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# CITY OF POMONA COUNCIL REPORT

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June 5, 2023

To: Honorable Mayor and Members of the City Council

From: James Makshanoff, City Manager

Submitted By: Andrew Mowbray, Finance Director/City Treasurer

**SUBJECT: PUBLIC HEARING: ADOPTION OF RESOLUTIONS APPROVING THE FISCAL YEAR (FY) 2023-24 CITY OF POMONA OPERATING BUDGET, HOUSING AUTHORITY BUDGET, FIVE YEAR CAPITAL IMPROVEMENT PROGRAM BUDGET, ESTABLISHING THE FY 2023-24 GANN APPROPRIATIONS LIMIT, AND PERSONNEL RELATED ACTIONS**

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## **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. 2023-96 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA ADOPTING THE CITY'S OPERATING BUDGET FOR FY 2023-24**
- 2. RESOLUTION NO. 2023-97 - 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 2023-24 HOUSING AUTHORITY BUDGET**
- 3. RESOLUTION NO. 2023-98 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA APPROVING THE FY 2023-24 TO FY 2027-28 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM AND ADOPTING A CAPITAL IMPROVEMENT PROGRAM BUDGET FOR FY 2023-24**
- 4. RESOLUTION NO. 2023-99 - 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 2023-24**
- 5. RESOLUTION NO. 2023-100 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA ADOPTING THE CITY OF POMONA'S**

**SALARY SCHEDULE FOR FY 2023-24 TO MEET THE CALIFORNIA CODE OF REGULATIONS TITLE 2, SECTIONS 570.5 AND 571**

- 6. RESOLUTION NO. 2023-101 - 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 HOUSING STABILIZATION MANAGER**
- 7. RESOLUTION NO. 2023-102 - 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 DIGITAL EXPERIENCE MANAGER, HOUSING PROGRAMS, SUPERVISOR, HOUSING STABILIZATION SUPERVISOR, RENT STABILIZATION COORDINATOR AND SENIOR PLANNING COORDINATOR**

**EXECUTIVE SUMMARY:** The Mayor and City Council were presented with the FY 2023-24 Proposed Budget at the May 8, 2023 Study Session. Since then, new information has been added for consideration to this revised report. Revisions are included in the table below. In addition, Attachment No. 8, Follow Up Questions and Answers from the May 8<sup>th</sup> Budget Study Session is also provided.

- A 2.5% proposed salary increase reflected across all funds.
- The General Fund increased appropriations by \$70k relating to the Grant Writer contract and a \$15K reclassification of Public Works salaries from University Corp. Assessment District.
- General Fund revenue increased by \$1.258M for the following:

<b>Revenue Category</b>	<b>May 8 Proposed</b>	<b>Jun 5 Adoption</b>	<b>Increase</b>
Property Taxes	\$ 49,997,000	\$ 50,110,000	\$ 113,000
Utility Tax	19,237,000	19,547,000	310,000
Other Taxes	19,893,800	20,518,800	625,000
Fines	2,299,524	2,494,524	195,000
All Other Revenues	4,898,710	4,913,710	15,000
		<b>NET CHANGE</b>	<b>\$ 1,258,000</b>

- Gas Tax Fund appropriations increased by \$13k to reclassify Public Works salaries from University Corp. Assessment District
- American Rescue Plan appropriations for Controllable Contracts decreased by \$619k to adjust prior year carryover amounts.
- Community Development Block Grant estimated revenues and appropriations decreased by \$711k and \$802k, respectively to align the amounts according to the actual award.
- University Corp Assessment District appropriations decreased by \$39k to align according to estimated revenues in the fiscal year.

**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, 2023 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 2023-24 Operating and Capital Improvement Program (Attachment No.3) budgets as follows:

<b>Proposed Budget</b>	<b>Revenue Estimates</b>	<b>Appropriations</b>
1) City of Pomona Operating	\$440,586,811	\$408,257,149
2) Housing Authority	21,224,884	22,300,090
3) Capital Improvement Program *		22,607,594
	<b>\$461,811,695</b>	<b>\$453,164,833</b>

\* Revenue Estimates for CIP are included in the operating budget

**PREVIOUS RELATED ACTION:** City Council adopted the FY 2022-23 Operating Budget, Housing Authority Budget, and the Five-Year Capital Improvement Program on June 6, 2022. The City Council also approved the Budget Preparation Calendar, Guiding Principles and Process for FY 2023-24 on January 23, 2023. The FY 2022-23 Mid-Year Budget Review was presented on March 20, 2023. Community Budget Meetings were held on March 27 and April 5, 2023, to seek feedback on the FY 2023-24 Preliminary Budget. The FY 2023-24 Study Session was held on May 8, 2023.

