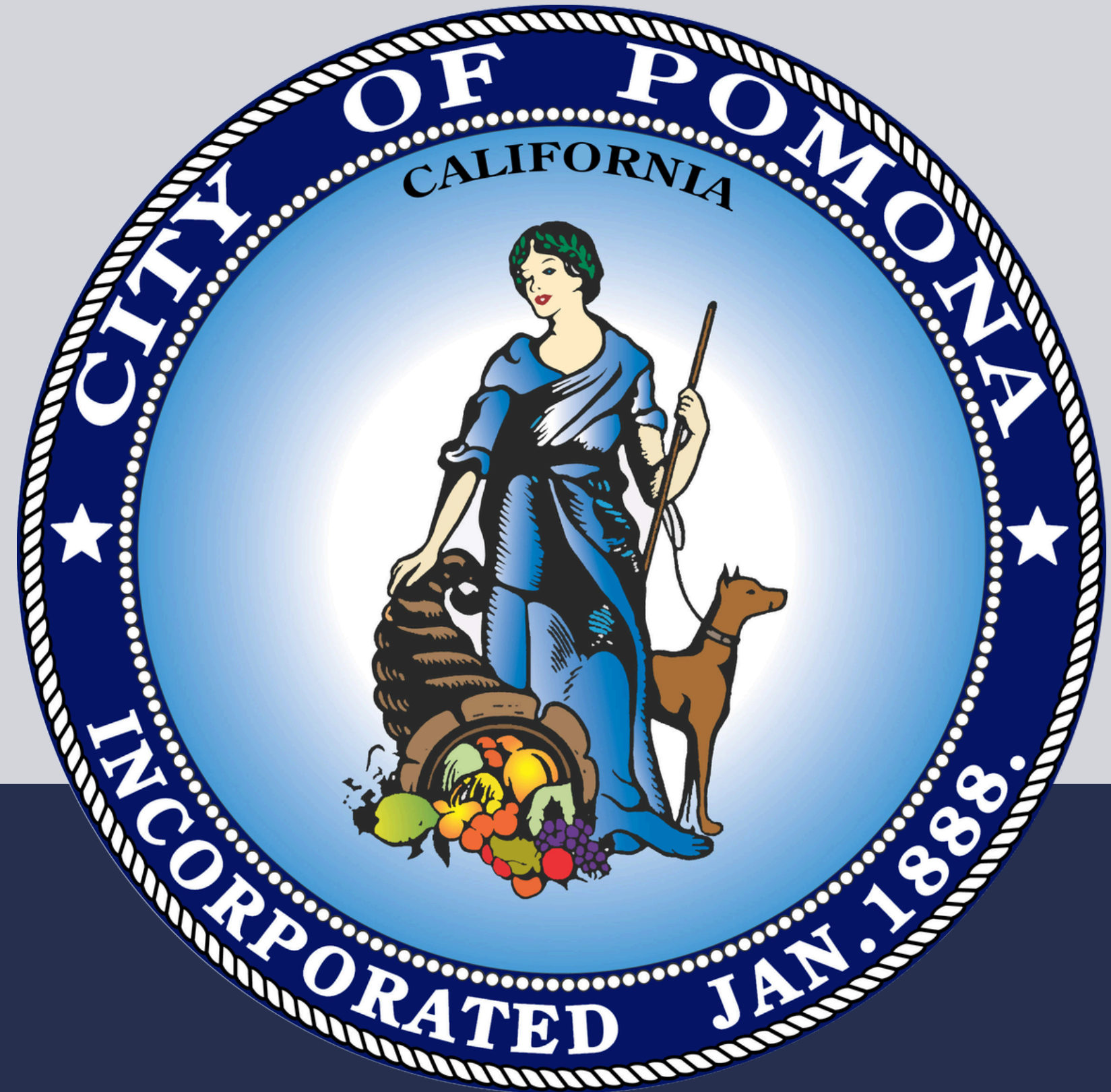


CITY OF POMONA

City Manager's
FY 2026-27 Proposed Budget for Adoption



TONIGHT'S PRESENTATION



**Operating
Budget**

**General Fund
Other Funds**



**Housing
Authority
Budget**



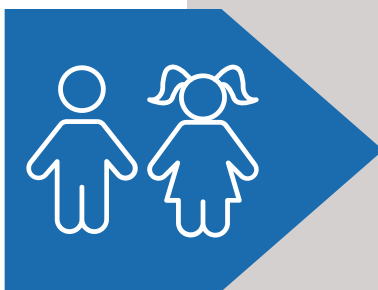
**Capital
Improvement
Program (CIP)
Budget**

CIP Highlights



FY 2026-27

BUDET DOCUMENT AND ENTERPRISE RESOURCE PLANNING (ERP) FINANCIAL AND HUMAN CAPITAL SOFTWARE



- FY 2026-27 Budget Document has Minor Format Changes in Reports via our new ERP System - Workday



- Cybersecurity - selected vendors are Service Organization Control that ensures industry best practices are followed for security, availability, data processing, confidentiality, and privacy



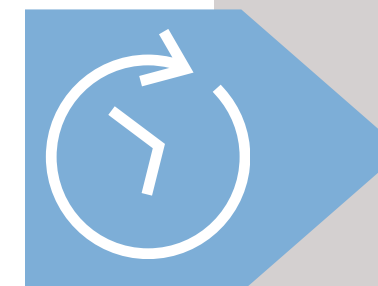
- ERP Project was approved as part of the American Rescue Plan (ARP) Spending Plan
 - \$3.3M appropriation



- Centralized system of record – A "single system of record" since it serves as a central data repository for data. This will allow business functions, tasks, approvals, and analytics to be completed in a single system



- Modern system – Integrates Human Resources and Finance functions in a user-friendly way under a single platform

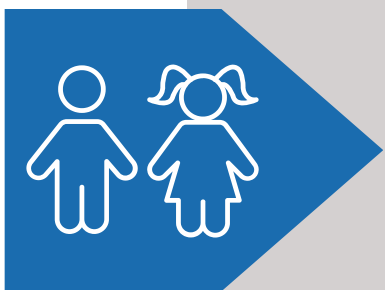


- Reputable with vast support – Workday is a provider to organizations all over the world and has moved into serving public sector within the past decade



FY 2026-27

THEMES



- General Fund Budget - Use \$11.4M of reserves
- \$9M Transfer to Children and Youth Fund via Measure Y Charter Amendment
- 6% of General Fund Revenues



- \$6M in General Fund Department Reductions continued from FY 2025-26
- “Unfunding” 32 vacant positions, 28.85 of which are General Fund funded



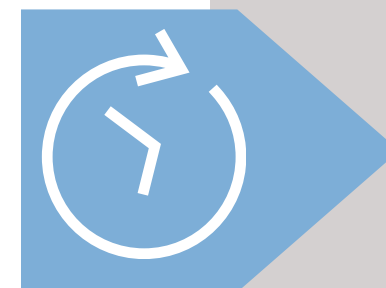
- Two new funded General Fund Programs
- HEART Team \$2M
- Illegal Dumping \$560k



- Rent Stabilization
- Funding for 2nd Half of FY 2026-27 in General Fund - Placeholder
- Sunsets at end of December 2026



- 3-year Fire Services Contract - Approved March 2026
- FY 2025-26 Fee Revised (April 2026)
- FY 2026-27 Totals \$37.9M (\$100k increase)
- Future Impacts will occur in FY 2026-27



- FY 2025-26 General Fund Budget
- Amended Deficit of \$5.5M
- Revised Deficit \$713k - 2 Onetime Events



