



05/13/2024

*The Honorable Mayor, Members of the City Council
and Residents of Pomona*

In accordance with Article X Sec 1003 of the City's Charter, we submit to you the Fiscal Year (FY) 2024-25 Proposed Citywide Budget and Budget Message. This proposed budget aligns with the City Council's priorities for public safety, customer service, fiscal responsibility, and transparency. It serves as a financial plan to sustain and enhance the quality of life for Pomona residents, businesses, and stakeholders.

Given the current economic climate, characterized by high inflation raising the cost of goods and services, rising energy and fuel prices, supply chain disruptions, the Federal Reserve's efforts to tame inflation through interest rate hikes, a potential increase in unemployment, and a slowdown in the housing market, it is crucial to exercise caution when estimating service and program costs, as well as the available resources to fund them. While revenues may have experienced growth in recent times, the recurring nature of economic conditions reminds us that a downturn may be looming. History has repeatedly demonstrated that revenue streams can fluctuate, underscoring the need for a balanced and reasonable approach to budgeting. Consequently, this proposed budget strikes a sensible balance between meeting the community's essential needs and maintaining fiscal sustainability.

As a commitment to provide ongoing youth programming, which is a defined priority for the community, this budget includes \$2M of General Fund appropriations for ongoing youth programming. This amount represents the third tranche of the annual contributions planned to continue for the next two fiscal years, with an eventual goal of providing a total of \$10M over a 5-year period (FY 2022-23 to FY 2026-27). Youth Commitment Funds will be utilized to expand youth programming, youth-focused community activities, youth employment opportunities, community partnerships that benefit youth, and mobile recreation Citywide. In addition, the funds will create more accessible spaces within the library for youth programs and events, increase the number of youth programs and events, increase book collection and other materials for youth, increase technology and other resources for youth, and expand outreach into other areas of the community to provide service to Pomona youth who may face barriers in accessing services at the library building.

A notable event impacting the overall budget was the passing of the City's Measure P in the March 2024 Primary Municipal Election. This measure maintained the City's Transactions Use Tax at 0.75% and removed the sunset date of April 2029, thereby averting a potential fiscal cliff. However, a new initiative, Pomona Kids First, will be presented to voters on the November 5, 2024 ballot, requiring an annual transfer (2% in year one with increases until the level is 10%) from the General Fund to a special fund dedicated to youth programming.



According to the U.S. Treasury, the American Rescue Plan (ARP) funds must be obligated by December 2024 and expended by December 2026. To ensure that none of the funds are returned, the city conducted a review of its ARP Expenditure Spending Plan. This review identified \$6.9M in available funds that the City may be unable to obligate by the December 2024 deadline. To fully utilize the ARP funds, the City's FY 2024-25 Proposed Budget includes a redistribution of \$6.9M of ARP funds that is discussed herein. Directly related is a General Fund supplemental budget request in the amount of \$175k that is included to fund Mental Health Professional services that would assist the HEART teams. Specific services, including the designated provider, are being researched currently.

The FY 2024-25 Proposed Citywide Budget provides an overview and detailed information for each of the City's Departments and describes the activities and programs included in the budget. It also incorporates the City's Capital Improvement Program (CIP) for the incoming budget year. As a result, the Proposed FY 2024-25 Proposed Citywide Budget with a General Fund surplus of \$40k, along with the other City funds, is presented herein.

CITYWIDE BUDGET HIGHLIGHTS

The FY 2024-25 Proposed Citywide Budget for expenditures is \$463M, and it is comprised of seven operating fund types, as shown in Table 1.

Total City Appropriations by Fund Type – Table 1

FUND TYPE	FY 2023-24	FY 2024-25
General Fund	\$167,091,042	\$161,247,429
Special Revenue Funds	122,019,734	76,739,833
Debt Service Funds	20,715,882	19,188,644
Capital Project Funds	42,767,115	28,173,160
Enterprise Funds	120,488,480	137,642,475
Internal Service Funds	10,218,021	10,606,747
Housing Authority Funds	26,176,074	29,351,866
Total	\$509,476,348	\$462,950,154

- While the Citywide budget reflects a significant decrease of \$47M, it is important to note this reduction is primarily attributable to budgetary allocations for initiating new CIP projects and the necessary re-appropriation of grant carryover balances.
- In late 2023, the City engaged in negotiations with all City bargaining units, resulting in a multi-year agreement on general salary increases. The agreed-upon terms stipulated a 7% salary increase effective October 2023, followed by subsequent increases of 4% effective October 2024, 4% effective October 2025, and 5% effective October 2026. The Proposed FY 2024-25 budget encompasses the second phase of this agreement, reflecting a 4% salary increase effective October 2024. This structured approach to salary adjustments demonstrates the City's commitment to maintaining a



competitive compensation structure while adhering to fiscal prudence and long-term sustainability.

- Effective in the Proposed Fiscal Year 2024-25 budget, the Technology Services Department is now considered the Innovation and Technology (IT) Department and this new department name is consistent with their Department Directors title, as well as the operations will assume the responsibility of budgeting for these expenses within the Information Technology fund. In prior years, individual Departments have been responsible for budgeting for their respective computer acquisitions and telecommunication costs. However, this new centralized approach will streamline the budgeting process and enable more efficient management of these IT-related expenses. By consolidating the budgeting for computer acquisitions and telecommunication costs under the IT department, the City aims to enhance coordination and ensure consistent standards. This change will improve budgetary control and facilitate better planning and decision-making regarding the City's IT infrastructure and resources. The IT department is well positioned to effectively manage these expenses, given its expertise in technology procurement, deployment, and support. This proactive measure will contribute to the City's efforts to optimize its IT operations and deliver better services.
- The FY 2024-25 Proposed Budget excludes vehicle purchases from the General Fund. This strategic decision aligns with the City's efforts to prepare for the upcoming State mandate to transition to electric vehicles, ensuring compliance and environmental stewardship. The City remains committed to maintaining a reliable and efficient fleet through our established Fiscal Policy of contributing towards the Equipment Replacement Reserve. This dedicated reserve currently holds a balance of \$1.8M, resulting from the original balance on the account, plus prior year contributions and the allocations included in the FY 2024-25 Proposed Budget. While the General Fund excludes vehicle purchases, the non-general funds contain allocations totaling \$1.17M for vehicle acquisitions and replacements. By proactively funding the Equipment Replacement Reserve and allocating funds in the non-general funds, we can systematically replace aging vehicles and equipment while simultaneously investing in the necessary infrastructure and electric vehicle technologies to meet the forthcoming State requirements.
- According to the U.S. Treasury, the American Rescue Plan (ARP) funds must be obligated by December 2024 and expended by December 2026. To ensure that none of the funds are returned, the City conducted a review of its ARP Expenditure Spending Plan with the ARP subcommittee in April 2024. This review identified \$6.9M in excess funds the City may be unable to obligate by the December 2024 deadline. To fully utilize the ARP funds, the City's Proposed FY 2024-25 Proposed Budget includes a redistribution of \$6.9M from the ARP. Details of the changes are explained below. The approval of a revised ARP Expenditures Spending Plan will be brought forward with the Adopted Budget in June 2024.



- The Homeless Engagement and Resources Team (HEART) initiative Team has been budgeted in the OATH (Officers Assisting the Homeless) Initiative Grant which was awarded by the State since FY 2018-19 to address homelessness. This grant was awarded in two 3-year allotments (6 years in total) which will end June 30, 2024. American Rescue Plan (ARP) funds are available and are an eligible use to fund this annual program in FY 2024-25 in the amount of \$2.8M.
- Also proposed is to amend the expenditure spending plan is to use the remaining \$4.1M of ARP funds available for the Capital Improvement Project - Civic Center Plaza – New Playground Amenities (#71063). This proposal was discussed and approved by the ARP Subcommittee in April 2024.
- Analysis on the budget variances from FY 2023-24 versus the Proposed Budget for FY 2024-25 are discussed in the next sections of the budget message.

KEY BUDGET ASSUMPTIONS

Key Assumptions for the FY 2024-25 Proposed General Fund Budget:

- Revenue estimates are based on data made available through various sources such as: the City's sales and property tax consultant, reports from various State and Federal agencies, the League of California Cities, US Department of Housing and Urban Development (HUD), Department of Finance, and the State Controller's Office, as well as the effect of current inflation to the cost of goods and services.
- Sales Tax is estimated to experience an overall growth of 3% or \$1.1M. Sales Tax Revenue is categorized into eight major industry groups; Building and Construction, State and County Pools, Business and Industry, Restaurants and Hotels, Fuel and Service Stations, General Consumer Goods, Food and Drugs, and Autos and Transportation. The strongest industry group for sales generators continues to be Building and Construction followed by the State and County Pools, which continue to be positively impacted by online shopping. The third strongest segment is the Business and Industry category.
- There is a projected increase of 2% or \$1.1M over the prior fiscal year in Property Taxes. The year-to-year increase is less than the recent previous years due to the value growth for 2023-24 being significantly lower than the amount of growth in 2022-23. This is due to a reduction in the number of homes sold and a reduction in the value added per single family residence home sold. Of the \$1.1M, \$861k is due to an estimated increase in Secured and Unsecured Property Tax revenues, which is a direct result of the increase in the sold properties assessed values. Residual RPTTF revenue is estimated to increase by \$100k.
- UUT revenues are estimated to increase by 1% in FY 2024-25 as this area has slowed down compared to the last few fiscal years which was a result of customers paying past due balances left remaining after receiving covid relief program funding.



