



CITY OF POMONA COUNCIL REPORT

June 3, 2024

To: Honorable Mayor and Members of the City Council

From: Anita D. Gutierrez, City Manager

Submitted By: Andrew Mowbray, Finance Director/City Treasurer

SUBJECT: PUBLIC HEARING: ADOPTION OF RESOLUTIONS APPROVING THE FISCAL YEAR (FY) 2024-25 CITY OF POMONA OPERATING BUDGET AND UPDATING THE AMERICAN RESCUE PLAN EXPENDITURE SPENDING PLAN, HOUSING AUTHORITY BUDGET, FIVE YEAR CAPITAL IMPROVEMENT PROGRAM BUDGET, ESTABLISHING THE FY 2024-25 GANN APPROPRIATIONS LIMIT, AND PERSONNEL RELATED ACTIONS

RECOMMENDATION:

It is recommended that the City Council and the City Council sitting as the Commission of the Housing Authority conduct the public hearing and after receiving comments and testimony, adopt respectively the following resolutions:

- 1. RESOLUTION NO. 2024-83 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA ADOPTING THE CITY'S OPERATING BUDGET FOR FY 2024-25 AND UPDATED AMERICAN RESCUE SPENDING PLAN.**
- 2. RESOLUTION NO. 2024-84 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA SITTING AS THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY OF POMONA, ADOPTING THE FY 2024-25 HOUSING AUTHORITY BUDGET.**
- 3. RESOLUTION NO. 2024-85 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA APPROVING THE FY 2024-25 TO FY 2028-29 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM AND ADOPTING A CAPITAL IMPROVEMENT PROGRAM BUDGET FOR FY 2024-25.**
- 4. RESOLUTION NO. 2024-86 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA ESTABLISHING THE GANN APPROPRIATIONS LIMIT OF THE CITY OF POMONA PURSUANT TO ARTICLE XIII OF THE STATE CONSTITUTION FOR FY 2024-25.**
- 5. RESOLUTION NO. 2024-87 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AMENDING APPENDIX A OF THE**

**COMPENSATION PLAN FOR EXECUTIVE MANAGEMENT GROUP A AND B
EMPLOYEES BY DELETING CITY TREASURER CLASSIFICATION.**

- 6. RESOLUTION NO. 2024-88 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AMENDING APPENDIX B OF THE MEMORANDUM OF UNDERSTANDING WITH THE POMONA MID-MANAGEMENT/ CONFIDENTIAL EMPLOYEES' ASSOCIATION TO ADD THE CLASSIFICATIONS OF RISK MANAGEMENT CLAIMS ANALYST AND SENIOR INFORMATION TECHNOLOGY MANAGER.**
- 7. RESOLUTION NO. 2024-89 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, ADOPTING THE CITY OF POMONA'S SALARY SCHEDULE FOR FISCAL YEAR 2024-25 TO MEET THE CALIFORNIA CODE OF REGULATIONS TITLE 2, SECTIONS 570.5 AND 571.**

EXECUTIVE SUMMARY: The Mayor and City Council were presented with the FY 2024-25 Proposed Budget at the May 13, 2024, Study Session. Since then, new information has been added for consideration in this revised report. Revisions are included below. In addition, follow-up questions and answers from the May 13th Budget Study Session are also provided.

- Increase the GIS contract with Draw Tap by \$106k. Of this increase, the General Fund allocation will increase by \$12.7k, and the Non-General Fund allocations will increase by \$93.3k.
- Increase General Fund revenue to align with the new annual Downtown Property Owner Association (DPOA) contract as the City will receive \$187k, which will result in a \$10.9k revenue increase in the General Fund.
- Transfer \$50k from Fund 428 CIP Project to Fund 528 Water CIP Fund for the “New Gym at City Yard,” Project No. 71118. In addition, a transfer of \$87.5k from the Water Fund and \$87.5k from the Sewer Fund will be allocated to the project, which is now fully funded at \$225k.
- Redistribute \$350k within the ARP Fund to the following programs and initiatives: Pilot Park Ambassador Program (\$40k), a UCLA study on the Universal Household Grant program (\$250k), and overhead costs for the Housing Stabilization Department (\$60k). These changes will impact the “Civic Center Plaza—New Playground and Amenities,” Project No. 71063, by decreasing funding in the same amount (\$350k). The \$10M project has \$9.5M of funding included at this time.
- Housing and Urban Development (HUD) released final formula allocations for the CDBG, HOME and ESG Programs, Special Revenue Funds, which are concurrently on the same agenda for approval. Estimated Revenue and appropriations decreased to align according to the final award. Community Development Block Grant (CDBG) estimated revenues and appropriations decreased by \$20.5k. HOME Investment Partnership estimated revenues and appropriations decrease by \$3.5k. Emergency Solutions Grant (ESG) estimated revenues and appropriations decrease by \$176.5k and \$172.5 respectively.

PUBLIC NOTICING REQUIREMENTS - Pursuant to section 1006 of the City Charter, this item must be noticed in a newspaper of local circulation not less than two (2) weeks prior to the meeting. A notice for this hearing was published on May 17, 2024 in the Inland Valley Daily Bulletin (Attachment No. 9)

FISCAL IMPACT - The adoption of the attached resolutions will establish the City's (Attachment No.1) and Housing Authority's (Attachment No.2) Fiscal Year 2024-25 Operating and Capital Improvement Program (Attachment No.3) budgets as follows:

Proposed Budget	Revenue Estimates	Appropriations
1) City of Pomona Operating	\$426,937,764	\$398,167,670
2) Housing Authority	\$24,047,809	\$29,352,567
3) Capital Improvement Program *		\$35,339,411
	\$450,985,573	\$462,859,648

* Revenue Estimates for CIP are included in the operating budget

PREVIOUS RELATED ACTION: The City Council adopted the FY 2023-24 Operating Budget, Housing Authority Budget, and the Five-Year Capital Improvement Program on June 5, 2023. The City Council also approved the Budget Preparation Calendar, Guiding Principles and Process for FY 2024-25 on January 8, 2024. The FY 2023-24 Mid-Year Budget Review was presented on March 18, 2024. Community Budget Meetings were held on March 25 and April 3, 2024, to seek feedback on the FY 2024-25 Preliminary Budget. The FY 2024-25 Budget Study Session was held on May 13, 2024.

