

December 7, 2025

Honorable Mayor Light and Members of the City Council  
City of Redondo Beach  
415 Diamond Street  
Redondo Beach, California 90277

**Subject: Budget Recommendation for City of Redondo Beach from Budget & Finance Commission**

Dear Mayor Light and City Council Members:

The Budget and Finance Commission respectfully recommends that the City's Finance Department 1) provide **quarterly budget updates directly to the City Council**, in addition to the Commission, and that the City 2) adopt a **formal reserves policy**.

The Commission's goal is to promote fiscal transparency, strengthen accountability, and ensure that both the Council and the public have timely and accurate insight into the City's financial position. While the Commission provides oversight and recommendations, as a volunteer advisory body our authority is limited, making direct and regular engagement between the Finance Department and the Council essential.

**1) Quarterly Budget Updates**

During the FY 2025–26 budget cycle, the City faced a significant shortfall requiring approximately \$4 million in reserves to achieve balance. This underscores the need for earlier identification of fiscal challenges and proactive monitoring, which is standard practice in the industry.

The Commission recommends that quarterly updates to the Council include:

- **Comparison of budgeted versus actual revenues and expenditures.**
  - **Capital Improvement Plan Fund** update
  - **General Fund** update
  - **Enterprise Fund** update
- **Expenditures** for each department compared to budgeted.
- **Program Modifications** for each department, including savings.
- **Capital Improvement Plan fund** update.
- **Trend analysis** to identify emerging concerns or opportunities.
- **Updated year-end projections** reflecting current trends and adjustments.
- **Preliminary forecasts for the next fiscal year** to support long-term planning.
- **Use of standardized, City-approved presentation templates with consistent formatting**, including uniform units.
- **Delivery of objective, data-driven information** with clear explanations.

These updates will ensure the Council remains fully informed throughout the year and can make timely, well-informed policy decisions.

**2) Formal Reserves Policy**

The Commission also recommends adopting a formal reserves policy to guide reserve levels, usage, and replenishment. Last year, the Commission recommended increasing reserves to 20%,

aligned with GFOA guidance and typical municipal targets—but reserves were reduced from 16% to 12%. A clearly defined policy would support consistent decision-making and long-term fiscal stability.

A formal reserves policy should include:

- **Defined reserve targets** setting minimum and optimal levels.
- **Conditions for using reserves**, specifying when drawdowns are justified.
- **Replenishment requirements and timelines.**
- **Consideration of revenue and expenditure volatility.**
- **Assessment of exposure to economic downturns** and other risks.
- **Guidelines for one-time or extraordinary outlays**, including capital projects and emergencies.
- **Alignment with municipal best practices**, including GFOA (Government Finance Officers Association) recommendations.

Implementing quarterly financial updates alongside a formal reserves policy will enhance transparency, accountability, and public trust in the City's fiscal management, benefiting both the Council and the community.

Thank you for your consideration and your ongoing commitment to the Redondo Beach community.

Sincerely,



Jasmine Allen, Chair  
on the behalf of and approved by  
The Budget & Finance Commission

Attachments:

1. Reserve Letter from November 2024



Budget & Finance  
Commission Reserve