



Minutes Redondo Beach
Budget & Finance Commission
June 12, 2025
Regular Meeting 6:30 p.m.

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 Allen, in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

B. ROLL CALL

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

Commissioners Absent: Ramcharan

Officials Present: Mike Witzansky, City Manager
Stephanie Meyer, Finance Director
Erin Smith, Budget & Finance Liaison

C. SALUTE TO THE FLAG

Chair Allen led in the salute to the flag.

D. APPROVE ORDER OF AGENDA

Finance Director Meyer requested moving the City Manager's Budget presentation forward on the agenda.

There were no public comments on this item.

Motion by Chair Allen, seconded by Commissioner Marin, to approve the order of the agenda, as amended, moving J.1 as the first item in the agenda. There being no objections, Chair Allen 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: EUGENE SOLOMON, CITY TREASURER

Budget & Finance Liaison Smith reported receiving Blue Folder Items for Item No. I.1 and for J.1.

Motion by Commissioner Woodham, seconded by Commissioner Marin, to receive and file Blue Folder Items. There being no objections, Chair Allen so ordered.

F. CONSENT CALENDAR

F.1. APPROVAL OF AFFIDAVIT OF POSTING FOR THE REGULAR BUDGET AND FINANCE COMMISSION MEETING OF JUNE 12, 2025

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

F.2. Pulled by Chair Allen

Chair Allen asked to separate the Consent Calendar items and vote separately on them.

Motion by Commissioner Samples, seconded by Commissioner Woodham, to approve Item F.1.

Motion carried 6-0 by voice vote.

Chair Allen asked that the minutes of May 8, 2025 be revised to include a few missing items: 1) regarding the City Treasurer's report, J.1; stated there was a big discussion regarding the reserves and she wanted to clarify where the reserves were and which part of the reserves the Treasurer was investing and other pertinent details which she felt are important, 2) the discussion by the City Treasurer on declining revenues and details on why he is unable to invest in longer than two years, 3) the details from the presentation given by the Finance Director noting it was too top level and 4) the item discussing revenue coming from departments, that departments do not generate revenue, it was the cost recovery and they do not need cost recovery in those reports.

Discussion followed on waiting for the revised minutes and approving them at the next Budget & Finance Commission meeting.

Motion by Chair Allen, seconded by Commissioner Woodham, to bring back the minutes of May 8, 2025 with the amended changes.

Motion carried 6-0 by voice vote.

G. EXCLUDED CONSENT CALENDAR ITEMS

F.2. APPROVAL OF THE MINUTES FROM THE REGULAR BUDGET AND FINANCE COMMISSION MEETING OF MAY 8, 2025

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

Chair Allen asked that the minutes of May 8, 2025 be revised to include a few missing items: 1) regarding the City Treasurer's report, J.1; stated there was a big discussion regarding the reserves and she wanted to clarify where the reserves were and which part of the reserves the Treasurer was investing and other pertinent details which she felt are important, 2) the discussion by the City Treasurer on declining revenues and details on why he is unable to invest in longer than two years, 3) the details from the presentation given by the Finance Director noting it was too top level and 4) the item discussing revenue coming from departments, that departments do not generate revenue, it was the cost recovery and they did not need cost recovery in those reports.

Discussion followed on waiting for the revised minutes and approving them at the next Budget & Finance Commission meeting.

Motion by Chair Allen, seconded by Commissioner Woodham, to bring back the minutes of May 8, 2025 with the amended changes.

Motion carried 6-0 by voice vote.

H. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

Chair Allen invited public comments.

Jim Mueller referenced the Tuesday, June 10, 2025 City Council meeting; spoke of one of the Councilmembers questioning the existence of what appears to be a deficit in the new fiscal year budget but that the other Councilmembers did not seem concerned about the deficit and only about their wish lists; noted that people do not seem to understand that there is a potential budget problem showing in 2025; opined it is probably going to get worse in subsequent years because people went to the podium asking for "goodies" from the City and listed a few: the Chamber of Commerce want the fees waived for the Super Bowl 10K, pickleballers want the City to build a facility for pickleball, the NRBBA wants banners from Aviation to Inglewood, and someone wants the railroad bridge painted; asked the Commission if there was a way for them to inform the public of the budget issues and that all their wishes can't be fulfilled; noted that Redondo does not have direct control over the major part of their revenue stream like the feds do; stated that Redondo's revenue is iffy, costs are increasing, the big pension liability is still present, and the City is dipping into limited reserves to cover the deficit; urged the Commission and the City government to find a way to inform the public of the City's financial condition.

There were no other public comments on non-agenda items.

