



CITY OF POMONA COUNCIL REPORT

January 27, 2025

To: Honorable Mayor and Members of the City Council

From: Anita D. Scott, City Manager

Submitted By: Andrew Mowbray, Finance Director/City Treasurer

SUBJECT: FISCAL YEAR 2025-26 BUDGET KICKOFF

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Approve the attached Fiscal Year (FY) 2025-26 Budget Guiding Principles; and
- 2) Review the FY 2025-26 Budget Preparation Calendar and Budget Process.

EXECUTIVE SUMMARY: The City's Consolidated Fiscal Policies and Administrative Procedures were adopted February 6, 2023 and require the City Manager to submit guiding principles for the upcoming budget year. The FY 2025-26 Budget Guiding Principles are attached (Attachment 1) for Council approval. The FY 2025-26 Budget Calendar and Budget Process are also presented for Council approval. The policies are intended to establish guidelines for the City's overall fiscal planning and management. These policies are intended to foster and support the continued financial strength and stability of the City as reflected in its financial goals. Also it should be noted a new item on the calendar that reflects the annual transfer that was appropriated on January 6, 2025 from the General Fund to the newly created Pomona Special Revenue Fund for Children and Youth, resulting from the Charter Amendment due to passage of Measure Y.

SB1439/GOVERNMENT CODE §84308 APPLICABILITY:

When this box is checked, it indicates the agenda item is subject to the Levine Act SB1439 requirements. Councilmembers are reminded to check their campaign contributions and determine whether they have received a campaign contribution of \$250 or more that would require disclosure and/or recusal from discussing or acting on this agenda item. Campaign contributions of \$250 or more made 1) by any person or entity who is identified in the agenda report as the applicant or proposer or 2) on behalf of the applicant or participant, including a parent, subsidiary or otherwise related business entity, or 3) by any person who has a financial interest in the agenda item requires a councilmember to comply with SB1439.

FISCAL IMPACT: None with this action

PREVIOUS RELATED ACTION: On February 6, 2023, the City Council adopted Resolution 2023-06 approving the Consolidated Fiscal Policies and Administrative Procedures which contains the following language, “The City Manager shall submit a list of Budget Guiding Principles to the City Council for consideration on an annual basis. These principles will be used to guide the development of the coming year’s budget.”

On January 6, 2025, the City Council adopted Resolution 2025-09 amending the Fiscal Year 2024-25 Operating Budget by appropriating \$1,645,780 from General Fund Reserves and then transferring the same amount to the Pomona Special Revenue fund for Children and Youth.

DISCUSSION:

In accordance with the City Council adopted Consolidated Fiscal Policies and Administrative Procedures, as stated in *Section III. Fiscal Operations; A. Budget and Fiscal Operations* (Attachment No. 2), the FY 2025-26 Budget Guiding Principles is hereby submitted for consideration. The FY 2025-26 Principles closely follow those of FY 2024-25. It is important to note that FY 2024-25 Principles was modified significantly from previous fiscal year versions due to the adoption of the Consolidated Fiscal Policies and Administrative Procedures.

BUDGET CALENDAR— FISCAL YEAR 2025-2026

Description	Fiscal Year 2025-26
Budget Kickoff for Staff - Distribution of Budget Guide and Forms to Departments	December 10, 2024
City Council Meeting – General Fund Transfer to Children and Youth Fund	January 6, 2025
City Council Meeting – Budget Kickoff	January 27, 2025
<ul style="list-style-type: none"> Approval of 2025-26 Guiding Principles 	
City Council Meeting – 10-Year Forecast	February 3, 2025
<ul style="list-style-type: none"> 10-Year Forecast Presentation 	
Citizens Oversight Committee (COC) February Meeting – Preview of Mid-Year Figures	February 20, 2025
City Council Meeting – FY 2024-25 General Fund Mid-Year Budget Review (Tentative Date)	March 3, 2025

Budget Study Sessions – Community Budget Meeting	March 24, 2025 <i>Evening Session</i> 7:00pm
FY 2025-26 Preview and seek input from Community	
<ul style="list-style-type: none">• Input from Community on the Annual Budget• COC Input on Measure PG	April 2, 2025 <i>Afternoon Session</i> 3:00pm
Citizens Oversight Committee (COC) April Meeting – Preview on	April 17, 2025
FY 2025-26 Budget	
Distribution of Proposed Budget Documents	May 1, 2025
Budget Study Session – Review of the Proposed Budget	May 12, 2025
City Council Meeting – Public Hearing for Budget Adoption	June 2, 2025

