



City of Pomona

505 South Garey Avenue
Pomona, CA 91766

July 1, 2013

*The Honorable Mayor and Members of the City Council
and Citizens of Pomona*

I am pleased to present the City of Pomona's Fiscal Year 2013-14 Adopted Operating Budget and Capital Improvement Program. This budget was prepared in accordance with the City's Fiscal Sustainability Policy adopted by the City Council on May 2, 2011 and the budget preparation Budget Guiding Principles for 2013-14 adopted by the City Council on January 28, 2013. These documents are presented within this section.

The budget provides our City with core essential services and serves as a financial plan for the continued improvement of the quality of life for Pomona's residents and commercial enterprises. Most importantly, the General Fund budget is balanced without the need of additional staff reductions and without the use of one-time revenue. Though the City's economic worries are not over, this budget does provide for increased services and improvements.

The City of Pomona's Adopted Operating Budget, including transfers, for 2013-14 is **\$169,720,063** (which includes **\$81,368,920** in the General Fund and **\$88,351,143** in other funds such as Special Revenue, Debt Service, Capital Project, Enterprise Operations, and Internal Services). The Adopted Budget for the Housing Authority is **\$13,076,751**. The Capital Improvement Program Budget is adopted at **\$4,878,286**. The total overall fiscal plan for 2013-14 totals **\$187,675,100**.

The Adopted General Fund Budget reflects budgeted revenues of **\$81,484,022** which is a 4% increase from the previous fiscal year. Despite the City's recent cost-cutting efforts, 2013-14 General Fund appropriations, adopted at **\$81,368,920**, include substantial expenditure increases that are outside the control of the City, such as retirement contributions, health care, and contract costs (see Budget Message Addendum for more specific details). In addition to these costs, the budget also includes various enhanced services. In keeping within the provisions of the Fiscal Sustainability Policy, the majority of these enhancements are either one-time in nature, self-funding, or do not increase current year costs. General Fund Enhancements within this budget include the following:

- An Increase in **Library** Hours from 20 hours per week to 29 hours per week without increasing the funding provided in 2012-13.
- Renewed focus on **Parks** by creating a Park and Landscape Manager Position, additional hourly staff for park irrigation efforts, and the consolidation/transfer of Facilities Maintenance and Repairs in Community Services into the (newly renamed) Parks and Parks Facilities division within Public Works. The cost of these enhancements is funded primarily through the reallocation of staff efforts within Street Maintenance, Water and Sewer programs.
- An increased focus on **contract management** to oversee service contracts through reclassification of a Public Services Supervisor position to Contracts Coordinator.

- To provide adequate service for increased **development** within the City, the budget includes the addition of an additional Assistant Planner position funded by a downward reclassification of an existing position and reduced hourly staffing.
- The plan includes the partial diversion of salary allocations from the Successor Agency (former Redevelopment Agency) to the General Fund to accommodate the continued **'wind down' of the former agency.**
- A reorganization of the **City Clerk's Office** to provide additional staffing while lowering overall staffing costs.
- Enhanced **Code Compliance efforts** with additional hourly staff, funded by increased revenue generated by the added staff.
- **Facility Infrastructure improvements** through lease funding for the replacement of the 50-year old boiler in the Police Department building.
- Funding to implement and manage a new **citywide volunteer program.**
- Three months continued funding for the **Palm Lake Golf Course** to provide additional time for operational analysis.
- A **\$100,000** balance of revenue over appropriations.

In addition to the General Fund Enhancements listed above the following non-general fund enhancements were also approved.

- An improvement to the City's **technology** infrastructure by purchasing 65 replacement computers, and upgrades of Microsoft Office and computer operating systems.
- **Enhanced efficiency and productivity** efforts through the funding of a Public Works Work Order System to be funded by Water and Sewer Funds and the consolidation of the Water Quality and Water Treatment sections with the Water division of Public Works.
- Funding for increased **storm water compliance** requirements through the use of available Gas Tax funds.
- Continued support for **City tree maintenance** funding enhancements initiated in 2012-13.
- An **aggressive Capital Improvement Program** with 41 projects due to begin in 2013-14 with \$5 million in new funding including \$2.7 million in street improvement funding.

Although the City is experiencing improvement in its economic recovery and this budget does provide many enhancements as detailed above, serious challenges still remain. The General Fund remains structurally imbalanced since the current proposal does not include costs related to furloughs, deferred wage increases, and deferred maintenance. To compound these inevitable cost increases, additional increases lay ahead. Our impending challenges include increased retirement contribution costs in 2014-15 and beyond, the end of labor contracts containing significant employee concessions, the continued rise in retiree health costs and debt service requirements, formula increases provided through contract provisions with the Los Angeles County Fire District, the absorption of police officer funding as the CHRP grant comes to a close in 2014-15, the reliance on special funds for services, and the complete dissolution of the former Redevelopment Agency.

The development of this budget was, as always, a team effort which reflects the collaborative spirit within our organization. As always, we are aware that development of the annual budget is a dynamic process and anticipate there will be ongoing economic issues that will require additional attention as we progress through the upcoming fiscal year. The City remains vigilant in monitoring

our budget status and will evaluate all impacts accordingly as we are committed to providing services that are responsive and fiscally sound.

