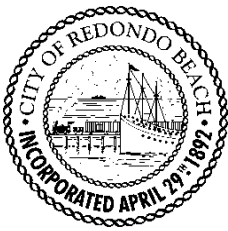
F.2., File # BF24-0568

Meeting Date: 4/11/2024

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## **TITLE**

APPROVAL OF THE MINUTES FROM THE REGULAR AND SPECIAL BUDGET AND FINANCE COMMISSION MEETINGS OF NOVEMBER 28, 2023 (SPECIAL), DECEMBER 14, 2023, JANUARY 11, 2024 AND FEBRUARY 8, 2024



## **SPECIAL MEETING OF THE BUDGET AND FINANCE COMMISSION – 6:30 PM**

### **A. CALL MEETING TO ORDER**

A Special Meeting of the Redondo Beach Budget and Finance Commission was called to order at 6:30 p.m. by Chair Castle, in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

### **B. ROLL CALL**

Commissioners Present: Allen, Jeste, Samples, Woodham, Chair Castle

Commissioners Absent: Marin, Sherbin

Officials Present: Wendy Collazo, Finance Director  
Nilesh Mehta, Chief Deputy City Treasurer  
Doug Kaku, Grants Financial Administrator

### **C. SALUTE TO THE FLAG**

Chair Castle led in the salute to the flag.

### **D. APPROVE ORDER OF AGENDA**

Motion by Commissioner Samples, seconded by Commissioner Woodham, to approve the order of the agenda, as presented. There being no objections, Chair Castle so ordered.

### **E. BLUE FOLDER ITEMS – ADDITIONAL BACK UP MATERIALS**

#### **E.1. For Blue Folder Documents Approved at the Budget and Finance Commission Meeting**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

Grants Financial Administrator Kaku confirmed there were no Blue Folder Items for tonight's meeting.

### **F. CONSENT CALENDAR**

#### **F.1. APPROVAL OF AFFIDAVIT OF POSTING FOR THE SPECIAL BUDGET AND FINANCE COMMISSION MEETING OF NOVEMBER 28, 2023.**



**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

There were no public comments on the Consent Calendar.

Motion by Commissioner Samples, seconded by Councilmember Woodham, to approve the Consent Calendar, as presented. There being no objections, Chair Castle so ordered.

**G. EXCLUDED CONSENT CALENDAR ITEMS - None**

**H. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

**H.1 For eComments and Emails Received from the Public**

There were no public comments on non-agenda items.

**I. ITEMS CONTINUED FROM PREVIOUS AGENDAS – None**

**J. ITEMS FOR DISCUSSION PRIOR TO ACTION**

**J.1. DISCUSSION AND POSSIBLE ACTION REGARDING INPUT ON RECOMMENDED ASSIGNMENTS OF GENERAL FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**CONTACT:** STEPHANIE MEYER, ASSISTANT FINANCIAL SERVICES DIRECTOR

Assistant Financial Services Director Meyer presented highlights of the Administrative Report.

Discussion followed regarding CalPERS updated actuarial reports, projections for the City's unfunded liability, the UAL, continuing to recommend that the City be conservative in its spending and the CalPERS pension forecasting tool.

Finance Director Collazo discussed upcoming meetings with CalPERS; talked about understanding the City's relationship with CalPERS and being better prepared and addressed providing analytics from CalPERS quarterly returns that are specific to the City's portfolio.

Commissioner Woodham reported he was informed that CalPERS does not provide quarterly returns.

Assistant Financial Services Director Meyer talked about specific reports that are available, quarterly.

Commissioner Woodham talked about the Commission needing to review quarterly returns and in reply to his question, Finance Director Collazo reported staff is working to arrange for a CalPERS Representative to attend the Commission's meeting of December 14, 2023. Commissioner Woodham requested that CalPERS provide the pertinent reports prior to the meeting so that Commission Members may review them before the meeting.

Finance Director Collazo spoke about a vision for the future and continuing to build a relationship with CalPERS.

Commissioner Woodham added that he is not complaining about CalPERS returns but rather their reporting of those returns.