DISCUSSION

The revised FY 2024-25 Budget for Citywide expenditures is proposed at \$462.9M and is comprised of seven operating fund types: General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds, and Housing Authority Funds. Overall, the FY 2024-25 General Fund Proposed Budget anticipates a \$38k surplus. Since the May 13, 2024, Budget Study session staff has included changes as listed herein:

- Increase the GIS contract with Draw Tap by \$106k. Of this increase, the General Fund allocation will increase by \$12.7k, and the Non-General Fund allocations will increase by \$93.3k.
- Increase General Fund revenue to align with the new annual Downtown Property Owner Association (DPOA) contract as the City will receive \$187k, which will result in a \$10.9k revenue increase in the General Fund.
- Transfer \$50k from Fund 428 CIP Project to Fund 528 Water CIP Fund for the "New Gym at City Yard," Project No. 71118. In addition, a transfer of \$87.5k from the Water Fund and \$87.5k from the Sewer Fund will be allocated to the project, which is now fully funded at \$225k.

- Redistribute \$350k within the ARP Fund to the following programs and initiatives: Pilot Park Ambassador Program (\$40k), a UCLA study on the Universal Household Grant program (\$250k), and overhead costs for the Housing Stabilization Department (\$60k). These changes will impact the “Civic Center Plaza—New Playground and Amenities,” Project No. 71063, by decreasing funding in the same amount (\$350k). The \$10M project has \$9.5M of funding included at this time.
- Housing and Urban Development (HUD) released final formula allocations for the CDBG, HOME and ESG Programs, Special Revenue Funds, which are concurrently on the same agenda for approval. Estimated Revenue and appropriations decreased to align according to the final award. Community Development Block Grant (CDBG) estimated revenues and appropriations decreased by \$20.5k. HOME Investment Partnership estimated revenues and appropriations decrease by \$3.5k. Emergency Solutions Grant (ESG) estimated revenues and appropriations decrease by \$176.5k and \$172.5 respectively.

OPERATING BUDGET

All Funds – The Operating Budget is the City's financial plan and consists of revenues and expenditures to finance the current year's operations of the various funds and programs for the fiscal year beginning July 1, 2024, and ending June 30, 2025. It is a flexible spending plan by which the City Council establishes legal authority for departments to commit financial resources for the provision of services within the City of Pomona. The recommended FY 2024-25 Operating and Capital Improvement Program Budgets total \$462.9M as follows in Table 1.

Table 1

Fund Type	Revenue Including Transfers In	Appropriations Including Transfers Out
General Fund	\$161,298,212	\$161,260,159
Special Revenue Funds	74,315,975	76,555,275
Debt Service Funds	19,207,332	19,188,644
Capital Project Funds	26,864,615	1,158,749
Enterprise Funds	133,982,957	129,398,096
Internal Service Funds	11,268,673	\$10,606,747
City Operating Budget	\$426,937,764	\$398,167,670
Housing Authority	24,047,809	29,352,567
Capital Improvements	-	35,339,411
Total	\$450,985,573	\$462,859,648

- **General Fund** – Since the May 13th Study Session, changes in the General Fund Appropriations increased by \$12.7k due to the General Fund allocation for the GIS contract. Revenues were also revised in the amount of \$10.9k to align the City’s contract with the DPOA.

Table 2

FY 2024-25 General Fund	Proposed 5/13/2024	Proposed 6/3/2024	Difference
Revenue	\$161,287,324	\$161,298,212	\$10,888
Appropriations	\$161,247,429	\$161,260,159	\$12,730
Surplus	\$39,895	\$38,053	(\$1,842)

General Fund Appropriations – The General Fund is the largest fund of the City and represents approximately 35% of the City’s Combined Operating Budget. The General Fund accounts for services such as Police, Fire, Library, Parks, Recreational Programs, certain Public Works operations, Development Services, City Council, Administration, City Clerk, Finance, and Human Resources. The Proposed FY 2024-25 expenditure budget is \$161.3M, which is a \$5.8M decrease over the prior fiscal year’s budget.

The Police Department’s proposed budget increased by \$1.6M. The increase in budget can be attributed to three primary factors. Firstly, it accounts for the agreed-upon 4% salary increase for police personnel effective October 2024. Additionally, the increase is further driven by the allocation for Information Technology (IT). The City has changed how it budgets for IT-related expenses, specifically for computer-related acquisitions and telephone/cell phone expenses. In prior years, individual departments were responsible for budgeting for these expenses within their respective budgets. However, starting in FY 2024-25, the IT Department has assumed the centralized responsibility of budgeting for these IT-related expenses. Lastly, the Police Department cover the majority of the UAL obligations.

Based on estimates provided by the Los Angeles County Fire District, the cost of services is budgeted to decrease by \$405k from the prior fiscal year. Based on new estimates from the Los Angeles County Fire District, there are significant shifts in costs between FY 2023-24 and FY 2024-25. Using the Preliminary budget as the starting point, the contract decreased by \$1.4M as the contract was anticipated to increase, but the increase was minimal, shifting this preliminary appropriation significantly.

The Public Works Department's budget reflects an overall net increase of \$40k. While the personnel budget saw a substantial increase of \$300k, this was offset by the absence of vehicle appropriations from the prior year's budget. The decrease in vehicle appropriations is a deliberate decision that aligns with the City's proactive efforts to prepare for the upcoming mandate to transition to electric vehicles. The Department is requesting the following positions in FY 2024-25: (1) Facilities Custodian (City Hall and Library Facilities), (1) Senior Civil Engineer, and reclassification of Solid Waste Supervisor to Management Analyst.

The net decrease of \$1.1M to the CIP budget is attributed to the prior year's additional contribution from FY 2022-23 Unassigned Fund Balance. These additional contributions were made possible by the implementation of the Updated Fiscal Policy and the approval of the City Council to utilize the previous year's surplus.

