

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, Conroy (arrived 6:42), Johnson, Nguyen (arrived 6:46), Samples, Woodham, Chair Solomon
Commissioners Absent: None
Officials Present: Marni Ruhland, Finance Director
Vickie Kroneberger, Chief Deputy 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 Chun, to approve the Order of Agenda as presented. Motion carried unanimously, with the following roll call vote:

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

BLUE FOLDER ITEMS - NONE

CONSENT CALENDAR

F.1. APPROVAL OF AFFIDAVIT OF POSTING for the Regular Budget and Finance Commission Meeting of July 9, 2020.

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

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

F.2. APPROVAL OF THE MINUTES FROM THE SPECIAL BUDGET AND FINANCE COMMISSION MEETING OF MAY 28, 2020.

Motion by Commissioner Johnson, seconded by Commissioner Woodham, to approve item F.2. Motion carried unanimously, with the following roll call vote:

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

EXCLUDED CONSENT CALENDAR – NONE

PUBLIC PARTICIPATION ON NON-AGENDA ITEMS – NONE

ITEMS CONTINUED FROM PREVIOUS AGENDAS (OLD BUSINESS)

I.1. DISCUSSION AND POSSIBLE ACTION REGARDING FORMATION OF A SUBCOMMITTEE TO REVIEW THE CITY'S CALPERS LIABILITIES WITH THE POSSIBILITY OF ADDING A REVIEW OF THE CITY'S WORKERS' COMPENSATION COSTS.

Finance Director Ruhland said to avoid Brown Act requirements the subcommittee must be less than a four member quorum with a duration of less than one year. She said the goal tonight would be to select members, direct a scope of work, decide if it would include Workers' Compensation, and pick a duration of time.

Chair Solomon said he had wanted to bring the item back to a meeting when Commissioner Johnson would be present. He also acknowledged Commissioner Chun's comments from the last meeting in which he stated the CalPERS obligations are what they are going to be, and not much can be done to modify, change, or influence the obligation.

Chair Solomon said part of their ability as a Commission is to study different sources of revenue and make recommendations to City Council. He encouraged the Commission to consider creating an ad hoc committee for a period of nine months, comprised of three members to examine the CalPERS liability and alternative sources of funding or financing to meet those responsibilities. He said they would bring the report to the Commission and then to City Council.

(Commissioner Conroy joined the meeting at 6:42 p.m.)

Commissioner Chun noted that the majority of small municipalities that have issues with CalPERS liabilities have cut back services down to the skeleton. He said it is too hard to negotiate with contracted union employees, and changing union contracts is very difficult.

Commissioner Chun added that he is unable to join the subcommittee as his term is up this year.

Commissioner Samples noted that the Police Chief spoke about managing CalPERS exposure and Workers' Compensation exposure with hiring practices, methodology and staffing. Commissioner Samples asked if those best practices could be applied to other areas in the city without laying people off.

(Commissioner Nguyen joined the meeting at 6:46 p.m.)

Commissioner Johnson noted that the landscape has changed and he anticipates a gigantic turmoil coming in the pension system. He expressed the concern of starting a subcommittee, expending a lot of effort, only to find that they are talking to themselves when delivering the report.

Commissioner Woodham said he does not sense that City Council is acutely aware of this issue. He said expenses are going to increase substantially in the next 10-11 years and assuming the budget is as efficient as possible now, the increase will be difficult to deal with. He thinks it is a significant issue to be discussed by the Commission, either during regular meetings, or as a subcommittee.

Commissioner Samples noted the benefit of having a core group looking into this, preparing materials for the Commission without overly burdening staff. He said there are discussions that are conducted in closed door sessions,

some involving the unions, and asked if they will have access to that information, so they can make reasonable comments and provide reasonable thoughts back to the Commission.

Finance Director Ruhland said items discussed in closed sessions will not be available to the subcommittee.

Chair Solomon said once the agreements are made with the unions, the information is publicly available in the City Council agenda for approval.

Commissioner Johnson said he believes it is not going to be better next year, tourism will be down, and a lot of revenue sources will remain low. He said he has no objection to forming a subcommittee to work on this, however, he does not have the bandwidth to join the group at this time.

Commissioner Conroy said it is a two-pronged issue; reduced revenues, with increasing pension costs that will grow each year until its untenable. He said it requires all the research that people can contribute because it is the largest issue affecting the budget in current and future years. He said he is very interested in joining the group and hopes there will be a receptive audience.

Commissioner Chun suggested increasing revenue by re-doing the Waterfront and South Bay Galleria, cutting the red tape, allowing it to be built within reason, and considering cutting services that continue to run at a loss, at least for a few years. He said theoretically it is relatively simple, but there is not a lot of political will to tackle it from revenues, or cost cuts. In addition, Commissioner Chun suggested having a 401(k) plan for new hires rather than unionized employees.