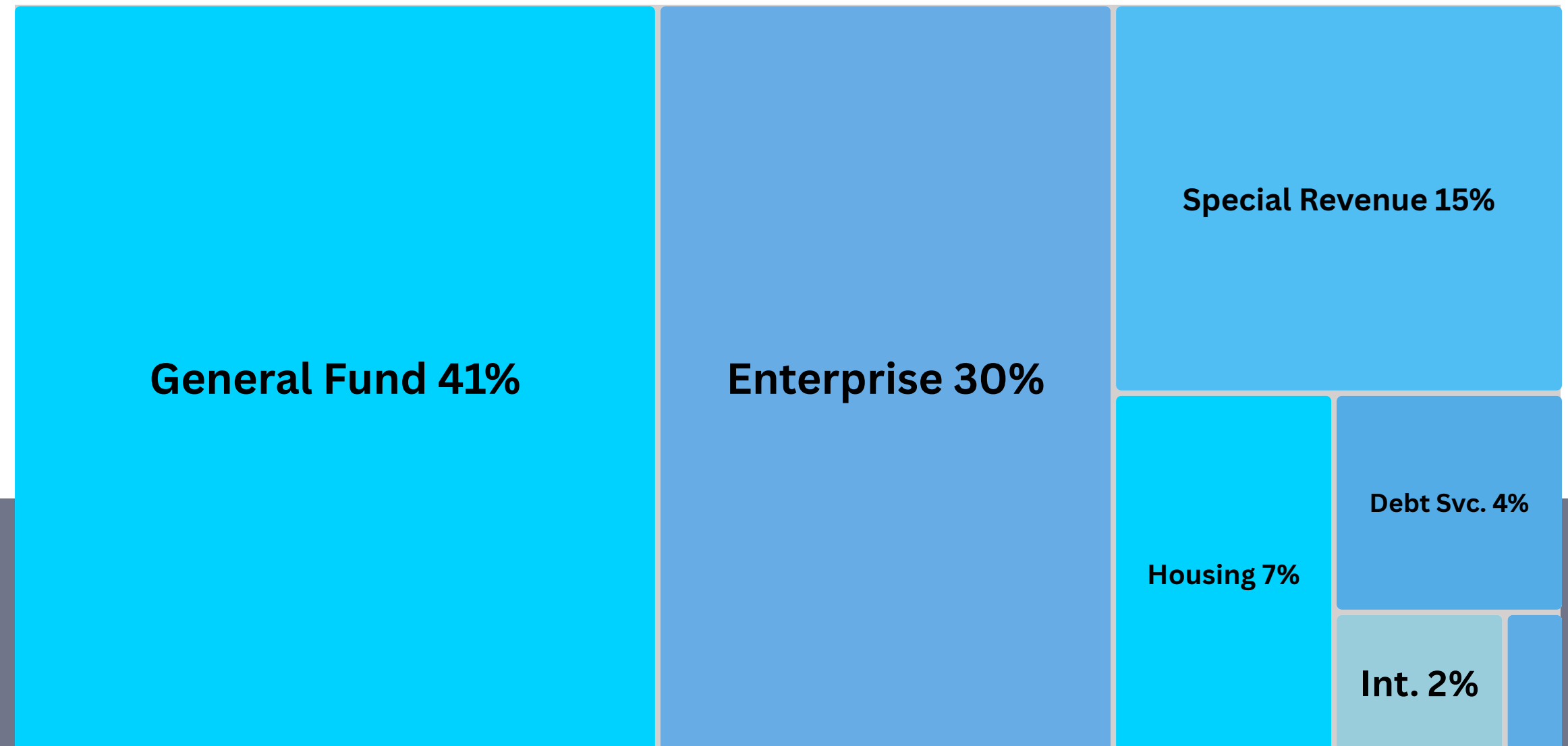
BUDGET AT-A-GLANCE

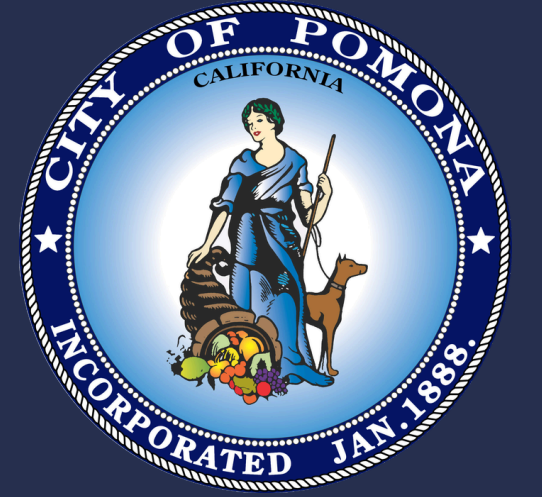
ALL FUNDS

By Fund Type

General Fund	\$181.90M
Special Revenue Funds	65.61M
Debt Service Funds	19.22M
Capital Project Funds	3.15M
Enterprise Funds	128.89M
Internal Service Funds	8.68M
Housing Authority Funds	29.50M
Total All Funds	\$436.95M

Total Proposed Budget \$436,954,704



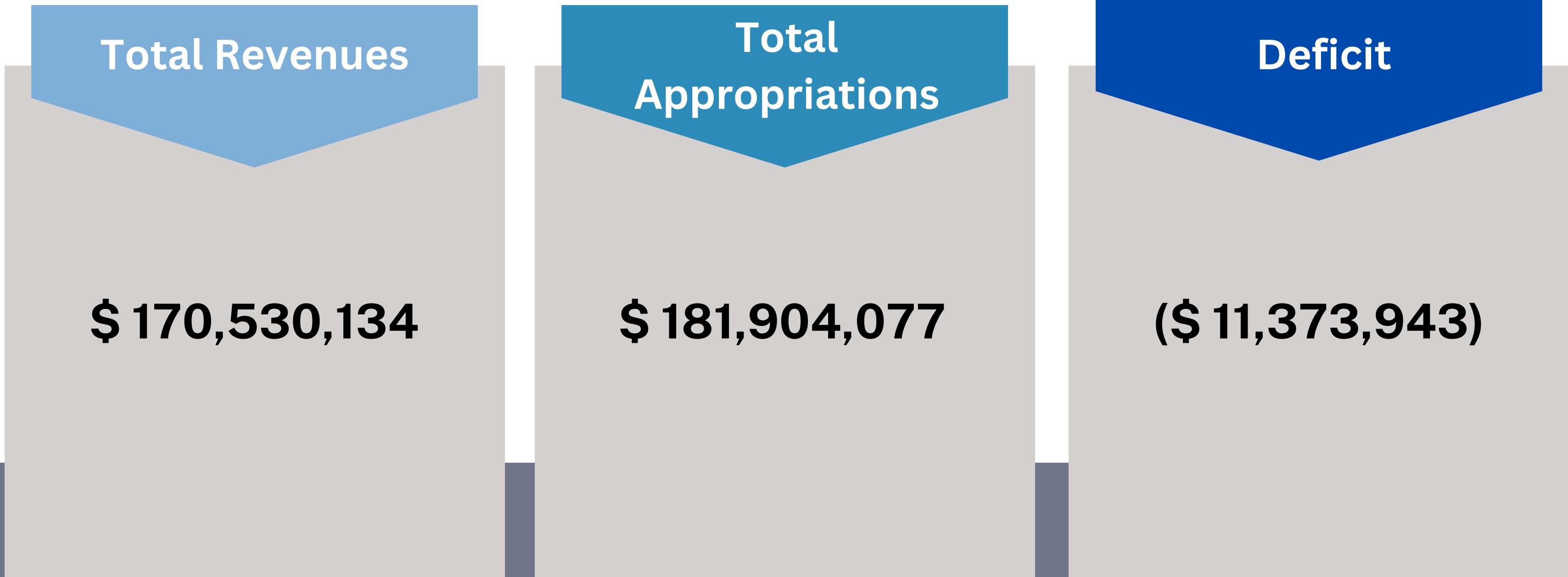


GENERAL FUND

FISCAL YEAR 2026-27

TOTAL FY 2026-27

GENERAL FUND



TOTAL FY 2026-27

GENERAL FUND KEY ASSUMPTIONS



- Revenue estimates are based on City's tax consultant, reports from various State and Federal agencies, the League of California Cities, HUD, & State Controller



- Liability Allocation costs increased \$1.3M
 - Insurance Premiums increased by \$250k
 - Claims Increase \$770k



