



CITY OF POMONA COUNCIL REPORT

June 29, 2020

To: Honorable Mayor and Members of the City Council

From: James Makshanoff, City Manager

Submitted By: Andrew Mowbray, Finance Director/City Treasurer

SUBJECT: Adoption of Resolutions Approving the Fiscal Year 2020-21 City of Pomona Operating Budget, Housing Authority Budget, Five Year Capital Improvement Program Budget, and Establishing the 2020-21 GANN Appropriations Limit

RECOMMENDATION:

It is recommended that the City Council and the City Council sitting as the Commission of the Housing Authority adopt respectively the following resolutions:

RESOLUTION NO. 2020-92 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, ADOPTING THE CITY’S OPERATING BUDGET FOR FISCAL YEAR 2020-2021

RESOLUTION NO. 2020-93 – 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 HOUSING AUTHORITY OPERATING BUDGET FOR FISCAL YEAR 2020-2021

RESOLUTION NO. 2020-94 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, APPROVING THE 2020-21 TO 2024-25 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM AND ADOPTING A CAPITAL IMPROVEMENT PROGRAM BUDGET FOR FISCAL YEAR 2020-2021

RESOLUTION NO. 2020-95 – 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 2020-2021

EXECUTIVE SUMMARY: The Mayor and City Council were presented with the FY 2020-21 Proposed Budget at the May 26, 2020 Study Session. On June 15, 2020 a Public Hearing was conducted for the proposed budget to be adopted. The City Council made a motion to continue

the budget discussion to a special meeting on June 29, 2020. Budget items were to be explored including the additional funding for youth related services, a reduction in the Police Department proposed budget, as well as identification of future homeless services funding that will be made available. The concept to acquire a grant writer consultant was also requested to be explored. Since the May 26, 2020 Study Session and the June 15, 2020 Public Hearing for the adoption of the budget report a few other clean up items have been added for consideration to this revised report. These revisions include updating the CIP project description for CIP project #68562 in the Proposed CIP Document that needs to have the various street names corrected in the Adopted CIP Document. Also added is an appropriation of \$13k related to the June 15, 2020 council item for the Development of a Master Fee Schedule and to conduct a Development Impact Fee Study.

The revised FY 2020-21 Budget for Citywide expenditures is proposed at \$272.2M, 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 2020-21 General Fund Proposed Budget anticipates a \$5.9M deficit of revenues over expenditures. The budget process spans over many months, typically beginning in January until final adoption in June. Due to COVID-19 pandemic, Departments' original projections had to be revised due to anticipated economic impacts. Overall, General Fund revenues are estimated to decreased \$6.2M compared to FY 2019-20. General Fund appropriations reflect a \$615k decrease when comparing FY 2019-20 expenditures. This decrease is primarily related to \$5.3M in reductions with \$3.1M proposed in savings by leaving positions vacant, as well as Departments' reducing other operational line items such as training, materials, supplies, contracts, and hourly personnel totaling \$2.2M which in total will net a \$5.9M projected deficit.

Any changes to the FY 2020-21 Proposed Budget after the May 26, 2020 Study Session and the June 15, 2020 Public Hearing have been highlighted in the "Discussion Section" of this council report. Staff recommends the City Council adopt the budgets as presented herein. In accordance with the City Charter, the budget is to be adopted prior to the beginning of the new 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 30, 2020 in the Inland Valley Daily Bulletin.

FISCAL IMPACT: The adoption of the attached resolutions will establish the City and Housing Authority's Fiscal Year 2020-21 Operating and Capital Improvement Program budgets as follows:

	<u>Proposed Budget</u>	<u>Revenue Estimate</u>	<u>Appropriation</u>
1)	City of Pomona Operating	\$247,381,787	\$241,733,202
2)	Housing Authority	16,224,642	17,015,241
3)	Capital Improvement Program		13,486,917
		\$263,606,429	\$272,235,360

