

# CITY OF POMONA

City Manager's FY 2019  
Proposed Budget





A photograph of a woman standing at the front of a room, addressing a group of people seated at tables. The image is overlaid with a blue grid pattern.

# TONIGHTS PRESENTATION

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Historical Outlook

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Operating Budget

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CIP Budget

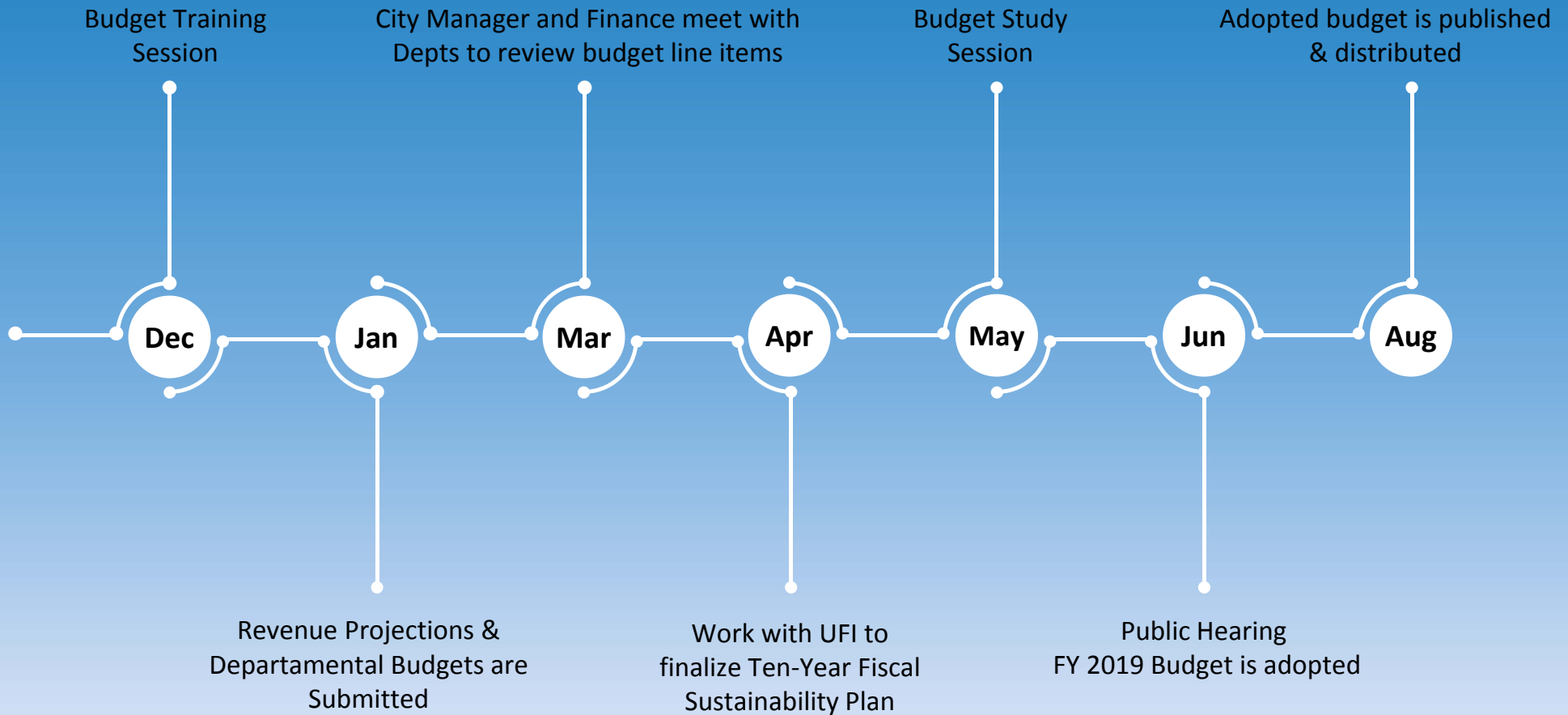




You Had  
One Job

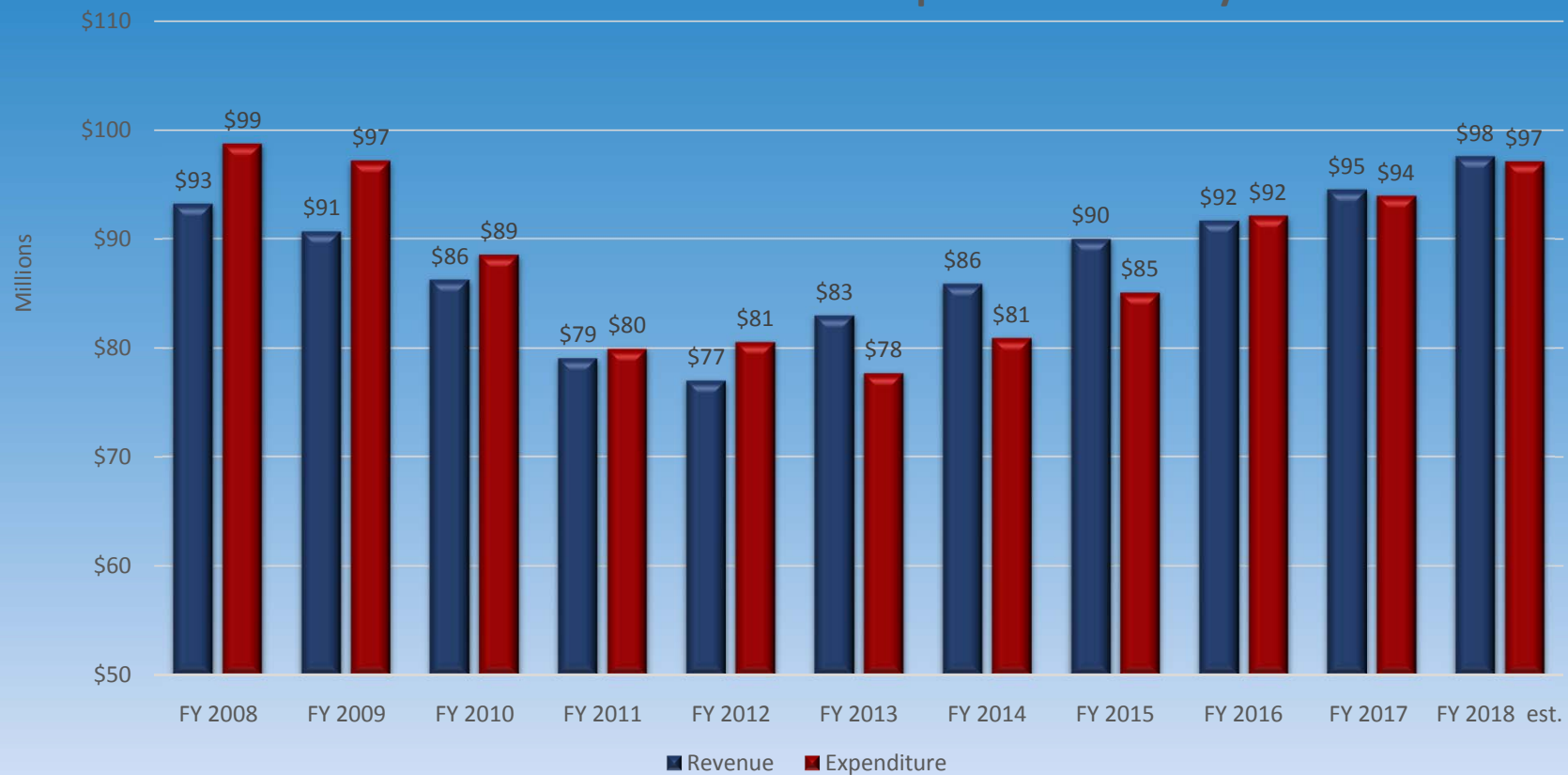
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# THE FY 2019 BUDGET PROCESS



