

From: **Vijay Jeste** <jestevijay@gmail.com>

Date: Tue, Jul 15, 2025 at 6:12 PM

Subject: Wake-up call

To: James Light <james.light@redondo.org>

Dear Mr. Mayor,

I don't believe you know me, so let me introduce myself.

I am a resident of Redondo Beach (District 3), a U.S. citizen, and a retired executive with over 40 years of experience in a wide variety of industries. I was appointed to the Budget & Finance Commission by your predecessor. My term ends in September 2026.

I am writing this not as a commissioner, but as a resident, voter and taxpayer. I see dark clouds gathering over our city's future, and I'm deeply concerned by the lack of urgency in addressing this looming crisis.

Redondo Beach, after decades of relative financial stability, is now facing a structural revenue shortfall. It is a wake-up call demanding bold leadership and immediate action.

Yet, from what I observed and read in Easy Reader on June 26 about the city council's meeting, there seems to be a troubling preference for temporary fixes, such as dipping into pension reserves. It is distressing to note our representatives have adopted a "business as usual" attitude and passed the budget unanimously without making any serious efforts to balance the budget. Their wish list is long. But they need to understand that their wishful thinking, hope, optimism and baseless prediction of an improved economy do not generate revenues and pay for everything.

For years, our city has enjoyed a fairly stable economy and adequate revenues to balance the budget with minimum reserves. Even during the pandemic, money poured in from the state and federal government to soften the impact of the pandemic. We have not faced budget-busting calamities such as earthquakes, flooding, fires, riots, or landslides for decades. So the administration has been getting by with a "business as usual" attitude with little desire to prepare for a downturn, falling revenues or unplanned emergency. Each council member pushes for his/her constituents' wishes, demands, and needs. Balancing the budget is not a top priority for them.

In the meetings of our commission, I have noticed an attitude of complacency and resistance to change at every level. There is no effort to improve internal operations to make them more efficient and cost-effective.

In my view, five key areas demand immediate and decisive action:

1. Balance the budget - Under no circumstances should the city plan to spend more money than the revenues, and borrow funds from the reserves. It is irresponsible to dip into pension reserves instead of trimming the fat in the budget. Instead of spending reserves to pay for CIPs or salaries of new hires, we need to boost them so we are prepared to provide the city's services in a recessionary environment.

2. Capital Improvement Projects – There is no transparency or accountability for the CIPs that will cost the city well over \$94 million over the next five years. For over a year, I have been asking repeatedly for more data on the CIPs in our meetings, and every time this topic comes up for discussion, we face stiff resistance and pushback from Mike (City Manager), Finance Director and staff members from the Planning department.

3. Homelessness – What are the true costs, and what revenues are we receiving from grants or state taxes?

4. Housing Affordability – Replacing single-family homes with multi-unit structures enriches developers, but it doesn't lower housing costs. Cramming more units, especially in North Redondo, has added to traffic, pollution, crime, and deterioration of safety and public services.

5. Emergency Reserves – Our current reserves cover only one month of operations (8.3%). Some of the neighboring cities hold twice as much. We must act swiftly to strengthen our fiscal safety net.

Complacency is dangerous. California continues to lose high-income taxpayers to states like Texas and Florida. We can't afford to wait until crisis forces our hand. The time has come for a comprehensive overhaul of internal processes and to utilize new technology and AI tools to achieve significant savings. I know this won't be easy. Change never is, especially when it challenges the status quo. But without strong leadership from the top, starting with you and the Council, it will not happen.

As a mayor, you are the CEO of the city. Only you can put your foot down and not allow the budget to run into a deficit.

I lived in Fort Wayne, Indiana, for six years (2006-2012). During those years, I watched a business-savvy mayor dramatically transform the city operations using TQM (Total Quality Management), Lean/Six Sigma methodology, "Toyota Way" (continuous process improvement), and data-driven governance. I've attached an article describing the process in more detail for your reference.

Even today, Fort Wayne is ranked among this year's Top 10 best-run cities in America—proof that these strategies work. They deliver results: high-quality services, low debt, and financial resilience.

I speak from experience. I underwent extensive training in TQM and successfully implemented it in both the private and public sectors on three separate occasions. Every time we implemented the TQM philosophy and methodology, we got amazing results. These personal experiences made me a firm believer in it.

Complacency is what led to a stunning defeat of the candidate in the last presidential election. One candidate offered business as usual with minor tweaks, while the other promised a radical change. Now the new administration has launched a massive efficiency improvement program with a chainsaw-wielding technocrat and his staff. This initiative is likely to fail in the long term without achieving the savings they promised.

There is a better, more thoroughly tested and proven way to achieve the results through the use of TQM methodology and rigorous data collection & analysis. We now have the tools, thanks to AI, that will produce analyses in a matter of minutes instead of days or weeks. Unfortunately, nobody in the administration is either aware of it or interested, trained, and experienced in it. Only you can push for a change, just as the mayor of Fort Wayne did.

Sometimes, changing times demand changes in leadership. Corporate CEOs as well as leaders in the public sector such as mayors, governors or president who excelled over the last decade may find they are not well suited for the AI era, which will require bold vision, sense of urgency, willingness to take risks and make big bets, change of organizational structures, and lots of nimbleness in order to thrive or even survive. Seismic changes have already taken place in Washington D.C. and will likely happen in large cities such as New York, states like California and even at the city level.

The choice before us is clear:

- Face the unavoidable consequences of the status quo if or when the economy suffers a downturn, unpredictable catastrophic events strike the region, revenues decline, and you are compelled to take drastic measures, or
- Take positive, prompt, and decisive actions to employ the latest technology, process and efficiency improvement tools, and be ready to face any challenges as Fort Wayne has.

I am willing to help as much as I can, for as long as I live in Redondo Beach. But real change must come from leadership that is willing to challenge old assumptions, face uncomfortable truths, and take bold action.

Thank you again for your time and your service to our community.

Best regards,
Vijay Jeste

Email: jestevijay@gmail.com

From: **James Light** <james.light@redondo.org>

Date: Tue, Jul 22, 2025 at 6:26 PM

Subject: RE: Wake-up call

To: Vijay Jeste <jestevijay@gmail.com>

Thanks for your email. There is a lot to unpack here.

1) **Balance the budget.** I urged the council not to spend the discretionary funds, but they did not listen. It was a 5 – 0 vote so a veto would really serve no purpose. That said, I still would have supported some reserve spending due to the circumstances. We have projects we need to continue and a hopefully short term impact of visitor loss and the impacts of market fear on tariffs should not slow those projects down. If the deficit continues next year we will have to make some hard choices.

2) **Capital Improvement Projects.** I agree they are confusing. Some are funded by grants. Some are out of our budget. Some are deferred projects. I have recommended some improvements so they are more understandable, but so far no changes.

3) **Homelessness** – I have the same concern. Stephanie has agreed to work with Joy to build more tracking into the reporting systems. But for right now she has to focus on producing the ACFR.

4) **Totally agree on housing affordability.** I have a briefing I have given to the Governor's staff and am getting to our state representatives about how bad the housing mandates are impacting cities like Redondo. I was supposed to be meeting with the head of the Senate Housing Committee this week but the meeting is postponed due to the Senator's family emergency.

5) **Emergency reserves** – If the Commission agrees we should increase our emergency reserves, has it sent such advice to the Council. If so, I've never seen it. It is something we may be able to tackle at the midyear budget meeting.

VR

Jim Light

Mayor

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