



**REGULAR MEETING OF THE BUDGET AND FINANCE COMMISSION – 6:30 P.M.**

**A. CALL TO ORDER**

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

**B. ROLL CALL**

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

Commissioners Absent: None

Officials Present: Stephanie Meyer, Interim Finance Director  
Nilesh Mehta, Chief Deputy City Treasurer  
Erin Smith, Administrative Analyst

**C. SALUTE TO THE FLAG**

Chair Sherbin led in a salute to the flag.

Chair Sherbin thanked all the Commissioners for their assistance in preparing the letter that was sent to the City Council regarding the reduction in the reserves; gave a special thanks to Commissioner Samples and to Administrative Analyst Erin Smith in their big part in the drafting of the letter.

**D. APPROVE ORDER OF AGENDA**

Motion by Commissioner Woodham, seconded by Commissioner Marin, to approve the order of agenda. Motion carried 7-0.

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

**E.1. BLUE FOLDER**

Administrative Analyst Smith confirmed there were no Blue Folder Items.

**F. CONSENT CALENDAR**

**F.1. APPROVAL OF AFFIDAVIT OF POSTING FOR THE REGULAR BUDGET AND FINANCE COMMISSION MEETING OF DECEMBER 12, 2024**

Motion by Commissioner Castle to approve the order of the Consent Calendar. Motion carried 7-0, by voice vote.

**G. EXCLUDED CONSENT CALENDAR ITEMS**

None.

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

Jim Mueller, District 5, gave some background on himself; stated he has an MBA, worked managed and owned businesses; noted that he has learned through his career that funds allocated for maintenance of critical infrastructure is necessary; stated he was shocked to find out that RB fire and police facilities have not been maintained for years and that money was not allocated for maintenance; questioned the decision making process of mayors and council persons that have neglected it for years; emphasized it is even more disturbing since the RB fire and police are so beloved by the City; stated that the takeover proposed by County Fire was rejected; stated due to this neglect the current Council has asked voters to pass a huge bond issue for “catch up” maintenance which will burden the City for years; mentioned the allocation of funds by the City to other “crowd pleasing” projects such as the boat launch, swimming lagoon or public arts; asked the Commission what they would propose for annual maintenance going forward for the police and fire facilities.

Administrative Analyst Smith confirmed there were no other public comments.

**I. ITEMS CONTINUED FROM PREVIOUS AGENDAS**

None.

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

**J.1. ITEMS FOR DISCUSSION PRIOR TO ACTION**

**J.2. CALPERS AND CITY OF REDONDO BEACH UPDATE – PRESENTATION TO THE CITY OF REDONDO BEACH**  
**CONTACT: STEPHANIE MEYER, INTERIM FINANCE DIRECTOR**

Interim Finance Director Stephanie Meyer introduced Simone Parker from CalPERS (via Zoom); stated Simone Parker is the Assistant Division Chief of the CalPERS Stakeholder Office and will be leading the presentation.

- CalPERS and City of Redondo Beach Update
  - 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
  - Funding CalPERS Pensions
    - CalPERS Pension Buck: 1 20-year Average as of June 30, 2024
    - For every dollar paid: 55 cents comes from CalPERS investment earnings, 34 cents comes from employers, and 11 cents comes from members
  - PERF Net Investment Returns
    - Current investment rate of return goal is 6.8%
    - CalPERS management team is currently managing \$531.6 billion in assets as of December 2024
  - Returns by Asset Class (as of June 30, 2024)
    - Asset classes: Public Equity, Fixed Income, Private Equity, Real Assets, and Private Debt
    - Summarized the net rate of return for each asset class
  - Investing in California
    - For FY in June 30, 2023 CalPERS invested 13.1% of funds in California investments; that totaled \$60.8 billion
    - 170, 591 estimated jobs supported in CA from CalPERS' private market investments
  - The Two Components of Employer Contributions
    - Normal Cost – These are the value of the benefits allocated to the upcoming year for the City's active employees; expressed as a percent of pensionable payroll and contribution rates
    - Unfunded Accrued Liability (UAL) – When the plan experience differs from the actual assumptions.
  - Investment Gains/Losses are Phased in Over Many Years
    - Current amortization policy allows for rates to be ramped in over five years to smooth out sharp spikes in their contribution rates
  - Actuarial Valuation Overview
    - Most recent valuation (as of 6/30/2023) reflects a 6.8% discount rate, 2.3% inflation assumption, approximately 6.1% investment return in FY 2022-23, and experience with the Miscellaneous Plan was roughly neutral and unfavorable for the Safety Plan
    - The City's next valuation will reflect a 9.5% investment return in FY 2023-24
  - Projected UAL Payments by Plan
    - Miscellaneous Plan
    - Safety Plan – larger due in part to unfavorable non-investment experience
    - Provided a graph on the Miscellaneous Plan and the Safety Plan

- Total Employer Contributions (Normal Cost + UAL Payment)
- Funded Ratio for City and Comparable Plans at June 30, 2023
  - Provided a comparison on the City's Miscellaneous Plan and comparable plans and the City's Safety Plan and comparable plans

Commissioner Woodham asked for some numbers from Simone Parker and she said she will look into it and get back to him if available.

