

**CITY OF REDONDO BEACH
BUDGET & FINANCE COMMISSION AGENDA
Thursday, December 12, 2024**

415 DIAMOND STREET, REDONDO BEACH

CITY COUNCIL CHAMBER

REGULAR MEETING OF THE BUDGET & 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 & 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.

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:

<https://www.youtube.com/c/CityofRedondoBeachIT>

TO JOIN ZOOM MEETING (FOR PUBLIC COMMENT ONLY):

Register in advance for this meeting:

https://us02web.zoom.us/webinar/register/WN_LYTlxYF0TgKjK5DCBUnw0A

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. FinanceMail@redondo.org

REGULAR MEETING OF THE BUDGET & 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.

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 DECEMBER 12, 2024](#)

CONTACT: STEPHANIE MEYER, INTERIM 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.

I. ITEMS CONTINUED FROM PREVIOUS AGENDAS

J. ITEMS FOR DISCUSSION PRIOR TO ACTION

J.1. [CALPERS AND CITY OF REDONDO BEACH UPDATE - PRESENTATION TO THE CITY OF REDONDO BEACH](#)

CONTACT: STEPHANIE MEYER, INTERIM FINANCE DIRECTOR

K. MEMBER ITEMS AND REFERRALS TO STAFF

L. ADJOURNMENT

The next meeting of the Redondo Beach Budget & Finance Commission will be a regular meeting to be held at 6:30 p.m. on January 9, 2025, 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 under the City Clerk.



Administrative Report

F.1., File # BF24-1933

Meeting Date: 12/12/2024

TITLE

APPROVAL OF AFFIDAVIT OF POSTING FOR THE REGULAR BUDGET AND FINANCE
COMMISSION MEETING OF DECEMBER 12, 2024

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	December 12, 2024 6:30 p.m.

As the Administrative Analyst 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.

*Erin Smith, Administrative Analyst
Budget and Finance Commission*

Date: December 9, 2024



Administrative Report

J.1., File # BF24-1934

Meeting Date: 12/12/2024

To: BUDGET & FINANCE COMMISSION

From: STEPHANIE MEYER, INTERIM FINANCE DIRECTOR

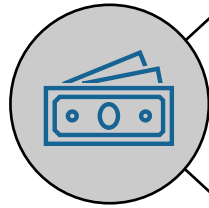
TITLE

CALPERS AND CITY OF REDONDO BEACH UPDATE - PRESENTATION TO THE CITY OF REDONDO BEACH

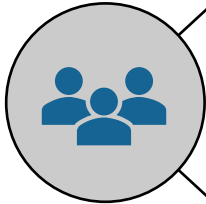
CalPERS and City of Redondo Beach Update

December 12, 2024
Simone Parker,
CalPERS

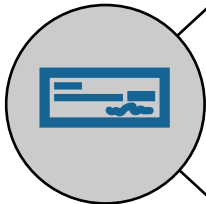
CalPERS By the Numbers



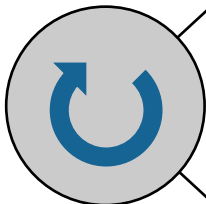
75% **Funded Status Estimate**



2,313,916 **CalPERS Members**



\$43,819 **Average Annual Pensions** (for all retirees)



