

OPENING SESSION

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

ROLL CALL

Commissioners Present: Chun, Johnson, Nguyen, Samples, Woodham, Chair Solomon
Commissioners Absent: Conroy
Officials Present: Mike Witzansky, Assistant City Manager
Marni Ruhland, Finance Director
Eleanor Manzano, City Clerk

SALUTE TO THE FLAG

Chair Solomon led the Commissioners in a Salute to the Flag.

APPROVAL OF ORDER OF AGENDA

Motion by Commissioner Woodham, seconded by Commissioner Samples, to approve the Order of Agenda as presented. Motion carried unanimously, with the following roll call vote:

AYES: Chun, Johnson, Nguyen, Samples, Woodham, Chair Solomon
NOES: None
ABSENT: Conroy

BLUE FOLDER ITEMS

Motion by Commissioner Chun, seconded by Commissioner Woodham, to receive and file the FY 2020-2021 Budget Response Reports. Motion carried unanimously, with the following roll call vote:

AYES: Chun, Johnson, Nguyen, Samples, Woodham, Chair Solomon
NOES: None
ABSENT: Conroy

CONSENT CALENDAR

F.1. APPROVAL OF AFFIDAVIT OF POSTING for the Regular Budget and Finance Commission Meeting of June 11, 2020.

F.2. APPROVAL OF THE MINUTES FROM THE REGULAR BUDGET AND FINANCE COMMISSION MEETING OF MARCH 12, 2020.

Motion by Commissioner Woodham, seconded by Commissioner Chun, to approve items F.1 and F.2. Motion carried unanimously, with the following roll call vote:

AYES: Chun, Johnson, Nguyen, Samples, Woodham, Chair Solomon
NOES: None
ABSENT: Conroy

EXCLUDED CONSENT CALENDAR – NONE

PUBLIC PARTICIPATION ON NON-AGENDA ITEMS – NONE

ITEMS CONTINUED FROM PREVIOUS AGENDAS (OLD BUSINESS) - NONE

ITEMS FOR DISCUSSION PRIOR TO ACTION (NEW BUSINESS)

J.1. DISCUSSION AND POSSIBLE ACTION REGARDING THE FISCAL YEAR 2020-2021 CITY MANAGER'S PROPOSED BUDGET AND THE FISCAL YEAR 2020-2025 CITY MANAGER'S PROPOSED FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM.

Assistant City Manager Witzansky provided the following report:

- CIP Evaluation Criteria
- Why the CIP is Important
- FY 19-20 CIP Accomplishments
 - Projects Completed - 17
 - Projects Designed/In Construction - 14
- FY 19-20 CIP Carryover Funding - \$46,282,382
- FY 20-21 Recommended CIP (New) Funding - \$11,669,314

In response to Chair Solomon regarding the skatepark, Assistant City Manager Witzansky said the money is still in the carryover and they are looking at smaller amenity options.

In response to Chair Solomon regarding the gun range, Assistant City Manager Witzansky said the \$300,000 would include the pre-environmental, environmental design, and the plans and specifications development. He explained the site would be cleaned, and the modular units would be placed on a fresh pad.

In response to Commissioner Chun regarding additional alternatives for balancing the FY 20-21 budget, Finance Director Ruhland said everything has been presented already, the recommended are in the decision packages and Budget Response Report #3 identifies alternatives.

Commissioner Chun asked if ongoing revenue at RBPAC is approximately \$500,000 or less for the next three fiscal years if there would be consideration of not renewing, signing any new leases and allowing the facility to close due to high operating costs. Finance Director Ruhland replied that RBPAC is one activity that does not make money, and City Council makes the decision whether or not to subsidize RBPAC in order to have the cultural entertainment venue. She said a financial summary is provided to City Council for them to see the amount of the subsidy.

In response to Commissioner Chun regarding the current booking rate in number of days for 2020-21, Finance Director Ruhland said Budget Response Report #4 provides the bookings and events scheduled for RBPAC.

