

# Midyear Financial Report

FY 2025–26 Midyear Review



Financial Services Department

March 17, 2026

# Overview

- Fund Balance Summary
- Recommended Revenue & Expenditure Adjustments
- Decision Packages
- Capital Project Status Update
- FY 2026–27 Cost Savings/ Considerations
- Commission Input
- Recommendations

## Estimated Ending Fund Balance Before Adjustments

Estimated Beginning Fund Balance		\$3,151,678
	Set Aside for Adopted Budget	1,258,968
Adopted Budget	Revenues & Transfers In	129,095,178
	Expenditures & Transfers Out	(130,279,026)
Modifications (Net)		(73,150)
Estimated Ending Fund Balance		\$3,153,648

# Revenue

## General Fund FY 2025-26 Revenue (\$ in millions)

Category	FY 25-26 Adopted Budget	FY 25-26 with Amendments & Transfers	FY 25-26 with Midyear Revisions	Delta Midyear
Taxes	85.2	84.7	84.7	(0.6)
Licenses & Permits	3.0	3.0	3.0	-
Fines & Forfeitures	1.7	1.7	1.7	-
Intergovernmental	0.2	0.2	0.2	-
Use of Money/ Property	3.3	3.2	3.2	(0.1)
Charges for Service	26.5	30.6	30.6	3.5
Other Revenues	2.8	3.4	3.4	0.6
<b>Total</b>	<b>\$122.7</b>	<b>\$126.7</b>	<b>\$126.7</b>	<b>\$3.4</b>
Transfers In	6.4	6.4	6.4	-
<b>Total with Transfers</b>	<b>\$129.1</b>	<b>\$133.1</b>	<b>\$133.1</b>	<b>\$3.4</b>

# Expenditure

## General Fund FY 2025–26 Expenditure (\$ in millions)

Category	FY 25–26 Adopted Budget	FY 25–26 with Amendments & Transfers	FY 25–26 with Midyear Revisions	Delta Midyear
Personnel	49.8	49.7	49.7	(0.001)
Fringe Benefits	22.0	22.0	22.0	–
Materials and Supplies	2.8	2.8	2.8	–
Maintenance & Operations	0.8	0.8	0.8	–
Contracts and Services	8.6	9.4	10.4	1.0
Internal Services	30.8	30.8	35.1	4.3
Capital Outlay	0.0	0.0	0.0	–
<b>Total</b>	<b>\$114.8</b>	<b>\$115.5</b>	<b>\$120.9</b>	<b>\$5.4</b>
Transfers Out	15.3	15.3	17.6	2.3
<b>Total including Transfers</b>	<b>\$130.1</b>	<b>\$130.8</b>	<b>\$138.5</b>	<b>\$7.7</b>

# Revenue Adjustment Detail

- **Taxes: -\$0.6M**

- Property Tax: +\$0.7M – moderately better than anticipated revenue projections related to 3.6% assessed valuation growth
- Property Transfer Tax: +\$0.4M – better than anticipated revenue, similar to prior year receipts, with trend through December
- Sales Tax: -\$0.4M reduction based on updated projections; decrease consistent with statewide trends
- Transient Occupancy Tax: -\$0.6M reduction based on lower performance; trend is common across South Bay
- Franchise Fees: -\$0.6M reflecting continued trend of lower than expected prior year revenue

# Revenue Adjustment Detail

- **Other Revenue: \$1.6M**

- Charges for Service & Use of Money and Property: +\$1.0M – Parking meter, McCormick Ambulance fees, Development-related fees above projections; offset by rental revenue decreases:
- One-time Payments: \$0.6M – Settlement reimbursement and Google/ Tata agreement bonus payment

- **Overhead: \$1.4M**

- Overhead: +\$1.4 million – reflects increase to City's administrative costs; 9% increase largely reflects personnel costs; offset by expense