Finance Director Collazo discussed major contributors to the estimated fund balance; spoke about traditional encumbrances and reported the City ended higher than expected in funds unallocated.

Discussion followed regarding capital projects contributing to expenditures, the City's required reserve (8.33%), reserves to set aside in the fund balance, rents and percentages, increases in City Attorney and Police Department expenditures, the mid-year budget review, questionable procurement practices and methodologies of the Police Department,

There were no public comments on this item.

Motion by Commissioner Woodham, seconded by Councilmember Samples, and approved by roll call vote, to recommend to City Council that the unallocated funds not be expended and that they be held in reserve.

The motion carried with the following roll call vote:

AYES: Allen, Jeste, Samples, Woodham, Chair Castle  
NOES: None  
ABSENT: Marin, Sherbin  
ABSTAIN: None

The motion carried 5-0-2. Commissioners Marin and Sherbin were absent.

#### **K. MEMBER ITEMS AND REFERRALS TO STAFF**

Commissioner Allen asked for an explanation of the Bond Debt of \$11 million and Assistant Financial Services Director Meyer reported it would be principal and interest for the City's three bonds.

Finance Director Collazo referenced the City's debt schedule in the ACFR.

Commissioner Allen spoke about cities that are trying to get out of CalPERS; suggested the City is in a good position to do that as it does not owe them a lot of money and there are many alternatives to CalPERS.

Commissioner Woodham mentioned that CalPERS is doing well and reiterated the need for them to provide timely reports. Additionally, he asked that the CalPERS report include returns for International Developed Equity, Emerging Markets and Private Equity versus some benchmark.

Commissioner Samples suggested investigating the possibility of moving out of CalPERS and of having a third-party manager.

Finance Director Collazo introduced new Senior Accountant Stephen Peloso who introduced himself and expressed his appreciation for working for the City.

**L. ADJOURNMENT – 7:30 p.m.**

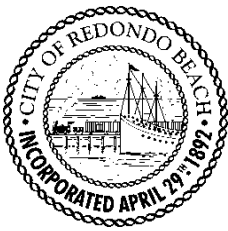
There being no further business to come before the Budget and Finance Commission, motion by Commissioner Samples, seconded by Allen, to adjourn the meeting at 7:30 p.m., to a Regular meeting to be held at 6:30 p.m. on December 14, 2023, in the Redondo Beach City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California. There being no objections, Chair Castle so ordered.

All written comments submitted via eComment are included in the record and available for public review on the City website.

Respectfully submitted:

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Wendy Collazo  
Finance Director



## **REGULAR MEETING OF THE BUDGET AND FINANCE COMMISSION – 6:30 PM**

### **A. CALL MEETING TO ORDER**

A Regular Meeting of the Redondo Beach Budget and Finance Commission was called to order at 6:30 p.m. by Chair Castle, in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

### **B. ROLL CALL**

Commissioners Present: Allen, Jeste, Marin, Samples, Sherbin, Woodham,  
Chair Castle

Commissioners Absent: None

Officials Present: Wendy Collazo, Finance Director  
Stephanie Meyer, Assistant Financial Services Director  
Doug Kaku, Grants Financial Administrator

### **C. SALUTE TO THE FLAG**

Chair Castle led in the salute to the flag.

### **D. APPROVE ORDER OF AGENDA**

The Budget and Finance Commission concurred to approve the Order of the Agenda.

### **E. BLUE FOLDER ITEMS – ADDITIONAL BACK UP MATERIALS**

#### **E.1. For Blue Folder Documents Approved at the Budget and Finance Commission Meeting**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

Grants Financial Administrator Kaku confirmed there were no Blue Folder Items for tonight's meeting.

### **F. CONSENT CALENDAR**

#### **F.1. APPROVAL OF AFFIDAVIT OF POSTING FOR THE SPECIAL BUDGET AND FINANCE COMMISSION MEETING OF DECEMBER 14, 2023.**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

There were no public comments on the Consent Calendar.

Motion by Commissioner Samples, seconded by Commissioner Marin, to approve the Consent Calendar, as presented. There being no objections, Chair Castle so ordered.

