

**CITY OF REDONDO BEACH  
BUDGET & FINANCE COMMISSION AGENDA  
Thursday, October 8, 2020**

**THIS VIRTUAL MEETING IS HELD PURSUANT TO EXECUTIVE ORDER N-29-20 ISSUED BY  
GOVERNOR NEWSOM ON MARCH 17, 2020.**

**REGULAR MEETING OF THE BUDGET AND FINANCE COMMISSION - 6:30  
PM**

**ALL COMMISSION MEMBERS ARE PARTICIPATING BY VIRTUAL  
MEETING. MEMBERS OF THE PUBLIC MAY ONLY PARTICIPATE BY  
ZOOM, EMAIL OR eCOMMENT.**

Budget and Finance Commission meetings are broadcast live through Spectrum Cable, Channel 8, and Frontier Communications, Channel 41. Live streams and indexed archives of meetings are available via internet. Visit the City's office website at [www.Redondo.org/rbtv](http://www.Redondo.org/rbtv).

TO WATCH MEETING LIVE ON CITY'S WEBSITE:

<https://redondo.legistar.com/Calendar.aspx>

\*Click "In Progress" hyperlink under Video section of meeting

TO WATCH MEETING LIVE ON YOUTUBE:

<https://www.youtube.com/c/CityofRedondoBeachIT>

TO JOIN ZOOM MEETING (FOR PUBLIC COMMENT ONLY):

Register in advance for this meeting:

[https://us02web.zoom.us/webinar/register/WN\\_orDeKsMjQEuV4k\\_Z8ZM6qw](https://us02web.zoom.us/webinar/register/WN_orDeKsMjQEuV4k_Z8ZM6qw)

After registering, you will receive a confirmation email containing information about joining the meeting.

If you are participating by phone, be sure to provide your phone # when registering. You will be provided a Toll Free number and a Meeting ID to access the meeting. Note; press # to bypass Participant ID. Attendees will be muted until the public participation period is opened. When you are called on to speak, press \*6 to unmute your line. Note, comments from the public are limited to 3 minutes per speaker.

eCOMMENT: COMMENTS MAY BE ENTERED DIRECTLY ON WEBSITE AGENDA PAGE:

- 1) Public comments can be entered before and during the meeting.
- 2) Select a SPECIFIC AGENDA ITEM to enter your comment;
- 3) Public will be prompted to Sign-Up to create a free personal account (one-time) and then comments may be added to each Agenda item of interest.
- 4) Public comments entered into eComment (up to 2200 characters; equal to approximately 3 minutes of oral comments) will become part of the official meeting record. Comments may be read out loud during the meeting.

EMAIL: TO PARTICIPATE BY WRITTEN COMMUNICATION WITH ATTACHED  
DOCUMENTS BEFORE 3PM DAY OF MEETING:

Written materials that include attachments pertaining to matters listed on the posted agenda

received after the agenda has been published will be added as supplemental materials under the relevant agenda item. FinanceMail@Redondo.org

## **REGULAR MEETING OF THE BUDGET AND FINANCE COMMISSION - 6:30 PM**

- A. CALL MEETING TO ORDER/ADMINISTER OATH OF OFFICE FOR NEW AND REAPPOINTED COMMISSIONERS**
- B. ROLL CALL**
- C. SALUTE TO THE FLAG**
- D. APPROVE ORDER OF AGENDA**
- E. BLUE FOLDER ITEMS - ADDITIONAL BACK UP MATERIALS**

*Blue folder items are additional back up material to administrative reports and/or public comments received after the printing and distribution of the agenda packet for receive and file.*

- E.1. [For Blue Folder Documents Approved at the Budget and Finance Commission Meeting](#)**

### **F. CONSENT CALENDAR**

*Business items, except those formally noticed for public hearing, or discussion are assigned to the Consent Calendar. The Commission Members may request that any Consent Calendar item(s) be removed, discussed, and acted upon separately. Items removed from the Consent Calendar will be taken up under the "Excluded Consent Calendar" section below. Those items remaining on the Consent Calendar will be approved in one motion following Oral Communications.*

- F.1. [APPROVAL OF AFFIDAVIT OF POSTING FOR THE REGULAR BUDGET AND FINANCE COMMISSION MEETING OF OCTOBER 8, 2020.](#)**

**CONTACT:** MARNI RUHLAND, FINANCE DIRECTOR

- F.2. [APPROVAL OF THE MINUTES FROM THE REGULAR BUDGET AND FINANCE COMMISSION MEETING OF SEPTEMBER 10, 2020.](#)**

**CONTACT:** MARNI RUHLAND, FINANCE DIRECTOR

- F.3. [RECEIVE AND FILE THE BUDGET AND FINANCE COMMISSION'S TENTATIVE CALENDAR FOR 2020/2021](#)**

**CONTACT:** MARNI RUHLAND, FINANCE DIRECTOR

### **G. EXCLUDED CONSENT CALENDAR ITEMS**

### **H. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

*This section is intended to provide members of the public with the opportunity to comment on any subject that does not appear on this agenda for action. This section is limited to 30 minutes. Each speaker will be afforded three minutes to address the Commission. Each speaker will be permitted to speak only once. Written requests, if any, will be considered first under this section.*