- Property Tax +10%
- Sales Tax <-1%
- UUT <+1%
- Investment Earnings -14%



- No Contributions to Financial Policies
- MOU Salary Increase of 5%, Oct. 2026



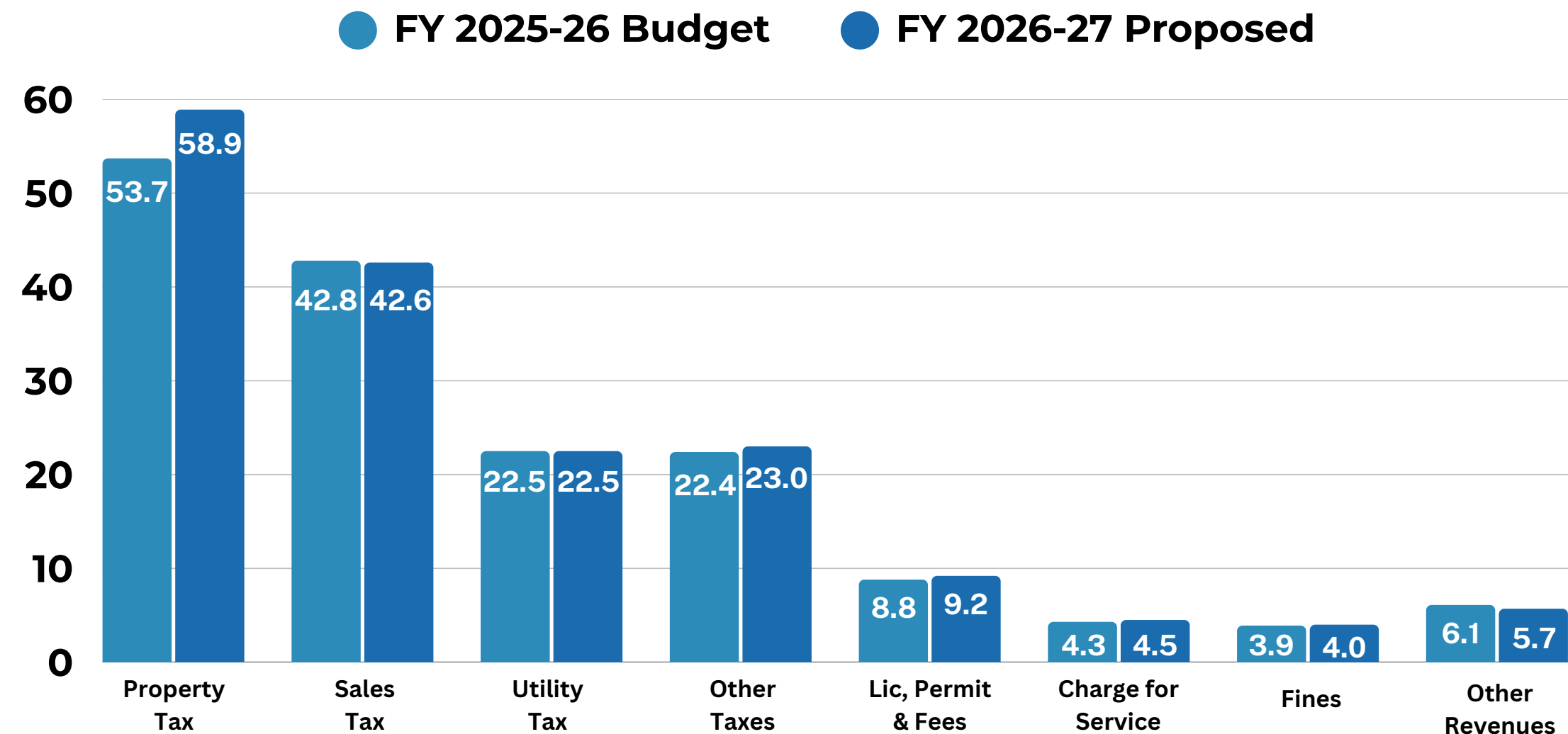
- POBs \$15M Annual Citywide Payment
- UAL \$5.4M Payment



- Federal Housing Programs Threat
- Measure Z Ballot Measure
- Property Transfer Tax - Future Ballot



PROPOSED GENERAL FUND REVENUES

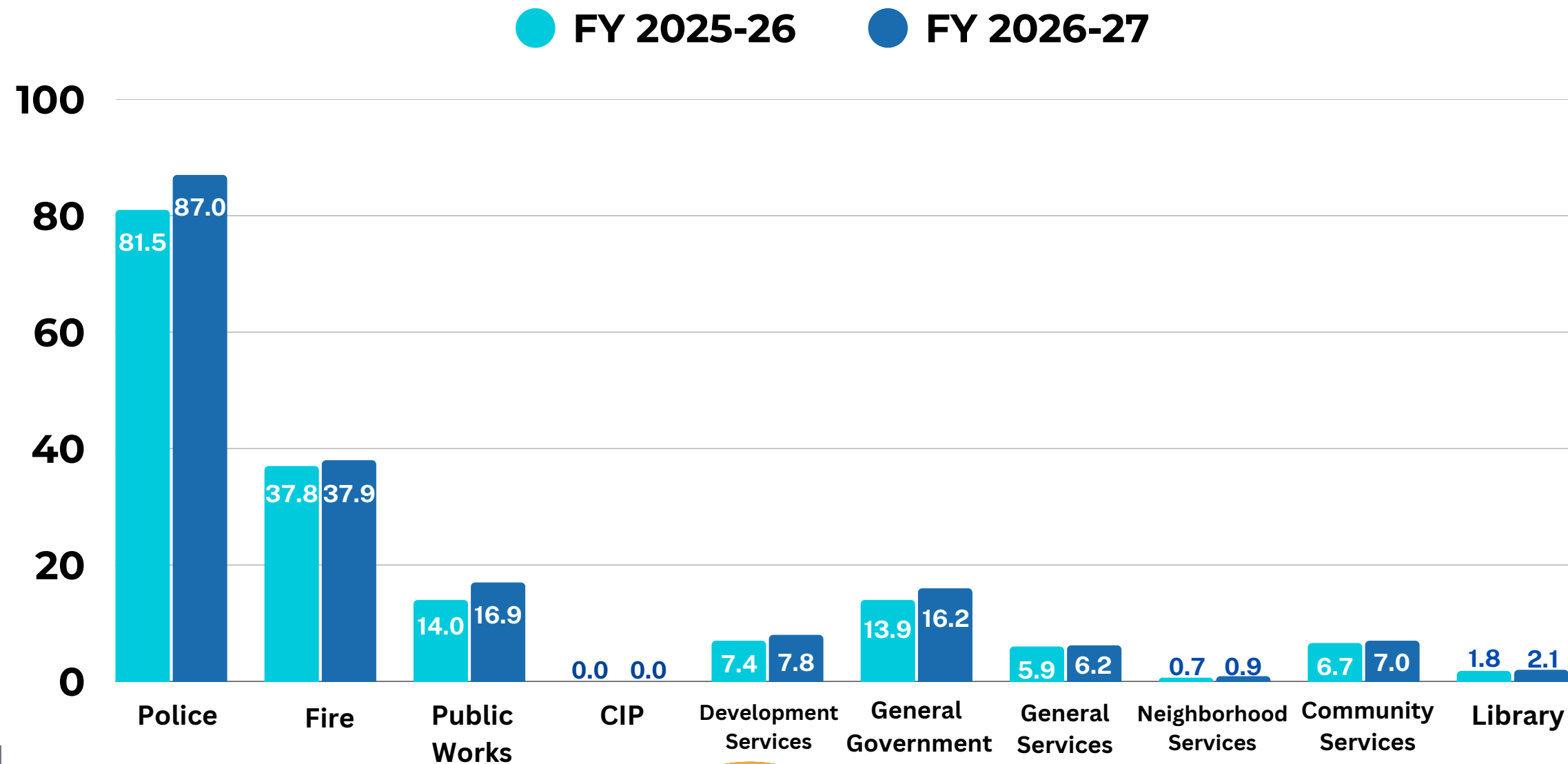


- Property Tax**
 - Projected increase of \$5.2M. This is attributed to increased single family residential taxable assessed values
- Sales Tax**
 - Decrease by less than 1% or \$159k due to consumers being cautious on their spending patterns for construction, fuel, and transportation
- UUT**
 - Estimated to increase by less than 1% or stay the same as last fiscal year
- Other Revenue**
 - Overall increase by \$914k increase in TOT, Cannabis, Property Transfer Tax; \$619k increase in Franchise Fees and a slight decrease of \$367k in License, Permits, & Fees.

FY 2025-26 Adopted Budget \$164.49M
+3.7%
FY 2026-27 Proposed Budget \$170.53M



PROPOSED GENERAL FUND EXPENDITURES BY DEPARTMENT



FY 2025-26
Adopted Budget
\$169.78M

+7%

FY 2026-27
Proposed Budget
\$181.90M

Police Department

- \$5M increase overall
 - \$4.8M Salary & UAL
 - \$900k HEART Team
 - \$1.5M Allocations
- 24 Frozen FTEs = \$4M

Fire Department

- Revised FY 2025-26 Contract
- Increase of \$100k per contract

Public Works

- \$2.9M increase overall
 - HEART Team & Illegal Dumping Program
 - \$700k Allocations
- 2 Frozen FTEs = \$116k

