



CITY OF POMONA COUNCIL REPORT

June 2, 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: PUBLIC HEARING: ADOPTION OF RESOLUTIONS APPROVING THE FISCAL YEAR (FY) 2025-26 CITY OF POMONA OPERATING BUDGET, HOUSING AUTHORITY BUDGET, FIVE YEAR CAPITAL IMPROVEMENT PROGRAM BUDGET, ESTABLISHING THE FY 2025-26 GANN APPROPRIATIONS LIMIT, PERSONNEL RELATED ACTIONS AND APPROVE SECTION 115 TRUST PAYMENT TO CALPERS

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. 2025-70 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA ADOPTING THE CITY'S OPERATING BUDGET FOR FISCAL YEAR 2025-26.**
- 2. RESOLUTION NO. 2025-71 - 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 FISCAL YEAR 2025-26 HOUSING AUTHORITY BUDGET**
- 3. RESOLUTION NO. 2025-72 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA APPROVING THE FISCAL YEAR 2025-26 TO FISCAL YEAR 2029-30 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM AND ADOPTING A CAPITAL IMPROVEMENT PROGRAM BUDGET FOR FISCAL YEAR 2025-26.**
- 4. RESOLUTION NO. 2025-73 - 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 FISCAL YEAR 2025-26.**
- 5. RESOLUTION NO. 2025-74 - 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 ADDING THE CHILDREN & YOUTH SERVICES DIRECTOR CLASSIFICATION.

- 6. RESOLUTION NO. 2025-75 - 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 BY ADDING THE CLASSIFICATIONS OF ARTS IN PUBLIC PLACES PROGRAM MANAGER AND BUILDING & SAFETY SUPERVISOR.**
- 7. RESOLUTION NO. 2025-76- A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AMENDING APPENDIX B OF THE MEMORANDUM OF UNDERSTANDING WITH THE POMONA CITY EMPLOYEES' CHAPTER OF THE TEAMSTERS LOCAL 1932 BY ADDING THE CLASSIFICATIONS OF SENIOR PLANS EXAMINER AND STORMWATER MAINTENANCE CREW LEADER.**
- 8. RESOLUTION NO. 2025-77 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, ADOPTING THE CITY OF POMONA'S SALARY SCHEDULE FOR FISCAL YEAR 2025-26 TO MEET THE CALIFORNIA CODE OF REGULATIONS TITLE 2, SECTIONS 570.5 AND 571.**
- 9. Approve a payment from the Section 115 Pension Trust in the amount of \$1.9M for an additional Discretionary Payment to CalPERS to be made on or before June 30, 2025.**

EXECUTIVE SUMMARY: The Mayor and City Council were presented with the FY 2025-26 Proposed Budget at the May 12, 2025 Special Budget Study Session. Since then, new information has been added for consideration to this revised report. Revisions are included below.

- General Fund appropriations will increase \$113k to provide overtime for 4 days of vendor enforcement each month. The appropriations will be budgeted in the Police, Public Works, and Developments Services Departments. In addition, a reclassification request in the Community Services Department has been rescinded and will decrease their budget by \$19k.
- The Children and Youth Fund will increase \$7.3M to align with revenue via the transfer from the General Fund. Overall, the \$7.3M will be allocated as follows:
 - Increase Authorized Staffing by adding 1.00 Children & Youth Services Director +\$264k
 - Create a Children & Youth Administration Fund that will capture this administration portion defined in the Policy (Fund 149) +\$1.1M
 - Appropriate the corresponding expenditures for the Children and Youth Fund and Children and Youth Admin Fund to equate to the FY 2025-26 revenue that was budgeted+ \$5.9M

- Housing and Urban Development (HUD) released final formula allocations for the following funds listed below, the respective budgets will change as follows:
 - Community Development Block Grant (CDBG) estimated revenues and appropriations decreased by \$60.5k
 - HOME Investment Partnership estimated revenues and appropriations increased by \$344k
 - Emergency Solutions Grant (ESG) estimated revenues decreased \$1.9k and appropriations decreased by \$1.3k
- Traffic Offender Fund appropriations will increase \$223k and revenues will increase \$191k as updated information has been obtained since the Proposed Budget publication
- Water Fund (F571) will have a carryover of \$800k from their FY 2024-25 Budget for a City Council approved maintenance services contract for well rehabilitation services of Well 32 and Well 36 that will go into effect after July 1, 2025.
- The Equipment Replacement Fund (F434) appropriated \$250k in the FY 2024-25 Budget for the purchase of Taser 10 Less Lethal Electronic Control Device from Axon Enterprise, Inc. for the initial installment. These items will not be delivered until after July 1, 2025, therefore a carryover of \$250k is requested.
- Approve payment from Section 115 Pension Trust in the amount of \$1.9M for an additional Discretionary Payment to CalPERS to be made on or before June 30, 2025
- Transfer the Arts in Public Places Program Manager (reclassified) position from the Development Services Department to the Administration Department (Economic Development Division)