- As we look ahead to Fiscal Year 2024-25, our City is poised to benefit from a favorable financial outlook, particularly in regards to our investment earnings. Through prudent financial management and strategic investment strategies, we anticipate our investment earnings to increase significantly from \$4M in FY 2023-24 to \$7M in the upcoming year. The FY 2024-25 Proposed Budget includes an allocation of \$2.5M in the General Fund, which will provide additional resources to support essential City services and operations funded through the General Fund. The remaining \$4.5M is allocated to other funds.
- The Cannabis Tax revenues are estimated to decrease by \$400k compared to FY 2023-24. All 4 of the licensed dispensaries are now open and are experiencing a more consistent taxable business stream.
- Included in this budget is \$2M of General Fund appropriations for the Youth Commitment as the third allotment of the annual contributions planned to continue in the following two fiscal years with an eventual goal to provide a total of \$10M over a 5-year period (FY 2022-23 to FY 2026-27) for youth programing and specifically to address programs to serve those ages 0-5.
- The Pomona Kids First Initiative will be placed on the November 2024 election ballot and if approved would require a defined increasing percentage of annual total unrestricted General Fund revenues to be transferred to new Children & Youth Fund in accordance with the following schedule:

FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
2% of last six months	5%	6%	7%	8%	9%	10%

This has not been factored into the FY 2024-25 Proposed Budget as election results will not be known until November 2024.

- All bargaining unit have agreed to 4-year contracts that extend through the fall of 2027. Respective increases and changes that have been agreed upon and impact the FY 2024-25 Proposed Budget are included herein. The next salary increase of 4% will be effective October 1, 2024.
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- The General Fund reflects a \$1.3M Vacancy factor (Same amount as in FY 2023-24) calculated to address the significant vacancies currently in the General Fund that are being recruited and addressed in an efficient matter.
- The POBs were issued in July 2020 to assist the City in addressing its CalPERS Unfunded Accrued Liability (UAL). Issuance of POBs has significantly restructured the City’s ongoing long-term pension obligations. The total savings realized is estimated at



\$95M. The FY 2024-25 Proposed Budget includes the annual payment of \$15M of which the General Fund portion is \$12.7M and the remaining \$2.4M is budgeted amongst non-general funds as the POBs are associated with all Departments Citywide.

- For the FY 2024-25, the City's Unfunded Accrued Liability (UAL) with CalPERS for both the Safety and Miscellaneous employee groups combined amounts to \$1.7M. The Proposed General Fund budget for FY 2024-25 allocates \$1.5M to cover the majority of this UAL obligation. The remaining \$170k UAL balance is funded through other City funds beyond the General Fund.
- One of the significant cost factors the City has to account for in its budget is liability insurance premiums. These premiums cover the City against potential legal liabilities arising from accidents, injuries, or damage caused by City operations or employees. According to the projections, the liability insurance premiums are estimated to increase by \$500k for the next year, as reflected on the FY 2024-25 Proposed Budget. This increase is not a one-time occurrence, as liability insurance premiums have been on an upward trend, continuously increasing over the years. Several factors contribute to this rise, including the increasing frequency of claims, the severity of incidents, and the overall costs associated with legal proceedings and settlements. This significant increase in liability insurance premiums impacts the overall budget and the allocation of costs across various City departments.
- On February 6, 2023, the City Council approved the Consolidated Financial Policies and Administrative Procedures which included policies to contribute amounts to respective areas to address the City's long-term obligations and needs. In this Proposed Budget, \$300k is included for a Catastrophic Events Reserve, \$500k for a Section 115 Pension Trust, \$200k for Equipment Replacement Reserve, and \$1.26M for CIP Projects funding, which is about ¾% of preliminary General Fund revenues. These Policies replaced the original Financial Policies adopted in 2011, which included the City of Pomona Sustainability Policy and General Fund Reserve Policy. On April 15, 2024, surplus funds from the year ending June 30, 2023, were appropriated into the Section 115 Pension Trust, Equipment Replacement Reserve, and CIP Project Budget to address future long terms needs. Staff will be bringing forward General Fund vehicle requests to use the Equipment Replacement Reserve funding available to the City Council during Fiscal Year 2024-25. In addition, staff will bring forward in June 2024 additional proposals to use the CIP funding that is available from the surplus funds.
- The Annual Budget includes allocated costs in several line items which are common to most of the City's Departments. These line-items include Information Systems, Workers' Compensation, Unemployment, Liability Administrative functions, and the maintenance and operation of the City's Fleet. In addition, costs are recovered for Administrative Support and Printing/Mail Services. These costs, which include both the actual service expense(s), as well as, related personnel expenditures, are recovered from those Departments making use of the respective service in proportion to the extent the provided services are used.



General Fund Revenues

The FY 2024-25 General Fund Revenues are estimated at \$161.3M. Overall, the estimates have increased 1% from last fiscal year. Following Table 2 is a brief discussion of each of these revenue sources.

General Fund Revenues by Category - Table 2

Revenue Category	FY 2023-24 Budget	FY 2023-24 Y/E Est.	FY 2024-25 Proposed	FY 2023-24 Budget vs. FY 2024-25	FY 2023-24 Y/E Est. vs. FY 2024-25
Property Taxes	\$ 50,110,000	\$ 50,199,621	\$ 51,235,000	\$ 1,125,000	\$ 1,035,379
Sales Tax	42,467,000	43,157,357	43,575,914	1,108,914	418,557
Utility Tax	21,777,000	21,776,508	21,989,686	212,686	213,178
Total - Big "3"	\$ 114,354,000	\$ 115,133,486	\$ 116,800,600	\$ 2,446,600	\$ 1,667,114
Other Taxes	21,518,800	21,905,000	21,304,800	(214,000)	(600,200)
Licenses, Permits, & Fees	12,090,400	11,964,257	11,430,700	(659,700)	(533,557)
Charges for Svc	4,525,642	3,805,092	3,727,477	(798,165)	(77,615)
Fines	2,494,524	2,022,100	2,016,524	(478,000)	(5,576)
Other Revenues	4,913,710	8,032,465	6,007,223	1,093,513	(2,025,242)
Total - All Sources	\$ 159,897,076	\$ 162,862,400	\$ 161,287,324	\$ 1,390,248	\$ (1,575,076)

Property Tax – There is a projected 2% increase over the prior fiscal year in property tax revenues. Property tax revenues are typically received from November through August with the annual tax roll information being distributed by the Assessor’s Office in July. This anticipated increase is based on value gained on all single-family residential sales through October (\$131.7 million). The value will be added to the 2024-25 tax rolls from sales in 2023 which will be 55.1% of the \$239 million added to the 2023-24 roll from single family residential sales in 2022. There was a total of 274 new and 255 dropped assessments that increased roll values by \$18 million. A total of 2,112 changed assessments added \$52.4 million.

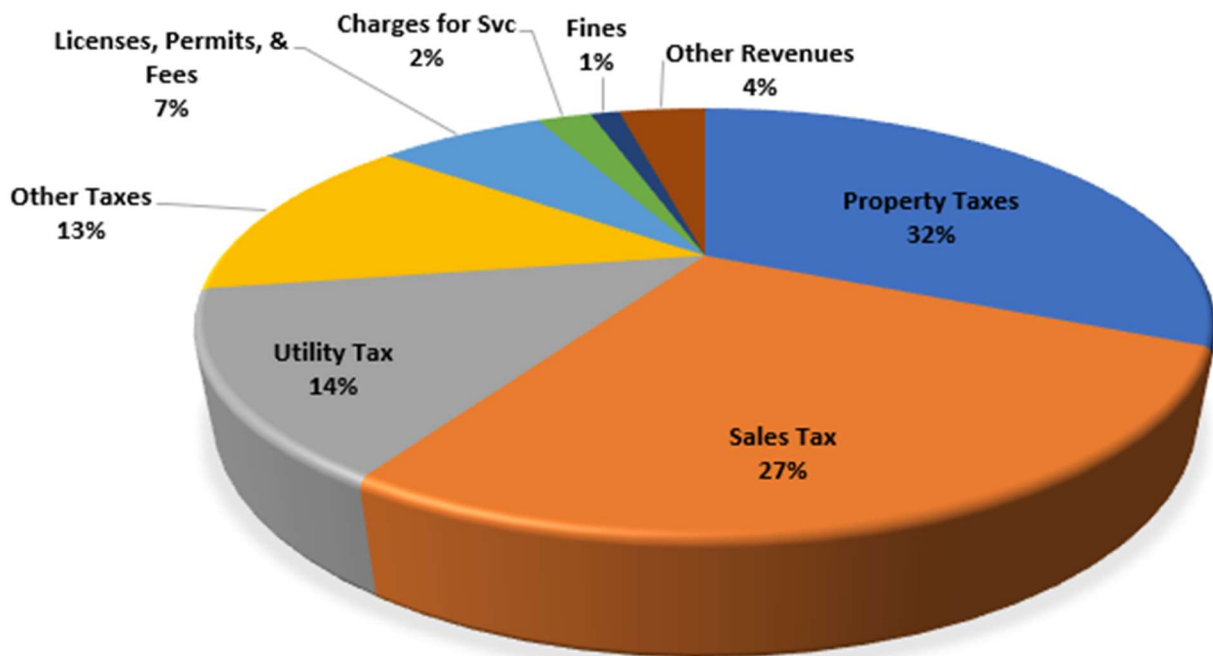
Sales Tax – Sales Tax is estimated to increase by 3% in FY 2024-25, which is 3% less than last year’s increase compared to the prior year. Per our consultant, retail sales across the country are expected to flatten out this year due to fears of a recession and the overall cost of goods. The 3% increase is primarily due to an increase in spending in the Building and Construction sector as well as continued online and marketplace purchases, which enlarge the county pool, which in turn increases the share received by the City. The Sales Tax category includes both the countywide base for Sales Tax as well as the Transactions and Use Tax at three quarters of one percent (0.75%).