- H.1. [For eComments and Emails Received from the Public](#)**

### **I. ITEMS CONTINUED FROM PREVIOUS AGENDAS**

**J. ITEMS FOR DISCUSSION PRIOR TO ACTION**

**J.1. [INTRODUCTION OF NEW COMMISSIONER](#)**

**CONTACT:** MARNI RUHLAND, FINANCE DIRECTOR

**J.2. [ELECTION OF NEW OFFICERS \(CHAIR AND VICE-CHAIR\)](#)**

**CONTACT:** MARNI RUHLAND, FINANCE DIRECTOR

**J.3. [DISCUSSION AND POSSIBLE ACTION REGARDING AN OVERVIEW OF THE SELF-INSURANCE PROGRAM FUND](#)**

**CONTACT:** MARNI RUHLAND, FINANCE DIRECTOR

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

**CONTACT:** MARNI RUHLAND, FINANCE DIRECTOR

**K. MEMBER ITEMS AND REFERRALS TO STAFF**

**L. ADJOURNMENT**

*The next meeting of the Redondo Beach Budget and Finance Commission will be a regular meeting to be held at 6:30 p.m. on November 12, 2020, in the Redondo Beach Council Chambers, at 415 Diamond Street, Redondo Beach, California via teleconference.*

*It is the intention of the City of Redondo Beach to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting you will need special assistance beyond what is normally provided, the City will attempt to accommodate you in every reasonable manner. Please contact the City Clerk's Office at (310) 318-0656 at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.*

*An agenda packet is available 24 hours at [www.redondo.org](http://www.redondo.org) under the City Clerk.*



# Administrative Report

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E.1., File # BF20-1525

Meeting Date: 10/8/2020

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**TITLE**

*For Blue Folder Documents Approved at the Budget and Finance Commission Meeting*



# Administrative Report

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F.1., File # BF20-1518

Meeting Date: 10/8/2020

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**TITLE**

APPROVAL OF AFFIDAVIT OF POSTING FOR THE REGULAR BUDGET AND FINANCE  
COMMISSION MEETING OF OCTOBER 8, 2020.

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**Financial Services**

415 Diamond Street, P.O. Box 270  
 Redondo Beach, California 90277-0270  
[www.redondo.org](http://www.redondo.org)

tel 310 372-1171  
 fax 310 937-6666

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STATE OF CALIFORNIA            )  
 COUNTY OF LOS ANGELES        )       SS  
 CITY OF REDONDO BEACH        )

**AFFIDAVIT OF POSTING**

In compliance with the Brown Act, the following materials have been posted at the locations indicated below.

Legislative Body	Budget and Finance Commission
Posting Type	Regular Meeting Agenda
Posting Locations	415 Diamond Street, Redondo Beach, CA 90277 ✓ City Hall Bulletin Board, Door "4"
Meeting Date & Time	October 8, 2020   6:30 p.m.

As the Finance Director and Liaison of the Budget and Finance Commission of the City of Redondo Beach, I declare, under penalty of perjury, the document noted above was posted at the date displayed below.

*Marni Ruhland, Finance Director  
 Budget and Finance Commission*

Date: October 5, 2020



# Administrative Report

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F.2., File # BF20-1519

Meeting Date: 10/8/2020

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**TITLE**

APPROVAL OF THE MINUTES FROM THE REGULAR BUDGET AND FINANCE COMMISSION  
MEETING OF SEPTEMBER 10, 2020.

## **OPENING SESSION**

Via teleconference, a Regular Meeting of the Redondo Beach Budget and Finance Commission was called to order by Chair Solomon at 6:31 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

## **SALUTE TO THE FLAG**

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

## **APPROVAL OF ORDER OF AGENDA**

Finance Director Ruhland said that Item F.3., the Salary Adjustments should have been in Section I, Items Continued from Previous Agendas.

Motion by Chair Solomon, seconded by Commissioner Woodham, to move Item F.3. to Item I.1. 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**

Motion by Chair Solomon, seconded by Commissioner Woodham, to receive and file the Blue Folder materials. 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 Regular Budget and Finance Commission Meeting of September 10, 2020.
- F.2. APPROVAL OF THE MINUTES FROM THE REGULAR BUDGET AND FINANCE COMMISSION MEETING OF AUGUST 13, 2020.**
- F.3. CONSIDERATION OF SALARY ADJUSTMENTS FOR MAYOR, CITY COUNCIL AND CITY ATTORNEY IN ADVANCE OF MARCH 2021 ELECTION.**
- F.4. RECEIVE AND FILE THE BUDGET AND FINANCE COMMISSION'S TENTATIVE CALENDAR FOR THE REMAINDER OF 2020.**

Motion by Commissioner Conroy, seconded by Commissioner Chun, to approve items F.1., F.2., and F.4. 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)**

**F.3. CONSIDERATION OF SALARY ADJUSTMENTS FOR MAYOR, CITY COUNCIL AND CITY ATTORNEY IN ADVANCE OF MARCH 2021 ELECTION.**

Finance Director Ruhland said neither Diane Strickfaden, nor Caitlin Antos, was available to attend the meeting, however, the salary survey that the Commission requested is included in the Administrative Report.