## **DISCUSSION**

The revised FY 2023-24 Budget for Citywide expenditures is proposed at \$453M 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 2023-24 General Fund Proposed Budget anticipates a \$1.2M surplus. Since the May 8, 2023, Budget Study session staff has included changes as listed herein:

- A 2.5% proposed salary increase reflected across all funds.
- In addition to the proposed salary increase, the General Fund increased appropriations by \$70k relating to the Grant Writer contract and a \$15k reclassification of Public Works salaries from University Corp. Assessment District.
- General Fund revenue increased by \$1.258M.
- Gas Tax Fund appropriations increased by \$13k to reclassify Public Works salaries from University Corp. Assessment District
- American Rescue Plan appropriations decreased by \$629k to adjust prior year carryover amounts.
- Community Development Block Grant (CDBG) estimated revenues and appropriations decreased by \$711k and \$802k, respectively to align the amounts according to the actual award.

- University Corp Assessment District appropriations decreased by \$39k to align according to estimated revenues to be received in the fiscal year.

### **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, 2023 and ending June 30, 2024. 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 2023-24 Operating and Capital Improvement Program Budgets total \$453M as follows in Table 1.

**Table 1**

<b>Fund Type</b>	<b>Revenue Including Transfers In</b>	<b>Appropriations Including Transfers Out</b>
General Fund	\$155,811,464	\$154,595,498
Special Revenue Funds	105,022,936	107,043,232
Debt Service Funds	21,011,692	20,715,882
Capital Project Funds	32,648,138	3,117,218
Enterprise Funds	115,779,773	112,734,541
Internal Service Funds	10,312,808	\$10,050,778
<b>City Operating Budget</b>	<b>\$440,586,811</b>	<b>\$408,257,149</b>
Housing Authority	21,224,884	22,300,090
Capital Improvements	-	22,607,594
<b>Total</b>	<b>\$461,811,695</b>	<b>\$453,164,833</b>

- General Fund** – Since the May 8<sup>th</sup> Study Session, changes in the General Fund include an increase in revenue estimates by \$1.258M. Appropriations also increased due to the 2.5% proposed salary increase totaling \$1.26M, \$70k for the grant writer, and \$15k appropriation for reclassification of Public Works salaries from University Corp. Assessment District.

**Table 2**

<b>FY 2023-24</b>	<b>Proposed 5/8/2023</b>	<b>Adopted 6/5/2023</b>	<b>Difference</b>
General Fund			
Revenue	\$154,553,464	\$155,811,464	\$1,258,000
Appropriations	\$153,252,807	\$154,595,498	\$1,342,691
<b>Surplus</b>	<b>\$1,300,657</b>	<b>\$1,215,966</b>	<b>(\$84,691)</b>

**General Fund Appropriations** – The General Fund is the largest fund of the City and represents approximately 34% 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 2023-24 expenditure budget is \$154.6M, which is a \$7.5M increase over the prior fiscal year's budget.

The Police Department budget for FY 2023-24 increased by \$1.7M. The main contributors to this are increases for the Citywide allocations in the amount of \$1M and increases in personnel costs netting \$2.25M for items related to increases for annual steps, longevity, CalPERS retirement, and health benefits, as well as offsetting reductions for overtime and retirement/termination payouts. Also included is a \$1.6M decrease for capital expenses when compared to last fiscal year. The current fiscal year had several items added mid-year to address deferred information technology/cyber security needs. This FY 2023-24 budget includes 10 police vehicle purchases totaling \$838k. The proposed 2.5% salary retroactive increase effective in October 2022 is included in this revised figure.

The cost of services as provided by L.A. County Fire District is budgeted with an increase of \$3.5M from the prior fiscal year. This increase is related to a recently negotiated contract that included cost of living adjustments (COLA) Effectively July 1, 2022 with two more adjustments forthcoming in 2023 and 2024 netting a 12% increase in total. In addition there was a sizable increase due to the “Annual Fee Limitation Excess Rollover” which netted \$450k from the percentage cap that applied to the prior year actual annual fee. There has not been a rollover amount since FY 2019-20.