Utility User Tax (UUT) – UUT revenues are estimated to increase by 1% in FY 2024-25. UUT for both Gas and Electric are experiencing an increase due to recent utility rate increases. Southern



California Edison implemented a 6.2% rate increase and SoCalGas implemented a 5% rate increase in January of 2024. The Water section is also increasing due to the annual CPI increase of rates by the City. Another increase is forecasted during the upcoming fiscal year.

Other Revenues – This category includes several revenue streams: Transient Occupancy Tax (TOT), other taxes, licenses, permits, fees, other miscellaneous revenue, transfers-in and other financing sources. Changes in this category from FY 2023-24 to FY 2024-25 are estimated to increase by 18% overall. The “Other Taxes” section of this category is expected to experience a \$1.7M decrease primarily due to the reduction in home sales affecting the property transfer tax. In addition, the “License, Permits and Fees” section will see Plan Checks fees reduced by \$900k, with an offset of an increase in building permits totaling \$600k. The “Fines” section will see a reduction because parking violations were reduced to \$483k. The “Other Revenue” section will increase due to investment earnings increase of \$1M. The overall increase in this overall category totals \$1.4M.



General Fund Expenditures

The General Fund is the City's largest fund and represents approximately 35% of the City's 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, Finance, and Human Resources.

The General Fund appropriations show a \$5.8M decrease, primarily due to the exclusion of vehicle purchases in the current fiscal year's budget. This strategic decision aligns with the City's proactive efforts to prepare for the upcoming State mandate to transition to electric vehicles, ensuring compliance and environmental stewardship.



Another contributing factor to the decrease in appropriation is last year's budget, which included an initial \$1.5 M contribution to the Section 115 Pension Trust to underscore the City's dedication to addressing long-term pension obligations. Additional contributions to the Section 115 Trust (\$2.2M), Equipment Replacement Reserves (\$1.1M), and the CIP (\$1.1M) were also included last fiscal year. These additional contributions, utilizing the FY 2022-23 General Fund Unassigned fund balance approved by the City Council in April 2024, were made possible by implementing the Updated Fiscal Policy.

Table 3 and Table 4 show details of the \$5.8M decrease by Department and Category.

The Police Department's proposed budget increased by \$1.6M. The increase in budget can be attributed to three primary factors. Firstly, it accounts for the agreed-upon 4% salary increase for police personnel effective October 2024. Additionally, the increase is further driven by the allocation for Information Technology (IT). The City has changed how it budgets for IT-related expenses, specifically for computer-related acquisitions and telephone/cell phone expenses. In prior years, individual departments were responsible for budgeting for these expenses within their respective budgets. However, starting in FY 2024-25, the IT Department has assumed the centralized responsibility of budgeting for these IT-related expenses. Lastly, the department cover the majority of the UAL obligations.

Based on estimates provided by the Los Angeles County Fire District, the cost of services is budgeted to decrease by \$405k from the prior fiscal year. There are significant shifts in costs between FY 2023-24 and FY 2024-25 based on new estimates from Los Angeles County Fire District. Using the Preliminary budget as the starting point, the contract decreased \$1.4M as the contract was anticipated to increase, but the increase was minimal, shifting this preliminary appropriation significantly.

The Public Works Department's budget reflects an overall net increase of \$31k. While the personnel budget saw a substantial increase of \$300k, this was offset by the absence of vehicle appropriations from the prior year's budget. The decrease in vehicle appropriations is a deliberate decision that aligns with the City's proactive efforts to prepare for the upcoming mandate to transition to electric vehicles. The Department is requesting the following positions in FY 2024-25: (1) Facilities Custodian (City Hall and Library Facilities), (1) Senior Civil Engineer, and reclassification of Solid Waste Supervisor to Management Analyst.

The net decrease of \$1.1M to the CIP budget is attributed to the prior year's additional contribution from FY 2022-23 Unassigned Fund Balance. These additional contributions were made possible by the implementation of the Updated Fiscal Policy and the approval of the City Council to utilize the previous year's surplus.

The Development Services Department budget reflects a net increase of \$447k. There is an increase of \$586k attributed to staffing due to the recent addition of the Development Services Director and the Deputy Development Services Director. These positions were partially budgeted in the prior fiscal year. In the FY 2024-25 Proposed budget, the positions are budgeted for the entire fiscal year. These increases are partially offset by the decrease in appropriation for



supplemental vehicle request from the prior fiscal year. The Department also requests a 1.00 FTE Senior Planner as a senior level planning subject matter expert to handle land use, urban design, and permit processing items.

The General Government group of Departments, consisting of the City Administration, City Clerk, Finance, and Human Resources, decreased by \$513k. The overall decrease is mostly due to the prior year's City Manager contract closeout offset by a \$70k increase in the supplemental request from the Finance Department for (1) Customer Service Specialist.

The General Services budget reflects a significant decrease of \$5.2M compared to the previous fiscal year. This reduction can be primarily attributed to several financial decisions made by the City. Firstly, while the previous year's budget included an initial deposit of \$1.5M towards the Section 115 Pension Trust, the current year's allocation is \$500k. Additionally, last fiscal year saw one-time additional contributions of \$2.2M to the Section 115 Trust, \$1.1M to the Equipment Replacement Reserves, and \$1.1M to the CIP. Furthermore, the General Services budget incorporates a vacancy factor, resulting in a net reduction of \$1.3M. This measure accounts for potential hiring gaps and ensures that the budget accurately reflects the City's staffing levels during the recruitment process for vacant positions.

The Neighborhood Services budget shows a decrease of \$323k compared to the previous fiscal year. This reduction can be attributed to a one-time retirement payout in the prior year and adjustments in allocated costs for the POB and IT services. The allocated costs associated with the POB and IT services, which were previously borne by the Neighborhood Services budget, have been realigned. These costs are now appropriately charged to the respective grants where the employees' salaries are funded.

The Community Services Department's Proposed Budget incorporates \$1.5M in Youth Commitment Funds. This allocation represents the third installment of the annual contributions planned to continue over the next two fiscal years. The ultimate goal is to provide a total of \$10 M to the Community Services Department and the Library Department throughout a five-year period spanning from FY 2022-23 to FY 2026-27. These Youth Commitment Funds will be utilized to expand and enhance various youth-focused initiatives across the City. This includes increasing youth programming, organizing community activities tailored for young individuals, creating youth employment opportunities, fostering community partnerships that benefit youth, and establishing mobile recreation services citywide. Despite the inclusion of the \$1.5M Youth Commitment Funds, the Community Services Department's overall Proposed Budget reflects a net decrease of \$182k compared to the previous year's budget. This reduction can be attributed to the prior year's budget included carryovers from unspent Youth Commitment Funds and Capital Improvement Program (CIP) transfers for projects such as the Community Center & Swimming Pool Upgrade and Park Improvements – Sport Court Resurfacing. In addition, the decrease is partially offset by a supplemental request for an additional Facilities Custodian position within the department. Unused Youth Commitment Funds will be brought forward to the City Council during FY 2024-25 to carryover.



The Library Department's Proposed Budget incorporates \$500k in Youth Commitment funds. This allocation represents the third installment of the annual contributions planned to continue over the next two fiscal years. The ultimate goal is to provide a total of \$10M to the Community Services Department and the Library Department throughout a five-year period spanning from FY 2022-23 to FY 2026-27. The funds will create more accessible spaces within the library for youth programs and events, increase the number of youth programs and events, increase book collection and other materials for youth, increase technology and other resources for youth, and expand outreach into other areas of the community to provide service to Pomona youth who may face barriers in accessing services at the building. The Proposed Budget reflects a decrease of \$248k compared to the previous fiscal year. One contributing factor to the decrease is the absence of a carryover from the prior year's unused Youth Commitment funds. Additionally, the Library Department has taken an approach to realigning its utility budget to align with the prior year's actual expenditures to achieve a more realistic budget figure.