**G. EXCLUDED CONSENT CALENDAR ITEMS - None**

**H. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

**H.1 For eComments and Emails Received from the Public**

There were no public comments on non-agenda items.

**I. ITEMS CONTINUED FROM PREVIOUS AGENDAS – None**

**J. ITEMS FOR DISCUSSION PRIOR TO ACTION**

**J.1. CalPERS Investment Overview-Presentation to the City of Redondo Beach**

**CONTACT:** STEPHANIE MEYER, ASSISTANT FINANCIAL SERVICES DIRECTOR

Assistant Financial Services Director Meyer introduced CalPERS representatives and deferred to them for a presentation.

Kelly Fox, CalPERS, via Zoom, introduced Sterling Gunn and Christine Reese narrated a PowerPoint presentation with an overview of CalPERS investments and discussed investment objectives, their harvesting strategy, the benefits of being a long-time investor, risk of loss and risk appetite and maximizing returns and minimizing losses.

Discussion followed regarding whether the risk of loss affects asset allocation.

Commissioner Samples expressed concerns with the chart on Slide 5 in that the black line is left of the mean distribution and shows as a gain.

Mr. Gunn stated they are regarding anything above zero to be a gain and that it might not be sufficient for their needs.

In reply to Commissioner Samples' question in terms of what CalPERS needs to achieve so that the City does not have sudden and unexpected additional contributions to a defined benefit program, Mr. Gunn stated that the long-term, actuarial target is 6.8 which is the projected return CalPERS needs to make the plan work.

Mr. Gunn continued with the presentation addressing the role of included asset classes, allocation of current assets, understanding the relationship between asset classes, the percentage of total assets in fixed income, public and private equity, the length of the ALM cycle and looking for better opportunities to better increase diversification.

Discussion followed regarding returns for public equity, over time and CalPERS quarterly trust statements available on the CalPERS website.

Christine Reese, CalPERS, proceeded with the presentation addressing capital market assumptions and a survey of fifteen providers.

Commissioner Woodham stated it would be helpful to include specific return values on the Chart on Slide 7.

Sterling Gunn noted the importance of not getting caught up on quarter-by-quarter changes but rather having a good understanding of where the middle ground is, for the long run and focusing on that. He added that for any particular portfolio there has been a range of projected returns from 6 to 8, over a ten year period and reported it is an equity centric portfolio.

Discussion followed regarding differences between private and public equity, minimizing exposure to funds, diversifying the private equity portfolio, expected returns for private and public equity, the benefits of diversification and the importance of the weight in the portfolio.

Mr. Gunn continued responding to questions from the Commission; noted they are hoping to increase the allocation to private equity; mentioned the need to balance the desire for returns against the desire for liquidity; spoke about different aspects to liquidity and reported they have more than sufficient liquidity to pay their bills now and in the future. Additionally, he spoke about making sure they do not have to unwind strategies to provide liquidity and noted there are always tradeoffs between the return and the different kinds of risks in the portfolio.

Commissioner Jeste referenced an article in the Wall Street Journal claiming that CalPERS missed \$11 billion in gains by not committing enough money to private equity.

Mr. Gunn reported that statement was made at CalPERS September 2023 Board meeting; pointed out they increased their allocation to private equity in 2021 and are discussing doing the same, now and noted the important thing is consistency and CalPERS was not consistent during that ten year period.

Discussion followed regarding the frequency of balancing the portfolio using the asset classes, restrictions in terms of capacity limits, the intent to design a diversified portfolio, co-investments, fund relationships and the status of hiring a new CIO.

Mr. Gunn spoke about the importance of a mid-cycle review to be able to adjust appropriately; addressed the expected range of returns; discussed the value of diversification, the drawdown risk measure during a three year period and provided a summary of the PERF performance.

Discussion followed regarding historical returns, performance of other pension funds compared to CalPERS, the median return for the last five years and setting a risk level to meet a projected return.

Commissioner Samples felt that the CalPERS investment horizon is far too long and therefore, far too volatile and wondered whether it would make sense to create a fund in the background, in the City's budget, to accommodate the shortfalls or rely on the performance of the CalPERS portfolio.