# POMONA'S HISTORICAL OUTLOOK

General Fund Revenue and Expenditure History

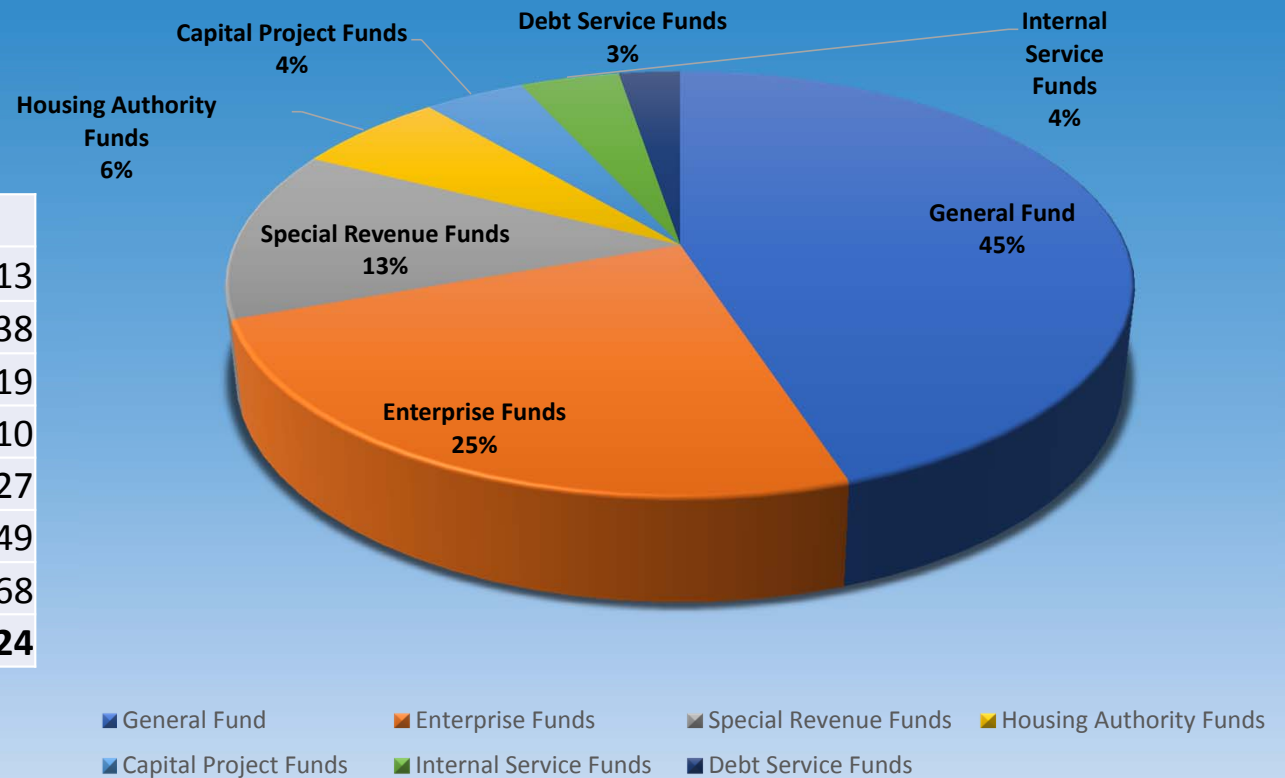




You Had One  
Job

# BUDGET AT-A-GLANCE ALL FUNDS

| FUND TYPE               | FY 2019            |
|-------------------------|--------------------|
| General Fund            | 107,149,313        |
| Enterprise Funds        | 58,470,538         |
| Special Revenue Funds   | 30,991,519         |
| Housing Authority Funds | 15,242,610         |
| Capital Project Funds   | 10,204,427         |
| Internal Service Funds  | 10,077,049         |
| Debt Service Funds      | 6,223,368          |
| <b>Total</b>            | <b>238,358,824</b> |