CIP

- Zero appropriations in FY 2026-27
- \$1M of CIP Reserves Utilized

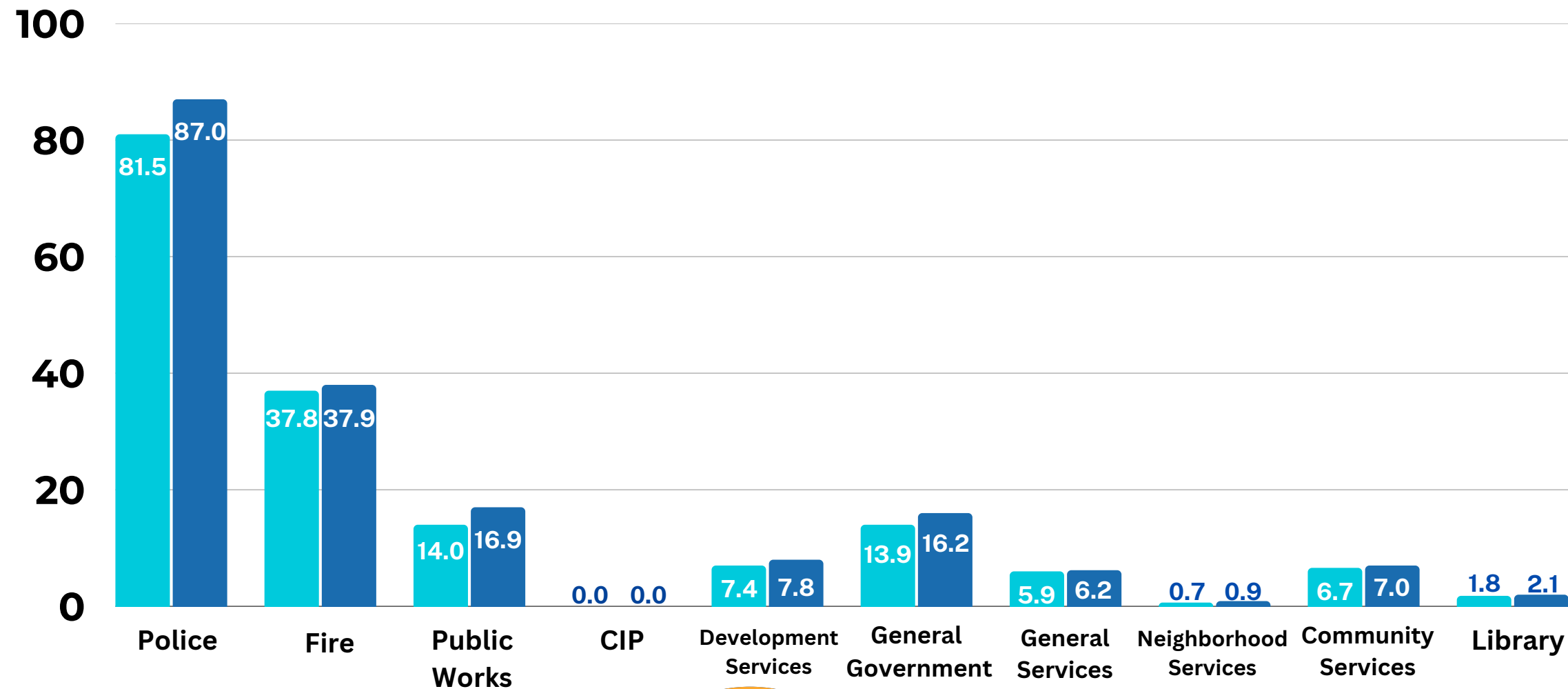
Development Services

- \$415k increase overall
 - \$215k Reduction in Contracts
 - \$616k increase in staffing
 - 1 Frozen Position = \$250k



PROPOSED GENERAL FUND EXPENDITURES BY DEPARTMENT

FY 2025-26 FY 2026-27



FY 2025-26 Adopted Budget \$169.78M
+7%
FY 2026-27 Proposed Budget \$181.90M

General Government

- \$2.3M increase overall
- \$9.2M transfer for Pomona Fund for Children and Youth
- \$214k savings for 2 unfilled FTEs in City Clerk's Office

General Services

- \$253k increase overall
- \$400k increase Humane Society
- \$477k increase in personnel charges from ARP grant ending Dec.
- Offset by \$418k CIP & \$200k in contracts reductions

Neighborhood Services

- \$223k increase overall
- \$194k increase in allocations

Community Services

- \$286k increase overall
- Increase relates to allocated costs for self-insurance funds
- Reductions in Youth Commitment Program

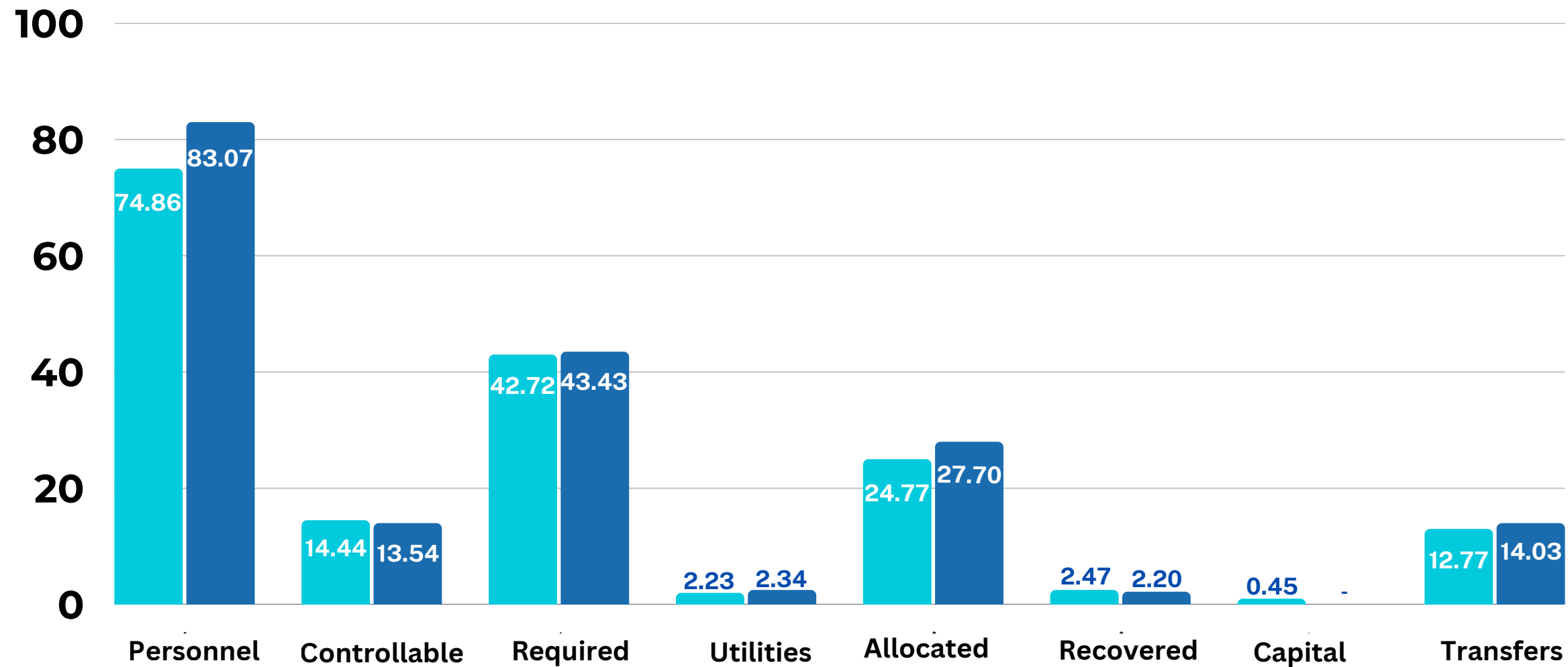
Library

- \$216k increase overall
- Increase related to MOU salary and benefit increases



PROPOSED GENERAL FUND EXPENDITURES BY CATEGORY

FY 2025-26 FY 2026-27



Personnel

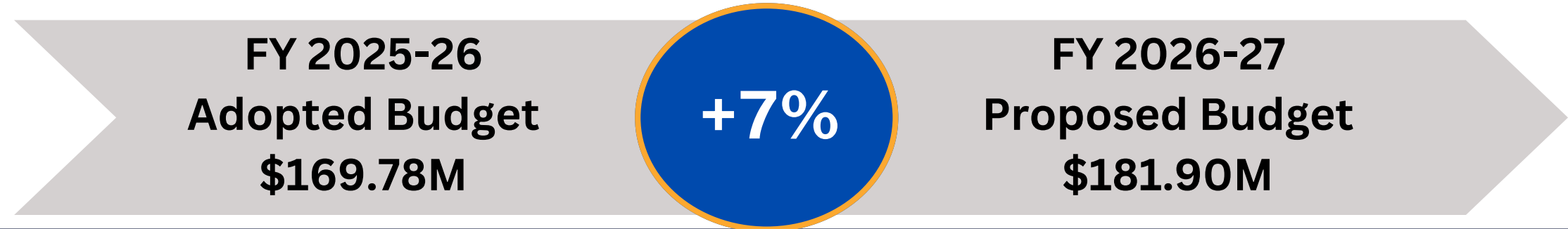
- \$8.2M increase including \$1.2M for UAL and \$2M for the HEART and Illegal Dumping Program
- \$476k placeholder for ARP positions that will need to be funded after December 2026

