



Administrative Report

L.1., File # 26-0588

Meeting Date: 6/9/2026

To: MAYOR AND CITY COUNCIL
From: STEPHANIE MEYER, FINANCE DIRECTOR

TITLE

CONTINUED PUBLIC HEARING TO CONSIDER THE FISCAL YEAR 2026-27 PROPOSED BUDGET AND 2027-31 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

PROCEDURES:

- a. Reconvene the Public Hearing;
- b. Take testimony;
- c. Receive and file Budget Response Reports; and,
- d. Continue the Public Hearing to June 16, 2026.

EXECUTIVE SUMMARY

On May 14, 2026, City staff published the FY 2026-27 Proposed Budget and the 2027-2031 Five-Year Capital Improvement Program. On May 19, 2026, the City Manager introduced the proposed Budget, provided Council the opportunity to request additional Budget Response Reports (BRRs), and identified June 2, 2026 as the date of the first Public Hearing to discuss the Budget. On June 2, 2026, the City Council focused on the proposed operating budget, received reports from Department Heads, asked questions of staff, took public comment, and continued the Public Hearing to June 9, 2026. The June 9 discussion is scheduled to focus on the City's 2027-2031 Capital Improvement Program (CIP).

BACKGROUND

The Proposed Budget establishes the resources to support the City's work program for the following fiscal year. The Budget is designed to be consistent with the City Council's Strategic Plan and adopted financial principles. The Budget emphasizes core services that are essential to the City's mission.

The City Manager's Budget Message describes the Budget development process, the projected financial outlook for the coming fiscal year, and summarizes the Budget's proposed revenues and expenditures. It also presents recommended Decision Packages - additions or reductions to the base budget that are not contractually obligated or the result of annual personnel allocation updates - and details their financial impact.

The Financial Summaries section provides an overview of all City funds, including estimated beginning and ending fund balance, with proposed changes, and a detailed schedule of interfund transfers. The Revenue and Expenditure summaries provide further details for each of these

sections, including multi-year views.

The Department Sections of the Budget identify each Department’s mission, staffing level, annual expenses, core services, and future year goals.

The proposed General Fund Budget is summarized in the table below:

FY 2026-27 General Fund Summary	
Estimated Beginning Fund Balance	\$1,385,358
Operating Budget	
Proposed Revenues and Transfers In	125,358,157
Proposed Expenditures and Transfers Out	(127,929,960)
	(2,571,803)
Decision Packages (net)	
Ongoing	2,162,633
One-time	(421,300)
	1,741,333
Structural Operating Budget Excess/(Deficit)	(830,470)
Additional Payments & Sources of Funds	
Vacancies	2,941,535
Unfunded Accrued Liability	(3,496,423)
Additional Payments Excess/(Deficit)	(554,888)
Est Year-End General Fund Balance with Recommendations	\$ 0

Consistent with past practice, the second budget hearing in June focuses on the City’s CIP, which identifies the capital investment recommended over the next five-year period to meet the City’s policy goals and ensure good stewardship of the community’s existing infrastructure. The CIP identifies the projects, their estimated costs, and the financing methods proposed to implement the City’s capital investment goals, in addition to the maintenance of new and existing infrastructure.

The Proposed CIP identifies a plan to fund existing projects and, with new projects, addresses health and safety issues, legislative mandates, and Mayor and City Council strategic priorities. The City leverages available grant and restricted funding to the greatest extent possible to maximize resources in support of capital projects. Although the CIP uses a five-year planning period, only the first year of that period is appropriated in the annual budget adoption process.

The proposed FY 2026-27 CIP proposes \$130.3 million of new appropriations (of which \$92.9 million is associated with Measure FP for new Police Department and Fire Department facilities) split between 32 previously approved projects and 10 new projects. The Proposed CIP also includes \$69.1 million of carryover funding for 79 previously approved projects. Together, this brings the total FY 2026-27 CIP list to 89 projects, with an overall budget of approximately \$199.4M.

The FY 2026-27 project breakout is as follows:

Type	Carryover Funding	FY 2027 New Appropriations	Total
Drainage Improvements	5,366,632	3,285,500	8,652,132
General Improvements	1,081,947	270,000	1,351,947
Park Improvements	2,597,586	1,155,000	3,752,586
Public Facility Improvements*	11,945,438	102,297,934	114,243,372
Sewer Improvements	3,831,050	3,585,000	7,416,050
Street Improvements	32,283,638	16,510,029	48,793,667
Waterfront Improvements	12,043,247	3,200,000	15,243,247
Total	\$69,149,538	\$130,303,463	\$199,453,001

* FY 2027 New Appropriations total Includes Measure FP spending

Presentation of the CIP this year moved to a software based digital book that more closely resembles the way the operating budget is presented. While generally the format change is considered a big improvement, staff continues to add context, timelines and forecasting to the project sheets in response to feedback from the Mayor and Council. An exhibit containing samples of the revised project sheets are attached, with the aim of engendering further discussion to improve project understanding and expectations for the coming year and project lifetime. Staff intends to publish a revised CIP book following adoption of the FY 2026-27 budget that reflects the finalized and fully updated project sheets.

In addition to the staff proposed CIP model, City Council often seeks additional capital project information by requesting Budget Response Reports (BRRs). These offer detailed information on significant operational and capital budget issues that are of interest to the City Council that the proposed budget documents do not specifically address.

This report includes a table of contents listing the BRRs requested to date and their status of preparation. There are 49 total BRRs, of which 18 were presented on June 2, 2026, with an additional 22 included with this report. Staff will submit the remaining BRRs either as Blue Folder items/ supplemental material on June 9, or as part of the final scheduled budget hearing on June 16. The published Budget Response Reports are available for review at www.redondo.org/budget <<http://www.redondo.org/budget>>.

Adoption of the Budget by City Council is anticipated at the last scheduled public hearing on June 16, 2026, where the Council will also consider proposed adjustments to the City’s Master Fee Schedule and the FY 2026-27 Appropriations Limit (GANN Limit), presented as separate items under Public Hearing and Consent calendars, respectively.

COORDINATION

All City Departments participated in the development of the FY 2026-27 City Manager’s Proposed Budget and Five-Year CIP. Multiple City Commissions provided input during the preparation of the proposed Budget. The Budget and Finance Commission reviewed the budget document initially at a special meeting on May 26, 2026, and is scheduled for a second review on June 11, 2026, to prepare recommendations for the City Council. The Planning Commission reviewed and approved the Five-

Year Capital Improvement Program for General Plan conformity on May 21, 2026. This and other Commission feedback will be included as Budget Response Report #47.

FISCAL IMPACT

The Proposed FY 2026-27 Budget is balanced as proposed and has been developed to guide all City operations. The FY 2027-2031 CIP is a planning document, with only the first year of the five-year plan appropriated as part of the FY 2026-27 Budget.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Project Sheet Revision Samples
- FY 2026-27 Budget Response Reports: Table of Contents and Reports for June 9, 2026