In reply to Commissioner Woodham's question, Christine Reese, CalPERS, provided information regarding CalPERS affiliates and their performance summary.

City Treasure Solomon asked whether CalPERS rebalances the portfolio after the mid-cycle review or wait until the quarter ends and Mr. Gunn reported rebalancing is a contrarian strategy which over time, evens out the portfolio and adds to its value; stated the expected return is the expected net return and mentioned impacts of turnover in CalPERS in terms of investment strategies and asset allocation.

City Treasurer Solomon spoke about the City being funded in miscellaneous and safety over 90%; mentioned the City issues lease revenue bonds and made a substantial payment into CalPERS and asked whether there is a sweet spot for being funded at 70 or 80 percentile.

Mr. Gunn spoke about a wide range of the degree of funding; reported the target level is a preference; discussed risk and affordability; noted those are choices specific to the plan and stated circumstances vary from one plan to the next.

Commissioner Allen asked about the cap for private equity and Mr. Gunn reported there is no cap, and the amount is constrained by the Board.

In reply to Commissioner Samples about whether other funding is necessary in order to meet the City's future requirements, Mr. Gunn suggested the actuary has the answer to that question.

Commissioner Allen felt that CalPERS will have challenges in reaching the 6.8 return.

Mr. Gunn reiterated the importance of consistency.

Ms. Reese reported that all Actuarial reports are on their website.

There were no public comments on this item.

Motion by Commissioner Woodham, seconded by Commissioner Samples, and approved by roll call vote, to receive and file the report.

The motion carried with the following roll call vote:

AYES:	Allen, Jeste, Marin, Samples, Sherbin, Woodham, Chair Castle
NOES:	None
ABSENT:	None
ABSTAIN:	None

The motion carried 7-0-0.

## **J.2. DISCUSSION OF PARTICIPATION IN THE INDEPENDENT AUDITOR SELECTION PROCESS**

**CONTACT:** STEPHANIE MEYER, ASSISTANT FINANCIAL SERVICES DIRECTOR

Finance Director Collazo presented details of the Administrative Report; discussed plans to issue an RFP with a January 2024 schedule; reported it has been customary for the Chair of the Budget and Finance Commission to be on the interview panel.

There were no public comments on this item.

Motion by Commissioner Samples, seconded by Commissioner Marin, to appoint Chair Castle to be the Budget and Finance Commission representative on the auditor selection interview panel. There being no objections, Chair Castle so ordered.

Commissioner Samples thanked Financial Services staff for addressing this item earlier in the process than previously.

Motion by Commissioner Samples, seconded by Commissioner Marin, and approved by roll call vote, to receive and file the report.

The motion carried with the following roll call vote:

AYES:	Allen, Jeste, Marin, Samples, Sherbin, Woodham, Chair Castle
NOES:	None
ABSENT:	None
ABSTAIN:	None

The motion carried 7-0-0.

#### **K. MEMBER ITEMS AND REFERRALS TO STAFF**

Commissioner Allen expressed her wishes for a Merry Christmas and Happy New Year.

Commissioner Woodham talked about being critical of CalPERS reporting and not their performance; requested information regarding how to access their quarterly return reports and questioned the reason they stated they would did not provide information regarding the difference in the premium from private equity compared to public equity and discussed the volatility of the portfolio since 2014.

Commissioner Samples spoke about the market being volatile in the last few years; noted it is impossible to time the highs and lows, but the mid-range can be captured and be much more stable and suggested reviewing the actuarial reports for future planning.

Finance Director Collazo reported this is a two-part presentation with the investment side presented today and then the actuarial side; spoke about the Financial Services staff being able to jump on this and get educated to answer questions that have been lingering for years; stated staff has found useful tools to help in forecasting and add the customization needed for the City's demographics and noted staff will provide the reports requested by the Commission.

