

OPENING SESSION

Via teleconference, a Special 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, Johnson, Nguyen, Samples, Woodham, Chair Solomon
Commissioners Absent: None
Officials Present: Joe Hoefgen, 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 Conroy, to approve the Order of Agenda as presented. Motion carried unanimously, with the following roll call vote:

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

ADDITIONAL ITEMS FOR IMMEDIATE CONSIDERATION - NONE

BLUE FOLDER ITEMS

Motion by Commissioner Conroy, seconded by Commissioner Woodham, to receive and file FY 2020-2021 Budget Response Reports and public communication for Item J.1. Motion carried unanimously, with the following roll call vote:

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

CONSENT CALENDAR

F.1. APPROVAL OF AFFIDAVIT OF POSTING for the Special Budget and Finance Commission Meeting of May 28, 2020.

Motion by Commissioner Conroy, seconded by Commissioner Woodham, to approve the Affidavit of Posting. Motion carried unanimously, with the following roll call vote:

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

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

City Manager Hoefgen provided an introduction regarding the issuance of the City Proposed Fiscal Year 2020-21 Operating & Capital Budgets on May 16, 2020, in accordance with the City's Charter.

City Manager Hoefgen noted that he asked Finance Director Ruhland to reach out to the Commissioners for their input and questions in advance of the meeting in order for staff to be most effective in addressing their questions and concerns.

City Manager Hoefgen said part of his job is to protect City employees from a hostile work environment, and while the Commissioners are free to express their concerns and opinions, it cannot be in a way that is accusatory, or represents a hostile attack on the Finance Director. City Manager Hoefgen said she is free to leave the meeting tonight if she feels a hostile work environment has been created due to their questions or comments.

Finance Director Ruhland presented the following:

- Proposed Balanced Budget FY 2020-21
 - \$96.7 Million Core General Fund Budget (before Decision Packages)
 - \$58.0 Million CIP Budget
 - \$ 8.1 Million General Fund Reserve
 - 432 Full Time Employees (before Decision Packages)
 - 398 Full Time Employees (after Decision Packages)
 - \$8.9 Million Deficit (before Decision Packages)
 - \$0 Deficit = Balanced Budget (after Decision Packages)
- Proposed FY 2020-21 Budget Decision Packages – 46
- Proposed FY 2020-21 Budget Response Reports – 3 included; additional reports in the future
- Budget Calendar
- Budget will come before the Commission again on June 11

In response to Commissioner Johnson regarding an overview of staffing reductions, Finance Director Ruhland said deauthorizations have been recommended rather than furloughs, although furloughs or pay reductions are included as alternatives in the Budget Response Reports.

Finance Director Ruhland said all of the full-time staffing reductions are recommended as ongoing except for those in the Fire Department, as their bargaining group has more meet and confer requirements than the other bargaining groups. She said 26 of the positions are vacant, or projected to be vacant by July 1; another five will transfer to somewhere within the City; two will transition from full-time status to part-time; two will be laid off.

In response to Chair Solomon regarding the reported sales tax decrease of 11.9%, Finance Director Ruhland said the projections were provided by the City's consultant, HdL.

Finance Director Ruhland said the TOT was projected by Staff, based on discussions with the hotels at a meeting in early May. She said the revenue expected for TOT will be averaged out, at approximately 50% of revenues previously received.

In response to Chair Solomon regarding hotels opening with discounting which would continue to suppress the figure, Finance Director Ruhland said the estimates were based on previous hotel revenues, rather than occupancy.

In response to Commissioner Samples, Finance Director Ruhland said the sales tax is a quarter behind, TOT is one month behind, however, revenues received within 60-days of the end of fiscal year, are recorded to the current fiscal year.

Finance Director Ruhland explained the financing arrangement with the Marine Avenue hotels where there is a reserve. She said while they are experiencing difficult times the reserve is being drawn upon, so TOT will have to go back to them to replenish the reserve. She said a couple years ago, the reserve amount was reduced from \$8 Million to \$3 Million, which helps now, however, no revenue is projected from the Marine Hotel.

Chair Solomon requested Finance Director Ruhland explain the reserve arrangement for the benefit of those who might not be familiar with it. Finance Director Ruhland said to get the hotels constructed, they took out bank loans for the construction, which are still outstanding. She explained that to get the loans approved by the banks, the owner put up a reserve that the bank holds onto. She said the City did this as well, and while the City did not write a check, the TOT revenue was built up over time until it reached the reserve level they wanted. After that, the City got to keep the TOT revenue. Now that the reserve is being drawn on, and the City will have to replenish it.