Commissioner Chun expressed concern regarding the ongoing deficit of the RBPAC.

Chair Solomon provided a question regarding analyzing services that could be contracted out, such as plan check. Finance Director Ruhland said currently, and for the last several years, the Community Development Department has been using both in-house and contract staff. She said the in-house staff provides the customer service that the public desires and contract staff is used when the workload is larger than the minimum staffing can handle.

Finance Director Ruhland said contract staff is also used in conjunction with Public Works staff for custodial services.

Chair Solomon asked if department heads are empowered to secure professional services, or if it needs to go out for an RFP. Assistant City Manager Witzansky replied that it depends on the circumstance, for example, when the addition of enhanced landscaping was added at the Pier, a specialty landscaper was hired to help with the supplemental maintenance effort.

Assistant City Manager Witzansky added that previously, street sweeping was provided by Public Works personnel, however, with the most recent contract amendment and extension, the service was transitioned to Athens, which freed up employees to work on storm water maintenance obligations.

In response to Chair Solomon regarding what happened to the \$24,000 funding for Part II of the fire study that was not spent on the study, Finance Director Ruhland said it was part of the year-end savings.

In response to Chair Solomon regarding money that was remaining for the Storefront Improvement program, Finance Director Ruhland said if the grants were made, but the check not written by year-end for the reimbursement, the funding was set aside in a Purchase Order which will carry over to the new fiscal year.

In response to Chair Solomon regarding the position of the Firefighter's union on planned cuts and changes, Assistant City Manager Witzansky replied that active conversations are currently taking place.

In response to Chair Solomon regarding the Joe's Crab Shack's lease, Finance Director Ruhland said the revenue estimates considers Joe's as occupied.

In response to Chair Solomon regarding absorbing losses in the Harbor Tidelands and Harbor Uplands Funds for one year and not reducing staff on the Harbor Patrol boat, Assistant City Manager Witzansky said it would be possible to absorb losses in the Harbor Tidelands Fund for the year, however, the Harbor Uplands Fund is much more constrained and far less flexible.

In response to Chair Solomon regarding the \$10 million negative balance in the Self-Insurance Program Fund, Finance Director Ruhland said a Budget Response Report will be provided to the City Council and forwarded to the Commissioners.

In response to Chair Solomon regarding grants to the City being rescinded or downsized, Finance Director Ruhland said Budget Response Report #5 addresses the likelihood of the transit funds being reduced, however, the magnitude is currently unknown.

In response to Chair Solomon regarding the over-time expenses related to the Fire Department rather than counting on the unfilled positions to fund the expense, Finance Director Ruhland said unless a position is deauthorized or defunded the intent is to fill the vacancy.

In response to Chair Solomon regarding asking the Fire union for concessions, Assistant City Manager Witzansky replied that he is optimistic that an agreement will be made with the association.

Commissioner Samples noted that there are three budget items on the list that effectively impact the service that the Fire Department could provide to the City – the removal of one person from the fire truck, moving a Fire Captain and a Fire Engineer onto a rescue unit, which is not capable of fighting fires, and redeploying two personnel out of the Harbor. He expressed concern and said he is not happy with the Budget Response Report and its recommendations.

Assistant City Manager Witzansky said the Decision Package reflects only the changes in the Harbor Patrol, and the recommended change in the ladder truck servicing and staffing. He said the engine conversion and rescue is an alternative concept that is not in the recommended budget.

Commissioner Samples said there are standards for how many people and pieces of apparatuses it would take to fight a particular fire, and with the current staffing, if there is a residential fire in the city and other cities are not available to help, every piece of apparatus will be on the fire with the exception of one rescue. He said that the City's response plan depends on and requires mutual aid from other departments, and there is a problem with the way the department is being managed.