Chair Allen moved to Item No. J.1.

I. ITEMS CONTINUED FROM PREVIOUS AGENDAS

I.I. HOMELESS FUNDING AND ACCOUNTABILITY

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

Finance Director Meyer narrated PowerPoint slides with details of a template proposed by Chair Allen to report on Homelessness Funding and Accountability.

Chair Allen explained the worksheet would list the number of grants received and amounts, and to whom the money was paid.

Finance Director Meyer stated she was thinking of a higher-level report without getting into the vendor details and spoke about the time needed to go down to detail.

Discussion followed regarding showing spending by category, clarifying the Commission's need in terms of what the City is spending on homelessness, and in what category, grant funding and the amount going to vendors, showing the basic source and the application of funds by category.

Finance Director Meyer reported that construction of the pallet shelters is 100% grant funded.

Commissioner Woodham spoke about needing to know capital costs and operating costs separately.

Finance Director Meyer noted that staff can and will provide that information.

Discussion followed regarding the need to make informed estimates and assumptions, focusing on the homeless shelter organization in terms of costs that can be easily identified, challenges with softer costs relative to shared staffing, showing personnel by department and other operating non-personnel non-capital costs and capital costs, the number of contracts and showing contractor information.

Motion by Commissioner Samples, seconded by Commissioner Marin, to continue this matter to the August meeting of the Budget and Finance Commission. There being no objections, Chair Allen so ordered.

Chair Allen moved to Item No. J.2.

J. ITEMS FOR DISCUSSION PRIOR TO ACTIONS

J.1. DISCUSSION AND POSSIBLE ACTION REGARDING THE FISCAL YEAR 2025-2026 CITY MANAGER'S PROPOSED BUDGET AND FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM.

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

This item was moved ahead of I.1 since the City Manager was there to provide a presentation.

City Manager Witzansky provided a PowerPoint presentation; noted he would be talking about the 25-26 fiscal year and the City's Proposed 5-year Capital Improvement Program; informed the Commission, with the 5-year CIP, only the first year's expenses were appropriated, and the balance of that document is a planning tool; provided the overview slide; he hoped that the Commission had a chance to read the transmittal letter; stated, if there is one document in the budget that should help summarize and synthesize each ensuing year's theme, it would be that letter; spoke of it containing the right tables, facts, and figures that have interest and would help them to understand how the City tackled the upcoming fiscal year's approach; provided a slide with budget themes which included:

- Employee compensation costs
- New technology programs and online services
- Training, health, and wellness
- Critical public safety and public works programs
- Measure FP implementation
- CalPERS Unfunded Accrued Liability
- Uncertain economic future

City Manager Witzansky discussed each budget theme; stated that this budget really addresses, through a decision package, core employee compensation costs and noted they have increased year over year; mentioned the City is committed to absorbing new technology programs and online services on an ongoing basis to create efficiency and enhance customer service; spoke about spending money on employee training, health, and wellness particularly in the Public Safety Department; mentioned they are trying to stabilize and retain critical public safety and public works programs such as the crossing guard program; noted that there are some upfront expenses associated with the implementation of Measure FP but should not impact the budget and whatever money the City spends now will be reimbursed once the bond is issued; reported they have brought on a project manager to help assist with that process, which is referenced but it has a net zero impact on the General Fund budget; stated that instead of issuing the bonds and sitting on that money, they felt it prudent to advance some of the initial expenses since it would affect residents' tax rolls; spoke of the \$4.3 million unfunded accrued liability payment that is hitting the 25-26 budget being the biggest pressure point on the budget; mentioned they are trying to slowly absorb the unfunded accrued liability payment into their structural budget but it will depend on the August circular the City will get from PERS to determine what the 2026-27 number will be; noted that the estimated 26-27 number is roughly the same but it will be dependent on PERS performance in both 2022-23 and 2023-24; reported they will get that circular in the next month which will give them a sense of that figure; stated they were very conservative in the estimates this year on their revenues and expenses; mentioned the reasons for that were the CalPERS pension and the economic uncertainty of the TOT; stated they are trying to account for what is an uncertain fiscal year given the national narrative; provided the next slide of the GF Summary with Recommendations and felt the information on the slide boiled it down to

very straightforward terms; noted their core revenues and core expenditures are generally balanced, mentioned a caveat that he would cover later; stated they have a beginning fund balance they can use to pay for one-time expenses identified in the DPs and that the recommended DPs strengthen their budget position; reported that the reorganizations they have made improve their structural position by roughly \$340,000; noted that the one-time DPs are at \$1.7 million net; reported the budget is balanced with an unallocated fund balance of roughly \$43,000.