# Spending Adjustment Detail

- **Authority-Funded Reserve: \$2.3 million**
  - Weaker than projected tourism demand
  - Brand-required hotel refresh expenses
- **Internal Services: \$2.9 million**
  - Self-insurance: +35% related to valuation of liability and workers' compensation premiums and claims
  - Vehicle Maintenance: phases in prior year accelerated Fire Department purchases
  - Other: primarily reflect personnel/ operations costs increases
- **Estimated Salary Savings: \$2.4 million**
  - Budget methodology changes and regular staff turnover

# Internal Services

PLAN	FY 24-25	FY 25-26	Delta	%
<b>Building Occupancy</b>	3,698,216	3,979,482	281,267	8%
<b>Sewer</b>	40,169	30,260	(9,909)	-25%
<b>Emergency Communications</b>	3,492,526	3,930,857	438,331	13%
<b>Information Technology</b>	5,276,921	5,163,889	(113,033)	-2%
<b>Major Facilities Repair</b>	127,172	249,112	121,940	96%
<b>Overhead</b>	14,355,649	16,095,789	1,740,140	12%
<b>Self-Insurance</b>	7,615,463	10,247,129	2,631,666	35%
<b>Vehicle Replacement</b>	4,874,499	5,434,666	560,167	11%
<b>GRAND TOTAL</b>	<b>39,480,614</b>	<b>45,131,184</b>	<b>5,650,570</b>	<b>14%</b>

# Decision Packages

## General Fund

- Program Changes, net zero impact
  - Paramedic Assessment Fee Contract
  - Contract Building Plan Review

## Other Funds

- Grant/ External Funding Adjustments
  - CDBG/ Proposition 68/ Measure A/ John Parsons Funding
  - Staffing Reorganizations (IT and Public Works)
  - Refuse Rate Adjustment
  - Vehicle Replacement Fund purchases

# Estimated Ending Fund Balance

## General Fund

- Anticipated approximately \$1.27 million ending fund balance following proposed changes
- Propose no action pending budget discussion/ future needs

Fund Balance Estimate including Recommended Changes		
Balance	3,153,648	Estimated FY 2025-26 ending fund balance
Revenue Adjustments	2,360,901	Revenue adjustments, Overhead
	1,018,000	Decision Packages
Expenditure Adjustments	(4,336,615)	Internal Services
	(2,300,000)	AFR Contributions
	2,400,000	Estimated Personnel Savings
	(1,017,404)	Decision Packages
	<b>1,278,530</b>	<b>Estimated FY 2025-26 ending fund balance</b>

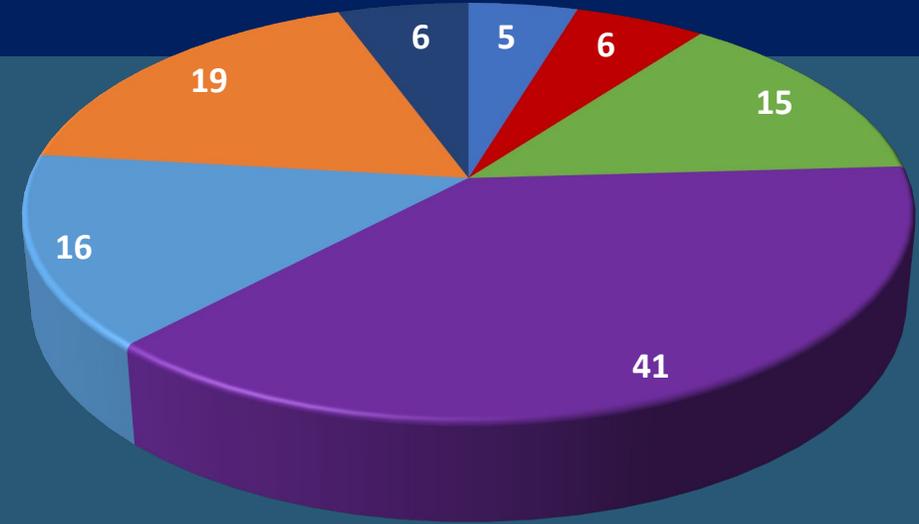
# FY 25-26 CIP Update



City Council  
March 17, 2026

# Background

- ▶ Total number of capital projects: 108
  - ▶ Street improvements- 41
  - ▶ Public facility improvements- 19
  - ▶ Park improvements- 15
  - ▶ Waterfront improvements- 16
  - ▶ Drainage improvements- 6
  - ▶ Sewer improvements- 5
  - ▶ General improvements- 6



