

BLUE FOLDER ITEM

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.

BUDGET AND FINANCE COMMISSION MEETING JUNE 11, 2026

F.2. APPROVAL OF THE MINUTES FROM THE SPECIAL MEETING OF THE BUDGET AND FINANCE COMMISSION OF MAY 26, 2026

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

- 05-26-26 Budget and Finance Commission Minutes



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

A. CALL MEETING TO ORDER

A Regular Meeting of the Redondo Beach Budget and Finance Commission was called to order at 6:35 p.m. by Chair Woodham, in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

B. ROLL CALL

Commissioners Present: Allen, Sherbin, Turner, Chair Woodham

Commissioners Absent: Marin, Jeste, Ramcharan

Officials Present: Mike Witzansky, City Manager
Stephanie Meyer, Finance Director
Jacob Kamsvaag, Administrative Analyst/Liaison

C. SALUTE TO THE FLAG

Chair Woodham led in the salute to the flag.

D. APPROVE ORDER OF AGENDA

Motion by Commissioner Allen, seconded by Commissioner Sherbin, to approve the order of the agenda as presented.

Motion carried 4-0-3 by voice vote. Commissioners Marin, Jeste, and Ramcharan were absent.

E. BLUE FOLDER ITEMS - ADDITIONAL BACK UP MATERIALS

E.1. For Blue Folder Documents Approved at the Budget and Finance Commission Meeting

Liaison Kamsvaag reported no Blue Folder items.

F. CONSENT CALENDAR

F.1. APPROVAL OF AFFIDAVIT OF POSTING FOR THE SPECIAL BUDGET AND FINANCE COMMISSION MEETING OF MAY 26, 2026

F.2. Pulled by Chair Woodham

Motion by Commissioner Allen, seconded by Commissioner Sherbin, to approve the Consent Calendar for F.1.

Motion carried 4-0-3 by voice vote. Commissioners Marin, Jeste, and Ramcharan were absent.

G. EXCLUDED CONSENT CALENDAR ITEMS

F.2. APPROVAL OF THE MINUTES FROM THE REGULAR MEETING OF APRIL 23, 2026

Chair Woodham read from the minutes of April 23, 2026: "Chair Woodham stated it was the CalPERS payment that really caused the issue so the City could justify going into the reserves for some amount of money to cover it"; stated that it sounds to him that he was giving his approval for that to happen again and that was not his intent; said his intent was to say that it was understandable last year but not this year; said to Liaison Kamsvaag that he would talk to him about how he would like to rephrase it but it would be along the lines of "justified for last year but not for fiscal 27"; reported that is the only change he had.

Motion by Commissioner Sherbin, seconded by Allen, to approve the minutes as amended.

Motion carried 4-0-3 by voice vote. Commissioners Marin, Jeste, and Ramcharan were absent.

H. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

H.1. For eComments and Emails Received from the Public

Speaker (did not state his name) asked what Non-Agenda Items mean.

Liaison Kamsvaag responded it is any topic not listed on the agenda.

Commissioner Sherbin felt that whatever he came up to speak about it probably not on the agenda so he should go ahead and speak at that time.

Chair Woodham stated that there are three items on the agenda so anything, but those three items could be discussed.

City Manager Witzansky clarified that the topic should be in the purview of the Budget & Finance Commission.

The speaker said his question was about what this section was about so the Commission already answered it.

Keijiro Hattori, RUHS Senior, asked with the World Cup and the Olympics in 2028 how they plan to budget for tourism, hotels, and facilities for the events.

City Manager Witzansky stated his question was really one for the budget conversation later in the meeting; explained that Public Participation for Non-Agenda Items was not intended as a Q&A period but a public comment/feedback opportunity for the public to the address the Commission; reported that Keijiro Hattori's question would be answered as part of the budget discussion, which was the next item.

Liaison Kamsvaag reported no one online and no eComments.

I. ITEMS CONTINUED FROM PREVIOUS AGENDAS - None

J. ITEMS FOR DISCUSSION PRIOR TO ACTION

J.1. DISCUSSION PRIOR TO ACTION DISCUSSION AND POSSIBLE ACTION REGARDING THE FISCAL YEAR 2026-27 CITY MANAGER'S PROPOSED BUDGET AND 2027-2031 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM.

Chair Woodham commented that J.2 and J.3 were less important at the moment, especially with what has been going on with the budget and asked that the Commission focus more on J.1.; stated that the City Manager had comments prepared and he was there to answer questions for as long as needed.