\$32.8 billion **Annual Pension Benefits Paid**

as of June 30, 2024

Funding CalPERS Pensions

CalPERS
investment earnings

55¢

CalPERS
employers

34¢

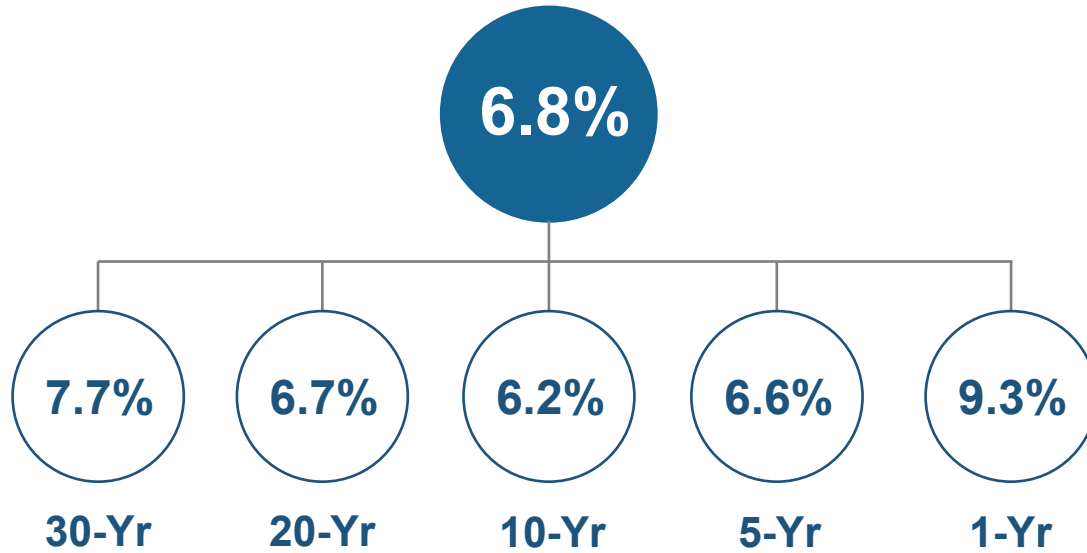
CalPERS
members

11¢

CalPERS Pension Buck: a 20-year Average *(as of June 30, 2024)*

PERF Net Investment Returns

Investment Rate of Return Goal



as of June 30, 2024

Assets Under Management

**\$531.6
billion**

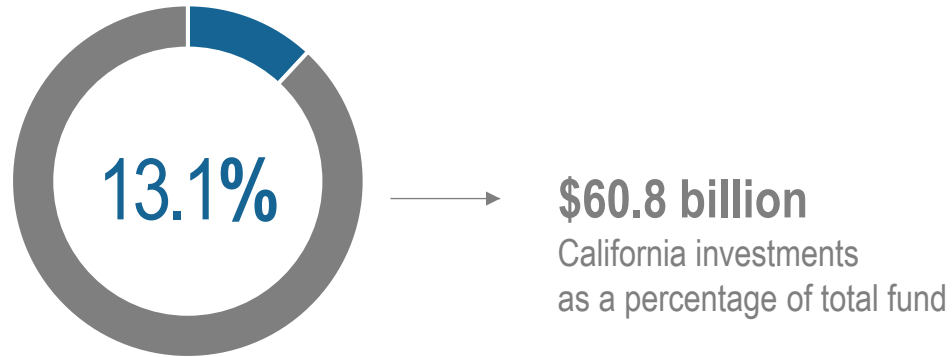
as of September 30, 2024

Returns by Asset Class (as of June 30, 2024)

ASSET CLASS	NET RATE OF RETURN
Public Equity	17.5%
Fixed Income	3.7%
Private Equity*	10.9%
Real Assets*	-7.1%
Private Debt*	17.0%
TOTAL FUND	9.3%

* Private market asset valuations lag one quarter and are as of March 31, 2024.