- ▶ Sewer Projects
- ▶ Drainage Projects
- ▶ Park Projects
- ▶ Street Projects
- ▶ Waterfront Projects
- ▶ Public Facility Projects
- ▶ General Improvement Projects

- ▶ 21 CIPs have been completed in FY 2025-26

# FY 2026 CIP Project Summary

CIP Projects FY 2025		
	FY 2025-26 <i>(as of 3/11/26)</i>	Projected FY 2025-26 <i>(June 2026)</i>
Projects currently in Design	25	25
Projects currently in Procurement	11	14
Projects currently in Construction	8	16
Completed Projects <i>(as of 3/11/26)</i>	21	28

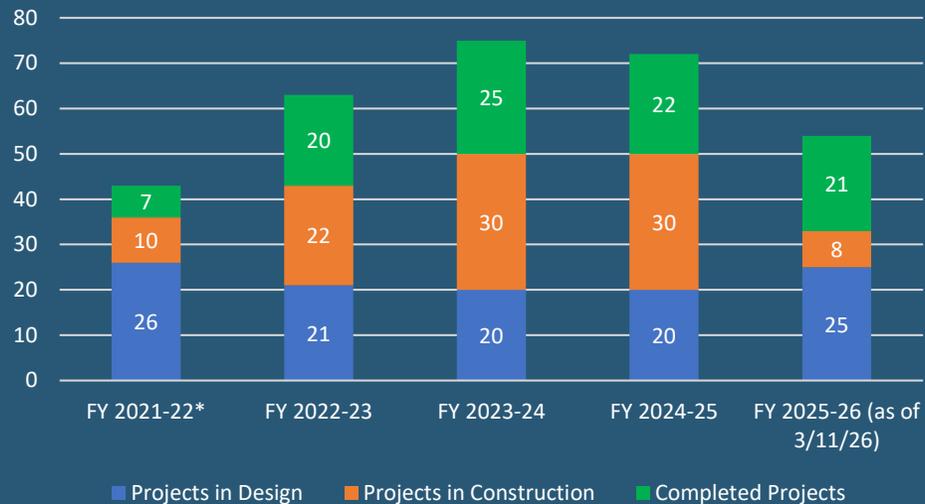
# FY 2026 CIP Fund Type and Totals

Fund Type	Total Budgeted FY 2026	Total Expenditures as of 3/12/26
General Fund	\$126,910	\$0
Gas Tax	\$1,890,660	\$1,909,038
Storm Drain Improvement	\$28,425	\$0
Local Transportation Article III	\$127,627	\$0
Measure M	\$3,732,207	\$907,715
Prop A	\$75,000	\$0
Prop C	\$4,914,634	\$1,695,395
Measure R	\$3,102,949	\$1,227,352
Measure W	\$810,540	\$382,412
Air Quality Improvement	\$269,570	\$6,830
Grants	\$36,986,123	\$2,860,111
CDBG	\$83,195	\$1,297
Parks and Rec Fees	\$26,835	\$20,045
Subdivision Park Trust	\$2,678,697	\$959,974
Capital Funds	\$10,732,483	\$1,289,944
Major Facilities Reconstruction	\$623,598	\$0
Open Space	\$97,938	\$218,143
Tidelands	\$2,681,699	\$4,442
Uplands	\$576,667	\$24,416
Solid Waste	\$218,498	\$107,966
Wastewater	\$4,896,751	\$681,910
Vehicle Replacement	\$325,104	\$80,000
Major Facilities Repair	\$582,668	\$32,730
<b>Total</b>	<b>\$75,588,778</b>	<b>\$12,409,720</b>

# Five-Year History

CIP Projects per Fiscal Year					
	FY 2021-22*	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26 (as of 3/11/26)
<b>Total Projects</b>	112	122	130	120	108
<b>Projects in Design</b>	26	21	20	20	25
<b>Projects in Procurement</b>	NA	NA	11	12	11
<b>Projects in Construction</b>	10	22	30	30	8
<b>Completed Projects</b>	7	20	25	22	21
<b>Expenditures (millions)</b>	13.5	20.4	24.5	23.9	~15
*Staffing down 20%					
Note: Staffing Levels for CIP is approximately 7 FTE					

