



CITY OF POMONA COUNCIL REPORT

November 17, 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: RECEIVE AND FILE THE FISCAL YEAR (FY) 2024-25 UNAUDITED YEAR-END OVERVIEW, REVIEW THE FY 2025-26 GENERAL FUND 1ST QUARTER BUDGET REPORT, AND ADOPT A RESOLUTION AMENDING THE FY 2025-26 OPERATING BUDGET AND AUTHORIZED STAFFING CHANGES AND ADOPT A RESOLUTION TO AMEND THE FY 2025-26 CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET

RECOMMENDATION:

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

- 1) Receive and file the Fiscal Year (FY) 2024-25 Unaudited Year-End Overview
- 2) Review the FY 2025-26 General Fund 1st Quarter Budget Report
- 3) Adopt the following Resolutions:

RESOLUTION NO. 2025-136– A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AMENDING THE FY 2025-26 OPERATING BUDGET BY DECREASING REVENUE ESTIMATES BY \$11,442,627 AND DECREASING APPROPRIATIONS BY \$11,329,022 AND AUTHORIZING CHANGES TO THE CITY'S AUTHORIZED STAFFING LEVELS

RESOLUTION NO. 2025-138– 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 DEPUTY DIRECTOR OF ECONOMIC & BUSINESS AFFAIRS CLASSIFICATION

RESOLUTION NO. 2025-139– A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AMENDING THE CITYWIDE SALARY SCHEDULE FOR FISCAL YEAR 2025-26 IN ACCORDANCE WITH CALIFORNIA CODE OF REGULATIONS TITLE 2, SECTIONS 570.5 TO ADD THE DEPUTY DIRECTOR OF ECONOMIC & BUSINESS AFFAIRS CLASSIFICATION

RESOLUTION NO. 2025-143– A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AMENDING THE FY 2025-26 CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET BY APPROPRIATING \$418,088 OF AVAILABLE RECOVERED POMONA ENERGY CHOICE ADMIN COSTS TO “CITY HALL COMPLEX REMODEL AND FLOORING,” PROJECT NO. 428-2590-XXXXX-74115

EXECUTIVE SUMMARY: This report contains the Fiscal Year (FY) 2024-25 Unaudited Year-End Overview and a review of FY 2025-26 General Fund 1st Quarter Budget, which is from an accounting standpoint 25% of the year complete. For FY 2025-26 General Fund revenues are 8% of projections, and expenditures are 21%, as of September 2025. While actual General Fund revenues are only 8% of budget or \$13M, they are in line with prior year actuals during this same time. Actual General Fund expenditures are 21% or \$35.6M, which is in line with the current FY 2025-26 Budget. This report includes General Fund requests to revise appropriations including a carryover from the Pomona Choice Energy Administrative Service charges retroactivity reflected from prior fiscal years which will be transferred to the CIP fund, acceptance of various grants and donations that had not been appropriated to date, as well as an appropriation for the Los Angeles County Consolidated Oversight Board (ROPS) that cannot be charged to the Successor Agency per the Department of Finance, an emergency repair on Towne avenue, the contract with Emergency Services Advisors (ESA) for Fire contract related analysis, a reimbursement program with Los Angeles County for Probation details, and a General Fund revenue amendment for property transfer tax. There are various carryover appropriation requests in several Non-General Funds. There is also a Capital Improvement Program (CIP) amendment related to the City hall Complex and Flooring CIP project. In addition, there are a few staffing changes. The Economic Development Director will be reclassified to a Deputy Director of Economic and Business Affairs, and within the Police Department the Deputy Police Chief police will be deleted and a Police Captain will be added to the City’s authorized staffing level.

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 \$500 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: The adoption of Resolution No. 2025-136 will increase the FY 2025-26 General Fund revenue estimates by \$350k and increase appropriations by \$647k. In addition, this action will decrease FY 2025-26 Non-General Fund Operating revenue estimates by \$11.8M and appropriations will decrease by \$11.9M as reflected in Table 1.

