



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 Allen, in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

B. ROLL CALL

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

Commissioners Absent: Ramcharan

Officials Present: Mike Witzansky, City Manager
Stephanie Meyer, Finance Director
Erin Smith, Budget & Finance Liaison

C. SALUTE TO THE FLAG

Chair Allen led in the salute to the flag.

D. APPROVE ORDER OF AGENDA

Finance Director Meyer requested moving the City Manager's Budget presentation forward on the agenda.

There were no public comments on this item.

Motion by Chair Allen, seconded by Commissioner Marin, to approve the order of the agenda, as amended, moving There being no objections, Chair Allen 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: EUGENE SOLOMON, CITY TREASURER

Budget & Finance Liaison Smith reported receiving Blue Folder Items for Item No. I.1 and for J.1.

Motion by Commissioner Woodham, seconded by Commissioner Woodham, to receive and file Blue Folder Items. There being no objections, Chair Allen so ordered.

F. CONSENT CALENDAR

F.1. APPROVAL OF AFFIDAVIT OF POSTING FOR THE REGULAR BUDGET AND FINANCE COMMISSION MEETING OF JUNE 12, 2025

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

F.2. APPROVAL OF THE MINUTES FROM THE REGULAR BUDGET AND FINANCE COMMISSION MEETING OF MAY 8, 2025

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

There were no public comments on the Consent Calendar.

Chair Allen pulled Item No. F.2 for separate consideration.

Motion by Commissioner Samples, seconded by Commissioner Woodham, to approve Item No. F.1 of the Consent Calendar and pull Item No. F.2 for separate discussion. There being no objections, Chair Allen so ordered.

G. EXCLUDED CONSENT CALENDAR ITEMS

F.2. APPROVAL OF THE MINUTES FROM THE REGULAR BUDGET AND FINANCE COMMISSION MEETING OF MAY 8, 2025

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

Chair Allen requested revising the minutes of the Budget and Finance Commission meeting of May 8, 2025, to include further discussions regarding Item J.1 in terms of reserves, with clarification of where the reserves were and what reserves the Treasurer was investing in, that the Treasurer offered to return with information regarding the CalPERS reserves and a discussion where the Treasurer mentioned that revenues were declining, and because of that he was unable to invest longer than two years. Additionally, regarding Item No. J.2, she noted there was a discussion that the presentation was not detailed enough and asked that it be included in the minutes as well as a discussion that City departments do not generate revenue.

Motion by Chair Allen, seconded by Commissioner Woodham, to continue Item No. F.2 to the July 10, 2025, Budget and Finance Commission meeting to allow for recommended

revisions. There being no objections, Chair Allen so ordered.

H. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

Chair Allen invited public comments.

Jim Mueller referenced June 17th City Council meeting; noted that one Councilmember questioned the existence of a deficit in the new fiscal year budget, seemed to be concerned, but other Councilmembers did not seem to be concerned at all; stated that other Councilmembers were focused on their wish lists and opined the people do not seem to understand there is a potential budget problem that may only get worse in subsequent years. He listed the needs/requests of various groups; wondered what the Commission can do to inform the public of potential budgetary problems and that all of the “wishes” cannot be fulfilled without the ability to borrow and the City does not have control of a major part of its revenue stream; talked about revenues being “iffy” and increasing costs; mentioned the pension liability; stated the City is dipping into its limited reserves to cover the deficit and reiterated that the public needs to know. He asked that the Commission help inform the public and the City government to assist in that effort.

There were no other public comments on non-agenda items.

Chair Allen moved to Item No. J.1.

I. ITEMS CONTINUED FROM PREVIOUS AGENDAS

I.1. HOMELESS FUNDING AND ACCOUNTABILITY

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

Finance Director Meyer narrated PowerPoint slides with details of a template proposed by Chair Allen to report on Homelessness Funding and Accountability.

Chair Allen explained the worksheet would list the number of grants received and amounts, and to whom the money was paid.

Finance Director Meyer stated she was thinking of a higher-level report without getting into the vendor details and spoke about the time needed to go down to detail.

Discussion followed regarding showing spending by category, clarifying the Commission’s need in terms of what the City is spending on homelessness, and in what category, grant funding and the amount going to vendors, showing the basic source and the application of funds, by category.

Finance Director Meyer reported that construction of the pallet shelters is 100% grant funded.

Commissioner Woodham spoke about needing to know capital costs and operating costs, separately.

Finance Director Meyer noted that staff can and will provide that information.