#### **L. ADJOURNMENT – 8:20 p.m.**

There being no further business to come before the Budget and Finance Commission, motion by Commissioner Samples, seconded by Commissioner Woodham, to adjourn the meeting at 8:20



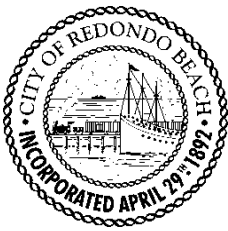
p.m., to a Regular meeting to be held at 6:30 p.m. on January 11, 2024, in the Redondo Beach City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California. There being no objections, Chair Castle so ordered.

All written comments submitted via eComment are included in the record and available for public review on the City website.

Respectfully submitted:

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Wendy Collazo  
Finance Director



## **REGULAR MEETING OF THE BUDGET AND FINANCE COMMISSION – 6:30 PM**

### **A. CALL MEETING TO ORDER**

A Regular Meeting of the Redondo Beach Budget and Finance Commission was called to order at 6:30 p.m. by Chair Castle, in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

### **B. ROLL CALL**

Commissioners Present: Allen, Jeste, Marin, Samples, Sherbin, Woodham,  
Chair Castle

Commissioners Absent: None

Officials Present: Wendy Collazo, Finance Director  
Stephanie Meyer, Assistant Financial Services Director  
Doug Kaku, Grants Financial Administrator

### **C. SALUTE TO THE FLAG**

Chair Castle led in the salute to the flag.

### **D. APPROVE ORDER OF AGENDA**

There were no public comments on this item.

Motion by Commissioner Woodham, seconded by Commissioner Allen, to approve the order of the agenda, as presented. There being no objections, Chair Castle so ordered.

### **E. BLUE FOLDER ITEMS – ADDITIONAL BACK UP MATERIALS**

#### **E.1. For Blue Folder Documents Approved at the Budget and Finance Commission Meeting**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

Grants Financial Administrator Kaku confirmed there were two Blue Folder Items for tonight's meeting.

Motion by Commissioner Samples, seconded by Commissioner Woodham, to receive and file Blue Folder Items, as presented. There being no objections, Chair Castle so ordered.

**F. CONSENT CALENDAR**

**F.1. APPROVAL OF AFFIDAVIT OF POSTING FOR THE SPECIAL BUDGET AND FINANCE COMMISSION MEETING OF JANUARY 11, 2024.**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

There were no public comments on the Consent Calendar.

Motion by Commissioner Marin, seconded by Commissioner Woodham, to approve the Consent Calendar, as presented. There being no objections, Chair Castle so ordered.

**G. EXCLUDED CONSENT CALENDAR ITEMS - None**

**H. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

**H.1 For eComments and Emails Received from the Public**

There were no public comments on non-agenda items.

**I. ITEMS CONTINUED FROM PREVIOUS AGENDAS – None**

**J. ITEMS FOR DISCUSSION PRIOR TO ACTION**

**J.1. DISCUSSION OF FISCAL YEAR 2024-25 BUDGET TIMELINE**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

Finance Director Collazo discussed the Fiscal Year 2024-25 budget timeline; addressed deployment of Clear Gov for the budget book preparation and returning to a normal cycle and offered to respond to questions from the Commission. She reported that preliminary numbers will be presented in April and will solidify the schedule and presented applicable documents ahead of time for the Commission to review.

Discussion followed regarding the State's expected budget shortfall and potential impacts to the City's budget.

There were no public comments on this item.

Motion by Commissioner Samples, seconded by Commissioner Woodham, and approved by roll call vote, to receive and file the presentation.

AYES: Allen, Jeste, Marin, Samples, Sherbin, Woodham, Chair Castle

NOES: None

ABSENT: None

ABSTAIN: None

The motion carried 7-0-0.

## **J.2. DISCUSSION OF BUDGET & FINANCE COMMISSION REGULAR MEETING DATES**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

Finance Director Collazo presented options for the Budget and Finance Commission to consider changing meeting dates toward the latter portion of each month to capture increased up-to-date monthly data and have more robust reporting; discussed the possibility of holding quarterly, rather than monthly Budget and Finance Commission meetings and reported the City is looking to streamline commissions and committees.

Assistant Financial Services Director Meyer mentioned being able to schedule special meetings as needed.

