



City of Pomona
505 South Garey Avenue
Pomona, CA 91766

July 1, 2008

The Honorable Mayor and Members of the City Council

On behalf of both myself and the entire City staff, it is my privilege to present to you the fiscal year 2008-09 Adopted Budget for the City of Pomona. This fiscal plan was developed to serve not only as a monetary statement of programs and policies, but as a document that reflects the programs and service priorities of the City of Pomona.

Much like most other California cities, Pomona faces financial challenges in the coming fiscal year and beyond. As a public agency, the City is obligated to provide core services as efficiently as possible while working within projected revenue. Difficult times such as these require the City to look at all areas of operation to identify potential savings or opportunities for increased efficiency. As always, our paramount goal is to provide the highest level and quality of services to our residents.

While the annual development of this type of comprehensive budget document is a challenge even in the best of times, staff has endeavored to present a realistic estimate of service and program costs along with an educated estimate of the resources available to pay for them. The effort to realign expenditures with current revenues has resulted in some very noteworthy changes to City operations, designed to help address those structural imbalances within an organization which may develop over time, particularly in a public agency as old as the City of Pomona. Like other municipalities throughout the state, the City of Pomona does not exist within a vacuum, and remains subject to the prospect of possible revenue shifts by State attempts to address its own continued set of financial and structural issues. All that having been considered, the City of Pomona remains committed to providing fair, yet responsible, solutions to the current budget situation and providing Pomona citizens with the quality services that they deserve.

Finally, and in view of a constantly evolving set of economic impacts to all levels of government and society, this budget should be viewed as a “living” work in progress – one that will be closely monitored, and subject to revision as changes warrant. It is in that spirit that the fiscal year 2008-09 Adopted Budget is respectfully presented to serve as the financial spending plan for City operations in the fiscal year 2008-09.

S**UMMARY OF FUNDS 2008-09**

The operating budget is the City's financial plan for all funds, and consists of the revenues and expenditures to finance the current year operations of the various funds and programs for the fiscal year beginning July 1, 2008 and ending June 30, 2009. It is a flexible spending plan that is the legal authority for departments to commit financial resources for the provision of services within the City of Pomona.

Fund Type	Expense	Transfers Out	Total	% of Operating Budget
General Fund	94,452,461	3,722,272	98,174,734	54%
Special Revenue Funds	15,530,702	7,258,356	22,789,058	13%
Debt Service Funds	5,441,632	820,000	6,261,633	3%
Capital Projects Funds	-	395,993	395,993	0%
Enterprise Funds	46,997,548	1,017,000	48,014,548	27%
Internal Service Funds	4,848,920	-	4,848,920	3%
City Operating Budget	167,271,264	13,213,621	180,484,885	100%
Redevelopment Agency	34,112,098	14,234,997	48,347,095	
Pomona Housing Authority	11,124,149	-	11,124,149	
Public Financing Authority	19,195,230	-	19,195,230	
Capital Improvements	9,350,913	-	9,350,913	
Total	241,053,654	27,448,618	268,502,272	

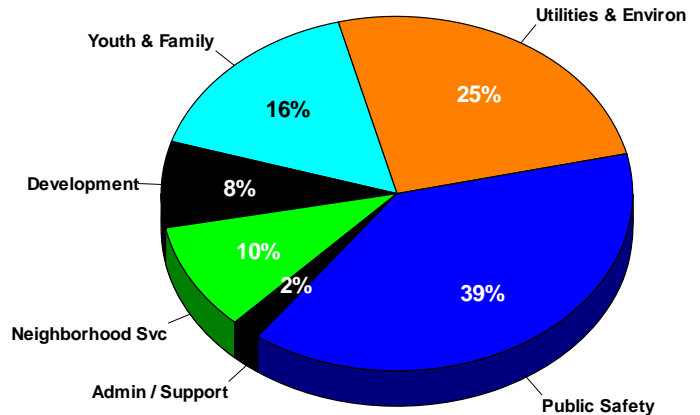
While the City budget is prepared on a departmental basis, as shown in the 'Financial Summaries By Fund' section of this document, the initial data is also reviewed on a service category level irrespective of funding source. This information may be found in the 'Financial Summaries by Category' section.

