



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: Dianne Strickfaden, Human Resources 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 Samples, 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: STEPHANIE MEYER, ASSISTANT FINANCIAL SERVICES 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 REGULAR BUDGET AND FINANCE COMMISSION MEETING OF JULY 11, 2024

CONTACT: STEPHANIE MEYER, ASSISTANT FINANCIAL SERVICES DIRECTOR

F.2. APPROVAL OF THE MINUTES FROM THE SPECIAL BUDGET AND FINANCE COMMISSION MEETING OF APRIL 30, 2024

CONTACT: STEPHANIE MEYER, ASSISTANT FINANCIAL SERVICES DIRECTOR

There were no public comments on the Consent Calendar.

Motion by Commissioner Samples, seconded by Commissioner Allen, 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 ACTIONS

J.1. CAPITAL IMPROVEMENT PROGRAM, CONSTRUCTION CONTRACT AND CHANGE ORDER HISTORY DISCUSSION

CONTACT: STEPHANIE MEYER, ASSISTANT FINANCIAL SERVICES DIRECTOR

Assistant Financial Service Director Meyer introduced the item and deferred to staff for a report.

Capital Projects Program Manager Reyes presented details of the Administrative Report; provided a sampling of projects over the last several years that have gone through the CIP process; highlighted projects that went over the change-order authority and discussed transportation related funds used for the Transit Center.

Discussion followed regarding the change-order authority amounts, Public Works contract authority, not changes in terms of signature authorities resulting from the Charter review process and getting the information about all of the CIP projects completed in the last five years rather than a sampling.

Commissioner Jeste explained his request for the original projected costs and what the City ended up spending on CIP projects for the last five years.

Commissioner Sherbin assumed a change in conditions or in the desired outcome in the definition of a project once it took off.

Commissioner Jeste added that if the amount spent is way beyond the original estimate, then staff could take a deeper dive.

Capital Projects Program Manager Reyes referenced the Transit Center as the only project where that has occurred in Redondo Beach; talked about projects during COVID-19 still under construction showing engineering estimates that did not match with what the bids come in as they were not able to keep up with new markets and inflationary pressures that the industry was facing.

Discussion followed regarding the source of the engineering estimates, noticing for RFPs, the bidding evaluation process and ensuring funding and Council's contract approval process.

Capital Projects Program Manager Reyes asserted that staff will not request award of a contract by Council without ensuring there is funding for the project.

Commissioner Jeste reiterated wanting to know what was projected and what was spent; talked about overruns and the subsequent lack of visibility in terms of how many projects have been completed and how many are ongoing.

Capital Projects Program Manager Reyes explained that City does not usually have "overruns" except for the Transit Center project.

Discussion followed regarding not equating being approved to an overrun.

Commissioner Samples talked about the built-in contingency (risk parameters) in cost estimates and trusting Department Heads and various departments to stay within set risk parameters.

Chair Castle talked about the possibility of getting data of the CIP projects completed last fiscal year and Capital Projects Program Manager Reyes reported it has been included in the data provided and distinguished between Public Works CIPs and Maintenance projects.

Commissioner Jeste felt the data he is requesting would be beneficial as it would provide information on cost overruns.

Capital Projects Program Manager Reyes reported the City has been running lean, on the capital side.

Commissioner Jeste explained the need for data so that the City can identify problems, and the Commission can help to resolve them.

Capital Projects Program Manager Reyes explained the projects in the data are not all CIPs, but rather more traditional CIPs.

Assistant Financial Services Director Meyer there is a starting budget which is adjusted through budget amendments.

Discussion followed regarding seed money used to keep projects moving forward and ensuring that projects are not overbudgeted.

Capital Projects Program Manager Reyes reported there is no way to spend more than what is budgeted for a program.

Assistant Financial Services Director Meyer added that staff's Council authority is by project and by funds and reported that staff is trying to describe the processes in place that will stop project overruns.

Commissioner Samples felt the City does not do a good job in tracking total costs of ownership for many projects and talked about the homeless issue as an example of difficulties in tracking real costs.

Assistant Financial Services Director Meyer talked about providing the information that the Commission needs, following Council policy.

Discussion followed regarding the need to start counting/tracking project costs, at a set point, having a better layout of the information.

There were no public comments.

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

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

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

Discussion followed regarding the current inflation rate, cost increases above CPI, availability of public funding for construction and the bidding process.

J.2. DISCUSSION REGARDING CITY OF REDONDO BEACH PENSIONS

CONTACT: STEPHANIE MEYER, ASSISTANT FINANCIAL SERVICES DIRECTOR

Assistant Financial Services Director Meyer presented details of the Administrative Report and narrated slides with information about CalPERS investment returns and timing; offered to provide the Commission with additional reports; spoke about CalPERS doing smooth actuarial investment gains and losses and noted the next valuation will be done at the end of July or beginning of August.

Discussion followed regarding the basis of the UAL, the bonding process, CalPERS payoff amounts, prior discussions to leave CalPERS and requests for an updated calculation, whether the City generated approximately \$90 million in UAL in FY 2022 and the need for verification of the calculations.

Assistant Financial Services Director Meyer reviewed the most recent actuarial report; suggested and suggested addressing the matter when the CalPERS representations is invited to address the Commission.

Commissioner Woodham mentioned the payment and new UAL generation is causing

confusion in the calculations and hoped the actuarial is able to explain it.

Assistant Financial Services Director Meyer addressed CalPERS administrative fees, investment fees and the value of the assets the City has invested in the CalPERS fund; discussed decreases normal costs, decreased value of benefits to new employees, unfunded liabilities and focusing on trends in comparison to other cities.

Commissioner Woodham noted the City's CalPERS fund is worth \$631 million, the UAL is \$42 million and felt it is possible for the City to take the \$631 million and the UAL as a liability and walk away.

Assistant Financial Services Director Meyer noted that the opposite side of the market value of assets is the present value of liabilities and noted the sum total of the liabilities is not the unfunded accrued liabilities.

Commissioner Jeste spoke about the possibility of offering a deferred contribution plan to new employees and continuing the CalPERS plan for existing employees.

Assistant Financial Services Director Meyer pointed out that the City would need to offer a high salary in order to be more competitive than other cities offering CalPERS plans to new employees.

Discussion followed regarding the various plans offered to employees.

Assistant Financial Services Director Meyer continued with the report addressing 10- and 20-year returns.

Discussion followed regarding whether the City has looked at alternate pension fund management source companies, increasing costs, switching from a defined benefit to a defined contribution, having staff look into a Section 115 Trust, setting aside funds for pension costs, establishing a policy to determine when to put money in or take it out, having a robust reserve fund for pension obligations and impacts of "one-time" hits on CIPs and other programs.

There were no public comments.

Motion by Commissioner Samples, seconded by Chair Castle and approved by roll call vote, to receive and file the report, as presented.

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

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

K. MEMBER ITEMS AND REFERRALS TO STAFF


Commissioner Woodham referenced the new classifications for employees and felt it would be interesting to know the actuarial assumptions that would fund the lower level for new employees.

L. ADJOURNMENT – 7:45 p.m.

There being no further business to come before the Budget & Finance Commission, motion by Commissioner Woodham, seconded by Chair Castle, to adjourn the meeting at 7:45 p.m., to a Regular meeting to be held at 6:30 p.m. on August 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:



for _____
Wendy Collazo
Finance Director