Table 1 – Fiscal Year 2025-26 Appropriations and Revised Revenue Estimates

General Fund	Revenue Estimate	Appropriation Changes
Pomona Energy Choice Admin Costs for services provided to Pomona Energy Choice Fund (101-0107-xxxx-00000)		(\$418,088)
Transfer to " City Hall Complex Remodel and Flooring " CIP Project (101-0101-89987-74115)		\$418,088
Acceptance of Grant from Walmart for Senior Program (101-4133-40845/52282-00000)	\$2,000	\$2,000
Amended ROPS 2025-26 Los Angeles County Consolidated Oversight Boards DOF (101-0101-89923-00000)		\$290,898
Assemblymember Rodriguez Donation for Youth in Government (101-4112-40845/52282-00000)	\$500	\$500
Emergency Repairs of concrete panels at Towne Avenue (101-2520-52285-00000)		\$146,295
Contract Amendment with Emergency Services Advisors (ESA) Fire related financial consulting services (101-0101-52285-00000)		\$159,999
Donation from Middle Land Chan Monastery of Pomona support of the Police Departments Wellness Program (101-2007-40845/52282-00000)	\$2,500	\$2,500
Probation Compliance Operations funded through LA County Probation (101-2040-40916/51039-51385)	\$45,000	\$45,000
Property Transfer Tax General Fund Revenue Increase (101-9999-40084-00000)	\$300,000	
Total General Fund Revenue Estimates/Appropriations	\$350,000	\$647,192
Non General Funds	Revenue Estimate	Appropriation Changes
Carryover Local Broadband Tech Grant (215-1410-40873/52285-58779)	\$5,880	\$5,880
Carryover of All Other ARP Funds to FY 2025-26 (191-xxxx-40875/5xxxx-00000) Refer Reso 25-136 Exhibit A for detail	(\$12,507,493)	(\$12,400,182)
Transfer from available Pomona Energy Choice Admin Costs to CIP (428-2590-80701-74115) and a corresponding appropriation to CIP 'City Hall Complex and Flooring Projecta' (428-2590-66196-74115).	\$418,088	\$418,088
Amended ROPS 2025-26 - Los Angeles County Consolidated Oversight Boards DOF (352-0070-80701-00000)	\$290,898	
Total Non General Fund Revenue Estimates/Appropriations	(\$11,792,627)	(\$11,976,214)
Total Revenue Estimates/Appropriations	(\$11,442,627)	(\$11,329,022)

PUBLIC NOTICING REQUIREMENTS: None Required

PREVIOUS RELATED ACTION: City Council approved the Budget Preparation Calendar, Guiding Principles and Process for FY 2025-26 on January 6, 2025. The City Council adopted the FY 2025-26 Operating Budget, Housing Authority Budget and the Five-Year Capital Improvement Program on June 2, 2025. On July 7, 2025, the City Council approved the FY 2025-26 Annual Action Plan, which included funding for Community Development Block Grant (CDBG) Federal Entitlement Programs. There are two budget amendments that were approved that impacted the General Fund on September 8, 2025. Also to note, the approval of Resolution 2025-46 on April 21, 2025 approved and authorized the use of the fund balance (\$2M) in the Refuse Franchise Fee

Funded Programs to be used towards the 3 areas of Section 115 Trust, CIP funding and Reserves for Equipment Replacement as identified in the City’s Consolidated Fiscal Policies and Administrative Procedures.

DISCUSSION:

GENERAL FUND FY 2024-25 UNAUDITED YEAR-END OVERVIEW

Based on the unaudited figures to date, the FY 2024-25 General Fund revenues will end at 101% of budget; and expenditures are on track to end at 100% of budget, which creates a preliminary net deficit of \$1.5M. See Table 2.

