



Administrative Report

H.8., File # 26-0591

Meeting Date: 6/16/2026

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

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2606-042, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPROVING AND ADOPTING THE ANNUAL APPROPRIATIONS LIMIT FOR FISCAL YEAR 2026-27

EXECUTIVE SUMMARY

As required by Article XIII B of the California Constitution, the City has calculated its annual appropriations limit for FY 2026-27, which is \$193,399,287. The proposed appropriations for the upcoming year are below the appropriations limit ensuring the City's compliance with constitutional requirements.

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 the City to compute an annual appropriations limit, which sets the maximum amount of appropriations that may be funded from tax receipts. Any return tax revenue collected in excess of this limit must be returned to residents, unless the City obtains majority voter approval to retain the excess 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 limit and an annual adjustment defined in Article XIII B, and for which the State provides data. The annual adjustment reflects the change in California per capita personal income combined with the greater of the population change in the City or in the County. The FY 2026-27 calculation uses the County's population factor as it exceeds the City's population growth factor for the past year. Based on these factors, the FY 2026-27 appropriations limit is \$193,399,287. The detailed calculation is included in as an attachment to this report.

The amount of appropriations subject to limitation included in the FY 2026-27 Proposed Budget, calculated in accordance with Article XIII B, is approximately \$91.3 million, which is approximately \$102 million below the City's 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 annual work plan. Failure to adopt an appropriations limit would result in the State withholding gas taxes. Estimated FY 2026-27 gas tax revenues are approximately \$4.0 million.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Reso - No. CC-2606-042 Adopting the Annual Appropriations Limit for Fiscal Year 2026-27
- FY 2026-27 Appropriations Limit Calculation