Chair Solomon noted that the Commission requested peer review for other cities similarly situated with elected city attorneys, and appointed city attorneys. He noted that the Blue Folder item included a representation of additional cities.

Chair Solomon commented that during a time of challenging budgetary constraints the City Attorney's compensation seems to be outside the norm. He noted that cities that have larger populations and budgets, such as Long Beach and San Francisco are compensating their city attorneys less than Redondo Beach.

Commissioner Conroy suggested a proposal is made to the current City Attorney to take a voluntary 10% pay cut in light of the dire financial straits that the City is currently in. He also proposed amending the ordinance for the next election of the City Attorney to include a 10% pay cut.

Commissioner Samples noted that the staff recommendation is to not move forward with a raise at this time. He said he did not believe the current City Attorney could take a voluntary reduction in salary and make it binding on the new incumbent. He said he would go with no raise at this time and the proposal that whoever the sitting City Attorney is in March consider taking a voluntary pay cut in order to help with the budget problems.

Chair Solomon noted that now is the time to make a recommendation to change the salary.

In response to Commissioner Woodham regarding salary, regular pay, and other pay, City Clerk Manzano said cell phone and car reimbursements, and vacation cash-out are considered other pay.

Finance Director Ruhland added that longevity-pay and professional reimbursement is included in other pay.

Commissioner Woodham said the pay looks high, however, he is uneasy recommending a 10% reduction in pay when he does not understand what makes up the other pieces.

Commissioner Johnson asked for a recommendation on what the Commission is being asked to do. Finance Director Ruhland clarified City Council will make the decision, the Commission would be providing their comments on the item.

Chair Solomon said they could accept staff's recommendation and forward it to City Council, or they could make their own recommendation.

Commissioner Conroy said his recommendation to City Council would be a 10% reduction of the annual total wages for the City Attorney.

In response to Commissioner Johnson regarding whether the City Manager, Assistant City Manager and other employees with high levels of compensation have taken pay cuts, Finance Director Ruhland said they have not taken pay cuts for a number of years.

Commissioner Chun clarified that the salary and compensation would be available up front and whoever was interested in running for the position would be aware of it. He agreed with the recommendation to leave it as is, or a 10% pay cut, to be forwarded to City Council for their decision.

Motion by Commissioner Conroy, seconded by Commissioner Chun, to forward a recommendation to City Council considering a 10% reduction for the first year, remaining flat for years 2-4, per an amendment to the ordinance affecting the next elected City Attorney, and to keep the salaries of the Mayor and City Council flat. Motion carried, with the following roll call vote:

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

#### **ITEMS FOR DISCUSSION PRIOR TO ACTION (NEW BUSINESS)**

##### **J.1. DISCUSSION AND POSSIBLE ACTION REGARDING CORONAVIRUS RELIEF FUNDS PROVIDED IN THE FEDERAL CARES ACT**

Finance Director Ruhland said the City is receiving \$827,000 and reported the following:

- First reporting period is for March 2020–June 2020
- Eligible expenditures of \$525,000
  - Unemployment benefits - approximately \$200,000
  - Public Health Expenses - approximately \$180,000
  - City Council approved using \$70,000 for business assistance grants to reimburse small businesses in Riviera Village and the Artesia/Aviation commercial corridor for COVID related expenditures.

Additionally, Finance Director Ruhland said quarterly reports will be made to the State, consisting of grants and expenditures through calendar year 2020.

Finance Director Ruhland said the City has received some smaller grants to assist with Personal Protective Equipment and COVID-19 testing costs.

In response to Chair Solomon regarding the allocation of the CARES Act fund, Finance Director Ruhland said City Council adopted a budget modification for the CARES Act grant.

In response to Commissioner Chun regarding allocation of the funds to the small businesses, Finance Director Ruhland said City Council set the parameters. She said Riviera Village funds will go to the Business Improvement District and they will allocate it to individual businesses; for the Artesia/Aviation corridor, it is first come, first served, with requirements that must be met.

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

## **J.2. DISCUSSION AND POSSIBLE ACTION REGARDING CALPERS AND WORKERS' COMPENSATION SUBCOMMITTEE REPORT**

Chair Solomon said that he went back to the 2018 CalPERS presentation made by a CalPERS representative, with a focus on the report, getting updated information, a methodology for the possibility of prepaids or early buyouts, and exploring PEPRAs versus classic employees.