Projects by Fiscal Year



Expenditures by Fiscal Year



# Cost Reductions/ Considerations

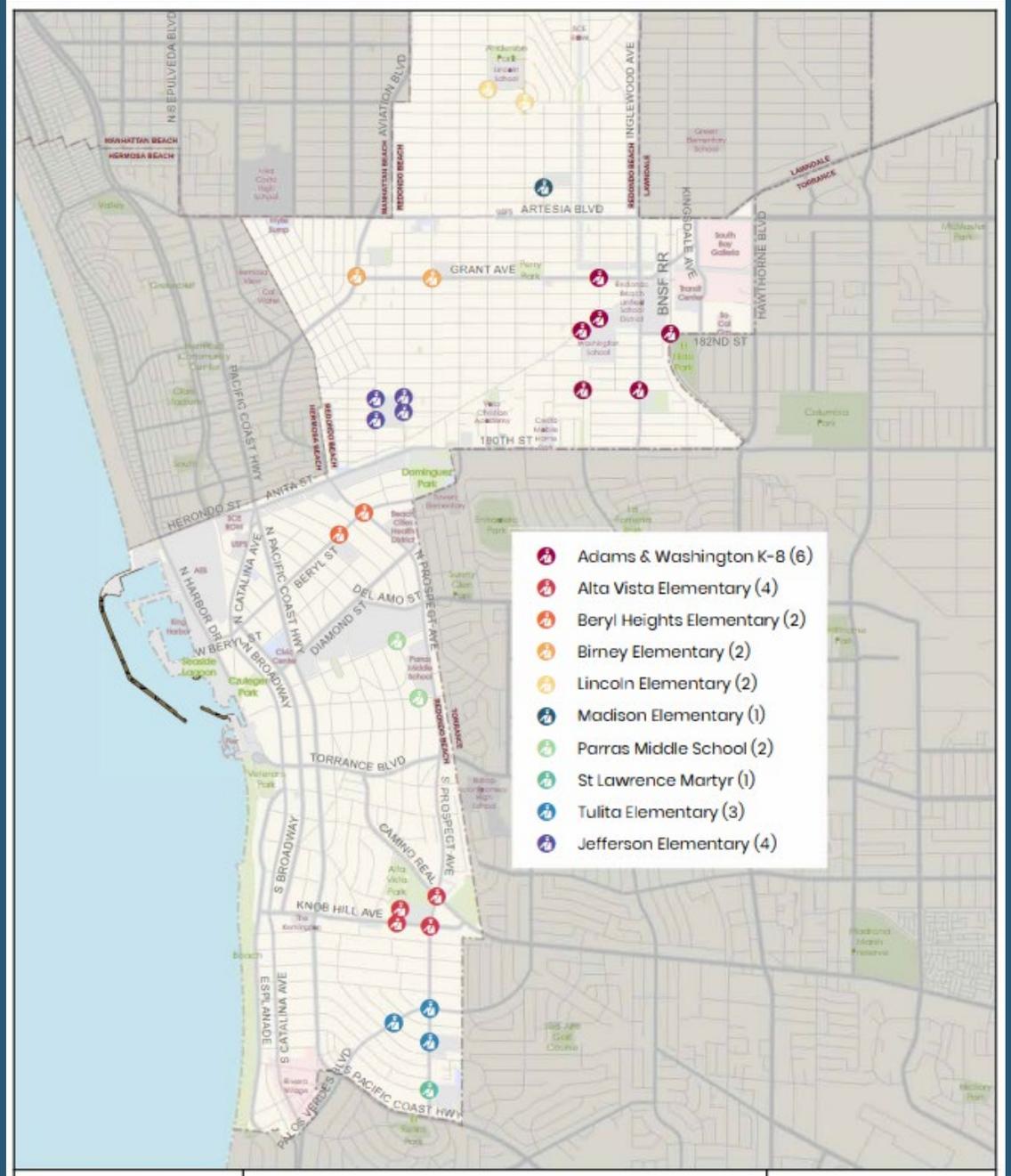
# Crossing Guards

## Current Status

- 27 locations, \$0.6 million
  - \$0.2 million core budget
- Uses City staff and contract