To that end, program data is presented within the scope of six major categories. Youth and Family Services encompasses a number of programs, which together serve a diverse spectrum of interests, including parks and recreation, sports, youth services, senior activities, the library, and many others too numerous to mention here. Neighborhood Services, in contrast, covers those programs of broader scope which serve to maintain and enhance the community in general, such as street sweeping, tree and landscaped median maintenance, traffic signals and signs, and graffiti abatement programs. Public Safety includes the essential services of police and fire personnel, along with a wide variety of ancillary services, which help to make Pomona a safe and desirable place in which to live. Developmental Services focus on the City's future, in the continuing effort to bring form to the vision of our local residents, while also serving as a key component in the realization of the City Council's goals. Utilities and Environmental Services embody the City's continuing commitment to providing water, sewer, and sanitation service to all who have made Pomona "home," and those who work within our borders. Finally, Administrative and Support Services fund the necessary expenditures required to make everything come together as directed by the City Charter and City Council to benefit the community using best practices of local government. More information regarding services provided by

service categories may be found within the annual Service Efforts and Accomplishments report published with the adopted documents.

The fiscal year 2008-09 Adopted budget on a service category basis is as follows:

Service Category	2008-09 Adopted
Youth & Family Svcs	29,205,844
Neighborhood Svcs	19,456,738
Public Safety	72,680,549
Development Svcs	14,381,096
Util & Environmental Svcs	47,622,281
Admin & Support	3,918,986
Operating	187,565,494
Other (see page D-3)	80,936,778
Total Budget	268,502,272



As shown, of the \$188 million Service by Category operating budget, 39% is dedicated to Public Safety, 25% to Utilities & Environmental Services, 16% to Youth and Family Services, 10% to Neighborhood Services, 8% to Development Services, and 2% to Administration and Support.

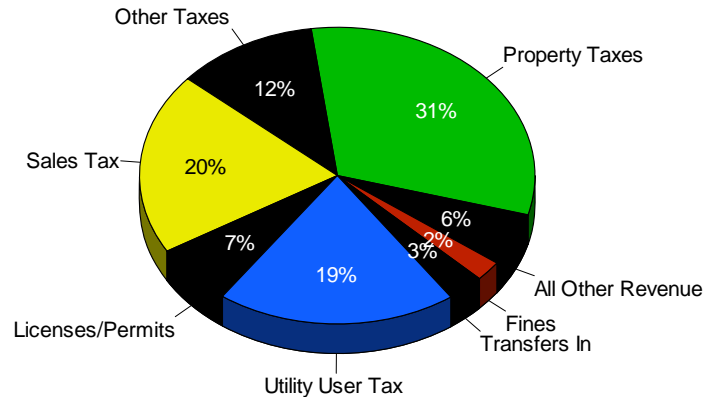
Supplemental expenditures are items that significantly increase department budgets from the previous year, items requested include additional personnel, new vehicles and equipment, and increased operational expenses. These items were requested at the beginning of this year's budget and were held to a minimal \$1.7 million, \$481,735 of which was for General Fund functions. Of the General Fund amount, \$423,235 will be leased/purchased with no payments due until 2009-10. A list of the approved requests may be found within the Appendix section (pg. N-10).

GENERAL FUND REVENUES

Total General Fund revenues for Fiscal Year 2008-2009 have been estimated at \$94,862,767. As noted in budget messages in previous years, the implementation of a permanent and substantive reduction to Vehicle License Fees (offset by an increase in Property Tax receipts), has resulted in the City's former "big four" revenues becoming the "big three." Even so, the combined forecast of all Pomona's property-related taxes, sales taxes, and utility users' taxes, continues to represent nearly 71% of all General Fund revenues, including incoming transfers.

Although a comprehensive review of the major revenue sources may be found within the Revenue Section of this document, a summary has been included below to serve as an easy reference.

