



**CITY OF POMONA
PHILLIPS RANCH ASSESSMENT DISTRICT
OVERSIGHT COMMITTEE
AGENDA REPORT**

June 9, 2026

To: Phillips Ranch Assessment District Oversight Committee

From: Meg McWade, Public Works Director

Submitted By: Lindsay McElwain, Senior Management Analyst

SUBJECT: DISCUSS THE PHILLIPS RANCH ASSESSMENT DISTRICT BUDGET

RECOMMENDATION:

It is recommended that the Phillips Ranch Assessment District Oversight Committee (PRADOC) discuss an update on the FY 2025-26 Budget and review the Budget for FY 2026-27.

EXECUTIVE SUMMARY:

This report provides an overview of expenditures charged through the City's ERP system as of May 18, 2026, representing approximately ten months of activity for FY 2025-26. The review identifies several expenditure categories that are trending above adopted budget levels and are projected to exceed available appropriations by fiscal year-end. Additionally, the report includes the FY 2026-27 Budget as adopted by City Council at its May 26, 2026 City Council Meeting.

FISCAL IMPACT:

There is no fiscal impact associated with this report. The information presented is for review and discussion purposes only.

DISCUSSION:

The Phillips Ranch District's budget remains constrained, as rising service costs continue to outpace available revenues with assessment rates continuing at 1990's levels. Key expenditure categories impacted by increasing costs include Water, Gas & Electricity, Tree Maintenance, Weed Abatement, and Landscape Maintenance. Due to the staggered expiration dates of existing service contracts, certain line-item expenditures have remained relatively stable during the current fiscal year. However, as contracts expire, materials costs continue to rise, and vendors request Consumer Price Index (CPI) adjustments, costs associated with tree and landscape maintenance are expected to increase.

Although actual expenditures in certain categories are currently trending lower than anticipated, a portion of these apparent savings are or will be reallocated to offset expenditures in categories that

are projected to exceed budget. A budget amendment was processed by City staff including a transfer of \$34,950 from the Entr-Struc-Sign/Lite Maintenance spend category to cover Water expenditures and retirement and termination payout expenses. It should be noted that Gas & Electricity expenditures during the prior fiscal year were higher than the amount budgeted for this fiscal year. Based on current expenditure trends, staff anticipates that a transfer from another spend category may be required to cover year-end utility costs. Utility charges are currently posted through March 2026, and these costs are typically posted later than other expenditures. As the fiscal year concludes, staff will continue evaluating available funding sources to address year-end obligations.

As previously reported, tree maintenance service costs are anticipated to increase with services currently out to bid and planned to award at City Council in July 2026. Year to date tree maintenance invoices have been processed through March 2026, leaving approximately three months of expenditures remaining in the current fiscal year. Monthly invoices fluctuate based on work performed. At this time, expenditures within this category are projected to remain within budget unless unforeseen emergency response work is required.

To date, expenditures within the Required Contract Services category primarily consisted of bee removal services. Beginning in July with the start of FY 2026-27, Engineer of Record services will be reclassified from the Controllable Contracts category into the more appropriate Required Contract Services category. As noted in a prior report, the rebid Engineer of Record contract increases annual costs by \$4,580. This is a total increase of \$13,740 over the 3-year term, thereby reducing available funding for other required contractual services. Because these costs were previously budgeted under Controllable Contracts, the FY 2026-27 budget will adjust to reduce appropriations in Controllable Contracts and increase appropriations in Required Contract Services accordingly.

Earnings and Benefits expenditures reflect payroll activity posted through May 14, 2026. It is important to note that staff undercharges their time to the assessment district, resulting in actual personnel costs that are undervalued relative to the level of effort dedicated to Phillips Ranch related activities. To more accurately reflect staff time and overall General Fund support of the district, the Phillips Ranch Cost Center (CC4073) has been added to the General Fund budget for FY 2026-27 (Attachment No. 2). The FY 2026-27 Proposed Budget for Fund 256 remains largely unchanged from FY 2025-26, with the exception of moving the Engineer of Record contract from Controllable to Required Contracts, as noted above.

Invoices for weed abatement and landscape maintenance services provided by Brightview Landscape Services, Inc. have been processed for work completed through February 2026 and are currently projected to remain within budget. Reported expenditures within these categories appear lower than anticipated because the vendor has not submitted documentation for all completed work assignments. As a result, certain payments have been withheld pending verification of costs and contract compliance. Consequently, reported actual expenditures do not yet fully reflect year-to-date obligations.

At the September Committee meeting, staff provided an update regarding water expenditures and the transfer of Greenbelt Park maintenance responsibilities to the City's General Fund effective July 1, 2025. Despite the transfer of Greenbelt Park responsibilities, overall water expenditures

remain elevated. This is consistent with prior discussions, as staff previously advised that water costs were not expected to decline significantly following the transfer. Phillips Ranch has exceeded its water budget in recent fiscal years, and current year-to-date expenditure trends indicate that a similar outcome is likely this fiscal year.

There is currently a negative balance in Overtime costs. Staff is evaluating to determine if a portion of this overtime should be transferred to the General Fund Parks Landscape Maintenance cost center and Overtime spend category. A budget amendment to cover charges in this spend category may be required.

Expenditure trends continue to reflect ongoing cost pressures across maintenance and operational activities. While staff has implemented measures to manage spending where feasible, the District continues to experience overall funding constraints. Current funding levels remain insufficient to fully support the level of maintenance and service expectations expressed by the community. As a result, staff continues to prioritize critical operational needs while monitoring expenditures closely through the end of the fiscal year.

Prepared by:

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ATTACHMENTS:

Attachment No. 1 – FY2025-26 Phillips Ranch Budget vs Actuals Report
Attachment No. 2 – FY2026-27 Proposed Budget Report for Phillips Ranch