Commissioner Conroy agreed that it will take a lot of effort and suggested including specific items on the ballot to have the citizens weigh in on cuts, and sacred cows.

Chair Solomon said City Council could put an advisory vote on the ballot with items they think are necessary, asking for the public to weigh in.

Chair Solomon said he is willing to volunteer his time to be part of the subcommittee.

Commissioner Woodham said he would be willing to volunteer his time.

Commissioner Woodham said it would be helpful to have the background of the Commissioners. He asked if they could exchange a short, one paragraph bio of experience at the next meeting.

Finance Director Ruhland said they could verbally present that at a meeting.

Chair Solomon said nine months would end around March or April.

Commissioner Samples said the subcommittee could bring monthly reports and suggested running it through June 30, 2021.

Chair Solomon said the subcommittee could be scheduled through fiscal 20-21.

Finance Director Ruhland said time permitting, monthly reports could be added to the agenda.

Motion by Chair Solomon, seconded by Commissioner Woodham, to create a subcommittee of three members that will participate in discussing CalPERS, alternative funding sources, and Workers' Compensation costs, for a period not-to-exceed June 30, 2021.

In response to Commissioner Conroy, Chair Solomon confirmed that the three Commissioners being considered for the subcommittee are Commissioner Conroy, Commissioner Woodham and Chair Solomon.

Motion carried unanimously, with the following roll call vote:

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

ITEMS FOR DISCUSSION PRIOR TO ACTION (NEW BUSINESS)

J.1. DISCUSSION AND POSSIBLE ACTION REGARDING THE BUDGET AND FINANCE COMMISSION'S TENTATIVE CALENDAR FOR THE REMAINDER OF 2020

Finance Director Ruhland referenced the calendar for the remaining meetings for calendar year 2020, along with tentative topics of discussion. She said the topics include regularly scheduled items, referrals to the Commission from City Council, and referrals to staff.

- Referral to staff regarding expiring contracts – a list of upcoming expiring contracts will be distributed to the Commissioners outside of the agenda process.
- Vehicle Lifecycle Policy will be included in the mid-year report, with an anticipated date of February 2021.
- Subcommittee report will be included on the agenda each month.
- The calendar will be included as a consent item on the agenda each month.

In response to Chair Solomon regarding the request from City Council to report back to them on Workers' Compensation, Finance Director Ruhland said because Workers' Compensation is part of the self-insurance program fund and the City Council wants a report back from the Commission on that, it could be included in there.

Motion by Commissioner Samples, seconded by Commissioner Conroy, to approve the calendar as presented. Motion carried unanimously, with the following roll call vote:

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

J.2. DISCUSSION AND POSSIBLE ACTION REGARDING FY 2020-21 BUDGET ADOPTION

Finance Director Ruhland provided a report on the City Council adopted budget:

- BRR #1A, #1B, #1C Corrections
- Vacant Positions – One Year vs. Ongoing
- Mayor/City Council Reduction – One Year vs. Ongoing
- General Pre-Litigation Matters (\$150,000)
- Library Materials (\$46,848)
- Library Hours Change
- Senior Park Caretaker & Public Works Maintenance Supervisor (\$230,018)
- Monthly Budget & Finance Commission Meetings (\$3,600)
- Special Event Fee Waivers – One Year vs. Ongoing
- Internal Audit Services – One Year vs. Ongoing
- Part-Time Falconer Services (\$57,000)
- Four Pier Area Part-Time Positions (\$40,000)

- No Harbor Patrol Staffing Change (\$543,742)
- Powerplant Property Matter Legal Services – Open Space Acquisition Fund
- RCC Dispatch Feasibility Study Phase 2 (\$25,000)
- Major Facilities Reconstruction Fund Transfer (\$280,466)
- Directions to Staff
 - Budget & Finance Commission Self-Insurance Program Fund Review/Analysis
 - Vehicle Lifecycle Policy – Mid-year
- General Fund in balance
- General Fund Appropriations
- General Fund Transfers
- Harbor Tidelands
- Harbor Uplands
- Budget is available on OpenGov

Commissioner Woodham re-joined the meeting at 7:33 p.m.

In response to Commissioner Conroy regarding the costs for the Budget & Finance Commission meetings, Finance Director Ruhland said the costs are for the Minutes Secretary and video recording services.

Motion by Commissioner Johnson, seconded by Commissioner Conroy, to receive and file the report. Motion carried unanimously with the following roll call vote:

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

IX. MEMBER ITEMS AND REFERRALS TO STAFF - NONE

ADJOURNMENT OF BUDGET & FINANCE COMMISSION – 7:50 P.M.

There being no further business to come before the Commission, Commissioner Conroy moved to adjourn the meeting at 7:50 p.m., to a Regular Meeting to be held at 6:30 p.m., on August 13, 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, Conroy, Johnson, Nguyen, Samples, Woodham, Chair Solomon
 NOES: None
 ABSENT: None

Respectfully submitted,

Marni Ruhland
 Finance Director