



CITY OF POMONA COUNCIL REPORT

June 7, 2021

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 2021-2022 CITY OF POMONA OPERATING BUDGET, HOUSING AUTHORITY BUDGET, FIVE YEAR CAPITAL IMPROVEMENT PROGRAM BUDGET, ESTABLISHING THE FISCAL YEAR 2021-22 GANN APPROPRIATIONS LIMIT, ACCEPTANCE OF FUNDS/GRANTS, AND PERSONNEL RELATED ACTIONS

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. 2021-69 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA ADOPTING THE CITY'S OPERATING BUDGET FOR FISCAL YEAR 2021-2022**
- 2. RESOLUTION NO. 2021-70- A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA SITTING AS THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY OF POMONA, ADOPTING THE FISCAL YEAR 2021-2022 HOUSING AUTHORITY BUDGET**
- 3. RESOLUTION NO. 2021-71 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA APPROVING THE FISCAL YEAR 2021-22 TO FISCAL YEAR 2025-26 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM AND ADOPTING A CAPITAL IMPROVEMENT PROGRAM BUDGET FOR FISCAL YEAR 2021-22**
- 4. RESOLUTION NO. 2021-72 - 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 2021-2022**

- 5. RESOLUTION NO. 2021-73 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA AUTHORIZING THE ACCEPTANCE OF \$1M IN PROPOSITION 64 PUBLIC HEALTH & SAFETY GRANT FUNDS FROM THE BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC) TO INCREASE THE CAPACITY TO IMPROVE THE CITY'S PUBLIC HEALTH AND SAFETY, ACCESS TO YOUTH EDUCATION, AND MITIGATION OF ENVIRONMENTAL IMPACTS**
- 6. RESOLUTION NO. 2021-74 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AUTHORIZING THE ACCEPTANCE OF \$45.37M OF THE AMERICAN RESCUE PLAN FUNDS FROM THE UNITED STATES FEDERAL GOVERNMENT DEPARTMENT OF TREASURY**
- 7. RESOLUTION NO. 2021-75 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA ADOPTING THE CITY OF POMONA'S SALARY SCHEDULE FOR FISCAL YEAR 2021-22 TO MEET THE CALIFORNIA CODE OF REGULATIONS TITLE 2, SECTIONS 570.5 AND 571**
- 8. RESOLUTION NO. 2021-76 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AMENDING APPENDIX B OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF POMONA AND THE POMONA MID-MANAGEMENT / CONFIDENTIAL EMPLOYEES' ASSOCIATION BY ADDING PRINCIPAL ENGINEER LEVEL CLASSIFICATIONS TO THE ENGINEERING SERIES, MODIFYING THE HUMAN RESOURCES ASSISTANT SERIES, AND DELETING THE CLASSIFICATION OF SUPERVISING WATER RESOURCES ENGINEER**
- 9. RESOLUTION NO. 2021-77 - 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 DELETING THE CLASSIFICATION OF WATER RESOURCES MANAGER**
- 10. RESOLUTION NO. 2021-78 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AMENDING APPENDIX A OF THE COMPENSATION PLAN FOR MID-MANAGEMENT LIBRARY GROUP C-2 EMPLOYEES BY ADDING THE CLASSIFICATION OF LIBRARY SUPERVISOR (60%)**

EXECUTIVE SUMMARY: The Mayor and City Council were presented with the FY 2021-22 Proposed Budget at the May 10, 2021 Study Session. Since the Budget Study session items have been added for consideration to this revised report. General Fund revisions include increases to

General Fund Revenue estimate with funds contributed from the American Rescue Plan (ARP) Act in the amount of \$6.8M. In addition the Self Insurance Internal Service Fund has a \$700k increase to the premium liability payment account that was omitted unintentionally from the original proposed budget which impacts the General Fund with an increase of \$500k. The Police Department will have revised revenue estimates of \$450k and a corresponding appropriation for the “Reimbursed Contract Services” program. This program was recently renamed from its former title “Special Events” to more accurately reflect its purpose. This program includes a pass-through overtime account used to pay police employees for contracted services at the Fairplex, on movie shoots, and other events throughout the City. It does not result in a cost to the City and in fact, results in a net positive due to the 20% administrative overhead fee that is collected (10% for Fairplex events). An overall increase to the FY 2021-22 CIP budget in the amount of \$1.2M, as well as two project title changes and four project descriptions will be updated in the Adopted CIP Document. Also added are the acceptance of funding for the Proposition 64 Grant and the Federal funded American Rescue Plan (ARP) Act. The respective amounts budgeted for these two new programs are included in the FY 2021-22 proposed budget and detailed in this report. Any other changes to the FY 2020-21 Proposed Budget in Non General Funds after the May 10, 2021 Study Session 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. The revised FY 2021-22 Budget for Citywide expenditures is proposed at \$314M, 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). Staffing changes included herein are for the requested increases of 8.20 new FTE and 5.60 FTE reclassifications in various Departments.