Table 2 – Unaudited Fiscal Year 2024-25 General Fund Summary

2024-25	2024-25 ADOPTED BUDGET	2024-25 AMENDED BUDGET	2024-25 ACTUALS TO DATE	%ACTUALS/ BUDGET	2024-25 YEAR END ESTIMATE
Total Revenue	161,298,212	162,252,293	164,002,860	101%	159,269,836
Total Expense	161,260,159	166,229,697	165,499,569	100%	166,429,257
Net	38,053	(3,977,404)	(1,496,709)		(7,159,421)

Actual General Fund expenditures exceeded revenues by \$1.5M. Originally, it was anticipated the year could end with an estimated budget deficit between \$4M and \$7.2M. This projection was based on an expected decrease in General Fund revenues of \$2.9M, mainly from the categories of Sales Tax, Fees, and Permits coming in much lower. However, the actual deficit was lower due to an unanticipated shift in the projected revenue. We received \$2M more in Utility User Taxes in the areas of Electricity and Gas due to Southern California Edison (SCE) rate increases in January 2025 and June 2025, as well as the implementation of the full-scale TOU rates in 2022-23 and the increase in demand for electricity with the heat driving up costs. Gas was very slow to start in mid July 2024, and an influx of from previous years was recorded om FY 20224-25, even with that influx, the end of the fiscal year was strong and steady and much different from previous years. Investment Earnings come in \$900k higher and Permits came in \$340k more than anticipated. Charges for reimbursable services also came in \$289k more than projected. In addition, conservative spending in some Departments contributed to \$900k in savings in the controllable expense category. Several Departments had contracts budgeted for in FY 2024-25 that didn’t expend enough or services were not necessary as originally anticipated. This \$1.5M deficit will decrease the fund balance and will be discussed more in detail herein. \$1.6M was transferred to the Children and Youth fund per City Council action in January 2025 per the Charter Amendment passed by the voters in November 2024. Another key factor to mention is that an amendment to appropriate \$2.3M for Civic Center Plaza New Playground and Amenities Project was passed by the City Council on October 7, 2024, that will be returned to the General Fund reserves once Development Impact (DIF) revenues in the same amount are received. As amounts in the DIF funds are deposited, they will be moved quarterly until the \$2.3M is paid back to the General Fund reserves. This amount should bring the total reserve amount to near \$56M if the Fiscal Year 2025-26 projected budget ends as planned. It is also important to note that the City Council approved the Consolidated Fiscal Policies and Administrative Procedures in February 2023 and as stated the

“The City Manager may recommend the unassigned fund balance be used for one-time expenses.” However, since there is no anticipated surplus and with the FY 2025-26 budget adopted with a \$5.5M deficit, it is unlikely funds will be moved in the areas stated in the Consolidated Fiscal Policies and Administrative Procedures, including the Pension 115 Trust, Equipment Replacement Fund, or the CIP Reserve as stated in the policy.

GENERAL FUND

FY 2025-26 FIRST QUARTER REVIEW – As adopted on June 2, 2025, the General Fund budgeted revenues were \$163.1M and appropriations were \$168.7M, resulting in an estimated deficit of \$5.5M. Additional budget amendments impacting the General Fund approved by City Council after July 1, 2025 are listed below:

- \$58k in appropriations for Pomona Compassion Fund on September 8, 2025
- \$800k increase in revenue and \$436k increase in appropriations and award of contract to LAZ Parking CA, LLC for City-Wide Street Sweeping Enforcement on September 8, 2025

With the above-mentioned post budget amendments, the estimated deficit through October 2025 is \$5.2M. As noted in Table 3 the General Fund has expended \$22.6M more than it collected as of September 30, 2025. This negative cash flow is normal due to the timing of tax receipts and is one of the significant reasons that a 25% Fund Balance Reserve is necessary.