The increase of \$2.7M to the Public Works budget is attributed to an increase of \$1M related in personnel increases, which is made up of \$725k for current position allocations that includes a \$40k increase for hourly, redistribution of positions budgeted in Solid Waste and three vacant Engineer positions that will be allocated to CIP when the positions are filled, which will reduce this General Fund impact. There is also \$275k included for 3.00 FTE supplemental position requests; one Public Services Maintenance Worker, one Lead Facilities Maintenance Technician, and one Facilities Maintenance Technician to assist with maintenance of the 13 City Facility Buildings and 12 community centers. There is also an increase of \$264k for the new security service contract, as well as \$200k increase for dumping fees related to the outsourcing of refuse services. Citywide allocations increased in the amount of \$800k related to information technology, self-insurance, and fleet internal services provided. Capital appropriations increased compared to FY 2022-23 totaled \$385k related to 7 vehicles needed for the Departments aging fleet. The proposed 2.5% salary retroactive increase effective in October 2022 is included in this revised figure.

The net decrease of \$4M to the CIP budget is attributed mainly to a decrease of \$3.2M of a one-time receipt of revenues in FY 2022-23 for a Prop A Exchange sale that is not anticipated to occur again in FY 2023-24.

The Development Services Department budget reflects a net decrease of \$134k. The main reason for the minimal change relates to the Building and Safety Division services being brought in-house, that created eleven (11) new positions that will be managed by the Development Services Department. Included as part of this action will be a net increase of \$1.2M for personnel costs, with a offset of \$2.2M to the previous Building and Safety contract. Also, part of this action is a one-time purchase of 5 vehicles needed for the new City staff, and 3 replacement vehicles for the aging fleet. The Department is also requesting 1.00 FTE Senior Planning Coordinator as an advanced level planning subject matter expert to handle land use, urban design, and permit processing items. The proposed 2.5% salary retroactive increase effective in October 2022 is included in this revised figure.

The General Government increase of \$484k is due to the \$188k increase for election activities in the City Clerk's office and personnel changes including the movement of 1.00 FTE Legal Administrative Assistant from the Human Resources Department, and 1.00 FTE and 1.00 parttime position to support charter amendments for boards and commission and records management respectively. The Human Resources Department has a net increase of \$40k to staffing for the redistribution of the Legal Administrative Assistant mentioned above, and the addition of 1.00 FTE Administrative Assistant position, with offsetting reductions to hourly and buyback accounts. The supplemental request for a Classification and Compensation Study in last year budget will be carried over and have a \$150k increase for a Classification and Compensation Study now totaling \$300k. Finance will have reduction in contracts for the Consolidated Financial Polices Document assisted by Urban Futures in FY 2022-23, as well as a reduction in personnel for reduction in onetime assistance that was needed in the Payroll division as three long time tenured employees retired. The Finance Department is requesting 1.00 FTE Senior Accounting Technician to work on the City's utility (water, sewer, and closing out refuse) billing reconciliation. The Administration division is requesting \$150k for a Communication and Social Media Services contract to assist the City. The proposed 2.5% salary retroactive increase effective in October 2022 is included in this revised figure.

The General Government increase of \$539k is due to the \$415k increase for election activities in the City Clerk's office, and supplemental requests of \$180k from Human Resources which consists of \$150k for a classification and compensation study and \$30k for employee recognition program. In addition, Human Resources is requesting the addition of 2.00 FTEs at a total cost of \$97k of General Fund appropriations. The remaining funding will be charged to the Internal Services funded Risk Management division. The Administration division is requesting the reclassification/range change for 4.00 FTEs totaling \$34k. The proposed 2.5% salary retroactive increase effective in October 2022 is included in this revised figure.

The General Services increase of \$641k is attributed to the additional appropriations per the Consolidated Financial Polices of amounts of \$1.5M for a 115 Pension Trust, \$300k for Catastrophic Event Reserve, and \$200k for a contribution to the equipment/replacement reserve fund. Citywide allocations will realize a \$326k decrease. In addition, a vacancy factor resulting in a net reduction of \$950k (\$1.3M in total) is budgeted to account for hiring gaps when vacancies are being recruited for.

Neighborhood Services increased \$2.2M from the prior fiscal year due to the year two contribution of \$1.5M in total (\$500k more than last fiscal year) of a five-year plan to budget \$10M towards a commitment to expand youth programming, youth focused community activities, youth employment opportunities, community partnerships that benefit youth and mobile recreation citywide. Part of this funding also includes the addition of 5 part-time positions, as well as increased staffing levels for full-time and hourly staff that was not fully funded in FY 2022-23. This Department also houses the Neighborhood Services Administration Division which is a cost center for the Department citywide allocations which saw a \$500k increase related to many allocated costs that cannot be funded by various Housing Funds (both Federal and Non-Federal). The Department budget also includes \$228k for the purchase of 3 trucks needed to support the 12 Community Centers. The proposed 2.5% salary retroactive increase effective in October 2022 is included in this revised figure. In addition, an appropriation of \$70k is also included for the grant writer.