In response to Chair Solomon regarding replenishing with TOT funds, Finance Director Ruhland said it will be just the TOT from the Marine Avenue hotel site used to replenish the reserve.

Finance Director Ruhland noted that the contracts approved by City Council in the last month were for items and services that were already existing. She said it is possible that there may be more cuts if the projections were too optimistic. While City Council is being given the option of adopting the recommended Decision Packages, or using some of the alternatives, it is possible that both the Decision Packages and alternatives will be required.

Commissioner Johnson asked about the CalPERS Health \$1.5 million savings, and what portion is the City's and what portion is the employees'. Finance Director Ruhland said she does not yet have an answer from the Human Resources Director, so the question will be answered next month.

In response to Commissioner Samples regarding the shortfall, Finance Director Ruhland said transfers were made in order to get the budget in balance. She said there is recommended a transfer from the Capital Projects Fund and noted that the fund has no revenue source of its own, it is funded from the general fund at year end, typically \$1 million, and if more funds are available, City Council often opts to transfer more.

Finance Director Ruhland said the unrestricted funds could be replenished due to the Community Financing Authority. She said there was a South Bay Center bond issue that was two bond issues, where the Financing Authority bought the Redevelopment Agency's bonds, which has changed with the dissolution of the Redevelopment Agency and the Financing Authority Agency bonds maturing. She said with the Redevelopment Agency, the City continues to receive the funding from the Successor Agency, and the funds can be used for capital projects.

Finance Director Ruhland said to get the balance to zero, approximately \$250,000 was taken from the Major Facilities Replacement Fund, which builds up funding for a facility that may need to be replaced in the future.

In response to Commissioner Woodham regarding the CalPERS fund losses and some of the increased payments coming from employees, Finance Director Ruhland said the City writes the check, but PERS has three pieces; the employer cost, the unfunded liability amount, and an employee portion which is based on normal cost. She explained that for years, that portion was paid by the City, as was true for most cities, however, in recent bargaining, the employees either pay some, or all of the employee portion.

In response to Commissioner Woodham regarding the portion of the unfunded payment that is the employee responsibility, Finance Director Ruhland said the unfunded liability and the employer portion are the City's sole responsibility.

In response to Chair Solomon regarding layoffs, early retirements, and consideration of buyouts to reduce future unfunded liabilities and current payroll demands, Finance Director Ruhland said that is not an option currently. City Manager Hoefgen said that has not been offered to employees, however, CalPERS has programs where the City could buy the employees a year or two, or more service credit as an incentive to retire, which is very expensive. He said it cannot be offered to targeted, individual employees, it has to be offered globally.

Finance Director Ruhland said the City is pursuing grant opportunities all the time and noted that the CIP is the biggest user of grants. She said for the operating budget, there are two new grants, one for enhanced response to crimes committed by people experiencing homelessness, which will be used by the Police Department and the City Attorney's office, the other will be used by the Community Development department for various projects.

In response to Commissioner Samples regarding grants in the operating budget, Finance Director Ruhland said a Budget Response Report will be prepared on FEMA and other grant opportunities that are available.

City Manager Hoefgen said there is a Police Foundation that has opted to fund additional items for the Police Department in the interest of policing. He added that the City has State and Federal lobbyists, and noted that the State lobbyist has been very effective in including language in the state park bond that secured the largest grant out of the bond, to buy a portion of the AES site. He noted that most grants are not for ongoing operations.

In response to Chair Solomon regarding when the City will be asked for increased CalPERS contributions based on investment losses, Finance Director Ruhland said the impact of the losses will be seen in fiscal year 2022-23.

In response to Chair Solomon regarding overtime payments being PERSable, Finance Director Ruhland said they are not.

In response to Chair Solomon regarding the departments meeting their target goals, Finance Director Ruhland said non-safety departments were asked to make 15% cuts, safety departments 5%. She said the calculation was made on the FY 2020-21 core budget for Personnel and Maintenance & Operations, and most departments met the level.

Decision Package #2

Finance Director Ruhland read the following comments regarding the Community Services Department Office Building Rent Increase:

Commissioner Samples asked what is being done regarding the \$20,000 per month rent that is paid on the office building that the Community Services Department is in and what is being done to reduce the cost, immediately.