The combination of secured and unsecured property tax revenues is projected to grow at a rate of about 3.6%, a markedly lower rate than those observed throughout the last few years. Other property tax related revenue should be in line with historical norms, with the Transfer Tax component as potentially the most volatile line item, given the current real estate market, and its sensitivity to mortgage rates. Sales Taxes, which have been principally driven by new car sales and building and construction industries, should grow modestly in the coming year, although reliance upon these two market segments leaves this revenue stream particularly vulnerable to the present set of economic uncertainties. Utility Taxes should see improved growth when compared to last year, especially in light of an expected rate increase by SCE to start the new calendar year, although the combined effects of weather and continued price swings in the energy markets makes this line item an extremely challenging one to forecast.



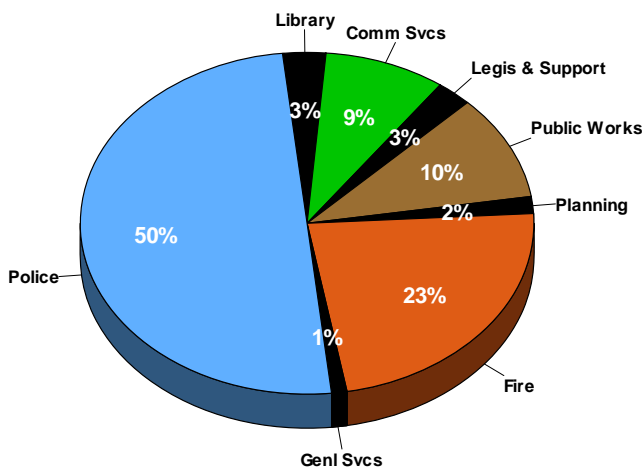
Overall, 2008-09 revenue estimates are up only about \$930,000 from the 2007-08 year end projection, which is itself in a constant state of flux. A \$2.25 million drop in projected revenues from the exchange of Proposition A funds (versus 2007-08) has a substantially distorting effect on overall totals. Unfavorable trends in interest rates have also made TRAns issuance (almost \$250,000 in earnings) impractical, although the expense side of the equation has seen a comparable reduction, as well. Other revenues are up and down across the board, but it must be noted that with an economic outlook as uncertain as the current situation, this year's set of estimates will be subject to continued re-examination and possible revision throughout the fiscal year to come.

GENERAL FUND EXPENDITURES

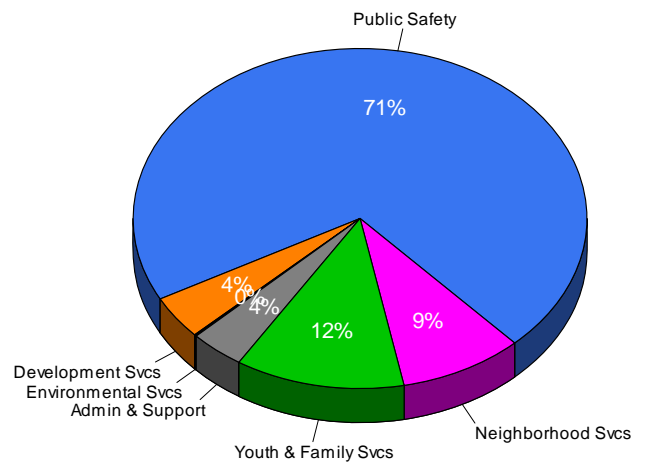
The General Fund provides for public services such as police and fire protection, library services, park and recreational programs, public works, planning, and other essential support services such as Administration, City Clerk, City Attorney, Finance, Human Resources and Information Technology. The adopted expenditure budget for the City's General Fund fiscal year 2008-09 is \$98.2 million including transfers out of \$3.7 million, and funded supplemental requests of \$58,500. This \$98.2 million budget is up \$726,137, or 0.7%, from the amended 2007-08 budget. Community safety continues to be a high priority

for Pomona, and this budget continues to reflect that commitment. Public Safety now utilizes 73% (Police 50.0%, Fire 23.1%) of all General Fund resources. In fact, the City continues to dedicate an amount well in excess of all revenues received from our “big three” revenue sources (property tax, utility users’ tax, and sales tax) to meet the cost of public safety. Second only to public safety in appropriations, are neighborhood services such as parks, recreation, and library at 12% and Urban Development such as planning and public works also at 12%.