- Pension Outlook Tool
  - Available on myCalPERS and CalPERS website
  - Explained how the site works
  - Can answer questions clients have and calculate scenarios
- Asset Liability Management (ALM) Timeline
  - The goal of the ALM process is to make sure their pension liabilities align with their investment approach
  - During the process the Board reviews its overall risk
  - Explained future plans

Questions and discussion followed.

Commissioner Woodham asked for some numbers from Simone Parker and she said she will work on it and get back to the Commission.

Commissioner Castle asked for the updated version of the presentation with the new numbers. Interim Finance Director Meyer said yes.

Commission Woodham asked for a quarterly report from CalPERS; Interim Finance Director deferred to Simone Parker; Commissioner Woodham opined this should be something that should be given to them without jumping through hoops.

Simone Parker referred to the CalPERS website and offered to send the link as well as provide feedback to her team about sending a quarterly report.

More discussion followed.

Administrative Analyst Smith confirmed there were no public comments.

Motion by Commissioner Samples, seconded by Commissioner Castle, to receive and file the CalPERS and City of Redondo Beach Update as presented.

Motion carried 7-0.

Vote by Roll Call:

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

ABSTAIN: None

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

Chair Sherbin made a proposal to add a discussion item to change roles with Vice Chair Allen; Chair Sherbin stated he looked at the responsibilities of the Chairperson and does not feel he will have the time to devote to the role. He asked if this could be added to the January 9, 2025 agenda.

Commissioner Samples clarified that Chair Sherbin is making a referral to Staff asking them to put it on the agenda to discuss.

Interim Finance Director Meyer stated that the Mayor and Council were very appreciative of the letter regarding the reserves; the City Manager believes it is in his area to coordinate with the Council and intends to have discussions along with the mid-year budget.

Interim Finance Director Meyer addressed Measure FP next steps; stated the bond was certified with 71.4% in favor; reported Staff will have it finalized and posted later that evening, then it will go to Council next week on the 17<sup>th</sup> with an overview of Staff's action and proposed next steps; noted that the report does mention the Budget and Finance Commission and their role in the process; she will add the report to their January 9<sup>th</sup> meeting and at that time will discuss the Commission's role in the process; stated the meeting will also involve the selecting of a representative from the Commission to work with Staff.

Commissioner Woodham mentioned his disappointment at the reporting from CalPERS; felt they need to make CalPERS accountable for the poor reporting; felt they can not do a good job at reporting if they do not have this information.

Interim Finance Director Meyer addressed these issues and indicated she will remedy the concerns from the Commission.

Commissioner Jeste referenced an L.A. Times article from October 29<sup>th</sup> stating Redondo Beach brought the homeless numbers to functionally zero and congratulated the City; wanted to know how much money the City has spent on the homeless programs, where the funds have come from, and requested more visibility on where the funds are coming from so they can budget for it.

More discussion followed regarding the funding for the homeless.

More discussion followed regarding CalPERS.

Commissioner Allen addressed Jim Mueller's question from earlier in the meeting regarding funds for the Police and Fire facilities; stated the City's challenge is receiving revenue due to voters of Redondo Beach continually voting against bringing in new development; argued if the City does not bring new businesses into RB they cannot generate revenue; stated voters said in the last election they would rather pay themselves for the repairs then bring in new developments.

Jim Mueller said he appreciates the comment but does not agree with her insight; he stated she missed his point.

Discussion followed between Jim Mueller and Commissioner Allen.

Interim Finance Director Meyer pointed out this item is not on the agenda.

Administrative Analyst Smith confirmed there were no public comments.

**L. ADJOURNMENT – 7:25 P.M.**

There being no further business to come before the Budget and Finance Commission, Chair Sherbin adjourned the meeting at 7:25 p.m. to a Regular meeting to be held at 6:30 p.m. on Thursday, January 9, 2025 in the Redondo Beach City Hall Council Chambers 415 N. Pacific Coast Hwy. 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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Stephanie Meyer  
Interim Finance Director