<b>Current Staffing</b>			
Staffing Type	# Locations	Amount	Cost/Location
City Staff-Part Time	22	414,442	18,838
Contract Services	5	138,158	27,632
<b>Total</b>	<b>27</b>	<b>\$552,600</b>	

# Crossing Guards



# Earthquake Insurance

- Property Insurance: \$1.7 million premium, including earthquake
- Earthquake \$1 million premium covers \$234 million assessed value
- Maximum payout \$100 million
- Recommend reducing covered structures or eliminating earthquake premium
- Potential Savings: \$0.1 million to \$1.0 million
  - Public Safety Buildings: \$0.1 million
  - Other Low Risk Facilities: \$0.5 million
  - Remove Earthquake Coverage: \$1.0 million

# Other Insurance Considerations

## General Liability Insurance–SIR (Deductible)

- Self-insured retention is currently \$500,000
- Evaluating increase to \$1 million for potential \$700,000 savings

## Property Damage/ Non-Earthquake

- Deductible is \$50,000
- Evaluate increase for potential additional marginal savings

## Timing

- Earthquake insurance: notify provider in March
- SIR & Other: return with additional detail for FY 2026–27 budget

# Pension Liability Update

- Current status: \$51 million UAL, 92.9% funded, \$4.2 million annual payment
- Projection including FY 2024-25 returns shows positive impact to UAL and funded level; better than projected outyear payments

	Projection (Estimate)	
	Unfunded Accrued Liability (\$ millions)	Funded Level
Miscellaneous	(2.72)	101.0%
Safety	21.5	95.5%
<b>Combined</b>	<b>\$ 18.8</b>	<b>97.8%</b>

- Continue to monitor and consider in ongoing projections

# Commission Input

- Budget & Finance Commission review 03/12/26
- Recommendations/ Comments
  - Financial sustainability is a priority
  - City should plan for multiple scenarios, including further revenue decreases

# Next Steps

FY 2026-27 Budget: May 16

# Recommendations

- Receive and file the report for discussion and possible action regarding the Fiscal Year 2025–26 midyear budget review
- Receive and file a presentation on the status of the City's Capital Improvement Projects
- Provide direction on identified FY 2026–27 Cost Savings
- Adopt by 4/5ths vote and by title only Resolution No. CC 2603–014, a Resolution of the City of Redondo Beach, California, modifying the budget for Fiscal Year 2025–26