The Development Services Department budget reflects a net increase of \$451k. There is an increase of \$586k attributed to staffing due to the recent addition of the Development Services Director and the Deputy Development Services Director. These positions were partially budgeted in the prior fiscal year. In the FY 2024-25 Proposed budget, the positions are budgeted for the entire fiscal year. These increases are partially offset by the decrease in appropriation for supplemental vehicle requests from the prior fiscal year. The Department also requests a 1.00 FTE Senior Planner as a senior-level planning subject matter expert to handle land use, urban design, and permit processing items.

The General Government group of Departments, consisting of the City Administration, City Clerk, Finance, and Human Resources, decreased by \$513k. The overall decrease is mostly due to the prior year's City Manager contract closeout offset by a \$70k increase in the supplemental request from the Finance Department for (1) Customer Service Specialist.

The General Services budget reflects a significant decrease of \$5.2M compared to the previous fiscal year. This reduction can be primarily attributed to several financial decisions made by the City. Firstly, while the previous year's budget included an initial deposit of \$1.5M towards the Section 115 Pension Trust, the current year's allocation is \$500k. Additionally, last fiscal year saw one-time additional contributions of \$2.2M to the Section 115 Trust, \$1.1M to the Equipment Replacement Reserves, and \$1.1M to the CIP. Furthermore, the General Services budget incorporates a vacancy factor, resulting in a net reduction of \$1.3M. This measure accounts for potential hiring gaps and ensures that the budget accurately reflects the City's staffing levels during the recruitment process for vacant positions.

The Neighborhood Services budget shows a decrease of \$323k compared to the previous fiscal year. This reduction can be attributed to a one-time retirement payout in the prior year and adjustments in allocated costs for the POB and IT services. The allocated costs associated with the POB and IT services, which were previously borne by the Neighborhood Services budget, have been realigned. These costs are now appropriately charged to the respective grants where the employees' salaries are funded.

The Community Services Department's Proposed Budget incorporates \$1.5M in Youth Commitment Funds. This allocation represents the third installment of the annual contributions planned to continue over the next two fiscal years. The ultimate goal is to provide a total of \$10 M to the Community Services Department and the Library Department throughout a five-year period spanning from FY 2022-23 to FY 2026-27. These Youth Commitment Funds will be utilized to expand and enhance various youth-focused initiatives across the City. This includes increasing youth programming, organizing community activities tailored for young individuals, creating youth employment opportunities, fostering community partnerships that benefit youth, and establishing mobile recreation services citywide. Despite the inclusion of the \$1.5M Youth Commitment Funds, the Community Services Department's overall Proposed Budget reflects a net decrease of \$182k compared to the previous year's budget. This reduction can be attributed to the prior year's budget included carryovers from unspent Youth Commitment Funds and Capital Improvement Program (CIP) transfers for projects such as the Community Center & Swimming Pool Upgrade and Park Improvements – Sport Court Resurfacing. In addition, the decrease is partially offset by a supplemental request for an additional Facilities Custodian position within the department. Unused Youth Commitment Funds will be brought forward to the City Council during FY 2024-25 to carryover.

The Library Department's Proposed Budget incorporates \$500k in Youth Commitment funds. This allocation represents the third installment of the annual contributions planned to continue over the next two fiscal years. The ultimate goal is to provide a total of \$10M to the Community Services Department and the Library Department throughout a five-year period spanning from FY 2022-23 to FY 2026-27. The funds will create more accessible spaces within the library for youth programs and events, increase the number of youth programs and events, increase book collection and other materials for youth, increase technology and other resources for youth, and expand outreach into other areas of the community to provide service to Pomona youth who may face barriers in accessing services at the building. The Proposed Budget reflects a decrease of \$248k compared to the previous fiscal year. One contributing factor to the decrease is the absence of a carryover from the prior year's unused Youth Commitment funds. Additionally, the Library Department has taken an approach to realigning its utility budget to align with the prior year's actual expenditures to achieve a more realistic budget figure.

Table 3 illustrates the Proposed FY 2024-25 General Fund Budget broken down by Departments and compared to the previous year. Table 4 recaps the Revenue budget category compared to prior years.

Table 3

General Fund Expenditures	FY 2023-24 Budget	FY 2024-25 Proposed Budget	Variance
Police	\$78,660,267	\$80,311,635	\$1,651,368
Fire	\$37,034,038	\$36,629,479	(\$404,559)
Public Works	\$13,606,728	\$13,646,745	\$40,017
CIP	\$2,319,315	\$1,246,500	(\$1,072,815)
Development Services	\$7,254,304	\$7,705,181	\$450,877
Community Services	\$7,202,684	\$7,021,053	(\$181,631)
General Government	\$7,662,575	\$7,149,579	(\$512,996)
General Services	\$9,962,512	\$4,732,401	(\$5,230,111)
Neighborhood Services	\$968,777	\$646,072	(\$322,705)
Library	\$2,419,842	\$2,171,514	(\$248,328)
Total	\$ 167,091,042	\$161,260,159	(\$5,830,883)

General Fund Revenues – The FY 2024-25 General Fund Revenues are estimated at \$161.3M. Overall, the estimates have increased 1% from last fiscal year.

Table 4

Revenue Category	FY 2023-24 Budget	FY 2023-24 Y/E Est.	FY 2024-25 Proposed	FY 2023-24 Budget vs. FY 2024-25	FY 2023-24 Y/E Est. vs. FY 2024-25
Property Taxes	\$50,110,000	\$50,199,621	\$51,235,000	\$1,125,000	\$1,035,379
Sales Tax	\$42,467,000	\$43,157,357	\$43,575,914	\$1,108,914	\$418,557
Utility Tax	\$21,777,000	\$21,776,508	\$21,989,686	\$212,686	\$213,178
Total - Big "3"	\$ 114,354,000	\$ 115,133,486	\$ 116,800,600	\$ 2,446,600	\$ 1,667,114
Other Taxes	\$21,518,800	\$21,905,000	\$21,304,800	(\$214,000)	(\$600,200)
Licenses, Permits, & Fees	\$12,090,400	\$11,964,257	\$11,430,700	(\$659,700)	(\$533,557)
Charges for Svc	\$4,525,642	\$3,805,092	\$3,738,365	(\$787,277)	(\$66,727)
Fines	\$2,494,524	\$2,022,100	\$2,016,524	(\$478,000)	(\$5,576)
Other Revenues	\$4,913,710	\$8,032,465	\$6,007,223	\$1,093,513	(\$2,025,242)
Total - All Sources	\$ 159,897,076	\$ 162,862,400	\$ 161,298,212	\$ 1,401,136	\$ (1,564,188)