In response to the question regarding the 39,000 hours in the Fire Department expected in the next fiscal year versus last fiscal year, Finance Director Ruhland explained that a Budget Response Report will be prepared that reflects the correction to the document. She said the budget document currently shows line personnel working a regular shift of 2,080 hours, rather than the 2,912 hours they actually work.

In response to the question of suspending payment into an ISF, Finance Director Ruhland said the recommendation is for no IT equipment fund charges to departments for one year, and 50% vehicle replacement fund charges for two years.

In response to the suggestion to reduce hours of operation for the Police marine enforcement unit rather than the Harbor Patrol operations, Finance Director Ruhland said two Budget Response Reports are being written which address the Harbor Patrol and the activity that the Police marine enforcement unit has seen.

Chief Deputy City Clerk Kroneberger relayed the following eComments:

Greg Ronkainen strongly opposed any cuts to the Harbor Patrol that are not in line with other departments because there is a life safety issue that would cause a liability to the City.

Marci Klein opposed any cuts to the Harbor Patrol because as a stand-up paddler and boater the Harbor Patrol is depended on to keep people safe on the water.

Kaycee Coonen opposed any cuts to the Harbor Patrol, as they further safety on the water.

Norm Thorn opposed any cuts to the Harbor Patrol, as cuts could harm public safety on the water, and cuts could make the City look bad to the Coastal Commission when proposing any future changes due to the failure of the City to support the harbor now.

Joel Shafer said he is an avid boater, and strongly opposes any cuts or reductions to the Harbor Patrol budget. He said they provide a much-needed public safety and cuts could open the City to liability and potential lawsuits.

Steve Davis strongly opposed any reduction in Harbor Patrol staffing, as they provide a vital service to boaters, keeping the harbor safe and secure. He suggested eliminating the Police patrol, as they have been an unwelcome addition to the harbor.

Steve Feckner is opposed to eliminating the Harbor Patrol, as they are an essential part of the safety and security of the harbor.

Commissioner Johnson said he is sympathetic to the seven comments made regarding the Harbor Patrol and agreed that a boater or a swimmer in trouble is something that should be avoided.

Chair Solomon asked if the Commission would be willing to recommend that City Council not down staff the Harbor Patrol and absorb the cost as a deficit to the Harbor Tidelands Fund for the year, recommend a cut elsewhere, or offer another suggestion to account for the difference in Decision Package #29 which would save \$543,742.

Chair Solomon confirmed that it is possible to deficit spend that amount for one year in the Harbor Tidelands Fund without restriction by a regulator such as the State Lands Commission, if that were the City Council's choice. Assistant City Manager Witzansky stated that is an option, rather than accepting Decision Package #29.

Commissioner Woodham expressed concern for the safety of people due to the lack of adequate staff. He said in addition to the public safety issue, he thinks it would be a liability for the City.

In response to Chair Solomon regarding other agencies that could help cover if the City were dark for a period of time, Assistant City Manager Witzansky said that option would have to be formally explored. He explained that the County lifeguards that also operate out of Station 3 are solely responsible for services outside the breakwater, the City is responsible for services inside the harbor.

Commissioner Samples noted that part of the problem with Station 3 and Harbor Patrol is that historically, the Fire boat was unmanned except if there was a fire, and Fire Station 1 would go to the harbor and man the Fire boat. He said an expectation and level of service has been created in the harbor, and trying to remove it would be difficult without an alternative plan in place.

Chair Solomon said he believes there is a consensus from the public and the Commissioners to not recommend Decision Package #29.

Commissioner Woodham said if deficit spending is the only way to do it, he thinks it should be recommended.

Chair Solomon clarified it would be a one-time solution while the pandemic unfolds. He asked that Finance Director Ruhland include in the Commission's response to the City Council the recommendation to not adopt Decision Package #29 and to absorb the amount as a deficit spend in the Harbor Tidelands Fund for one-year.

Commissioner Samples said he does not believe the Commission should earmark where the funds come from, but leave the decision to the City Council, City Manager and Finance.