Controllable Contracts

- Net decrease of \$895k
- Decrease related to appropriations for \$450k for controllable contracts, \$235k for vehicle vendor costs, \$125k for special programs, & \$133k for building contracts

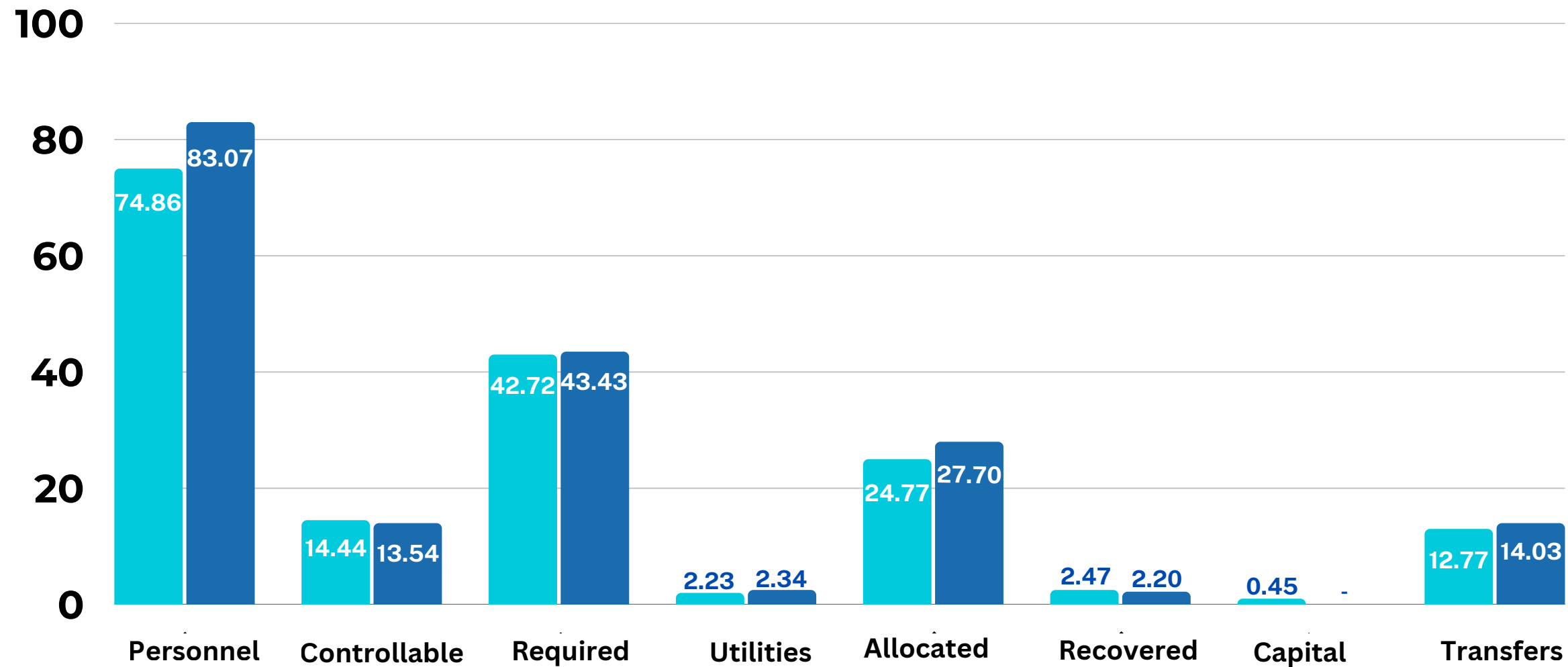
Required Expenses

- \$500k increase for the Humane Society & Fire Contract.
- \$200k illegal dumping and HEART funding movement



PROPOSED GENERAL FUND EXPENDITURES BY CATEGORY

FY 2025-26 FY 2026-27



Utilities

- \$103k increase represents increases in water, electricity, and gas

Allocated Costs

- \$2.9M increase in the areas of Self-Insurance claims & support areas.
- Support areas include the rise in Workers Compensation & Liability claims, and one-time increase for the new ERP software

Recovered Costs

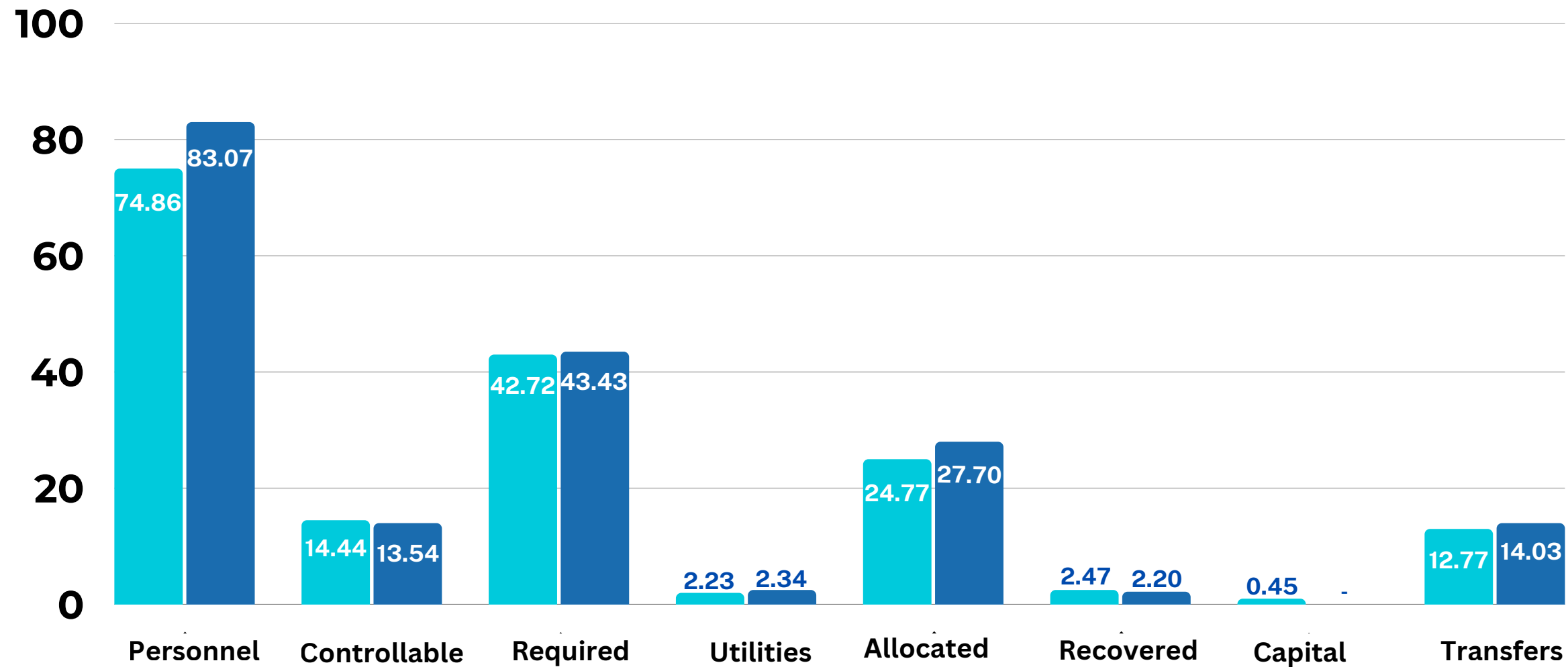
- \$268k change is a result of the CPI adjustment for the Coset Overhead Allocation

FY 2025-26 Adopted Budget \$169.78M
+7%
FY 2026-27 Proposed Budget \$181.90M



PROPOSED GENERAL FUND EXPENDITURES BY CATEGORY

FY 2025-26 FY 2026-27

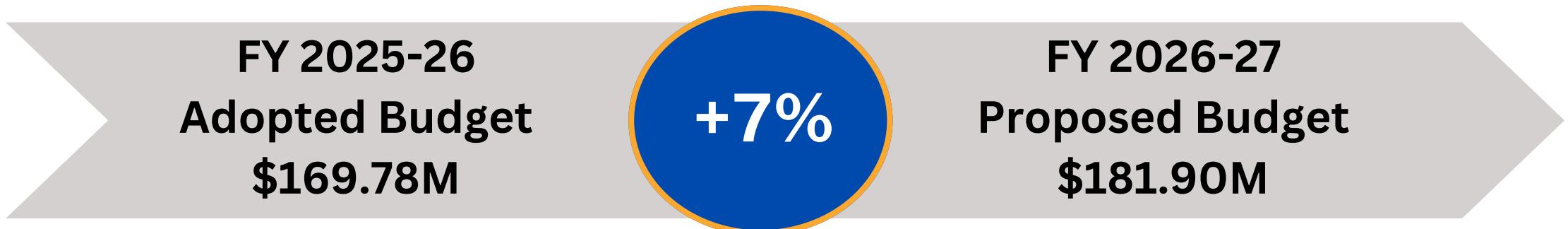


Capital

- \$453k decrease as no capital expenses are budgeted for vehicles and equipment at this time