General Fund By Department



General Fund By Service Category



Major contributors to the increase in the General Fund budget include increases from adopted MOU provisions for all labor groups, increases in Police (first full year of pension bond payments and end of some grant funding) and Fire (contract cost increase) costs, and across the board full year funding for new positions added in 2007-08. In addition to these increases, the 2007-08 budget was adopted with a planned use of reserves in an estimated amount of \$4.0 million. By mid-year, this estimated draw on reserves had increased to \$6.2 million which was then offset by a sale of Prop A funds, for General Funds in the amount of \$3.0 million, reducing the estimated draw on reserves to \$3.2 million for fiscal year 2007-08. The charts below reflect the fiscal year 2008-09 Adopted General Fund budget on both a departmental and service category level.

BALANCING THE GENERAL FUND

The budget as originally submitted by department directors totaled \$102.5 million in expenditure estimates, offset by \$92.0 million in estimated revenue leaving a \$10.5 million funding gap for 2008-09. Since these preliminary numbers, staff increased revenue estimates by \$410,000 offset by an increase in the City’s fire contract with Los Angeles County Fire District of \$448,000. Given the City’s initial estimated funding gap, department

directors were tasked with reducing their budgets and/or increasing revenues. Below were the recommended and subsequently adopted changes to preliminary estimates:

Adopted revenue increases (General Fund):

One time revenue sources –

LA County Park Maintenance Reimbursement	\$ 251,671
Sale of Assets – Helicopter	160,000
Transfer In from Equip Replacement	100,000
Prop A Sale of Funds	750,000
Transfer to CIP (Speed Humps)	<u>(250,000)</u>
Total One-Time Revenue	\$ 1,011,671

Ongoing adopted new revenues –

Sponsorship Program	\$ 25,000
Police Svc Overhead Charge	53,950
Revised Alarm Fees	10,000
Establish a Citation ‘Sign Off’ Fee	36,500
Increase Vehicle Release Fee	45,000
Cops in Schools Continuation Agreement	150,000
Revised Planning & Building Fees	500,000
Senior Trips & Tours Full Cost Recovery	96,000
Veterans Park Use Fee	175,000
Increase Rental Fees / Centers & Pavilions	<u>16,000</u>
Total Adopted New Revenues	\$ 1,107,450

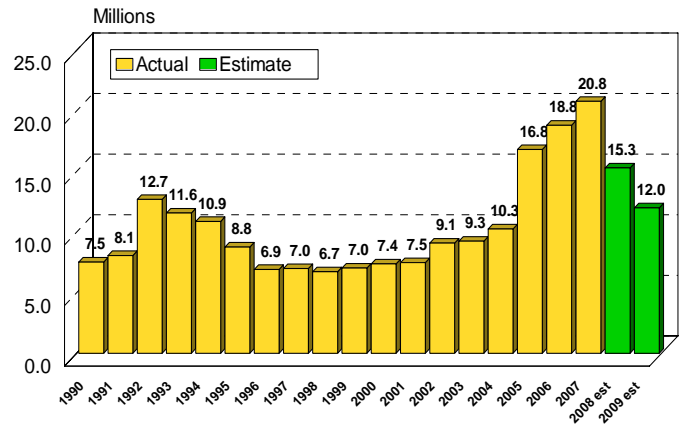
Expense reductions

Eliminates 33 General Fund positions	\$ 2,000,000
Leaves 6 police officer positions unfunded	580,000
Eliminates or reduces various hourly positions	400,200
Establishes a non-sworn vacancy factor	416,000
Reduces overtime (various depts)	168,000
Lobbyists - eliminated funding	108,000
Controllable Contracts (Bldg & Planning)	380,000
Funding for various special events	30,000
Funding for Cultural Arts Commission	20,200
Meeting / Travel / Conference / Training exp	117,000
City Council District Conference/Miscellaneous Budgets	42,693
Other operational changes	<u>543,000</u>
Total Adopted Reductions	\$ 4,805,093

In view of the fact that the City's General Fund structural imbalance has evolved over multiple years and given that the preliminary funding gap has been reduced from a beginning number of over \$10.5 million to just under \$3.3 million, it was recommended and subsequently approved, that the City Council adopt the proposed budget with an eye to review and possible revision during the fiscal year as opportunities arise or new information is made available.