Table 3 illustrates the Proposed FY 2024-25 General Fund Budget broken down by Departments and compared to the previous year. Table 4 recaps and explains the budget category differences presented in Table 3.

General Fund Expenditures By Department – Table 3

General Fund Expenditures	FY 2023-24 Budget	FY 2024-25 Proposed	Variance
Police	\$ 78,660,267	\$ 80,311,635	\$ 1,651,368
Fire	37,034,038	36,629,479	(404,559)
Public Works	13,606,728	13,637,728	31,000
CIP	2,319,315	1,246,500	(1,072,815)
Development Services	7,254,304	7,701,468	447,164
General Government	7,662,575	7,149,579	(512,996)
General Services	9,962,512	4,732,401	(5,230,111)
Neighborhood Services	968,777	646,072	(322,705)
Community Services	7,202,684	7,021,053	(181,631)
Library	2,419,842	2,171,514	(248,328)
Total	\$ 167,091,042	\$ 161,247,429	\$ (5,843,613)



Expenditures By Category – Table 4

Personnel	\$4,327,021	The \$4.3M increase relates to several factors including \$4.6M full time salary and benefit increases. This includes increases to the Unfunded Accrued Liability (UAL) of \$1.6M, \$2.3M for MOU contract increases, and full time costs with positions added after July 1, 2023. Also included is \$170k related to hourly decreases mainly due to restoration and the addition of hourly staff at the Community Centers. In addition a request totaling \$586k in the General Fund for the addition of 4.00 FTE that are 100% General Funded and 3.00 FTE that are partially funded by the General Fund. A \$1.3M Vacancy Factor is also factored in as the filling of vacancies and new positions will realize some savings, which is the same amount budgeted last fiscal year. The Retirement/Termination payout budget decreased \$535k due to many long time tenured employees departing from the City in FY 2023-24 and overtime for police increased \$100k.
Controllable Exp	(4,789,175)	The controllable expenses reduction is related to the decrease in the recent additional appropriations per the Consolidated Financial Polices of amounts of \$3.2M for the 115 Pension Trust which totaled \$3.8M with the April 2024 appropriation of \$3.5M, and the reduction of \$1.1M from the Department expense line as the budget within the Youth Commitment division has been allocated in FY 2024-25 to various personnel, programs and contracts. With the decentralization to utilize our Innovation technology internal service fund for centralized purchase, you will see a reduction in computer related acquisitions less \$200k.
Required Exp	(211,532)	There was a decrease of \$400k for fire services provided by the LA County Fire District. With increases to the City's dumping fee of \$65k for refuse services provided by the contractor and \$150k increase in the City's Humane Society Contract.
Utilities	(309,055)	The decrease represents decreases in electricity, telephone and gas.
Allocated Costs	1,289,917	\$1.3M increase will be for the internal service funds allocations that increase nominally each fiscal year to support all Departments citywide. This years overall increase includes \$454k for fleet operations, the \$742k increase to Liability claims and administration of which continue to rise due to the increased number of claims which results in higher premiums. The Information Technology allocation increase of \$736k is due to 1.00 new position added to the IT budget to align the Department with the many IT support needs of the City, as well as all funds reducing their computer and telephone budgets to now be part of this citywide allocation to provide centralized services.
Recovered Costs	(52,952)	The \$53k change is a result of the CPI adjustment for the Cost Overhead Allocation as well as new methodology per an analysis provided by a hired consultant to better capture these costs.
Capital	(2,642,298)	This decrease is related to \$632k (Find detail on page 18 of the Financial Summaries section) in requested supplemental purchases of automobiles, trucks, and equipment. The decrease is in comparison to items approved in FY 2023-24 totaling \$3.4M. No General Fund vehicle requests are included at this time, as the Equipment Replacement Fund that will have a \$1.8M balance after July 1, 2024 will be utilized to revisit Department vehicle requests.
Transfers Out	(3,455,539)	Transfers to CIP will be lower in FY 2024-25 in an amount of \$3.5M. The net decrease of \$2.4M to the CIP budget is attributed mainly to a decrease of \$2.4M of a one-time receipt of revenues in FY 2023-24 from the previous fiscal year surplus as stated in the Consolidated Financial Polices. Also related to these policies is the surplus contribution to the Equipment Replacement Fund that is \$1M lower than the amount budgeted in total in FY 2023-24.
TOTAL CHANGE	(\$5,843,613)	



GENERAL FUND PRELIMINARY vs. PROPOSED FY 2024-25

The FY 2024-25 General Fund budget process began with a Preliminary \$4.9M deficit when presented to the City Council on March 25, 2024 and again on April 3, 2024. Since then, additional revenues totaling \$914k were identified for Sales Tax increases \$714k and Business License \$308k, as well as a reduction in Parking Violations. From an appropriation standpoint, expenditures are budgeted to decrease \$4.1M since the preliminary update. Personnel changes netted a decrease of \$3.3M because of staffing for the HEART team redistributed to the ARP fund; Personnel requests total \$586k in the General Fund for the addition of 4.00 FTE that are 100% General Funded and 3.00 FTE that are partially funded by the General Fund, and 2.00 FTEs are proposed for reclassification, one within the General Fund, and the other with combined funding. Details of these position requests can be found on page 20. A vacancy factor for anticipated hiring overlaps is also budgeted at \$1.3M. Retirement/Termination Payout was also reduced in the amount of \$473k. The categories of “Recovered Costs” and “Controllable Expenses” had modest increases related to routine updates. “Required Expenses” decreased \$1.4M as the Fire Contract with Los Angeles County was anticipated to increase, but due to a lowered contract amount for the current fiscal year, the increase was minimal, shifting this preliminary appropriation significantly. The Capital Expenditures line-item increase of \$632k is for supplemental items requested (Detailed on page 16). Transfers to other Funds increased \$246k due to a reclassification of CIP transfers to projects. With these changes, the FY 2024-25 General Fund Budget presented now reflects a surplus of \$40k. Table 5 below reflects the FY 2024-25 Preliminary Budget starting point and how it stands today.

FY 2024-25 Preliminary Budget vs. Proposed Budget - Table 5

	2024-25 PRELIMINARY	2024-25 PROPOSED	
By Category	BUDGET	BUDGET	Difference
All Property Taxes	\$51,235,000	\$51,235,000	\$0
All Sales & Use Tax	\$42,861,818	\$43,575,914	714,096
All Utility Tax	\$21,989,686	\$21,989,686	0
All Other Taxes	\$20,997,300	\$21,304,800	307,500
All Other Sources	\$23,289,186	\$23,181,924	(107,262)
Total Revenue	\$160,372,990	\$161,287,324	\$914,334
By Category	2024-25 PRELIMINARY BUDGET	2024-25 PROPOSED BUDGET	Difference
Personnel	\$75,459,427	\$72,121,138	(\$3,338,289)
Controllable Expenses	\$15,851,760	\$15,862,398	10,638
Required Expenses	\$42,544,666	\$41,136,568	(1,408,098)
Allocation and Utilities	\$27,566,944	\$27,309,032	(257,912)
Recovered Costs	(\$1,816,028)	(\$1,807,570)	8,458
Capital	\$0	\$632,000	632,000
Transfers to Other Funds	\$5,747,363	\$5,993,863	246,500
Total Expense	\$165,354,132	\$161,247,429	(\$4,106,703)
Projected Deficit/Surplus (FY 2024-25)	(\$4,981,142)	\$39,895	



FUND BALANCE

In a proactive move to strengthen the City's financial foundations, staff collaborated with the City's financial advisor, Urban Futures, Inc. (UFI), to develop an updated Consolidated Fiscal Policies and Administrative Procedures. These updated policies were adopted by City Council action on February 6, 2023, with the purpose of establishing comprehensive guidelines for the City's overall fiscal planning and management.

The consolidated policy document is structured to develop principles that guide the City's financial administration. It encompasses crucial areas such as Fund Balances, Reserves & Surplus, Pension and Other Post-Employment Benefit (OPEB) Funding, Budget Adoption and Administration, Fiscal Sustainability Plan Elements, Capital Improvement, Debt Management, Investments, and Economic Development. Any amendments to these City Council Policies will require Council approval.

One of the critical components was updating the General Fund Economic Reserve (Fund Balance Policy) to 22% of operating expenses, with a long-term goal of increasing it to 25%. The previous policy goal was 17%. This reserve policy is essential to ensure the City can access financial resources during economic downturns, revenue disruptions, unexpected debt service obligations, or other unforeseen events impacting cash flows.

While the FY 2023-24 year-end estimate projects a reduction of \$1.8M from the fund balance on June 30, 2024, and FY 2024-25 shows a modest increase of \$40k on June 30, 2025, it is crucial to note the City's proactive measures. In the previous fiscal year, FY 2022-23, operations resulted in a surplus of \$13.2M, which increased the City's fund balance. In April 2024, a strategic decision was made to utilize \$4.4M of the \$13.2M surplus from FY 2022-23 for long-term financial investments. These investments included additional contributions to the Section 115 Trust (\$2.2M), Equipment Replacement Reserves (\$1.1M), and the CIP (\$1.1M). These proactive contributions were made possible by the implementation of the Updated Fiscal Policy and City Council's approval to utilize the previous year's surplus.