Commissioner Conroy noted that there was information provided indicating there would be a curve in 2029, and asked if there is information that indicates that is still expected.

Finance Director Ruhland said she could reach out to CalPERS to see if they could make a presentation again.

In response to Chair Solomon regarding prepaids, or early buyouts, Finance Director Ruhland said that analysis was not done. She noted that Santa Monica did such an analysis.

## **IX. MEMBER ITEMS AND REFERRALS TO STAFF**

Commissioner Samples stated he would like an update of revenues and expenditures as compared to what they anticipated when the budget was approved in June. Finance Director Ruhland said that is on the schedule for discussion at the November meeting.

Chair Solomon and the Commissioners thanked Commissioner Chun for his service and input during the Commission meetings, acknowledging that this was his last meeting as a Commissioner.

## **ADJOURNMENT OF BUDGET & FINANCE COMMISSION – 8:03 P.M.**

There being no further business to come before the Commission, Commissioner Chun moved, seconded by Commissioner Johnson, to adjourn the meeting at 8:03 p.m., to a Regular Meeting to be held at 6:30 p.m., on October 8, 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,

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Marni Ruhland  
Finance Director



# Administrative Report

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F.3., File # BF20-1500

Meeting Date: 10/8/2020

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**To: BUDGET AND FINANCE COMMISSION**  
**From: MARNI RUHLAND, FINANCE DIRECTOR**

## **TITLE**

RECEIVE AND FILE THE BUDGET AND FINANCE COMMISSION'S TENTATIVE CALENDAR FOR 2020/2021

## **EXECUTIVE SUMMARY**

Attached is a tentative 2020/2021 calendar through March 2021 for the Budget and Finance Commission that lists the major topics to be discussed each month.

## **BACKGROUND**

With the FY 2020-21 City Council direction for the Budget and Finance Commission to meet monthly, staff has prepared the attached tentative 2020/2021 calendar through March 2021. The major topics to be discussed each month include the outstanding referrals to staff made by both the City Council and the Commission.

A few updates have been made to the calendar as follows:

- The months of January through March 2021 have been added.
- The discussion regarding fee waivers has been delayed due to lack of current information that has resulted from the COVID-related closures
- A presentation by a CalPERS Stakeholder Relations representative has been added to the topics for December.
- The discussion regarding the Self-Insurance Program Fund has been divided into smaller components. The November presentation regarding the City's liability and workers' compensation actuarials will be made by the individual who prepared the studies.
- The release of the Revenue Manual has been delayed due to the Financial Services Department's decreased staffing (the FY 2020-21 budget's deauthorization of two positions) and increased workload (CARES Act related items).

## **COORDINATION**

To keep the Commission abreast of the outstanding referral items, this calendar is now included on all Budget and Finance Commission agendas with updates as needed.

## **FISCAL IMPACT**

None.

**ATTACHMENTS**

Tentative 2020/2021 Calendar



# Administrative Report

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F.3., File # BF20-1500

Meeting Date: 10/8/2020

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**To: BUDGET AND FINANCE COMMISSION**  
**From: MARNI RUHLAND, FINANCE DIRECTOR**

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## **COORDINATION**

To keep the Commission abreast of the outstanding referral items, this calendar is now included on all Budget and Finance Commission agendas with updates as needed.

## **FISCAL IMPACT**

None.

**ATTACHMENTS**

Tentative 2020/2021 Calendar

## Budget and Finance Commission

### Tentative 2020/2021 Calendar

Meeting Date	Major Topics
October 8, 2020	Oath of Office for Appointed Commissioners Election of New Officers (Chair and Vice-Chair) Self-Insurance Program Fund (Part 1 - Introduction) Subcommittee Report
November 12, 2020	Self-Insurance Program Fund (Part 2 - Actuarials) City Treasurer's Quarterly Report Quarterly Budget Update Budget Carryovers from FY 2019-20 to FY 2020-21 General Fund Balance Constraints Internal Controls Update Subcommittee Report
December 10, 2020	CalPERS Stakeholder Relations Presentation FY 2019-20 Comprehensive Annual Financial Report (CAFR) Self-Insurance Program Fund (Part 3 - Historical Fund Balances) Subcommittee Report
January 14, 2021	Fee Waivers Revenue Manual Subcommittee Report
February 11, 2021	City Treasurer's Quarterly Report Midyear Budget Update Vehicle Lifecycle Policies Internal Controls Update Subcommittee Report
March 11, 2021	FY 2021-22 Budget Input OpenGov FAQs Subcommittee Report



# Administrative Report

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H.1., **File #** BF20-1526

**Meeting Date:** 10/8/2020

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**TITLE**

*For eComments and Emails Received from the Public*



# Administrative Report

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J.1., File # BF20-1521

Meeting Date: 10/8/2020

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**TITLE**

INTRODUCTION OF NEW COMMISSIONER



# Administrative Report

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J.2., File # BF20-1520

Meeting Date: 10/8/2020

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**TITLE**

ELECTION OF NEW OFFICERS (CHAIR AND VICE-CHAIR)



