

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, Johnson, Nguyen, Samples, Woodham, Chair Solomon
Commissioners Absent: None
Officials Present: Marni Ruhland, Finance Director
Eleanor Manzano, City Clerk
Steven Diels, City Treasurer
Nilesh Mehta, Chief Deputy City Treasurer
Caitlin Antos, Human Resources Analyst

SALUTE TO THE FLAG

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

APPROVAL OF ORDER OF AGENDA

Motion by Chair Solomon, seconded by Commissioner Woodham, to move Item J.2. to the first item of business and approve the Order of Agenda as edited. Motion carried unanimously, with the following roll call vote:

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

BLUE FOLDER ITEMS - NONE

CONSENT CALENDAR

- F.1. APPROVAL OF AFFIDAVIT OF POSTING for the Regular Budget and Finance Commission Meeting of August 13, 2020.**
- F.2. APPROVAL OF THE MINUTES FROM THE REGULAR BUDGET AND FINANCE COMMISSION MEETINGS OF JUNE 11, 2020 AND JULY 9, 2020.**
- F.3. RECEIVE AND FILE THE BUDGET AND FINANCE COMMISSION'S TENTATIVE CALENDAR FOR THE REMAINDER OF 2020.**

Motion by Commissioner Chun, seconded by Commissioner Nguyen, to approve items F.1.-F.3. 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.2. CITY TREASURER’S QUARTER 4 FISCAL YEAR 2019-2020 REPORT

Chief Deputy City Treasurer Mehta presented the following report:

- Treasurer’s Portfolio Summary
- Investment Reporting Guidelines
- Investment Report by FTN Main Street
 - Portfolio Summary
 - Investment Policy Compliance
 - Investment Activity Report
 - Economic and Market Update
- Investment Reporting Objectives/Guidelines
- Policy Compliance
- Quarterly Performance
- Fiscal Impact
- Book Return & Total Return
- Month-End Portfolio Book Yield
- Maturity Distribution
- Sector Allocation
- Historical Book Value
- Cash Flow Analysis
- Trading Activity
- Objectives – Safety, Liquidity, Yield

Commissioner Chun noted that it is likely that portfolio yields and the portfolio will be lower in the next 6-12 months.

Chair Solomon noted that there is a reduction in sales tax from gasoline sales.

Commissioner Chun said when 40% of the maturities are very short, the reinvestments are made at a lower rate, which causes lower yields as the portfolios mature and reinvest.

Motion by Commissioner Chun, seconded by Commissioner Woodham, to receive and file the City Treasurer’s Quarter 4 Fiscal Year 2019-2020 report. Motion carried unanimously, with the following roll call vote:

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

J.1. CONSIDERATION OF SALARY ADJUSTMENTS FOR MAYOR, CITY COUNCIL AND CITY ATTORNEY IN ADVANCE OF MARCH 2021 ELECTION

Caitlin Antos, Human Resources Analyst, presented the following report:

- City Attorney monthly base salary - \$22,872.
- City Council salary - \$927.31 per month.
- Mayor and City Council receive deferred compensation – 12% of base salary and Management & Confidential group benefits.
- Staff does not recommend adjusting salaries for the Mayor, City Council, or City Attorney due to the ongoing COVID-19 state of emergency and the City's subsequent structural budget deficit.
- City Councilmembers' salaries may be revisited in two years.
- Mayor and City Attorney salaries may be revisited in four years, prior to the nomination period for the subsequent term.

In response to Commissioner Woodham regarding the deferred compensation, Ms. Antos replied that the salaries for elected officials are based on the Government Code, with a specific dollar value assigned based on population. She said deferred compensation is used to help provide additional compensation without affecting the base salary rate.

In response to Chair Solomon regarding peer review of cities of similar size, Charter city, population, revenues, to compare salaries, Ms. Antos replied that salary surveys are not required by ordinance and because increases are not being recommended, a salary survey was not completed.

In response to Commissioner Conroy regarding Councilmembers being exempt, or non-exempt, Ms. Antos said she would need to verify.

City Clerk Manzano said they are exempt.

Commissioner Conroy expressed concern with the salary of the City Attorney and asked if pay cuts could be part of the discussion.

Ms. Antos replied that salary reductions were not recommended for any other positions as part of the fiscal year budget, therefore, the recommendation is being treated similarly to other positions.

In response to Chair Solomon regarding reducing the City Attorney or other elected officials' salaries, Commissioner Conroy said as there are more expenses than revenue, everything needs to be considered.