The Library Department increased by \$478k due to a \$141k net staffing increase to fund an additional .15 FTE of a Senior Library Assistant and the addition of two .60 Library Supervisors with an hourly offset reduction. Also added was 1.00 FTE for a Library Assistant to lead the Passport Division, which previously provided a service that has not been offered since the COVID-19 shutdown. Passports generated at a high point \$131k of General Fund revenue annually. There is also a \$200k increase towards a commitment to fund new youth programming at the Library that now totals \$500k annually. The Library plans on utilizing their Youth Commitment funds to create more accessible spaces within the building for youth programs and events, increase the number of youth programs and events held at the Library, 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 2.5% salary retroactive increase effective in October 2022 is included in this revised figure.

Table 3 sets forth the Proposed General Fund Budget broken down by Departments and in comparison, to the previous year.

**Table 3**

<b>General Fund Expenditures</b>	<b>FY 2022-23 Budget</b>	<b>FY 2023-24 Adopted Budget</b>	<b>Variance</b>
Police	\$ 72,685,440	\$ 74,384,259	\$1,698,819
Fire	33,490,372	\$ 37,034,038	3,543,666
Public Works	10,576,765	\$ 13,283,904	2,707,139
CIP	5,510,000	\$ 1,355,000	-4,155,000
Development Services	6,749,575	\$ 6,615,715	-133,860
General Government	5,927,609	6,466,719	539,110
General Services	4,959,272	\$ 5,599,867	640,595
Neighborhood Services	5,465,736	\$ 7,628,570	2,162,834
Library	1,749,591	\$ 2,227,426	477,835
<b>Total</b>	<b>\$ 147,114,360</b>	<b>\$154,595,498</b>	<b>\$7,481,138</b>

**General Fund Revenues** – The FY 2023-24 General Fund Revenues were estimated at \$154.55M at the May 8, 2023 Budget Study session. It has been updated since then as shown below. Overall, the estimates have increased 5% from last fiscal year. Shown in Table 4 are the General Fund revenues with comparisons to the prior fiscal year. As mentioned herein, General Fund Revenues increased \$1.258M from the May 8, 2023 Budget Study session.



**Table 4**

Revenue Category	FY 2022-23 Budget	FY 2022-23 Y/E Est.	FY 2023-24 Proposed	FY 2022-23 Budget vs. FY 2023-24	FY 2022-23 Y/E Est. vs. FY 2023-24
Property Taxes	\$ 47,045,391	\$ 46,909,467	\$ 50,110,000	\$ 3,064,609	\$ 3,200,533
Sales Tax	40,113,922	43,243,330	42,467,000	2,353,078	(776,330)
Utility Tax	16,018,403	18,858,924	19,547,000	3,528,597	688,076
<b>Total - Big "3"</b>	<b>\$ 103,177,716</b>	<b>\$ 109,011,721</b>	<b>\$ 112,124,000</b>	<b>\$ 8,946,284</b>	<b>\$ 3,112,279</b>
Other Taxes	16,223,175	18,147,675	20,518,800	4,295,625	2,371,125
Licenses, Permits, & Fees	8,536,411	11,124,320	11,665,400	3,128,989	541,080
Charges for Svc	4,170,828	4,119,170	4,095,030	(75,798)	(24,140)
Fines	2,269,524	2,153,095	2,494,524	225,000	341,429
Other Revenues	14,109,535	7,967,714	4,913,710	(9,195,825)	(3,054,004)
<b>Total - All Sources</b>	<b>\$ 148,487,189</b>	<b>\$ 152,523,695</b>	<b>\$ 155,811,464</b>	<b>\$ 7,324,275</b>	<b>\$ 3,287,769</b>

**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 importance of such policy is related to financial needs that should be available if a downturn or recession in the local, state, or national economy; action by another government that eliminates or shifts revenues from the City; an unanticipated inability to fully pay the General Fund's debt obligation in any given year; other unexpected reductions or interruptions of revenue streams; or cash flow requirements of the General Fund. With the Proposed Budget as it is presented at this writing, estimated amounts of \$7.2M would be contributed to fund balance on June 30, 2023, and \$1.2M at June 30, 2024.