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 21, 2021 in the Inland Valley Daily Bulletin (Attachment No.12)

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 2021-22 Operating and Capital Improvement Program (Attachment No.3) budgets as follows:

<u>Proposed Budget</u>	<u>Revenue Estimate</u>	<u>Appropriation</u>
City of Pomona Operating	\$287,504,452	\$281,068,837
Housing Authority	20,927,386	21,206,541
Capital Improvement Program		11,871,781
	\$308,431,838	\$314,147,159

PREVIOUS RELATED ACTION: City Council adopted the FY 2020-21 Operating Budget, Housing Authority Budget, and the Five-Year Capital Improvement Program on June 29, 2020, with amendments to the General Fund operating budget approved on September 14, 2020, and on November, 16, 2020 (Fiscal Year 2020-21 General Fund 1st Quarter Budget Review). The City

Council also approved the Budget Preparation Calendar, Guiding Principles and Process for FY 2021-22 on January 4, 2021. The Mid-Year Budget Review was presented on March 22, 2021 and April 1, 2021 to seek citizen feedback on the FY 2021-22 Preliminary Budget as well as approved various amendments to the Operating and Capital Improvement Program budgets. The Fiscal Year 2021-22 Budget Study Session was conducted on May 10, 2021.

DISCUSSION

The revised FY 2021-22 Budget for Citywide expenditures is proposed at \$314M, 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 2021-22 General Fund Proposed Budget originally anticipated a \$6.4M deficit. Since the May 10, 2021 Budget Study session staff has included additional revenue via the American Rescue Plan (ARP) Act as well as two other changes mentioned above. The budget process spans over many months, typically beginning in January until final adoption in June. Overall, General Fund revenues are estimated to increase \$7.9M compared to FY 2020-21. General Fund appropriations reflect a \$8M increase when comparing FY 2020-21 expenditures. This increase is primarily related to a slight net increase in personnel related to the POB allocation now being housed in the Allocated Costs category. In addition the request to add General funded positions to this budget equates to 3.65 FTE and the reclassification of 1.60 FTE. In addition 14.00 FTE General Fund (mainly in Police) vacant positions at a value of \$1.4M will remain unfunded. The most recent change to the budget since the May 10, 2021 Study Session is a \$450k increase to revenues with an offset of \$400k increase to the Police Department “Reimbursed Contract Services” program to support new events occurring in the City with COVID-19 restrictions are being reduced. Other major increases to the FY 2021-22 proposed budget are for controllable expenses related to various contract increase including \$400k for Landscape Maintenance, \$150k for redistricting commission support, \$90k for PBID consultant, \$150k for Police commission support, \$70k carryover for the Grant Writer Services contract, and \$140k for restoration of the crosswalk contract. There was an increase of \$2.5M for fire services provided by the LA County Fire District and a \$1M increase for the Inland Valley Humane Society Contract.

The American Rescue Plan (ARP) Act of 2021 – Acceptance of Fund

The ARP is a \$1.9 trillion economic stimulus bill. Within the ARP, the Coronavirus State and Local Fiscal Recovery Fund provides \$350 billion for states, municipalities, counties, tribes and territories, including \$130 billion for local governments split between municipalities and counties. The U.S. Department of Treasury released details on how these funds can be used to respond to acute pandemic response needs, fill revenue shortfalls, and support the communities and populations hardest hit by the COVID-19 crisis. The City was allocated \$45.37M in ARP funds and will be accepted as part of this report (Attachment No. 6). Half of the allocation amounting to \$22.68M was received on May 19, 2021 and the balance will be provided 12 months later. The FY 2021-22 General Fund Proposed Budget originally anticipated a \$6.4M deficit of revenues over expenditures, which now totals \$6.8M. To close this gap, staff is proposing use of ARP funds towards revenue loss and public safety in the amount of \$1.6M and \$5.2M, respectively. Using a very conservative estimate based on U.S. Treasury issued “Interim Rule” at time, Finance staff calculates revenue loss of \$1.6M in the General Fund. Calculation of the General Fund revenue loss will again be revisited once additional guidance is issued by the Treasury Department which is anticipated to be in August 2021. ARP funds in the amount of \$5.2M will be used towards the payroll and benefit expenses for public

safety employees to the extent the work is on the COVID-19 response, including both the costs for Pomona Police Sworn staff and for the Los Angeles County Fire contract.