Commissioner Samples asked if there was one large single piece that contributed to the one-time recommended DP of the \$1.7 million.

City Manager Witzansky noted that probably one of the biggest is the crossing guard contribution.

Commissioner Samples mentioned hearing million dollars numbers around the construction of public safety infrastructure.

City Manager Witzansky felt that is not a factor since the City has other enterprise, communications, and other funds to go towards that figure; again, stated that a big chunk of one-time money is predominantly the crossing guards, another factor being tree trimming services in one of the City's larger grids, and one-time equipment; noted that the one-time equipment replacement does tie in with public safety, to Commissioner Samples point; mentioned there are large and small expenditures that get them to the \$1.7 million; continued with the PowerPoint with a slide for General Fund Revenues; noted there is general positive revenue growth year over year and that property tax continues to be positive for the City; reported they are being very conservative with the 2% increase over mid-year, at about \$700,000 of tax increment along with sales and use tax being conservative; reported they used HDL, their outside consultant, to help estimate the figures; noted that TOT is at \$9.1 million and spoke about more potential once the Legado project and the Marina Avenue hotel site start producing; mentioned being cautious given next year's uncertainty; touched on property tax, UUT as it pertains to mid-year, property transfer tax, and other taxes; spoke about total primary tax revenues going up by just under 4%, but their transfer in calculation affecting that because of what the City is paying back in some of their leaseback deals; noted it does adjust the overall figure by \$1.3 million as opposed to the three up top (referring to the slide on the screen).

Commissioner Sherbin asked the City Manager to explain what a "transfer in" is.

City Manager Witzansky explained that a "transfer in" is the money that is coming into the General Fund from some other source that is associated typically with an operating budget function; went into greater detail of how it pertains to the City's situation and asked Finance Director Meyer to add to it.

Finance Director Meyer stated, in general, these are funds that come into the General Fund, for example from the City's enterprise funds or special revenue funds, to reimburse the General Fund for specific services or in some cases it's a pass through; gave some examples

to explain it further; stated that at some point they were transferring all of the payments related to the City's lease revenue bond payment into the General Fund, transferring out the entire amount because it got paid out of the City's Public Financing Authority but they decided to change that and have the enterprise funds pay the City's PFA directly, which makes the accounting simpler.

Commissioner Woodham asked what the big items were in the non-tax revenue.

City Manager Witzansky stated the internal service fund revenue (which he explained as the collection of fees associated with General Fund activity that is charged off to the other departments in support), the recreation program fees, lease revenue payments (explained in addition to TOT, they collect a percentage of rent/lease payment); felt the programmatic user fees are the bigger numbers there (which he explained are parking fees, building fees, and fire inspection fees). He talked about the possibility of segregating some of the categories in the future.

Finance Director Meyer added they also have investment revenue in non-tax revenue and any revenue coming in from other governments.

Commissioner Jeste asked if there is a slide to show some details because it is a huge number and almost a quarter of the total budget.

City Manager Witzansky reported there are full breakdowns of them in the Budget Book with fees laid out and a lot of specificity.

Finance Director Meyer added that the Budget Book is presented in a way similar to the way they present the quarterly reports to the Commission, which is broken down by type: taxes, charges for service, fines and forfeitures, use of money and property, and internal service revenue; stated in the presentations they keep it very high level and focus on the City's tax revenue.

Chair Allen referenced the last meeting, where the Treasurer mentioned the revenues were going down, and asked which one he was talking about.

City Manager Witzansky thought he was referring to investment revenue and not overall revenue.

Chair Allen said he was referring to the overall revenue and that is why he said he is unable to invest long term.

City Manager Witzansky thought maybe it was not revenue that is not going down and felt he might have been talking about his access to the full asset pool; explained that the total cash on hand has gone down because it was infused with a significant amount of one-time money that they have since spent, so, as projects have been completed, his total fund balance for his investment pool has been reduced.

Chair Allen wondered why the City purchased an investment for only a two-year duration instead of a five-year duration to get a higher yield.

City Manager Witzansky explained that because of the City's cash flow needs and robust Capital Plan, their access to cash can be very immediate; noted the funds are not just sitting there allowing for investment but, in many instances, the money being added is being quickly drawn down; stated that the City Treasurer has to keep the asset pool a little more liquid to accommodate the incoming and outgoing cash flow need; mentioned he was not at the meeting Chair Allen was referencing so his response is just a guess; reported revenue is going up on a Citywide basis year over year.

Chair Allen said they need to communicate that to the City Treasurer.