Fund Balance History – On February 6, 2023, the City adopted the Consolidated Fiscal Policies and Administrative Fiscal Policies and Administrative Procedures. One of the important components of the Policy was to update the General Fund Economic Reserve from 17% to 22% of operating expenses, eventually increasing to 25%. The reserve policy is essential to ensure the City can access financial resources during economic downturns, revenue disruptions, or other unforeseen events impacting cash flows. With the Proposed Budget as it is presented at this writing, an estimated deficit amount of \$1.8M would reduce the fund balance on June 30, 2024. During the May 13 budget study session, Finance staff originally estimated a surplus of \$40k at June 30, 2025. However, the surplus amount has to be revised to \$38k due to an increase in the GIS Draw Tap Contract by \$106k, which increased the General Fund allocation by \$12.7k. Revenues were also revised in the amount of \$10.9k to align the City’s contract with the DPOA.

Table 5

	FY 2022-23	Est FY 2023-24	Est FY 2024-25
Fund Balance	\$62,959,951	61,199,990	61,238,043
Change in Fund Balance	N/A	(\$1,759,961)	\$38,053
Expenditures	\$133,377,621	\$154,872,959	\$155,266,296
Transfers	\$10,754,494	\$9,749,402	\$5,993,863
Total	\$144,132,115	\$164,622,361	\$161,260,159
Percentage	43.7%	37.2%	38.0%
Policy Goal	22.0%	23.0%	24.0%
Difference	21.7%	14.2%	14.0%

Special Revenue Funds – Special Revenue Funds have decreased by a net total of \$183.8k in appropriation and \$200.5k in revenue estimates since the FY 2024-25 proposed publication on May 13, 2024. The changes include an increase in the GIS Draw Tap contract, which will have an Information Technology internal service fund allocation charged to the State Gas Tax Fund in the amount of \$12.7k for the support that is needed. In addition, Housing and Urban Development (HUD) released final formula allocations for the CDBG, HOME, and ESG Programs to align according to the final awards. Community Development Block Grant (CDBG) estimated revenues and appropriations decreased by \$20.5k. HOME Investment Partnership estimated revenues and appropriations decreased by \$3.5k. Emergency Solutions Grant (ESG) estimated revenues and appropriations decreased by \$176.5k and \$172.5k.

Enterprise Funds –Enterprise Funds have increased for a total amount of \$255.6k since the FY 2024-25 proposed publication on May 13, 2024 for additional funding for the “New Gym at City Yard,” CIP Project No. 71118 with allocations of \$87.5k from Water Fund and \$87.5k from the Sewer Fund. In addition, an increase in the GIS Draw Tap contract will have an Information Technology internal service fund allocation charged to the Water Fund (\$45.5k) and the Sewer Fund (\$35k) for the support that is needed.

Capital Projects - The Capital Outlay Fund will also have an increase since the FY 2024-25 proposed publication related to an increase of \$175k in the “New Gym at City Yard,” CIP Project No. 71118 and a \$350k reduction in the Civic Center Plaza – New Playground and Amenities,” CIP Project No. 71063 due to reallocation to other ARP commitments.

Debt Service Funds –Debt Service Funds have not changed since the FY 2024-25 proposed publication on May 13, 2024.

Internal Service Funds– The Internal Service Fund Budgets increased since the FY 2024-25 proposed publication related to the \$106k increase in the Information Technology fund for the GIS contract with Draw Trap.

The Housing Authority Budgets – The Housing Authority Budgets have not changed since the FY 2024-25 proposed publication on May 13, 2024.

CITYWIDE PROPOSED STAFFING

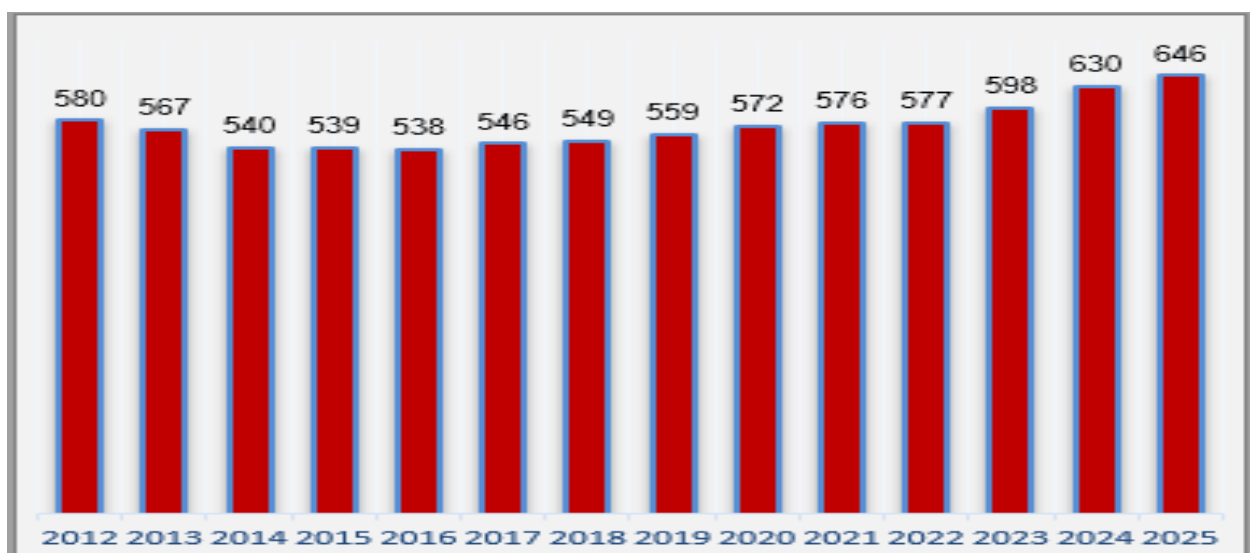
Staffing cost for the FY 2024-25 Budget is calculated using the current approved labor contract provisions, increases in the City’s retirement contribution rates (PERS), step increases for staff, overtime, and hourly staff. Personnel history and funding allocations by Department are shown in the Authorized Staffing section of this document and include the proposed authorized staffing level of 646.55 full-time equivalent (FTE) positions. In addition to these FTE positions, many Departments utilize part-time hourly employees to provide services to the community. As reflected in Table 6, there are increases in the number of FTEs and reclassifications of positions. The requested FTE changes are for the FY 2024-25 Proposed Budget. In total there are 11.00 FTEs requested for addition and 2.00 FTE requested for reclassification. There are also 5.00 FTEs that will be eliminated. The total requested personnel cost changes include \$708k for the General Fund

and \$707k for various Non-General Funds. Table 6A provides a historical view of the FTE changes over the last 14 fiscal years. There are 9.00 authorized FTEs that are un-funded in FY 2024-25 Budget.