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, 2021 and ending June 30, 2022. 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 2021-22 Operating and Capital Improvement Program Budgets total \$314M as follows in Table 1.

Table 1

Fund Type	Revenue Including Transfers In	Appropriations Including Transfers Out
General Fund	\$121,081,897	\$121,075,368
Special Revenue Funds	48,340,329	50,105,305
Debt Service Funds	6,244,719	6,258,217
Capital Project Funds	11,465,211	401,202
Enterprise Funds	90,477,204	93,512,760
Internal Service Funds	9,895,092	9,715,985
City Operating Budget	\$287,504,452	\$281,068,837
Housing Authority	20,927,386	21,206,541
Capital Improvements	-	11,871,781
Total	\$308,431,838	\$314,147,159

General Fund – There are changes proposed since the May 10th Study Session. The General Fund Proposed FY 2021-22 Budget on May 10, 2020 reflected a \$6.4M deficit (use of reserves). The most recent revised revenue estimates include an increase of \$7.3M and additional appropriations of \$900.7k which nets to \$6k overall surplus. Table 2 displays the overall changes in the FY 2021-22 General Fund Proposed budget since the Budget Study session.

Table 2

FY 2021-22 General Fund	Proposed 5/10/2021	Adoption 6/7/2021	Difference
Revenue	\$113,811,897	\$121,081,897	\$7,270,000
Appropriations	\$120,174,646	\$121,075,368	\$900,722
Deficit	(\$6,362,749)	\$6,529	\$6,369,278

General Fund Appropriations – The General Fund is the largest fund of the City and represents approximately 44% 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, City Attorney, Finance, and Human Resources. The Proposed FY 2021-22 expenditure budget is \$121M, which is an \$8M increase over the prior fiscal year’s budget. Table 3 shows details of the \$8M increase by Department.

The original FY 2021-22 Proposed Budget increase to Police Department budget was \$104k over FY 2020-21 budget. This budget includes not filling 12.00 vacant FTE positions in the Department, including 4 Police officer positions, which will save the Department \$1.2M. Sworn overtime has been reduced by \$500k. There are not many significant increases in the Department, however the crosswalk program has been reinstated, the SETT (Sexual Exploitation & Traffic Team) program will continue, and \$267k has been moved from the OATH Grant to continue the HEART (Homeless Encampment Action Response Team) in FY 2021-22. Since the proposed Budget study session \$450k in revenue was added to support new events occurring in the City with reduced COVID-19 restrictions with a corresponding appropriation of \$400k for “Reimbursed Contract Services” program. The Liability Self Insurance Fund which is allocated to all City fund had an increase realized after the May 10, 2021 Budget Study Session which equated to an increase of \$356k to the Police Department. The Police budget now reflects an \$860k increase compared to FY 2020-21.

The Los Angeles County Fire Contract as submitted has a \$2.54M increase over the previous fiscal year included in the budget.

The original proposed increase of \$1.7M in Public Works is related to methodology for the Liability Claims expense allocation which increased by \$145k, as well as staffing changes added for support at City facilities and park maintenance to maintain those areas at an adequate level and address any COVID-19 related sanitary duties totaling \$20k. As was the case with Police, the OATH grant can no longer support the HEART team, therefore \$414k in staffing and expenses has been transferred to support that effort. The park maintenance division will also have increases for Water totaling \$200k and the parks landscape contract increasing \$400k. Graffiti abatement had positions restored mid-year in FY 2020-21 that were originally held vacant, netting the full cost with a \$140k increase to the Department. The Liability Self Insurance Fund which is allocated to all City funds had an increase realized after the May 10, 2021 Budget Study Session which equated to an increase of \$21.4k to the Public Works Department. This Department budget now reflects an \$1.8M increase compared to FY 2020-21.

Development Services Department’s portion of the operating budget as of the May 10, 2021 study session increased by \$56k. Overall there are no major changes to the Department. The vacant Code Compliance Manager position will remain unfunded in Fiscal Year 2021-22 saving the General Fund \$107k. The Liability Self Insurance Fund which is allocated to all City fund had an increase realized after the May 10, 2021 Budget Study Session which equated to an increase of

\$26k to the Development Services Department. This Department budget now reflects an \$83k increase compared to FY 2020-21.