Finance Director Ruhland said they are in agreement that the cost is high, and noted the City is in a contract to pay that amount, however, there is a proposed capital improvement project that will look at relocation options.

City Manager Hoefgen added that the Community Services Department was previously located at the school district property at Knob Hill and PCH, in a rental/lease situation. He said the rent was going to increase significantly and they were not able to come to an agreement with the School District, so it was relocated to its current location. He noted that he believes there are four years left on the lease, however, as staffing and services offered by Community Services change, they are looking at possibly bringing the staff to City Hall, or the Library. He said it is likely that the City would have to buy out the lease.

In response to Commissioner Nguyen regarding if the increases are fixed or CPI type increases, City Manager Hoefgen said he believes they are CPI type increases. Commissioner Nguyen said he would like to see how the rent compares to market to perhaps restructure the lease.

Decision Package #10

Finance Director Ruhland read the following comments regarding the City Attorney's Office Budget Reduction:

Commissioner Samples asked for justification regarding how the City Attorney can instantly reduce their budget \$368,000, for a 3-year average of over \$800,000. What was excessive in prior years and what is going to be neglected this year.

Finance Director Ruhland said there will be a reduction in outside counsel for non-litigation matters, and the only thing to offset this reduction is in Decision Package #35, where there is a recommendation to add back \$175,000 of this cut for powerplant property matters, knowing that City Council is interested in that item and there will be non-litigation matters that would need to be addressed.

City Manager Hoefgen said the City Attorney spoke to the City Council regarding a reduction. He said they were able to come to an agreement with the City Attorney for a reduced amount for the City Prosecution. The City Attorney also spoke about applying the 5% to his department in total, and it being a one-time reduction, rather than an ongoing reduction.

In response to Commissioner Woodham regarding a legal issue that might come up that is unanticipated requiring outside counsel, City Manager Hoefgen said it would be covered under a separate litigation budget and there is also City Attorney staffing. He said what is represented in this cut is specialty attorneys that are called upon for extra outside expertise.

In response to Commissioner Conroy regarding a potential cost savings by contracting the City Attorney, City Manager Hoefgen said the City Attorney being an elected official is reflected in the City's Charter. He said any change would have to be by a vote of the people and that issue has not arisen.

In response to Commissioner Conroy regarding who could call for a study of a contract City Attorney, City Manager Hoefgen said the initial studies or discussions would take place at the City Council level. He said he has an excellent working relationship with the City Attorney and he is very impressed with his skills and ability, and his selection of staff.

Decision Package #11

Finance Director Ruhland read the following comments regarding the Information Technology Equipment Replacement Life Cycle:

Commissioner Samples asked how this would affect the phone system replacement approved last year and the other ongoing supported mission critical PD and FD systems.

Finance Director Ruhland said the replacement life cycle extension for the I.T. equipment pushes off all equipment replacement except for the network equipment. She said that is the one item that the I.T. Director feels cannot be pushed off.

Decision Package #13

Finance Director Ruhland read the following comments regarding the Financial Services Department Budget Reduction:

Commissioner Samples said per multiple conversations, there is a gap in procurement practices and contract management. How will these gaps be filled if the positions are eliminated. What is the ongoing financial risks to the City due to skirted procurement practices.

Finance Director Ruhland said the Administrative Analyst that will be deauthorized in the Finance Department prepares the budget documents and internal service fund allocations, it is not the position that oversees the City's procurements.

Decision Package #14

Finance Director Ruhland read the following comments regarding the Police Department Budget Reduction:

Commissioner Samples said safety departments were asked to find a 5% budget reduction - the reduction from the requested 2020-21 budget is 3.5% and still represents a 1% increase over 2019-20. What justifies this increase and/or waiver from the direction of the 5% decrease.

Finance Director Ruhland said they also have Decision Package #38, with their reorganization which saves additional funds and Decision Package #22, with the budgeting for vacation cash-outs and they are one of the larger cuts seen in that decision package. She said with those three decision packages, they are very close to their 5% decrease.

In response to Chair Solomon regarding promotions which tend to increase payroll and personnel costs, Finance Director Ruhland said those close to retirement age are in the higher classifications, so the lower ranks promote into those positions. She said the cost savings described assumes that will happen with the officer rank becoming vacant, and in that rank, they will hire recruit level police officers at the bottom of the pay scale and under PEPR, which brings lower retirement costs.