PREVIOUS RELATED ACTION: City Council adopted the FY 2019-20 Operating Budget, Housing Authority Budget, and the Five-Year Capital Improvement Program on June 3, 2019, with amendments to the General Fund operating budget approved on July 15, 2019, August 5, 2019, September 9, 2019, November 4, 2019, November, 18, 2019 (Fiscal Year 2019-20 General Fund 1st Quarter Budget Review), December 16, 2019, and January 6, 2020. City Council also approved the Budget Preparation Calendar, Guiding Principles and Process for FY 2020-21 on January 6, 2020, received the Mid-Year Budget Report on March 16, 2020 and approved various amendments to the Operating and Capital Improvement Program budgets throughout the year. The Fiscal Year 2020-21 Budget Study Session was conducted on May 26, 2020. A Public Hearing occurred on June 15, 2020, where the City Council was presented the FY 2020-21 Operating Budget, Housing Authority Budget, and the Five-Year Capital Improvement Program Budget.

DISCUSSION:

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, 2020 and ending June 30, 2021. 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 2020-21 Operating and Capital Improvement Program Budgets total \$272.2M as follows:

Table 1

Fund Type	Revenue Including Transfers In	Appropriations Including Transfers Out
General Fund	\$110,805,443	\$116,690,369
Special Revenue Funds	37,796,888	33,366,509
Debt Service Funds	6,256,808	6,256,858
Capital Project Funds	8,070,206	652,640
Enterprise Funds	74,688,938	75,155,818
Internal Service Funds	9,763,504	9,611,008
City Operating Budget	\$247,381,787	\$241,733,202
Housing Authority	16,224,642	17,015,241
Capital Improvements	-	13,486,917
Total	\$263,606,429	\$272,235,360

General Fund – There are changes proposed since the June 15th Public Budget Hearing for Adoption to the General Fund. The Proposed Budget on May 26, 2020 reflected a \$6.6M deficit (use of reserves) and subsequently a \$6.2M deficit was brought forward on June 15, 2020. The most recent revised revenue estimates include a reduction of \$440k and additional expenditure savings of \$734k is projected which net \$294k in savings. Table 2 displays the overall changes in the FY 2020-21 General Fund Proposed budget since the Budget Study session.

Table 2

	FY 2020-21 General Fund	Proposed 5/26/2020	Proposed 6/15/2020	Adoption 6/29/2020	Difference Since 6/15/2020	
General	Revenue	\$111,378,826	\$111,245,443	\$110,805,443	\$440,000	Fund
	Appropriations	\$118,017,055	\$117,424,240	\$116,690,369	\$733,871	
	Deficit	(\$6,638,229)	(\$6,178,797)	(\$5,884,926)	(\$293,871)	

Appropriations – The General Fund is the largest fund of the City and represents approximately 43% of the total City Budget. The General Fund proposed budget for FY 2020-21 is \$116.7M and accounts for services such as Police, Fire, Library, Parks, Recreational Programs, certain Public Works operations, Development Services, City Council, Administration, City Clerk, City Attorney, Finance, and Human Resources. The proposed FY 2020-21 expenditure budget reflects a \$615k decrease over the prior fiscal year's budget as reflected in Table 3. Preliminary expenditures were \$122M, which equates to an increase of \$4.7M over FY 2019-20. As presented in the May 26, 2020 Budget Study Session, all Departments' cut \$4M in anticipated spending bringing the Proposed FY 20-21 Budget closely aligned with the FY 2019-20 budget. When looking at each Department the impact of employee cost including PERS increases, employee benefit costs, and MOU's (memorandum of understandings) agreements for all groups contributes towards the increase totaling \$4M. The Los Angeles County Fire Contract includes a significant increase of \$1.7M over the previous fiscal year. A detailed breakdown of each General Fund Departments' FY 2020-21 Proposed Budget is discussed below, followed by Table 3;

Police Department - The Police Department budget for FY 2020-21 increased over the FY 2019-20 Budget by \$715k. The impact of PERS increases and MOUs (memorandum of understandings) agreements account for this increase. However, with \$2.8M in reductions proposed by the Police Department, this by far is the majority of the total \$4.6M General Fund reductions proposed Citywide. To summarize in further detail:

- \$2.6M is due to vacancies in the Police Department that will not be filled in FY 2020-21. This includes a total of 19 Full Time Equivalent (FTE) positions in the entire Police Department.
 - 8 of the positions are sworn personnel. With this reduction, the Police Department will have in total 15 less total sworn positions funded in FY 2020-21.