Discussion followed regarding the need to make informed estimates and assumptions, focusing on the homeless shelter organization in terms of costs that can be easily identified, challenges with softer costs relative to shared staffing, showing personnel by department and other operating non-personnel non-capital costs and capital costs, the number of contracts and showing contractor information.

Motion by Commissioner Samples, seconded by Commissioner Marin, to continue this matter to the August meeting of the Budget and Finance Commission. There being no objections, Chair Allen so ordered.

Chair Allen moved to Item No. J.2.

J. ITEMS FOR DISCUSSION PRIOR TO ACTIONS

J.1. DISCUSSION AND POSSIBLE ACTION REGARDING THE FISCAL YEAR 2025-2026 CITY MANAGER'S PROPOSED BUDGET AND FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM.

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

City Manager Witzansky narrated a PowerPoint presentation with details of the Fiscal Year 2025-2026 City Manager's proposed budget and five-year Capital Improvement Program (CIP).

Discussion followed regarding one-time Decision Packages including Crossing Guard contributions, tree-trimming services associated with the scheduled grid, one-time equipment and other one-time materials and supplies.

City Manager Witzansky continued with the presentation addressing General Fund Revenues and explained "Transfers In".

Finance Director Meyer reported they are funds that come into the General Fund, to reimburse the General Fund for specific services or in certain cases, it is a pass through.

In response to Commissioner Woodham's question, City Manager Witzansky discussed big items under Non-Taxed Revenues, including Recreation Program fees and programmatic user fees, investment revenue and revenue from other governments. He talked about the possibility of segregating some of the categories in the future.

Commissioner Jeste asked about showing increased details of those categories as some are large and City Manager Witzansky reported full breakdowns are available in the Budget

Book.

Finance Director Meyer confirmed that details are in the Budget Book, but presentations are kept at an extremely high level and focus on tax revenue, which is the major source of income for the General Fund.

Chair Allen referenced comments from the City Treasurer that revenues are decreasing, and City Manager Witzansky clarified that he was referring to investment revenue and not revenue overall.

Chair Allen felt he referred to the overall revenue because he mentioned he was unable to invest long-term and City Manager Witzansky felt he might have been talking about his access to the full asset pool, as the total cash on-hand, has gone down because it was infused with a significant amount of one-time money. He added that revenue, year over year, is increasing, on a City-wide basis.

City Manager Witzansky continued with the presentation addressing General Fund Expenditures.

Discussion followed regarding decreases in Maintenance and Operations, reflecting the UAL payment, using money from the Pension Set-aside Account, a new source of revenue (Measure FP Bond) and the need to assimilate the \$4.2 million into structural revenues over the next two years either through new revenue growth or through expenditure reductions or both.

City Manager Witzansky reported the City is doing better than most, but there will be pressure points in the horizon and the City must account for it.

Commissioner Samples summarized the City Manager's comments and City Manager explained the City was able to assimilate roughly \$760,000 into the structural budget, ongoing revenue and Decision Packages improve the structural balance on an ongoing basis; reported the City is a little behind schedule because of the TOT delay and if the TOT comes in, next year at \$11 million, the City will have immediately closed the gap by \$2 million, structurally. He explained anticipated expenditure reductions and available options; discussed revenue enhancements through additional economic activity and property taxes and mentioned the consultants feel good about a \$3 to \$4 million of tax increment in 2026/2027. Additionally, he spoke about needing to be vigilant and noted the City is within a manageable margin.

City Manager Witzansky addressed growing the Economic Contingency Reserve Contribution and discussed reducing the number of Capital Projects, grants and the Budget Calendar noting City Council is scheduled to have their final hearing on June 17th to consider budget adoption. He provided an overview of the Budget Response Reports (BRRs) and recommended actions.

Commissioner Jeste recalled the Commission had asked for data on what the initial amount

approved was for each project and where each stand.

City Manager Witzansky reported that money that is set aside in the CIP is for the initial phase work and used funding pickleball courts as an example, noting that the CIP will include multiple iterations of the project amount and type.

Commissioner Jeste explained that the Commission is only asking for the data specific to the costs of CIP projects as currently the Commission has no information and would include step by step information for each project over time.

City Manager Witzansky stated what was approved for each project is available in the CIP; noted the 140 projects have each gone through their own path and the data is available but the context between each of those years of evolution will be difficult to discern. He explained he looks at the engineer's estimate at the time of project bidding and what the low bid came in at.