# Administrative Report

J.3., File # BF20-1508

Meeting Date: 10/8/2020

**To: BUDGET AND FINANCE COMMISSION**  
**From: MARNI RUHLAND, FINANCE DIRECTOR**

## **TITLE**

DISCUSSION AND POSSIBLE ACTION REGARDING AN OVERVIEW OF THE SELF-INSURANCE PROGRAM FUND

## **EXECUTIVE SUMMARY**

The Self-Insurance Program Fund is one of the City's internal service funds. It was established in FY 2000-01 and accounts for the cost of providing liability and property, workers' compensation and unemployment insurances and all legal, medical and professional service expenses associated with the processing of claims made against the City in these areas. Below is an overview of the revenues and expenditures reflected in the fund.

## **BACKGROUND**

The revenue in the Self-Insurance Program Fund is almost exclusively from charges to operating departments for their share of insurance costs. As described in the attached Administrative Policy/Procedures (APP), there is a separate allocation basis for the premiums and claims of each insurance type. These are summarized below.

- Liability and property insurance premiums are charged to the operating departments based on the insurance costs for the structure occupied by the department/division. In the case of shared structures, the department's/division's occupied square footage is used to determine its percentage of the structure.
- The basis for charging departments for liability and property claims is a five-year average of claims outstanding (paid, as well as reserved for future payments) for the structure occupied or the activity performed as provided by the City's third-party administrator. The general liability claims (e.g., employment issues, tax issues, procedural items) are charged to the City Hall departments with square footage occupied determining the percentage of the claims.
- Workers' compensation premiums are charged based on employee earnings as reported annually to the City's risk pool administrator to be used in calculating premiums for the coming year.

- As with liability and property claims, the basis for charging workers' compensation claims is a five-year average of claims outstanding (paid, as well as reserved for future payments) for each department's/division's specific employees.
- Unemployment insurance costs are charged at a flat rate per full-time employee. This is done as a personnel cost, rather than an internal service fund allocation.

These allocation bases are not the charges themselves. They only determine the department's/division's percentages of the total costs.

The only other revenue source for the Self-Insurance Program Fund is claims settlements. These are recorded in the fund when received.

The expenditures of the fund include personnel costs of the Human Resources Department's Risk Management staff, contracts and professional services (almost exclusively for third-party claims administration), insurance premiums, costs for claims paid (including legal, medical and settlements) and the change year-over-year of actuarially calculated estimated outstanding losses (claims payable), and Risk Management internal service fund/overhead allocations. These are the costs charged to the user departments with the claims paid and claims payable averaged over the previous five fiscal years to help minimize large fluctuations. They are described in more detail below.

- Risk Management staff has historically been identified as 90% of the Risk Manager and 70% of the Human Resources Technician, although the FY 2020-21 adopted budget included the deauthorization of the Risk Manager position. The personnel costs for these positions include base salary, fringe benefits, FICA and Medicare taxes, and CalPERS payments.
- Liability and property and workers' compensation premiums are paid to the City's insurance carriers and risk pool.
- Claims paid represent the actual checks written by the City for claims settled during the fiscal year regardless of the date of loss/injury and all outside attorney fees used to fight/settle these cases and all associated workers' compensation medical costs.
- The estimates of the outstanding liability and workers' compensation losses are prepared by an actuary contracted by the City for this express purpose. The estimates are for both claims filed and those not yet filed. In accordance with GASB Statement No. 10, the change in these estimates year-over-year are recorded as expenditures in the Self-Insurance Program Fund. These expenditures can account for up to a 50% level of the total expenditures of the fund.
- Because the Risk Management Division is a user of internal services such as

information technology, building maintenance, payroll and accounts payable, the Self-Insurance Program Fund has internal service fund/overhead expenses.

**COORDINATION**

The Risk Management Division of the Human Resources Department is responsible for the Self-Insurance Program Fund.

**FISCAL IMPACT**

In the FY 2020-21 adopted budget, Self-Insurance Program Fund estimated revenues of \$7,937,950 exceed its appropriations of \$6,591,840.

**ATTACHMENTS**

Internal Service Fund/Overhead Allocations Administrative Policy/Procedures



# Administrative Report

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J.3., File # BF20-1508

Meeting Date: 10/8/2020

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**To: BUDGET AND FINANCE COMMISSION**  
**From: MARNI RUHLAND, FINANCE DIRECTOR**

## **TITLE**

DISCUSSION AND POSSIBLE ACTION REGARDING AN OVERVIEW OF THE SELF-INSURANCE PROGRAM FUND

## **EXECUTIVE SUMMARY**

The Self-Insurance Program Fund is one of the City's internal service funds. It was established in FY 2000-01 and accounts for the cost of providing liability and property, workers' compensation and unemployment insurances and all legal, medical and professional service expenses associated with the processing of claims made against the City in these areas. Below is an overview of the revenues and expenditures reflected in the fund.

