

City of Pomona

Budget Guiding Principles for 2024-25

1. The City Manager will present a 2024-25 budget that is structurally balanced and balances the City's delivery of essential services to the community with the resources available.
2. All authorized regular positions will be fully funded at the start of the budget preparation cycle. During the budget development process a vacancy factor or allowance for identified vacant positions, either for the full year or partial year, may be incorporated into the proposed budget if fully disclosed within the proposed budget document and accompanying staff report.
3. Although alternatives for improving the efficiency and effectiveness of the City's programs and the productivity of its employees will be considered on a continuous basis, a more formal review shall be performed during the budget process. Duplication of services and inefficiency in service delivery should be eliminated wherever they are identified.
4. Budget amounts for allocations (insurances, fleet operations, administrative service charges, telephones, lease payments, debt payments, and the like) shall be calculated by the Finance Department. Any movement of these expenses from one department to another will also result in a movement of the related budget with City Manager approval and Department Director notification.
5. Funding for training and professional development will be funded as necessary to fulfill job or grant requirements. Where practical, training will be provided on a rotational basis over multi-years.
6. Fees will be reviewed and revised annually based on full cost recovery where individuals/businesses rather than the community at-large are benefiting from City services. This preserves limited unrestricted resources for providing services that benefit the community as a whole.
7. One-time resources shall not be used for current or new ongoing operating expenses.
8. City staff shall seek out, apply for, and effectively administer federal, state, and other grants that address the City's priorities with emphasis on restoring reduced service levels.
9. The Finance Department will prepare and present to the City Council a Long-Range Financial Forecast annually that evaluates known internal and external issues impacting the City's financial condition.
10. The City of Pomona defines Equity as: fair treatment, access, opportunity, and advancement for all people while striving to identify and eliminate barriers that have prevented the full participation of communities historically oppressed. Improving equity involves increasing justice and fairness with the procedures and processes of institutions or systems and a fair, intentional distribution of resources. Staff is asked when evaluating budgets to consider:
 - a. Have you considered the impacts on equity, diversity, and inclusion (EDI) in the programs and initiatives included in your baseline budget?
 - b. In thinking about this, consider external stakeholders and communities that may be positively or negatively affected by your programs as well as internal equity considerations.



Fiscal Policies

On February 6, 2023, the Pomona City Council adopted via Resolution 2023-06, City of Pomona's Updated Consolidated Fiscal Policies and Administrative procedures. These policies are intended to foster and support the continued financial strength and stability of the City as reflected in its financial goals. The consolidated policy document is designed and structured to develop principles that guide the financial administration of the City. Annual amounts will be presented for City Council approval as part of the Proposed Budget process.

The [Consolidated Fiscal Policies and Administrative Procedures](#) are available on the City's website.

Some of the notable changes that were adopted are as follows:

- **Update of General Fund Economic Reserves at 22% of operating expenses, eventually increasing to 25%.**
 - Purpose(s): Financial needs due to a downturn or recession in the local, state, or national economy; action by another government that eliminates or shifts revenues from the City; an unanticipated inability to fully pay the General Fund's debt service obligations in any given year; other unexpected reductions or interruptions of revenue streams; or cash flow requirements of the General Fund.
 - Amount: minimum of 22% with the goal of incrementally increasing to a maximum of 25% of the General Fund's current fiscal year operating expenses. Determination of this reserve amount should be based in part on the General Fund's revenue loss/recovery during prior economic downturns and recessions, an assessment of the volatility of General Fund's various major revenue streams, and a quantification of the General Fund's cash flow demands over the fiscal year as compared to the timing of revenue receipts.
- **Setup a Catastrophic Events Reserve at \$300k initially and increasing for 10 years to reach \$5 million.**
 - Purpose(s): Financial needs due to unforeseen claims, damages, or liability, loss of critical infrastructure, facilities, equipment, or assets; extraordinary public service demands caused by natural disasters (earthquake, flood, fire etc.), civil unrest or other unforeseen events.
 - Amount: \$300k initially and a goal of \$5 million with annual appropriation towards that goal determined by the City Council at the time of the annual budget adoption. Determination of this reserve amount is a risk-loss assessment based on the City's own loss experience, claims data, history of natural disasters or unexpected events, and other relevant data.

- **Establish a Pension 115 Trust funding at \$1.5 million initially and \$500k annually thereafter.**
 - Purpose(s): The Section 115 Trust allows the City to build its pension reserve while maintaining oversight of investment management and control over the risk tolerance of the portfolio. Funds placed into the trust are irrevocable, meaning they cannot be withdrawn and used for another expenditure of the City.
 - Amount: \$1.5 million initially and \$500k annually thereafter, to the extent that the City has excess reserves, unspent budget monies at year-end, unspent proceeds from capital projects, and/or one-time revenues or any additional resources, it shall be the City's policy to consider and establishing and allocating such available resources to a Section 115 Trust.

- **Capital Improvement Projects (CIP) Funding from General Fund initially at 3/4% of adopted revenues, with an eventual goal of 1% of adopted revenues.**
 - Purpose(s): To phase in the impact of unfunded capital improvement projects.
 - Amount: Annual funding shall be targeted at 3/4% of the operating revenues. This amount shall be for CIP projects without an identified funding source.

- **Equipment Replacement Funding from General Fund at \$100k, increasing annually to \$400k at the end of 10 years.**
 - Purpose(s): To phase in the impact of replacement and upgrade costs of capital equipment and high-cost vehicle replacements.
 - Amount: \$100k initially with total funding goal of \$400k at the end of 10 years.

- **Other Post Employment Benefit (OPEB) will remain pay-as-you-go and there will be no prefunding at this time.**

- **Unassigned Fund Balance (Surplus)**

The City Manager may recommend the unassigned fund balance be used for one-time expenses. The City shall attempt to achieve the following balance and the use of the unassigned fund balance will require City Council approval.

 - 50% allocated to one-time payments that reduce long-term obligations such as unfunded pension or OPEB liability, bonded indebtedness, or lease obligations; and
 - 50% allocated to facility or infrastructure improvements, equipment purchases, or other long-term capital needs that improve the community's safety, aesthetics, transportation, or quality of life.



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