

OPENING SESSION

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

ROLL CALL

Commissioners Present: Johnson, Samples, Solomon, Chair Conroy
Commissioners Absent: Marin, Nguyen, Woodham
Officials Present: Jennifer Paul, Finance Director
Steve Diels, City Treasurer
Eleanor Manzano, City Clerk
Diane Strickfaden, Human Resources Director
Nilesh Mehta, Chief Deputy City Treasurer
Doug Kaku, Grants Financial Administrator

SALUTE TO THE FLAG

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

APPROVAL OF ORDER OF AGENDA

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

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

BLUE FOLDER ITEMS

Finance Director Paul explained that the Blue Folder item is an internal, rough study that was prepared and presented to the Commission July 2019. The conclusion was to proceed with the actuarial study that Steven Glicksman will be presenting.

Motion by Commissioner Solomon, seconded by Commissioner Johnson, to receive and file the study related to Item J.1. Motion carried unanimously, with the following roll call vote:

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

CONSENT CALENDAR

F.1. APPROVAL OF AFFIDAVIT OF POSTING for the Regular Budget and Finance Commission Meeting of August 12, 2021.

F.2. APPROVAL OF THE MINUTES from the Regular Budget and Finance Commission Meeting of June 10, 2021.

There were no Zoom or eComments.

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

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

EXCLUDED CONSENT CALENDAR – NONE

PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

There were no Zoom or eComments.

ITEMS CONTINUED FROM PREVIOUS AGENDAS (OLD BUSINESS) – NONE

ITEMS FOR DISCUSSION PRIOR TO ACTION (NEW BUSINESS)

J.1. DISCUSSION OF PREPARED ACTUARIAL STUDY OF THE WORKERS' COMPENSATION, FIRE DEPARTMENT ONLY; SELF-INSURANCE PROGRAM

Human Resources Director Strickfaden introduced Steven Glicksman and explained that he has prepared an Actuarial study of the Fire Department upon request by the Budget & Finance Commission and City Council.

Commissioner Solomon gave a brief background on the feasibility study for County services.

Mr. Glicksman directed the Commission to page 6 of the Actuarial study. He said the outstanding losses means that if the City decided they didn't want the fire department any more, this amount would be how much the face value of the checks that the City would owe the injured firefighters. As of March 30,

In response to Commissioner Solomon regarding the way the self-insured retention and administration of the claims work, Human Resources Director Strickfaden said it is per claim, similar to a deductible on insurance, and anything beyond the \$750,000 is covered by excess insurance that is negotiated and contracted through the risk pool. She said the City is currently a member of PRISM, after being with ICRMA for years and noted that not many claims hit the \$750,000 limit.

Commissioner Solomon asked if it is reflective of all expenses, or specific to loss of earnings, or medical bills. Human Resources Director Strickfaden said it should be all expenses; but a third party administrator is used for everything except for the 4850, which is done through payroll and is reported.

In response to Commissioner Solomon regarding it being a stop loss for the City, Human Resources Director Strickfaden said no.

Mr. Glicksman referred to pdf 4, the Workers' Comp report and gave an overview.

Commissioner Solomon explained City Council budgeted for another review of county services and a review or proposal of what a regional fire dept would look like. Also, a letter was sent to the county from the city requesting information. He suggested to call for a motion for Mr. Glicksman's report which includes numbers specific to the fire department be forwarded to City Council so they will have the information when they get numbers back from the county.

Mr. Glicksman's referred them to pdf 3 regarding the intended usage.

Solomon asked that it be received and filed for inclusion with the feasibility study to City Council. Seconded by...

Mr. Glicksman asked if he would have the opportunity to discuss the report with City Council as he believes there are a lot of nuances in the report that they would benefit from. Finance Director Paul said they would want them there.

Commissioner Samples said he would like to come up with an evaluation that would show the differences.

Commissioner Solomon summarized the discussion as follows:

This report captures what the present value of estimated numbers are out several years. If we were to opt for a county model, new direct injury claims would cease on that day, exclusive of 4850, we would still have our existing claims going forward which we would be responsible for and we could have legacy claims that arise after the date of transfer but the presumptive injury claims would begin to abate the further out we go from the severance date.

There were no Zoom or eComments.

Motion by Commissioner Solomon, seconded by Commissioner Samples, to receive and file the Discussion of Prepared Actuarial Study of the Workers' Compensation, Fire Department only; Self-Insurance Program. Motion carried unanimously, with the following roll call vote:

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

Diane said they would talk when he gets back from his trip.

J.2. DISCUSSION AND POSSIBLE ACTION REGARDING UTILIZING MOSS ADAMS FOR FUTURE SERVICES AND THE PROPOSED FISCAL YEAR 2021-2022 INTERNAL AUDIT PLAN

City Clerk Eleanor Manzano provided the following background information:

- Moss Adams has been the provider for the internal control program – contract expired June 2021
- Work was on hold last year due to budget constraints and Covid
- City Council has reinstated the \$100,000 this year
- The contract will be going to City Council for amendment

Mark Sterenka from Moss Adams said they worked with City Clerk Manzano and Finance Director Paul and identified the projects most beneficial to the City.