Commissioner Marin asked to show what the original estimate was, what the bids were and the final costs of the executed plan.

In reply to Commissioner Samples's inquiry regarding how often the City reviews whether a project is still viable and effective, in relation to a multi-year project, City Manager Witzansky used the pier parking structure seismic upgrades project as an example noting that after it was determined not to be viable, the City defunded that project and proceeded with only the elements that were most valuable and cost effective. He added that staff are constantly evaluating what goes on with each project and what it is achieving.

Commissioner Jeste reiterated his request for data and City Manager Witzansky presented another example as to how staff would present the item requiring analyzing each phase against its assumption (i.e., feasibility analysis, design, entitlements, construction, etc.). He added that the context of the appropriation for each of those projects must be understood and spoke about ensuring the data is in a format that is helpful to the Commission while noting the need to use staff resources wisely.

Commissioner Samples suggested including a table at the bottom of the description of each project, noting the assumption, with actual numbers and variances.

Discussion followed regarding the importance of accountability, the cost of ownership, new amenities versus repairing amenities and ongoing maintenance associated with all projects.

Chair Allen spoke about the Commission previously requesting the information and referenced a template developed by Commissioner Jeste.

City Manager Witzansky reported that staff want to be responsive but wants to ensure that the data will mean something to the Commission.

Commissioner Woodham asked about a P&L for the harbor, specifically and City Manager Witzansky reported that currently, the P&L is by fund (Tidelands and Uplands), and each

generates revenue. It is not done on a sight-by-sight basis, but it is done as a broad waterfront amenity.

Finance Director Meyer added that the revenues and expenses for the Tidelands and Upland Funds are included in the Budget Book.

Commissioner Sherbin summarized Decision Package (DP) 24, relative to Crossing Guard Services for \$367,000 as a one-time cost, the core budget being twelve intersections and 203% in additional costs and City Manager Witzansky reported this has been a hot topic during the last few budgets; reported overtime, the number has grown from twelve intersections to twenty-seven intersections and staff has been hesitant to absorb all twenty-seven locations into the core budget and has been showing the expense as a one-time decision package to continue making sure that the community understands the City has had to invest in the program. He addressed rising costs, increased demand, and bringing on contract services for readiness and staffing availability; stated that as the locations become more and more static, the City will continue to try to hire and bring more internal personnel on to try to save costs and noted that most communities do not staff on a per capita basis, this number of locations, so the City has been resistant to make the full commitment and absorb it in the core. In terms of the possibility of establishing a volunteer program, City Manager Witzansky reported it was attempted two years ago but was not sustainable.

Commissioner Sherbin opined it is a perfect position for a retired person that wants to be involved and suggested another attempt.

City Manager Witzansky reported that City Council is exploring forming a subcommittee and getting community input on the matter and added that sustained commitment would alleviate this pressure; added that volunteers would need to be committed and responsible and stated the City will keep trying, although it has been hard to recruit.

Discussion followed regarding positions authorized this year, reorganization of positions and new positions in the budget, increases in costs of the RBPB Drone Program and its effectiveness and the firing range for the RBPB.

Relative to the firing range, City Manager Witzansky reported that the City is preparing a federal grant application; reported there is a military grant available by partnering with the L.A. Air Force Base for \$17 million to cover the cost of building a new range and allow the City to relocate and build a new parks yard. He addressed the possibility the military paying an ongoing fee for use of the range, through an MOU; mentioned the expectation is that each user would be responsible for their own munitions and costs associated with firing and practicing; stated that general maintenance and administration would be provided by the City as the administrating agency and spoke about the potential for the City to partner with other agencies to help offset operating costs. He talked about the difference between this range and others throughout Los Angeles County and reported the plan is to spend third party funds to build the range.

Commissioner Samples expressed concerns about out-of-pocket and ongoing costs of

ownership and City Manager Witzansky reported that with the grant request, there will be no out-of-pocket money required of the City and addressed the two approaches to the grant. Additionally, he noted the value in RBPB being able to train inside the City as opposed to paying for travel time.

Chair Allen stated this is one of the most important presentations of the year and only involves ten slides and explained the Commission does not have enough data to be able to make recommendations to Council.

City Manager Witzansky explained the information has been available since May 15th; hoped the Commission has reviewed it; noted this is a high-level summary and that the Commission may do as much or as little as it likes with its input to Council and presented an example of possible input the Commission could provide i.e., specific to DPs.