Commissioner Chun said if they received additional statistical data it would assist in making a more informed decision in terms of the analysis. He suggested not adopting the Decision Package and leaving it up to City Council and staff to decide how to make up the deficit.

Commissioner Chun added that safety includes Harbor Patrol, Police and Fire, and other first responders. He said it is challenging because of the MOUs and the residents' safety.

Assistant City Manager Witzansky noted that there is a \$2 million deficit in the Harbor Tidelands Fund this year, and the Harbor Patrol operations are roughly a \$2 million per year expense.

Chair Solomon asked if the Commission would like to discuss Decision Package #15 which would request a modification to reduce staffing on a ladder truck.

Commissioner Samples recommended against Decision Package #15.

Commissioner Johnson clarified that the Decision Package retains as vacant five positions and removes the one position that Commissioner Samples objects to.

Assistant City Manager Witzansky explained that with the ladder truck, there is a constant staffing requirement in the aggregate of 19; four are dedicated to the ladder truck, which consists of a Fire Captain, a Fire Engineer and two Firefighter positions. He said the Firefighter positions are vacant, however, the positions have to be filled, so on an operations basis the positions are being filled by Firefighter/Paramedics on an over-time basis. He explained the way to effectuate the savings, is by the meet and confer process, where the City no longer has the obligation to fill both of the Firefighter positions, which in practice, due to the vacancies, is via a Firefighter/Paramedic. He said the worry becomes, absent the minimum staffing adjustment, a bit of burnout because the Firefight/Paramedics are working their regular shifts, and backfilling the vacant Firefighter positions on an over-time basis. He said if the constant staffing obligation is reduced, only one of the two vacant Firefighter spots would need to be filled. He said it takes six Firefighters to fully staff the two Firefighters on the ladder on a 24/7 basis.

Chair Solomon asked if they could recommend the deauthorization of the Administrative Specialist position, without changing the other components of the decision package item. Finance Director Ruhland said they could make that recommendation.

Commissioner Nguyen asked about the Seaside Lagoon, in Decision Package #31. Assistant City Manager Witzansky said the anticipation that small group gatherings and small camp activities would be allowed towards the tail end of the summer. He explained the fixed costs for full-time personnel that are in part assigned to the Lagoon, in maintenance and Recreation and are continuing to draw against the budget.

In response to Commissioner Nguyen regarding Decision Package #14, which recommends decommissioning three vacant Police Officer positions, Assistant City Manager Witzansky said it is not desired, but acceptable to the association. He said they are able to hire, operate and meet traditional staffing compliments with a number that is less than the full-time equivalent budgeted figure. He said by eliminating long term disability or injured Police Officers who cannot report to work, or by way of aggressive recruitment and hiring practices, there are more healthy Police Officers than ever before even with three deauthorizations.

Chair Solomon addressed the ongoing reduction of \$100,000 for Decision Package #25, the Moss Adams internal services contract, and recommended a one-time reduction because staff is currently working on implementing several recommendations. He said he would like to communicate to the City Council that it is an important program and worthwhile to pursue and re-visit in a year. Assistant City Manager Witzansky said for the fiscal year 21-22 budget, a subsequent action would need to be taken.

City Treasurer Diels said it is consistent with the intent of the recommendation that it is a suspension, rather than a cancellation.

In response to Chair Solomon regarding Decision Package #19, the auditing service recommended for the Harbor, Assistant City Manager Witzansky said a contract provider looks at the payment history of various master leases, checking to be sure their books and payments agree with the lease terms. He said it would be a suspension of the contract funding available for paying that service.

Chair Solomon noted that one of Moss Adams' observations was perhaps auditing of third-party vendors was not the City's strongest suit and they wanted to try to clean that up. Assistant City Manager Witzansky replied that it

tends to identify items such as lease misclassifications, or descriptions for the sub-lessee revenue that they accrue, percentage rents marked one way, which should be marked another way.