# FY 2019 KEY BUDGET ASSUMPTIONS

## **Revenue estimates are based on:**

- City's sales and property tax consultant
- Reports from various State and Federal agencies (I.e. League of California Cities, HUD, Depart. of Finance, State Controller's Office, etc.)
- Trend analysis that included historical fiscal performance and modifications for any anticipated anomalies

**LA County Fire District Contract increased \$1.5M**

**Vacancy Factor of \$1.3M that was budgeted in FY 2018 was eliminated in FY 2019**

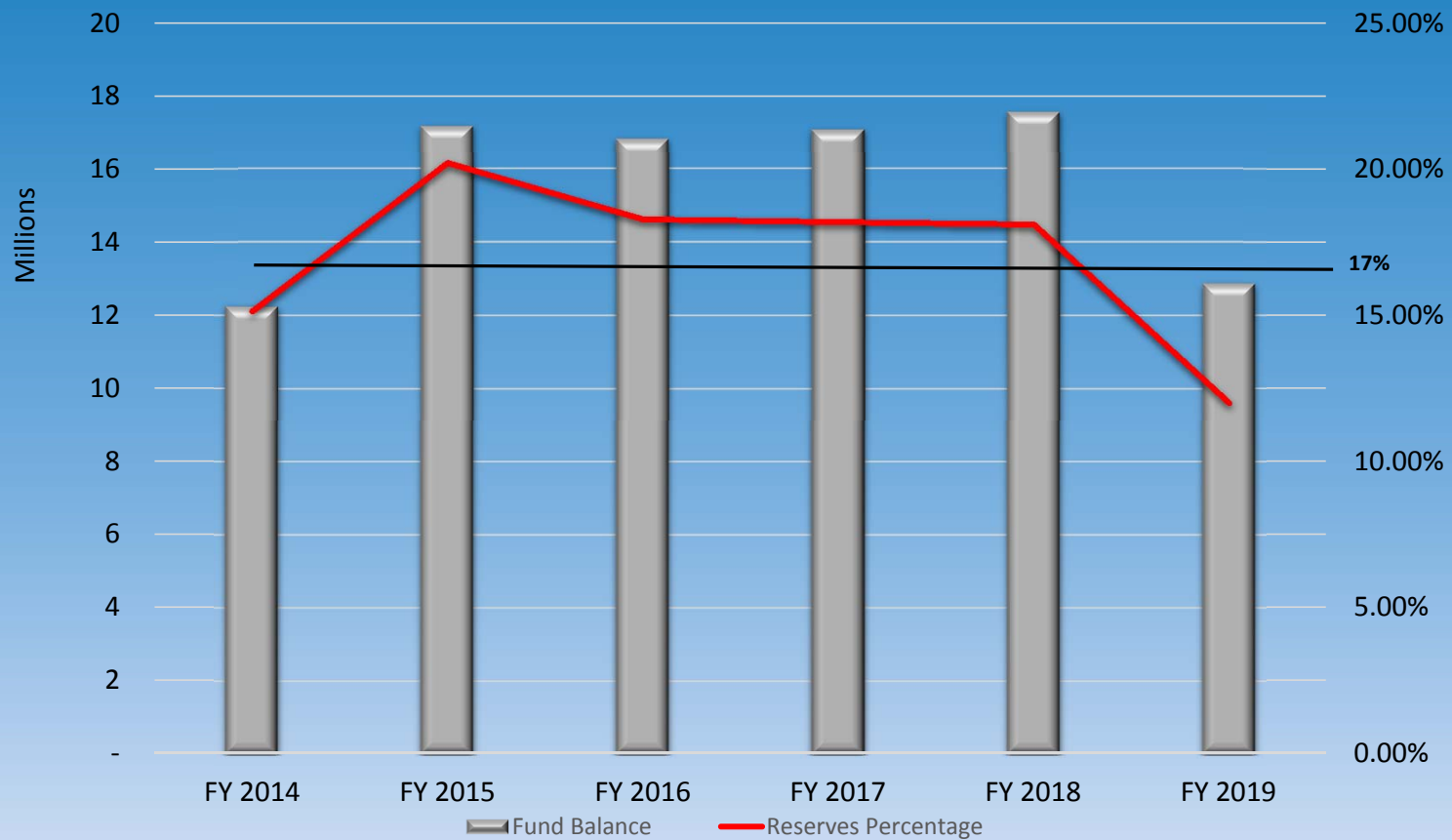
**The General Fund Reserve \$12.8M or 12% (Policy requires 17%)**

**Refunding of Bond Series, AR, AU & AV in FY 2018 created budget savings of \$2M that is not reflected in FY 2019**

**Fiscal Sustainability Policy required contributions to CIP and equipment replacement suspended until General Fund reaches 17% Fund Balance policy goal**