Chair Allen expressed concerns that the City is dipping into its reserves; noted that it is important and felt that for that happening and not having enough information, especially to provide to the public, is worrying.

City Manager Witzansky responded that could be the input to Council, i.e., "I think Council should look for ways to reduce spending as opposed to transferring money from the reserves".

Chair Allen felt it would be nice for the presentation to include highlights of the Budget Book and stated examples such as increased contractual service costs from the City Attorney's office.

Finance Director Meyer explained that in terms of the \$2 million, it involves the prior year (FY 2024/25 Revised Budget), because the City allocated a little over \$1 million in one-time funds for a specific litigation and the budget for that item drops to about \$200,000 in the current fiscal year.

Chair Allen reported that other cities typically present information about the various departments, line items for each department and significant changes.

Commissioner Samples stated the Commission talked about that in years gone by and felt it would be nice to have a table, by department, listing significant changes.

City Manager Witzansky explained significant changes are listed in the DPs and everything else is, "Business as usual", by department and added that year-over-year, total amounts are in the department line-item pages.

Chair Allen felt that information should be presented to the public and said that is why the public is claiming the City is not transparent.

City Manager Witzansky announced that Redondo Beach is the only city that prepares year-over-year budget modifications and highlights them in the form of an independent decision

package and believed that is the most transparent way, anyone can produce a year-over-year budget. He added that staff presents the budget to Council in four hearings, focuses carefully on each issue and getting the information into the ether, to allowing multiple opportunities for the public to decipher and ask questions and for staff to respond. He suggested that once the proposed budget is produced, that the Commission review it and flag issues of concern for staff to prepare and present to the Commission on those issues.

Commissioner Samples reported his concern involves the drone program and the firing range; acknowledged the Chair's concern and did not feel that the City Manager could decipher every issue to the satisfaction of every Commissioner, without the Commission providing input, up front. He agreed the budget is complex and reiterated his suggestion to include a summary table, by department, listing significant changes.

City Manager Witzansky suggested that Commissioners take the time to read the City Manager's transmittal letter and review the DPs which clearly articulate the year-over-year change in the proposed budget and suggested categorizing the DPs by department, if that is the level of detail the Commission is interested in going forward.

Finance Director Meyer mentioned the core budget involves no changes and City Manager Witzansky reiterated the DPs are the year-over-year changes.

Discussion followed regarding the City Treasurer contractual services increases involving multiple contracts, updates to prior fiscal years, considering carryovers and audit reviews.

Commissioner Samples agreed that it would be good to have the DPs broken down by department and talked about providing a top-to-bottom electronic analysis.

City Manager Witzansky talked about having more thematic buckets of criteria related to DPs.

Commissioner Sample suggested providing DP information graphically, using a consistent template, instead of imbedded in the paragraph to make it easier to review and understand.

Discussion followed regarding DPs by categories, by funding source and the large amount of information in the Budget Book.

In reply to Chair Allen, City Manager Witzansky reported that once Council adopts the budget, a hard copy of the budget will be made available to the Commission.

City Manager Witzansky asked that Commissioners contact him if they have suggestions regarding formatting the information in the future.

Motion by Commissioner Samples to provide input to Council that using nearly half of the City's reserves needs to be more seriously reviewed, including making the deepest possible cuts.

City Manager Witzansky mentioned the Economic Contingency Reserve and its purpose and reported this pension is targeted to try to smooth the City's pension needs. He added that if the Commission forms a motion, staff will make sure to generate Budget Response Report (BRR) and present it to Council.

Discussion followed regarding the Commission's role.

Commissioner Sherbin noted the Crossing Guard (DP 24) item has a \$644,000 impact and felt it is significant enough to point it out to the Council.

Discussion followed regarding DP 24.

Commissioner Woodham asserted that the Commission's responsibility is not to get into the weeds, but to point out the larger issues; noted the City has a reserve to handle a situation such as this; acknowledged this is a big issue and felt that if increased revenue does not happen, after next year, the City will have no reserve. He suggested the motion express to Council that this is a big issue and the Commission would recommend scrubbing the budget to see if there are ways to reduce the take on CalPERS reserves.

City Manager Witzansky agreed and added that the City must be prepared to take more dramatic action, over time, to address this.

Discussion followed regarding whether the need to use \$3.5 million is a one-time event, the possibility of needing to use a smaller amount in subsequent years, stressing the Commission's concerns including having a larger reserve and costs related to homelessness.

Chair Allen invited public comments.