Decision Package #15

Finance Director Ruhland read the following comments regarding the Fire Department Budget Reduction:

Commissioner Samples said only firefighter base salary is represented, not included are benefits and training equipment. Please justify how truck staffing of three total personnel meets OSHA and NFPA requirements for safety and appropriate response plans. What is the risk to the public?

Finance Director Ruhland said the firefighter positions include benefits, but not the unfunded liability payment to CalPERS because that payment has to be made whether or not the position is filled. She said it does not take into account equipment because equipment for new firefighters is already excluded from the core budget.

Finance Director Ruhland said she asked the Fire Chief about OSHA and NFPA, and he indicated that OSHA has no minimum staffing standards and NFPA is an advisory, not a regulatory body, so they would not be violating any regulations if the number on the truck was reduced.

Commissioner Samples expressed concern with the Decision Package citing the change in staff could put citizens at risk. He said NFPA has a basic policy of two-in-two-out, where any time a firefighter is in a building, in danger, two

should be outside. He said while this potential change may not violate OSHA rules, or policy or recommendation from NFPA, it is wrong and needs to be considered. He would like City Council to spend more time and ask more questions about this.

Chair Solomon acknowledged Commissioner Sample's concerns and suggested including it in the Budget Response Report to City Council.

In response to Chair Solomon, City Manager Hoefgen said the best scenario would be a discussion with the firefighter's union on whether the City could impose this change. He said taking a unilateral action has not been discussed and noted that it is an involved process. He suggested the Commission include that in their correspondence to City Council.

Decision Package #22

Finance Director Ruhland read the following comments regarding the Reduction in Budgeted Employee Vacation Cashouts:

In response to Commissioner Johnson regarding the vacation cashout for full-time employees, Finance Director Ruhland said the employee MOU's allow for it. She said it is budgeted for the number of hours the MOU says they can cashout; this decision package changes the methodology used, looking at each employee to see if they have historically taken a cashout as opposed to taking the time off, or if they are close to reaching their maximum balance and that gives an indication of whether they are about to cashout. This gives a prediction of the cashout expenditure that will occur and budgets accordingly.

Decision Package #23

Finance Director Ruhland read the following comments regarding the Reduction in the Number of Commission Meetings:

Commissioner Samples said based on the City calendar and responsibilities, Budget & Finance cannot fulfill its role if it is allowed to be bi-monthly. This item should be amended as it is minimal in cost with respect to the total budget.

Finance Director Ruhland said if they are in agreement, they can make that point to City Council.

In response to Chair Solomon regarding having virtual Commission meetings, or public hearings after the crisis has ended in order to save money for the City, City Manager Hoefgen said he has not heard that this would be a permanent change allowed by state law and understands that it is a temporary measure during the statewide emergency. He said there are hard costs associated with monthly meetings, such as costs for the Minutes Secretary, televising and cable-casting the meeting, but also staff time in preparing the reports, the agenda, and attending the meetings. He said he has worked at cities where Commissions did not have department heads, or City staff providing support, they were truly citizen's committees that did their own independent studies and research and it may be an option here. He said staff can only be pulled in so many different directions. He noted that one is a cost savings, and the other is the ability and need for staff to provide support to the different Commissions.

City Manager Hoefgen said Mark Steranka from Moss Adams mentioned looking at the number of Commissions the City has and if there is an overlap or potential for consolidation. Chair Solomon noted that the cost is not greatly reduced in having it in this manner. He said he hopes that during the times of budget review, or mid-year there would be consecutive meetings, due to the abundance of information to process. Finance Director Ruhland said when the meetings were every other month, the Budget & Finance Commission adjusted its schedule to coincide with the City's budget and financial statement calendar, as opposed to strictly every other month.

Chair Solomon noted that there is an ongoing savings of \$36,600, and asked if that includes staff time and associated costs. City Manager Hoefgen said those are hard costs, which include the Minutes Secretary, the control booth, and cable-casting the meeting. He said staff costs would need to be calculated and noted that with the reductions, department heads will be working harder, and covering more than they have in the past. He said if there is a way to reduce the number of Commissions, or the number of meetings, it is an issue of productivity, and staff morale.

In response to Commissioner Conroy regarding the body being able to meet on the other months without staff participation, City Manager Hoefgen said if there is money available for every other month, without a Minutes Secretary and cable-casting, someone on the Commission would have to take minutes.