While the projected \$1.8M deficit for FY 2023-24 is larger in the short term, it is not due to current expenses exceeding revenues but rather the intentional utilization of the FY 2022-23 surplus for strategic investments. Had these proactive measures not been taken, the City would have reflected a surplus of \$2.6M in the General Fund for the current fiscal year.

As a result of implementing the Fiscal Policy, the City has made strategic contributions to various funding strategies to strengthen its financial position. These contributions span multiple fiscal years and utilize General Fund Unassigned Fund Balances from prior years. Firstly, a total of \$4.2M has been contributed to the Section 115 Pension Trust, with \$1.5M from FY 2023-24, \$500,000 from the Proposed FY 2024-25, and \$2.2M from the unassigned fund balance of FY 2022-23. Secondly, to prepare for potential catastrophic events, the City has allocated \$600,000, with \$300,000 contributed from FY 2023-24 and an additional \$300k from the Proposed FY 2024-25. Thirdly, recognizing the importance of maintaining and replacing essential equipment, the City has invested \$1.5M in the Equipment Replacement fund. This includes \$200k from FY 2023-24, \$200k from the Proposed FY 2024-25, and \$1.1M from the unassigned fund balance of FY 2022-23. Finally, to address capital improvement needs, the City has allocated \$3.69M for the Capital Improvement Program (CIP). This funding comprises \$1.34M from FY 2023-24, \$1.25M from the



Proposed FY 2024-25, and \$1.1M from the unassigned fund balance of FY 2022-23. Through these strategic contributions, the City has demonstrated its commitment to long-term financial sustainability, addressing critical infrastructure needs, and ensuring the availability of funds for unforeseen events and future obligations.

Fund Balance History – Table 6

	FY 2022-23	Est FY 2023-24	Est FY 2024-25
Fund Balance	\$62,959,951	61,199,990	\$61,239,885
Change in Fund Balance	N/A	(1,759,961)	\$39,895
Expenditures	\$133,377,376	\$155,172,959	\$155,253,566
Transfers	\$10,754,494	\$9,449,402	\$5,993,863
Total	\$144,131,870	\$164,622,361	\$161,247,429
Percentage	43.7%	37.2%	38.0%
Policy Goal	22.0%	23.0%	24.0%
Difference	21.7%	14.2%	14.0%

SUPPLEMENTAL REQUESTS

General Fund Supplemental Budget Items

Each year, the budget includes supplemental budget recommendations for staffing, services, and equipment requests. Personnel requests total \$586k in the General Fund for the addition of 4.00 FTE that are 100% General Funded and 3.00 FTE that are partially funded by the General Fund, and 2.00 FTEs that are proposed for reclassification, one within the General Fund, and the other with both General Fund and Non-General Fund appropriations. Details of these positions can be found on page 20 herein. The FY 2024-25 Proposed General Fund Requests for Operations and Vehicles total \$850k and are reflected in Table 6A. In total, the FY 2024-25 Proposed General Fund Budget contains \$1.4M in total supplemental appropriations.



General Fund Supplemental Requests – Table 6A

Fund / Department / Expenditure Description		Cost
General Fund		
Community Services	Video server replacement (13 locations)	\$ 105,000
Community Services	Surveillance Camera replacements (13 locations)	\$ 195,000
Police	Aero Engine Overhaul & Gear box	\$ 152,000
Police	SAN Server	\$ 180,000
Police	Mental Health Professional - HEART Team	\$ 175,000
Public Works	Increase janitorial service at Police Department	\$ 27,500
Public Works	Added medians, parkways & elevt areas maintenance to Landscape Contract	\$ 15,000
Total General Fund		\$ 849,500

Non- General Fund Supplemental Budget Items

Each year, the budget includes supplemental budget recommendations for staffing, service, and equipment requests. As covered herein, the FY 2024-25 staffing requests total \$707k for the addition of 4.00 FTEs that are 100% funded by Non-General Funds and 4.00 FTEs that are partially funded by Non-General Funds, and 1.00 FTE that is proposed for reclassification. The FY 2024-25 Proposed Non-General Fund Requests for Operations and Vehicles total \$1.2M and are reflected in the table below. The FY 2024-25 Proposed Non-General Fund Budget contains \$1.9M in supplemental appropriations.

Non-General Fund Supplemental Requests – Table 6B

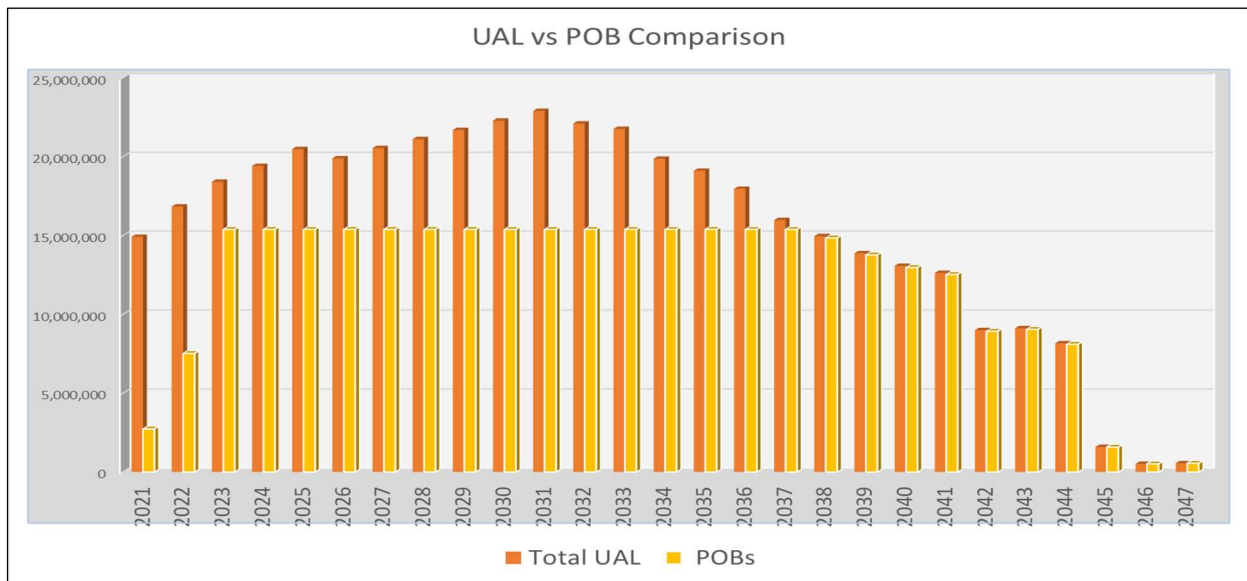
Fund / Department / Expenditure Description		Cost
State Gas Tax - RMRA		
Public Works	Added medians, parkways & elevt areas maintenance to Landscape Contract	\$ 15,000
Total State Gas Tax (RMRA) Fund		\$ 15,000
Water Fund		
Water Resources	Increase janitorial service at Water Yard Building	\$ 27,500
Water Resources	F250 Utility Truck with Crane	\$ 130,000
Water Resources	F350 Gate Valve Truck	\$ 160,000
Water Resources	F550 Utility Truck with Crane	\$ 198,000
Water Resources	F150 Lightning	\$ 66,000
Water Resources	Ford Maverick Truck	\$ 40,000
Water Resources	Ford Maverick Truck	\$ 40,000
Water Resources	Skid Steer Loader w/Excavator	\$ 110,000
Water Resources	F250 Utility Truck with Crane	\$ 130,000
Total Water Fund		\$ 901,500
Sewer Fund		
Water Resources	F150 Lightning	\$ 66,000
Water Resources	F150 Lightning	\$ 66,000
Water Resources	F250 Utility Truck	\$ 61,872
Water Resources	Trailer Mounted Jetter	\$ 104,000
Total Sewer Fund		\$ 297,872
TOTAL - All Requests		\$ 1,214,372



Unfunded Accrued Liability (UAL) vs. Pension Obligation Bond (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 the California Public Employees’ Retirement System (“CalPERS”). The amount authorized at that time was the City’s current liability of \$220M. A strategy was developed to exclude principal payments to FY 2020-21 and FY 2021-22 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 has significantly restructured the City’s ongoing long-term pension obligations. The total savings realized is estimated at \$95M over the next 27 fiscal years.

UAL vs POB Comparison Table Fund Supplemental Requests – Table 6C



OTHER FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for revenues derived from specific sources, which are required by law or financial best practices to be accounted for in separate funds. The most common Special Revenue Funds are grant funds and special taxes, such as Gas Tax, Propositions A and C, Measure R, AQMD, Maintenance Assessment Districts, Vehicle Parking Districts (VPD), and Fairplex Mitigation Funds.