**Table 5**

	<b>FY 2021-22</b>	<b>Est FY 2022-23</b>	<b>Est FY 2023-24</b>
<b>Fund Balance</b>	<b>\$49,687,478</b>	<b>56,920,980</b>	<b>\$58,136,946</b>
Change in Fund Balance	N/A	\$7,233,502	\$1,215,966
Expenditures	\$108,664,150	\$135,036,358	\$148,493,661
Transfers	\$5,679,708	\$10,253,835	\$6,101,837
<b>Total</b>	<b>\$114,343,858</b>	<b>\$145,290,193</b>	<b>\$154,595,498</b>
Percentage	43.5%	39.2%	37.6%
Policy Goal	22.0%	22.0%	22.0%
Difference	21.5%	17.2%	15.6%

**Special Revenue Funds** – Special Revenue Funds have decreased by a net total of \$1.3M since the FY 2023-24 proposed publication on May 8, 2023. This is due to decreased appropriations in the American Rescue Plan Fund of \$619k to adjust prior year carryover amounts; decrease of \$802k in the Community Development Block Grant to align the amounts according to the award; and decrease of \$39k in the University Corp Assessment District.

**Enterprise Funds** – Other than the 2.5% proposed salary increase, the Enterprise Fund has not changed since the FY 2023-24 proposed publication on May 8, 2023.

**Capital Projects and Debt Service Funds** – The Capital Outlay Fund and Debt Service Funds have not changed since the FY 2023-24 proposed publication on May 8, 2023.

**Internal Service Funds, and the Housing Authority Budgets** – The Internal Service Funds and the Housing Authority Budgets increased by \$64k and \$42k, respectively due to the 2.5% proposed salary increase since the May 8, 2023 Study Session.

#### **CITYWIDE PROPOSED STAFFING**

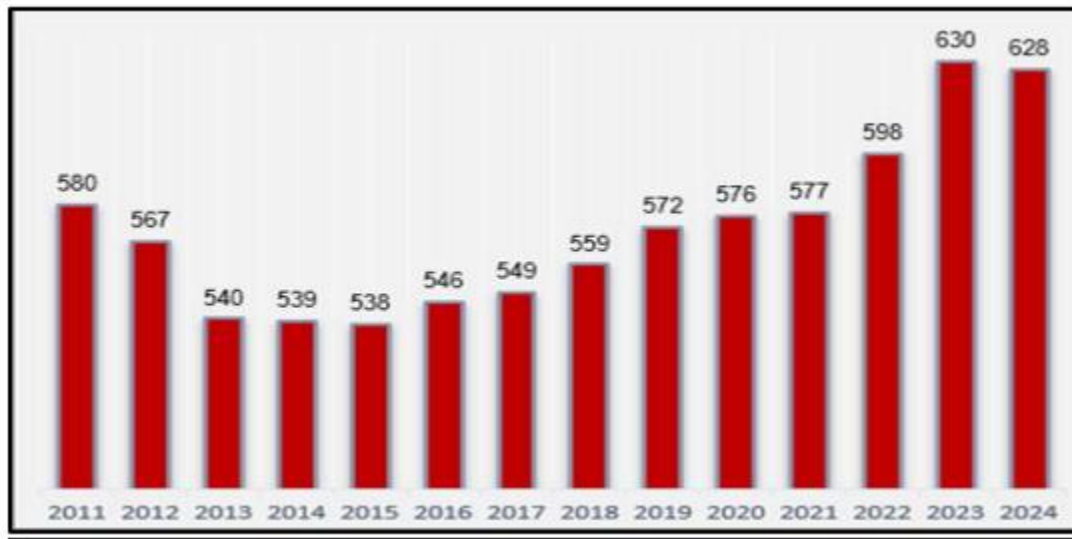
Staffing cost for the FY 2023-24 Budget is calculated using currently approved labor contract provisions, increases in the City's retirement contribution rates (PERS), step increases for staff, overtime, and hourly staff. Personnel history and funding allocations by Department are shown in the Authorized Staffing section of this document and include a proposed authorized staffing level of 627.55 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 to the number of FTE's and reclassifications of positions. The requested changes reflected are for the FY 2023-24 Full Time Equivalent (FTE) position changes in the proposed budget. In total there are 23.35 FTEs requested for addition and 1.00 FTE requested for reclassification. There are also 26.00 FTEs will be eliminated related to Solid Waste Division due to outsourcing. The total requested personnel cost changes include \$1.1M to the General Fund

and \$1.4M to various Non-General Funds. Table 6 details the changes in citywide staffing and Table 6A provides a historical view of the FTE changes over the last 14 fiscal years. Budget Resolutions related to these personnel changes are highlighted in Attachment Nos. 1,5,6 & 7.