The General Government listing represents the Departments of Finance, City Administration, Human Resources, City Council, and City Clerk. The \$125k increase compared to the previous fiscal year includes an increase to the City Clerks budget for Redistricting Commission support and services (\$150k), and many other general government support functions that are also offset with reductions within the Departments. The Liability Self Insurance Fund which is allocated to all City fund had an increase realized after the May 10, 2021 Budget Study Session which equated to an increase of \$45.7k to these Department budget. It should be noted \$7.5k of passport related expenses were moved to the Library. Combined these Department budgets now reflect an \$83k increase compared to FY 2020-21.

The General Services Department budget increased \$1.7M mainly due to the Humane Society Contract (\$1.1M). The increase also relates to the award of the grant writer contract (\$70k) in May 2021 that will have funds carried over from FY 2020-21, Police Commission Support (\$150k), and \$220k increase for CIP projects funded via the General Fund.

The Neighborhood Services- Community Services Proposed Budget increased \$785k from the FY 2020-21 budget and \$1.4M from FY 2019-20 actuals as of the May 10, 2021 budget study session. It is important to note the supplemental impacts to Division services, including youth services that have been proposed in this FY 2021-22 budget that includes 3 FTE positions and 4 part time positions. These positions will provide support for Community Center and virtual programming, community collaboration, senior programs, custodial functions and a dedicated staff member to provide facilities maintenance functions at all Community Centers. One of the full time positions is a Recreation Coordinator to be funded via the Proposition 64 Grant. With the recent approval of a Recreation Coordinator in the FY 2020-21 Mid-Year budget, 3 Recreation Coordinators in total will be added over less than 6 months to provide additional support for the Division's youth and other services. The Liability Self Insurance Fund which is allocated to all City fund had an increase realized after the May 10, 2021 Budget Study Session which equated to an increase of \$48k to the Neighborhood Services Department. This Department budget now reflects an \$833k increase compared to FY 2020-21.

The Library budget originally showed a small increase of \$35k. This small increase includes a supplemental request to fund the current authorized positions which currently totals 1.6 FTE. The Library Manager position has been funded at a level of 75% since 2020. As part of this request the position will be fully funded and the authorized 60% Librarian I/II position will be reclassified to a Library Supervisor. The supplemental request also includes two 60% funded Library Assistant I/II, these personnel costs total \$198k which will be partially offset with a reduction from the hourly budget of \$100k due to recent vacancies. This new staffing model will allow the Library to offer 1 more hour a day to the 5 day a week operation once the Library is allowed to reopen. In addition, the Passport program which is currently housed in the City Clerk Department will be moved to the Library to provide these services 5 days a week. Revenue for passport services was \$63k in FY 2019-20 and \$23k in FY 2018-19 respectively, these services have not been offered since the start of the pandemic. The Liability Self Insurance Fund which is allocated to all City

fund had an increase realized after the May 10, 2021 Budget Study Session which equated to an increase of \$3.5k to the Library Department. An amount of \$7.5k was also transferred from the City Clerks budget for passport related expenses. This Department budget now reflects a \$47k increase compared to FY 2020-21.

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

Table 3

General Fund Expenditures	FY 2020-21 Budget	FY 2021-22 Proposed Budget	Variance
Police	\$ 57,104,884	\$ 57,964,989	\$860,105
Fire	30,648,902	33,135,538	2,486,636
Public Works	7,187,219	8,995,018	1,807,799
Development Services	5,123,309	5,205,999	82,690
General Government	4,221,413	4,384,885	163,472
General Services	3,924,240	5,628,446	1,704,206
Neighborhood Services	3,743,638	4,577,635	833,997
Library	1,135,928	1,182,858	46,930
Total	\$ 113,089,533	\$121,075,368	\$7,985,835

General Fund Revenues – The FY 2021-22 General Fund Revenues was estimated at \$113M at the May 10, 2021 Budget Study session and had only increased less than 1% from last fiscal year due to the pandemic. Property Tax, Sales Tax and UUT now make up 73% of the total General Fund Revenues and are estimated to increase by \$5.2M compared to the prior fiscal year. As it relates to the other 27% of General Fund Revenue impacted by the pandemic an additional \$7.27M of revenue has been added to the General Fund revenue estimates since May 10, 2021 Budget Study session to be adopted. The two additional items that make up the \$7.27M are \$450k for Police reimbursable revenue for police support at reimbursed events and \$6.82M from the American Rescue Plan (ARP) Act, combined these two items will provide the revenue to balance the FY 2021-22 General Fund Budget. The revised FY 2021-22 General Fund revenue figure is now reflected in Table 4 with comparisons to the previous fiscal year.