In response to Chair Solomon regarding reducing the salary of an elected official, City Clerk Manzano said that is done by ordinance.

In response to Commissioner Chun regarding car and cell phone allowances, Ms. Antos said they are identified by a contract, considered a form of benefits for the elected officials.

Chair Solomon noted that if the Commission wanted to suggest a peer review of the City Attorney's salary, this is the time for it to be recommended.

Commissioner Conroy said his concern is that through a peer review, if a surrounding city were paying the same or slightly more, some people would feel the need to increase the salary, which is not currently the recommendation of the City Attorney, or City Council.

Commissioner Woodham noted that peer review data should be available going forward.

In response to Commissioner Conroy regarding the last time a peer review was completed, Ms. Antos was not certain if it was presented four years ago when the City Attorney's salary was considered last.

Ms. Antos said any recommendation made to City Council would need to be done prior to the City Council meeting of October 6, 2020.

Commissioner Conroy recommended a peer review be conducted of the City Attorney's salary.

Chair Solomon supported seeing if the City is in line in comparison to other cities.

Commissioner Conroy said he recommends that it is a comprehensive analysis, including base pay, as well as benefits, including pension contributions.

Finance Director Ruhland said the item would need to be continued and addressed at the next meeting, with the comparison.

Chair Solomon said he is in favor of continuing the item to get the additional information which would help in making an informed decision and recommendation.

Commissioner Woodham said he is in agreement to defer the item for another month.

Chair Solomon continued the item for further discussion with additional information to the September meeting.

Motion carried, with the following roll call vote:

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

NOES: Johnson

ABSENT: None

J.3. DISCUSSION AND POSSIBLE ACTION REGARDING THE IMPLEMENTATION OF INTERNAL CONTROL MEASURES

Finance Director Ruhland gave a report regarding internal control measures which are planned for completion this fiscal year:

- Preparation of an ordinance for City Council's consideration to establish the Financial Services Department in the Municipal Code to define its powers and duties as inclusive of tactical financial operations
- Online training for all cashiers and their supervisors
- Grant management policy training
- Purchasing card program policy
- Internal Service Fund/overhead allocations policies
- Purchasing card program training
- Internal Service Fund/overhead allocations training

In response to Chair Solomon regarding the development of the Fraud, Waste & Abuse program training, Finance Director Ruhland said that item will be deferred. She said the program they proposed included abuses being reported to a third-party who would report to Moss Adams; Moss Adams would then contact the City with only issues that needed to be addressed.

Chair Solomon noted that other items that were considered priorities on the Moss Adams report were the adjustments to the City Clerk's responsibilities, the City Treasurer's responsibilities, and the Payroll and Human Resources responsibilities, which would require Municipal Code amendments.

Finance Director Ruhland said the first step is being taken to add the Financial Services Department to the Municipal Code through an ordinance adopted by City Council.

Motion by Commissioner Johnson, seconded by Commissioner Chun, 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

J.4. DISCUSSION AND POSSIBLE ACTION REGARDING CALPERS AND WORKERS' COMPENSATION SUBCOMMITTEE REPORT

Chair Solomon reported that the subcommittee received information from staff regarding the CalPERS pre-payment option and said that a document will be created analyzing the current, past and future obligations.

Chair Solomon said they will analyze the number of Tier I and Tier II employees, the rationale being that Tier II employees will bend the CalPERS obligation curve faster.

Chair Solomon added that they will prepare a list of ways to generate or increase revenue for the City.

Motion by Commissioner Johnson, seconded by Commissioner Chun, to receive the verbal report on the possible action regarding the CalPERS and Workers' Compensation subcommittee. Motion carried unanimously with the following roll call vote:

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

J.5. DISCUSSION AND POSSIBLE ACTION REGARDING COMMISSIONER EXPERIENCE BIOGRAPHIES

Each Commissioner presented a brief history of his experience and education as it relates to the Budget & Finance Commission.

IX. MEMBER ITEMS AND REFERRALS TO STAFF - NONE

ADJOURNMENT OF BUDGET & FINANCE COMMISSION – 8:34 P.M.

There being no further business to come before the Commission, Commissioner Chun moved, seconded by Commissioner Woodham, to adjourn the meeting at 8:34 p.m., to a Regular Meeting to be held at 6:30 p.m., on September 10, 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,

A handwritten signature in cursive script, reading "Marni Ruhland", is written above a horizontal line.

Marni Ruhland
Finance Director