Investing in California

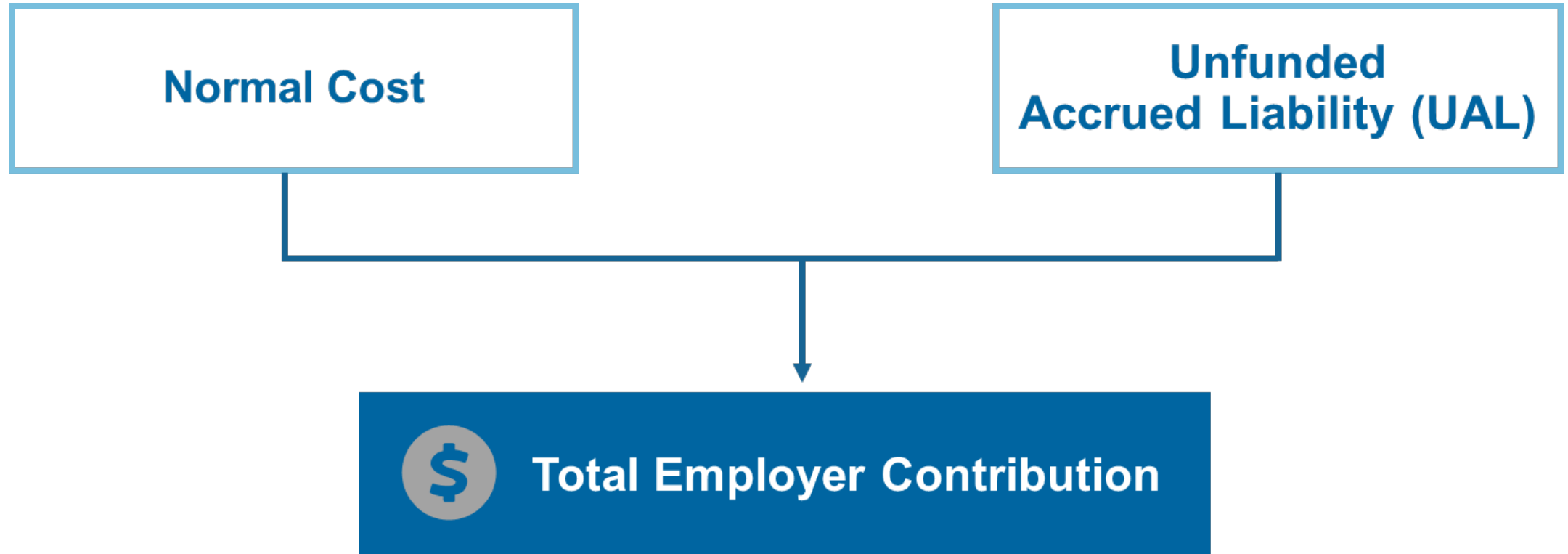


ASSET CLASS	\$ Invested in California (in Billions)	% of \$ Invested in California (in Billions)
Public Equity	\$29.9	14.9%
Fixed Income	\$6.3	5.1%
Private Equity	\$3.1	5.1%
Real Assets	\$20.0	29.1%
Private Debt	\$1.5	13.8%
TOTAL FUND	\$60.8	13.1%

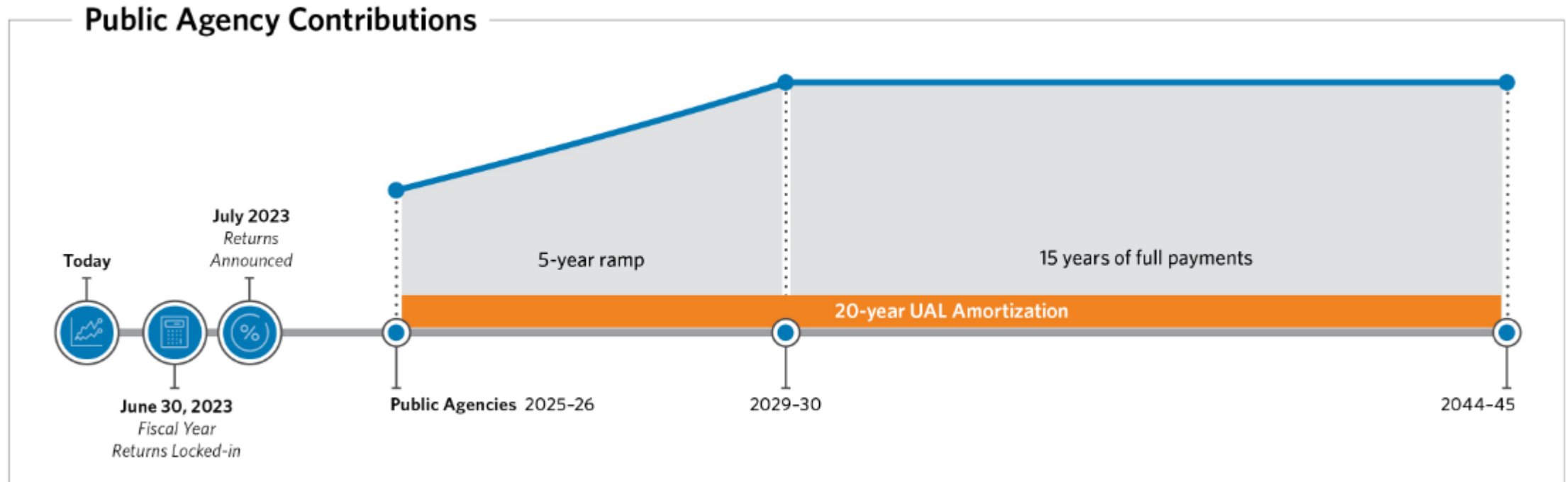
170,591 estimated jobs supported in California from CalPERS' private market investments