City Manager Witzansky reported that the proposed budget was delivered to the City Council about a week prior, they had provided a receive and file presentation to the Council, and it would in effect initiate the City's hearing cycle, which begins the first Tuesday in June and they hoped it would culminate on June 16th with adoption of the budget; explained that Finance Director Meyer would be joining him in the presentation; gave an overview of what they would be discussing: Budget Themes, General Fund Summaries, Capital, Budget Calendar, and Recommendations; commented that this year is a more conservative budget, pledged not to use reserve funds to balance the budget, and they used a cost control mechanism to balance the budget; provided a slide with Budget Themes which were: Immediate Impact and Looking Forward; stated for Immediate Impact they focused on ways to increase revenue and the update of various fees; touched on the constraints the City has been facing with TOT; spoke of near-term cost management being a big focus for the City where they will be implementing a flexible hiring freeze, effectively about a 5% vacancy factor, which he will be judicious in deciding which positions will be filled over the course of the fiscal year; spoke of a \$2.9 million in annual savings by the end of the year; said at any given time the City might have between a 5% to 12% vacancy in positions due to retirements, long-term disability leave, etc. so to achieve a 5% hard savings should be manageable and the flexible hiring freeze will force him to hold positions in order to meet the \$2.9 million savings.

Commissioner Sherbin asked the City Manager, as the year goes on, if the flexible hiring freeze will increase the percentage of vacancies.

City Manager Witzansky replied that it could tend to compound, so he may relieve the pressure depending on which departments are affected; noted that some positions take months after the hire date before the person starts so they might authorize the hiring of a position knowing the process may take that long; stated they will monitor it in order to achieve their goal of \$2.9 million in salary savings by the end of the fiscal year; stated they have limited call service and program changes and have kept the Decision Packages to only the most critical requests, noted that there are 31 DPs this year to fund core service needs.

Chair Woodham asked if the preliminary budget that the Commission has seen assumes 100% fill on positions.

City Manager Witzansky responded that the City's core expenditures have all positions budgeted at a full annualized salary; stated that is why they typically have savings at year-end because it's really impossible to be 100% filled at any given time with an organization that has as much maturation as the City's but this year it is important that they account for it and they are using it to balance.

Chair Woodham asked, if the City assumes there's a 5% slippage now, the task is just to keep that in place and not let it get fuller than that.

City Manager Witzansky stated Chair Woodham was correct.

Chair Woodham asked if there are departments that are important enough that they won't be cut back 5% and others that may be cut back more in the equation or is it just across the board 5%.

City Manager Witzansky stated it is generally case by case but he will be looking for number of vacancies in a department and whether the vacancies affect their ability to deliver service internally or externally; noted that the Police and Fire Departments can float vacancies longer because they are structured to do that but once they hit a number that impacts those departments they need to be careful; explained that he needs to consider the different functions and service of each department; provided different scenarios, noting that the City would not want to sustain the 5% over multiple years but one they could absorb over the next fiscal year; said the City remains hopeful that they will return to structural balance in 27-28; revenue modernization stated the City has two initiatives that will be presented and put on the ballot next March based on Council direction; reported that the first initiative is an increase to the City's TOT rate (currently at 12%) to take it up to as much as 15%, noted that each percent gives the City \$750,000 of net increment on the revenue side and could be up to \$1 million if they have the full participation of all hotels.

Commissioner Sherbin asked, with the current economy plus an increase in the TOT, were they concerned that people will go other places instead of Redondo Beach for their vacations.

City Manager Witzansky responded that the elasticity question is real and they have discussed it with some of the City's hotel partners; reported they learned there isn't much in rate setting that is affected by 12% or 15% TOT and most people shopping for rates are not looking at the bottom line tax basis; stated the City's TOT revenues are conservatively projected and they are between \$2.5 and \$3 million off what they could be if the City's occupancy rate was closer to 85%-90% as it has been in the past; reported that currently the City's percentage is around the mid-60s, which is very low for them; noted that the region in general is down 30%, they are hopeful the big events will pick things up, but international travel has been negatively impacted so they are cautious about it; stated the other half of "revenue modernization" is the opportunity for the City to review their Utility User Tax (UUT) ordinance and referenced the case out of Santa Barbara where streaming services have been determined to be eligible under basic UUT; explained that if the ordinance is written correctly it is no different than cable service so due to the Santa Barbara case it gives the City the opportunity to revisit their ordinance, modernize it, and take it to the voters as a ballot measure; stated, if the voters agree, the City can possibly collect UUT on streaming services and due to the majority of people transitioning to streaming services the City's revenue has been impacted negatively for many years; noted that it will need the voters to approve the ballot measure in order to implement that change; spoke of other long-term cost management strategies the City has deployed is possibly adjusting the City's property insurance coverages, which they have discussed in previous Council meetings; highlighted earthquake coverage for City buildings at 100% and explained why it was not prudent to continue that coverage so they are deciding on whether to reduce the coverage or eliminate it all together; reported if they eliminate it completely the City will save \$1 million a year in premium costs and that most agencies similar to theirs do not have earthquake coverage; reported that the City has also made adjustments to their self-insured retention amount; noted historically they have been at a half a million dollars of an SIR, which is at the low end, and they pay a very high cost to their risk pool for it so the City has increased that to \$1 million this year which is anticipated to save the City between \$700,000 to \$1 million on future premium costs; explained that they won't experience the changes in the budget this year in the internal service fund model but will see the savings in hard cash outflow in the City's self-insurance fund and indirectly through the departments that contribute to it (mostly through the General Fund); stated they are trying to control costs and benchmark themselves with other agencies; provided data showing a slide with the GF summary with recommendations, noted that the fund balance began with an estimated \$1.4 million fund balance; reviewed in more detail the data provided on the slide which included Operating Budget, Decision Packages, and Additional Payments and Sources of Funds to get to balance.