Table 6

23-24 Authorized Staffing	640.55	Amended Staffing Levels at 04-27-24
24-25 Proposed Staffing		
City Treasurer	(1.00)	Delete City Treasurer
Community Services	1.00	Add One Facilities Custodian
Community Services	1.00	Add One Recreation Coordinator - Special Events
Development Services	1.00	Add One Senior Planner
Finance	1.00	Add One Customer Service Specialist I
Finance	-	Reclassify Accounting Manager to Payroll Supervisor
Human Resources	1.00	Add One Risk Management Claims Analyst
Innovation and Technology	1.00	Add One Senior Information Technology Manager
Neighborhood Services	(2.00)	Delete Two Housing Inspectors
Police	(2.00)	Delete Two Police Officers (CalVIP Grant)
Public Works	1.00	Add One Facilities Custodian (City Hall and Library Facilities)
Public Works	-	Reclassify Solid Waste Supervisor to Management Analyst
Public Works	1.00	Add One Senior Civil Engineer
Water Resources	1.00	Add One Senior Water Resources Engineer
Water Resources	1.00	Add One Water Utility Crew Leader
Water Resources	1.00	Add One Water Utility Worker I
24-25 Proposed Staffing	646.55	

Table 6A



HOUSING AUTHORITY BUDGET

The Housing Authority budget as recommended for FY 2024-25 totals \$24M in estimated revenues offset by \$29.4M in appropriations. The difference between the estimated revenues and

recommended appropriations is \$5.3M, which will be covered by the available fund balance. This budget is adopted under a separate resolution (Attachment No. 2).

CAPITAL IMPROVEMENT BUDGET

The Capital Improvement Program (CIP) projects include building, upgrading or replacing City infrastructure such as residential and arterial streets, bridges, traffic signals, storm drain systems, parks, public facilities, etc. The separate five-year CIP document addresses in greater detail specific projects to be undertaken, both short and long-term. The recommended Capital Improvement Program (CIP) budget for FY 2024-25 totals approximately \$35.3M (Attachment No.3). The capital plan includes a total of 202 projects, totaling approximately \$605.3M, of which \$289.0M is funded. The \$289.0M will be funded from prior year appropriations totaling \$253.7M of which approximately \$140.8M remains unspent, and approximately \$35.3M of new funding. As always, staff may recommend the CIP be amended throughout the year as funding is secured or otherwise identified. Table 7 displays the CIP Budget by Category and total funded amounts.

Table 7

<i>Category</i>	Estimated Prior Year Expenses	Estimated Prior Year Carryover	Adopted 2024-25	Following Four Years+	Total Projects in CIP Plan
Streets	40,147,278	58,104,740	8,177,225	195,235,080	301,664,323
Traffic	2,228,087	8,325,793	2,607,990	51,250,814	64,412,684
Parks & Facilities	56,991,725	49,952,340	13,865,376	55,060,350	175,869,791
Water	1,314,669	11,315,803	8,100,000	-	20,730,472
Sewer	4,603,222	1,494,567	400,000	354,986	6,852,775
Storm Drains	1,311,697	8,342,736	2,088,820	14,394,867	26,138,120
Miscellaneous	6,336,643	3,207,719	100,000	-	9,644,362
Total	112,933,321	140,743,698	35,339,411	316,296,097	605,312,527

Adopted CIP Budget and Document Update

For adoption, there is a total net decrease in CIP appropriations of \$175,000 from the Proposed Budget. The key changes from the Proposed document are as outlined as follows:

- New appropriation of ARP funds to the “Civic Center Plaza – New Playground and Amenities,” Project No. 428-2590-XXXXXX-71063 was reduced by \$350,000 (from original new appropriation of \$4,113,030 to a revised appropriation amount of \$3,763,030.
- New CIP Project, “New Gym at City Yard,” Project No. 428-2590-XXXXXX-71118 will move from Partially Funded to Fully Funded Parks and Facilities Projects and add the additional appropriations of \$87,500 of Water Funds and \$87,500 of Sewer Funds to the originally proposed amount of \$50,000 of General Fund, bringing the new funded budget

to a total of \$225,000. The project has also moved from Fund 428 to Enterprise Fund 528.

Supplemental Budget Requests

General Fund Supplemental Budget Items

Each year, the budget includes supplemental budget recommendations for staffing, services, and equipment requests. Personnel requests total \$708k in the General Fund for the addition of 4.00 FTE that are 100% General Funded and 3.00 FTE that are partially funded by the General Fund, and 2.00 FTEs that are proposed for reclassification, one within the General Fund, and the other with both General Fund and Non-General Fund appropriations. The FY 2024-25 Proposed General Fund Requests for Operations and Vehicles total \$850k. In total, the FY 2024-25 Proposed General Fund Budget contains \$1.5M in total supplemental appropriations.