City of Redondo Beach Pension Plans

The Two Components of Employer Contributions



Investment Gains/Losses Are Phased in Over Many Years



3188172623 12.03.24

Actuarial Valuation Overview

- Most recent valuation (as of June 30, 2023) reflects the following:
 - 6.8% discount rate, 2.3% inflation assumption
 - Approximate 6.1% investment return¹ in FY 2022-23
 - Non-investment plan experience: roughly neutral for Miscellaneous Plan, unfavorable for Safety Plan (driven by salary increases greater than assumed)
- Next valuation (as of June 30, 2024) will reflect ~9.5% investment return¹ in FY 2023-24
 - Will serve to reduce contributions relative to what they otherwise would've been
 - Estimated impact reflected on following slides

¹ Investment return stated here is net of investment expenses but gross of administrative expenses. It is based on final audited assets as disclosed in our ACFR and may differ slightly from the preliminary investment return released by the CalPERS Investment Office each July, which reflects a three-month reporting lag on private equity and real assets. The discount rate, which is the assumed prospective long-term rate of investment return, is net of both investment expenses and administrative expenses (the latter is currently assumed to equal 10 basis points annually).

Projected UAL Payments

Miscellaneous Plan

	Required	Projected				
Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
From 6/30/2023 Report ¹	\$489,272	\$810,000	\$1,130,000	\$1,451,000	\$1,496,000	\$1,496,000
Updated for FYE24 asset return ²	\$489,272	\$663,000	\$836,000	\$1,009,000	\$907,000	\$760,000

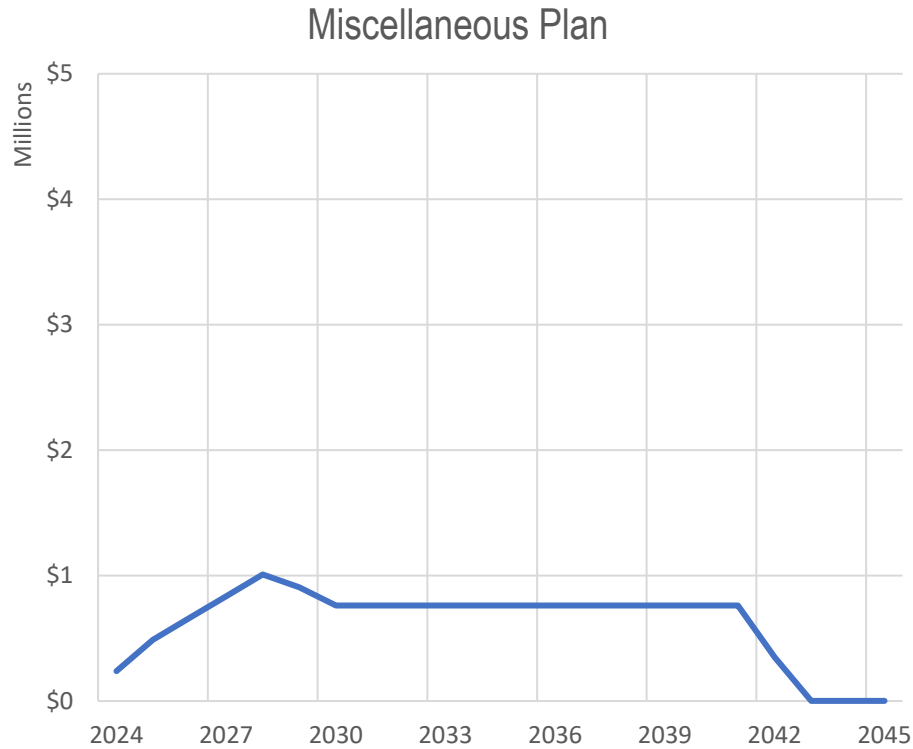
Safety Plan

	Required	Projected				
Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
From 6/30/2023 Report ¹	\$2,650,254	\$3,422,000	\$4,194,000	\$4,966,000	\$5,047,000	\$5,047,000
Updated for FYE24 asset return ²	\$2,650,254	\$3,171,000	\$3,692,000	\$4,213,000	\$4,043,000	\$3,792,000