Table 3 - Fiscal Year 2025-26 1st Quarter Summary –

		Amended	1st Quarter	Proposed			
	Amendments	Budget To	Proposed	Amended	As of	% Rec'd/	
2025-26	Adopted	To Date	Date	Amendments	Budget	Sep 30' 25	Exp'd *
Total Revenue	163,143,342	800,000	163,943,342	350,000	164,293,342	13,009,176	8%
Total Expense	168,661,546	494,061	169,155,607	647,192	169,802,799	35,587,026	21%
Net	(\$5,518,204)	\$305,939	(\$5,212,265)	(\$297,192)	(\$5,509,457)	(\$22,577,850)	

**Includes appropriations approved from July 2025-October 2025*

REVENUES

While it may appear that General Fund revenues are underperforming with only 8% received 25% into the fiscal year this is primarily due to the timing of revenue recognition. Many sources are accrued back to the prior fiscal year, while others are received on a quarterly or semi-annual basis, with significant receipts not expected until late December, January, or spring. This timing makes predicting the final FY 2025-26 year-end results difficult at this stage. However, staff has conducted a preliminary analysis of the top revenue sources based on receipts through the first quarter. As detailed in Table 4 below, overall General Fund revenues are tracking as expected based on the budget.

- Sales tax receipts are slightly slower than the first quarter of FY 2024-25.
- The Utility User Tax is on track to meet its adopted budget and will be monitored into the Mid-Year review.

- The "All Other Sources" category is performing stronger than the same time last year, driven by increases in Cannabis Tax and Property Transfer Tax.

Because tax revenues constitute 85% of the General Fund's budgeted revenue, a more detailed discussion follows below.

Table 4 - Fiscal Year 2025-26 1st Quarter Revenue Summary

	2024-25 AMENDED BUDGET	2024-25 1st Quarter	% ACTUALS/ BUDGET	2025-26 AMENDED BUDGET	2025-26 1st Quarter	% ACTUALS/ BUDGET
All Property Taxes	\$51,235,000	\$522,686	1%	\$53,670,000	\$544,532	1%
All Sales & Use Tax	43,575,914	3,328,056	8%	42,800,000	3,339,219	8%
All Utility Tax	21,989,686	3,976,502	18%	22,505,000	3,595,030	16%
All Other Taxes	21,304,800	3,286,159	15%	22,103,800	3,886,983	18%
All Other Sources	24,146,893	3,865,959	16%	22,864,542	1,643,412	7%
Total Revenue	\$162,252,293	\$14,979,362	9%	\$163,943,342	\$13,009,176	8%

Property Taxes – The largest General Fund revenue category is Property Tax, with a budget of \$53.7 million for FY 2025-26. The City receives most of this revenue from November through May, along with "In Lieu" property tax payments in January and June resulting from State actions. The Los Angeles County Assessor's 2025-26 tax roll shows a 6.5% growth, which aligns with analysis from the City's Tax Consultant. Staff proposes deferring any adjustments to the property tax budget until the January 2026 tax remittances are received and a full review is completed.

Sales Tax – Total budgeted retail sales tax revenue of \$42.8M is comprised of three distinct sources: the City's 1.0% share of local sales, the 0.75% Transactions and Use Tax (Measure PG), and Public Safety Augmentation Fund (PSAF) allocations. Revenues received through September 30, 2025, total approximately \$3.3M. Given that sales tax is highly responsive to economic circumstances, a thorough review of sales tax patterns, current forecasts, and year-over-year comparisons by the City's Tax Consultant suggests deferring any adjustments to revenue projections pending clarity on potential shifts in consumer spending that would directly affect this revenue stream.

Utility Users Tax (UUT) – Currently budgeted at \$22.5M, Utility User Tax revenue represents 14% of General Fund revenues. The current amount received of \$3.6M does not represent a full quarter of receipts as the revenues received in July and August are accrued back to FY 2024-25. Based on a comparison of last year's first quarter receipts to the same quarter this year, funds seem to be in line with the budget. At this time staff is not recommending a change to the revenue estimate but will continue to monitor revenue remittances and service suppliers for any changes that could further impact estimated revenues.