In FY 2018-19 the Police Department unfunded 7 sworn positions and have not been funded since that time. The total funded sworn positions in the Police Department will be 154 in FY 2020-21 of the 169 sworn positions that are authorized.

- The other 11 positions to remain vacant are non-sworn vacant positions that impact operations including, Jail Services, Dispatch, Records and Administration.
- \$57k for various non personnel reductions
- \$133k reduction in the crosswalk contract

UPDATE - Since the June 15, 2020 Public Budget Hearing the Police Department has proposed to keep 2 additional positions vacant for a total savings of \$176k, as well as reduce the Regional Homeless Outreach Support Team (HOST) program budget of \$403k which also includes a corresponding revenue source of \$440k. Overall the Police Department has reduced an additional \$733k in appropriations, with the loss of \$440k revenue, netting a savings of \$294k to the General Fund.

Public Works – The overall decrease of \$1.1M in Public Works when compared to FY 2019-20 is related to methodology for the Liability Claims expense allocation. This allocation is based on actual expenses tracked by department/division within the Liability Fund. These expenses are then charged back to departments/divisions based on a three year rolling average. This year's allocation significantly decreased in the amount of \$744k and is accounted for in a General Fund Division of the Public Works Department. As it relates to the Public Works Department proposed reductions, an additional \$212k was included and partially is detailed below:

- \$120k for a reduction to the HEART program. This budget exists to supplement the OATH budget should it experience a shortfall. In FY 2019-20 no expenses were incurred out of this budget and are not expected to be needed in FY 2020-21.
- \$75k for a portion of 3 FTEs (90%) to remain vacant in the Graffiti Abatement Program.

Development Services Department – The Development Services Department budget decreased by \$592k. The majority is due to the methodology for the Liability Claims expense allocation (\$121k) and the Building and Safety services contract (\$285k) due to less building permits projected to be processed when compared to FY 2019-20. In addition, other reductions are included totaling \$287k and the significant item is detailed below, resulting in a total FY 2020-21 Proposed Budget of \$4.7M.

- \$232k for vacant positions; 1.00 Assistant/Associate Planner and a portion of the Code Compliance Manager (70%)

General Government – The Department budgets in this category include City Council, Administration, Human Resources, Finance, and City Clerk. Reductions total \$395k, and select

items are identified below result in a FY 2020-21 Proposed Budget of \$4.5M General Government category.

- \$25k for City Council Discretionary Accounts
- \$116k for City Clerk 1.00 FTE vacancy and various non personnel reductions
- \$184k for Finance Department 1.00 FTE vacancy, elimination of 1 hourly position, and various non personnel reductions
- \$54k for Human Resources; elimination of 1 hourly position and various non personnel reductions
- \$14k for Administration various non personnel reductions

The General Government category and General Services Department reflect a change due to the offset for the recent contract with the City Attorney. The previous City Attorney contract had been displayed as its own Department and included City personnel and internal costs within. The City Attorney contract line item is now detailed in the General Services Department budget as is common with other citywide contracts.

General Services – This Department houses the various Citywide contracts including, but not limited to the Inland Valley Human Society (IVHS), Chamber of Commerce, Pomona Economic Opportunity Center (PEOC), and Tri City Mental Health. It is also important to note the City Attorney budget will be included in the General Services Department beginning in FY 2020-21. Reductions are identified below that will net the Department a FY 2020-21 Proposed Budget of \$3.6M.

- \$389k IVHS contract savings
- \$60k for a 5% reduction to the City Attorney contract

Neighborhood Services Department – The Neighborhood Services Department budget increased by \$17k when compared to FY 2019-20 budget. A portion of the increase is related to the organizational change of the Government and Community Affairs Manager position moving from the Administration Department to the Neighborhood Services Department. This will have a net overall change to both Department budgets. This change to the City's Authorized Staffing level is part of the FY 2020-21 proposed budget and the specific action is included in Attachment No. 1. There are \$300k in reductions detailed below which equals a \$3.7M FY 2020-21 Proposed Budget.