¹ Assumes 6.8% return for FY 2023-24

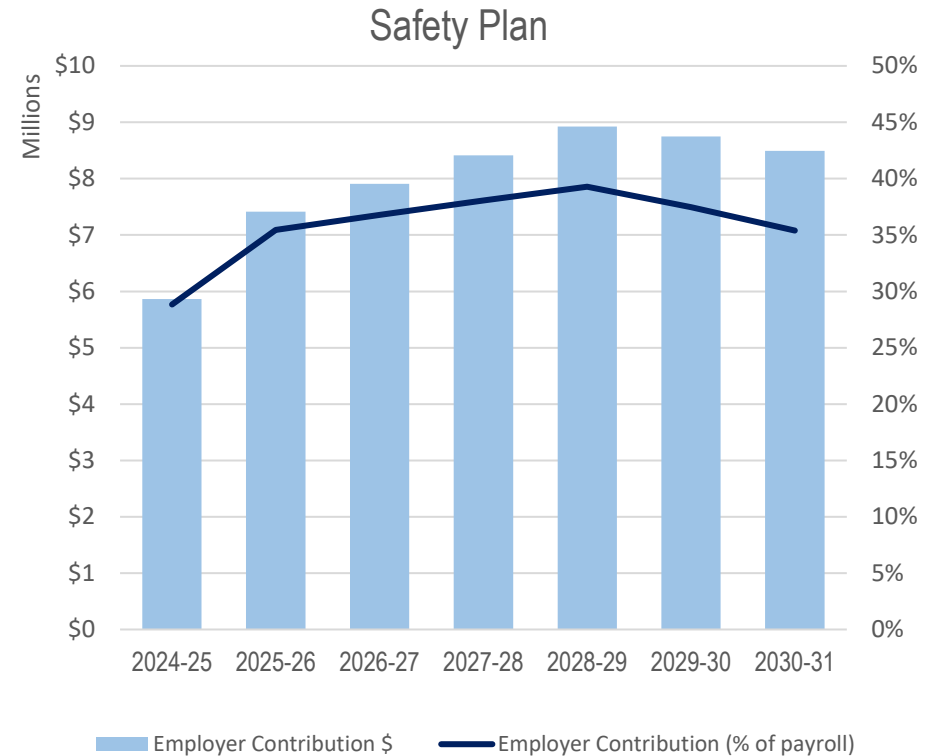
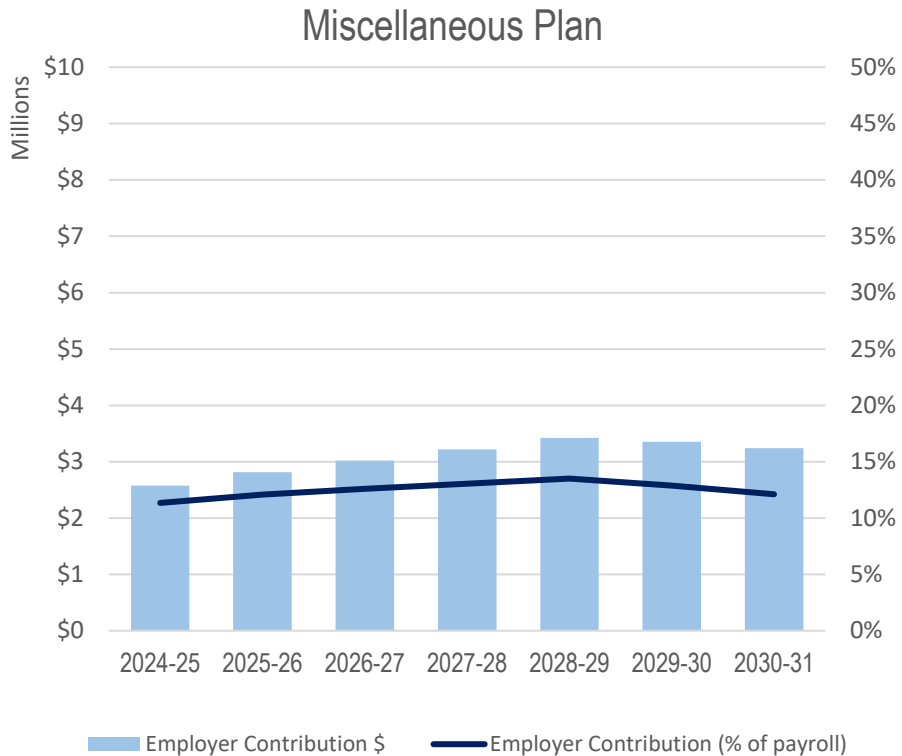
² Reflects 9.5% return (gross of administrative expenses) for FY 2023-24