According to the U.S. Treasury, the American Rescue Plan (ARP) funds must be obligated by December 2024. To ensure that none of the funds are returned, the City conducted a review of its ARP Spending Plan. This review identified \$6.9M in excess funds that the City may be unable to obligate by the December 2024 deadline. To fully utilize the ARP funds, the City’s proposed FY 2024-25 Special Revenue budget includes a strategic redistribution of the \$6.9M excess ARP funds. Of this amount, \$2.8M is allocated towards the vital Homeless Engagement and Resources Team (HEART) initiative, while the remaining funds are designated for the Civic Center Plaza CIP project.



The proposed budget for the Special Revenue Fund includes an allocation of \$2.8M to continue the HEART initiative beyond June 2024, when the initial State grant funding ends. Proactively utilizing available ARP funds will allow this program to operate until June 2026, ensuring uninterrupted services for the vulnerable homeless population. The HEART funding will enable ongoing annual training for police officers, focusing on effective interaction and engagement with homeless individuals. Additionally, it will support dedicated full-time homeless liaison officer positions, essential equipment, and critical mental health clinician roles. This comprehensive approach demonstrates the City's commitment to addressing homelessness with a compassionate strategy.

By reallocating the \$6.9M in excess ARP funds, with \$2.8M allocated to the HEART team and the remaining funds designated for the Civic Center Plaza project, the City aims to obligate the entirety of the American Rescue Plan funds before the December 2024 deadline set by the U.S. Treasury. This strategic reallocation will avoid the need to return any unspent ARP funds, while simultaneously supporting vital initiatives to address homelessness and enhance public spaces within the City.

The reduction of \$45.3 million in the Special Revenue Fund is for the prior year budgets to initiate CIP projects. Additionally, the Special Revenue Funds account for funding from various grants, some of which may have unspent balances at the end of the fiscal year. These grant carryover balances will be re-appropriated in FY 2025.

Debt Service Funds

Debt Service Funds decreased by \$1.5M. In the FY 2024-25 Proposed Budget, a portion of the Series BJ debt service payments (principal and interest) has been allocated across various funds, including the Enterprise Fund and Internal Service Funds. This allocation represents a change from the previous fiscal year's budget, in which all debt service payments were paid directly from the Debt Service Funds. This change ensures consistency with the Annual Comprehensive Financial Report (ACFR). Allocation of the costs associated with the payment of the POB remains the same as in prior budget years.

Capital Project Funds

The Capital Project Fund is reporting a \$14.6M decrease in appropriations. This decrease is attributed to new CIP projects created last fiscal year, such as the Pomona Multi-Neighborhood Pedestrian and Bike Program, the Renovation of La Casita Teen Center, and Street Improvement and Walking Trail Rehabilitation

Enterprise Funds

The Enterprise Funds account for operations that are financed and operated similarly to private business enterprises. The City of Pomona has four enterprise funds: Water, Sewer, and Pomona Choice Energy Authority. There is also the Refuse Fund which is an inactive fund. The Enterprise Fund experienced an increase of \$17.1M in the FY 2024-25 Proposed budget compared to FY 2023-24. This increase can be attributed to several factors: a \$2.5M allocation for the Series BJ debt service payment. Previously, debt service payments were budgeted in the Debt Service Fund. However, starting in FY 2024-25, these payments will be budgeted in the fund where the actual



allocations originate, an additional \$1.3M for Pump/Plant Maintenance and repairs, \$1.9M increase in power procurement costs for the Pomona Choice Energy Authority, and various CIP budgets for projects, including Electric Improvement & Upgrade – Phase 1, Water Resources Building Site Improvement & Upgrade, and Water Facilities Site Improvement and Upgrade.

Internal Service Funds

Internal Service Funds include Self-Insurance Services, Equipment Maintenance, Information Technology, Pension Obligation Bonds, and Printing/Mail Services. The Self-Insurance Fund, which includes General Liability, Workers' Compensation, and Unemployment, allocates its expenditures to Departments within the City. The allocation is based on each Department's number of employees and its actual claims experience. Insurance premiums for workers' compensation and liability insurance are forecasted to have an increase in FY 2024-25.

The IT Fund and Printing/Mail Services Fund provide services to Departments throughout the City. These funds' expenditures are allocated to Departments based on their usage or number of employees. These Funds receive 'recovered costs' funding rather than revenues.

Fiscal Year 2024-25 appropriations for Internal Service Funds increased slightly this year by \$389k. The City is proactively implementing a change in how it budgets for Information and Technology (IT) related expenses, specifically for computer-related acquisitions and telephone/cell phone expenses. Effective in the upcoming fiscal year 2024-25, the IT department has assumed the responsibility of budgeting for these expenses within the IT fund. In prior years, individual departments have been responsible for budgeting for their respective computer and telecommunication costs. However, this new centralized approach will streamline the budgeting process and enable more efficient management of these IT-related expenses. By consolidating the budgeting for computer acquisitions and telecommunication costs under the IT department, the City aims to enhance coordination and ensure consistent standards. This change will improve budgetary control and facilitate better planning and decision-making regarding the City's IT infrastructure and resources. The IT department is well-positioned to effectively manage these expenses, given its expertise in technology procurement, deployment, and support. This proactive measure will contribute to the City's efforts to optimize its IT operations and deliver better services.

Housing Authority

The Housing Authority reflects an increase in Fiscal Year 2024-25 appropriations of \$3.2M. This is due to the major rehab of a Housing property located at 252 E. 4th Street.

Successor Agency

With the passage of AB1X-26, the Redevelopment Agency (RDA), which was established in 1966, was abolished. In accordance with provisions of the legislation, the City assumed the role of Successor Agency to oversee the dissolution of the Agency and its assets. In compliance with the legislation, an Oversight Board was established to approve the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget. In 2018, local Oversight Boards were eliminated, and Countywide Consolidated Oversight Boards were created. Pomona is part of the First District Oversight Board. The ROPS is annually submitted to the State Department of Finance to approve



funding of qualified Agency obligations. The FY 2024-25 ROPS was approved for \$12.7M and includes an administrative allowance of \$277k.

STAFFING ALL FUNDS

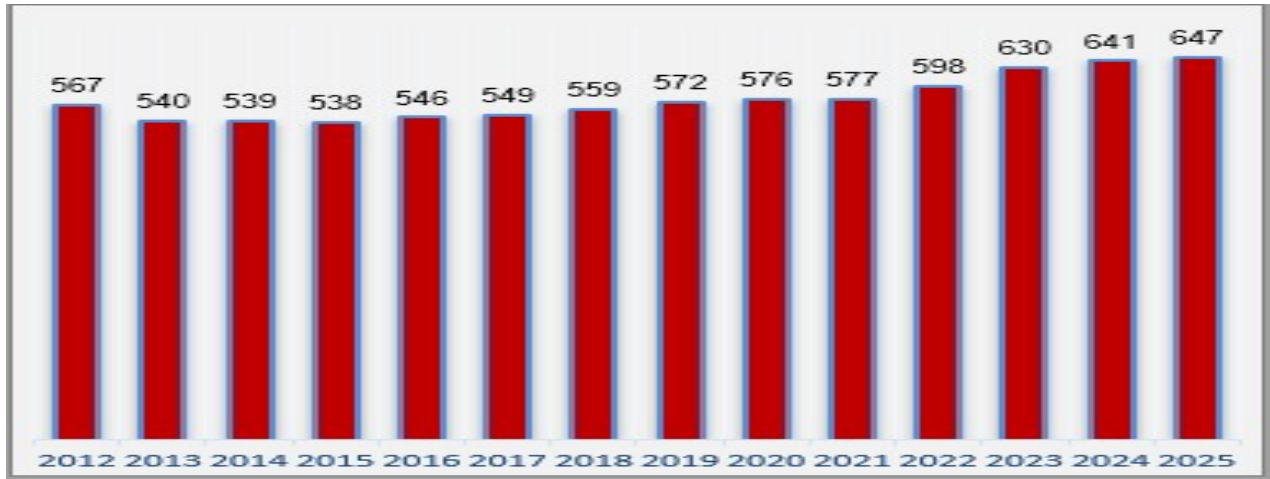
Staffing cost for the FY 2024-25 Budget is calculated using the current approved labor contract provisions, increases in the City’s retirement contribution rates (PERS), step increases for staff, overtime, and hourly staff. Personnel history and funding allocations by Department are shown in the Authorized Staffing section of this document and include the proposed authorized staffing level of 646.55 full-time equivalent (FTE) positions. In addition to these FTE positions, many Departments utilize part-time hourly employees to provide services to the community. As reflected in Table 7A, there are increases in the number of FTEs and reclassifications of positions. The requested FTE changes are for the FY 2024-25 Proposed Budget. In total there are 11.00 FTEs requested for addition and 2.00 FTE requested for reclassification. There are also 5.00 FTEs that will be eliminated. The total requested personnel cost changes include \$708k for the General Fund and \$707k for various Non-General Funds. Table 7B provides a historical view of the FTE changes over the last 14 fiscal years. There are 9.00 authorized FTEs that are un-funded in FY 2024-25 Budget.