- \$158k is reduced for the summer pool program not occurring in the months of July and August 2020. This is reduction is not solely a budget decision, but instead is an area of savings that could be realized during the Covid-19 "Safer at Home" order. Funds remain in the budget to maintain the pools at a proper level as well as to fund the summer pool program at the end of FY 2020-21 by June 2021, as it is expected that the pool program will be intact by then.
- \$100k for anticipated hourly savings compared with historical cost and anticipated cost savings realized during the Covid-19 "Safer at Home" order
- \$52k for 30% reallocation of Government and Community Affairs Manager position costs to various housing fund from the General Fund

Library - The Library FY 2020-21 Department Budget increased \$18k over the FY 2019-20 budgets. As part of the reduction plans submitted, a combined \$101k was proposed, including \$51k for books and materials and \$50k for hourly savings compared with historical cost and anticipated cost savings realized during the Covid-19 “Safer at Home” order.

Table 3

General Fund Expenditures	FY 2019-20 Budget	FY 2020-21 Preliminary	FY 2020-21 Reductions	FY 2020-21 Proposed	Variance FY 19-20 vs. FY 20-21
Police	\$61,591,527	\$65,123,195	(\$3,550,928)	61,572,267	(19,260)
Fire	28,939,944	30,648,902	0	30,648,902	1,708,958
Public Works	7,860,582	6,996,291	(212,082)	6,784,209	(1,076,373)
Development Services	5,267,811	5,025,840	(287,399)	4,738,441	(529,370)
General Government	4,910,816	4,882,708	(395,221)	4,487,487	(423,329)
General Services	3,933,571	4,077,308	(455,681)	3,621,627	(311,944)
Neighborhood Services	3,732,066	4,067,242	(317,359)	3,749,883	17,817
Library	1,069,427	1,188,553	(101,000)	1,087,553	18,126
Total	\$117,305,744	\$122,010,039	(\$5,319,670)	\$116,690,369	(\$615,375)

General Fund Revenues – The FY 2020-21 General Fund Revenues have been estimated at \$110.8M. Overall, the estimates have decreased by 5% from last fiscal year budget mostly due to anticipated shortfalls in revenue due to the COVID-19 pandemic. Property Tax, Sales Tax and UUT make up 75% of the total General Fund Revenues and along with other sources are estimated to decrease by \$6.2M over the prior fiscal year. Details are provided in Table 4. As reported in the June 15, 2000 Public Budget Hearing report, General Fund revenues for FY 2020-21 decreased \$133k overall due to a \$183k reduction in the Community Service Resource Officer contract with PUSD as they are planning to not need Police support until January of 2021, In addition \$50k of parking violation revenue was omitted from the original proposed budget that is reported in the Community Affairs division. Since the June 15, 2020 Public Budget Hearing an additional \$440k in revenue has been reduced from the Regional Homeless Outreach Support Team (HOST). A corresponding appropriation reduction is included herein.

Table 4

Revenue Category	FY 2019-20 Budget	FY 2019-20 Y/E Est.	FY 2020-21 Proposed	FY 2019-20 Budget vs. FY 2020-21	FY 2019-20 Y/E Est. vs. FY 2020-21
Property Taxes	\$ 37,554,791	\$ 37,514,902	\$ 37,793,320	\$ 238,529	\$ 278,418
Sales Tax	31,646,180	26,547,250	29,391,975	(2,254,205)	2,844,725
Utility Tax	17,247,586	16,081,595	16,449,543	(798,043)	367,948
Total - Big "3"	\$ 86,448,557	\$ 80,143,747	\$ 83,634,838	\$ (2,813,719)	\$ 3,491,091
Other Taxes	13,175,575	13,229,200	12,760,042	(415,533)	(469,158)
Licenses, Permits, & Fees	7,107,880	6,419,409	5,956,282	(1,151,598)	(463,127)
Charges for Svc	4,631,584	4,241,222	3,186,697	(1,444,887)	(1,054,525)
Fines	2,224,436	2,151,826	2,227,000	2,564	75,174
Other Revenues	3,412,271	3,315,708	3,040,584	(371,687)	(275,124)
Total - All Sources	\$ 117,000,303	\$ 109,501,112	\$ 110,805,443	\$ (6,194,860)	\$ 1,304,331