Table 4

Revenue Category	FY 2020-21 Budget	FY 2020-21 Y/E Est.	FY 2021-22 Proposed	FY 2020-21 Budget vs. FY 2021-22	FY 2020-21 Y/E Est. vs. FY 2021-22
Property Taxes	\$ 37,793,320	\$ 38,779,245	\$ 40,695,925	\$ 2,902,605	\$ 1,916,680
Sales Tax	29,391,975	30,898,435	32,585,577	3,193,602	1,687,142
Utility Tax	16,449,543	15,585,490	15,575,594	(873,949)	(9,896)
Total - Big "3"	\$ 83,634,838	\$ 85,263,170	\$ 88,857,096	\$ 5,222,258	\$ 3,593,926
Other Taxes	12,760,042	13,082,528	12,002,551	(757,491)	(1,079,977)
Licenses, Permits, & Fees	5,956,282	5,639,701	5,808,133	(148,149)	168,432
Charges for Svc	2,977,164	2,016,124	2,520,827	(456,337)	504,703
Fines	2,287,000	1,182,350	1,796,000	(491,000)	613,650
Other Revenues	5,595,188	5,637,609	10,097,290	4,502,102	4,459,681
Total - All Sources	\$ 113,210,514	\$ 112,821,482	\$ 121,081,897	\$ 7,871,383	\$ 8,260,415

Fund Balance History - The 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. The projected fund balance for FY 2020-21 will meet the goal of 17%. If the City does not meet its reserve requirement, the City's bond rating could be impacted and could reduce the amount of funds available for emergency situations, and impact the cash flow needs in the first six months of the fiscal year. As the General Fund appropriations increase, the fund balance will also increase. With the Original Proposed Budget presented on May 10, 2021 \$6.4M would be utilized from the fund balance at June 30, 2022. However, based on Treasury guidelines for the American Rescue Plan (ARP), the City now assumes the use of \$6.8M of ARP in the FY 2021-22 General Fund Proposed Budget eliminating the proposed deficit, and will preserve fund balance.

Table 5

	FY 2019-20	Est FY 2020-21	Est FY 2021-22
Fund Balance	\$24,518,809	\$27,295,164	\$27,295,164
Change in Fund Balance	(\$257,811)	\$2,776,355	\$0
Expenditures	\$108,218,898	\$104,643,953	\$116,088,399
Transfers	\$7,178,978	\$5,401,174	\$4,986,969
Total	\$115,397,876	\$110,045,127	\$121,075,368
Percentage	21.2%	24.8%	22.5%
Policy Goal	17.0%	17.0%	17.0%
Difference	4.2%	7.8%	5.5%

Special Revenue Funds – Several Special Revenue Funds have changed since the FY 2021-22 proposed publication on May 10, 2021. These include changes to the following funds; Measure H, the American Rescue Plan (ARP), State Gas Tax-RMRA, State Gas Tax, CDBG, and Miscellaneous Grants (TCC Grant and HEAP Grant). These funds in most cases have revised revenue estimates and appropriation changes. Measure H has a decrease of \$5.5k in appropriations due to the salary allocation being redistributed to the Miscellaneous Grants Funds. The American Rescue Plan has an appropriation and corresponding revenue estimate of \$6.82M for the formal acceptance of the portion of the \$45.37M of federal funds allocated to the City of Pomona. This FY 2021-22 amount of \$6.8M is proposed for transfer to the General Fund. As it relates to the changes for State Gas Tax (Fund 208) and State Gas Tax RRMA (Fund 206) revenues from the State were projected to be higher than the most recent revised estimates from the California Local Government Finance Almanac. After publication of the Proposed Budget there were revenue estimate decreases of \$42k (Fund 206) and \$202.7k (Fund 208). The State Gas Tax RRMA has a

sufficient reserve, and therefore excess operational funding for State Gas Tax was moved to this fund for programs that include support Street sweeping and Landscape maintenance. However, providing funding for these operations in the State Gas Tax RRMA will result in a deduction from the available funding from Capital Improvement Projects (CIP) program. Appropriations also will decrease in the amounts of \$41k (Fund 206) and \$298.6k (Fund 208). The changes to CDBG are related to \$400k in overstated revenue and \$676k in overstated expenditures that were incorrectly budgeted in the CDBG Program. These changes do not impact the approved allocations made on May 17, 2021 via council action. Miscellaneous Grants revenue estimates increased \$17.5k overall as a result of the decrease of \$172k of overstated revenue from the Access Center Grant COC – HEAP and the revenue increase for the TCC Grant which is being accepted to appropriate a portion the current fiscal year on tonight's agenda concurrently. The revenues for Miscellaneous Grants increased \$190k (TCC grant) and appropriations \$195k for the TCC grant and for the \$5.5k salary allocation being redistributed from Measure H.