City Manager Witzansky continued with his presentation; provided a slide for General Fund Expenditures which included: Personnel, Maintenance & Operations, Internal Services; Capital Outlay, Subtotal of Proposed FY 2025-26 = \$108,322,823, Transfers Out, and a Total Expenditures & Transfers Out for the Proposed FY 2025-26 = \$123,449,820; stated the Personnel figure is up for a variety of reasons including year over year salary increases, benefit structures, and actual hiring; stated Maintenance & Operations is deducted because the mid-year budget includes carryover funds that are one-time and might have specific project calls; stated Internal Services are identified at mid-year and then proposed in the subsequent budget; noted that Capital Outlay is an odd category in their operating budget and has very little impact; stated their Transfers Out have to do with the City's ISF Program, the General Funds participation in that, and some of their other lease/leaseback payments.

Commissioner Jeste asked if the 28% reduction in Maintenance & Operations was realistic.

City Manager Witzansky responded yes, and explained what it really reflects is the mid-year budget and includes all year-end carryover project funds; said it does not get picked up in proposed core and they always see this transition between mid-year and proposed; mentioned it shows an inflated number in 24-25 versus core; explained there is a difference between one-time money that's been there for a special project vs what is there in the accounts year over year for core expenses and that is what the delta is attributed to; noted the revised budget would also include the one-time decision packages from FY 24-25.

Finance Director Meyer added when they are preparing the Proposed Budget for the following year, they remove all the one-time budgets Council had approved.

Commissioner Woodham asked where the \$4.2 million in annual payments was reflected.

City Manager Witzansky stated that would be coming up in the charts in a moment; reported they called it Additional Payments and Sources of Funds; noted it is the almost \$4.3 million payment and in order to pay for that this year they are proposing to use \$3.5 million out of the City's \$8 million pension set-aside account; stated it has been mentioned over the last few years that they were going to need to use that fund to bridge the assimilation of their new UAL payments; stated their hope is the \$4.3 million will go down but they are not counting on

it because with PERS history that number may stay the same or even grow; explained the reasons why they chose to pull out \$3.5 million out of the fund; spoke of the City hoping to grow their structural revenues in 26-27 and more of that number being assimilated into the ongoing annual operating budget and covered by ongoing annual revenue; stated that is why they created the fund; spoke about the City not being able to sustainably take \$3.5 million from the fund year after year; stated they need to see the gap close further over the next year.

Commissioner Woodham stated what concerns him is that the City has a \$4.2 million payment this year, there is uncertainty on what the numbers look like next year, they have \$60 million of UAL to amortize and the only way that comes down is if returns are above 6.8%; mentioned when they issue the FP bonds there will be about \$6 million of annual P&I coming from that so the City has a \$10 million issue going forward.

City Manager Witzansky stated they will be okay with that because they will have a new source of revenue for that, and Measure FP is going to be fully covered through tax rolls; mentioned the \$4.2 million is there to stay and they are concerned with that; suggested contemplating refinancing that number.

Discussion followed regarding the CalPERS payment.

City Manager Witzansky spoke of assimilating the \$4.2 million into the City's structural revenues over the next two years and if it can't be done through new revenue, it will need to be done through expenditure reductions; noted that they are fortunate to have taken caution over the last several years and at least set aside the \$8 million.

Commissioner Samples summarized what he heard the City Manager state as the City can expect ongoing costs of \$4 million a year, after this year they are going to have roughly \$4 million left in the fund, that when the committee recommended that the City refinance that and keep all of that money in reserve, instead that money was spent and now not this year but the year after that the City is going to have a \$4 million shortfall and no money left in the reserve fund; asked if that was correct.

City Manager Witzansky replied that the summary was not necessarily correct; spoke of that being one scenario but said there is another scenario and spoke of their ability to assimilate roughly \$760,000 of that payment into their structural budget already; reported that their ongoing revenues and expenditures in the proposed decision packages improve their structural balance on an ongoing basis even further so they are already starting to assimilate the number; noted they are a bit behind schedule from last year because of the TOT delay; stated the City cannot continue to use transfers from the pension fund indefinitely and will need to make other structural decisions to absorb the remaining \$3.5 million delta.

Commissioner Samples asked what expenditure reductions he anticipates.

City Manager Witzansky said he talks about a few of them in the budget book; mentioned one technique is to deploy a flexible hiring freeze; explained that the City has between a 5% to 11% of the organization vacant and can close the structural gap by freezing those positions.

Commissioner Woodham said City Manager Witzansky talked about \$2 million in TOT and asked if there were any other revenue enhancements that could be made.