Other Taxes – Other taxes including Business License, Transient Occupancy Tax (TOT), Property Transfer Tax, Franchise Fees, and the Cannabis Business Tax (Measure PC) collectively represent 13% of total General Fund revenues. The Property Transfer Tax is currently trending higher than

anticipated at this stage in the fiscal year. The Cannabis Business Tax also shows an expected increase over last fiscal year, following a change in operations by one of the operators that boosted their sales. Based on the trends affecting the Property Transfer Tax, staff is recommending increasing the Property Transfer Tax revenue estimates for FY 2025–26 by \$300k.

Other Sources – The "All Other Sources" category, which includes Fees, Permits, Licenses, and Miscellaneous revenues, appears to be trending lower compared to the same period last year. This decrease is primarily attributable to reduced revenues from specific fee items, notably Parking Violations, Traffic Safety Fines, Building Permits, Plan Check Fees, and Host Fees. Staff recommend maintaining the current revenue estimate for this category at this time; however, a downward revision may be implemented in the FY 2025-26 Mid-Year report if these trends persist.

Summary – In summary, over 85% of the City's General Fund comprises budgeted revenues from the tax-related items discussed above. While the fiscal year is still in its early stages and significant revenue indicators are pending, current receipts and prior-year actuals suggest the City will struggle to meet its adopted budget targets if present revenue trends persist. The City's sales tax consultant has advised that persistent economic headwinds are influencing the near-term sales tax outlook. Though consumer spending on taxable goods has remained steady, recent drops in consumer confidence rooted in inflationary pressures, potential tariffs, and increased unemployment rates present significant risks to sustained revenue growth. The Finance team continues to leverage its resources to track the economic environment and will provide immediate updates to the Council regarding any findings pertinent to the City's finances.

EXPENDITURES

As of September 30, 2025 (25% of the fiscal year) overall General Fund appropriations are 21% expended. All Departments were within an acceptable range of year-to-date expenditures in relation to the total appropriations for the year. The following tables provide a breakdown of the FY 2025-26 appropriations and 1st Quarter Expenditures first by Department (Table 5). And then by Category (Table 6).

Table 5 - Fiscal Year 2025-26 1st Quarter Expenditure By Department Summary

By Department	2025-26 AMENDED BUDGET	% OF TOTAL	2025-26 1st Quarter	% Expended
All General Services	\$4,991,744	3%	\$844,588	17%
All Recovered Costs	(1,869,028)	-1%	(467,257)	25%
All Mayor & Council	717,021	0%	103,524	14%
All City Clerk	1,436,749	1%	194,400	14%
All Human Resources	1,998,955	1%	324,702	16%
All Finance	3,250,815	2%	558,338	17%
All City Administration	1,501,804	1%	289,011	19%
All Development Services	7,386,816	4%	1,339,320	18%
All Police	81,406,141	48%	17,073,320	21%
All Fire	37,758,927	22%	9,439,732	25%
All Public Works & CIP	13,896,786	8%	2,307,393	17%
All Neighborhood Services	671,813	0%	136,614	20%
All Community Services	6,678,988	4%	1,218,374	18%
All Library	1,825,147	1%	349,234	19%
Total Non-Departmental	7,502,929	4%	1,875,732	25%
Total Expense	\$169,155,607		\$35,587,026	21%

As reflected in Table 5, all Departments have expended 25% or less of budget at 1st Quarter and the City's expenditures are on track to end the fiscal year within the amended General Fund budget. Besides the Fire Department budget, which is paid on a set monthly payment schedule, all Departments are under 25% as many controllable contracts are not paid until mid-year. There are also vacancies in some Departments, in addition to the positions that were unfunded (frozen) as part of the Adopted Budget which may provide savings. More details will be provided in the FY 2025-26 Mid-Year Report that will be presented in March 2026. It should be noted that the City is currently implementing a new Enterprise Resource Planning (ERP) Financial, Human Resource and Payroll System which may generate some of the information in a different, but similar format.