Transfers

- \$1.2M increase due to the Children & Youth Fund transfer from the General Fund for the required 6% per the City Charter



GF FUND BALANCE

FISCAL RESERVES

	FY 2024-25 Audited	FY 2025-26 Est	FY 2026-27 Est
Fund Balance	\$58,771,856	\$58,058,895	\$46,684,952
Change in Fund Balance	N/A	(\$712,961)	(\$11,373,943)
Expenditures	\$155,027,334	\$153,280,788	\$167,877,431
Transfers	<u>10,489,395</u>	<u>12,715,919</u>	<u>14,026,646</u>
Total	\$165,516,729	\$165,996,707	\$181,904,077
Percentage	35.5%	35%	25.7%
Policy Goal	23.0%	24.0%	25.0%
Difference	12.5%	11.0%	0.7%

No Fiscal Policy Contributions

- **Balances To Date:**
 - **Section 115 Pension Trust: \$3.8M**
 - **Catastrophic Events: \$600k**
 - **Equip Replacement: \$960k**
 - **CIP Funding: \$2M**

SUPPLEMENTAL REQUESTS

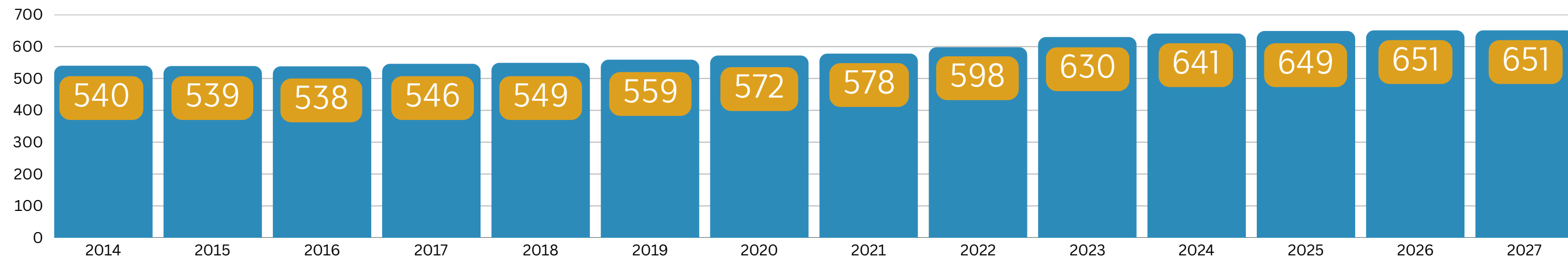


- Each year, the budget includes supplemental budget recommendations for staffing, services, and equipment requests.
- With the limited resources available and to fund the contractual obligations in place, at this time staff is proposing no supplemental increases within the FY 2026-27 Operating Budget for General Fund and all Non-General Funds



PROPOSED STAFFING CHANGES

651 FULL-TIME EQUIVALENT (FTE)



Note: There are no changes in the number of FTEs and reclassifications of positions in the FY 2026-27 budget

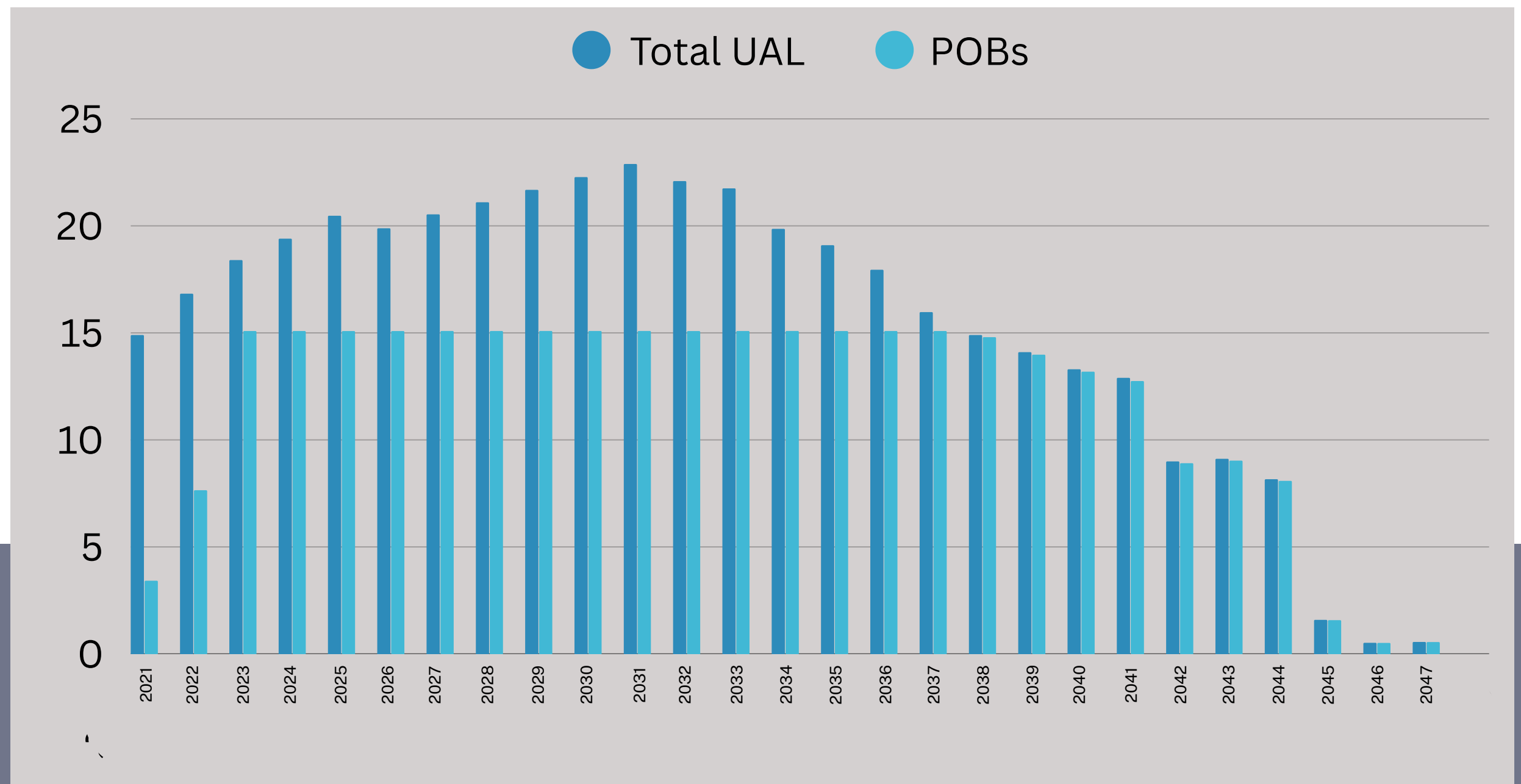


UNFUNDED ACCRUED LIABILITY & PENSION OBLIGATION BOND

UAL vs POB

- In July 2020, the City implemented POBs to address the City's Unfunded Accrued Liability (UAL) for Miscellaneous and Safety employee pensions provided through CalPERS.
- The amount authorized was the City's current liability of \$220M.
- A strategy was developed to exclude principal payments to FY 2021 and FY 2022 to preserve General Fund reserves during the pandemic.
- If the City had not issued POBs, it would have resulted in fiscal challenges to the General Fund.
- Issuance of POBs have significantly restructured the City's ongoing long-term pension obligations. Savings realized is estimated at \$95M over 27 years