Below is a view of the General Fund's fund balance and cash balance by fiscal year on both a historical perspective and a look forward basis. Estimates for the 2007-08 year are based on fiscal year 2007-08 year-end estimates while the 2008-09 estimate is based on the adopted budget. Both 2007-08 and 2008-09 year end fund balance estimates reflect the adopted \$2.3 million transfer to the Self Insurance Fund to pay for multi-year deferred payments which lead to the deficit in that fund (see Funds to Watch section).

<u>Year</u>	<u>Fund Balance</u>	<u>Cash Bal @ 6/30</u>
1999	7,038,526	1,153,400
2000	7,375,409	1,670,402
2001	7,480,359	1,325,716
2002	9,093,128	3,079,761
2003	9,256,772	1,037,780
2004	10,263,908	2,059,634
2005	16,820,431	3,749,468
2006	18,822,247	8,367,127
2007	20,792,068	13,760,226
2008 est	15,298,000	
2009 est	12,005,000	



STAFFING

Departments have evaluated their existing staffing levels and determined that the following changes will permit the programs and services to be staffed at an optimal level in light of funding availability. All positions listed below were proposed by the individual department directors as part of their target reductions. Overall, the 2008-09 adopted budget eliminates 38 positions across multiple funds, 31 of which are vacant, restructures 2 positions, leaves 6 additional positions unfunded for the year, and adds one new enterprise funded position. Of the 31 vacant positions eliminated, four were originally unfunded and provide no further savings to the budget. Changes adopted are as follows:

Eliminated Positions

<u>Department</u>	<u>Position</u>	<u>Funding</u>
Administration	Assistant City Manager	Multiple
Administration	Public Information Officer	Multiple
Administration	Sr Admin Assistant to City Council	General / RDA
Administration / RDA	Project Manager	Unfunded

Administration/ RDA	Senior Project Manager	Redevelopment
Administration / RDA	Sr Management Analyst	Redevelopment
City Clerk	Deputy City Clerk	General
Finance	Accounting Technician	Multiple
Finance	Administrative Clerk	Unfunded
Finance	Business License Specialist	General
Finance	Senior Accountant	Multiple
Information Tech	Information Tech Coordinator	Unfunded
Human Resources	Liability Claims Coordinator	Multiple
Police	Administrative Assistants (2)	General
Police	Communications Technician	General
Police	Community Service Officer (2)	General
Police	Jailer (2)	General
Police	Police Dispatcher (2)	General
Police	Police Records Specialist (2)	General
Police	Report Taker	General
Public Works	Administrative Assistant	Multiple
Public Works	Assistant Plan Checker	Multiple
Public Works	City Traffic Engineer	Multiple
Public Works	Senior Civil Engineer	Multiple
Public Works	Management Analyst	Multiple
Public Works	Program Coordinator	General
Utility Services	Heavy Equipment Mechanic	Fleet
Utility Services	Senior Equipment Mechanic	Fleet
Planning & Housing	Management Analyst	Multiple
Planning & Housing	Assistant Planner	General
Planning & Housing	Senior Management Analyst	Unfunded
Community Services	Community Services Manager	General
Library	Senior Librarian	General

Reclassifications / Restructures

<u>Dept</u>	<u>Current Classification</u>	<u>Recommended</u>
Utility Services	Customer Service Rep	Management Analyst
Utility Services	Management Analyst	Sr Management Analyst

New Positions

<u>Department</u>	<u>Position</u>	<u>Funding</u>
Utility Services	Water Treatment Plant Operator	Water

Personnel history and funding allocations are shown in the ' Authorized Staffing ' section of this document. Including the above changes, this budget authorizes 741 (including City Council) full time positions. In addition to City employees, the County of Los Angeles

provides fire personnel under the current contract. Additionally, many departments, especially the Library and Community Services Departments, utilize part-time employees to maintain current service levels. Multi year contracts with all labor groups are included in the Fiscal Year 2008-09 budget.