Commissioner Allen referenced the \$2.162 million DP budget change and asked if that is how much the City would not be using so it would be savings.

City Manager Witzansky explained that it was revenue in excess of cost and that they had a lot of revenues in the DPs this year and those are netted against ongoing expenditure and that is the positive impact.

Commissioner Allen clarified she is asking about the recommended Decision Package ongoing \$2.162 and wondered if that is savings.

City Manager Witzansky responded that it is a positive but not necessarily savings, it is revenue in excess of cost; explained further that it is new revenues, savings offset against cost, it is a positive net impact.

Commissioner Allen stated that she was not understanding the explanation.

More discussion followed, the City Manager explained in more detail how the 31 Decision Packages generated revenues, cost savings, and some cost the City money but the net impact is a positive number of \$2.1 million.

Commissioner Allen stated it would be helpful if staff provided a slide showing all of that information.

City Manager Witzansky responded that if she looked at the City Manager's message it is in there.

More discussion followed. Commissioner Allen said she looked at it and still did not understand how the \$2.162 million was calculated.

City Manager Witzansky went into further explanation.

Commissioner Allen asked what services the City will not be providing to get to \$2.1 million.

Discussion followed to highlight the big items that created \$2.1 million.

City Manager Witzansky explained that the changes are being proposed for this year, so they are new fees, new revenues, and new anticipated changes to structure, etc. from the previous approach.

Finance Director Meyer continued the presentation; provided a slide with General Fund Revenues, explained that they do include the proposed numbers which is the base plus the Decision Packages; highlighted that the City's total tax revenue is up about 2% over the revised mid-year number, property tax and property tax in lieu of LVF continues to be strong, UUT has caught up after years of being flat, small increase in Sales and Use Tax, and the biggest number to focus on would be the TOT which is down about 4% from their revised mid-year number; reiterated the challenging tourism environment plus the three hotels that the City has the site specific tax agreement with as being a factor to the 4%.

Commissioner Sherbin referenced the 4% reduction in TOT and asked what part is due to hotels not coming online versus just a reduction in the overall volume of existing rooms.

City Manager Witzansky responded, on a high-level basis, it is a function of the City's hopefulness from last year that the Marine Avenue hotel sites would have replenished the Authority Funded Reserve and then would have accrued to the City's TOT bottom line;

noted that that scenario did not occur this year but they had adopted a budget that expected it to for at least a few months; stated they are being more cautious this year.

Commissioner Sherbin asked if “coming online” meant rooms from last year and rooms this year.

City Manager Witzansky stated it is not new construction but that rooms were going through refurbishment and explained the effects of that situation.

More discussion followed regarding the impacts of both tourism and the refurbishment of the sites which will also impact next fiscal year.

Chair Woodham referenced the Eddy property on PCH and Palos Verdes Dr. and asked for a status update.

City Manager Witzansky replied that they are hopeful it will be open mid-year.

Finance Director Meyer stated they will continue to monitor the TOT and they will review it again in about six months at mid-year.

Chair Woodham said the delta was \$10 million per year before Covid and they are now \$1.8 to \$2 million under what the City used to be pre-Covid.

City Manager Witzansky added that with inflation it should be closer to \$11 million and they are about \$2.5 to \$3 million of upside the City is not able to confidently project at this time which is the difference for the City to be structurally balanced at this time.