Proposition 64 Public Health & Safety Grant – Grant Acceptance

On April 8, 2021 the Board of State and Community Corrections (BSCC) awarded the City of Pomona \$1M (over three years) in Proposition 64 Public Health & Safety Grant funding to be used to address public health, safety, and youth development in Pomona related to the our Commercial Cannabis Permit Program. The Program has three priorities. First, to fund the creation of the first-of-its-kind public health coordinator position, who will take a social determinants of public health model towards the impact of cannabis on the Pomona community, and will actively work towards improving the Commercial Cannabis Program and serve as the liaison between City and community stakeholders. Second, to fund Community Services for after-school programs for Pomona's youth, specifically in its most vulnerable census tracts and adjacent to legal cannabis operators. Third, to fund the increased capacity of Code Enforcement and Police to proactively enforce both illegal and legal cannabis operators citywide. The grant funding will be appropriated into the next three budget cycles with the following breakdown by year \$333,334 in FY 2021-22, \$333,333 in FY 2022-23, and \$333,333 in FY 2023-24. Acceptance of the grant is included via resolution (Attachment No.5).

Enterprise Funds - The Liability Self Insurance Fund which is allocated to all City funds had an increase realized after the May 10, 2021 Budget Study Session equated to an increase of \$158k to the Water fund and \$45k to the Sewer fund.

Capital Projects – The Capital Outlay fund increased \$28k for AB1379 ADA compliance project funding for business compliance. Also the Series BG Capital Projects increased \$108k for a corresponding carryover amount that was not budgeted in the proposed budget for the funding associated with the Comprehensive Zoning Code update contract with Code Studio.

Debt Service, Internal Service Funds, and the Housing Authority Budgets - There are no changes proposed since the May 10, 2021 Study Session report to these Fund types.

CITYWIDE PROPOSED STAFFING

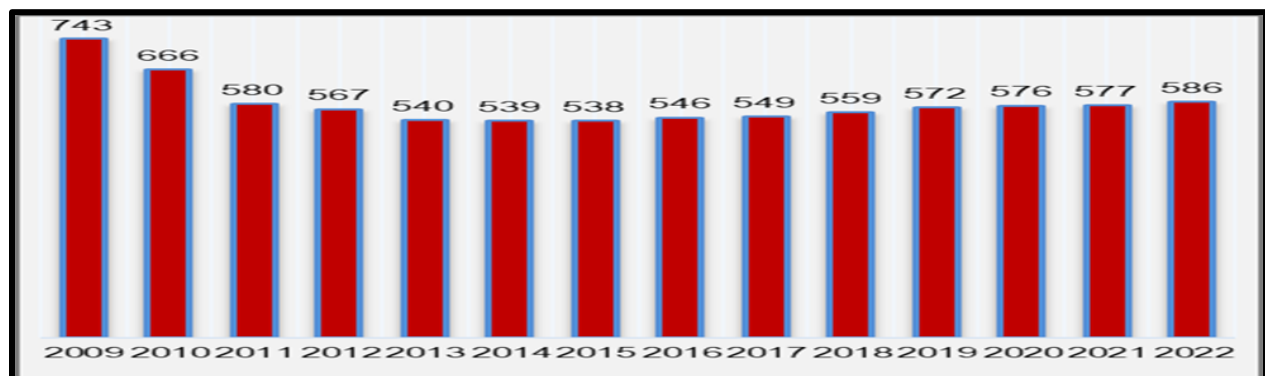
Staffing cost for the FY 2021-22 Budget is calculated using currently approved labor contract provisions, increases in the City's retirement contribution rates (PERS), step increases for staff,

overtime, and hourly staff. Personnel history and funding allocations by Department are shown in the Authorized Staffing section of the Proposed Budget document and include a proposed authorized staffing level of 585.80 full time equivalent (FTE) positions. As reflected in Table 6, there are requested increases of 8.20 FTE and 5.00 FTE reclassifications in various Departments. The proposed FY 2021-22 Full Time Equivalent (FTE) position changes in the proposed budget are listed below in table 6. In addition to these FTE positions, many Departments utilize part-time hourly employees to provide services to the community. A historical look at FTEs from FY 2008-09 to FY 2021-22 is shown in Table 6A. (Attachment Nos.7,8,9, & 10)