Historical FTE Staffing Levels – Table 7A

23-24 Authorized Staffing	640.55	Amended Staffing Levels at 04-27-24
24-25 Proposed Staffing		
City Treasurer	(1.00)	Delete City Treasurer
Community Services	1.00	Add One Facilities Custodian
Community Services	1.00	Add One Recreation Coordinator - Special Events
Development Services	1.00	Add One Senior Planner
Finance	1.00	Add One Customer Service Specialist I
Finance	-	Reclassify Accounting Manager to Payroll Supervisor
Human Resources	1.00	Add One Risk Management Claims Analyst
Innovation and Technology	1.00	Add One Senior Information Technology Manager
Neighborhood Services	(2.00)	Delete Two Housing Inspectors
Police	(2.00)	Delete Two Police Officers (CalVIP Grant)
Public Works	1.00	Add One Facilities Custodian (City Hall and Library Facilities)
Public Works	-	Reclassify Solid Waste Supervisor to Management Analyst
Public Works	1.00	Add One Senior Civil Engineer
Water Resources	1.00	Add One Senior Water Resources Engineer
Water Resources	1.00	Add One Water Utility Crew Leader
Water Resources	1.00	Add One Water Utility Worker I
24-25 Proposed Staffing	646.55	



Historical FTE Staffing Levels – Table 7B



CAPITAL IMPROVEMENT PROGRAM (CIP)

CIP projects include building, upgrading, or replacing City infrastructure such as residential and arterial streets, bridges, traffic signals, storm drain systems, parks, and public facilities. The separate five-year CIP document addresses, in greater detail, specific projects to be undertaken both short and long term. The capital plan includes a total of 202 projects, totaling approximately \$605.3M, of which nearly \$289.2M is funded. The \$289.2 M will be funded from prior year appropriations totaling \$253.7M of which approximately \$140.7M remains unspent, and approximately \$35.5M of proposed new funding. The approved prior funding for projects within this document reflects City Council approvals through April 15, 2024. This information is detailed in Table 8 below.

FY 2024-25 CIP Overview– Table 8

<i>Category</i>	Estimated Prior Year Expenses	Estimated Prior Year Carryover	Proposed 2024-25	Pending 2024-25	Following Four Years+	Total Projects in CIP Plan
Streets	40,147,278	58,104,740	8,177,225	1,548,000	193,687,080	301,664,323
Traffic	2,228,087	8,325,793	2,607,990	363,587	50,887,227	64,412,684
Parks & Facilities	56,991,725	49,952,340	14,040,376	195,910	54,664,440	175,844,791
Water	1,314,669	11,315,803	8,100,000	-	-	20,730,472
Sewer	4,603,222	1,494,567	400,000	-	354,986	6,852,775
Storm Drains	1,311,697	8,342,736	2,088,820	-	14,394,867	26,138,120
Miscellaneous	6,336,643	3,207,719	100,000	-	-	9,644,362
Total	112,933,321	140,743,698	35,514,411	2,107,497	313,988,600	605,287,527



Noteworthy CIP projects for FY 2023-24 – Table 9

CIP Highlights of 2023-24	TOTAL COST TO DATE \$78,528,094
Bridge Rehabilitation Program - Phase 3	Construction Complete
Civic Center Plaza - New Playground & Amenities	DESIGN 25% Complete
Downtown Parking Structures	Publication of RFP 2024-14 for Bridging Architectural Design Services
Emergency Shelter Annex (Parking Lot)/ Water Utility Access	Project is nearly complete and expected to wrap up early 24-25.
Holt Avenue Corridor Improvements	50% Construction Complete
Holt Avenue (West) Reconstruction	DESIGN 50% Complete
Holt Avenue (East) Reconstruction	DESIGN 50% Complete
Hydration Stations Upgrades	Constructed new bottle fillers/hydrants in City parks
Mission Boulevard Guardrail	Closed 11/6/23
Mission Blvd Rehabilitation - White Ave to Towne Ave	Construction Complete
Pomona Multi-Neighborhood Pedestrian and Bicycle Improv.	DESIGN Completed, Bid, & Award
Pomona Library Facility Improvements	DESIGN 25% Complete
Park Improvements - ADA Accessibility Playground Surfacing Replacement	Closed 11/6/23
Park Improvements -Palomares Park HVAC System Replacement	Closed 11/6/23
Park Improvements - Sport Court Resurfacing and Restriping	Construction Complete
Pedley Spreading Grounds - Pond Enhancements	Coordinating project future construction and final studies
Phil and Nell Soto Park	Closed 11/6/23
Recycled Water - Infrastructure Rehabilitation	Demolished make-up water tank & constructed reservoir fencing.
Reservoir/Treatment/Production Rehabilitation	Completing Reservoir 6 Rehabilitation
Sewer Pipeline Condition Assessment	Beginning sewer CCTV inspections and NASSCO Database
Stormwater Master Plan	Generating stormwater masterplan
Street Preservation –Local (FY 21-22)	Construction Complete
Street Preservation - Local (FY 22-23)	Construction Complete
Street Rehabilitation - D1 & D6	Construction Complete
Street Rehabilitaton - D4 & D5	Construction Complete
Traffic Operations - Communication Upgrade II	Design 25% Complete
Traffic Signal Mod - Towne and Bonita	Design 100% Complete
Water Main Replacement - Design	Completing final design
Water Resources Building	Completed approximately 80% of the WRD Yard construction
Year-Round Emergency Shelter	Project is complete and will close soon.



CIP Projects For FY 2024-25 – Table 10

Infrastructure Projects In Process for FY 2024-25	TOTAL BUDGETS \$107,331,404 Project Status
252 E. 4th Street Major Rehabilitation	Design/Construction of Improvements.
Bike Path - San Jose Creek	In Design. \$11M ATP award Summer for construction
City Facilities - Roof Replacements and repairs	Bid and Award Construction
Civic Center Plaza - New Playground & Amenities	Design Completed, Bid and Award Construction
City Hall Complex Remodel and Flooring	Construction
Downtown Parking Structures	Finish Design and Bid and Award Construction
Street Lights -CW (CDBG) (FY 23-25) Chester (Ph1)	Construction
Country Crossing Park - Playground Resurfacing	Design Completed, Bid and Award Construction
D2-MLK Jr. Playground Equipment	Design Completed, Bid and Award Construction
D4 - Jaycee Park Playground Update	Design Completed, Bid and Award Construction
D6-Ted Greene Playground Upgrade	Design Completed, Bid and Award Construction
Garey Avenue Rehabilitation - Aliso to Monterey	Finish Design, and Award Phased Construction
Holt Avenue Corridor Improvements	Completed Construction
Holt Avenue (East) Reconstruction	Finish Design, and Bid
Holt Avenue (West) Reconstruction	Finish Design, Bid and Award Construction
Memorial Park Building Renovation and Rehab	Design
MLK Jr. Park, Skate Park/Lighting	Design
New Playground at Ralph Welch Park	Design Completed, Bid and Award Construction
New Playground at Washington Park Baseball Fields	Design Completed, Bid and Award Construction
Palomares Park - Lawn Bowling Shade Structure Replacement	50% of Construction
Park Restroom Construction and Replacement	Design
Phillip's Ranch Parcourse Restoration	Design
Pomona Library Facility Improvements	Finish Design, Bid and Award Construction
Pomona Multi-Neighborhood Pedestrian and Bicycle Improvements	50% of Construction (2 year construction project)
Street Improvements & Walking Trail Rehabilitation	Finish Design and Bid and Award Construction
Street Preservation Citywide (16-17) Reservoir and White	Construction
Street Preservation Local - (FY 23-24)	Construction
Street Preservation Local - (FY 24-25)	Design
Traffic Signal Improvements - Towne / Bonita	Construction
Traffic Signal Improvement - McKinley Ave and Canyon Way	Construction



AMERICAN RESCUE PLAN (ARP) EXPENDITURE PLAN UPDATE

According to the U.S. Treasury, the American Rescue Plan (ARP) funds must be obligated by December 2024 and expended by December 2026. To ensure that none of the \$45.4M of ARP funds are returned, the City conducted a review of its ARP Spending Plan with the ARP subcommittee in April 2024. This review identified \$6.9M in excess funds that the City may be unable to obligate by the December 2024 deadline. To fully utilize the ARP funds, the City's Proposed FY 2024-25 budget includes a redistribution of \$6.9M from the ARP. Details of the changes are explained below. The approval of a revised ARP Expenditures Spending Plan will be brought forward with the Adopted Budget in June 2024.