REDEVELOPMENT AGENCY

The Redevelopment Agency (RDA) was established in 1966 to prepare and carry out plans for improvement, rehabilitation and redevelopment of blighted areas within the City of Pomona. The 2008-2009 operating budget for the RDA is \$48.4 million. Beginning with the 2000-2001 fiscal year, the eleven Project Areas were combined to create one merged project area which is accounted for in three separate fund types. The Debt Service Funds account for the accumulation of resources (tax increment) for the payment of general long-term debt (principal and interest). The Capital Projects Fund accounts for the acquisition or construction of major capital facilities, as well as the day-to-day operational costs of the Agency. The Special Revenue Fund (20% set-aside for Low and Moderate Housing) accounts for the proceeds of specific revenues that are legally restricted to provide affordable housing programs.

Debt Service Funds: Although the project areas have been merged, the Agency continues to receive tax increment by project area per the existing agreements with the County. The debt service funds are used to track this income and finance the current year's principal and interest payments, as well as other Agency approved agreements and obligations. The Agency receives approximately \$30.7 million in tax increment, and Los Angeles County grants and deferrals. This revenue stream is supplemented with investment earnings, participation revenue, a transfer from the Low/Mod fund for its portion of debt service payments, and other miscellaneous revenue for a combined total revenue stream of \$34.1 million. Of the revenue collected, \$10.6 million is allocated to debt service payments (excludes \$1.9 million in deferred interest expense), \$12.8 million is allocated for pass-through agreements and County property tax collection services, \$800,000 is allocated for Agency approved obligations, \$4.8 million is transferred to the low/mod housing fund and \$600,000 is allocated for taxes and other expense. The combination of revenue over expense leaves approximately \$4.5 million to be transferred to the RDA capital projects fund for operations.

Capital Project Fund: As of June 2008, the available balance of this fund is estimated to be \$5.1 million (excludes land held for resale). Based on year-end projections for 2007-08, this balance will increase to \$9.0 million if projected land sales occur as planned. For fiscal 2008-09, revenues and transfers are estimated at \$8.6 million, including \$3.2 million in land sales, and appropriations are adopted at \$5.0 million. Major expenses include funding for various studies including a project area formation review and 5-year implementation plan, a signage program, demolition/site clearance, and a marketing program.

Low/Mod Housing Funds: As of June 2008, the available balance of this fund is estimated to be \$24.9 million. After paying its debt service obligation, the Low/Mod Fund nets approximately \$1.4 million per year of tax increment which is supplemented with additional estimated income of \$1.0 million from investment earnings, loan repayments, and sale of land held by the fund. With recommended appropriations of \$3.2 million, the Fund reflects a \$800,000 draw on available reserves. Major programs include \$400,000 for the continuation of the First Time Homebuyer Program, \$600,000 for continuation of the rehabilitation program, and \$210,000 for rehabilitation costs.

FUNDS TO WATCH

Lighting and Landscape District – As previously reported, this fund will have exhausted, and exceeded its fund balance by the end of 2008-09. This is due primarily to the normal increase of expenses over time in contrast to a static revenue source. Staff has been working on this issue during 2007-08, which will result in a vote by the effected property owners in early 2008-09. The fund has been budgeted at a reduced level to match current projected revenues. In the event the election fails services will need to be reduced to meet the adopted budget.

Refuse Fund – As with most City functions, the programs included in the Refuse Operations Fund have experienced increasing costs over the last several years. Because the Residential Refuse Rate had not been adjusted in over seven years despite rising costs, two general rate increases and a Consumer Price Index annual adjustment were approved in Fiscal Year 2007/08. While these rate adjustments did provide additional revenue, in order to ensure the Refuse Fund is balanced, the Non-Exclusive Commercial Solid Waste Franchise Fee was increased from 23% of gross receipts to 25%, effective July 1, 2008. This is anticipated to generate approximately \$194,000 annually and was approved by the City Council at the May 27, 2008 meeting.

Self Insurance Fund - Although an ideal structure would have a sufficient level of funds set aside, or reserved, for excess and fluctuating liability and workers compensation claims, limited General Fund resources have made this an unattainable goal. This financial reality lead to the restructuring of the operation so that costs and claims are paid on a 'pay-as-you-go' basis through individual "user" funds as approved in the fiscal year 2007-08 Adopted Budget. While the Self Insurance Fund is now dormant, it carried a \$2.3 million fund deficit, which accumulated over the many years in which General Fund payments owed to the Self Insurance Internal Service Fund were deferred as part of multi-year General Fund balancing measures. All other funds continued to make payments as required. Given this, staff recommended and the City Council approved the transfer of \$2.3 million of General Fund Reserves to the Self Insurance Fund to eliminate the deficit within that fund. The Self Insurance Fund operation is currently under review by an outside consultant who has been

charged with the task of structural review of the operation including the recommendation of appropriate reserve levels.

