



# Administrative Report

L.2., File # 25-0761

Meeting Date: 6/17/2025

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

## **TITLE**

CONTINUED PUBLIC HEARING TO CONSIDER THE FISCAL YEAR 2025-26 PROPOSED BUDGET, 2025-2030 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM, AND ASSOCIATED BUDGET RESPONSE REPORTS

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2506-042, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, ADOPTING AN ANNUAL BUDGET FOR FISCAL YEAR 2025-26

- a. Reconvene the Public Hearing, take testimony;
- b. Close the Public Hearing;
- c. Receive and file Budget Response Reports; and
- d. Adopt by title only Resolution No. CC-2506-042, incorporating the adjustments identified in BRR 1 & 1(A) and the final City Council motion.

## **EXECUTIVE SUMMARY**

On May 16, 2025, City staff published the FY 2025-26 Proposed Budget and the 2025-2030 Five-Year Capital Improvement Program (CIP). On May 20, 2025, the proposed Budget was introduced by the City Manager, the Council was provided the opportunity to request additional Budget Response Reports (BRRs), and June 3, 2025 was set as the date for the first Public Hearing to discuss the Budget. On June 3, 2025, 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 10, 2025. The June 10<sup>th</sup> discussion focused on the City's 2025-2030 Capital Improvement Program. The June 17<sup>th</sup> Hearing is focused on the City Council's consideration of Budget Adoption.

The City Charter requires City Council to adopt the annual budget by June 30, 2025. A resolution for City Council adoption of the FY 2025-26 Budget, which includes the annual appropriations for operations and capital projects, proposed by the City Manager, is attached for City Council consideration.

Staff also recommends that the City Council approve Budget Response Reports #1 and 1(A) as part of the final budget motion to incorporate identified corrections to the proposed budget document.

## **BACKGROUND**

The Proposed FY 2025-26 Budget is balanced in accordance with the City Council's adopted Financial Principles. If Council adopts the Budget with all of the recommended Decision Packages, the General Fund's unallocated balance would be \$42,906.

During the FY 2025-26 budget process, staff submitted 59 Budget Response Reports for City Council consideration. These reports provide detailed information on prospective projects or policy changes the Council may wish to consider during the budget adoption process. Additionally, Budget Response Reports #01 and #01A provide the City Council with corrections and adjustments to the Proposed Budget for inclusion in the Adopted Budget.

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 Budget includes a section of Fund Summaries that highlights the status of key fund balances and presents more detailed summaries (mini-financials) to describe important fund and business unit activities.

The Department Sections of the Budget identify each Department's mission, staffing level, annual maintenance and operations expenses, core services, key projects and assignments, and customer service work measures.

The CIP identifies the capital investment recommended 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, while supporting the maintenance of new and existing infrastructure.

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

<b>FY 2025-26 General Fund Summary</b>	
<b>Estimated Beginning Fund Balance</b>	<b>\$2,612,555</b>
<b>Core Operating Budget</b>	
Proposed Core Revenues and Transfers In	123,450,395
Proposed Core Expenditures and Transfers Out	(123,449,820)
<b>Core Operating Budget Excess/(Deficit)</b>	<b>\$575</b>
<b>Additional Payments &amp; Sources of Funds</b>	
Unfunded Accrued Liability (UAL) Payment	(4,263,037)
Use of the CalPERS Pension Reserve Fund	3,500,000
Up-front Measure FP Costs (estimated)	(422,800)
Use of Future Bond Proceeds / Interest	422,800
Increased Contribution to the Economic Contingency Reserve	(423,014)
<b>Additional Payments Excess/(Deficit)</b>	<b>(\$1,186,051)</b>
<b>General Fund Balance before Decision Packages</b>	<b>\$1,427,079</b>
<b>Recommended Decision Packages - Ongoing</b>	
Recommended Revenues	1,169,128
Recommended Expenditures	(830,806)
<b>Ongoing Decision Packages Excess/(Deficit)</b>	<b>338,322</b>
<b>Recommended Decision Packages - One-Time</b>	
Recommended Revenues	45,000
Recommended Expenditures	(1,767,495)
<b>One-Time Decision Packages Excess/(Deficit)</b>	<b>(1,722,495)</b>
<b>Total FY 2025-26 Proposed Decision Packages Excess/(Deficit)</b>	<b>(\$1,384,173)</b>
<b>Total Estimated Year-End General Fund Balance after Recommendations</b>	<b>\$42,906</b>

Any final changes to the Proposed Budget should be identified in the adopted budget motion. Following approval of the budget motion, staff will update the attached budget Resolution to reflect the changes made by the City Council and send all final documents to the Mayor for signature to formally adopt the City's FY 2025-26 Budget.

### **COORDINATION**

All City Departments participated in the preparation of the FY 2025-26 City Manager's Proposed Budget and Five-Year Capital Improvement Program. The Planning Commission reviewed and confirmed the Proposed CIP for General Plan Consistency on June 2, 2025. The Budget and Finance Commission reviewed the Budget on June 12, 2025. General commission input on the Budget is included in BRR #2. Input from the Budget and Finance Commission's June 12<sup>th</sup> meeting, will be included as a Blue Folder item for the June 17, 2025 City Council agenda via Budget Response Report #2A.

### **FISCAL IMPACT**

The adopted Fiscal Year 2025-26 Budget will create the financial guideline for all City operations.

The Five-Year CIP is a planning document. Only funding for the capital projects identified in the first year of the CIP will be appropriated as part of the FY 2025-26 Budget.

**APPROVED BY:**

*Mike Witzansky, City Manager*

**ATTACHMENTS**

- Resolution-Budget Adoption Resolution
  - Table - Summary of Estimated Revenues, Appropriations, and Fund Balance Changes With City Manager Recommendations
- FY 2025-26 Budget Response Reports - June 17, 2025