



# Administrative Report

H.14., File # 25-0848

Meeting Date: 6/17/2025

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

## **TITLE**

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2506-041, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPROVING AND ADOPTING THE ANNUAL APPROPRIATIONS LIMIT FOR FISCAL YEAR 2025-2026

## **EXECUTIVE SUMMARY**

As required by the California Constitution, the City has calculated an annual appropriations limit for the coming fiscal year. The City's appropriations limit for FY 2025-26 has been computed at \$184,462,010 and is well above the proposed budget amount.

## **BACKGROUND**

Article XIII B of the California Constitution states that "the total annual appropriations subject to limitation of the State and of each local government shall not exceed the appropriations limit of the entity of government for the prior year adjusted for the change in the cost of living and the change in population" (California Constitution Article XIII B Section 1). Compliance requires that the City compute an annual appropriations limit setting the maximum amount of appropriations that can be made from tax receipts. The City must return tax revenue exceeding this limit to residents, or obtain majority voter approval to retain the revenue. The City last exceeded the limit in 1983; in that instance, the City received voter approval to spend the excess revenue.

The annual appropriations limit is based on the prior year's limitation and an annual adjustment defined in Article XIII B and for which the state provides data. The annual adjustment is the change in the California per capita personal income combined with the greater of the change in population in the jurisdiction or the jurisdiction's county. The FY 2025-26 calculation uses the County's population factor as it exceeds the City's population growth factor for the past year. Using these two factors, the FY 2025-26 appropriations limit is \$184,462,010. The calculation is included in Exhibit A to the attached Resolution.

The appropriations subject to limitation for the FY 2025-26 Proposed Budget, calculated in accordance with Article XIII B, is approximately \$86.3 million, approximately \$98.2 million below the appropriations limit.

## **COORDINATION**

The City Attorney's Office approved the Resolution as to form.

**FISCAL IMPACT**

The costs to calculate and prepare the appropriations limit document are included within the Finance Department's operating budget and are part of the regular annual work plan. Failure to adopt an appropriations limit would result in the State withholding gas taxes. Estimated FY 2025-26 gas tax revenues are approximately \$3.8 million.

**APPROVED BY:**

*Mike Witzansky, City Manager*

**ATTACHMENTS**

- Reso - No. CC-2506-041 Adopting the Annual Appropriations Limit for Fiscal Year 2025-2026
- Exhibit A: FY 2025-26 Appropriations Limit Calculation