CAPITAL IMPROVEMENT PROGRAM

The total five-year Capital Improvement Program (CIP) sets forth infrastructure needs and a capital plan involving 330 projects, totaling approximately \$381.5 million, of which \$226 million has been funded. The \$226 million is comprised of \$217 million of prior years' appropriations, of which approximately \$164 million remains unspent, and \$9.4 million is new adopted funding.

Among the multiple challenges faced by any city of Pomona's size and maturity, the consideration of infrastructure is of prime importance. Aging streets, parks, and public buildings demand constant maintenance and repair, while the City's growth mandates new development and rehabilitation of existing facilities. As reflected in this budget, the City's current financial outlook is not sufficiently robust to address the level of existing need, particularly in the area of street and traffic related infrastructure. With so few dollars available on a year-by-year basis, it is increasingly more difficult to make an impact in this area; however there is hope for change.

As you are aware, the recent passage of Proposition 1B by the California voters will bring much needed improvement dollars to the City and surrounding areas. The City of Pomona will receive \$5.1 million of the proceeds for local improvements over a two-year period. The first \$2.6 million has been received by the City and is included within the 2008-09 adopted budget.

The projects encapsulated within the CIP are addressed in greater detail within the separate Capital Improvement Program document. As reflected in the CIP summary, the volume of projects identified in the five-year plan is far in excess of the City's present funding ability.

The following is a summary of the Five-Year Capital Improvement Program:

Category	Estimated Prior Year Expenses	Estimated Prior Year Carryover	2008-09 Adopted	Following Four Years+
Streets	14,974,756	41,463,283	8,140,876	86,245,749
Traffic	1,078,597	2,636,328	127,205	4,984,315
Parks & Facilities	15,354,067	44,230,176	769,081	41,281,374
Water	16,823,732	57,880,713	313,750	18,154,775
Sewer	343,784	17,303,051	-	483,500
Storm Drains	149,712	73,288	-	3,144,425
Miscellaneous	4,170,565	482,822	-	850,000
	52,895,213	164,069,661	9,350,912	155,144,138

ECONOMIC OUTLOOK

The economy is undoubtedly in a downward trend in Fiscal Year 2008-09, with principal unknowns centered around questions of depth and duration. While there is increasing speculation from diverse sources that the national economy is in, or rapidly approaching, recession, causative factors are such that fiscal impacts are not readily determinable, and many of the forecasts for the coming fiscal year are really little more than educated speculations. Although the current unemployment is a relatively benign 5.0% (vs. 4.5% at this time last year), a mortgage-driven credit crisis has combined with record energy prices (oil @ \$120 per barrel) to introduce an unprecedented level of uncertainty, which continues to manifest itself throughout the City's array of revenue sources.

While the current economic situation is quite worrisome, local government finances have been somewhat stabilized by the November 2006 passage of Proposition 1A, which severely limits the State's ability to "grab" local revenues in order to address its own woes (such as with ERAF in the early 1990s). That is not to say, of course, that Pomona is now completely insulated from any such impacts. The ERAF shift of the early 1990s continues in force, and is estimated to have cost the City more than \$5.2 million in Fiscal Year 2007-08 alone, and over \$58 million since inception. Although not being currently considered, there has been some discussion in Sacramento (LOA recommendation) with respect to reallocating the city shares of Proposition 172 (PSAF) moneys to counties (as one of at least two such proposals), which could result in loss to Pomona of approximately \$1.5 in the coming fiscal year. Finally, while not a direct loss of funding, the ongoing "Triple Flip" of one quarter of Pomona's 1% sales tax share, continues to adversely impact cash flows, thereby adding short term uncertainties to the existing mix, as well as converting a regular monthly revenue stream to twice-yearly receipt of funds. In other words, local government provides working capital or cash flow for the State to fund its own operations.