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Crossing Guard Location	School	90 min AM Data by RBPD				Intersection Conditions					Meets Suggested CAMUTCD Adult Guard Thresholds <sup>3</sup> ?	Potential Locations for AAA School Safety Patrol Location <sup>4</sup> ?
		# Bikes	# Peds	Total Bike/Ped <sup>1</sup>	# Vehicles <sup>2</sup>	Total # Of Lanes Approaching <sup>2</sup>	Speed Limit >25?	Signalized Intersection?	Multilane Street Approach?			
Flagler/Havemeyer	Jefferson	57	74	131	586	4						Yes
Flagler/Morgan	Jefferson	49	65	114	742	4						Yes
Harkness/Carlson	Jefferson	14	102	116	490	2						Yes
Harkness/Morgan	Jefferson	19	129	148	557	3						Yes
Julia/Serpentine	Alta Vista	8	136	144	398	3						Yes
Prospect/Camino Real	Alta Vista	18	46	64	3190	12	X	X	X		X	No
Julia/Knob Hill	Alta Vista	3	132	135	734	3						Yes
Prospect/Knob Hill	Alta Vista	18	69	87	2233	10	X	X	X		X	No
Rindge/Plant	Lincoln	16	233	249	261	3						Yes
Robinson/Vail	Lincoln	24	92	116	470	4						Yes
Mackay/Nelson	Madison	8	129	137	111	3						Yes
PVB/Helberta	Tulita	10	55	65	2275	8	X		X		X	No
Prospect/Helberta	Tulita	5	194	199	1947	7	X		X		X	No
Prospect/PV Blvd.	Tulita	7	49	56	2794	13	X	X	X		X	No
Prospect/Ave G	St. Lawrence (Pvt.)	10	97	107	1255	5	X		X		X	No
Emerald/Lucia	Parras MS	63	92	155	761	6	X					Yes
Vincent/Lucia	Parras MS	69	68	137	1003	4					X	Yes
Beryl/Prospect	Beryl Hgts	13	37	50	3519	11	X	X	X		X	No
Beryl/Maria	Beryl Hgts	33	191	224	1364	8	X	X			X	No
Grant/Aviation	Birney	27	35	62	2316	9	X	X	X		X	No
Grant/Green	Birney	21	169	190	1742	8	X	X			X	No
Inglewood/182 <sup>nd</sup>	Washington/Adams	10	39	49	3093	7	X	X	X		X	No
Grant/Felton	Washington/Adams	174	128	302	1892	8	X	X			X	No
Inglewood/Ralston	Washington/Adams	14	26	40	2827	7	X	X	X		X	No
Ralston/Lilienthal	Washington/Adams	50	133	183	597	7						Yes
Ripley/Felton	Washington/Adams	217	664	881	589	4	X					No
Ripley/Lilienthal	Washington/Adams	37	324	361	665	4	X					No
Additional Intersection Evaluation (No Guard Currently)												
Aviation/Ford	N/A	47	29*	76	2509	6	X	X	X		N/A	No
Artesia/NRBB	N/A	92	38	130	2000	4	X	X	X		N/A	No
Inglewood/Grant	N/A	18	38	56	2960	13	X	X	X		N/A	No

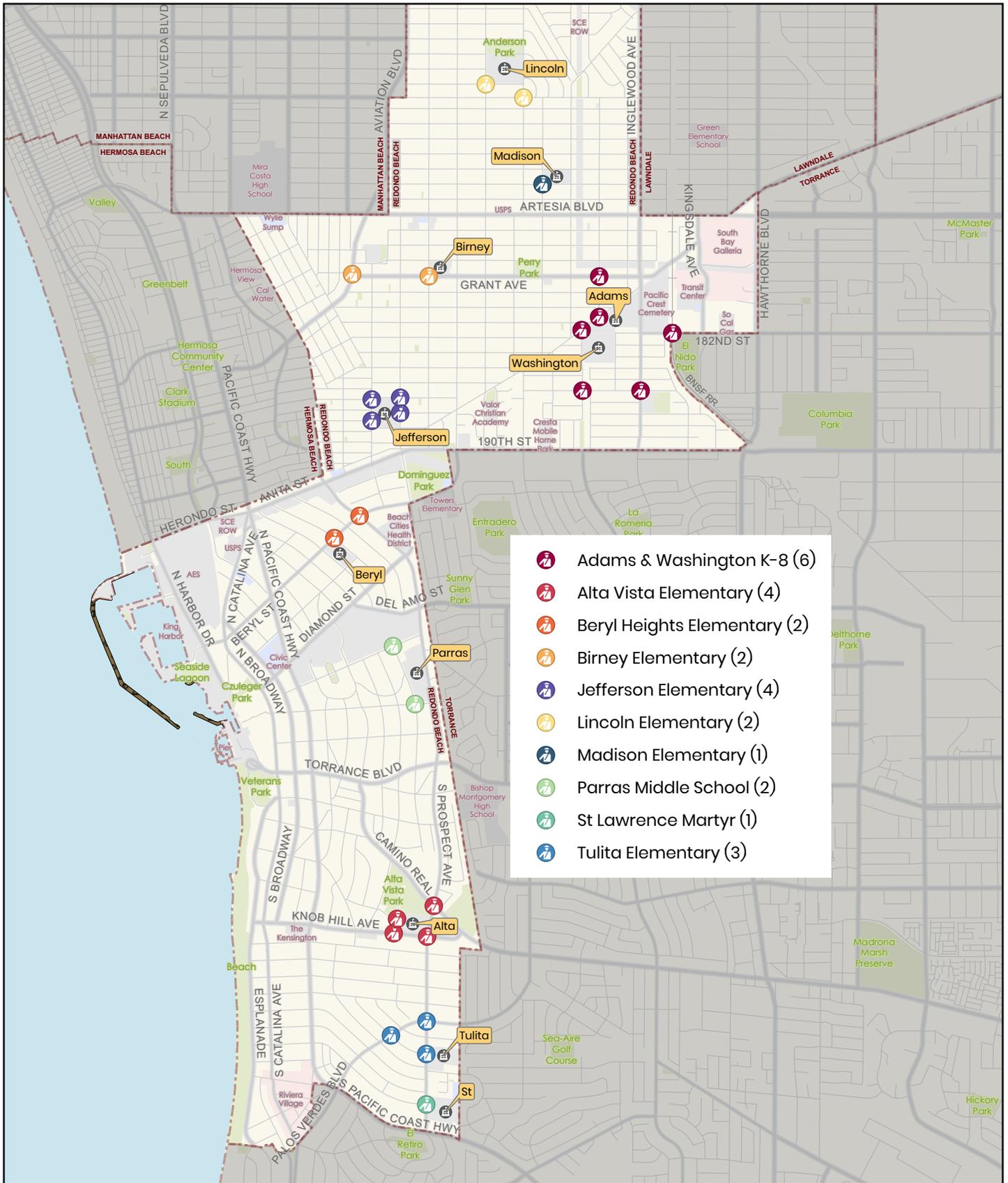
<sup>1</sup>Darker green bars show relatively higher bike/ped volumes.