Finance Director Meyer highlighted the difference between the City’s Transfers-In item has two primary reasons behind the reduction: 1) the mid-year number included \$3.5 million to note the City’s Transfer-In from the CalPERS Reserve Fund but the City is not employing reserve funds this year so the \$3.5 million no longer shows up in the Transfers-In amount; clarified that staff removed a number of items that pass in and out of the General Fund and they felt there was no reason to have them.

Commissioner Allen asked if the \$3.5 million that was borrowed from the reserve was somewhere in the budget to be replaced.

Finance Director Meyer replied no; reported that including everything the City is at approximately \$129.6 million on the revenue side; moved on to General Fund Expenditures and provided a slide with the data; noted that before Transfers-Out the City is at about a 2% decrease from their mid-year number; stated the important thing to remember in looking at the Maintenance & Operations and the Capital Outlay is that mid-year will include the City’s one-time carryover items which are not included in the base-budget and that is why it will reflect significantly lower totals in their proposed 26-27 budget; highlighted that they will have one MOU scheduled increase for 26-27 which is the City’s Fire Association; noted for the Transfers Out number they will see a similar decrease to the revenues since they are cleaning out items that they do not need to transfer in and transfer out; stated that the remaining items shown are the General Fund

portion of the City's 2021 lease revenue bond for pension refinancing and just over \$1 million to subsidize the City's Street Landscaping and Lighting Fund; reviewed the City's adjusting items which puts the City at about \$131 million.

Chair Woodham referenced the transfers out, mentioned it included the \$11 million or so of debt service, and referenced a prior explanation by Finance Director Meyer of how it is transferred out of the General Fund and then paid out from what the City transfers it out to; wondered if there was a way to show debt service in slides with an \$11 million payment; felt it was important to see.

Finance Director Meyer said she could break it out to show it more clearly.

City Manager Witzansky added that it is not much different than what they have done with the UAL; noted that they have broken out UAL as a one-time standalone payment; stated that the \$11 million Chair Woodham is referring to is the City's debt service on their pension obligation bonds and between the two it's about \$14.5 million of pension obligation.

Finance Director Meyer turned the presentation back over to the City Manager.

City Manager Witzansky provided a slide with the City's Decision Packages; reported that there are actually 32 DPs, 21 of them directly impact the General Fund; reviewed what the DPs were focused on which were mainly proposed fee updates and changes to the Community Development fee structure, which will generate approximately \$1.1 million of new ongoing General Fund revenue; noted they will have continued increase to the City's parking meter rates, reminded everyone that Council directed a 25 cent hourly increase this fiscal year and directed another 25 cents for the next fiscal year; reported that it would generate about \$350,000 in new revenue to the City.

Commissioner Sherbin asked if it was a flexible rate based on the location of the meters.

City Manager Witzansky responded that the City is standard across the board and staff is recommending the same change down at the Pier structure and for pay station rates so the City will be uniform.

Discussion followed.

Commissioner Allen said she was looking at the chart the City Manager referenced and commented that a good chunk was coming from fees, parking meters hourly increase and Community Services fees; asked about crossing guard services because she thought the City was decreasing the number so she questioned the increase.

City Manager Witzansky stated that she was correct that they are decreasing the number of crossing guards in the proposed budget but it is still an increase to the City's core expenditure line; explained that the City had been funding crossing guards with one-time funds in the amount of about \$550,000 per year to support 27 locations and are recommending sustaining 18 locations so they don't have to spend as much additional money but it is still more money than the core budget at that time.

Commissioner Turner referenced the crossing guards and asked about the analysis that was taken on the savings by reducing the number of crossing guards versus the general safety of the kids that are walking to school.

City Manager Witzansky reported that a robust analysis was done; noted that the City had 27 locations with guards and three other locations were requested to be added; explained they created a subcommittee comprised of the Mayor, some City Councilmembers, the Traffic Engineer, a RBPD captain, and a member of his staff that conducted the review; provided details of the data that was collected and how they analyzed the data in order to come up with the value and need of each location; stated that part of how they got from 27 to 18 but they also had to factor in what the City could sustain from a staffing standpoint; explained that with 27 locations, they often need to fill vacancies at locations with a full-time police officer, MSO, or someone from Code Enforcement; stated they will continue to review the locations and make changes if necessary in the future; stressed that the City wants to be able to commit to staffing crossing guard locations even when they have call outs and need to fill them at the last minute without affecting the City's full-time staff that have other duties; stated that 18 helps the City budgetarily but also it is the number they feel they can sustain staffing without impacting other policing.

Commissioner Turner asked if there was a minimum criterion that the City uses to determine if a crossing guard is required at a location.

City Manager Witzansky replied that there is no requirement for a crossing guard under any general law and that Redondo Beach is fortunate to have funding to provide the number of crossing guards they have; noted that the City outpaces neighboring cities in what they provide.