In consideration of the above-mentioned factors, tempered by local expectations for the next twelve months, we are projecting the City's share of Retail Sales Tax to exceed \$17.25 million during Fiscal Year 2008-09 (gross, before Triple Flip calculations). These receipts are based upon published Board of Equalization growth estimates of 4.875%, adjusted for the expected loss of two (2) Top 25 tax generators, and known aberrations. Overall increases of nearly \$350,000 are projected for the combination of Property Taxes and related line items, when compared to the FY 2008-09 budget, although this represents a markedly slower growth rate than in recent years due to the downturn in real estate transactions and associated reassessments. Similarly, Documentary Transfer Tax, indicative of real estate activity in both the residential and commercial sectors, continues to be conservatively forecast, although modest (10%) growth has been projected in anticipation of improving activity in the second half of the fiscal year. Collections of Utility Users' Tax are anticipated to grow by about 4% in Fiscal Year 2008-09, although revenues are subject to change by local weather variations, just as much as by economic conditions. There is also an anticipated rate increase by Southern California Edison (resulting in higher

UUT) in early 2009, and while the precise details remain unknown at present, a reasonable estimate of the impact has been considered in the forecast.

Even though preparation of the City's annual revenue budget, or the economic outlook, is something of a speculative exercise, conditions for the coming year render it even more so than normal. While there is general consensus that the economy is in a downturn, the depth and duration of the current malaise is the question of the moment. Should things begin to improve within calendar 2008, the forecasts herein contained might well be viewed as pessimistic, whereas further slippage into a recession may render even modest growth as being unattainable. Either way, the forthcoming fiscal year will present unique challenges to virtually all levels of government operations, regardless of the direction in which the present day set of uncertainties may eventually resolve.

ACKNOWLEDGEMENTS

The creation of this budget was, as always, a team effort which reflects the collaborative spirit within our community and organization. I would like to thank the department directors, departmental budget coordinators, and other contributing staff for their efforts during the budget process. Lastly, I would like to thank the budget staff in the Finance Department. I also congratulate them on receiving the Government Finance Officer's Distinguished Budget Presentation Award and the California Society of Municipal Finance Officer's award for the Excellence in Operational Budgeting for last year's budget.

CONCLUSION

As has undoubtedly been apparent throughout various sections of this budget document, the 2008-09 fiscal year will not be without its challenges. The aggregate effects of a slowing economy, exacerbated by credit and housing crises along with rapidly rising commodity prices for both fuel and food, have markedly slowed growth of many revenue areas. When combined with the impact of increasing costs and a continuing responsibility to address the needs of a diverse and growing population, Pomona joins cities throughout the State in seeking innovative methods to resolve the growing gap between income and expenditures.

While FY 2008-09 heralds a number of fundamental changes essential to ensure sustainable services in a prudent manner, recent past practice has left Pomona in a healthier financial position than many local entities. That said, much remains to be done, and the following precepts will be maintained as staff works for the City, and in concert with the local community, to achieve a workable spending plan in line with City goals:

- The City will prioritize, plan, and implement to the greatest possible extent, programs designed to enhance the desirability of Pomona's neighborhoods.
- City staff will be given both the training and resources required to enable them to "cross department lines" and better assist citizens, property owners, investors, and each other.

- Staff will prepare agendas and recommendations to set forth policy decisions for the City Council reflecting short and long term business implications for the City of Pomona.
- Concerted efforts will be made to improve Pomona's image by articulating Pomona's strengths, beginning with internal staff, and growing to encompass organizations throughout the City.

On a personal note, this document represents my first budget as Pomona's City Manager. I am most willing to take responsibility for its implications, but to say it is my budget understates the massive and fruitful task of Finance Director Paula Chamberlain and her staff who brought the 2008-09 proposed budget forward in timely conformance with the Charter requirements. She and her staff deserve praise for their steadfast attention to the details that make the dollars make sense. I am most grateful to the citizens of Pomona who, through their elected representatives on the City Council, have entrusted me to "take the reins" during this unique period.

Respectfully submitted,

A handwritten signature in cursive script that reads "Linda Lowry". The signature is written in black ink and is positioned below the text "Respectfully submitted,".

Linda Lowry
City Manager