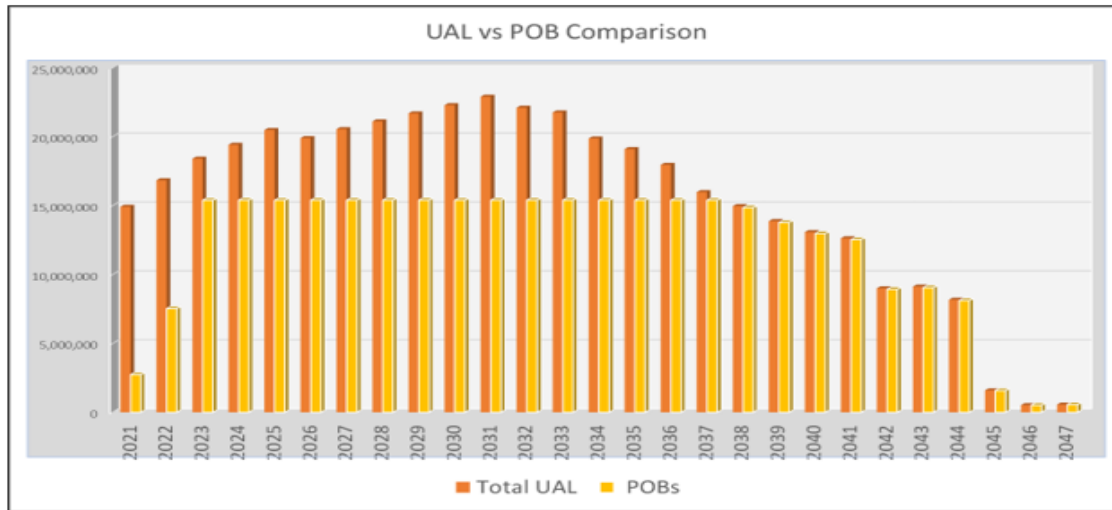
Non- General Fund Supplemental Budget Items

Each year, the budget includes supplemental budget recommendations for staffing, service, and equipment requests. As covered herein, the FY 2024-25 staffing requests total \$707k for the addition of 4.00 FTEs that are 100% funded by Non-General Funds and 4.00 FTEs that are partially funded by Non-General Funds, and 1.00 FTE that is proposed for reclassification. The FY 2024-25 Proposed Non-General Fund Requests for Operations and Vehicles total \$1.2M. The FY 2024-25 Proposed Non-General Fund Budget contains \$1.9M in supplemental appropriations.

UNFUNDED ACCRUED LIABILITY (UAL) VS. PENSION OBLIGATION BOND (POB)

In July 2020, the City implemented POBs to address the City's Unfunded Accrued Liability (UAL) for miscellaneous and safety employee pensions provided through the California Public Employees' Retirement System ("CalPERS"). The amount authorized at that time was the City's current liability of \$220M. A strategy was developed to exclude principal payments to FY 2020-21 and FY 2021-22, to preserve General Fund reserves during the pandemic. If the City had not issued POBs, it would have resulted in fiscal challenges to the General Fund. Issuance of POBs have significantly restructured the City's ongoing long-term pension obligations. The total savings realized is estimated at \$95M over the next 27 fiscal years.

Table 8



GANN APPROPRIATIONS LIMIT

In November 1979, California voters approved Proposition 4 commonly known as the Gann Initiative. The Proposition created Article XIII B of the State Constitution placing limits on the amount of revenue, which can be spent by all entities of government from the proceeds of taxes. Pursuant to California Government Code, the City is required annually to adopt the adjustment factors and the appropriations limit by resolution. The appropriations limit for any fiscal year is equal to the previous fiscal years limit adjusted for population growth in Los Angeles County or the City of Pomona and the State per capita income as supplied by the State of California Department of Finance and reflected in Schedule A (Exhibit A of Attachment No.4). The Calculation of Proceeds of Taxes is shown in Schedule B (Exhibit B of Attachment No.4). The FY 2024-25 appropriations limit, based on the proposed General Fund budget, is calculated at \$319.1M. The City’s FY 2024-25 General Fund budget “Appropriations Subject to Limitation” is \$135.3M, which is \$183.8M below the allowable limitation. As always, the numbers reflected herein and in the attachments will be changed to reflect any changes made to the operating budget prior to its adoption.

YOUTH FUNDING CITYWIDE

Over the last few fiscal years, a comprehensive table has been created of the City of Pomona’s combined efforts displaying each Departments’ appropriations towards youth programming and related services. The City Youth Related Budget Funds table below and listed as Attachment No.9 totals a budgeted amount of \$57M that makes up youth services funding in the City of Pomona’s FY 2024-25 Proposed Budget.

CITY YOUTH RELATED BUDGET FUNDS	FY 22-23 BUDGET	FY 23-24 BUDGET	FY 24-25 BUDGET
LIBRARY SERVICES			
Library Operation	1,811,605.00	2,159,757.00	2,171,154.00
Library Facility Improvements	73,200.00	3,200,000.00	-
Library Youth Commitment - ARP	12,200.00	487,800.00	-
	1,897,005.00	5,847,557.00	2,171,154.00
COMMUNITY SERVICES			
Afterschool Recreation (Youth)	1,066,359.00	1,177,529.00	865,401.00
Athletic Fields	574,120.00	441,118.00	576,486.00
Community Services Admin	1,121,291.00	1,317,267.00	2,050,522.00
Ganesha and Washington Pools	462,899.00	540,448.00	537,071.00
Prop A - Youth Trip Transportation	40,000.00	75,000.00	65,000.00
Recreation Facility Custodial	820,959.00	1,163,461.00	947,390.00
Special Youth Programs	119,357.00	194,982.00	304,503.00
Outdoor & Active (PUSD)	375,000.00	375,000.00	926,294.00
Community Services - Youth Commitment	1,000,000.00	1,500,000.00	1,500,000.00
	5,579,985.00	6,784,805.00	7,772,667.00
NEIGHBORHOOD SERVICES			
ARP Funds for Youth Related Programming	-	554,103.00	-
Neighborhood Services Admin	325,232.00	868,566.00	646,072.00
CDBG - Community Organization Youth Services	39,718.00	-	23,508.00
CDBG - City Youth Services	251,975.00	-	28,741.00
PHA - Households w/Children Rental Assistance	7,558,142.00	6,662,028.00	6,371,460.00
Lead and Healthy Homes Program	2,662,125.00	2,412,666.00	434,418.00
Keeping Pomona Homes Healthy Program	-	1,412,153.00	38,975.00
	10,837,192.00	11,909,516.00	7,543,174.00
POLICE SERVICES			
Every 15 Minutes	2,000.00	2,000.00	2,000.00
Summer Day Camp	15,000.00	15,000.00	15,000.00
National Night Out	5,000.00	5,000.00	5,000.00
Santa Cop	10,000.00	10,000.00	10,000.00
Red Ribbon week	400.00	400.00	400.00
Read Across America			
Halloween Safety	600.00	600.00	600.00
Cops 4 Kids	18,000.00	18,000.00	18,000.00
Explorer Program	13,880.00	13,880.00	13,880.00
School Crossing Guard Contract	469,726.00	488,044.00	505,682.00
School Resource Officers	442,703.00	466,043.00	530,207.00
OTS Occupant Safety Grant - Carseat	-	-	-
Public Safety Fair	15,000.00	15,000.00	-
Cadet Program	15,000.00	15,000.00	15,000.00
	1,007,309.00	1,048,967.00	1,115,769.00