City Manager Witzansky mentioned the Legado Hotel property coming online will be a significant tax increment for the City, and the property tax calculation HDL's out year figure still shows 3% to 5% growth in valuation and said that will generate over a \$1 million of new tax increment; spoke of the City needing to be careful and stay vigilant in this economy; felt they are in a manageable margin; continued the presentation on slide "Decision Package & Other Items" and stated that is where they can see the Measure FP costs and then future bond proceeds covering and reimbursing those expenses; noted that \$423,000 of the \$3.5 million they are transferring out of the Pension Reserve Fund goes immediately to their Economic Contingency Reserve Account; explained they have to grow that account as total appropriations grow, so they set aside 8.33% of those total appropriations in their reserve fund; continued to the next slide "Capital Projects Summary"; mentioned the Commission received the presentation at their last Joint Meeting with PWSC; stated the total number is at 104; discussed reducing the number of Capital Projects, reported having close to \$94 million CIP; stated about \$23 million came from grants and noted none of the money came from the General Fund; provided the next slide "Budget Calendar"; reviewed the calendar and noted City Council is scheduled to have their final hearing on June 17th to consider budget adoption; provided an overview of the Budget Response Reports (BRRs) and informed the Commission they can be seen through the tab or the link in the Budget page of the website; provided the final slide "Recommended Actions" which was to receive and file the Budget Presentation; stated if they had any formal feedback for the Mayor and Council to consider and deliberate next Tuesday they could with their motion that night.

Commissioner Jeste recalled the Commission had asked for data on what the initial amount approved was for each project and where each stood.

City Manager Witzansky reported that money set aside in the CIP is for the initial phase work and used funding for pickleball courts as an example, noting that the CIP will include multiple iterations of the project amount and type.

Commissioner Jeste explained that the Commission is only asking for the data specific to the costs of CIP projects because currently the Commission has no information; asked that staff give them the step-by-step information on what was the amount requested, why it was requested and how much was approved.

Discussion followed with the Commission asking for data and the City Manager explaining the difficulty of providing it.

City Manager Witzansky stated what was approved for each project is available in the CIP; noted the 140 projects have each gone through their own path and the data is available but

the context between each of those years of evolution will be difficult to discern; explained he looks at the engineer's estimate at the time of project bidding and what did the low bid come in at.

Commissioner Marin asked to show what the original estimate was, what the bids were and the final costs of the executed plan.

City Manager Witzansky said yes, they can provide that.

Commissioner Samples asked how often the City reviews whether a project is still viable, effective and worthwhile to pursue.

City Manager Witzansky used the Pier parking structure seismic upgrades project as an example; noted, that after it was determined not to be viable, the City defunded that project and proceeded with only the elements that were most valuable and cost effective; noted staff are constantly evaluating what goes on with each project and what it is achieving.

Commissioner Jeste understood that what the City Manager is saying are the numbers staff projects before the City Council approves are immaterial and does not need to be looked at by the Commission; reiterated the Commission wants to see the initial amount that was approved by the City Council or there is no accountability.

City Manager Witzansky presented another example as to how staff would present the item requiring analyzing each phase against its assumption (i.e., feasibility analysis, design, entitlements, construction, etc.); added that the context of the appropriation for each of those projects must be understood and spoke about ensuring the data is in a format that is helpful to the Commission while noting the need to use staff resources wisely.

Commissioner Samples suggested including a table at the bottom of the description of each project, that had a box for every assumption, and a half sentence that describes the assumption and the amount plugged in for it, and as the project moves on it notes the variance.

City Manager Witzansky sounded open to the idea and brainstormed concepts for it.

Discussion followed regarding the importance of accountability, the cost of ownership, new amenities versus repairing amenities and ongoing maintenance associated with all projects.

Chair Allen spoke, regarding these CIPs, that Jesse Reyes promised during the Joint Meeting with PWSC, where he gave a presentation, that he would come back to the Commission in August and referenced a template created by Commissioner Jeste that they will send to staff.

City Manager Witzansky reported that staff want to be responsive but wants to ensure that the data will mean something to the Commission.

Commissioner Woodham asked about a P&L specifically for the Harbor.

City Manager Witzansky reported that the P&L is currently by fund (Tidelands and Uplands), and each generates revenue; stated it is not done on a sight-by-sight basis, but it is done as a broad Waterfront amenity.

Finance Director Meyer added that the revenues and expenses for the Tidelands and Upland Funds are included in the Budget Book.