Commissioner Turner commented that Redondo Beach also has more elementary schools or schools in general than most cities.

City Manager Witzansky reported that staff did a per school analysis and found the City has 27 crossing guards for eight elementary schools and two middle schools which is just under a 3 to 1 ratio and most of the neighboring cities have a 1 to 1 ratio per school; mentioned a volunteer safety program, AAA Crossing Guard Program, that was created nationally that put some metrics together to determine what locations should be eligible for a student crossing guard versus an adult crossing guard and they did refer to those metrics in their determination; stressed that a lot of work and analysis went into determining 18 was the number the City could commit to staffing.

Commissioner Turner mentioned that he lives right across from Jefferson Elementary and provided some details on what has been going on with the crossing guard staffed at that location; noted that Councilmember Obagi has a child that goes to that school and he has heard different sides and appreciated hearing about the issue from the City staff perspective.

City Manager Witzansky reported that Jefferson has had four crossing guards stationed for their location; noted that they did a relocation there and they will continue to monitor the situation and make sure they are deploying resources as best as they can.

Commissioner Turner asked if there was somewhere that parents could access or read all the thoughts and ideas behind the decisions that were made so parents could better understand it all.

City Manager Witzansky stated there have been Staff Reports, noted there was recently a meeting at Jefferson Elementary School the week before, and there is other material available; stated that they plan to have a robust outreach program after the decisions are finalized to give parents time to plan; continued with the presentation and moved to Capital Projects Summary; reported they anticipate spending the City's Measure FP bond proceeds this year which accounts for the big jump in the total CIP budget versus prior years; noted the overall CIP including the Measure FP resource is just under \$200 million with 89 projects; stated they are trying to reduce the number of projects to just those that are of most critical need; reported the City's general estimate on last fiscal year and current fiscal year spending will be about \$16.5 with 28 projects completed and another 25 designed or awarded; provided a slide with the breakdown of the projects, noted that most of the projects fall into the public facility or street category; reported that most of the resources outside of the FP conversation would be going towards Seaside Lagoon and they hope to start that project in early 2027, which has about \$3 million of Quimby funds staff is recommending to add to the \$10 million State grant they received to close out that project; mentioned other funding going towards the pickleball courts at Aviation Park, highlighted receiving regional grants for the City's street improvements from Measure M and Measure R grants.

Chair Woodham asked if any details could be given regarding the start of construction and completion of construction on the Measure FP project.

City Manager Witzansky reported that they have done extensive invitations, interviewing, vetting of Progressive-Design-Build firms, they have had great responses, and they are close to making a recommendation for a Progressive-Design-Build firm for both Fire and Police stations; stated staff plans to have that item before City Council in early July; explained once that firm comes online they become the City's partner and will begin with the construction drawings, progressive design, and check-ins on price; stated, once they finalize the contract number for final price on each site, they will begin the construction effort and said there is a chance they will see some level of construction in the next 18 months; commented that he feels they will see the completed construction of sites in the next two to four years.

Some discussion followed.

City Manager Witzansky provided a slide with the Budget Calendar, noted that they had the receive and file presentation at Council the prior week, which is the same presentation the Commission is receiving that evening; reported they will have three consecutive budget hearings: June 2nd on operations, June 9th on CIP, and on June 16th it will be

budget adoption; noted that the Commission would meet again on June 11th to finalize their recommendations to Council as it pertains to the budget; provided a slide with staff's recommendations which were to receive and file the presentation and documents and discuss input to provide to City Council regarding Operating and CIP Budgets.

Commissioner Allen asked if there was a slide that shows the revenues for 26-27 versus the revenues for 25-26.

Chair Woodham reported it was in the package they got at the last meeting.

City Manager Witzansky pulled up the General Fund Revenues slide; noted it showed the variances as compared to the mid-year number; stated they aren't the actuals since they don't have 25-26 closeout yet and what is shown are the best estimates based on the revised budget at mid-year.

Commissioner Allen pointed out that the City is spending more than the revenues that are coming in since they had \$1.4 million from last year and have \$2.2 million from fees which is \$3.6 million; noted that it looks like the City is either short in revenue or the City is spending more than \$3.6 million; stated, as a Commission, they have been discussing that all the extra money that is out there they should pay back to the reserves that were borrowed and then add some more funds to the reserves; said to her it looks like the City is spending \$3.6 million more than the revenue that the City is receiving.

City Manager Witzansky responded that the City is balanced using the \$1.4 million of beginning fund balance.