Commissioner Allen stated the third or fourth Thursdays of the month work for her in terms of the meeting schedule and preferred maintaining monthly meetings.

Chair Castle favored the third or fourth Thursdays of the month and agreed with keeping the monthly meeting frequency except for when there is a light agenda.

Commissioner Woodham suggested changing to quarterly meetings but calling special meetings when needed such as during budget season.

Commissioner Samples spoke in support of having monthly meetings on the schedule and cancelling them as necessary and suggested having the Financial Services Department work directly with Chair Castle to figure out a schedule and a system where it is appropriate to cancel a meeting in advance.

Finance Director Collazo will work with the City Clerk regarding that procedure and discussed addressing the calendar and providing materials to the Commission ahead of time.

There were no public comments on this item.

Motion by Commissioner Samples, seconded by Commissioner Woodham, and approved by roll call vote, to receive and file the presentation.

AYES: Allen, Jeste, Marin, Samples, Sherbin, Woodham, Chair Castle

NOES: None

ABSENT: None

ABSTAIN: None

The motion carried 7-0-0.

## **K. MEMBER ITEMS AND REFERRALS TO STAFF**

Finance Director Collazo summarized the items presented under Blue Folder Items and explained those items are not for discussion.

Motion by Commissioner Marin, seconded by Commissioner Allen, to add to the next agenda, a

discussion regarding Blue Folder Items and allow the Commission an opportunity to review them prior to meetings. There being no objections, Chair Castle so ordered.

Commissioner Allen mentioned sending staff an email regarding how much the City owes to CalPERS, information on the Lease Revenue Bone (LRB) and the unfunded accrued liability prior to 2022 and the new liability.

Assistant Financial Services Director Meyer explained the last figure she provided is the final UAL.

Discussion followed regarding the current unfunded liability based on eighteen months ago.

**L. ADJOURNMENT – 7:00 p.m.**

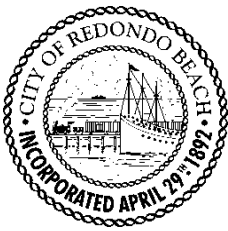
There being no further business to come before the Budget and Finance Commission, motion by Commissioner Woodham, seconded by Commissioner Marin, to adjourn the meeting at 7:00 p.m., to a Regular meeting to be held at 6:30 p.m. on February 8, 2024, in the Redondo Beach City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California. There being no objections, Chair Castle so ordered.

All written comments submitted via eComment are included in the record and available for public review on the City website.

Respectfully submitted:

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Wendy Collazo  
Finance Director



## **REGULAR MEETING OF THE BUDGET AND FINANCE COMMISSION – 6:30 PM**

### **A. CALL MEETING TO ORDER**

A Regular Meeting of the Redondo Beach Budget and Finance Commission was called to order at 6:30 p.m. by Chair Castle, in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

### **B. ROLL CALL**

Commissioners Present: Allen, Jeste, Samples, Sherbin, Woodham,  
Chair Castle

Commissioners Absent: Marin

Officials Present: Wendy Collazo, Finance Director  
Stephanie Meyer, Assistant Financial Services Director  
Doug Kaku, Grants Financial Administrator

### **C. SALUTE TO THE FLAG**

Chair Castle led in the salute to the flag.

### **D. APPROVE ORDER OF AGENDA**

There were no public comments on this item.

Motion by Commissioner Woodham, seconded by Commissioner Allen, to approve the order of the agenda, as presented. There being no objections, Chair Castle so ordered.

### **E. BLUE FOLDER ITEMS – ADDITIONAL BACK UP MATERIALS**

#### **E.1. For Blue Folder Documents Approved at the Budget and Finance Commission Meeting**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

Grants Financial Administrator Kaku confirmed there were no Blue Folder Items for tonight's meeting.

### **F. CONSENT CALENDAR**

**F.1. APPROVAL OF AFFIDAVIT OF POSTING FOR THE SPECIAL BUDGET AND FINANCE COMMISSION MEETING OF FEBRUARY 8, 2024.**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

There were no public comments on the Consent Calendar.