**Table 6**

<b>22-23 Authorized Staffing</b>	<b>630.20</b>	<b>Amended Staffing Levels at 4-17-23</b>
<b>23-24 Proposed Staffing</b>		
City Clerk	-	Move Legal Administrative Assistant from Human Resources to City Clerk
City Clerk	1.00	Add 1 Admin Assistant I/II/III
Development Services	1.00	Add 1 Senior Planning Coordinator
Finance	(3.00)	Solid Waste Transition - Less Three Customer Service Specialists
Finance	(1.00)	Solid Waste Transition Less One Senior Customer Service Specialist
Finance	1.00	Add 1 Senior Accounting Technician
Human Resources	1.00	Add 1 Administrative Assistant I/II/III
Human Resources	1.00	Add 1 Human Resources Analyst I/II (ARP)
Information Technology	1.00	Add 1 Senior Systems Analyst
Information Technology	1.00	Add 1 Digital Experience Manager
Information Technology	1.00	Add 1 Management Analyst
Library	0.15	Increase Senior Library Assistant from .60 to .75
Library	0.60	Add .60 Library Supervisor (Reduced Hourly Budget)
Library	0.60	Add .60 Library Supervisor (Reduced Hourly Budget)
Library	1.00	Add 1 Library Assistant
Neighborhood Services	1.00	Add 1 Housing Programs Supervisor
Neighborhood Services	1.00	Add 1 Admin Assistant I/II/III
Neighborhood Services	1.00	Add 1 Housing Stabilization Manager
Neighborhood Services	-	Reclass Homeless Program Supervisor to Housing Stabilization Supervisor
Neighborhood Services	1.00	Add 1 Rent Stabilization Coordinator
Neighborhood Services	1.00	Add 1 Rent Stabilization Coordinator
Neighborhood Services	1.00	Add 1 Housing Inspector I/II (Rent Stabilization)
Neighborhood Services	1.00	Add 1 Housing Inspector I/II (Rent Stabilization)
Public Works	(18.00)	Solid Waste Transition Less 18 Solid Waste Driver
Public Works	(1.00)	Solid Waste Transition Less One Solid Waste Supervisor
Public Works	(2.00)	Solid Waste Transition Less Two Heavy Equipment Mechanics
Public Works	(1.00)	Solid Waste Transition Less One Public Services Maintenance Worker
Public Works	1.00	Add 1 Public Services Maintenance Worker I
Public Works	1.00	Add 1 Lead Facilities Maintenance Technician
Public Works	1.00	Add 1 Facilities Maintenance Technician
Water Resources	1.00	Add 1 Water Utility Worker 1
Water Resources	1.00	Add 1 Stormwater Maintenance Worker I
Water Resources	1.00	Add 1 Stormwater Maintenance Worker I
<b>23-24 Proposed Staffing</b>	<b>627.55</b>	

**Table 6A**



### **HOUSING AUTHORITY BUDGET**

The Housing Authority budget as recommended for FY 2023-24 totals \$21.2M in estimated revenues offset by \$22.2M in appropriations. The difference between the estimated revenues and recommended appropriations is \$1M which will be covered by available fund balance. This budget has increased by \$42K since the May 8, 2023 Study Session due to the proposed salary increase and the 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 2023-24 totals \$22.6M (Attachment No.3). The capital plan includes a total of 147 projects, totaling approximately \$431.8M, of which \$236.1M is funded. The \$236.1M will be funded from prior year appropriations totaling \$213.5M of which approximately \$135.3M remains unspent, and approximately \$22.6M 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**

<b>Category</b>	<b>Estimated Prior Year Expenses</b>	<b>Estimated Prior Year Carryover</b>	<b>Adopted 2023-24</b>	<b>Following Four Years+</b>	<b>Total Projects in CIP Plan</b>
<b>Streets</b>	26,176,560	47,575,162	<b>11,163,005</b>	131,517,753	216,432,480
<b>Traffic</b>	1,462,713	7,227,577	<b>832,595</b>	26,720,080	36,242,965
<b>Parks &amp; Facilities</b>	38,564,029	60,786,977	<b>3,952,618</b>	14,627,087	117,930,711
<b>Water</b>	1,188,074	9,142,398	<b>2,800,000</b>	7,300,000	20,430,472
<b>Sewer</b>	4,496,105	1,499,808	<b>101,876</b>	-	6,097,789
<b>Storm Drains</b>	785,463	5,987,470	<b>2,950,000</b>	15,483,687	25,206,620
<b>Miscellaneous</b>	5,527,533	3,051,671	<b>807,500</b>	25,000	9,411,704
<b>Total</b>	<b>78,200,477</b>	<b>135,271,063</b>	<b>22,607,594</b>	<b>195,673,607</b>	<b>431,752,741</b>

### **Adopted CIP Budget and Document Update**

There are no changes in the document update from the Proposed Budget.