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 19, 2025 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 2025-26 Operating and Capital Improvement Program (Attachment No.3) budgets as follows:

Proposed Budget	Revenue Estimates	Appropriations
1) City of Pomona Operating	\$441,455,782	\$451,348,626
2) Housing Authority	\$27,324,085	\$29,479,259
3) Capital Improvement Program *		\$21,918,099
	\$468,779,867	\$502,745,984

* Revenue Estimates for CIP are included in the operating budget

PREVIOUS RELATED ACTION: City Council adopted the FY 2024-25 Operating Budget, Housing Authority Budget, and the Five-Year Capital Improvement Program on June 3, 2024. The

City Council also approved the Budget Preparation Calendar, Guiding Principles and Process for FY 2025-26 on January 6, 2025. The FY 2024-25 Mid-Year Budget Review was presented on March 17, 2025. Community Budget Meetings were held on March 24 and April 2, 2025, to seek feedback on the FY 2025-26 Preliminary Budget. The FY 2025-26 Budget Study Session was held on May 12, 2025.

DISCUSSION

The revised FY 2025-26 Budget for Citywide expenditures is proposed at \$502.7M 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 2025-26 General Fund Proposed Budget anticipates a \$5.5k deficit. Since the May 12, 2025, Budget Study session staff has included changes as listed herein:

- General Fund appropriations will increase \$113k to provide overtime for 4 days of vendor enforcement each month. The appropriations will be budgeted in the Police, Public Works, and Developments Services Departments. In addition, a reclassification request in the Community Services Department has been rescinded and will decrease their budget by \$19k.
- Children and Youth Fund will increase \$7.3M to align with revenue via the transfer from the General Fund. Overall, the \$7.3M will be allocated as follows:
 - Increase Authorized Staffing by adding 1.00 Children & Youth Services Director +\$264k
 - Create a Children & Youth Administration Fund that will capture this administration portion defined in the Policy (Fund 149) +\$1.1M
 - Appropriate the corresponding expenditures for the Children and Youth Fund and Children and Youth Admin Fund to equate to the FY 2025-26 revenue that was budgeted+ \$5.9M
- Housing and Urban Development (HUD) released final formula allocations for the following funds listed below, the respective budgets will change as follows:
 - Community Development Block Grant (CDBG) estimated revenues and appropriations decreased by \$60.5k
 - HOME Investment Partnership estimated revenues and appropriations increased by \$344k
 - Emergency Solutions Grant (ESG) estimated revenues decreased \$1.9k and appropriations decreased by \$1.3k
- Traffic Offender Fund appropriations will increase \$223k and revenues will increase \$191k as updated information has been obtained since the Proposed Budget publication
- Water Fund (F571) will have a carryover of \$800k from their FY 2024-25 Budget for a City Council approved maintenance services contract for well rehabilitation services of Well 32 and Well 36 that will go into effect after July 1, 2025.
- The Equipment Replacement Fund (F434) appropriated \$250k in the FY 2024-25 Budget for the purchase of Taser 10 Less Lethal Electronic Control Device from Axon Enterprise, Inc. for the initial installment. These items will not be delivered until after July 1, 2025, therefore a carryover of \$250k is requested.
- Approve payment from Section 115 Pension Trust in the amount of \$1.9M for an additional Discretionary Payment to CalPERS to be made on or before June 30, 2025

- Transfer the Arts in Public Places Program Manager (reclassified) position from the Development Services Department to the Administration Department (Economic Development Division)

OPERATING BUDGET

All Funds – The Operating Budget is the City's financial plan and consists of revenues and expenditures to finance the current year operations of the various funds and programs for the fiscal year beginning July 1, 2025 and ending June 30, 2026. 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 2025-26 Operating and Capital Improvement Program Budgets total \$502.7M as follows in Table 1.