Fund Balance History - The current reserve policy goal of 17% is based on recommendations by the Government Accounting Standards Board and the Los Angeles County Civil Grand Jury. In June 20, 2011, the City Council approved Resolution #2011-63A Fund Balance Reserve Policy, which included a graduated benchmark plan that would allow the City to reach the 17% policy goal by FY 2019-20. This plan was a nine-year plan and the benchmark goal for FY 2019-20 is 17%. The projected fund balance for FY 2019-20 and FY 2020-21 will both be below the benchmark goal of 17% (Table 5). If the City does not meet its reserve requirement, the City's bond rating could be impacted and that could drive up interest rates. It will 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. As the General Fund appropriations increase, the fund balance will also need to increase. A revised Policy will be brought forward to the City Council in the coming months; however, to set the level below 17% could hinder the reserve balance that has been fostered over the last ten years.

Table 5

	FY 2018-19	Est FY 2019-20	Est FY 2020-21
Fund Balance	\$22,000,261	\$16,125,966	\$10,241,040
Change in Fund			
Balance	\$4,026,261	(\$5,874,295)	(\$5,884,926)
Expenditures	\$100,949,320	\$109,314,334	\$111,968,972
Transfers	\$5,867,757	\$6,061,073	\$4,721,397
Total	\$106,817,077	\$115,375,407	\$116,690,369
Percentage	20.6%	14.0%	8.8%

Special Revenue Funds – Two Special Revenue Funds that have changed since the FY 2020-21 Proposed publication are the Gas Tax Fund and the ESG Fund. These funds have revised revenue estimate changes only. The Gas Tax Fund received revised estimates from the *California Local Government Finance Almanac* after publication. Projected revenues for Gas Tax Funds increased \$540k. For the past few years, revenues have been coming in lower than estimated creating a deficit which led to a negative fund balance. To add to this deficit, COVID-19 stay at home orders have resulted in less gas purchases impacting FY 2019-20 and proposed FY 2020-21 Gas Tax revenue estimates. With this updated revenue information and recent action to Gas Tax funded CIP projects, this fund balance is estimated to be (\$500k) by June 30, 2021. Changes will have to be made to the Public Works programs funded by this revenue source during the fiscal year.

In the FY 2020-21 proposed budget document it was indicated that the Emergency Solutions Grant would bring in \$1.9M in revenue. This reported amount was an error and instead should be \$187k which is consistent with appropriations for this fund.

Combined these 2 Special Revenue Funds revised revenue estimates will decrease \$890k and is properly reflected in the proposed figures.

Since the June 15, 2020 Public Hearing an increase of \$13k has been included in the Fee Analysis Rate Review Fund (F132) fund related to the June 15, 2020 council action for the Development of a Master Fee Schedule and to conduct a Development Impact Fee Study.

Enterprise Funds - One Enterprise Fund that has changed since the May 26, 2020 Budget study session based on new industry information since the FY 2020-21 proposed publication is the Renewable Energy Sustainability Fund. The Fund appropriation will decrease \$1.6M and revised revenue estimates will decrease \$2.5M and is reflected in the proposed figures. No other changes since the June 15, 2020 council report.

Capital Projects, Debt Service, Internal Service Funds, and the Housing Authority Budgets
There are no changes proposed since the May 26, 2020 Study Session or the June 15, 2020 Public Budget Hearing report to these Fund types.

SUMMARY OF CHANGES SINCE THE JUNE 15, 2020 PUBLIC BUDGET HEARING COUNCIL REPORT

Additional information was explored based on the Mayor and City Council discussion at the June 15, 2002 Public Hearing regarding the budget. Some of the items are included in this report with proposed changes herein. Here is brief summary of each item with a status update.