Commissioner Allen stated that the \$1.4 million should have been used to pay down the reserves and, as the Commission has suggested, try to have over 20% reserves.

City Manager Witzansky noted that the City still maintains the 8.33% economic contingency amount which is at \$9.6 million, so the reserves are growing this year and the CalPERS reserve of \$4.5 million is untouched so the City has in total just under \$15 million of reserve funds.

Commissioner Allen reiterated that the Commission still wants to get the reserves to 20% plus; stated when she looks at the numbers, her comments would be not to just accept and file but to add that the Commission is still proposing that the City replenish the reserves and add more.

City Manager Witzansky clarified that that evening's meeting is not the night the Commission is making recommendations to the Council but that would be on June 11th.

Discussion followed.

Chair Woodham commented that most of the expenditure is for people and maintaining what the City has; asked if revenue drops is the only next step to increase that reduction in force from 5% to a higher number or are there other options.

City Manager Witzansky stated that is one option but they did leave a couple of discretionary project accounts in the CIP that have General Fund revenue attached to them that they didn't propose for allocation and there is just under a million dollars that they could draw on if needed; explained that is why they have the CalPERS reserve fund so they have it as an option; spoke about being optimistic with TOT, remaining optimistic on eventual impacts of the savings associated with the City's insurance premium costs, and they remain hopeful that the UUT and TOT measures will create new net increment for the City; reported that, if CalPERS sees a third consecutive year of positive returns, they will have extinguished the Miscellaneous Employee UAL which means they will see about a million dollar drop in the City's UAL payment for 27-28.

Chair Woodham spoke about discussions they have had about North Redondo and ways to increase sales tax revenue from new businesses and asked what staff sees on the horizon from those efforts.

City Manager Witzansky said they are hopeful for the area, especially for Artesia; spoke of the Galleria performing at 20% of its historic capacity on a revenue basis but having the biggest upside for the City if it can be revitalized.

Chair Woodham asked what the City's intake was in the sales tax revenue from the Galleria at its peak.

City Manager Witzansky reported it was about 60% of the General Fund total at its peak and it is about 15% currently; stated if it was running at its peak today the sales and use tax figure would probably be in the \$17 to \$18 million range as opposed to \$11 million; commented, if the Galleria even recovered to 50% of its norm, the City would be structurally balanced; spoke of the challenges surrounding the situation for the Galleria and stated that the City isn't planning for any contribution from it in their immediate budget.

Commissioner Sherbin questioned whether the City is looking at malls as a source of future business growth and felt that radical alternative uses would be a better choice.

City Manager Witzansky responded that they are looking at massive changes such as a village concept with a combination of lifestyle, homes, and service; mentioned the desire to see some big box retail locate to Redondo such as a lumber supply, large home furnishings, utility needs, etc.; commented that the City lacks it and the Galleria is really the only site in the City that could accommodate that and that would be his guess of what ends up there.

Commissioner Allen stated that she always gets asked, why are the restaurants and buildings are so empty in Redondo Beach? And asked if the City needs more marketing.

City Manager Witzansky responded that the City has about 82% occupancy in the offices around the Pier; noted that they have a lot of small operators at the Pier and they don't hold typical office hours so a lot of the spaces look vacant, but they are not.

Commissioner Allen asked how much the City spends on marketing.

City Manager Witzansky responded that marketing of the Waterfront comes through two associations: The Pier Merchants Association and the King Harbor Association; reported that the City is a partner with them but the City doesn't drive the marketing and they let the business community handle it; noted that the BID and the Riviera Village do a great job of marketing and the Village is an economic engine for the City.

Commissioner Allen asked if the City has its own marketing.

City Manager Witzansky said the Tourism Management District (TMD) handles all the marketing in the region for hotels, the City approves their annual budget, and the TMD spends about three quarters of a million dollars a year marketing the City and the properties; noted that the whole region is down on hotel stays and it is a very soft travel market at this time.

Commissioner Allen stated the reason for her question is because the former mayor of El Segundo, Drew Boyles, turned the old sleepy town into a vibrant city.

City Manager Witzansky stated that El Segundo is fortunate to have significant commercial property and a very small residential base and Redondo Beach is the exact opposite with very little commercial zoning and the majority being residential zoning; mentioned with new RHNA requirements the City is having to zone more and more of the limited commercial space to housing which prevents them from attracting new businesses because they don't have anywhere to put them.

More discussion followed.

Commissioner Allen mentioned that someone in the audience wanted to speak on the World Cup.

City Manager Witzansky commented that they are hopeful that the number of visitors will increase for the big events coming up and mentioned the watch party big screen at Seaside Lagoon.