Table 1

Fund Type	Revenue Including Transfers In	Appropriations Including Transfers Out
General Fund	\$163,143,342	\$168,661,546
Special Revenue Funds	96,349,843	98,337,430
Debt Service Funds	19,184,327	19,188,216
Capital Project Funds	12,552,208	1,023,852
Enterprise Funds	138,886,284	153,368,062
Internal Service Funds	11,339,778	\$10,769,520
City Operating Budget	\$441,455,782	\$451,348,626
Housing Authority	27,324,085	29,479,259
Capital Improvements	-	21,918,099
Total	\$468,779,867	\$502,745,984

- **General Fund** – Since the May 12th Study Session, there have been General Fund appropriations increase totaling \$95k due an increase of \$113k to provide overtime for 4 days of vendor enforcement each month by the Police, Public Works, and Developments Services Departments. In addition, a reclassification request in the Community Services Department has been rescinded and will decrease their budget by \$19k.

Table 2

FY 2025-26 General Fund	Proposed 5/12/2025	Proposed 6/2/2025	Difference
Revenue	\$163,143,342	\$163,143,342	\$0
Appropriations	\$168,566,646	\$168,661,546	\$94,900
Deficit	(\$5,423,304)	(\$5,518,204)	(\$94,900)

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 2025-26 expenditure budget is \$168.6M, which is a \$2.3M increase over the prior fiscal year’s budget.

The Police Department's budget decreased by \$46k compared to the FY 2024-25. This reduction occurred despite staffing costs increasing by \$5M due to the Department's substantial share of the CalPERS UAL. The decrease was achieved through several offsetting measures: controllable contracts were reduced by \$381k, total allocated costs and capital decreased by \$716k, and as part of the Department reduction plan a “freeze” of 25 FTEs positions is included for only those that are currently vacant totaled \$3.9M. The frozen positions consist of 3 Jailers, 1 Police Dispatcher, 2 Police Records Specialists, 3 Senior Police Dispatchers, 1 Senior Police Records Specialist, 1 Deputy Police Chief, and 14 Police Officers. Since the FY 2025-26 Proposed Budget was presented, the Departments overtime budget will increase \$46k for 4 days of vendor enforcement each month.

According to estimates from the Los Angeles County Fire District, the cost of services is expected to rise by \$1.1M compared to the previous fiscal year. This represents a 3% increase over last year’s contract.

The Public Works Department's budget reflects an overall net decrease of \$57k compared to the prior fiscal year. This reduction was achieved despite increases of \$181k in staffing and utility budgets and several supplemental budget allocations, including \$44k for rubberized surface sealing, \$112k for Greenbelt Park pruning maintenance, \$36k for Meadowview Demonstration Garden maintenance, \$50k for water costs at Greenbelt Park, and \$40k for Civic Center Plaza historical fountain maintenance and repairs. The Department implemented budget reductions through a \$200k reduction in controllable contracts and by temporarily leaving vacant positions unfilled, specifically the Associate Civil Engineer and Graffiti Removal Worker positions, which generated \$108k in savings. The Department also unfunded a Equipment Mechanic in the Fleet division, which contributed to the Equipment (Fleet) fund savings plan. Additionally, the department benefited from the reduction of a \$79k debt service obligation from the prior year, which has now been fully satisfied. Since the FY 2025-26 Proposed Budget was presented, the Departments overtime budget will increase \$43k for 4 days of vendor enforcement each month.

Considering the necessary fiscal adjustments across Departments, the FY 2025-26 budget reflects a temporary pause in the General Fund Capital Improvement Project allocation. This effort allows the City to address more immediate priorities while maintaining essential services for residents, as well as to fund the Pomona Children and Youth Fund. This resulted in a \$3.5M reduction in the CIP budget in comparison to the last fiscal year. The FY 2025-26 CIP Budget includes the use of \$950k of the CIP Project Fund Reserves generated from past General Fund transfers.

Development Services experienced an overall net decrease of \$386k compared to the last fiscal year. This reflects a reduction in controllable contracts amounting to \$585k and a funding freeze in filling the Deputy Development Services Director position as this person will move to the Economic Development division in FY 2025-26, resulting in a \$289k in budgetary decrease. While

these reductions were partially offset by an increase in staffing costs of \$265k and an additional \$195k allocation for a supplemental position request for Senior Plans Examiner and reclassification of Building & Safety Coordinator to a Building & Safety Supervisor. Since the FY 2025-26 Proposed Budget was presented, the Departments overtime budget will increase \$24.5k for 4 days of vendor enforcement each month.