Motion by Commissioner Samples, seconded by Commissioner Woodham, to approve the Consent Calendar, as presented. There being no objections, Chair Castle so ordered.

**G. EXCLUDED CONSENT CALENDAR ITEMS - None**

**H. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

**H.1 For eComments and Emails Received from the Public**

There were no public comments on non-agenda items.

**I. ITEMS CONTINUED FROM PREVIOUS AGENDAS – None**

**J. ITEMS FOR DISCUSSION PRIOR TO ACTION**

**J.1. CITY TREASURER'S QUARTER 2 FISCAL YEAR 2023-2024 REPORT**

**CONTACT:** NIILESH MEHTA, CHIEF DEPUTY CITY TREASURER

City Treasurer Solomon introduced the item and deferred to staff for a report.

Chief Deputy City Treasurer narrated a PowerPoint presentation with details of the City Treasurer's Quarter 2 Fiscal Year 2023-2024 Report.

Commissioner Woodham asked whether a chart could be produced showing ownership of \$100 million besides the General Fund.

City Treasurer Solomon offered to provide that information at the next meeting of the Budget and Finance Commission.

Discussion followed regarding a benchmark return, showing an ability to generate returns, the yield on benchmark, getting a comparison on the effective date of return, total return performance, indexing the benchmark to treasuries, looking at an alternative way of investing assets, including income plus capital gains or losses and whether the benchmark used today is correct for the current environment.

Commissioner Samples wondered whether it is reasonable to adjust the benchmark.

City Treasurer Solomon offered to invite Rick Phillips (FHN Financial Main Street Advisors) to attend an upcoming meeting to discuss the methodology of benchmarking and options with regards to that methodology.

Commissioner Woodham reported the benchmark used for equities is the S&P 500; stated that with a portfolio like this and reviewing the assets the City can invest in, a basic approach would be to choose one of those assets and determine what the City could get if it did not have an investment manager but simply bought the market. He added the worth of the investment manager would be judged by overweighting or underweighting CDs or commercial paper or corporate treasures or agencies that would beat the index and felt that would be an interesting discussion to have.

City Treasurer Solomon spoke about the need for a swap analysis and agreed with Commissioner Woodham that it would be a worthwhile discussion to have.

Discussion followed regarding calculation of the 0-5 year Treasury and changes, the lack of a maturity ladder and recent purchases, looking at short-term and long-term maturities, monthly discussions with the consultant about available cash, cash flow needs and purchases, the process for evaluating purchases, the consultant's fee, debt service and introduction of AI into different venues.

There were no public comments on this item.

Motion by Commissioner Samples, seconded by Commissioner Woodham, and approved by roll call vote, to receive and file the City Treasurer's Quarter 2 Fiscal Year 2023-2024 Report, as presented.

AYES: Allen, Jeste, Samples, Sherbin, Woodham, Chair Castle  
NOES: None  
ABSENT: Marin  
ABSTAIN: None

The motion carried 6-0-1. Commissioner Marin was absent.

## **J.2. FISCAL YEAR 2023-24 FINANCIAL REPORTING: JULY-DECEMBER 2023**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

Finance Director Collazo narrated a PowerPoint presentation with details of the Fiscal Year 2023-24 Financial Reporting for October - December 2023; explained it shows FY 2023-24 actual receipts compared to budget for July 1 – December 30, 2023 and the 12% savings in personnel costs and addressed the mid-year budget review by the Budget and Finance Commission and subsequent City Council review of the Commission's recommendations.

Commissioner Woodham noted the City had a balanced budget forecast for FY 2024 and asked for Finance Director Collazo's opinion regarding this year's budget and she believed it will be slightly positive to net zero balance; spoke about streamlining revenues and expenditures through procedures and stated she expects to run close to estimates.

Commissioner Woodham congratulated Finance Director Collazo and her team for what they have been able to accomplish.

Discussion followed regarding the City's reserve policy and requirements, expectations relative



to grants and their sustainability.

Commissioner Samples commented positively regarding the report.

There were no public comments on this item.

Motion by Commissioner Woodham, seconded by Commissioner Samples, and approved by roll call vote, to receive and file the Fiscal Year 2023-24 Financial Reporting for October - December 2023, as presented.