# GENERAL FUND BALANCE/RESERVES





# GENERAL FUND



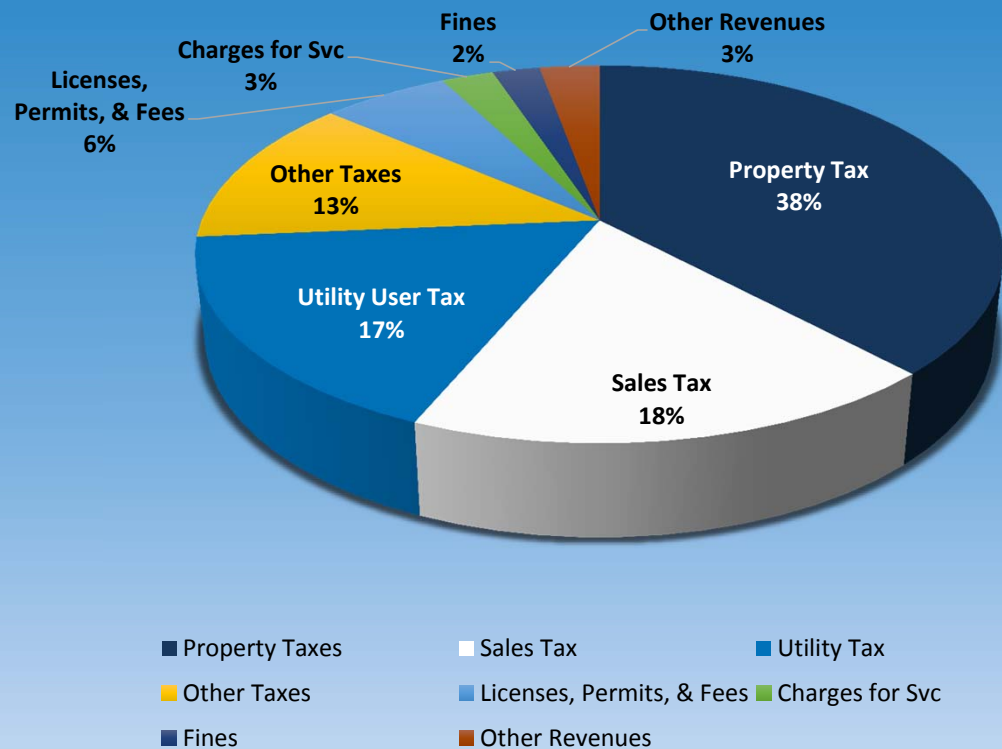
You had one Job





# FY 2019 PROPOSED GENERAL FUND REVENUES

| Revenue Category           | FY 2018 Budget    | FY 2019 Proposed   | FY 2018 Budget vs. FY 2019 |
|----------------------------|-------------------|--------------------|----------------------------|
| Property Taxes             | 34,002,371        | 38,964,732         | 4,962,361                  |
| Sales Tax                  | 18,075,000        | 18,754,400         | 679,400                    |
| Utility Tax                | 17,338,266        | 17,687,803         | 349,537                    |
| <b>Total - Big "3"</b>     | <b>69,415,637</b> | <b>75,406,935</b>  | <b>5,991,298</b>           |
| Other Taxes                | 14,297,429        | 13,072,900         | (1,224,529)                |
| Licenses, Permits, & Fees  | 5,733,035         | 6,198,035          | 465,000                    |
| Charges for Svc            | 2,677,395         | 2,546,393          | (131,002)                  |
| Fines                      | 1,908,500         | 2,310,480          | 401,980                    |
| Other Revenues             | 2,292,484         | 2,921,421          | 628,937                    |
| <b>Total - All Sources</b> | <b>96,324,480</b> | <b>102,456,164</b> | <b>6,131,684</b>           |



# FY 2019 GENERAL FUND REVENUES

## Property Tax Revenues \$4.96M

- ◆ Increase in assessed values for secured and unsecured property taxes
- ◆ Sale of Successor Agency Property will generate \$3.1M

## Sales Tax \$679K

- ◆ Dissolution of Triple Flip has improved City's cash flow
- ◆ Strongest economic segment is Building Materials – Wholesale 21.5%, Restaurants 12.8%

## UUT \$350K

- ◆ UUT for electricity and water are starting to improve
- ◆ Telecommunications continues to decline (competitive cell phone plans)

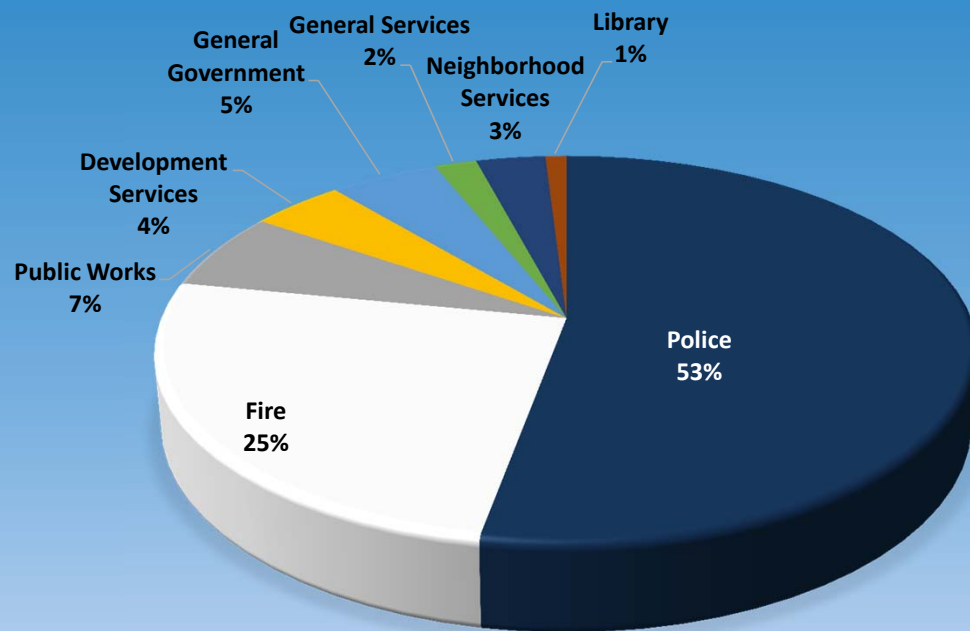
## Other Taxes (\$1.2M)

