



Administrative Report

L.2., File # 25-0760

Meeting Date: 6/10/2025

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

TITLE

CONTINUED PUBLIC HEARING TO CONSIDER THE FISCAL YEAR 2025-26 PROPOSED BUDGET AND 2025-30 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 17, 2025.

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 City Manager introduced the proposed Budget, provided Council the opportunity to request additional Budget Response Reports (BRRs), and identified June 3, 2025 as the date of 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 discussion is scheduled to focus on the City's 2025-2030 Capital Improvement Program.

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

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 proposed General Fund Budget is summarized in the table below:

FY 2025-26 General Fund Summary	
Estimated Beginning Fund Balance	\$2,612,555
Core Operating Budget	
Proposed Core Revenues and Transfers In	123,450,395
Proposed Core Expenditures and Transfers Out	(123,449,820)
Core Operating Budget Excess/(Deficit)	\$575
Additional Payments & Sources of Funds	
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)
Additional Payments Excess/(Deficit)	(\$1,186,051)
General Fund Balance before Decision Packages	\$1,427,079
Recommended Decision Packages - Ongoing	
Recommended Revenues	1,169,128
Recommended Expenditures	(830,806)
Ongoing Decision Packages Excess/(Deficit)	338,322
Recommended Decision Packages - One-Time	
Recommended Revenues	45,000
Recommended Expenditures	(1,767,495)
One-Time Decision Packages Excess/(Deficit)	(1,722,495)
Total FY 2025-26 Proposed Decision Packages Excess/(Deficit)	(\$1,384,173)
Total Estimated Year-End General Fund Balance after Recommendations	\$42,906

Consistent with past practice, the second budget hearing in June focuses on the City's Capital Improvement Program. The CIP identifies the capital investment recommended to meet the City's policy goals and to 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 City leverages available grant and restricted funding to the greatest extent possible to maximize resources in support of capital projects. The proposed Capital Improvement Program Budget for FY 2025-26 accomplishes this goal, as \$23.5 million of the proposed \$29.7 million in new project funding comes from grant sources. The Proposed CIP funds existing projects and, with new projects,

addresses health and safety issues, legislative mandates, and Mayor and City Council strategic priorities.

The first year of the proposed 2025-30 CIP includes \$64.2 million in carryover funding and \$29.7 million in net new appropriations, for a total proposed FY 2025-26 Capital Improvement Program Budget of roughly \$94 million, supporting 104 projects.

The FY 2025-26 project breakout is as follows:

Project Type	Carryover Funding	New Appropriat FY 25-26	Total
Sewer Projects	\$ 3.934	\$218 (908.417)	3.03
Drainage Projects	\$ 5.665	\$859 679.500	6.33
Street Projects	\$ 26.519	\$679 23.428.761	49.94
Waterfront Projects	\$ 14.214	\$236 (418.101)	13.80
Park Projects	\$ 3.795	\$792 538.428	4.33
Public Facility Projects	\$ 7.400	\$217 6.548.097	13.94
General Improvement Projects	\$ 2.738	\$227 (168.004)	2.56
TOTAL	\$ 64.268	\$29.702	\$93.970

BRRs offer detailed information on significant budget issues that are of interest to the City Council that the proposed budget document does not specifically address.

This report includes a table of contents listing the BRRs requested to date and their status of preparation. There are 59 total BRRs, of which 30 were presented on June 3, 2025, with an additional 24 submitted with this report. The remaining five BRRs will be submitted via blue folder on June 10th or as part of the final Hearing on June 17th. The Budget Response Reports are available for review at www.redondo.org/budget <<http://www.redondo.org/budget>>.

The Budget is expected to be adopted by the City Council at the last scheduled Hearing on June 17, 2025, where the Council will also consider proposed adjustments to the City's Master Fee Schedule and the FY 2025-26 Appropriations Limit (GANN Limit).

COORDINATION

All City Departments participated in the development of the FY 2025-26 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 is scheduled to review the Budget on June 12, 2025 and provide feedback to the City Council. Additionally, the Planning Commission reviewed the Five-Year Capital Improvement Program for General Plan conformity on June 2, 2025. Formal feedback provided on the Budget by the Commissions will be submitted to the City Council as part of Budget Response Report #2.

FISCAL IMPACT

The Proposed FY 2025-26 Budget is balanced as proposed and has been developed to guide all City operations. The FY 2025-2030 CIP is a planning document, with only the first year of the five-year

plan appropriated as part of the FY 2025-26 Budget.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- FY 2025-26 Budget Response Reports: Table of Contents and Reports for June 10, 2025