<sup>2</sup>Darker red bars show relatively higher vehicular volumes or higher number of approach lanes (formal or defacto).

<sup>3</sup>California MUTCD (CAMUTCD), which governs public street design, provides guidance thresholds for when an adult crossing guard could be deployed.

<sup>4</sup>Intersection Conditions, volumes, and other factors were used to determine location feasibility to vacate and/or introduce the AAA School Safety Patrol Program.

\* Please note that all 29 pedestrians at Aviation/Ford were adults. No students were identified crossing during AM school peak period.



-  Adams & Washington K-8 (6)
-  Alta Vista Elementary (4)
-  Beryl Heights Elementary (2)
-  Birney Elementary (2)
-  Jefferson Elementary (4)
-  Lincoln Elementary (2)
-  Madison Elementary (1)
-  Parras Middle School (2)
-  St Lawrence Martyr (1)
-  Tulita Elementary (3)



1 inch = 3,000 feet

### Crossing Guard Locations





1 inch = 3,000 feet

### Crossing Guard Locations



# Earthquake Insurance

Earthquake Insurance: Major Covered Facilities			
Facility	Appraised Value	2025 Earthquake Premium Cost	Proposed Change
Pier Parking Structure	44,152,000	194,885	
Civic Center Main Library	32,119,000	152,341	Remove
Performing Arts Center	21,668,000	107,204	Remove
North Branch Library	17,544,000	131,333	Remove
Civic Center Garage	16,047,000	70,628	Remove
Monstad Wooden Pier	13,515,000	59,542	
City Hall	13,266,000	66,973	
International Boardwalk Garage	11,672,000	51,512	
Aviation Park Gymnasium	8,744,000	39,294	Remove
Main Police Station	7,550,000	38,415	Remove-Public Safety
Fisherman's Wharf North Parking Structure	7,103,000	31,248	
Veteran's Park Library	4,595,000	20,215	Remove
Fire Station #1	3,873,000	18,092	Remove-Public Safety
Kincaid's Restaurant	3,404,000	14,975	
Police Department Annex	3,325,000	15,663	Remove-Public Safety
Fire Station #2	3,116,000	14,464	Remove-Public Safety
Fire Station #3 Harbor Patrol	2,228,000	10,312	Remove-Public Safety
<b>Total</b>	<b>\$213,921,000</b>	<b>\$1,037,096</b>	

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