- ◆ Re-class of \$2.1M from Other Taxes to Transfers-In and Fines for late fees for (Water, Sewer, & Refuse)

## Other Revenues \$629K

- ◆ Increase in Transfers-In from reclass of Other Taxes was offset with decrease in Misc. Revenue of \$1M from insurance payment for damages to City Stable Facility in prior fiscal year

# FY 2019 PROPOSED GENERAL FUND EXPENDITURES



| General Fund Expenditures | FY 2018           | FY 2019            | Variance         |
|---------------------------|-------------------|--------------------|------------------|
|                           | Budget            | Proposed           |                  |
| Police                    | 52,182,494        | 56,695,760         | 4,513,266        |
| Fire                      | 25,332,795        | 26,941,624         | 1,608,829        |
| Public Works              | 6,102,966         | 6,921,816          | 818,850          |
| Development Services      | 3,915,916         | 4,657,237          | 741,321          |
| General Government        | 3,657,805         | 5,389,211          | 1,731,406        |
| General Services          | 2,775,934         | 2,076,814          | (699,120)        |
| Neighborhood Services     | 2,923,419         | 3,426,306          | 502,887          |
| Library                   | 940,043           | 1,040,372          | 100,329          |
| <b>Total</b>              | <b>97,831,372</b> | <b>107,149,313</b> | <b>9,317,941</b> |



# FY 2019 PROPOSED GENERAL FUND EXPENDITURES

## Police \$4.5M

- PERS, Step Increases, & Proposed MOU's \$1.8M
- Elimination of Managed Budget Control of \$1M
- Prior year bond savings of \$1.7M

## Fire \$1.6M

- LA County Fire District Contract \$600K
- Deferred Cost \$900K (accumulated over 3 year period)

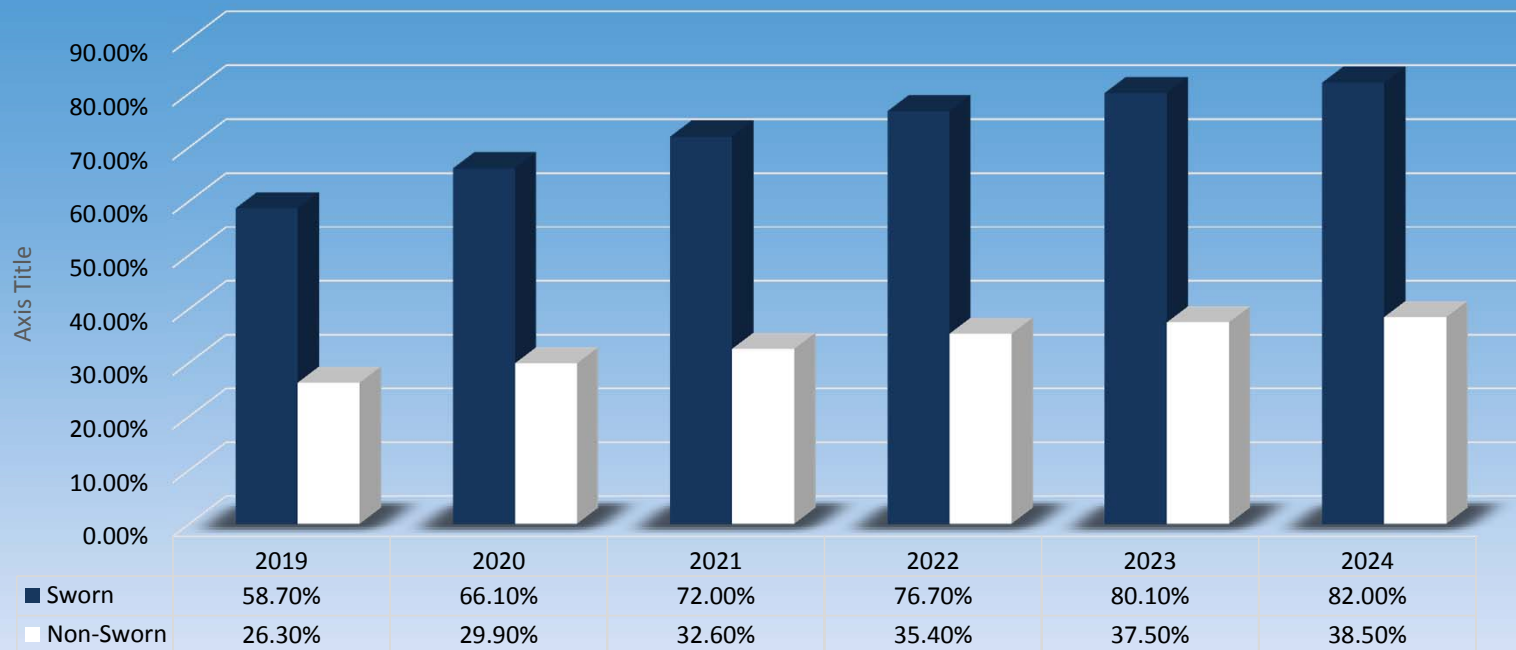
## General Government \$1.7M

- Change in methodology for Administrative Overhead Allocation lowered the amount the General Fund could collect from \$2.6M to \$1.5M
- City Clerk: Estimates for Elections Cost resulted in increase of \$251K
- Human Resources: Increase in anticipated legal cost \$129K

# PERS CONTRIBUTION RATES

Budget for General Fund \$13.4M  
City Wide \$17.1M  
(Sworn \$10M & Non Sworn \$7.1M)