The General Government group consists of the Mayor & City Council, City Administration, City Clerk, Finance, and Human Resources Departments. It experienced an increase of \$5.7 million compared to FY 2024-25, primarily due to the increased transfer of near \$6M from the General Fund to the Pomona Fund for Children and Youth. This significant change reflects the progression of the program's funding structure – while the FY 2024-25 transfer was calculated at 2% for half of the fiscal year, the FY 2025-26 allocation increases to 5% for the full fiscal year, resulting in a substantial \$7.5M transfer. The General Government group also faced additional costs of a \$188k rise in overall staffing expenses, a \$305k increase in property administration fees (transferred from the General Services Department), and supplemental increases of \$32k for fixed asset audit and master fee study in the Finance Department. Despite these increases, the Departments in this group implemented reductions, including a \$347k decrease in controllable contracts, a \$95k reduction in allocated costs, and temporary vacancy savings of \$197k by maintaining unfilled positions for the Records Management Specialist and Administrative Assistant in the City Clerk's office.

The General Services Department experienced an overall budget increase of \$351k in FY 2025-26. The Department saw a \$550k rise in the Humane Society contract and the removal of a \$1.3M vacancy factor. These increases were partially offset by various reductions, including a \$125k decrease in controllable contracts, a \$115k reduction in outside legal services, and a \$65k reduction in required contracts. Additionally, a \$270k property tax administration fee is now being accounted for in the Finance Department. Most notably, the City has suspended funding for several fiscal policies that were previously supported in FY 2024-25, including \$300k for catastrophic events, \$200k for equipment replacement, and \$500k for the Section 115 trust, and \$1.26M in CIP contributions, reflecting the city's need to reallocate resources in the current budget environment.

The Neighborhood Services budget reflects a \$25k increase compared to the previous fiscal year. This change can be attributed to a \$98k rise in staffing costs, offset by a \$70k decrease in controllable contracts.

Community Services has an overall budget decrease of \$342k in fiscal year 2025-26. This includes a significant staffing realignment, with \$786k allocated for full-time and hourly personnel who were previously funded through the youth commitment budget. Despite this increase, the department realized substantial reductions through the reduction of prior year budgets related to youth commitment programming. This reduction was implemented to eliminate duplication with services that may be funded through Measure Y. In the FY 2025-26 Proposed Budget a Management Analyst was proposed to be reclassified to a Senior Management, however the request is now being rescinded, reducing the request for an increase of \$19k.

The Library experienced an overall budget decrease of \$346k for FY 2025-26. This reduction includes savings of \$73k by maintaining a vacant Library Assistant position. However, the majority of the decrease stems from the realignment of youth services funding, as the Library was not allocated its previous budget for youth commitment.

Table 3 illustrates the Proposed FY 2025-26 General Fund Budget broken down by Departments and compared to the previous year. Table 4 recaps and explains the budget category differences presented in Table 3.

Table 3

General Fund Expenditures	FY 2024-25 Budget	FY 2025-26 Adopted Budget	Variance
Police	\$81,015,872	\$80,970,080	(\$45,792)
Fire	\$36,629,479	\$37,758,927	\$1,129,448
Public Works	\$13,953,795	\$13,896,786	(\$57,009)
CIP	\$3,552,450	\$0	(\$3,552,450)
Development Services	\$7,780,181	\$7,393,895	(\$386,286)
Community Services	\$7,021,053	\$6,678,988	(\$342,065)
General Government	\$8,818,830	\$14,474,166	\$5,655,336
General Services	\$4,640,451	\$4,991,744	\$351,293
Neighborhood Services	\$646,072	\$671,813	\$25,741
Library	\$2,171,514	\$1,825,147	(\$346,367)
Total	\$ 166,229,697	\$168,661,546	\$2,431,849

General Fund Revenues – The FY 2025-26 General Fund Revenues are estimated at \$163.1M. Overall, the estimates have increased 1% from last fiscal year.