Commissioner Sherbin summarized DP 24, relative to Crossing Guard Services for \$367,000 as a one-time cost, the core budget being 12 intersections, the DP adds 15 more, with another possible two to add; mentioned the total increase is 142% and 203% in additional costs.

City Manager Witzansky stated Commissioner Sherbin is 100% correct; reported this has been a hot topic during the last few budgets; reported overtime, the number has grown from 12 intersections to 27 intersections; stated staff has been hesitant to absorb all 27 locations into the core budget and decided to show the expense as a one-time decision package to continue making sure that the community understands the City has had to invest in the program; addressed rising costs, increased demand, and bringing on contract services for readiness and staffing availability; stated that as the locations become more and more static, the City will continue to try to hire and bring more internal personnel to save costs; noted that most communities do not staff on a per capita basis, this number of locations, so the City has been resistant to make the full commitment and absorb it in the core. In terms of establishing a volunteer program, City Manager Witzansky reported it was attempted two years ago but was not sustainable.

Commissioner Sherbin opined it is a perfect position for a retired person that wants to be involved and suggested another attempt.

City Manager Witzansky reported that City Council is exploring forming a subcommittee and getting community input on the matter; noted that sustained commitment would alleviate this pressure; added that volunteers would need to be committed and responsible and said the City will keep trying, although it has been hard to recruit.

Discussion followed regarding positions authorized this year, reorganization of positions and new positions in the budget, increases in costs of the RBPD Drone Program and its effectiveness and the firing range for the RBPD.

Regarding to the firing range, City Manager Witzansky reported that the City is preparing a federal grant application; reported there is a military grant available by partnering with the L.A. Air Force Base for \$17 million to cover the cost of building a new range and allow the City to relocate and build a new parks yard; addressed the possibility of the military paying an ongoing fee for use of the range, through an MOU; stated the expectation is that each user would be responsible for their own munitions and costs associated with firing and practicing; noted that general maintenance and administration would be provided by the City as the administrating agency and spoke about the potential for the City to partner with other

agencies to help offset operating costs; spoke about the difference between their range and others throughout Los Angeles County and reported the plan is to spend third party funds to build the range.

Commissioner Samples expressed concerns about out-of-pocket and ongoing costs of ownership.

City Manager Witzansky reported that with the grant request, there will be no out-of-pocket money required of the City and addressed the two approaches to the grant. Additionally, he noted the value in RBPD being able to train inside the City as opposed to paying for travel time.

Chair Allen stated this is the most important budget presentation of the year and only had 10 slides; felt the Commission does not have enough data to be able to make recommendations to Council.

City Manager Witzansky explained the information has been available since May 15th; hoped the Commission has reviewed it; noted it is a high-level summary and that the Commission may do as much or as little as it likes with its input to Council and presented an example of possible input the Commission could provide i.e., specific to DPs.

Chair Allen expressed concerns that the City is dipping into its reserves; noted that it is important for the presentation to have the information because the public is not going to go searching on the website for the reports; felt the presentation should be comprehensive, easy to understand, and transparent to the public.

City Manager Witzansky suggested that the Commission could provide that type of input to Council, i.e., "I think Council should look for ways to reduce spending as opposed to transferring money from the reserves".

Chair Allen felt it would be nice for the presentation to include highlights of the Budget Book and used an example that she saw in the Budget Book of an increased contractual service cost from the City Attorney's office.

Finance Director Meyer explained that in terms of the \$2 million, it involves the prior year (FY 2024/25 Revised Budget), because the City allocated a little over \$1 million in one-time funds for a specific litigation and the budget for that item drops to about \$200,000 in the current fiscal year.

Chair Allen stated it would be nice to see; reported that other cities typically present information about the various departments, line items for each department and significant changes.

Commissioner Samples stated the Commission talked about that in years gone by and felt it would be nice to have a table, by department, listing significant changes.

City Manager Witzansky explained significant changes are summarized in the DPs and everything else is, "Business as usual", by department and added that year-over-year, total amounts are in the department line-item pages.

Chair Allen felt that information should be presented to the public and said that is why the public is claiming the City is not transparent.

City Manager Witzansky announced that Redondo Beach is the only city that prepares year-over-year budget modifications and highlights them in the form of an independent decision package; believed that is the most transparent way anyone can produce a year-over-year budget; reported that staff presents the budget to Council in four hearings, focuses carefully on each issue and getting the information into the ether, to allow multiple opportunities for the public to decipher and ask questions and for staff to respond; suggested that once the proposed budget is produced, that the Commission review it and flag issues of concern for staff to prepare and present to the Commission on those issues.