Commissioner Allen continued to stress the importance of the City being involved in getting people to come to their City and said the Economic Development Department seems to only be focused on the Waterfront.

City Manager Witzansky stated that the W.E.D. Department focuses on everything in the City but have been spending a lot of time on the AACAP and listed other projects that the W.E.D. Department has been focusing on. Regarding Economic Development in the City generally, he also explained the new online permitting system, which has made it easier for businesses to build and open in the City. He stated that the City is doing what they can do on the land side but the challenge is that they just don't have the properties that lend themselves to the larger projects.

Commissioner Allen stated that the Mayor and Council need to lead the way.

City Manager Witzansky responded that the Council have been pushing for businesses to come to Redondo Beach and have been working very hard trying to attract and open avenues for businesses; noted that Council had entitled the Galleria twice, they fast tracked and entitled the GrubHaus but they can't seem to get the financing and the construction costs.

More discussion followed. City Manager Witzansky said the effort needs to be at the state level and that the state needs to be convinced that, if they continue to extract land from them for increased residential at a community of the City's density, they will leave them with nothing.

Chair Woodham asked if the courts addressed that issue; understood that the City lost the decision recently and they have to provide additional housing but wondered if that issue was adjudicated recently.

City Manager Witzansky replied that a component of it was; summarized the case that Chair Woodham was speaking of and reported that the City won in the lower court but that win was overturned by the appellate court, the City petitioned the Supreme Court to take it up to re-review it, the Supreme Court did not take it up, the case was then remanded back to the lower court, and the lower court hearing was occurring that week; reported that the Council updated the City's Housing Element to reflect the change and moved away from using overlay zones to another mechanism and the City had that Housing Element re-certified by HCD; noted that HCD effectively stated in their letter that the City were always certified so they are in a good position from the state's perspective but there are still some pending matters in the courts on the effects of different projects that have been proposed in the community.

Chair Woodham asked, with the demand for housing being what it is, could he forecast what will happen to the AES site; noted that they want to put 3,500 apartments on the site which fulfills the needs of several people in the state legislature but it is not the way the Commission would like to see it developed.

City Manager Witzansky explained that the site was owned by AES International, there was a purchase and sale agreement with a prospective developer which was partially executed and then stalled, AES attempted to foreclose on the property and pull it back into their portfolio, that effort was stalled by a bankruptcy filing by one of the LLC's who was involved in the sale and purchase agreement so now the prospective developer and the original landlord are in a dispute over the sale which is where it is today; reported that the prospective developer proposed a project that did not comport to neither the City's local zoning nor the local coastal program (LCP) with the Coastal Commission; explained that the AES site is unique because the City and the Coastal Commission are both authorities involved in how the site is zoned and used so the project needs to be approved by the City, voted on under Article 27, and then approved by the Coastal Commission; added that AES is being purchased by a new LLC formed by Black Rock, partially funded by CalPERS, and Qatar Wealth Fund and that new LLC is proposing to buy all of AES's holding around the globe; stated that the City is waiting to see the outcome.

More discussion followed regarding commercial activity and open space; noted it is zoned for power generation and parks so any change would need to go through a change in zoning, an update to the City's LCP, and be approved by the Coastal Commission plus be voted on by the voters.

Commissioner Allen asked Finance Director Meyer what Internal Service All meant on slide 23.

Finance Director Meyer responded that is all the City's larger expense categories for internal services such as overhead, contribution to vehicle replacement, contribution to IT replacement, contribution to workers' comp and liability; explained further that it is the internal services related to that department.

City Manager Witzansky added it is aggregated into one.

More discussion followed regarding the Community Services Department and what is included for them under that category.

Finance Director Meyer reported that she would like to give the Commission a summary of the departments because the Commission has asked for it in the past and what is presented on the slide is a high-level view but there is a lot more detail and breakdown of expenses in the budget book.

Commissioner Allen highlighted it because they are spending \$2 million more in Community Services in that category.

Finance Director Meyer said she would have to take a closer look, but her guess is it is the Transit Fund.

More discussion followed.

Commissioner Sherbin asked for an update in the vehicle replacement package and wondered if they would see electric vehicles; mentioned he gave Andrea Delap case studies on 20 cities that have gone electric with police patrol vehicles.

City Manager Witzansky noted that they do have new state requirements for electrifying their fleet; reported that he asked the Public Works Director and staff to review their vehicle replacement schedule and the City's policies because it is important that the City recapitalizes and depreciate those expenses and start to work in the new state mandates; noted that it will be very costly to electrify the fleet.

Commissioner Sherbin explained they have a four-year recovery period to amortize the additional cost to make the patrol vehicle electric and then the balance of the replacement period is all cash positive.