Table 4

Revenue Category	FY 2024-25 Budget	FY 2024-25 Y/E Est.	FY 2025-26 Adopted	FY 2024-25 Budget vs. FY 2025-26	FY 2024-25 Y/E Est. vs. FY 2025-26
Property Taxes	\$51,235,000	\$52,852,298	\$53,670,000	\$2,435,000	\$817,702
Sales Tax	\$43,575,914	\$40,851,887	\$42,800,000	-\$775,914	\$1,948,113
Utility Tax	\$21,989,686	\$21,290,921	\$22,505,000	\$515,314	\$1,214,079
Total - Big "3"	\$ 116,800,600	\$ 114,995,106	\$ 118,975,000	\$ 2,174,400	\$ 3,979,894
Other Taxes	\$21,304,800	\$22,504,800	\$22,103,800	\$799,000	(\$401,000)
Licenses, Permits, & Fees	\$11,430,700	\$8,322,287	\$8,788,534	(\$2,642,166)	\$466,247
Charges for Svc	\$4,209,391	\$3,857,705	\$4,178,410	(\$30,981)	\$320,705
Fines	\$2,516,524	\$3,045,050	\$3,132,721	\$616,197	\$87,671
Other Revenues	\$5,990,278	\$6,844,888	\$5,964,877	(\$25,401)	(\$880,011)
Total - All Sources	\$ 162,252,293	\$ 159,569,836	\$ 163,143,342	\$ 891,049	\$ 3,573,506

Fund Balance History – In a proactive move to strengthen the City's financial foundations, staff collaborated with the City's financial advisor, Urban Futures, Inc. (UFI), to develop an updated

Consolidated Fiscal Policies and Administrative Procedures. These updated policies were Proposed by City Council action on February 6, 2023, with the purpose of establishing comprehensive guidelines for the City's overall fiscal planning and management. The consolidated policy document is structured to develop principles that guide the City's financial administration. It encompasses crucial areas such as Fund Balances, Reserves & Surplus, Pension and Other Post-Employment Benefit (OPEB) Funding, Budget Adoption and Administration, Fiscal Sustainability Plan Elements, Capital Improvement, Debt Management, Investments, and Economic Development. Any amendments to these City Council Policies will require Council approval.

One of the critical components was updating the General Fund Economic Reserve (Fund Balance Policy) to 22% of operating expenses, with a long-term goal of increasing it to 25%. The previous policy goal was 17%. This reserve policy is essential to ensure the City can access financial resources during economic downturns, revenue disruptions, unexpected debt service obligations, or other unforeseen events impacting cash flows.

The City's financial outlook shows projected reductions in the General Fund Balance over two fiscal years. The year-end estimate for FY 2024-25 projects a reduction of \$7M from the fund balance on June 30, 2025. Additionally, FY 2025-26 anticipates using \$5.5M from General Fund reserves by June 30, 2026. It is crucial to note the City's effort towards these proactive measures. However, as stated earlier, there are no contributions for the Consolidated Fiscal Policies included in the FY 2025-26 Budget. In contrast to previous fiscal years, operations resulted in a surplus, which the City utilized \$4.4M of the \$13.2M surplus from FY 2022-23 for long-term financial investments. There was no surplus from FY 2023-24, however the City had \$2M available in the Franchise Fee Funded programs fund and distributed this amount in a similar manner to the Section 115 Trust (\$1M), Equipment Replacement Reserves (\$500k), and the CIP (\$500k).

While the projected \$7M deficit for FY 2024-25 is larger in the short term, it is not due only to current expenses exceeding revenues but also an advance from General Fund reserves to fund a portion of the Civic Center CIP Project of \$2M which will be returned to the General Fund from Development Impact Fee (DIF) revenues that are received over the next few fiscal years.

As a result of implementing the Fiscal Policy, the City started to make strategic contributions to various funding strategies to strengthen its financial position. These contributions span multiple fiscal years and utilize General Fund Unassigned Fund Balances from prior years. Firstly, a total of \$5.2M has been contributed to the Section 115 Pension Trust. Secondly, to prepare for potential catastrophic events, the City has been allocated \$600k. Thirdly, recognizing the importance of maintaining and replacing essential equipment, the City has invested \$1.5M in the Equipment Replacement fund. Finally, to address capital improvement needs, the City has allocated \$1.3M for the Capital Improvement Program (CIP). This funding comprises previous surpluses and budgets, and as part of this FY 2025-26 budget it is proposed to use \$950k of the CIP reserve funds. Through these strategic contributions, the City has begun its commitment to long-term financial sustainability, addressing critical infrastructure needs, and ensuring the availability of funds for unforeseen events and future obligations. It must be noted these "buckets" will begin to be utilized with the inability to fund a balanced budget for FY 2025-26. Future surpluses are highly unlikely in the near future and future budgets will have to include less appropriations to secure the current reserves to protect the City's long-term liabilities and daily operations.