Projected UAL Payments (continued)



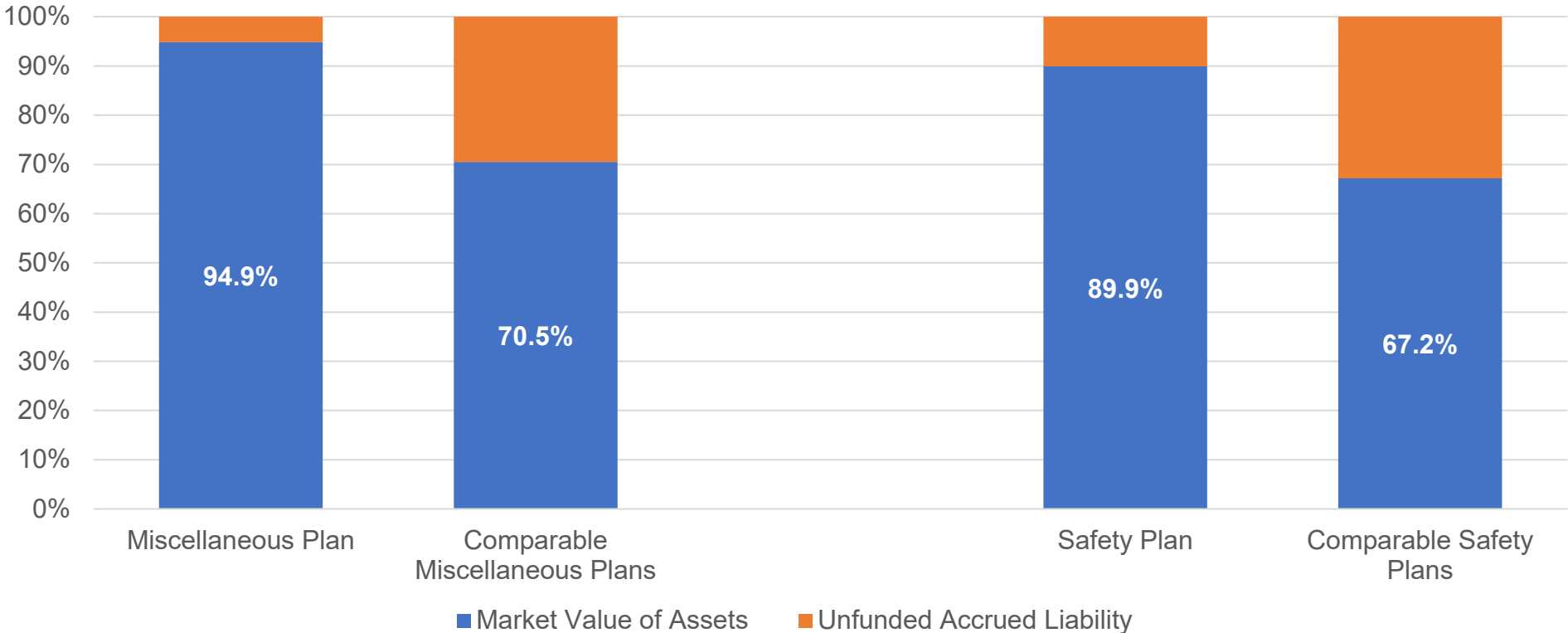
Projections shown here are based on results of June 30, 2023 actuarial valuation with adjustment for estimated effect of 9.5% investment return (gross of administrative expenses) in FY 2023-24. Deviations of future experience from actuarial assumptions are expected but cannot be predicted. Such deviations will result in differences between actual future results and the projected results shown here that, depending on actual future experience, could be significant.