CITY YOUTH RELATED BUDGET FUNDS	FY 22-23 BUDGET	FY 23-24 BUDGET	FY 24-25 BUDGET
PUBLIC WORKS			
Park Facility Maintenance	863,150.00	1,431,695.00	1,162,416.00
Park Landscape Maintenance	3,408,352.00	3,930,260.00	4,273,076.00
Hamilton Park Renovation	-	1,428,272.00	-
Park Light Pole Replacements	-	11,094.00	11,094.00
Memorial Park Bldg Reno/Retro	-	300,000.00	507,215.00
Holt Ave. Corridor Improvements (Garfield Park)	350,000.00	350,000.00	-
Civic Center Plaza Rehabilitation (Kid's World)	1,100,000.00	1,807,891.00	5,165,322.00
ADA Rubberized Playground Surfacing Replacement	-	64,351.00	-
Ralph Welch Park Playground	-	250,000.00	153,661.00
Small Playground at Washington Park and Baseball Fields	-	60,000.00	295,000.00
Country Crossing Park Playground Resurfacing and Equip	-	-	350,000.00
Ted Greene Park Playground Upgrade	-	-	360,000.00
Jaycee Park Playground Upgrade	-	-	350,000.00
MLK Park Playground Equip Replacement	-	-	503,000.00
Renovation of La Casita Teen Center at Palomares Park	-	-	4,000,000.00
Park Restroom Replacement	-	-	2,310,451.00
Garfield Park Renovation	-	-	50,000.00
MLK Skate Park Expansion/Lights	-	-	347,767.00
Washington Park Comm Center Rehab	-	-	200,000.00
Pedestrian and Bicycle Lane Improvements	4,577,286.00	3,844,332.00	17,751,339.00
	10,298,788.00	13,477,895.00	37,790,341.00
DEVELOPMENT SERVICES			
Youth Public Art Projects	300,000.00	413,203.00	450,000.00
Public Art Coordinator	25,249.00	25,249.00	62,230.00
Art Administrative Assistant	-	-	26,858.00
Prop 64 Grant	138,800.00	134,003.00	103,628.00
	464,049.00	572,455.00	642,716.00
TOTAL YOUTH RELATED BUDGET	30,084,328.00	39,641,195.00	57,035,821.00

ARP EXPENDITURE SPENDING PLAN UPDATE

U.S. Treasury states the American Rescue Plan (ARP) funds must obligated by December 2024. To ensure that none of the funds are returned, the City conducted a review of its ARP Spending Plan. During the May 13, 2024 budget study session, the City proposed redistributing the excess \$6.9M in ARP funds towards the HEART Initiative (\$2.8M) and the Civic Center Plaza CIP Project (\$4.1M). However, upon further review, the Civic Center Plaza CIP Project will need to be reduced by \$350k to fund the following programs and initiatives: Pilot Park Ambassador Program (\$40k), a study to be conducted by UCLA on the Universal Household Grant (\$250k), and overhead costs for the Housing Stabilization Department (\$60k). By reallocating these funds, the City aims to utilize the ARP funds prior to the deadline, while addressing various community needs and priorities. These changes are reflected in Table 9.

Table 9

ARP Spending Plan Update - as of June 3, 2024

Program	Current Spending Plan	Revised Spending Plan
Universal Household Grant for 250 Young Families ages 18-24 w/ Children for 18mos @ \$500/mo	5,000,000	4,250,000
Small Business Grants	750,000	229,358
Economic support related to the Pandemic	1,400,000	350,000
Allocation - Mayor	1,500,000	1,362,342
Council Allocations @ \$750k per District	4,500,000	4,500,000
General Fund Budget Shortfall	1,573,747	-
Staffing for ARP Assignments / Housing Stabilization Division	3,500,000	2,963,240
New Citywide Enterprise Resource Planning (ERP) System	3,320,000	3,320,000
Grant to Affordable Housing Project	550,000	550,000
City Support related to the Pandemic	744,901	536,586
Citywide Capital Improvement Program (CIP) Projects	15,000,000	15,000,000
Health and Wellness Activities	1,150,000	431,120
Library Youth Commitment	500,000	500,000
Leadership Development, Operational Efficiencies	400,000	400,000
Technology Upgrades	600,000	600,000
Police Real Time Crime Center	600,000	600,000
COPS Technology and Equipment Grant	211,352	211,352
Rent Stabilization	1,000,000	958,180
Participatory Budget	1,000,000	-
ARP Onetime Payments - MOUs	2,070,000	2,070,000
HEART Team 1 Year Funding	-	2,774,792
Civic Center Plaza CIP Project		3,763,030
TOTAL	45,370,000	45,370,000

FOLLOW-UP QUESTIONS AND RESPONSES

During the May 13, 2024 budget study session, the City Council raised inquiries concerning several key topics. The staff aims to comprehensively address the City Council's questions on these crucial matters, to facilitate informed decision-making. Below are the responses:

LA County Fire Ballot

Staff has been advised that the Los Angeles County Board of Supervisors and Fire District are presenting an initiative measure for voter consideration on the November ballot, which would levy

a special tax on defined parcels in Cities within the District, including Pomona. As written, the measure is intended to replace, upgrade, and maintain fire equipment, systems, and facilities within the District and to hire and train additional firefighters and paramedics. This measure is currently being analyzed by City and legal staff to determine if, and how, its successful passage could impact the City's rates for fire and emergency services.