Table 6 - Fiscal Year 2025-26 1st Quarter By Category Summary

By Category	2025-26 AMENDED BUDGET	% OF TOTAL	2025-26 1st Quarter	% Expended
Personnel	\$75,765,846	45%	\$14,535,142	19%
Controllable Expenses	13,240,904	8%	1,228,466	9%
Required Expenses	42,665,084	25%	10,521,138	25%
Allocation and Utilities	27,004,340	16%	6,645,670	25%
Recovered Costs	(1,869,028)	-1%	(467,257)	25%
Capital	284,017	0%	122,213	43%
Debt Service	0	0%	0	0%
Transfers to Other Funds	12,064,444	7%	3,001,655	25%
Total Expense	\$169,155,607		\$35,587,026	21%

GENERAL FUND APPROPRIATION REQUESTS – FY 2025-26

- (\$418k) Pomona Energy Choice Admin Costs for services provided to Pomona Energy Choice Fund
- +\$418k Appropriation for Transfer to CIP Fund for CIP Project - City Hall Complex Remodel and Flooring project #74115
- +\$2k in revenue estimates and appropriations for acceptance of Grant from Walmart for Senior Program
- +\$291k Appropriation - During its annual review of the City's 2025-2026 Recognized Obligation Payment Schedule (ROPS), the California's Department of Finance (DOF) denied the expenditure of \$290,898 related to refunding of Series AV Bond with Series BG Bond. It is the City's position that the obligation belongs to the Successor Agency, because prior to the RDA dissolution, the RDA was paying for the debt created by the Promenade Project, but the DOF disagreed and denied the obligation in the Successor Agency's 2025-2026 ROPS submission.
- +\$500 Revenue estimates and Appropriations for Assemblymember Rodriguez donation for Youth in Government
- +\$146k Appropriation for emergency repairs of concrete panels at Towne Avenue
- +\$159k Appropriation as it relates to the termination of Fire Services notice received from Los Angeles County Fire District (LACoFD) staff continues consulting with Emergency Services Advisors (ESA) for fire related financial consulting services. Staff's effort to secure a fiscally sustainable resolution for continuity of Fire Services is essential to addressing structural General Fund deficit projections. An additional appropriation is requested for these services to assist in navigating towards permanent City annexation into the LACoFD or establishment of replacement services should the District refuse to rescind the termination notice.
- +\$2.5k in revenue estimates and appropriations for donation from Middle Land Chan Monastery of Pomona in support of the Police Departments Wellness Program
- +\$45k in revenue estimates and appropriations for Probation Compliance Operations funded through LA County Probation for the Police Department
- +\$300k in Revenue estimates for Property Transfer Tax

NON-GENERAL FUND APPROPRIATION REQUESTS – FY 2025-26

- +\$5.9k Carryover of Local Broadband Technology Grant Last for consultants' services to complete project
- (\$12.5M) revenue estimate and (\$12.4M) of appropriations reduced to Carryover ARP Funds. The American Rescue Fund was originally adopted with a budget of \$22M in FY 2025-26. This request will adjust this amount to \$10M to reflect the actual amount remaining. It was anticipated that construction projects funded by ARP would spend less than they actually did, however projects progressed faster than expected and utilized a significant portion of the budget in FY 2024-25. Included in this amount is a \$59K Carryover of ARP Funds for Police HEART Program. And \$56k Carryover of Appropriation for Public Works HEART Program.