## Projected Employer PERS Contribution Rates



# STAFFING STATISTICS

1

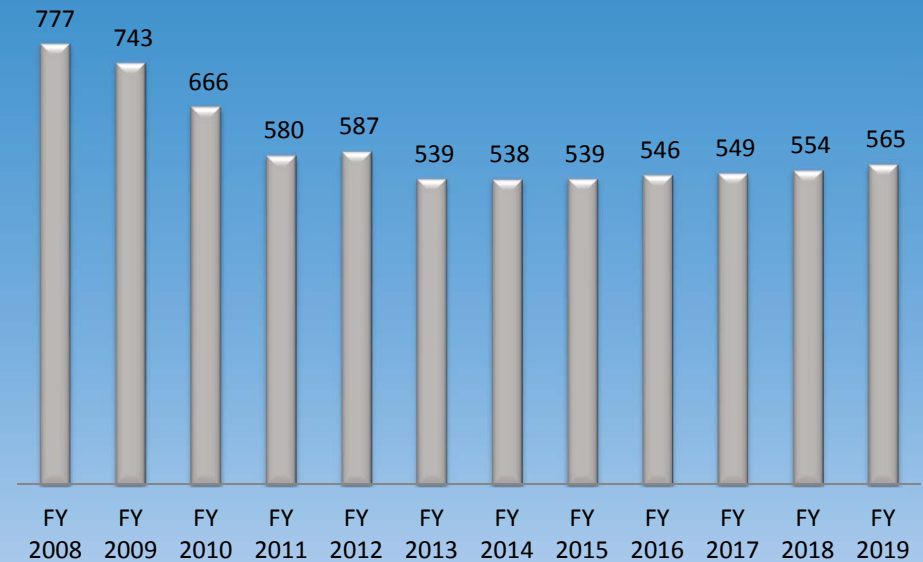
Current Benefitted Staffing Level = 558.60

2

Proposed Level = 564.60 Created a savings of \$785K in the General Fund and an increase of \$368K in Other Funds

3

69% of current total positions are funded by the General Fund





# GENERAL FUND SUPPLEMENTALS BUDGET ITEMS ~ NOT FUNDED

## City Manager Recommended Supplemental Budget Requests for Future Funding

| Fund / Department / Expenditure Description |   | Cost           |
|---|---|----------------|
| <b>General Fund</b>                         |   |                |
| Neighborhood Services                       | Staff computers at Recreation sites (1 per site)                                      | 19,300         |
| Neighborhood Services                       | Computer labs at each Community Center (7 sites remaining)                            | 59,500         |
| Library                                     | Library Conference Room Carpet Cleaning   | 20,000         |
| Library                                     | Library Conference Room Furniture   | 20,000         |
| Human Resources                             | Employee Recognition Program  | 15,000         |
| Police                                      | Purchase (16) new/replacement police Specialty and/or Black & White vehicles & Builds | 851,171        |
|   | <b>Total General Fund</b>   | <b>984,971</b> |

# Urban Futures Inc.

## Recommendations - Budget Solvency – Revenues

### 3 Local Tax Options to Generate \$8 to \$10 million annually

Transaction and Use Tax (TUT) - \$7 to \$10 million with majority voter approval

- Added on top of State Sales Tax (7.25%) and Countywide sales taxes (2.25%)
- Maximum rate city can adopt is 0.75% - total sales tax rate in Pomona would be 10.25%
- Must be placed on November 2018 ballot (action required before Aug.) or special election in 2019 (requires findings and declaration of fiscal emergency)

Parcel Tax - \$3 million per \$100 parcel tax with 2/3 voter approval

- Flat per parcel rate applicable or variable rate depending on size, use or other metric
- Even though proceeds used for General Fund, requires 2/3 voter approval
- \$250 to \$350 per-parcel rate needed, unless combined with other revenue or cost reductions

Extend Utility Users Tax (UUT) - \$1.1 million with majority voter approval

- Refuse and sewer services are not currently covered by the City's UUT of 9%
- \$1.1 million could be generated if UUT is extended to these utility services

# Urban Futures Inc.

## Recommendations - Budget Solvency – Cost Reductions

Cost reduction strategies to realistically save \$8-\$10 million annually

- Restructure Delivery Model of One or More General Fund Services
- Consolidate or regionalize service delivery
- Contract with private sector

Seek to Negotiate or Impose Labor Cost Concessions

- Strategy is burdened with significant procedural requirements
- Vested rights components of employee compensation are off-limits (PERS contributions, accrued leave, and other contractual terms and conditions)

# Urban Futures Inc.

## Recommendations - Budget Solvency – Cost Reductions

Cost reduction strategies to realistically save \$8-\$10 million annually (cont):

- Permanently Reduce General Fund Staffing and Municipal Service Levels
  - \$2.7 million - close all General Fund supported programs, services and facilities within the Neighborhood Services Department;
  - \$2.0 million - eliminate all General Fund monies for parks and community facilities, requiring closure of most parks and community facilities without maintenance or upkeep;
  - \$1.3 to \$2.2 million - close Fire Station (require renegotiation with LA County Fire District);
  - \$1.0 to \$1.2 million - eliminate Gang Suppression and Major Crimes Unit;
  - \$1 million - eliminate all Library services and close facilities;
  - \$700,000 - eliminate all Code Enforcement activities; and
  - \$500,000 - reduced demand for Internal Service Departments (IT & Vehicle Maintenance) from staff and municipal service cuts.