City Clerk Manzano said she would have to look at the soft costs, and could provide it in a Budget Response Report.

Decision Package #24

Finance Director Ruhland read a comment regarding the Elimination of Special Event Fee Waivers:

Chair Solomon asked if the call for an end for fee waivers includes the use of the North Branch Library for groups like NRBBA and Perry Park for senior groups.

Finance Director Ruhland said the decision package is for fee waived events. She said in the 2019-20 budget, those events were the Superbowl Run, Springfest, Summer Festival, the Holiday Stroll, 4th of July, the Los Angeles Kings Run, Halloween Trick-or-Treat, the holiday boat parade, and the Sea Fair.

Finance Director Ruhland said a Budget Response Report will be prepared regarding the use of City facilities, per City Council request.

City Manager Hoefgen said if this Decision Package is adopted the events will need to be held in a way where it does not involve fee waivers, the City does not lose money, or incur extra costs.

Decision Package #25

Finance Director Ruhland read the following regarding the Internal Audit Services Contract:

Commissioner Johnson is confirming that further Moss Adams studies are on hold at this time.

Commissioner Samples said although the City has experienced great difficulty in implementing some of the recommendations of Moss Adams, this external input is critical to the City of Redondo Beach becoming efficient.

Chair Solomon asked how the \$100,000 savings of Moss Adams would be split among departments to meet the 15%, as the cost is now split between three departments.

Finance Director Ruhland said Moss Adams is still doing work through June 30, looking at the Internal Service Funds policy and the Cal-card policy. She said they were onsite in February and have said they will provide drafts by the end of May. She said the City Clerk would save \$33,500, Financial Services would save \$33,500, and the City Treasurer would save \$33,000 in their budgets, which would be included in the 15% cuts.

Commissioner Conroy asked if the \$100,000 they are charging is being made up with savings and recommendations that are being implemented saving the City money.

Commissioner Conroy also asked if there is an ability to have Moss Adams perform an audit every other year.

Finance Director Ruhland said the recommendation is to eliminate it on an ongoing basis, however, City Council has the option to put it on hold for one year, and have it come back the next year.

Finance Director Ruhland explained that this is an internal controls audit and recalls Mark Steranka, from Moss Adams telling a former Commissioner who was hoping to see savings from Moss Adams' recommendations, that typically, internal controls audits with fully implemented recommendations would increase costs because the segregation of duties would require more staff.

In response to Commissioner Conroy regarding Redondo Beach being the only South Bay city utilizing an outside audit firm, Finance Director Ruhland said the closest city is Culver City and then Santa Monica.

In response to Chair Solomon regarding the outstanding information being a deliverable that must be concluded to fulfill the contract whether it is before June 30 or after, Finance Director Ruhland said they will make sure that the Purchase Order will be carried over to finish the 2019-20 funding. She added that the City pays them for time spent.

Decision Packages #26-#31

Finance Director Ruhland read the following comments:

Chair Solomon asked what the dollar figure impact is to lease revenue from Harbor leases being deferred by percentage of previous fiscal income or dollar amount.

Chair Solomon said Harbor leases have CAM charges and maintenance fee charges, have these been suspended as well as base rent. The Pier Association charges for special events and cleanings to leaseholders; have these charges been suspended or deferred.

Finance Director Ruhland said the Decision Packages are to help with the Harbor Enterprise structural deficits caused by COVID-19. She said City Council has approved Harbor rent deferral for April, May and June rents. She said the total deferrals are \$1.25 Million; when they do pay, they will be paying only base rents, and the CAM charges, maintenance fees and Pier Association dues have been deferred.

City Manager Hoefgen added that the tenants requested that the rents be waived. He said it is a City Council decision, being looked at one month at a time. He said they are being deferred, they still have to pay, and are being handled on a case-by-case basis. He said they will be working to re-open the pier.

In response to Commissioner Chun regarding how they are budgeting for the Harbor revenue, Finance Director Ruhland said if the payments are received within 60-days of fiscal year end, they will be booked to the current fiscal year. She said if the deferred payments are made by the end of August, they could be recorded as FY 2019-20 revenue.

Decision Package #29

Finance Director Ruhland read the following comments from Chair Solomon regarding the reduced staffing of the Harbor Patrol boat:

Will the County cover service on days or nights when the service is dark? Does the County charge for the coverage. How will the loss in Harbor affect ISF charges to the Harbor Enterprise? Will the police boat continue to be fully staffed? Will the police boat handle any emergency calls when the Harbor Patrol is dark?