ARP Expenditure Spending Plan – Table 11

Program	Allocated Amount	Expended Thru 04/11/2024	Amount Estimated to Spend	Amount Available To Redistribute	Revised Allocation after Redistribution
Universal Household Grant for 250 Young Families ages 18-24 w/ Children for 18mos @ \$500/mo	5,000,000	-	2,800,000	1,000,000	4,000,000
Small Business Grants	750,000	229,358	-	520,642	229,358
Economic support related to the Pandemic	1,400,000	2,774	-	1,050,000	350,000
Allocation - Mayor	1,500,000	338,267	314,630	177,658	1,322,342
Council Allocations @ \$750k per District	4,500,000	1,372,276	1,590,776	-	4,500,000
General Fund Budget Shortfall	1,573,747	-	-	1,573,747	-
Staffing for ARP Assignments / Housing Stabilization Division	3,500,000	75,898	238,118	596,760	2,903,240
New Citywide Enterprise Resource Planning (ERP) System	3,320,000	-	3,320,000	-	3,320,000
Grant to Affordable Housing Project	550,000	-	-	-	550,000
City Support related to the Pandemic	744,901	456,586	80,000	208,315	536,586
Citywide Capital Improvement Program (CIP) Projects	15,000,000	2,984,067	11,724,960	-	15,000,000
Health and Wellness Activities	1,150,000	431,120	-	718,880	431,120
Library Youth Commitment	500,000	13,225	486,775	-	500,000
Leadership Development, Operational Efficiencies	400,000	40,454	-	-	400,000
Technology Upgrades	600,000	23,310	565,000	-	600,000
Police Real Time Crime Center	600,000	63,061	536,939	-	600,000
COPS Technology and Equipment Grant	211,352	211,352	-	-	211,352
Rent Stabilization	1,000,000	354,403	-	41,820	958,180
Participatory Budget	1,000,000	-	-	1,000,000	-
ARP Onetime Payments - MOUs	2,070,000	2,070,000	-	-	2,070,000
HEART Team 2 Year Funding (FY 2024-25 and FY 2025-26)	-	-	-	-	2,774,792
Civic Center Plaza – New Playground Amenities - CIP Project #71063	-	-	-	-	4,113,030
TOTAL	45,370,000	8,666,152	21,657,198	6,887,822	45,370,000



YOUTH FUNDING

Over the last few fiscal years, a comprehensive table has been created of the City of Pomona’s combined efforts displaying each department's appropriations towards youth programming and related services.

Youth Funding By Department– Table 12

CITY YOUTH RELATED BUDGET FUNDS	FY 22-23 BUDGET	FY 23-24 BUDGET	FY 24-25 BUDGET
LIBRARY SERVICES			
Library Operation	\$ 1,811,605	\$ 2,159,757	\$ 2,171,154
Library Facility Improvements	73,200	3,200,000	-
Library Youth Commitment - ARP	12,200	487,800	500,002
	1,897,005	5,847,557	2,671,156
COMMUNITY SERVICES			
Afterschool Recreation (Youth)	1,066,359	1,177,529	865,401
Athletic Fields	574,120	441,118	576,486
Community Services Admin	1,121,291	1,317,267	2,050,522
Ganesha and Washington Pools	462,899	540,448	537,071
Prop A - Youth Trip Transportation	40,000	75,000	65,000
Recreation Facility Custodial	820,959	1,163,461	947,390
Special Youth Programs	119,357	194,982	304,503
Outdoor & Active (PUSD)	375,000	375,000	926,294
Community Services - Youth Commitment	1,000,000	1,500,000	1,500,000
	5,579,985	6,784,805	7,772,667
NEIGHBORHOOD SERVICES			
ARP Funds for Youth Related Programming	-	554,103	-
Neighborhood Services Admin	325,232	868,566	646,072
CDBG - Community Organization Youth Services	39,718	-	23,508
CDBG - City Youth Services	251,975	-	28,741
PHA - Households w/Children Rental Assistance	7,558,142	6,662,028	6,371,460
Lead and Healthy Homes Program	2,662,125	2,412,666	434,418
Keeping Pomona Homes Healthy Program	-	1,412,153	38,975
	10,837,192	11,909,516	7,543,174
POLICE SERVICES			
Every 15 Minutes	2,000	2,000	2,000
Summer Day Camp	15,000	15,000	15,000
National Night Out	5,000	5,000	5,000
Santa Cop	10,000	10,000	10,000
Red Ribbon week	400	400	400
Halloween Safety	600	600	600
Cops 4 Kids	18,000	18,000	18,000
Explorer Program	13,880	13,880	13,880
School Crossing Guard Contract	469,726	488,044	505,682
School Resource Officers	442,703	466,043	530,207
OTS Occupant Safety Grant - Carseat	-	-	-
Public Safety Fair	15,000	15,000	-
Cadet Program	15,000	15,000	15,000
	1,007,309	1,048,967	1,115,769



Youth Funding By Department– Table 12 (cont.)

CITY YOUTH RELATED BUDGET FUNDS	FY 22-23 BUDGET	FY 23-24 BUDGET	FY 24-25 BUDGET
PUBLIC WORKS			
Park Facility Maintenance	863,150	1,431,695	1,162,416
Park Landscape Maintenance	3,408,352	3,930,260	4,273,076
Hamilton Park Renovation	-	1,428,272	-
Park Light Pole Replacements	-	11,094	11,094
Memorial Park Bldg Reno/Retro	-	300,000	507,215
Holt Ave. Corridor Improvements (Garfield Park)	350,000	350,000	-
Civic Center Plaza Rehabilitation (Kid's World)	1,100,000	1,807,891	5,165,322
ADA Rubberized Playground Surfacing Replacement	-	64,351	-
Ralph Welch Park Playground	-	250,000	153,661
Small Playground at Washington Park and Baseball Fields	-	60,000	295,000
Country Crossing Park Playground Resurfacing and Equip	-	-	350,000
Ted Greene Park Playground Upgrade	-	-	360,000
Jaycee Park Playground Upgrade	-	-	350,000
MLK Park Playground Equip Replacement	-	-	503,000
Renovation of La Casita Teen Center at Palomares Park	-	-	4,000,000
Park Restroom Replacement	-	-	2,310,451
Garfield Park Renovation	-	-	50,000
MLK Skate Park Expansion/Lights	-	-	347,767
Washington Park Comm Center Rehab	-	-	200,000
Pedestrian and Bicycle Lane Improvements	4,577,286	3,844,332	17,751,339
	10,298,788	13,477,895	37,790,341
DEVELOPMENT SERVICES			
Youth Public Art Projects	300,000	413,203	450,000
Public Art Coordinator	25,249	25,249	62,230
Art Administrative Assistant	-	-	26,858
Prop 64 Grant	138,800	134,003	103,628
	464,049	572,455	642,716
TOTAL YOUTH RELATED BUDGET	\$30,084,328	\$39,641,195	\$57,535,823

SUMMARY

The FY 2024-25 Proposed Operating Budget document was developed considering current fiscal conditions and required careful planning, consideration, and prioritization of spending. Alternate revenue sources were explored, community input was requested, and budgets were adjusted as



needed to ensure they reflected the community's needs while being fiscally responsible and sustainable.

Given the current economic landscape, which is marked by soaring inflation driving up the costs of goods and services, escalating energy and fuel prices, supply chain disruptions, the Federal Reserve's ongoing efforts to rein in inflation through interest rate hikes, potential rises in unemployment, and a cooling housing market, it is imperative that we approach the estimation of service and program costs, as well as the available resources to fund them, with prudence and caution. While revenues may have experienced growth in recent times, the cyclical nature of economic conditions serves as a 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. Consequently, this proposed budget strikes a careful balance between addressing the essential needs of our community and maintaining fiscal sustainability for the long term.

As we present the FY 2024-25 General Fund Budget, we report a projected budget surplus of \$40k. Furthermore, the General Fund fund balance is estimated to reach \$61.2 M by June 30, 2025.

A notable milestone was the passing of the City's Measure P in the March 2024 Primary election. This measure maintained the City's Transaction Use Tax at 0.75% and removed the sunset date of April 2029, thereby averting a potential fiscal cliff. However, a new initiative will be presented to voters on the November 5 ballot, which would require an annual transfer (2% in year one with increases until the level is 10%) from the General Fund to a special fund dedicated to youth programming.

On the horizon, we anticipate the findings of the Classification and Compensation study, which will allow us to assign employees to appropriate job classifications in a clear, consistent, and defensible manner based on the duties and responsibilities they perform. Pending its results, we will be better equipped to compensate our valued employees fairly and competitively in accordance with their roles.

Furthermore, in accordance with the U.S. Treasury's guidelines, the American Rescue Plan (ARP) funds must be obligated by December 2024 and expended by December 2026. To ensure that none of these funds are returned, the City conducted a thorough review of its ARP Spending Plan. This review identified \$6.9M in excess funds the City may be unable to obligate by the December 2024 deadline. To fully utilize these resources, the City's proposed FY 2024-25 includes a revised ARP Expenditure Spending Plan to ensure these funds are spent.



CONCLUSION

The FY 2024-25 Proposed Citywide Operating and CIP Budget is hereby presented. I wish to thank the Mayor and City Council for their visionary leadership and sound fiscal policy decisions as we work to improve the quality of life for Pomona residents, invest in our youth, and prepare for future challenges. I also recognize the hard work of the Department heads and their staff members in assembling this year's budget. Each Department understands its role in providing city services and pursuing opportunities to maintain and improve the quality of life for our community. Lastly, I would like to thank the Finance Department Budget Development team. Their diligence and professionalism are integral to the budget process. This budget reflects our collective efforts to serve Pomona and ensure a positive path forward for the City.

Respectfully submitted,

Anita D. Gutierrez
City Manager