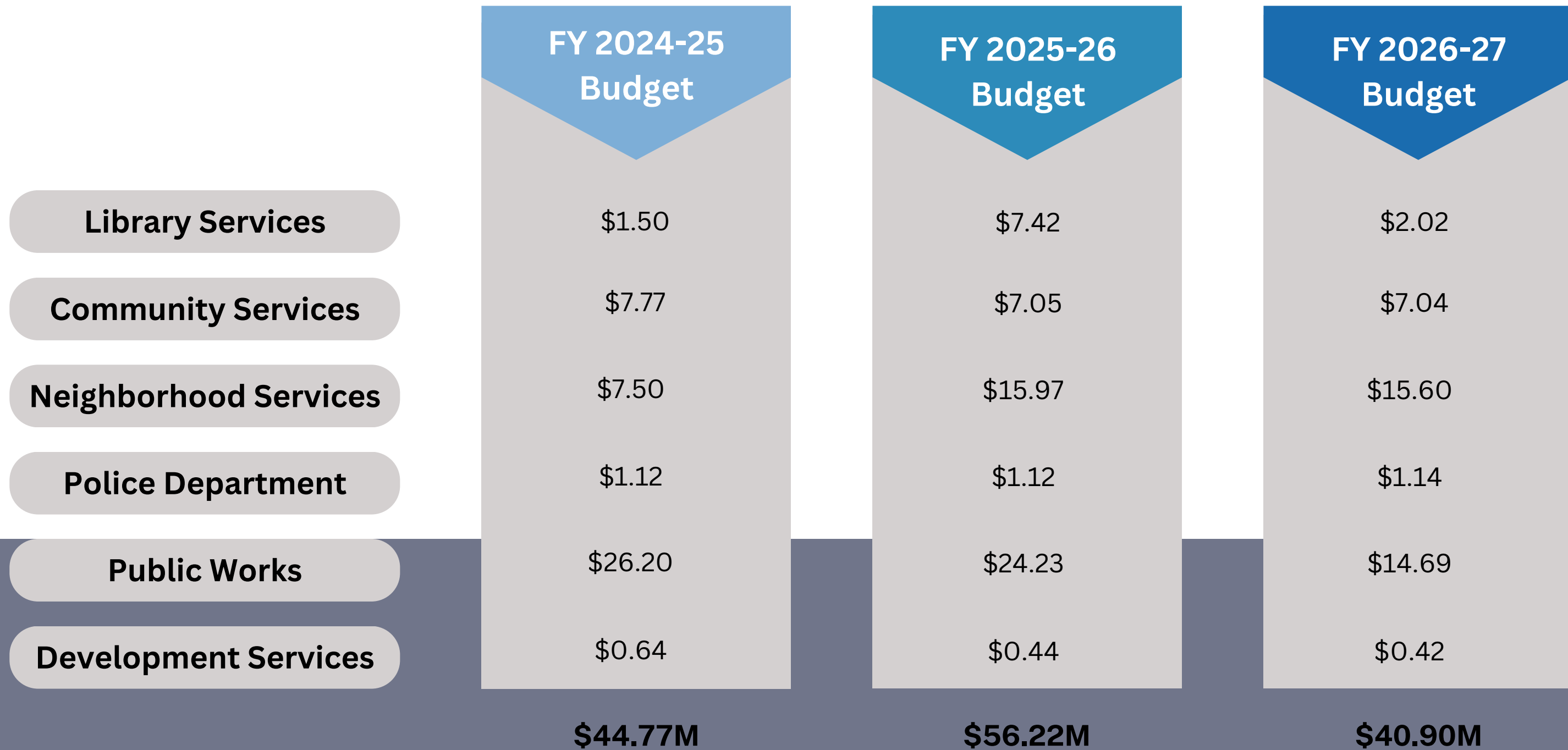
Comparison

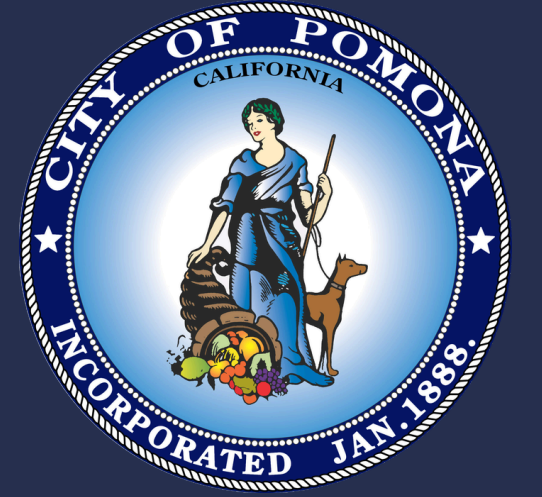


YOUTH FUNDING BUDGET

FY 2024-25 TO FY 2026-27

- \$18M for Programming
- \$22 CIP Investment





OTHER FUNDS

FISCAL YEAR 2026-27

PROPOSED OTHER FUNDS

Fund Type	FY 2026-27
Special Revenue Funds	\$65.61M
Debt Service Funds	19.22M
Capital Project Funds	3.15M
Enterprise Funds	128.89M
Internal Service Funds	8.68M
Housing Authority Funds	29.50M
Total All Funds	\$255.05M

Special Revenue

- \$27M revenue & \$46M expenditure decrease from last fiscal year mainly due to ARP funding no longer available for future budgets

Debt Service

- \$35k increase in budget from prior fiscal year
- Stability reflects the absence of new bond issuances and no bonds reaching their maturity date

Capital Project

- \$21.6M of new CIP projects have been included in the budget
- \$12.6M in Special Revenue Funds representing mostly street related projects
- \$6.1M in Enterprise Fund projects related to Water and Sewer
- \$2.9M in Capital Project funds



PROPOSED OTHER FUNDS

Fund Type	FY 2026-27
Special Revenue Funds	\$65.61M
Debt Service Funds	19.22M
Capital Project Funds	3.15M
Enterprise Funds	128.89M
Internal Service Funds	8.68M
Housing Authority Funds	29.50M
Total All Funds	\$255.05M

Enterprise

- \$19M revenue & \$30.6M expenditure decrease from last fiscal year mainly due to how capital projects are tracked in our new ERP system.
- Pomona Choice Energy Authority is also estimating a decrease in revenues

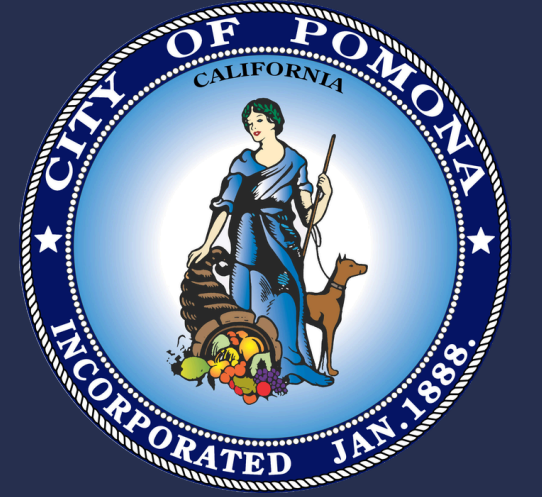
Internal Service

- Allocated costs are charged to other city departments that benefit from their services.
- Allocations are formulated on various factors - #of employees, or number of equipment or actual claims experience.

Housing Authority

- Increase in revenue budgets to better represent actual revenues that are anticipated and necessary to pay for actual expenditures