You Had One Job

You Had  
One Job





# OTHER FUNDS



# FY 2019 PROPOSED OTHER FUNDS

| OTHER FUNDS                | Est. Available Beg.<br>Balance<br>07/01/2018 | Estimated Revenues | Estimated Expenses | Est. Available<br>Ending Balance<br>06/30/2019 |
|----------------------------|--|--------------------|--------------------|--|
| Special Revenue Funds      |  |                    |                    |  |
| 7 Transportation Related   |  |                    |                    |  |
| 15 Other Operations        |  |                    |                    |  |
| 13 Grant Funds             | 18,695,028                                   | 29,701,921         | 31,021,505         | 17,375,444                                     |
| Debt Service Funds         | (17,494)                                     | 6,264,424          | 6,223,368          | 23,562   |
| Capital Projects Funds     | 1,064,365                                    | 9,956,908          | 10,204,427         | 816,846  |
| Enterprise Funds*          | 32,943,930                                   | 52,552,526         | 54,825,117         | 30,671,339                                     |
| Internal Service Funds     | 4,926,802                                    | 9,375,832          | 10,037,937         | 4,264,697                                      |
| Housing Authority**        | 1,036,386                                    | 13,668,851         | 15,212,624         | (507,387)                                      |
| <b>Total - Other Funds</b> | <b>58,649,017</b>                            | <b>121,520,462</b> | <b>127,524,978</b> | <b>52,644,501</b>                              |

- \*Water Resources Department will be spending \$1M in Capital purchases in FY 2019.
- \*\*There is \$1.6M in reserves with HUD-held Program Reserves (HHR) for Section 8 funding. This amount will be reflected in Adopted Budget Document.



# THE FY 2019 PROPOSED BUDGET

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## CAPITAL IMPROVEMENT PROGRAM



A photograph of a road with a white line. The road is paved and has a white line that is slightly wavy. To the left of the road is a grassy area with some dry leaves and a fallen tree branch. A blue circle with a gold border is overlaid on the left side of the image, containing the text "You Had One Job" in white.

You Had  
One Job

# TOTAL CIP

## Summary

|   |                    |
|---|--------------------|
| Expense to Date                           | 84,792,803         |
| Carry Forward                             | 84,144,849         |
| <b>Proposed &amp; Pending FY<br/>2019</b> | <b>17,810,651</b>  |
| Following Four Years +                    | 232,148,225        |
|   | <b>418,896,528</b> |



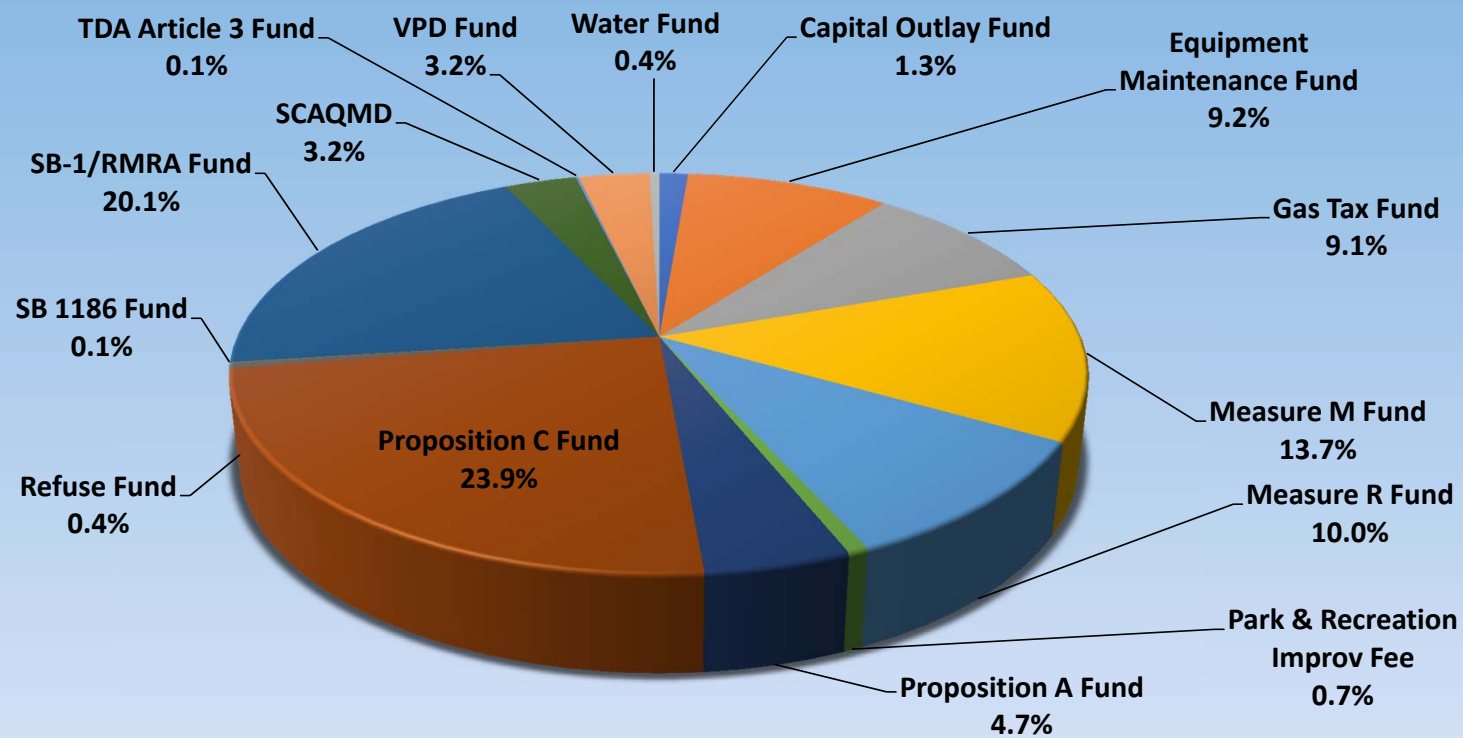
137 Projects in CIP     \$178.7M Funded / \$240.2M Unfunded