Finance Director Ruhland deferred the questions to the Fire Chief's Budget Response Report. She said he has been asked by City Council to provide details showing what a 1/3 cut would look like. She said the Budget Response Report should be available soon and she will get the answers in time for the June meeting.

City Manager Hoefgen said he has had some discussions with the County Department of Beaches and Harbors and they are anticipating larger reductions than the City and any idea that they could take over something that the City would hand to them, is doubtful. He said a possibility is not offering the service during a particular season in the year, or a time of day that the service is not offered, or a day-time only service. He said there is also a law enforcement presence on the water, and noted that Harbor Patrol is a safety patrol.

In response to Chair Solomon regarding a correlative reduction to ISF charges in the 2021-22 budget due to personnel moving out of Harbor, Finance Director Ruhland said when ISF charges are calculated they look at the most recently completed fiscal year. She said as staffing levels are reduced, some of the ISF charges are reduced, however, on a percentage basis.

Commissioner Johnson left the meeting at 9:20 p.m.

Budget & Finance Commission adjourned at 9:20 p.m.

Budget & Finance Commission reconvened at 9:25 p.m.

ROLL CALL

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

Decision Package #32

Finance Director Ruhland read the following comment from Commissioner Samples regarding the Fire Department Manual Monitor/Defibrillator Extended Warranty:

The defibrillators were replaced a few months ago, why didn't they include a three-year extended warranty at the time of purchase.

Finance Director Ruhland said most of the equipment was purchased in 2014, some in 2017, this request continues the extended warranty of those purchased in 2014, and adds those that were purchased in 2017.

Decision Package #33

Finance Director Ruhland read the following comment from Commissioner Samples regarding the Fire Department Emergency Medical Services:

Was this not included in the original budget request, and if not, why.

Finance Director Ruhland said this was a Decision Package in 2019-20 and the Fire department requested it to be ongoing funding, but it was recommended to City Council as one-time funding. She said they have requested it again as ongoing funding, and it is being recommended to City Council as one-time funding.

Finance Director Ruhland said a grant from Beach Cities Health District is built into the core budget, however, training and equipment costs have increased beyond the grant amount.

Decision Package #21

In response to Commissioner Johnson's question regarding the One-Year Extension of Vehicle Life, and when was it last done, Finance Director Ruhland said a Decision Package was prepared last year to extend the vehicle lives by 10%, which meant some of the vehicles with longer lives got extended more than one year, while some of the vehicles with shorter lives did not get extended at all. She said this particular version of their life extension extends the vehicles one year regardless of what their estimated life is.

In response to Commissioner Samples regarding whether they are automatically replaced at that time, Finance Director Ruhland said they are not. She said they are usually worn out by that time, but they will look at each one on a case-by-case basis looking at each vehicle and assess if it needs to be replaced.

Finance Director Ruhland read comments Chair Solomon provided:

Are vehicles being replaced on years of service or are they actually run out, in the case of police vehicles this does not appear to represent true cost. What are the additional costs for technology and equipment and is equipment that often lasts beyond the useful life of the vehicle reused? As has been the case with recent vehicle replacement purchases, the vehicle replacement fund is under-funded due to the change from conventional fueling to alternate fuel and leads to a net cost to the General Fund. Where are the forecasts for this shortfall?

Finance Director Ruhland said sometimes equipment is taken out of the of the older vehicle and put into the new vehicle, however, as vehicles are generally replaced at the time they are expected to be, the equipment is, as well.

Finance Director Ruhland said regarding the green vehicles, City Council has requested that whenever possible, the vehicles are replaced with green vehicles. She said as time goes on, more of the replacement costs anticipate the change and reflect the higher value, but for those that have been in the replacement schedule for a longer time, an additional appropriation is requested because not enough was set aside, or it is not feasible to replace it with anything but a gas fuel vehicle.

Decision Package #3

Regarding the Refuse Collection and Recycling Program Rate Adjustment, Chair Solomon noted that Public Works Director Semaan said there was a 7% increase for residential and a 14% increase for commercial and that it gets billed going forward onto the next round of property taxes for residential and commercial building owners. He said Public Works Director Semaan stated the increase gets paid on the property tax bill to the County Assessor, and then transferred back to replenish the Solid Waste Fund, but he does not see where it transfers out of the General Fund and into the Solid Waste Fund to replenish it.