## **BACKGROUND**

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- Liability and property and workers' compensation premiums are paid to the City's insurance carriers and risk pool.
- Claims paid represent the actual checks written by the City for claims settled during the fiscal year regardless of the date of loss/injury and all outside attorney fees used to fight/settle these cases and all associated workers' compensation medical costs.
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**ATTACHMENTS**

Internal Service Fund/Overhead Allocations Administrative Policy/Procedures

CITY OF REDONDO BEACH		ADMINISTRATIVE POLICY/PROCEDURES (APP)
Number: 3.18		Subject: Internal Service Fund/Overhead Allocations
Original Issue: 2/17/10	Effective: 2/17/10	
Previous Issue: 5/28/13	Effective: 2/20/18	Category: Finance, Accounting and Payroll
Supersedes: Not Applicable		

## I. PURPOSE AND SCOPE

To establish policy and procedures for allocating internal service fund and overhead charges.

## II. GENERAL

- A. Internal service fund/overhead allocations are charges to user departments for services provided by other departments of the City.
- B. The City of Redondo Beach uses internal service fund allocations (including overhead) to determine the true cost of departmental operations.
- C. The City of Redondo Beach follows Section 8 of its Statements of Financial Principles in allocating internal service funds and overhead.
  1. Transfers to the General Fund from other funds for overhead costs shall be reviewed annually and shall conform to OMB (Office of Management & Budget) A-87 guidelines.
  2. All City funds, including eligible grant funds, shall share the administrative costs borne by the General Fund.
  3. Internal service funds and central service departments shall retain the costs of using services provided by other City departments.
  4. Allocations among funds and departments shall be based on prior fiscal year-end actual expenses and distributed using fair and justifiable statistics.
- D. The City of Redondo Beach currently has the following internal service funds:
  1. Self-Insurance Program Fund
    - a. Liability and Property Insurance
    - b. Workers' Compensation

2. Vehicle Replacement Fund
    - a. Vehicle Maintenance
    - b. Vehicle Replacement
  3. Building Occupancy Fund
  4. Information Technology Fund
    - a. Information Technology
    - b. Information Technology Replacement
  5. Emergency Communications Fund
    - a. Emergency Communications
    - b. Emergency Communications Equipment Replacement
  6. Major Facilities Repair Fund
  7. City Facility Sewer Fee
- E. Overhead is charged to departments receiving services from the following support departments/divisions.
1. Mayor and City Council
  2. City Clerk
  3. City Treasurer
  4. City Attorney
  5. City Manager
  6. Human Resources
  7. Financial Services
  8. Police Administration
  9. Fire Administration
  10. Community Services Administration
  11. Public Works Administration

### **III. PROCEDURES**

## **A. Self-Insurance Program Fund**

The Risk Management Division of the Human Resources Department shall be responsible for the Self-Insurance Program Fund, which accounts for the cost of providing liability and property, workers' compensation and unemployment insurances. While unemployment insurance is accounted for as a personnel cost, rather than an internal service fund allocation, allocations for liability and property insurance and workers' compensation insurance are in two separate categories. Each category is charged to departments at a rate that fully recuperates the annual cost of the insurance reflected in the Self-Insurance Program Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below. Allocated costs also include Risk Management's personnel costs, contracts and professional services, and internal service fund/overhead allocations, which directly support the insurance function.

### **1. Liability and Property Insurance**

#### **a. Expenses included in this category are:**

- 1) Liability and property insurance annual premium expenses
- 2) Liability and property insurance claims based on a five-year average (avoids spikes in allocations)

#### **b. Statistics used to determine the allocation amount to user departments/divisions are:**

- 1) Current value of the structure occupied
- 2) Claims paid for the structure occupied or activity performed
- 3) Square footage of the structure occupied

### **2. Workers' Compensation**

#### **a. Expenses included in this category are:**

- 1) Workers' compensation insurance annual premium expenses
- 2) Workers' compensation claims based on a five-year average (avoids spikes in allocations)

#### **b. Statistics used to determine the allocation amount to user departments/divisions are:**

- 1) Full-time and part-time salaries
- 2) Claims paid for each department's specific employees

## **B. Vehicle Replacement Fund**

The Fleet Services Division of the Public Works Department shall be responsible for the Vehicle Replacement Fund, which accounts for the cost of maintaining and replacing vehicles. Allocations are in two separate categories, vehicle maintenance and vehicle replacement. Each category is charged to departments at a rate that fully recuperates the annual cost of operating and replacing City vehicles reflected in the Vehicle Replacement Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Vehicle Maintenance
  - a. Fleet Services' expenses included in this category are:
    - 1) Personnel
    - 2) Maintenance and operations (including fuel and parts)
    - 3) Internal service fund/overhead allocations which directly support the vehicle maintenance function
  - b. Statistics used to determine the allocation amount to user departments/divisions are:
    - 1) Historical vehicle maintenance hours
    - 2) Actual fuel consumption
2. Vehicle Replacement
  - a. Each year, the Fleet Services Division sets aside specific amounts to fund the replacement of vehicles. The methodology used to determine the appropriate amount to be set aside is the original vehicle cost (with a future replacement inflation factor of 3% compounded annually) amortized over the vehicle's useful life.
  - b. The specific vehicle(s) utilized by each user department is/are used to determine the allocation amount.