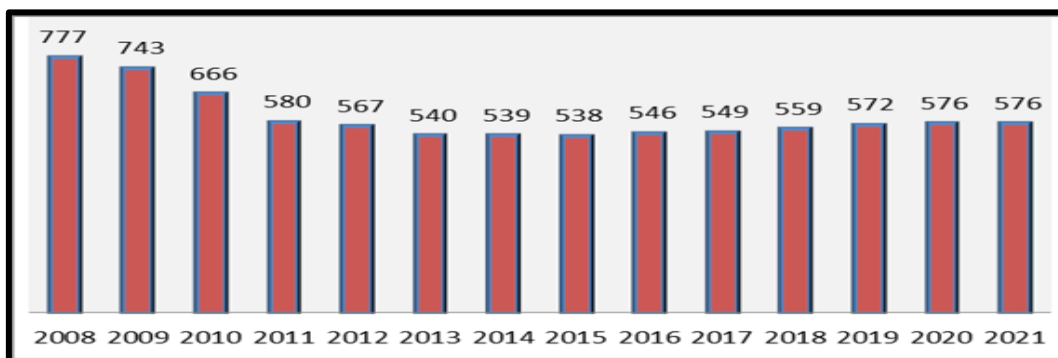
- Additional funding for youth related services will be reallocated with the CDBG fund. Neighborhood Services staff will bring forward a transfer of no less than \$400k within the CDBG fund to support youth programs including: afterschool recreation, youth leadership, and wellness programming. Also discussed is the dedicated one-time allocation of \$600k and fifty percent of future dollars deposited into the Public Art Fee Fund to specially fund art projects to be performed by youth artists. To date this fund has a projected \$1.2M in fund balance for public arts projects. Future reporting of the AIPP fund will identify fund balance and projects awarded to youth art projects.
- As discussed in the General Fund section a reduction of \$734k in the Police Department was proposed and closely aligns the FY 2020-21 Proposed General Fund Police Department Budget with the FY 2019-20 budget. The action as proposed is to keep 2 additional positions vacant for a total savings of \$176k, as well as reduce the Regional Homeless Outreach Support Team (HOST) program budget of \$403k which also includes a corresponding revenue source of \$440k. Overall the Police Department has reduced an additional \$734k in appropriations, with the loss of \$440k revenue, netting a savings of \$19k to the Police Department General Fund Budget.
- The City has been notified that it will receive an additional \$6.1M in CARES Act Emergency Solutions Grant funds. This funding will be received in FY 2020-21 by HUD to fund additional eligible homeless services, including homeless prevention.

- A grant writer consultant was requested to be included in the FY 2020-21 General Fund Budget. An amount of \$100k has been identified in the General Services budget to create a Request for Proposal (RFP) for grant writer services. Once awarded, the goal is for the consultant to obtain various grants that may assist with youth, senior, community, and homeless related programs.

CITYWIDE PROPOSED STAFFING

As reflected in the proposed budget document and presented during the May 26, 2020 Study Session, Pomona's current authorized staffing level stands and is proposed at 575.6. Staffing cost for the FY 2020-21 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 575.60 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 no increases to the number of FTE's and reclassifications of positions since December of 2019. There are no proposed FY 2020-21 FTE position changes in the proposed budget.

Table 6



HOUSING AUTHORITY BUDGET

The Housing Authority budget as recommended for FY 2020-21 totals \$17M offset by \$16.2M in estimated revenues (Attachment No.2). The difference between the estimated revenues and recommended appropriations is \$791K which will be covered by available fund balance. This budget has not changed since the May 26, 2020 Study Session or the June 15, 2020 Budget Public Hearing.

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 2020-21 totals \$13,486,917 (AttachmentNo.3). The capital plan includes a total of 129 projects, totaling approximately \$379.6M, of which \$167.6M is funded. The \$167.6M will be funded from prior year appropriations totaling \$154.1M of which approximately \$77.3M remains unspent, and nearly \$13.5M of new funding. There are no changes from the proposed document other than the pending amount being removed since Measure W funding is not yet finalized. As always, staff may recommend the CIP be amended through the year as funding is secured or otherwise identified. Table 7 displays the CIP Budget by Category and total funded amounts.