- +\$418k Appropriation to Pomona Energy Choice Admin Costs to the General Fund for services provided to Pomona Energy Choice Fund and a corresponding revenue estimate increase for the Transfer to the CIP fund for CIP Project #74115
- (\$291) Revised Revenue Estimate related to General Fund item - During its annual review of the City's 2025-2026 Recognized Obligation Payment Schedule (ROPS), the California's Department of Finance (DOF) denied the expenditure of \$290,898 related to refunding of Series AV Bond with Series BG Bond. It is the City's position that the obligation belongs to the Successor Agency, because prior to the RDA dissolution, the RDA was paying for the debt created by the Promenade Project, but the DOF disagreed and denied the obligation in the Successor Agency's 2025-2026 ROPS submission.

CAPITAL IMPROVEMENT CHANGES

As mentioned in previous section herein, \$418k will be appropriated to the CIP Fund 428 from the Pomona Energy Choice Fund to assist with funding a portion of the City Hall Complex Remodel and Flooring CIP project #74115. A future council action will be brought forward regarding additional costs and project description updates for this citywide project that will impact several City Departments.

STAFFING CHANGES

OFFICE OF ECONOMIC AND BUSINESS AFFAIRS DIVISION

The Division of Economic Development within the Administration Department will be renamed the Office of Economic and Business Affairs. With this organization change, staff is recommending to reclassify the Economic Development Director to the Deputy Director of Economic and Business Affairs within the City's Authorized staffing list. There will be no fiscal impact to the FY 2025-26 Operating Budget with this change.

POLICE

Within the Police Department, staff is recommending deleting the 1.00 unfunded Deputy Police Chief Position from the City's Authorized Staffing List and add 1.00 Police Captain to the City's Authorized Staffing List. To fund this additional Police Captain position savings will be utilized from the funding of 1.00 Police Lieutenant position when vacated to fill the new Police Captain position. There will be no fiscal impact to the FY 2025-26 Operating Budget with this change.

Fiscal Year 2024-25 and Projected FY 2025-26 Fund Balance

The projected ending fund balance for FY 2025-26, including the unaudited FY 2024-25 projected deficit of \$1.5M, will meet the FY 2025-26 benchmark goal of 25% reserves and should be 6.5% above the recommended reserve policy of 25% for FY 2025-26. If the City did not meet the reserve requirement, the City's bond rating could be impacted. It would also reduce the amount of funds available for emergency situations, cash flow needs in the first six months of the fiscal year and one-time capital replacement projects in the future. The projected use of reserves for FY 2025-26 is based on items discussed in the report including the current FY 2025-26 budget amendments

that have been approved by the City Council after July 1, 2025, as well as items requested in this 1st Quarter Budget report.

The FY 2024-25 budget ended up finishing the fiscal year with much less use of the reserves than anticipated as explained above mainly due to higher revenues received in certain areas and conservative contract spending. The primary projected use of the fund balance was the adoption of the FY 2025-26 budget with an initial \$5.5M projected deficit. With amendments processed since July 1, 2025, and the amendments herein this projected deficit will remain close to the same amount. The \$1.5M estimated use of reserves from FY 2024-25 is still an estimate as the City's audit will not be complete until early 2026. Refer to Table 7 for the breakdown of the estimate City's General Fund Balance.

Table 7 - FY 2024-25 and Projected FY 2025-26 Fund Balance

	FY 2023-24	Est FY 2024-25	Est FY 2025-26
Fund Balance	60,285,724	58,789,016	53,279,559
Change in Fund Balance	N/A	(\$1,496,709)	(\$5,509,457)
Expenditures	\$153,237,740	\$155,010,173	\$157,738,355
Transfers	\$9,916,084	\$10,489,396	\$12,064,444
Total	\$163,153,824	\$165,499,569	\$169,802,799
Percentage	37.0%	35.5%	31.4%
Policy Goal	23.0%	24.0%	25.0%
Difference	14.0%	11.5%	6.4%

Note - \$2.3M will be returned to the General Fund reserves from the DIF Fund over the next several Fiscal years. This amount is not included in Table 7.