Discussion ensued between Chair Allen and City Manager Witzansky about the ability to present the information; Chair Allen mentioned other cities do it; City Manager Witzansky felt it was not possible for the level of information they are requesting.

Commissioner Samples reported his concerns involved the drone program and the firing range; stated in the City Manager's defense, Chair Allen is talking about items that involve the City Attorney and felt the City Manager could not decipher everything she is asking for and satisfy every Commissioner without the Commission providing input up front; pointed out that the budget is complex and reiterated his suggestion to include a summary table, by department, listing significant changes.

City Manager Witzansky suggested that the Commissioners take the time to read the City Manager's transmittal letter and review the DPs; stated it would clearly articulate the year-over-year change in the proposed budget, then to take a look at the various department pages to flag those anomalies and mentioned there are usually good explanations for them.

More discussion followed regarding the amount of information and whether the public would be able to dig through the book and understand it.

City Manager Witzansky felt reading the City Manager's transmittal letter would provide a good understanding of what's occurring with the City's budget; suggested, in the future, they could categorize each DP by department.

Finance Director Meyer felt maybe Chair Allen was looking at the department sections, mentioned the FY 25-26 proposed budget involves no changes; clarified what the department sections contain.

City Manager Witzansky added there are no changes except for the 53 DPs and felt maybe they should categorize the DPs by department to make it clearer.

Chair Allen spoke about the City Treasurer's contractual service increasing by 245%, which is \$127,000 and asked if that was for one year.

Finance Director Meyer stated it is the total for all their contracts for one FY year.

Discussion followed regarding updates made to prior year's numbers, considering carryovers and audit reviews.

Commissioner Samples agreed that it would be good to have the DPs broken down by department and talked about providing a top-to-bottom electronic analysis.

City Manager Witzansky explained how their DPs are currently categorized, having more thematic buckets of criteria related to DPs.

Commissioner Sample suggested providing DP information graphically, using a consistent template, instead of imbedded in the paragraph to make it easier to review and understand.

Discussion followed regarding DPs by categories, by funding source and the large amount of information in the Budget Book.

In reply to Chair Allen, City Manager Witzansky reported that once Council adopts the budget, a hard copy of the budget will be made available to the Commission.

City Manager Witzansky asked that Commissioners contact him if they have suggestions regarding formatting the information in the future.

Motion by Commissioner Samples to provide input to Council that using nearly half of the City's reserves needs to be more seriously reviewed, including making the deepest possible cuts.

City Manager Witzansky mentioned the Economic Contingency Reserve and its purpose and reported this pension is targeted to try to smooth the City's pension needs; examples were mentioned for instances where reserve accounts were needed; added that if the Commission forms a motion, staff will make sure to generate a BRR 2 and present it to Council.

Chair Allen stated that is really what they needed to discuss and decide in this meeting, is how they pool \$3.5 million from the other areas.

Commissioner Samples stated that is not the Commission's job and Chair Allen felt they can give ideas.

Commissioner Sherbin noted the Crossing Guard (DP 24) item has a \$644,000 impact and felt it is significant enough to point it out to the Council.

Discussion followed regarding DP 24.

Commissioner Woodham asserted that the Commission's responsibility is not to get into the weeds, but to point out the larger issues; noted the City has a reserve to handle a situation such as this; acknowledged this is a big issue and felt that if increased revenue does not happen after next year the City will have no reserve; suggested the motion to Council should be that this is a big issue and the Commission would recommend scrubbing the budget to see if there are ways to reduce the take on CalPERS reserves.

City Manager Witzansky agreed and added that the City must be prepared to take more dramatic action, over time, to address this if the revenues don't come along to offset it.

Discussion followed regarding whether the need to use \$3.5 million is a one-time event, the possibility of needing to use a smaller amount in subsequent years, stressed the Commission's concerns include having a larger reserve and costs related to homelessness.

Chair Allen invited public comment.

Jim Mueller thanked the City Manager for his work; referenced the Annual Comprehensive Financial Report noted each is about 2,000 pages long and only goes to the fiscal year of 2023/2024; asked to see more analyzable data, user friendly data, such as in Excel format and stated that transparency only goes through fiscal year 2021/2022.

Finance Director Meyer noted there were prior Commission and internal discussions; stated that staff utilized a tool called OpenGov but they no longer use it and it has not been a priority for the City to maintain it and update it; mentioned costs and staff time for input and stated that staff believed the way they are presenting data shows the financial information in a better, more efficient way.

Jim Mueller asked that the City develop a website with analyzable data from prior years.

Discussion followed regarding determining City priorities, the City's MUNIS management system and whether data is exportable in a digestible form, increased costs for Open Gov and incompatibility with MUNIS.