AYES: Allen, Jeste, Samples, Sherbin, Woodham, Chair Castle  
NOES: None  
ABSENT: Marin  
ABSTAIN: None

The motion carried 6-0-1. Commissioner Marin was absent.

### **J.3. PENSION STATUS UPDATE**

**CONTACT:** WENDY COLLAZO, FINANCE DIRECTOR

Finance Director Collazo presented a status update regarding CalPERS and provided the Commission an opportunity to discuss the matter.

Commissioner Allen commended the Finance Services Department in that although CalPERS was not able to perform, the City is still in good shape.

Discussion followed regarding the decline in the effective rate of return, Unfunded Accrued Liability (UAL), the timing of actuarial reports (two years behind) and when that affects the City's budget, using the CalPERS forecasting tool to determine the current level of UAL and figuring out quarterly returns.

Assistant Financial Services Director Meyer explained that the UAL is the difference between the value of the contributions and the value of the benefits owed, long-term, based on agreements and that newer employees will expect to see a lower long-term liability associated with those.

Commissioner Samples asked about the percentage of employees on PEPR versus the traditional plan and stated that anticipating what the City's UAL will be in future years will be beneficial in managing cash flow.

Commissioner Allen suggested the City may want to look into Section 115 Trusts for diversification.

There were no public comments on this item.

Motion by Commissioner Samples, seconded by Commissioner Woodham, and approved by roll call vote, to receive and file the presentation.

AYES: Allen, Jeste, Marin, Samples, Sherbin, Woodham, Chair Castle

NOES: None  
ABSENT: Marin  
ABSTAIN: None

The motion carried 6-0-1. Commissioner Marin was absent.

**K. MEMBER ITEMS AND REFERRALS TO STAFF**

Commissioner Woodham asked about the status of the 2023 CAFR and Grants Financial Administrator Kaku reported it has not yet been completed but staff is working on it and stated that a draft will be presented at an upcoming special meeting of the Commission.

**L. ADJOURNMENT – 7:49 p.m.**

There being no further business to come before the Budget and Finance Commission, motion by Commissioner Allen, seconded by Commissioner Woodham, to adjourn the meeting at 7:49 p.m., to a Special meeting to be held at 6:30 p.m. on February 16, 2024, in the Redondo Beach City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California. There being no objections, Chair Castle so ordered.

All written comments submitted via eComment are included in the record and available for public review on the City website.

Respectfully submitted:

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Wendy Collazo  
Finance Director



# Administrative Report

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H.1., File # BF24-0469

Meeting Date: 4/11/2024

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**TITLE**

For eComments and Emails Received from the Public



# Administrative Report

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J.1., File # BF24-0601

Meeting Date: 4/11/2024

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**To: BUDGET & FINANCE COMMISSION**

**From: WENDY COLLAZO, FINANCE DIRECTOR**

**TITLE**

FISCAL YEAR 2024-25 BUDGET INPUT

**EXECUTIVE SUMMARY**

City Manager Mike Witzansky will be present at the meeting to discuss and solicit Commission input on the FY 2024-25 budget.

**ATTACHMENTS**

FY 2024-25 Budget Calendar

# Budget Calendar

	Date	Meeting
Committee & Commission Budget Input	April 8	Harbor Commission
	April 10	Recreation and Parks Commission
	April 11	Budget and Finance Commission
	April 15	Public Safety Commission
	April 17	Historical Commission
	April 18	Planning Commission
	April 22	Public Works and Sustainability Commission
Proposed Budget Rec/File & Hearings	May 14	Deliver Budget to City Council
	May 21	Receive and file the Proposed Budget at the CC Meeting
	June 4	City Council Public Hearing No. 1 on Proposed Budget (Operating)
	June 11	City Council Public Hearing No. 2 on Proposed Budget (Capital)
Commission Reviews	May 23	Planning Commission Review – General Plan Consistency Review
	June 10	Harbor Commission Review
	June 13	Budget and Finance Commission Review
Adoption	June 18	Final City Council Budget Hearing – Budget Adoption