Staff recommends following the same process used in prior years with a budget study session held in May 12th and one public hearing (or more if needed) held in June. Items that are once again included are the two respective Citizens Oversight Committee (COC) meetings scheduled for February and April. The COC has 4 scheduled meetings annually and at the two meetings identified give the Committee an opportunity to receive a preview of upcoming budget related items. To follow suit with something new that was implemented in recent budget cycles, Staff is once again proposing two City Council Study Session meetings to be held on March 24, 2025, in the evening and a second meeting to be held on April 2, 2025, in the afternoon. The meeting start times vary to give the public ample opportunity to attend and participate in the budget process. At these two meetings a preview of the FY 2025-26 Proposed Budget will be covered. Departments have been advised to limit requests for new programs or staffing if there is an identified ongoing funding source. Once revenues are more closely analyzed, Staff will determine what the baseline budget will be. In addition, Staff would like to encourage that the public provide input on the forthcoming budget. A member of the COC will provide input on the FY 2025-26 budget as it relates to the Measure PG Sales Tax Funds. This is being included annually in the process as it relates to the language stated in Ordinance 4253, Section. 50- 653. — COC Duties and responsibilities. It specifically states that the COC shall “Prepare written reports to the City Council that summarize the Committee's findings and recommendations.” Staff along with the COC requested that this report be presented at one or both study sessions. The COC input over the last few years is a great addition to the annual process.

Two new items added to this year’s budget process is the General Fund transfer to newly created Pomona Special Revenue Fund for Children and Youth, resulting from the Charter amendment due to passage of Measure Y, which was presented on January 6, 2025 and the 10-Year Forecast that will be presented on February 3, 2025.

FY 2025-26 BUDGET GUIDING PRINCIPLES

In accordance with the City Council adopted Consolidated Fiscal Policies and Administrative Procedures, the FY 2025-26 Budget Guiding Principles is hereby submitted for consideration. The FY 2025-26 Principles closely follow those of FY 2024-25. Departments will be given these updated principles, when approved, to use when developing their proposed budgets.

CONSOLIDATED FISCAL POLICIES AND ADMINISTRATIVE PROCEDURES

On February 6, 2023, the City Council adopted resolution number 2023-06 approved the City's Consolidated Fiscal Policies and Administrative Procedures. These Policies establish guidelines for the City's overall fiscal planning and management and is intended to foster and support continued financial strength and stability of the City. The Policy is quite comprehensive and covers areas of Budget, Economic Development, Risk Management, Accounting-Auditing-Financial Reporting, Cash Management and Investments, and Debt Management. The Policy also sets forth guidelines for creating the annual budget within the Budget section of the Policy. Also included within the policies is the City's Fund Balance Policy, which can be found in (*Section IV. FUND BALANCES, RESERVES & SURPLUS*). The objectives of the Policy are to comply with the Governmental Accounting Standards Board (GASB) Statement Number 54 -- Fund Balance Reporting and Governmental Fund Type Definitions; establish formal reserve policies; build adequate reserves; and guide the City toward meeting its short and long - term obligations. The Policy states that at the end of FY 2025-26, the City shall have a General Economic Reserve Fund Balance equal to 25% of operating expenditures in the General Fund. The 25% is to be considered the minimum level and represents a quantification of General Fund's cash flow demands over the fiscal year as compared to the timing of revenue receipts. The City has maintained 23% (FY 2023-24 amount) or above for the last several years. The City's current Fund Balance for the year ending June 30, 2024 is estimated to be \$60.3M.

CONCLUSION

The Consolidated Fiscal Policies and Administrative Procedures incorporates principles that guide the financial administration of the City along with staff administrative procedures in the form of a centralized comprehensive document. The Policies cover areas of Budget, Economic Development, Risk Management, Accounting-Auditing-Financial Reporting, Cash Management and Investments, and Debt Management. The Policy also sets forth guidelines for creating the annual budget within the Budget section and bringing forth the schedule annually to the Mayor and City Council. The Fiscal Policies and Administrative Procedures are relatively new and are an upgrade to the original City of Pomona Fiscal Sustainability Policy (established in 2011), which will guide all financial operations to help the City address long term City financial obligations.

As a follow up to the Pomona Fund for Children and Youth transfer from the General Fund that was approved by the City Council on January 6, 2025, the 10-Year Forecast will be presented to the City Council on February 3, 2025, and will discuss anticipated impacts to the General Fund in the future fiscal years.

Prepared by:

Andrew Mowbray
Finance Director/City Treasurer

ATTACHMENT(S):

Attachment No. 1 – Budget Guiding Principles for FY 2025-26

Attachment No. 2 – Consolidated Fiscal Policies and Administrative Procedures