Total Employer Contributions (Normal Cost + UAL Payment)



Based on June 30, 2023 actuarial valuation with adjustment for estimated effect of 9.5% investment return (gross of administrative expenses) in FY 2023-24. Projected normal cost reflects estimated impact of PEPRA members entering plans in future years. See slide 13 for additional caveats.

Funded Ratio for City and Comparable Plans¹ at June 30, 2023



¹ Based on aggregate Accrued Liability funded ratio as of June 30, 2023 of CalPERS public agency Miscellaneous and Safety plans sponsored by cities/towns of similar size to City of Redondo Beach (specifically, 250 - 350 active members for Miscellaneous and 125 - 175 active members for Safety).

Pension Outlook Tool

Available on myCalPERS and CalPERS Website



Educational



Informational

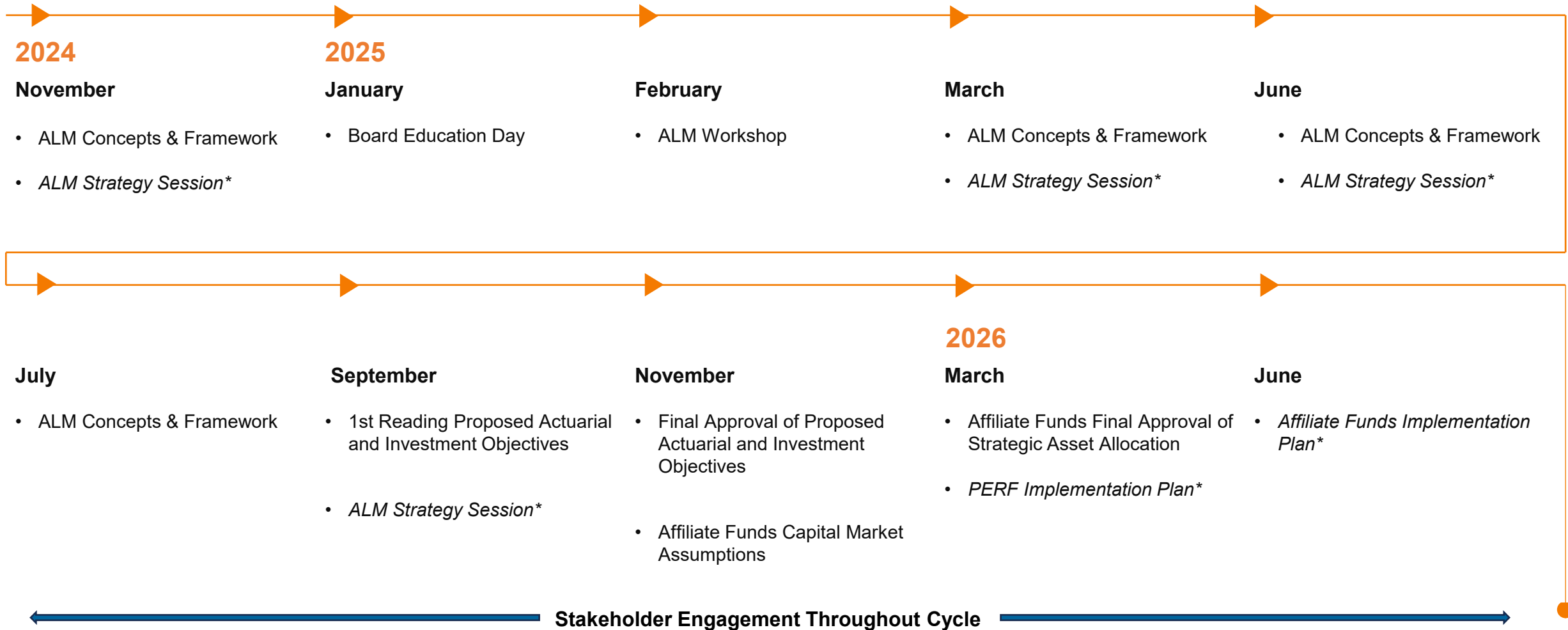


Analytical
Tool



Budgeting
Tool

Asset Liability Management (ALM) Timeline



Q & A