Table 7

Category	Estimated Prior Year Expenses	Estimated Prior Year Carryover	Proposed 2020-21	Following Four Years+	Total Projects in CIP Plan
Streets	33,808,401	29,204,893	6,509,489	146,929,143	216,451,926
Traffic	1,547,070	2,937,203	75,000	26,933,022	31,492,295
Parks & Facilities	27,467,067	34,804,888	4,086,790	15,768,308	82,127,053
Water	4,957,510	6,897,942	2,800,000	11,900,000	26,555,452
Sewer	4,337,511	1,054,878	-	-	5,392,389
Storm Drains	187,703	125,112	15,638	10,335,867	10,664,320
Miscellaneous	4,464,216	2,274,843	-	150,000	6,889,059
Total	76,769,478	77,299,759	13,486,917	212,016,340	379,572,494

Adopted CIP Document Update

The CIP project description for project #68562 in the FY 2020-21 Proposed CIP Document needs to have various street names listed corrected. These street names will be reflected correctly in the Adopted CIP Document.

SUPPLEMENTAL BUDGET REQUESTS

No Supplemental requests are included in the FY 2020-21 Proposed Budget.

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 A of Attachment No.4). The 2020-21 appropriations limit, based on the proposed General Fund budget, is calculated at \$260.8M. The City's FY 2020-21 General Fund budget "Appropriations Subject to Limitation" is \$92M which is \$168.7M 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 Proposed Budget FY 2020-21 General Fund Budget has been prepared over the last few months. Departments' original projections had to be revised due to COVID-19 pandemic economic impacts. Appropriations reflect a slight \$616k decrease when comparing FY 2019-20 expenditures. This minimal decrease is primarily related to a hiring freeze of vacant positions in the City, as well as all General Fund Departments cutting costs, which in total will result in reducing \$5.3M in expenditures from the original preliminary budget. The Proposed Budget encompasses the revenues that are available and projected at this time, while realizing serving the residents of Pomona is the organization's first priority. The proposed FY 2020-21 General Fund Revenues are estimated to decrease by \$6.2M over the prior fiscal year. Even with that cost savings offered by Departments, the proposed deficit is still projecting a \$5.9M deficit of revenues over expenditures. To adopt this budget, it is assumed that reserves will be used. However, the use of City reserves cannot be relied on long term and should only be used for catastrophic events, as is the case in covering the FY 2019-20 budget deficit. Other reductions are being explored and will be brought forward in the future, as well as any new revenues sources that may be made available.

Since the June 15, 2020 Public Budget Hearing several items have been included and/or addressed for future implementation as requested by the Mayor and City Council. These items are detailed on page 9 of the report under the heading "Summary of Changes since the June 15, 2020 Public Budget Hearing Council Report". This Proposed Budget is requested for the Mayor and City Councils approval. The goal is to have a budget approved prior to July 1, 2020. In closing, let me note the continued importance attached to the vigilant pursuit of operating efficiencies and economies in order to ensure the best use of our limited resources. Together, we are committed to undertaking these fiscal challenges under the policy guidance of the City Council. The development of this budget is a dynamic process and there will be ongoing economic issues that will require additional attention as we progress through the fiscal year. The City will remain vigilant in monitoring the budget and will evaluate fiscal impacts in a responsive and fiscally sound way.

ALTERNATIVE(S): None

Prepared by:

Andrew Mowbray
Finance Director/City Treasurer

ATTACHMENT(S):

- Attachment No. 1 – Resolution No. 2020-92 with FY 2020-21 Operating Budget as Exhibit A
- Attachment No. 2 – Resolution No. 2020-93
- Attachment No. 3 – Resolution No. 2020-94 with FY 2020-21 CIP Budget by Category as Exhibit A
- Attachment No. 4 – Resolution No. 2020-95 with GANN LIMIT Appropriations Limit as Exhibit A