City Manager Witzansky stated they hope to do a comprehensive policy review of that fiscal year and it will be brought to the Commission for review.

Discussion followed regarding the recommendations for that evening.

Liaison Kamsvaag noted that they need to take public comment before the motion.

Student (did not give name) reported that RUHS has a successful film department and noted that a lot modern advertising centers around social media; suggested there should be a competition offered to students to create their own advertisements for social media with a financial prize for the top three; opined that it would be a good way for the City to advertise and promote pride in the City.

Commissioner Allen fully supported the idea and said that El Segundo used the local community.

City Manager Witzansky said it is something the TMD could pick up since they deploy all types of marketing campaigns so he didn't see why they couldn't partner with the high school; stated he would make sure the idea gets passed on to Rebecca and TMD.

More discussion followed.

City Manager Witzansky clarified that the City can promote their services and what they deploy as a community, but they cannot market for the business community; reported that the TMD doesn't have that limitation and can offer a cash prize but the City cannot.

Chair Woodham asked the City Manager who generates the BRRs.

City Manager Witzansky replied that the department heads, analysts, and his office reviews them.

Chair Woodham commented that the resolutions or answers to those are provided by staff.

City Manager Witzansky reported that the first group will be deposited as part of the June 2nd agenda packet and explained the rest of the process.

Motion by Commissioner Allen, seconded by Commissioner Sherbin, to receive and file.

Motion carried 4-0-3 by voice vote. Commissioners Marin, Jeste, and Ramcharan were absent.

Chair Woodham commented that they could keep items J.2 and J.3 on the agenda and if the Commission is unable to do it at the next meeting, they could push it to the meeting after next.

J.2. DISCUSSION REGARDING SENDING A LETTER TO CITY COUNCIL CONCERNING PROFESSIONAL SERVICES PROCUREMENT

J.3. DISCUSSION REGARDING SENDING A LETTER TO CITY COUNCIL CONCERNING THE CIP PROCESS

K. COMMISSION MEMBER ITEMS AND FUTURE COMMISSION AGENDA TOPICS

Commissioner Allen stated that she calculated that the City had an extra \$3.6 million of which \$1.4 million was from last year; questioned why it did not go right back to the reserves since they borrowed from it; commented that the City increased a lot of their fees, questioned what the City is spending it all on, and felt that the City has a spending issue.

Discussion followed.

Finance Director Meyer stated, on the revenue side, that they spoke a lot about TOT and a bit about sales tax and what they are seeing is that expenses are increasing as general expenses increase such as salaries, supplies, etc. but the revenues in those two categories are not increasing by as much so they are, as Commissioner Sherbin pointed out, the City is making up for missed revenues at this point rather than adding new spending.

Commissioner Allen stated that what she is hearing is that expenses are increasing and revenues are going down and that is exactly what she is saying that they keep going back and taking money out.

Finance Director Meyer asked to clarify that she did not say that revenues are going down but that they are increasing at a slower rate, which is very different than saying they are going down.

Commissioner Allen stated that that is what they should be worrying about, that revenues are increasing at a slower rate than expenses are increasing.

Finance Director Meyer clarified that unless they see this trend continuing, she is not saying revenues are flat going into the future but they will continue to look at it; stated that saying expenses are outpacing revenues is a little bit stronger than she would put it.

Commissioner Allen stated but that is what is going on today and questioned why that would be any different than next year.

Chair Woodham mentioned if TOT comes back online, as far as total revenue is concerned, that is a difference that can happen.

More discussion followed.

Chair Woodham commented that he saw an article on Hermosa that showed a graph of a five-year budget revenue and expenses for that city and asked Director Meyer if they chart numbers with different scenarios just to get an idea of what could happen three, four, and five years out if current trends continue.

Finance Director Meyer replied that they do look at milestones and run through scenarios with various factors.

Chair Woodham said it would be interesting to look at those as part of the discussion to help with forecasting.

Finance Director Meyer agreed that it could help with longer term and especially if they are thinking about reserves.

Chair Woodham recommended it would be good to discuss it with the Commission before budgeting begins to look at some scenarios.

L. ADJOURNMENT

Motion by Commissioner Sherbin, seconded by Commissioner Allen, to adjourn the meeting at 8:26 p.m.

Motion carried 4-0-3 by voice vote. Commissioners Marin, Jeste, and Ramcharan were absent.

The next meeting of the Redondo Beach Budget & Finance Commission will be a regular meeting to be held at 6:30 p.m. on June 11, 2026, in the Redondo Beach Council Chambers, at 415 Diamond Street, Redondo Beach, California.

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