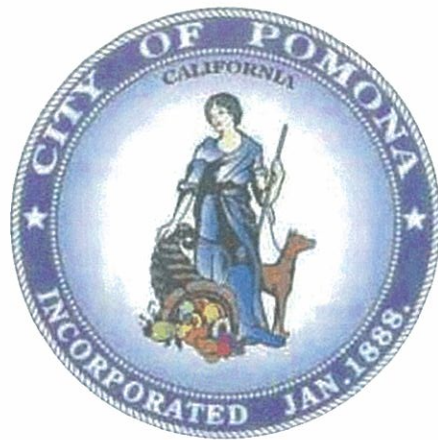
I want to thank all of the City's Labor Groups who partnered with the City, by accepting wage and benefit concessions for the past three years and into 2013-14. This reflects employees' willingness to contribute to economic stability of the City while continuing to provide residents with essential services. I also thank all those responsible for the successful completion of this budget. The budget represents a tremendous amount of work by Department Directors and key members of their staff. I would also like to acknowledge the efforts of the Finance Department without which the preparation of this document could not be been accomplished. Lastly, I would like to express my appreciation to the City Council for their leadership as policymakers during these challenging times. Difficult circumstances have required hard decisions, and the Council has been steadfast in their determination to provide cost effective services to the community.

Respectfully submitted,

A handwritten signature in cursive script that reads "Linda Lowry".

Linda Lowry
City Manager

Honorable Mayor and Members of the City Council
July 1, 2013



BUDGET MESSAGE ADDENDUM

THE DOCUMENT

The Adopted 2013-14 Budget document is divided into seven sections including the City Manager’s Transmittal Message and Addendum (collectively the Budget Message), User’s Guide, Financial Summaries, Revenues, Authorized Staffing, and Capital Improvement Program (CIP). The seventh section includes department details presented within Fund categories. General Fund details are presented by individual departments while all other funds are presented at the fund level.

SUMMARY OF FUNDS 2013-14

The Operating Budget is the City’s financial plan, and consists of revenues and expenditures to finance the current year operations of the various funds and programs for the fiscal year beginning July 1, 2013 and ending June 30, 2014. It is a flexible spending plan by which the City Council establishes legal authority for departments to commit financial resources for the provision of services within the City of Pomona.

The Adopted 2013-14 Operating and Capital Improvement Budgets total \$187.7 million as follows:

Fund Type	Expense	Transfers Out	Total	% of Operating Budget
General Fund	76,783,992	4,584,928	81,368,920	48%
Special Revenue Funds	23,228,068	3,599,925	26,827,993	16%
Debt Service Funds	5,508,116	995,000	6,503,116	4%
Capital Projects Funds	0	784,570	784,570	0%
Enterprise Funds	44,613,737	1,017,000	45,630,737	27%
Internal Service Funds	8,604,727	0	8,604,727	5%
City Operating Budget	158,738,640	10,981,423	169,720,063	100%
Pomona Housing Authority	13,076,751	0	13,076,751	
Capital Improvements	4,878,286	0	4,878,286	
Total	176,693,677	10,981,423	187,675,100	

GENERAL FUND REVENUES

The City receives a multitude of revenue from many sources, many of which must be accounted for separately. Revenue projections in the Adopted Budget are estimated using historical information, data collected from the State Controller, the State Department of Finance, the League of California Cities, the Los Angeles County Auditor Controller’s Office, and consultants. City Staff utilized these sources along with a general sense of the economic status of the local community to prepare estimates within this document.

Total General Fund revenues for 2013-14 have been estimated at \$81,484,022. This amount reflects an increase of nearly \$2.9 million over the Adopted 2012-13 Budget. The increase is primarily due to the growth in tax and development related categories. Staff estimates the City’s ‘Big 3 Revenues’, which are comprised of Property, Sales, and Utility Users’ Taxes, are expected to increase by \$1.7 million over the 2012-13 budget while Licenses, Permits, and Fees are expected to increase by just

over \$800,000. Following the chart below is a brief discussion on the 'Big 3'; however, a more comprehensive review and calculation methodology of all major revenue sources may be found within the Revenue Section of this document.

Revenue Category	2012-13 Budget	2012-13 Y/E Est	2013-14 Adopted	12-13 Budget to 13-14	12-13 Y/E Est to 13-14
Property Taxes	25,928,400	26,246,387	26,530,500	602,100	284,113
Sales Tax	14,596,000	14,966,377	15,610,000	1,014,000	643,623
Utility Tax	17,950,000	17,365,000	18,025,000	75,000	660,000
Total - Big "3"	58,474,400	58,577,764	60,165,500	1,691,100	1,587,736
Other Taxes	11,550,279	11,838,950	12,381,000	830,721	542,050
Fines	1,878,700	1,760,600	1,790,850	-87,850	30,250
Use of Money	270,008	283,558	289,008	19,000	5,450
Intergov Taxes	0	0	0	0	0
Other Intergov	850,000	888,000	164,000	-686,000	-724,000
Licenses	422,560	584,330	740,510	317,950	156,180
Permits	764,588	865,300	1,015,300	250,712	150,000
Fees	1,834,558	2,035,752	2,084,980	250,422	49,228
Misc Rev	397,350	1,964,127	371,300	-26,050	-1,592,827
Charges for Svc	2,150,014	2,439,864	2,381,574	231,560	-58,290
Other Fin Source	0	34,870	0	0	-34,870
Total - All Sources	78,592,457	81,273,115	81,384,022	2,791,565	110,907