### **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 \$1M for the addition of 8.35 FTE that are 100% General Funded, 4.00 FTE that are partially funded by the General Fund. Six hourly positions are also included at a value of \$132k. The FY 2022-23 Proposed General Fund Requests for Operations and Vehicles total \$2M and the \$2M request for youth funding is included in this Proposed Budget. In total, the FY 2023-24 Proposed General Fund Budget contains \$3.2M in total supplemental appropriations.

#### **Non- General Fund Supplemental Budget Items**

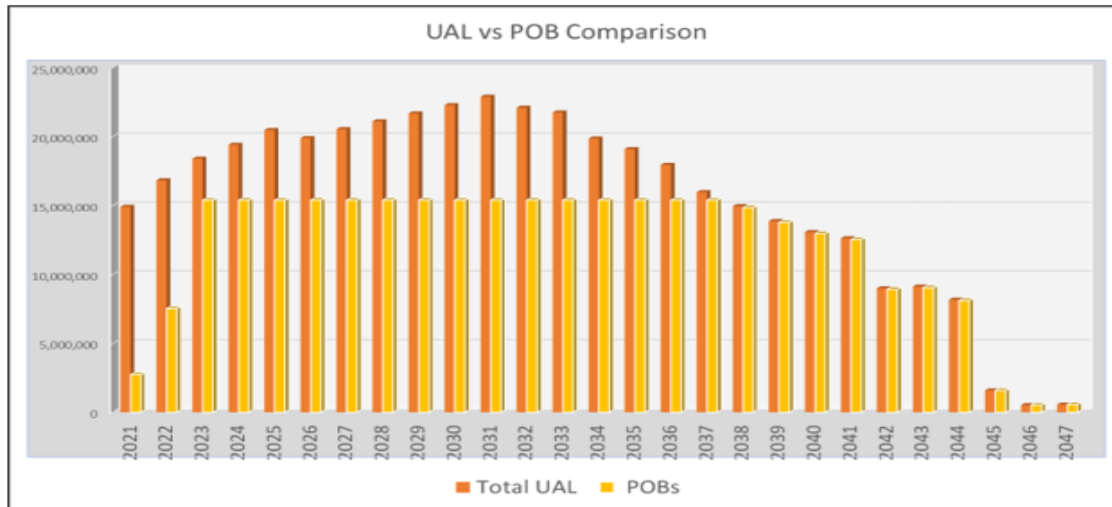
Non-General Fund supplemental items included in FY 2023-24 staffing requests total an amount of \$1.1M for the addition of 11.00 FTE that are 100% Non-General Funded, 4.00 FTE that are partially funded by Non-General Funds, and 1.00 FTE that is proposed for reclassification with Non-General Fund appropriations. The FY 2023-24 Proposed Non-General Fund Requests for Operations and Vehicles totals \$1.6M. In total, the FY 2023-24 Proposed Non-General Fund Budget contains \$3.1M 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 2023-24 appropriations limit, based on the proposed General Fund budget, is calculated at \$314M. The City’s FY 2023-24 General Fund budget “Appropriations Subject to Limitation” is \$127.6M which is \$186.5M 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 table listed in Attachment No.11 totals an amount of \$38.4M that makes up youth services funding in the City of Pomona’s FY 2023-24 Proposed Budget.

### **ARP EXPENDITURE SPENDING PLAN UPDATE**

The Fiscal Year 2023-24 Proposed Budget include new appropriations from the American Rescue Plan Fund. Appropriations for the following spending plan categories are included: \$5M Universal Household Grant, \$1.4M Economic Support Related to the Pandemic, \$1M for Technology

Upgrades, Leadership Development and Operational Efficiencies and \$1M Participatory Budget. Furthermore, \$31M of estimated unspent ARP funds are also included in the Proposed Budget. As part of the May 15, 2023 ARP Update, City Council approved to move \$6.8M of General Fund Revenue Loss, and allocate to two new spending plan categories: \$3.5M for Staffing for ARP Assignments/Housing Stabilization Division, and \$3.3 for a New Citywide Enterprise Resource Planning (ERP) System. In addition, \$400k of the Small Business Grants was transferred to Economic Support related to the Pandemic, therefore adjusting the balance on these categories at \$750k and \$1.4M, respectively. These updated changes are reflected in Table 9.