# FY 2019 PROPOSED CIP BY FUNDING SOURCE

| Five Year Capital Improvement Program            |                  |                  |
|--|------------------|------------------|
| Funding Source Summary                           |                  |                  |
|  | <u>Proposed</u>  | <u>Pending</u>   |
| CA Natural Resources Agency Urban Greening Grant | -                | 1,500,000        |
| Capital Outlay Fund                              | 126,845          | -                |
| Community Development Block Grant                | -                | 1,494,533        |
| Equipment Maintenance Fund                       | 900,000          | -                |
| Gas Tax Fund                                     | 889,946          | -                |
| Measure H Capital Fund                           | -                | 3,997,234        |
| Measure M Fund                                   | 1,348,763        | -                |
| Measure R Fund                                   | 981,851          | -                |
| Park & Recreation Improvement Fee                | 65,000           | -                |
| Proposition A Fund                               | 460,000          | -                |
| Proposition C Fund                               | 2,344,852        | -                |
| Refuse Fund                                      | 40,000           | -                |
| Rivers and Mountain Conservancy Grant            | -                | 1,000,000        |
| SB 1186 Fund                                     | 5,674            | -                |
| SB-1/RMRA Fund                                   | 1,968,882        | -                |
| SCAQMD   | 318,100          | -                |
| TDA Article 3 Fund                               | 13,000           | -                |
| VPD Fund   | 312,100          | -                |
| Water Fund                                       | 43,871           | -                |
| <b>Total</b>                                     | <b>9,818,884</b> | <b>7,991,767</b> |



# FY 2019 PROPOSED CIP BY FUNDING SOURCE



# FY 2019 PROPOSED CIP BY CATEGORIES

| Category Title                | Expense as<br>of 2/28/18 | Prior Year<br>Carryover | Proposed<br>2018-19 | Pending<br>2018-19 | Plan<br>2019-20   | Plan<br>2020-22   | Plan<br>Beyond 2022 | Total Projects<br>In CIP Plan |
|-------------------------------|--------------------------|-------------------------|---------------------|--------------------|-------------------|-------------------|---------------------|-------------------------------|
| Streets                       | 60,745,225               | 34,623,016              | 7,088,116           | 1,494,533          | 23,533,528        | 39,245,238        | 53,425,822          | 220,155,478                   |
| Traffic                       | 1,694,142                | 2,469,313               | 1,102,952           | -                  | 1,942,600         | 7,982,000         | 19,073,901          | 34,264,908                    |
| Parks & Facilities            | 9,361,409                | 35,418,475              | 1,407,816           | 6,497,234          | 1,828,273         | 530,413           | 1,941,161           | 56,984,781                    |
| Water                         | 4,783,875                | 4,223,396               | -                   | -                  | 12,350,000        | 23,000,000        | 25,500,422          | 69,857,693                    |
| Sewer                         | 3,103,344                | 2,674,045               | -                   | -                  | 4,100,000         | 5,400,000         | 2,700,000           | 17,977,389                    |
| Storm Drains                  | 185,920                  | 126,895                 | -                   | -                  | -                 | -                 | 9,594,867           | 9,907,682                     |
| Miscellaneous                 | 4,918,888                | 4,609,709               | 220,000             | -                  | -                 | -                 | -                   | 9,748,597                     |
| <b>Total - All Categories</b> | <b>84,792,803</b>        | <b>84,144,849</b>       | <b>9,818,884</b>    | <b>7,991,767</b>   | <b>43,754,401</b> | <b>76,157,651</b> | <b>112,236,173</b>  | <b>418,896,528</b>            |
| <b>Funded</b>                 | 84,792,803               | 84,144,849              | 9,818,884           | -                  | -                 | -                 | -                   | 178,756,536                   |
| <b>Unfunded</b>               | -                        | -                       | -                   | 7,991,767          | 43,754,401        | 76,157,651        | 112,236,173         | 240,139,992                   |

# CIP ACCOMPLISHMENTS FOR FY 2018

| CIP HIGHLIGHTS   | TOTAL COST/BUDGET TO DATE<br>\$24,630,758                       |
|--|---|
| Pedestrian Access Ramp Removal & Wall Replacement - Norval Street  | Closed 12/18/17   |
| Street Rehab - Slurry Seal & Overlay   | Closed 12/18/17   |
| Major Street Rehabilitation – Citywide 12 miles of street rehabbed plus 2 miles of N. Garey CSP and Phase II(Bulb-outs/Pedestrian Improvements Citywide) | Phase I completed, Construction Phase II completion Summer 2018 |
| Sidewalks - Penmar Lane (CDBG)   | Completion Spring 2018.   |
| Traffic Signal - Village Loop and Santa Clara  | Completed   |
| Cooperative Agreement (w/Caltrans)-Traffic Signal Foothill Blvd & Sumner Ave   | Closed 12/18/17   |
| Traffic Signal Improvements - Towne Ave and Riverside Drive  | Completed   |
| Traffic Operations - Communications Upgrade (Bike Detection) - S Garey between Mission and County Rd.  | Completion Summer 2018  |
| Transit Improvement Program - CW (Phase I & II)  | Phases I & II completed; Phase III Completion Winter 2019       |
| Ganesha Park Restroom Demolition   | Closed 12/18/17   |
| Plaza Park Improvements (6 Planters)   | Closed 12/18/17   |
| Various Park Projects (Ganesha Park Tree Grove, Garfield Park, Kennedy Park, MLK Park, Phillips Paw Park, & Esperanza y Alegria Park)                    | Completed   |
| Six Basins - Groundwater Optimization (VOC plants)   | Completed   |
| Sewer Pipeline Replacement - Citywide (Phase IV)   | Completed   |





# THE FY 2019 PROPOSED BUDGET

## CITY MANAGER RECOMMENDATION



- ✓ Adopt Proposed Operating Budget, CIP Budget and Staffing Recommendations on June 4, 2018