The five items they will be focusing on this year are:

1. FWA Program Development/Training
2. Internal Service Funds (ISF) Review
3. Procurement Operational Review
4. Policy Training
5. Ongoing Internal Audit Services

Commissioner Samples expressed concern with the procurement policies in the municipal code and noted that they are outdated. Mr. Sterenka said it would be part of the procurement operational review.

Chair Conroy asked which items are outstanding and what the procedure is for getting them wrapped up. Mr. Sterenka said management is responsible to respond to the audits and the audit findings.

City Treasurer Diels explained that it might take other personnel, or review that has a cost associated with it which would require requesting money from City Council. He added that due to the tight budget, they have not been able to get it.

Chair Conroy said he would like to see the prior internal audit plan showing which items weren't completed and why.

Finance Director Paul proposed initializing a review of the current state because she believes the last published report with the conclusions and staff's responses was completed several years ago.

Commissioner Solomon asked if item 3 relates to contracts over \$35,000 or all contracts. Mr. Sterenka replied that it includes the types of purchases and procurement across the city, and how they are being conducted. He said this is broader looking at where it's working how they want it to, where it could be working more efficiently and effectively and what are the things that would help that.

In response to Commissioner Solomon regarding the ISF review, specifically the VRF, Mr. Sterenka said an internally developed ISF is common. He said they look for the use of reasonable assumptions, the basis to drive those, and some methodology.

In response to Commissioner Solomon regarding using ISF as one-time allocations to help the budget, Mr. Sterenka said it does happen, it is not an anomaly; the key is what is it being used to pay for.

Commissioner Johnson recalled there were a series of open projects and he thinks it would be good to see the status of the projects. Mr. Sterenka said it is common in most cities and counties - they deliver reports and City management tracks responses overall. In addition, he thinks it makes sense to review on a quarterly basis.

Mr. Sterenka noted that some cities have three activities – Moss Adams provides a report of findings and recommendations, management responds, then validation that the management responses address the finding.

In response to Commissioner Solomon regarding the roles and responsibilities component, City Treasurer Diels replied that former Finance Director Ruhland worked on the reporting requirements that the Finance department needed to make available to the City Treasurer and that requirement has been satisfied.

City Clerk Manzano reported that the payroll and human resource reports were concluded.

There were no Zoom or e-Comments.

Motion by Commissioner Johnson, seconded by Commissioner Solomon, to receive and file the Discussion Review of City's Statement of Investment Policy. Motion carried unanimously, with the following roll call vote:

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

J.3. CITY TREASURER'S QUARTER 4 FISCAL YEAR 2020-2021 REPORT

Chief Deputy City Treasurer Mehta and City Treasurer Diels provided the following:

- Treasurer's Portfolio Summary
- Investment Reporting Guidelines
- Investment Report by FHN Main Street
 - Portfolio Summary
 - Investment Policy Compliance Report
 - Investment Activity Report
 - Economic and Market Update
- Key Investment Objectives for Municipal Investing: Safety, Liquidity, Yield
- Interest earned year-to-date is \$1.57 Million
- General fund contribution rated is 49%. Approximately \$771,300 contributed to the general fund through investment activity.

In response to Commissioner Solomon regarding the trend in Corporates, City Treasurer Diels said that area pays the highest returns, so if securities that match the City's requirements from a risk standpoint, they will continue to purchase them.

In response to Commissioner Solomon regarding which securities were bought, City Treasurer Diels said the first purchase were Treasuries.

Chair Conroy said he would like to see the fees that are being paid as a percentage for the different types of investments. City Treasurer Diels said they are not tracked on an ongoing basis, but they have it for each purchase. City Treasurer Diels said the City has an arrangement with Rick, the consultant, and he is before the Commission once per year and before City Council once per year.

City Treasurer Diels said he will have the consultant show the Commission how to read a Blumberg transaction sheet and show them the costs. He noted that the consultant is paid \$4,500 per quarter.

There were no Zoom or eComments.

Motion by Commissioner Nguyen, seconded by Commissioner Solomon, to receive and file the City Treasurer's Quarter 4 Fiscal Year 2020-2021 Report. Motion carried unanimously, with the following roll call vote:

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

K. MEMBER ITEMS AND REFERRALS TO STAFF

Commissioner Solomon mentioned that according to the code, a \$15,000 CIP project is not indexed for inflation. He said he spoke with Assistant City Manager Witzansky and City Engineer Winje, and understands a change would require a charter amendment. He said if City Council is budgeted for charter amendment reviews, would it be possible to have a discussion on the municipal code segment with the threshold of the City's CIP brought back in the fall.

ADJOURNMENT OF BUDGET & FINANCE COMMISSION – 8:38 P.M.

There being no further business to come before the Commission, Commissioner Solomon moved, seconded by Commissioner Nguyen, to adjourn the meeting at 8:38 p.m., to a Special Meeting to be held at 6:30 p.m., on September 16, 2021, in the Redondo Beach Council Chambers at 415 Diamond Street, Redondo Beach, California. Motion carried unanimously, with the following roll call vote:

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

Respectfully submitted,

Jennifer Paul
Finance Director