Table 5

	FY 2023-24	Est FY 2024-25	Est FY 2025-26
Fund Balance	60,285,724	\$53,126,303	\$47,608,099
Change in Fund Balance	N/A	(7,159,421)	(\$5,518,204)
Expenditures	\$153,237,740	\$155,983,664	\$156,597,102
Transfers	\$9,916,084	\$10,445,593	\$12,064,444
Total	\$163,153,824	\$166,429,257	\$168,661,546
Percentage	37.0%	31.9%	28.2%
Policy Goal	23.0%	24.0%	25.0%
Difference	14.0%	7.9%	3.2%

Other Funds

Special Revenue Funds – Special Revenue Funds have increased by a net total of \$7.8M in appropriation and \$473k in revenue estimates since the FY 2025-26 proposed publication on May 12, 2025. This is a result of 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 \$60.5k. HOME Investment Partnership estimated revenues and appropriations increased by \$344k. Emergency Solutions Grant (ESG) estimated revenues decreased \$1.9k and appropriations decreased by \$1.3k. In addition, there are updates to the Children and Youth Fund and the establishment of the Children and Youth Administration Fund which have a net impact of \$7.3M since the FY 2025-26 proposed publication on May 12, 2025. The Traffic Offender Fund appropriations will increase \$223k and revenues will increase \$191k as updated information has been obtained since the Proposed Budget.

Enterprise Funds –Enterprise Funds have increased for a total amount \$800k related to a FY 2024-25 carryover in the Water Fund (F571) for a council approved maintenance services contract for well rehabilitation services of Well 32 and Well 36 that will go into effect after July 1, 2025.

Capital Projects - The Capital Outlay Funds has changed due to the Equipment Replacement Fund (F434) that will need a carryover related to the \$250k appropriated in the FY 2024-25 Budget for the purchase of Taser 10 Less Lethal Electronic Control Device from Axon Enterprise, Inc. for the initial installment. These items will not be delivered until after July 1, 2025, therefore a carryover of \$250k is requested.

Debt Service Funds – Debt Service Funds have not changed since the FY 2025-26 proposed publication on May 12, 2025.

Internal Service Funds– The Internal Service Fund Budgets have not changed since the FY 2025-26 proposed publication on May 12, 2025.

The Housing Authority Budgets – The Housing Authority Budgets have not changed since the FY 2025-26 proposed publication on May 12, 2025.

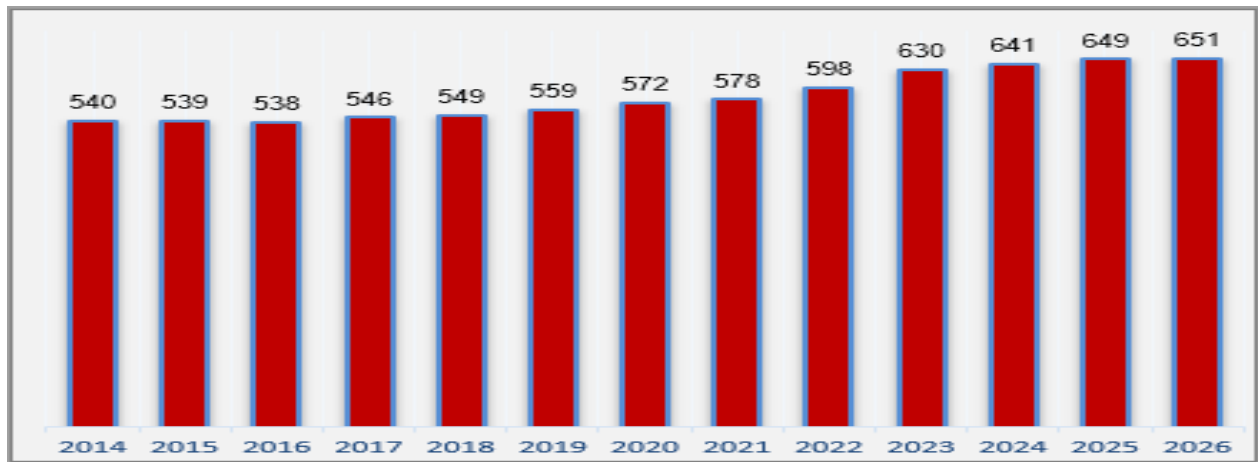
CITYWIDE PROPOSED STAFFING –

Staffing cost for the FY 2025-26 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 650.55 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 minimal increases in the number of FTEs and reclassifications of positions. The approved FTE changes are for the FY 2025-26 Proposed Budget. In total there are an additional 3.00 FTEs and 4.00 FTEs approved for reclassification. One reclassification request that was included in the FY 2025-26 proposed publication on May 12, 2025 has since been changed in the Community Services Department and staff is rescinding the request. There are also 1.00 FTE that will be eliminated. The total approved personnel cost changes include \$195k for the General Fund and \$323k for various Non-General Funds. Table 6A provides a historical view of the FTE changes over the last 13 fiscal years. As discussed in the General Fund expenditure section there are 32 authorized FTEs that are “frozen”, in addition there are 6 FTEs in the Police Department that are un-funded in FY 2025-26 Budget.