In response to Chair Solomon regarding Decision Package #23 which recommends that Commissions meet every other month with the exception of the Harbor and Planning Commissions, Finance Director Ruhland said they would adjust the Budget & Finance schedule, to meet six times a year, coinciding with the reports they review and input they provide related to the budget.

Chair Solomon said at a time of financial upheaval, significant debt and reduction in revenues, he thinks the Commission should meet on a monthly basis.

Commissioner Woodham agreed that twelve meetings a year is reasonable considering all the issues the City is facing, and is likely to be facing. He said as a taxpayer and a citizen, he would like to see them meet.

Commissioner Samples said based on the calendar, he would be willing to cut out one or two meetings per year, however, he thinks the Commission should meet regularly.

Commissioner Chun, Commissioner Johnson, and Commissioner Nguyen agreed that the Budget & Finance Commission should be considered to be included with the Planning and Harbor Commissions.

On behalf of the Commission, Chair Solomon asked that the recommendation made to City Council in regards to Decision Package #23 include that the Budget & Finance Commission continue to meet on a monthly basis. He said the other Commissions could meet as recommended in the Decision Package.

In response to Chair Solomon regarding the Vehicle Replacement Schedule in Decision Package #44, Assistant City Manager Witzansky suggested something may have been lost in translation at the Harbor Commission meeting. He said the Harbor Commission's recommendation is exactly what the Decision Package proposes to do, which is taking what would otherwise be a one-year deferral of allocation to the vehicle fund and splitting it into two payments and two years of savings, for this fiscal year, and 21-22.

On behalf of the Commission, Chair Solomon recommended adoption of Decision Package #44 and to emphasize the Commission's feelings of importance for the item, to City Council.

City Clerk Manzano read the e-comment from Mark Hanson regarding Decision Package #24, the elimination of special event fee waivers. He said the Harbor Commission agreed with the recommendation, however, making it a one-time rather than ongoing action, allowing for an event-by-event review of the decision should revenues rebound more than anticipated and excluding the Christmas boat parade from the decision package. He said the boat parade has traditionally received a blanket waiver of fees, up to \$2,000. He suggested the Budget and Finance Commission consider a similar recommendation to City Council.

In response to Chair Solomon regarding signature events, Assistant City Manager Witzansky said historically dollar amounts were not always placed by event; more recently a Budget Response Report assigned specific not-to-exceed amounts. He said this would effectively cease any contributions to special events for the fiscal year.

Chair Solomon requested the adoption of Decision Package #24, the one-time elimination of special event fees, and suggested re-visiting fee waivers in subsequent years.

Chair Solomon requested that City Council adopt Decision Package #44.

In response to Chair Solomon regarding clarification on Decision Package #8, the reduction of additional staffing, City Clerk Manzano said she defunded a position, reduced part-time hours, training, postage and office supplies to meet the 15% cut.

Commissioner Chun noted that it is going to be challenging for a minimum of two years.

Commissioner Samples suggested recommending City Council accept the Decision Packages on the condition that immediately after July 1, a task force is formed to continuously monitor the budget and ensure changes are made as they occur. He said he would like to see a real time organization that could make recommendations back to City Council.

Assistant City Manager Witzansky said the Commission is structurally in the best position to help with the oversight, rather than forming a separate task force. He said they could suggest to City Council that a review comes back to the Commission after the first quarter, with a review of current status and how they are performing.

Assistant City Manager Witzansky added that the Commission could request staff work with them on a first quarter review with a revenue and performance status, rather than waiting until midyear for a first review.

Chair Solomon suggested staff bring a mile marker to show the Commission where they are so recommendations for modifications could be made at that point. Finance Director Ruhland said they will be doing that internally, therefore, the information could be provided.

Commissioner Johnson left the meeting at 9:33 p.m.

On behalf of the Commission, Chair Solomon said the Commission has further questions related to Decision Package #15, and asked that City Council review the item with greater scrutiny.