Table 6

2020-21 Authorized Staffing		577.60	Current Staffing Level
2021-22 Proposed Changes			
Human Resources	-		Reclass HR Assistant to HR Assistant I/II
Library	-		Reclass Librarian I/II to .60 Library Assistant I/II
Library	0.60		Add Library Assistant I/II (.60)
Library	0.60		Add Library Supervisor (.60)
Neighborhood Services-CS	2.00		Add Recreation Coordinators (2)
Neighborhood Services-CS	1.00		Add Facilities Maintenance Technician
Neighborhood Services-Hsg	1.00		Add Housing Analyst
Public Works	1.00		Add Heavy Equipment Mechanic
Public Works	1.00		Add Facilities Maintenance Technician
Public Works	-		Reclass Senior Civil Engineer to Principal Traffic Engineer
Public Works	-		Reclass Senior Civil Engineer to Principal Civil Engineer
Water Resources	1.00		Add Public Services Maintenance Worker I/II
Water Resources	-		Reclass Water Resources Manager to Principal Water Engineer
Water Resources	-		Reclass Water Utility Worker to Seneior Storekeeper
2021-22 Proposed Staffing		585.80	Proposed Staffing Levels at May 6, 2021

Table 6A



HOUSING AUTHORITY BUDGET

The Housing Authority budget as recommended for FY 2021-22 totals \$20.9M in estimated revenues offset by \$21.2M in appropriations (Attachment No.2). The difference between the estimated revenues and recommended appropriations is \$279k which will be covered by available fund balance. This budget has not changed since the May 10, 2021 Study Session.

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 2021-22 totals \$11.9M (Attachment No.3). The capital plan includes a total of 136 projects, totaling approximately \$405.5M, of which \$180.6M is funded. The \$180.6M will be funded from prior year appropriations totaling \$168.7M of which approximately \$80.7M remains unspent, and nearly \$11.9M 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

Category	Estimated Prior Year Expenses	Estimated Prior Year Carryover	Adopted 2021-22	Following Four Years+	Total Projects in CIP Plan
Streets	40,050,527	28,571,917	8,643,481	150,773,423	228,039,348
Traffic	1,799,249	3,071,964	1,288,600	29,922,925	36,082,738
Parks & Facilities	31,554,327	36,163,418	360,560	20,930,733	89,009,038
Water	5,204,638	9,450,814	400,000	10,900,000	25,955,452
Sewer	4,386,578	1,005,811	500,000	-	5,892,389
Storm Drains	188,175	546,538	679,140	12,163,867	13,577,720
Miscellaneous	4,835,276	1,934,424	-	150,000	6,919,700
Total	88,018,770	80,744,886	11,871,781	224,840,948	405,476,385

Adopted CIP Budget and Document Update

For adoption there is a total net increase in CIP appropriations of \$1,150,453 from the proposed CIP budget. The changes from the proposed document are as follows:

- Appropriation of CDBG funds to CIP projects totaling \$766,763 which were allocated by Council on May 17, 2021 per the FY 2021-22 Annual Action Plan.

- Accept Coronavirus Response and Relief Supplemental Appropriations Act Federal Grant funding (CRRSAA) and increase revenue estimates and appropriate \$722,761 to “ADA Curb Ramps and Path of Travel – Citywide (CDBG) (FY 21-22),” CIP Project #428-2590-40875-67934. On April 30, 2021, Metro sent a letter to all City’s in the County advising them of the amounts of their population based shares of these CRRSAA-HIP funds, and the City of Pomona’s share of the CRRSAA HIP funds is \$722,761. Metro required that agencies including the City program these funds by May 28, 2021 and to use existing projects that do not require air-quality modeling. Therefore staff has entered the “ADA Curb Ramps and Path of Travel – Citywide (CDBG) (FY 21-22),” Project No. 428-2590-XXXXX-67934 in Metro’s funds programming system.
- A reduction of the appropriation of SB-1/RMRA funds in the amount of (\$339,071) to “Street Preservation - Local (FY 21-22),” 428-2590-XXXXX-68572 because state estimates for SB-1/RMRA FY 2020-21 and FY 2021-22 were lowered by the State of California in late May.
- Other changes is two CIP project names as indicated in the following chart:

CIP Project #	Change CIP Project Name From:	To: New CIP Project Name
428-2590-XXXXX-74115	City Hall First Floor Remodel	City Hall Complex Remodel and Flooring
428-2590-XXXXX-68569	Hamilton, Kellogg, Powers and Tony Cerda Parks' Damaged Light Poles Replacement	Park Light Poles

Also, staff is requesting the addition of wording to descriptions for four CIP projects as listed in the following chart:

CIP Project #	CIP Project Name	Wording <u>added</u> to project description as shown in proposed document
428-2590-XXXXX-67930	Pomona Multi-Neighborhood Pedestrian and Bicycle Improvements	Hamilton Boulevard (Orange Grove Ave to Phillips Blvd), Lexington Avenue (Hamilton Blvd to ECL), Fairplex Drive (I-10 to McKinley Ave), Grand Avenue (SR-71 to ECL), 2 nd Street (SR-71 to Reservoir St), 9 th Street (Park Ave to ECL), Phillips Blvd (Dudley St to Hamilton Blvd)
428-2590-XXXXX-67934	ADA Curb Ramps and Path of Travel - Citywide (CDBG) (FY 21-22)	Phase 1 = Schedule A will use CDBG funds; and, Phase 2 = Schedule B will use CRRSAA funds
428-2590-XXXXX-68562	Street Preservation - Local (FY 20-21)	Verdugo Ave. (Vamana Way to End)
428-2590-XXXXX-71063	Civic Center Plaza Rehabilitation	The CDBG-funded portion of this project will design and construct a new playground with amenities serving all abilities, while maximizing quality of life, environmental impact, and public health in the heart of the City.

Supplemental Budget Requests

Each year the budget includes supplemental budget recommendations for staffing, service, and equipment requests. Due to the COVID-19 pandemic and limited revenue available to support additional needs, the requested changes are limited. The capital request are summarized in the Financial Summaries section of the Proposed Budget Document (page 18) totaling an amount of \$1.5M from various Non General Funds. There are no supplemental requests for capital or operational equipment in the FY 2021-22 General Fund Proposed Budget. General Fund Departments requested \$706k mainly for aging vehicle as well as \$300k for other operational increases. If the American Rescue Plan guidelines allow, these one-time purchase costs could be proposed for future consideration during the FY 2021-22. Staffing changes are requested on page 11 of this staff report.

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 FY 2021-22 appropriations limit, based on the proposed General Fund budget, is calculated at \$271M. The City's FY 2021-22 General Fund budget "Appropriations Subject to Limitation" is \$96.4M which is \$174.6M below the allowable limitation. As always, the numbers reflected herein and in the attachments will be changed to reflect any changes made to the operating budget prior to its adoption.

CONCLUSION

The FY 2021-22 Proposed Budget has been prepared over the last few months. Within the Proposed Budget, the General Fund expenditure budget is \$121M, which is an \$8M increase over the prior fiscal year's budget. The revised FY 2021-22 General Fund revenue is now estimated at \$121M, netting a \$6k surplus. If adopted as proposed, this budget will eliminate the use of not assume that reserves will be used and the City's Fund Balance will increase above the 17% Policy level. However, it should be noted the main contributing factor to the General Fund being balanced without the use of reserves is due to onetime Federal Government American Rescue Plan (ARP) funds that cannot be relied on long term. The use of these Federal funds are being justified to recoup losses in revenues for those areas that were most impacted by the pandemic. Once revenues begin to increase to pre-pandemic levels, this onetime revenue source should not be needed. The City is hopeful Cannabis related revenue in the areas of business license and sales tax will prove to be an ongoing steady revenue stream. Other new ongoing revenues sources are also being explored. This Proposed Budget is requested to be approved by the Mayor and City Council this evening. The goal is to have a budget approved prior to July 1, 2021. 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. One important item that will be monitored is the continued updates of the Treasury Guidelines known as the “Interim Final Rule” of the American Rescue Plan (ARP). The Treasury Department is seeking comments on all aspects of the Interim Final Rule from all stakeholders across the country. The City will remain vigilant in monitoring the budget and will evaluate fiscal impacts in a responsive and fiscally sound manner.

ALTERNATIVE(S): None

Prepared by:

Andrew Mowbray
Finance Director/City Treasurer

ATTACHMENT(S):

- Attachment No. 1 – Resolution No. 2021-69 with FY 2021-22 Operating Budget as Exhibit A
- Attachment No. 2 – Resolution No. 2021-70
- Attachment No. 3 – Resolution No. 2021-71 with FY 2021-22 CIP Budget by Category as Exhibit A
- Attachment No. 4 – Resolution No. 2021-72 with GANN LIMIT Appropriations Limit as Exhibit A
- Attachment No. 5 – Resolution No. 2021-73
- Attachment No. 6 – Resolution No. 2021-74
- Attachment No. 7 – Resolution No. 2021-75 with Salary Schedule as Exhibit A
- Attachment No. 8 – Resolution No. 2021-76
- Attachment No. 9 – Resolution No. 2021-77
- Attachment No. 10 – Resolution No. 2021-78
- Attachment No. 11 - Public Hearing Notice
- Attachment No. 12 - FY 2021-22 Proposed for Adoption Presentation