Table 6

24-25 Amended Staffing	648.55	Amended Staffing Levels at 02-24-25
25-26 Proposed Staffing		
Administration	(1.00)	Delete 1 Assistant City Manager
Administration (Publ Wrk)	-	Reclassify 1 Senior Project Manager to Management Analyst (move to Public Works)
Admininstration	1.00	Add Childen & Youth Services Director
Development Services	-	Reclassify 1 Mgmt Analyst (DS) to AIPP Program Manager (Admin)
Development Services	1.00	Add 1 Senior Plans Examiner
Development Services	-	Reclassify 1 Building & Safety Coordinator to Building & Safety Supervisor
Water Resources	-	Reclassify 1 Stormwater Maintenance Worker to Stormwater Maint Crew Leader
Water Resources	1.00	Add 1 Utility System Technician
25-26 Proposed Staffing	650.55	

Table 6A



CAPITAL IMPROVEMENT BUDGET

CIP projects include building, upgrading, or replacing City infrastructure such as residential and arterial streets, bridges, traffic signals, storm drain systems, parks, and public facilities. The separate five-year CIP document addresses, in greater detail, specific projects to be undertaken both short and long term. The capital plan includes a total of 203 projects, totaling approximately \$673M, of which approximately \$290.8M is funded. The \$290.8M will be funded from prior year appropriations totaling \$268.9M of which approximately \$161.6M remains unspent, and approximately \$21.9M of proposed new funding. The approved prior funding for projects within this document reflects City Council approvals through April 21, 2025. This information is detailed in Table 7 below.

Table 7

Category	Estimated Prior Year Expenses	Estimated Prior Year Carryover	Proposed for Adoption 2025-26	Following Four Years+	Total Projects in CIP Plan
Streets	35,629,378	45,267,518	7,760,152	190,222,784	278,879,832
Traffic	2,665,109	19,672,143	1,546,981	56,049,303	79,933,536
Parks & Facilities	53,913,336	60,499,471	2,515,184	74,897,899	191,825,890
Water	1,347,326	18,733,146	7,575,000	39,125,310	66,780,782
Sewer	4,704,957	1,292,832	1,920,782	2,649,855	10,568,426
Storm Drains	1,550,878	9,679,242	400,000	19,268,000	30,898,120
Miscellaneous	7,535,150	6,424,828	200,000	-	14,159,978
Total	107,346,134	161,569,180	21,918,099	382,213,151	673,046,564

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 \$195k in the General Fund for the addition of 2.00 FTE that are 100% General Funded, the reduction of 1.00 FTE that is 100% General Funded, and 1.00 FTE that is proposed for reclassification within the General Fund appropriations. The FY 2025-26 Proposed General Fund Requests for Operations and Vehicles total \$493k. In total, the FY 2025-26 Proposed General Fund Budget contains \$705k in total supplemental appropriations. Several other positions and items were requested by Departments, however, due to limited funds were not included in this proposed budget.

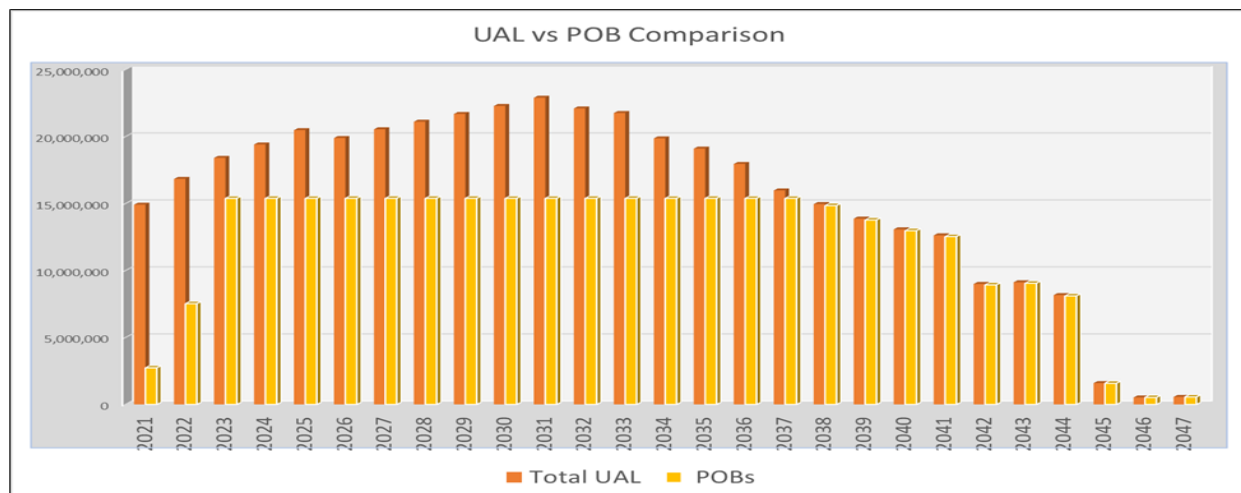
Non- General Fund Supplemental Budget Items