**C. Building Occupancy Fund**

The Building Maintenance Division of the Public Works Department shall be responsible for the Building Occupancy Fund, which accounts for the cost of maintaining and improving City buildings. Allocations are charged to departments at a rate that fully recuperates the annual building maintenance and improvement costs. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Building Maintenance's expenses included in the fund are:
  - a. Personnel
    - 1) Custodial personnel (excluded from allocations to facilities which do not utilize custodial services provided by the Building Maintenance Division)
    - 2) Maintenance personnel
  - b. Maintenance and operations (including utilities)
  - c. Internal service fund/overhead allocations
  - d. Capital outlay
2. Statistics used to determine the allocation amount to user departments/divisions are:
  - a. Square footage occupied
  - b. Usage of utilities
  - c. Usage of contracts
  - d. Usage of materials and supplies

**D. Information Technology Fund**

The Information Technology Department shall be responsible for the Information Technology Fund, which accounts for the cost of maintaining and replacing City computer, telecommunications, and duplicating equipment and providing duplicating services. Allocations are in two separate categories. Each category is charged to departments at a rate that fully recuperates the annual maintenance and replacement costs reflected in the Information Technology Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Information Technology
  - a. Information Technology expenses included in this category are:
    - 1) Personnel

- 2) Maintenance and operations (including PC and laptop leases and telephone utility costs)
- 3) Internal service fund/overhead allocations which directly support the information technology function
- b. Statistics used to determine the allocation amount to each user department/division are:
  - 1) Number of computers and computer-related equipment
  - 2) Number of telephones and telecom-related items
2. Information Technology Replacement
  - a. Each year, the Information Technology Department sets aside specific amounts to fund the replacement of equipment. The methodology used to determine the appropriate amount to be set aside is the original equipment cost (with a future replacement inflation factor of 3% compounded annually) amortized over the equipment's useful life.
  - b. Statistics used to determine the allocation amount to user departments/divisions are:
    - 1) Replacement cost for equipment that can be specifically identified to a department (e.g., plotters and large scanners)
    - 2) Number of computers, computer-related equipment, telephones, and telecom-related items is used to allocate equipment that cannot be identified directly to a department (e.g., servers and the telephone switch)

#### **E. Emergency Communications Fund**

The Support Services Bureau Captain of the Police Department shall be responsible for the Emergency Communications Fund, which accounts for the cost of providing emergency dispatch services for the Police and Fire Departments and replacement of communications equipment for the Police, Fire and Public Works Departments. Allocations are in two separate categories, emergency communications and emergency communications equipment replacement. Each category is charged at a rate that fully recuperates the annual cost of providing emergency dispatch services and replacing the communications equipment reflected in the Emergency Communications Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Emergency Communications
  - a. Emergency Communications Unit expenses included in the fund are:

- 1) Personnel
- 2) Maintenance and operations
- 3) Internal service fund/overhead allocations which directly support the emergency communications function
- b. Statistics used to determine the allocation amounts to both Police and Fire Departments are:
  - 1) Number of Police and Fire emergency calls from the public
  - 2) Time length of Police and Fire emergency calls from the public
  - 3) Required dispatch staffing
2. Emergency Communications Equipment Replacement
  - a. Each year the Communications Unit sets aside specific amounts to fund the replacement of equipment. The methodology used to determine the appropriate amount to be set aside is the original equipment cost (with a future replacement inflation factor of 3% compounded annually) amortized over the equipment's useful life.
  - b. Equipment assigned to the Police, Fire and Public Works departments (with the dispatch equipment assigned to the Police Department) is used to determine the allocation amount

**F. Major Facilities Repair Fund**

The Building Maintenance Division of the Public Works Department shall be responsible for the Major Facilities Repair Fund, which accounts for the cost of making major repairs to City facilities. This fund is charged to departments at a rate that fully recuperates the annual cost of facility repairs charged to the Major Facilities Repair Fund. The calculated annual dollar amount of the fund and the statistics used to allocate these expenses are detailed below.

1. Each year, the Building Maintenance Division sets aside a specific amount to fund major repairs. The methodology used to determine the appropriate amount to be set aside is two percent of one year's depreciation (over a 45-year life) of the insured value of City facilities.
2. Square footage occupied by each user department

**G. City Facility Sewer Fee**

The Engineering Division of the Public Works Department shall be responsible for the City Facility Sewer Fee, which accounts for the cost of providing wastewater collection and conveyance services to City facility sewer connections. This fee is charged to departments for use of the City's sewer infrastructure. The calculated annual dollar amount of the fee and the statistics used to determine this expense are detailed below.