Finance Director Ruhland asked if they are referring to the entire package, or specifically the Firefighter positions. Chair Solomon said it is mostly about the Firefighter positions.

Finance Director Ruhland confirmed that a Budget Response Report will be provided with the recommendations and suggestions to City Council.

Motion by Commissioner Woodham, seconded by Commissioner Chun to receive and file the budget and the Capital Improvement budget along with the noted recommendations. Motion carried unanimously, with the following roll call vote:

AYES: Chun, Nguyen, Samples, Woodham, Chair Solomon

NOES: None

ABSENT: Conroy, Johnson

J.2. DISCUSSION AND POSSIBLE ACTION REGARDING FORMATION OF A SUB-COMMITTEE TO REVIEW THE CITY'S CALPERS LIABILITIES.

Finance Director Ruhland said if they wanted to form a sub-committee it would need to be two or three members to be less than a quorum and for a limited duration of time.

Commissioner Chun said he does not think there needs to be another committee because the liabilities are set by contract. He said the only way to take down the liabilities is to pay it down the way it has been done every year, basically advanced funding. He said it is staff based, based on retirements and contracts.

Chair Solomon said he wanted the sub-committee to go out and investigate whether there have been any changes in the industry and if companies are available that help organizations find ways to mitigate the expenses.

Commissioner Samples said he believes it is a good idea. He noted that Chief Kauffman was in a video webinar and eluded to the success of reducing costs in the Police Department by hiring younger personnel which affects CalPERS and workers' compensation costs. He said it appears there are ways to deal with this without just throwing money at the unfunded liability.

Commissioner Woodham said he thinks the severity of the increases in costs over the next ten or eleven years should be publicized because he believes people are not aware of it. He said expenses need to be reduced, or revenues increased. He said it needs to be focused on, whether during the meetings or with a sub-committee.

Commissioner Chun said two ways to handle pension plans are to hire younger staff, especially in Fire and Police, or discontinue offering pension plans to future employees, which would not go well.

Commissioner Chun asked Finance Director Ruhland how competitive the City would be if new staff hired, excluding Fire and Police, offered a matching defined contribution plan only. Finance Director Ruhland said with the younger generation, she is not sure how much they look towards their retirement plan versus only looking at their salary right now.

In response to Chair Solomon regarding the limited duration of a sub-committee, City Clerk Manzano said it is usually less than a year.

Chair Solomon asked if there are two or three Commissioners that are willing to dedicate some time to explore this over the next six months, bringing back the results of a deep dive to the Commission.

Commissioner Woodham said he would be interested in being involved in it.

Commissioner Samples noted that it is agendaized as CalPERS, and asked if it could be expanded to include workers' compensation as well. Chair Solomon said it could be voted on now, or continued to a time when Commissioner Johnson is present.

Chair Solomon said he would volunteer his time, however, he would like to include Commissioner Johnson and have everyone make the decision together. He suggested continuing the discussion to a meeting when all seven members are present.

Motion by Commissioner Samples, seconded by Chair Solomon, to continue the item to the next meeting and amend it to include a discussion on whether workers' compensation should be included in the purview of the sub-committee.

AYES: Chun, Nguyen, Samples, Woodham, Chair Solomon
NOES: None
ABSENT: Conroy, Johnson

IX. MEMBER ITEMS AND REFERRALS TO STAFF - NONE

ADJOURNMENT OF BUDGET & FINANCE COMMISSION – 9:57 P.M.

There being no further business to come before the Commission, Commissioner Nguyen moved, seconded by Commissioner Chun, to adjourn the meeting at 9:57 p.m., to a Regular Meeting to be held at 6:30 p.m., on July 9, 2020, in the Redondo Beach Council Chambers at 415 Diamond Street, Redondo Beach, California. Motion carried unanimously, with the following roll call vote:

AYES: Chun, Nguyen, Samples, Woodham, Chair Solomon
NOES: None
ABSENT: Conroy, Johnson

Respectfully submitted,

Marni Ruhland
Finance Director