Each year, the budget includes supplemental budget recommendations for staffing, service, and equipment requests. As covered herein, the FY 2025-26 staffing requests total \$393k for the addition of 1.00 FTE that are 100% funded by Non-General Funds and 2.00 FTEs that are funded by Non-General Funds for reclassification. The FY 2025-26 Proposed Non-General Fund Requests for Operations and Vehicles total \$2.7M.

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

In July 2020, the City implemented Pension Obligation Bonds (POB) 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 has 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 2025-26 appropriations limit, based on the proposed General Fund budget, is calculated at \$341.9M. The City's FY 2025-26 General Fund budget "Appropriations Subject to Limitation" is \$138.1M, which is \$203.8M 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.

CONCLUSION

The FY 2025-26 Proposed Operating Budget was developed considering current fiscal conditions and required careful planning, consideration, and prioritization of spending. Alternate revenue sources were explored, community input was requested, and budgets were adjusted as needed to ensure they reflected the community's needs while being fiscally responsible and sustainable.

Given the current economic landscape, which is marked by soaring inflation driving up the costs of goods and services, escalating energy and fuel prices, the Federal Reserve's ongoing efforts to rein in inflation through interest rate hikes, potential rises in unemployment, and a cooling housing market, it is imperative we approach the estimation of service and program costs, as well as the available resources to fund them, with prudence and caution. While revenues did not experience much growth in recent times, the cyclical nature of economic conditions serves as a reminder that a downturn could be on the horizon. History has repeatedly demonstrated that revenue streams can fluctuate, underscoring the necessity for a balanced and judicious approach to budgeting. Consequently, this Proposed budget strikes a careful balance between addressing the essential needs of our community and maintaining fiscal sustainability for the long term. In addition, the implementation of Measure Y brings a \$7.5M use of General Fund that was not required in the past. This transfer will increase each year, which in turn means more core services funded by the General Fund will need to be reduced and/or eliminated in future budgets, unless significant revenue is discovered.

As we present the FY 2025-26 General Fund Budget, we report a projected budget deficit of \$5.5M. Furthermore, the General Fund balance is estimated to reach \$48M by June 30, 2026. This is a result of the projected use of almost \$12M use of reserves in FY 2024-25 and FY 2025-26. The continued reliance on reserves is unsustainable. A more drastic plan will need to be proposed next fiscal year and all opportunities for immediate cost savings will be implemented when presented.

Prepared by:

Aleli Burgos, Deputy Finance Director
Joan Kingston, Budget Officer

ATTACHMENT(S):

- Attachment No. 1 – Resolution No. 2025-70 Operating Budget
Exhibit A – FY 2025-26 Budget Detail
- Attachment No. 2 – Resolution No. 2025-71 Housing Authority
- Attachment No. 3 – Resolution No. 2025-72 Capital Improvement Program
Exhibit A – CIP Budget by Category
- Attachment No. 4 – Resolution No. 2025-73 GANN
Exhibit A - GANN LIMIT Appropriations Limit
Exhibit B – Calculation of Proceeds of Taxes
- Attachment No. 5 – Resolution No. 2025-74 Appendix A Group A & B
- Attachment No. 6 – Resolution No. 2025-75 Appendix B PMMCEA
- Attachment No. 7 – Resolution No. 2025-76 Appendix B Teamsters
- Attachment No. 8 – Resolution No. 2025-77 Salary Schedule
Exhibit A – Salary Schedule
- Attachment No. 9 – Public Hearing Notice
- Attachment No. 10 – FY 2025-26 Proposed for Adoption Presentation