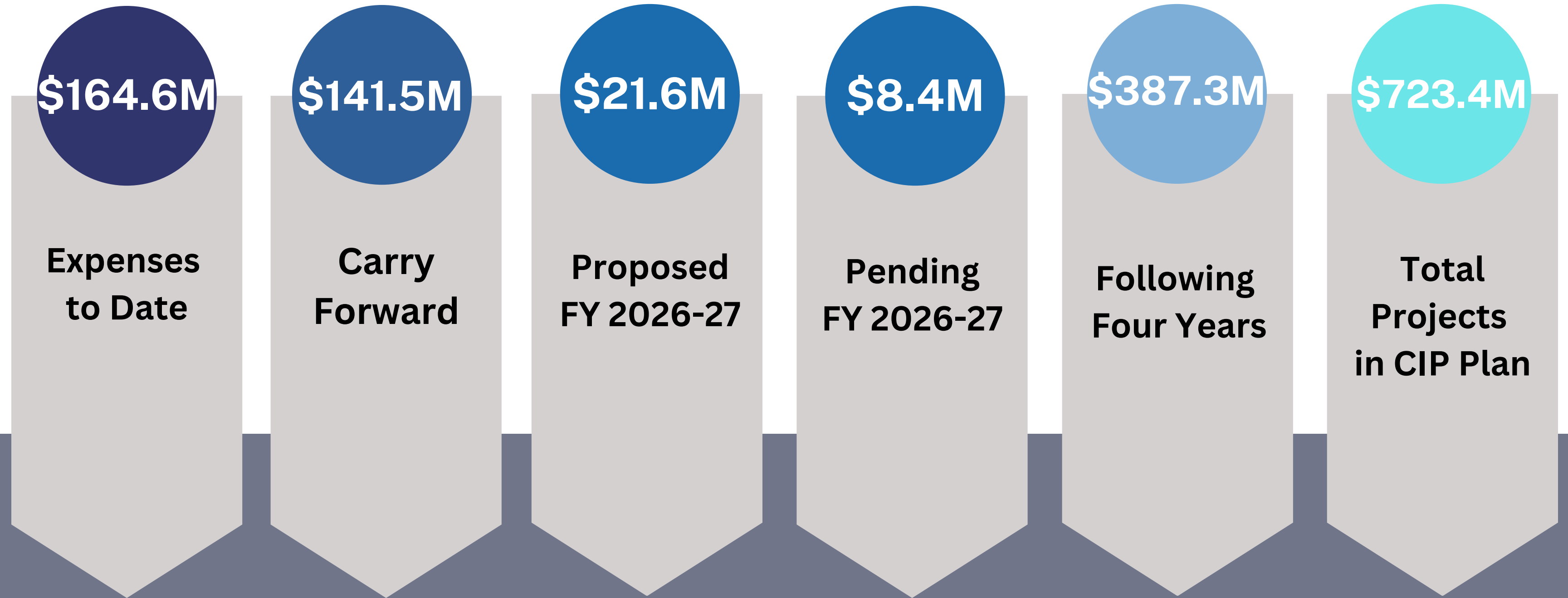




CAPITAL IMPROVEMENT PROJECT

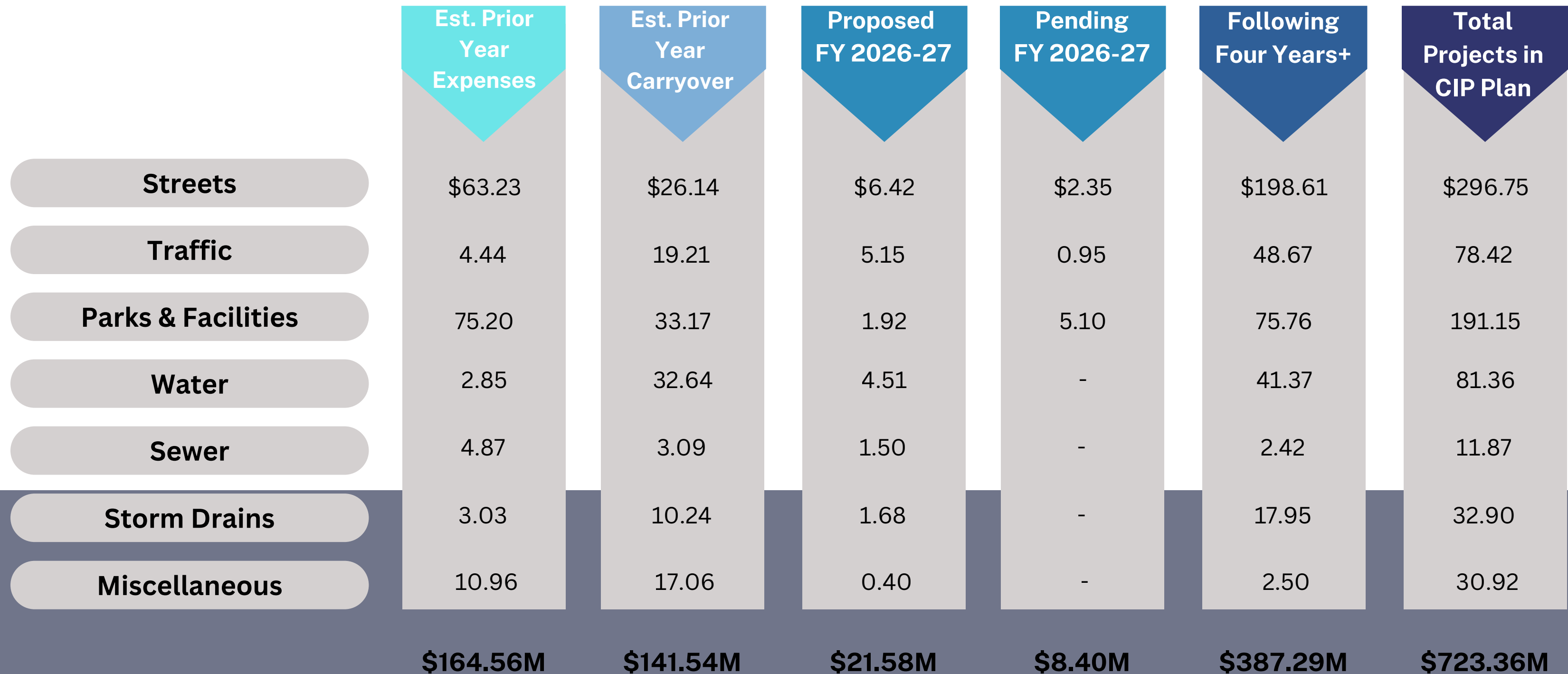
FISCAL YEAR 2026-27

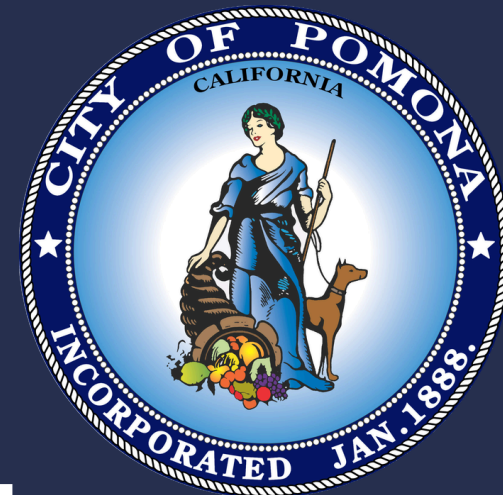
CIP SUMMARY



FY 2026-27 PROPOSED FOR ADOPTION

CIP BY CATEGORY





FINANCIAL SUMMARY AND CLOSING REMARKS

FISCAL YEAR 2026-27

GENERAL FUND FY 2025-26

FINANCIAL SUMMARY

-\$5.5M

**FY 2025-26
General Fund
Budget
reflects
budget
deficit**

+\$5M

- Revised Fire Contract
- DIF Reimb for Civic Center CIP Project

\$0

Fiscal Policy not Implemented

- Section 115 Trust
- Catastrophic Events Reserve
- Equipment Replacement
- CIP

-\$713k

**Updated Deficit
Year-End
Estimate
FY 2025-26**

\$58M

**Estimated
Fund
Balance
at end of
FY 2025-26**

35%

**Estimated
Fund
Balance
percentage
at end of
FY 2025-26**



GENERAL FUND FY 2026-27

FINANCIAL SUMMARY

-\$11.4M

**FY 2026-27
General Fund
Budget
reflects
budget
deficit**

+\$6M

**Deficit
Higher vs.
FY 2025-26**

+\$6M

**General Fund
Revenues**

- Property Tax
 - \$6M

\$12M

**General Fund
Appropriations**

- Staffing \$8.2M
- Allocated Costs \$3M
- HEART and Illegal Dumping \$2.6M

\$47M

**Estimated
Fund
Balance
at end of
FY 2026-27**

25%

**Estimated
Fund
Balance
percentage
at end of
FY 2026-27**



CLOSING REMARKS



- Budget considers current fiscal conditions
- Alternate revenue sources were explored
- Community input was requested - 2 Budget Forums
- Budget reflects the community's needs while being fiscally responsible and sustainable



- The FY 2026-27 budget strikes a careful balance between:
 - Addressing the essential needs of our community
 - Maintaining fiscal sustainability for the long term



- Economic Challenges
 - Escalating energy/fuel prices
 - Efforts to lower interest rate hikes
 - Potential rises in unemployment
 - Cooling housing market



- Measure Y brings a \$9.2M use of General Fund that was not required in the past.
- Transfer will increase each year
- More core services funded by the General Fund will need to be reduced and/or eliminated in future budgets, unless significant revenue is discovered



- Revenue limited growth - Reminder that a downturn could be on the horizon
- History has repeatedly demonstrated that revenue streams can fluctuate, underscoring the necessity for a balanced and judicious approach to budgeting



- FY 2026-27 General Fund Budget = \$11.4M deficit
- Fund balance could = \$58M by June 2026
- The continued reliance on reserves is unsustainable
- More drastic plan will need to be proposed next fiscal year and all opportunities for immediate cost savings will be implemented when presented



CLOSING REMARKS-CONTINUED

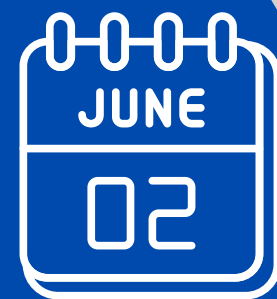
PROPOSED BUDGET FOR ADOPTION



- Per City Charter, Budget Adoption is required before July 1, 2026
- Citywide Master Fee Schedule Cost Study will be presented at May 26th Budget Hearing



- If budget is not adopted prior to July 1, the amounts appropriated for current operations for FY 2025-26 will be deemed adopted for FY 2026-27 on a month-to-month basis until a new budget is adopted



- Adopt Proposed Operating Budget CIP Budget, Housing Authority Budget on May 26, 2026
- Special City Council Meeting