Finance Director Ruhland said it is not done with a transfer, the remittances received from the County are broken down by base property tax, waste hauling, street landscaping & lighting, and placed directly into the appropriate funds.

In response to Chair Solomon regarding overtime related to the Fire department, Finance Director Ruhland said the budgeted overtime is to provide coverage for employees taking vacation, or holiday; if overtime is back-filled for a vacant position, the savings in the regular salary lines will cover the overage in the overtime.

Finance Director Ruhland said in 2020-21 the hours are calculated correctly, in the 2019-20 hours it is shown in the budget document as if a position was for 2080 hours as opposed to 2912, which is a 24-hour shift. She said in 2020-21, the 2912 hours is used for 24-hour shifts, so it is really a correction, rather than an increase.

Commissioner Samples expressed concern with the number of vacant positions and the amount of overtime because if people are working too many days of over-time, or for an extended period of time, there is a risk of IOD injuries which makes the over-time and staffing problems worse.

In response to Chair Solomon regarding parking meter fees going down, but citations being flat, Finance Director Ruhland said during the COVID-19 crisis, they are not ticketing for street-sweeping, and not assessing late fees and penalties. She said as parking meters are installed that accept credit cards, there is an increase in parking meter revenue, and a decrease in parking citations because it is easier to pay the meter, therefore, there are less citations. She said they are doing their best at estimating.

In response to Chair Solomon regarding closing off part of Catalina to allow socially distancing dining and if there has been an impact report to parking revenues in those areas, City Manager Hoefgen said there will be a status report to City Council on Tuesday. He said they have asked the Riviera Village for parameters for a plan that they would like to see, and added that he is having regular conversations with other cities regarding outdoor dining.

In response to Commissioner Samples regarding PD reductions, Finance Director Ruhland said they have recently agreed to MOU's, so salary increases are reflected in the 2020-21 budget. She said there are some one-time appropriations in the 2019-20 budget, some of it grant funding that is built into that number that are not included in the 2020-21 budget, ending with a small increase.

In response to Chair Solomon regarding the Library showing an increase of 3%, Finance Director Ruhland said their CalPERS unfunded liability is significant in a department of their size. She said the medical insurance has increased, and that could be employee changes with family size, or existing employees having changes to their medical insurance.

Commissioner Samples commented on the Budget Response Report that suggests a savings by converting the Fire rescue unit, which would take a fire engine out of service. He said if a Captain and Engineer are moved to a Paramedic unit, it will create a working out of class and a whole series of problems.

City Clerk Manzano read the following eComment:

Lee Kohler said it is quite shocking that the City would consider reducing harbor patrol by 33% leaving times where no one is available to respond to emergencies, such as a boater on the rocks, or a fisherman washed off the breakwater.

Chair Solomon mentioned that the Self-Insurance Fund has a negative balance of just over \$10 million; it has been a dramatic swing for the last 5-6 years, it used to be a positive fund balance and now it is negative \$10 million. Finance Director Ruhland said she could get the details for the next meeting.

Chair Solomon suggested the Commission's input be included as part of a Budget Response Report rather than a letter to City Council.

City Manager Hoefgen encouraged the Commissioners to email questions to Finance Director Ruhland in advance so she can be prepared for the meeting.

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

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

City Manager Hoefgen noted that they did not talk about Capital and asked if it would be helpful to have a presentation on Capital. He asked if there was anything else that they would like covered, so staff can be prepared

next time. Chair Solomon encouraged the Commissioners to email Finance Director Ruhland any questions they may have for the next meeting.

IX. MEMBER ITEMS AND REFERRALS TO STAFF

Chair Solomon said he would like to create a sub-committee to allow a couple members of the Commission to discuss CalPERS and some different theories to manage, review, or attack the ongoing liabilities.

Finance Director Ruhland said a discussion of that can be agendized for the next meeting.

ADJOURNMENT OF BUDGET & FINANCE COMMISSION – 10:15 P.M.

There being no further business to come before the Commission, Commissioner Samples moved, seconded by Commissioner Woodham, to adjourn the meeting at 10:15 p.m., to a Regular Meeting to be held at 6:30 p.m., on June 11, 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, Nguyen, Samples, Woodham, Chair Solomon
NOES: None
ABSENT: Johnson

Respectfully submitted,



Marni Ruhland
Marni Ruhland
Finance Director