**Table 9**

ARP Proposed Spending Plan Update May 15, 2023	
Program	Amount
Universal Household Grant for 400 Families w/ Children for 2 yrs @ \$500/mo	5,000,000
Small Business Grants	750,000
Economic support related to the Pandemic	1,400,000
Allocation - Mayor	1,500,000
Council Allocations @ \$750k per District	4,500,000
General Fund Budget Shortfall	1,573,747
Staffing for ARP Assignments / Housing Stabilization Division	3,500,000
New Citywide Enterprise Resource Planning (ERP) System	3,320,000
Grant to Affordable Housing Project	550,000
City Support related to the Pandemic	744,901
Citywide Capital Improvement Program (CIP) Projects	15,000,000
Health and Wellness Activities	1,150,000
Library Youth Commitment	500,000
Technology Upgrades, Leadership Development, Operational Efficiencies	1,000,000
Police Real Time Crime Center	600,000
COPS Technology and Equipment Grant	211,352
Rent Stabilization	1,000,000
Participatory Budget	1,000,000
ARP Onetime Payments - MOUs	2,070,000
<b>TOTAL</b>	<b>45,370,000</b>

## **CONCLUSION**

The FY 2023-24 Proposed Operating Budget document has been compiled with the cooperation of all City Departments and coordinated by the Finance Department. An enormous amount of data is assembled to accomplish the accurate layering of revenue estimates, anticipated expenses, cost allocations, transfers and accruals involved with accounting for a City with multiple operations



like the City of Pomona. In the end, the FY 2023-24 Proposed Operating Budget is staff's best estimate of a spending plan within available resources to meet the Council's goals and public's expectations for the upcoming year. The Proposed Operating Budget encompasses the revenues that are available and projected at this time, while realizing that serving the residents of Pomona is the organization's priority.

Many factors such as high inflation passed along in the cost of goods and services, unstable fuel prices, supply chain and raw material interruptions, the Federal Reserve continued efforts to tame inflation via raising interest rates, unemployment stats slowly rising, and recently a slowdown in the housing market, reminds us to keep aware that revenues have raised, but could easily fall as the history of economic times has displayed this before. As with every budget year, this budget remains a work in progress to be monitored throughout the year and will be adjusted, as necessary.

The FY 2023-24 General Fund Budget reflects a budget surplus of \$1.2M, while with the year-end estimates for FY 2022-23, the estimated budget surplus is at \$7.2M. With the implementation of updated Fiscal Policies, the FY 2023-24 budget includes appropriations of \$300k for Catastrophic Events Reserve, \$1.5M for Section 115 Pension Trust, \$200k for Equipment Replacement Reserve and \$1.3M for CIP Project funding which equates to ¾% of adopted General Fund revenues. While it is important to build up reserves in the budget, using reserves judiciously and monitoring them regularly, we can ensure we are prepared for the future particularly when revenues may not be promising, particularly when ARP funds are no longer available, and when the Transactions Use Tax (TUT) hits the sunset date as scheduled to end in April 2029 (FY 2028-29).

Prepared by:

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Andrew Mowbray  
Finance Director/City Treasurer

**ATTACHMENT(S):**

- Attachment No. 1 – Resolution No. 2023-96  
Exhibit A – FY 2023-24 Operating Budget
- Attachment No. 2 – Resolution No. 2023-97
- Attachment No. 3 – Resolution No. 2023-98  
Exhibit A – FY 2023-24 CIP Budget by Category
- Attachment No. 4 – Resolution No. 2023-99  
Exhibit A - GANN LIMIT Appropriations Limit  
Exhibit B – Calculation of Proceeds of Taxes
- Attachment No. 5 – Resolution No. 2023-100  
Exhibit A – Salary Schedule
- Attachment No. 6 – Resolution No. 2023-101
- Attachment No. 7 – Resolution No. 2023-102
- Attachment No. 8 – Budget Study Session Q&A



Attachment No. 9 – Public Hearing Notice

Attachment No. 10 – FY 2023-24 Proposed for Adoption Presentation

Attachment No. 11 – FY 2023-24 Youth Funding Table