Update on Development Impact Fees

In April of this year, the Supreme Court ruled on the *Sheetz v. County of El Dorado* case related to developer impact fees.

Generally, any condition on property development is unconstitutional if it is not roughly proportional to the impacts of a particular development on the land-use interest, and/or if there is no "essential nexus" between the condition and the government's land-use interest. This means that development impact fees must take into account impacts that are specifically attributable to a project. Failure to do so may render a development impact fee (or other exaction or condition on property development) as an unconstitutional taking.

Courts have historically found development impact fees in California to be exempt from this requirement. The Mitigation Fee Act authorizes the imposition of fees on a broad class of property owners through legislative action. Consequently, California cities have historically adopted development impact fee programs that established broad, class-based fees on property owners without conducting a particularized, per-parcel analysis.

In *Sheetz*, the United States Supreme Court (in a 9-0 opinion) found that the Takings Clause does not distinguish between legislative and administrative land-use permit conditions. Consequently, California development impact fees seem to now be subject to a particularized, per-parcel analysis. The City's nexus study for impact fees has been current within the last three years. Staff and our legal team are evaluating any changes or additional findings that may be needed to strengthen the City's position on this matter. Any changes or recommendations will be brought to the Council for consideration and potential adoption.

California Business Round Table

The California Business Roundtable's (CBRT) "Taxpayer Protection and Government Accountability Act" is a ballot measure slated for the November 2024 ballot that would amend the California Constitution. Its impact on local jurisdictions could be significant. Currently, many local tax increases in California can become law with a majority vote by the public. The measure would raise that threshold to two-thirds. The CBRT measure would define all sources of revenue as either taxes or "exempt charges" (fees). Local governing bodies would not be able to delegate fee adjustments to administrative entities.

Currently, fees for services or products must cover the "reasonable" cost of service. The CBRT initiative would amend the law so that these fees could not exceed the "actual cost" of providing the product or service. It defines "actual cost" as the "minimum amount necessary." This could mean cities would need to choose cheaper, less optimal projects, goods, and services or subsidize the activity, resulting in race-to-the-bottom service levels and quality.

The measure would also create a new requirement that some fees—including for use of or access to government property—must be “reasonable” to the payor. However, it does not define “reasonable.” At the same time, the measure would allow people to challenge fees by claiming a fee is unreasonable even if it meets the “actual cost” of service. This would result in lawsuits that taxpayers would be forced to fund.

Any taxes and fees adopted after Jan. 1, 2022 that do not comply with the measure’s rules would become void unless reenacted within a year of the effective date of the measure. Voters in an annexed area would need to approve existing taxes and local voters could no longer pass special taxes qualified by initiative with a simple majority.

Some major examples of affected fees and charges are emergency response fees, document processing and duplication fees, transit fees, tolls, parking fees, facility use charges, garbage disposal tipping fees, and potentially commercial franchise fees.

Governor Newsom has asked the California Supreme Court to take the rare step of removing the anti-tax measure from the November 5, 2024, ballot, arguing that it should be considered a constitutional revision, which cannot be done via voter initiative. That case is expected to be decided by June 27, the state’s deadline for certifying measures for the November ballot.

At this time, it does not appear that the CBRT measure would have any impact on the voter-initiated ballot measure facing Pomona as the proposed initiative does not establish a new tax or fee.

Youth Commitment Carryover Estimates

The estimated amount to be carried forward from Fiscal Year 2023-24 to Fiscal Year 2024-25 for the Library and Community Youth Services Commitment Funds are \$365k and \$1.4M, respectively, or \$1.7M. Finance staff will perform a thorough review of these funds in August and re-budget the carryover amounts through the First Quarter Budget Council Report. This process ensures that the allocated funds for the Youth Commitment program are accurately reflected and appropriately carried forward.

CONCLUSION

The FY 2024-25 Proposed Operating Budget is a collaborative effort involving all City Departments, coordinated by the Finance Department. It is a comprehensive document that consolidates an enormous amount of data, including revenue estimates, anticipated expenses, cost allocations, transfers, and accruals, to accurately account for the City of Pomona's multifaceted operations. This proposed budget represents the staff's best estimate of a spending plan within available resources, aligning with the City Council's goals for the upcoming fiscal year.

Various factors, such as high inflation impacting the cost of goods and services, unstable fuel prices, supply chain disruptions, raw material shortages, the Federal Reserve's ongoing efforts to curb inflation through interest rate hikes, gradually rising unemployment rates, and a recent slowdown in the housing market, serve as reminders that revenues, while elevated, could potentially decline, as history has shown during economic fluctuations.

The Proposed Operating Budget encompasses the currently available and projected revenues, underscoring the City's unwavering priority of serving the residents and businesses of Pomona. As with every budget year, this budget remains a work in progress, subject to continuous monitoring and necessary adjustments throughout the fiscal year. The City acknowledges the dynamic nature of economic conditions and remains vigilant in adapting the budget to address any changes in revenue or expenditure patterns, while also considering the potential implications of the Pomona Kids First initiative on the November 2024 ballot, and the obligation and expenditure timelines for the ARP funds.

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ATTACHMENT(S):

- Attachment No. 1 – Resolution No. 2024-83
Exhibit A – FY 2024-25 Operating Budget
- Attachment No. 2 – Resolution No. 2024-84 Housing Authority
- Attachment No. 3 – Resolution No. 2024-85 Capital Improvement Program
Exhibit A – FY 2024-25 CIP Budget by Category
- Attachment No. 4 – Resolution No. 2024- 86 GANN
Exhibit A - GANN LIMIT Appropriations Limit
Exhibit B – Calculation of Proceeds of Taxes
- Attachment No. 5 – Resolution No. 2024-87 Appendix A Group A & B
- Attachment No. 6 – Resolution No. 2024-88 Appendix B PMMCEA
- Attachment No. 7 – Resolution No. 2024-89 Salary Schedule
Exhibit A – Salary Schedule
- Attachment No. 8 – Public Hearing Notice
- Attachment No. 9 – FY 2024-25 Youth Funding Table
- Attachment No. 10 – FY 2024-25 Proposed for Adoption Presentation