1. The institutional sewer rate is used to calculate the amount of sewer charges.
2. Statistics used to determine the allocation amount to departments/divisions residing in City facilities are:
  - a. Annual water usage for departments/divisions that are single occupants of a facility (e.g., Police Department and Fire Department)
  - b. Square footage occupied for departments/divisions sharing a facility
  - c. Number of budgeted full-time employees for departments/divisions sharing a facility

#### **H. Overhead**

1. Per the City's Statements of Financial Principles, all support departments' operating expenses which conform to OMB A-87 guidelines are included in the allocation.
2. Charts of the allocated services rendered by each support department and the allocation bases for these activities allocated follow.
  - a. City Clerk

<b>Service</b>	<b>Allocation Methodology</b>
Departmental assistance	Number of budgeted full-time employees
Records management	Number of budgeted full-time employees

- b. City Treasurer

<b>Service</b>	<b>Allocation Methodology</b>
Departmental auditing	Number of budgeted full-time employees
Tax administration	Percentage of total General Fund actual expenditures

c. City Manager

<b>Service</b>	<b>Allocation Methodology</b>
Budgeting	Number of budget account numbers
Economic development	Percentage of total non-housing Redevelopment Agency expenditures
City sponsored events	Number of budgeted full-time employees
Human resources	Hours of support to the Human Resources Department
General City support	1/2: Number of budgeted full-time employees 1/2: Percentage of total actual expenditures
Oversight Board	Percentage of total non-housing Redevelopment Agency expenditures

d. Human Resources

<b>Service</b>	<b>Allocation Methodology</b>
Employee support	Number of budgeted full-time employees

e. Financial Services

Service	Allocation Methodology
Accounts payable	Number of accounts payable transactions
Accounts receivable	Number of accounts receivable transactions
Purchasing	Number of purchase orders
Cashiering	Number of cash receipts
Budgeting	Number of budget account numbers
Fixed assets	Number of budgeted full-time employees
CAFR preparation	Number of budget account numbers
General ledger administration	Number of budget account numbers
Bank reconciliation	Number of bank accounts
Grants administration	Time spent on departmental grants
Payroll	Number of budgeted full-time employees
MUNIS support	Number of budgeted full-time employees

f. Police Administration

Service	Allocation Methodology
Division support	1/2: Number of budgeted full-time employees 1/2: Percentage of total actual expenditures

g. Fire Administration

Service	Allocation Methodology
Division support	1/2: Number of budgeted full-time employees 1/2: Percentage of total actual expenditures

h. Community Services Administration

Service	Allocation Methodology
Division support	Hours of support

i. Public Works Administration

Service	Allocation Methodology
Division support	1/2: Number of budgeted full-time employees 1/2: Percentage of total actual expenditures

3. Although not charged to departments (in accordance with OMB A-87 guidelines), when calculating user fees, the full cost of the items in Number 4 below is allocated to the fees.
4. A chart of the additional services rendered by each support department which are included only in the full cost allocation plan follows.

Department	Service
Mayor and City Council	Departmental assistance
City Clerk	Agenda and minute preparation
City Clerk	Board and commission support
City Clerk	Fair Political Practices Commission coordination

Department	Service
City Clerk	Legal notice coordination
City Attorney	In-house legal support
City Attorney	Outside legal support
City Manager	Agenda preparation
City Treasurer	Investment administration

#### IV. EXCEPTIONS

There will be no exceptions to this policy unless provided and approved by the City Manager.

#### V. AUTHORITY

By authority of the City Manager.

  
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 Joe Hoefgen  
 City Manager



# Administrative Report

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J.4., File # BF20-1503

Meeting Date: 10/8/2020

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**To: BUDGET AND FINANCE COMMISSION**  
**From: MARNI RUHLAND, FINANCE DIRECTOR**

## **TITLE**

DISCUSSION AND POSSIBLE ACTION REGARDING CALPERS AND WORKERS' COMPENSATION SUBCOMMITTEE REPORT

## **EXECUTIVE SUMMARY**

A verbal report from the subcommittee created to address the City's CalPERS liabilities and workers' compensation costs will be provided at this evening's Commission meeting.

## **BACKGROUND**

At its July 9, 2020 meeting, the Budget and Finance Commission created a subcommittee to address the City's CalPERS liabilities and workers' compensation costs. When forming the subcommittee, the Commission agreed to monthly update reports. A verbal report from the subcommittee will be provided at this evening's meeting.

## **COORDINATION**

The members of the Budget and Finance Commission appointed to the subcommittee are Commissioner Solomon, Commissioner Conroy, and Commissioner Woodham.

## **FISCAL IMPACT**

None.