CONCLUSION

As stated in the Executive Summary, the purpose of this report is to give the City Council an overview of FY 2024-25 Unaudited Actuals at this time, and a detailed 1st Quarter financial update for FY 2025-26. The General Fund Budget Amendment recommendations included herein, if approved, will result in an estimated \$5.5M deficit, which is still consistent with FY 2025-26 budget projections, even after including appropriation changes and revenue estimates that occurred after July 1, 2025, and any new items requested in this staff report. Staff will continue to keep the City Council apprised of any significant financial impacts. Many factors, such as high inflation passed along in the cost of goods and services, unstable fuel prices, supply chain and raw material interruptions, and changing interest rates have contributed to forecasting obstacles as well as a threat to economic changes that are predicted to occur.

The need for sufficient General Fund reserves is more critical than ever as specific long-term impacts to Pomona are included in the FY 2025-26 Budget with a current estimated \$5.5M deficit

that includes a 5% reduction of the Departments baseline budget that equated to about \$6M in reductions that included the “freeze” of funding of 32 Full Time Equivalent (FTEs) Positions, as well as no contributions to fund the City’s Consolidated Fiscal Policies which totaled \$2.3M in FY 2024-25, and a \$2.2M increase for the Unfunded Accrued Liability (UAL). It should also be reminded that the previous funding allocation in FY 2024-25 for youth commitment was significantly reduced in the FY 2025-26 budget for the Library and Community Services. With all that said, and as we near the preparation of the FY 2026-27 Budget; there are several key assumptions that may reduce the City’s General Fund reserves even more than indicated. The primary items that will need to be factored into the FY 2026-27 General Fund budget include, but are not limited to:

- *Measure Y Transfer to the Children and Youth Fund, increasing from 5% to 6% of General Fund Revenues*
- *Increase to the Fire Contract with Los Angeles County (1/3 of Cost Share anticipated)*
- *Increase in the City’s Unfunded Accrued Liability (UAL)*
- *Increases per Employee Contracts effective October 2026 = 5%Salary*
- *Funding for the HEART Program does not have an identified funding source for FY 2026-27*
- *Funding of the Rent Stabilization Program – January 2027*
- *ARP Funding for several Operating Departments personnel will end in December 2026*
- *Assumption that FTE positions unfunded (frozen) in the FY 2025-26 will continue to be frozen in FY 2026-27*
- *Any additional Program/Division reductions*

The FY 2025-26 General Fund Mid-Year Budget review will be brought forward in the spring of 2026 with more supporting detail as it relates to year-end expenditures and revenue projections.

In closing, the City was fortunate to end Fiscal Year 2024-25 with limited use of General Fund reserves and with the payback from the Development Impact Fee (DIF) fund the year can be seen in the long-term using none of the General Fund reserves. With FY 2025-26 underway, the Measure Y charter amendment allocated unrestricted General Fund Revenues to youth programs on a progressing scale and will culminate eventually to 10% of the City’s General Fund, and as forecasted it could be as early as by Fiscal Year 2029-30 that reserves could be depleted assuming the current budget remains the same with the annual increase of Measure Y factored in.

COUNCIL PRIORITIES & GOALS: This item supports the City Council Priorities and Goals

- Priority 1 (GOAL A) Continue to ensure that the City has sufficient financial reserves in accordance with City’s Fund Balance Policy, including at least 24% of General Fund operational budget for General Fund reserve.

Prepared by:

Andrew Mowbray
Finance Director/City Treasurer

ATTACHMENT(S):

Attachment No. 1 – Resolution No. 2025-136

Exhibit A – ARP Appropriation Breakdown

Attachment No. 2 – Resolution No. 2025-138

Attachment No. 3 – Resolution No. 2025-139

Exhibit A – Salary Schedule

Attachment No. 4 – Resolution No. 2025-143

Attachment No. 5 – 1st Quarter Report Presentation