Jim Mueller thanked the City Manager for his work; referenced the Annual Comprehensive Financial Report noting each is about 2,000 pages long and only goes to the fiscal year of 2023/2024; asked to see more analyzable data, user friendly data, such as in Excel format and stated that transparency only goes through fiscal year 2021/2022.

Finance Director Meyer explained there were prior Commission and internal discussions; spoke about using a tool, "Open Gov" and reported it has not been a priority for the City to maintain it and update; mentioned costs and staff time for input and noted that staff believed that other data they are presenting shows the financial information in a better, more efficient way.

Jim Mueller asked that the City develop a website with analyzable data from prior years.

Discussion followed regarding determining City priorities, the City's MUNIS management system and whether data is exportable in a digestible form, increased costs for Open Gov and incompatibility with MUNIS.

Jim Mueller referenced homelessness issues and talked about potential opportunities to ensure the sustainability of the program and opined that it is impossible for the Commission to do its job without the ability to analyze data.

There were no other public comments on this matter.

Motion by Commissioner Samples, seconded by Commissioner Woodham, to recommend to the City Council to find ways to reduce the \$3.2 million charge to the Pension Fund Reserve.

Commissioner Jeste reiterated he is unable to approve the motion, without the data on homelessness, CIP programming and performance and limit to the extent possible, the amount of funds transferred out of the Pension Fund Reserves and suggested an amendment to the motion requesting that information for future years.

Commissioner Marin agreed and felt the recommendation should be focused on the \$3.2 million shortfall and highlight areas the Commission feels should be expanded and detailed.

Commissioner Samples and Commissioner Woodham agreed to the friendly amendment.

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

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

Chair Allen felt that the Commission should have reviewed the budget prior to City Council.

City Manager Witzansky offered to plant the Commission's budget review earlier in the process perhaps through a special meeting.

Chair Allen returned to Item No. I.1.

J.2. BUDGET WEBSITE

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

Chair Allen referenced Jim Mueller's concerns; noted he has left and wondered about continuing it to a future meeting.

Finance Director Meyer reported that the budget can be accessed at www.redondo.org/Budget and contains current and historical budget and CIP documents; provided highlights of the website and addressed developing a budget snapshot which includes high-level summaries.

Motion by Commissioner Samples, seconded by Commissioner Woodham, to receive and file the report. There being no objections, Chair Allen so ordered.

J.3. EXTERNAL AND INTERNAL AUDITS

CONTACT: STEPHANIE MEYER, FINANCE DIRECTOR

In response to questions from Chair Allen, Finance Director Meyer reported that the City's external auditors are Clifton, Larson, Allen, and they present to the Budget and Finance Commission upon completion of the audit. She added this year's audit is late and the Finance Department is down, five members; reported it is due June 30th and is almost complete and noted the auditors will present to the Commission before it goes to Council.

Discussion followed regarding the Audit Committee and its members.

Finance Director Meyer noted the City does not currently have an internal auditor engaged; reported the City Treasurer and City Clerk are responsible for recommending internal audits, per the Charter and talked about Moss Adams as internal auditors in the past.

K. COMMISSION MEMBER ITEMS AND FUTURE COMMISSION AGENDA TOPICS

Chair Allen mentioned Commission Woodham is part of the Bond Council and Commissioner Woodham provided an update of the Council's actions.

Finance Director Meyer talked about being in discussions with the City's Financial Advisor regarding doing a competitive versus negotiated sale, potential interest rate options and scheduling to phase bond payments. She added that he recommended that the City regroup when it has a better idea on the construction side, of what the scheduling will be. She reported she suggested that the Financial Advisor visit the Budget and Finance Commission and present ideas he has discussed, internally, with staff. Additionally, she announced the City has engaged Bond Counsel and Disclosure Counsel and has the financial team in place for when the City decides to move forward with the issuance.

Chair Allen agreed and confirmed the matter will be included in upcoming agendas.

Commissioner Woodham requested data on what the City spends, in total, on pension and retirement.

Finance Director Meyer noted previous years of 10%-13% of total personnel costs.

L. ADJOURNMENT – 9:19 p.m.

There being no further business to come before the Budget & Finance Commission, motion by Commissioner Samples, seconded by Commissioner Sherbin, to adjourn the meeting at 9:19 p.m., to a regular meeting to be held at 6:30 p.m. on July 10, 2025, in the Redondo Beach City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California. There

being no objections, Chair Allen so ordered.

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