Jim Mueller referenced homelessness issues and talked about potential opportunities to ensure the sustainability of the program; opined that it is impossible for the Commission to do its job without the ability to analyze data.

There were no other public comments on this matter.

Motion by Commissioner Samples, seconded by Commissioner Woodham, to recommend to the City Council to find ways to reduce the \$3.2 million charge to the Pension Fund Reserve.

Commissioner Jeste reiterated he is unable to approve the motion without the data on homelessness, data on CIP programing, and data for the reserves.

Discussion followed on how to word the motion Commissioner Jeste is suggesting.

Commissioner Marin agreed and felt the recommendation should be focused on the \$3.2 million shortfall and highlight two areas, homelessness, data and performance associated with CIP data, the Commission would like to see reduced in the amount of utilization of the Pension Reserve Fund to balance the budget.

Commissioner Samples and Commissioner Woodham agreed to the friendly amendment.

The motion carried, 6-0-1, with the following roll call vote:

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

Chair Allen felt that the Commission should have reviewed the budget prior to City Council.

City Manager Witzansky offered to review the calendar for the Commission's budget review to be earlier in the process perhaps through a special meeting.

Chair Allen returned to Item No. I.1.

J.2. BUDGET WEBSITE

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

Chair Allen referenced Jim Mueller's concerns; noted he has left and wondered about continuing it to a future meeting.

Finance Director Meyer reported that the budget can be accessed at www.redondo.org/Budget and contains current and historical budget and CIP documents; provided highlights of the website and said they will follow up on the other data transparency portal issues; addressed developing a budget snapshot which would include high-level summaries.

Discussion followed regarding whether to bring the item back since Jim Mueller left, what the actual protocol of the Commission is and that he has the ability to call the Finance Department directly.

Motion by Commissioner Samples, seconded by Commissioner Woodham, to receive and file the report. There being no objections, Chair Allen so ordered.

J.3. EXTERNAL AND INTERNAL AUDITS

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

Chair Allen stated that the reason this item is on the agenda is because since she has been on the Commission they have never had an auditor come and present to the Commission; asked if there is an internal auditor or an external auditor, when do they audit, and when can it be presented.

Finance Director Meyer reported that the City's external auditors are Clifton, Larson, Allen; stated they present to the Commission annually but this year, their audit is late because the Finance Department is unstaffed by five members and there are new auditors for the first time in seven years; noted they have a proposed date of completion of June 30th; noted the auditors will present to the Commission before it goes to Council.

Discussion followed regarding the Audit Commission and who comprises that Commission.

Finance Director Meyer noted the City does not currently have an internal auditor engaged; reported the City Treasurer and City Clerk are responsible for recommending internal audits per the Charter; mentioned the City had used Moss Adams as internal auditors in the past.

K. COMMISSION MEMBER ITEMS AND FUTURE COMMISSION AGENDA TOPICS

Chair Allen mentioned that Commissioner Woodham is part of the Bond Council and asked if he had any updates to share.

Commissioner Woodham stated they had gotten together and conducted interviews and selected a firm to do the work.

Finance Director Meyer talked about being in discussions with the City's financial advisor regarding doing a competitive versus negotiated sale, potential interest rate options and scheduling to phase bond payments; added that he recommended that the City regroup when it has a better idea on the construction side, of what the scheduling will be; reported she suggested that the financial advisor visit the Budget and Finance Commission and present ideas he has discussed with staff. Additionally, she announced the City has engaged Bond Counsel and Disclosure Counsel and has the financial team in place for when the City decides to move forward with the issuance.

Chair Allen agreed and confirmed the matter will be included in upcoming agendas.

Commissioner Woodham requested data on what the City spends, in total, on pension and retirement.

Finance Director Meyer noted previous years of 10%-13% of total personnel costs.

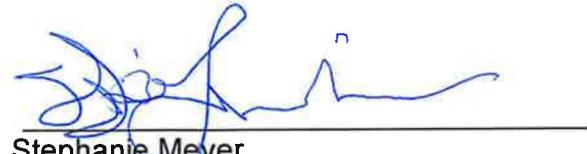
L. ADJOURNMENT – 9:19 p.m.

There being no further business to come before the Budget & Finance Commission, motion by Commissioner Samples, seconded by Commissioner Sherbin, to adjourn the meeting at 9:19 p.m., to a regular meeting to be held at 6:30 p.m. on July 10, 2025, in the Redondo

Beach City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California. There being no objections, Chair Allen so ordered.

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

Respectfully submitted:



Stephanie Meyer
Finance Director