Property Taxes are expected to increase \$602,100 from the 2012-13 Budget as the recent trend of declining property values (and taxes paid thereon) is seen as having reached a bottom, and beginning to return to growth. These trends affect three individual line items; Secured, Unsecured, and Property Tax In-Lieu of VLF which, combined, are expected to increase approximately 2% from the 2012-13 fiscal year.

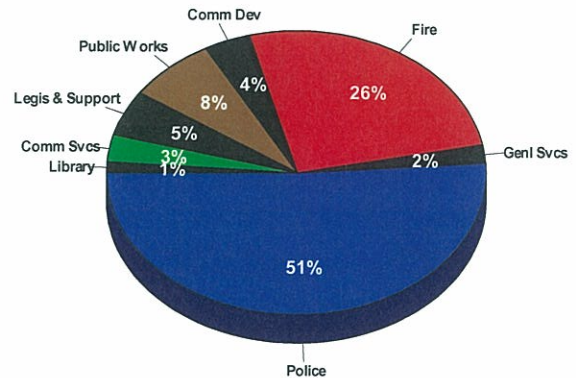
Sales and Use Tax, is forecast to increase by just over \$1.0 million from the 2012-13 Budget, due largely to an expected upswing in the State's annual "true-up" of the 0.25% in local taxes that are deferred under the ongoing triple flip. That expectation notwithstanding, a broadly-based return to growth is now foreseen across a number of different retail sectors, as the economy continues to emerge from the worst downturn in more than eighty years. Despite those signs of health, overall receipts still remain dramatically diminished from the levels of collection prior to the "Great Recession."

Utility Tax is prudently estimated to grow by about \$75,000 when compared to the 2012-13 Budget. However, when comparing the 2013-14 Proposed Budget to the 2012-13 year-end estimate, the expected growth is a more robust \$660,000, primarily due to the full-year's effect of the SCE rate increases, which were implemented later than originally expected.

GENERAL FUND EXPENDITURES

The General Fund is the largest fund of the City and represents approximately 48% of the City's Operating Budget. The General Fund accounts for all of the City's general financial resources and government activities, other than those specifically required to be accounted for separately, and pays for services such as police, fire, library, parks, recreational programs, certain public works operations, development, and other essential support services such as the City Council, the City

Manager’s Office (Administration), City Clerk, City Attorney, Finance, and Human Resources. The Adopted 2013-14 General Fund expenditure budget is \$81.4 million; an increase of \$2.7 million over the 2012-13 Budget and \$3.0 million over the 2012-13 year-end estimate. As always, community safety remains a high priority for Pomona, and this Budget continues to reflect that commitment. Public Safety utilizes 79% (Police 51.7%, Fire 27.4%) of all General Fund resources.



The structural changes that have occurred over the past few years have had a positive impact on the current budget and have set the framework for fiscal sustainability for the General Fund.

General Fund	2011-12 Actuals	2012-13 Budget	2013-14 Adopted	% Chg	Dollar Change
General Government	1,238,428	1,954,718	1,907,847	-2%	-46,871
General Services	2,165,680	1,894,789	1,715,239	-10%	-179,550
Public Safety	60,847,597	61,766,508	64,402,665	4%	2,636,157
Urban Development	8,179,616	9,070,249	9,819,015	8%	748,766
Neighborhood Services	4,335,899	3,934,487	3,524,154	-12%	-410,333
Total	76,767,220	78,620,751	81,368,920	3%	2,748,169

As a guide to understanding the changes within the Adopted Budget, the following information is offered:

DEPARTMENT-WIDE INCREASES – Each department reflects an increase to the ‘Earnings & Benefits’ line item due to increases in retirement rates, health insurance premiums, and retiree expense. Overall, these benefit components increase General Fund costs by approximately \$740,000 for 2013-14. Costs related to Internal Service Fund allocations (Information Systems, Liability, Workers’ Comp, Unemployment, and Equipment Maintenance) have increased \$497,000 in the General Fund and the adopted citywide technology improvement (Microsoft Office and Windows upgrades) adds \$32,500 to General Fund expenses.

GENERAL GOVERNMENT (LEGISLATIVE, ADMINISTRATIVE, AND SUPPORT DEPARTMENTS) –The Adopted budget for General Government, which includes the departments of City Council, City Clerk, City Attorney, Administration, Finance, and Human Resources, is nearly \$4.4 million which is offset by \$2.5 million of recovered costs and administrative service charges resulting in a net expense of \$1.9 million. Recovered costs are the result of services assessed to other departments. The General Government group of departments also receipt \$3.2 million in revenue primarily related to the business licensing function within Finance. The total budget for these six departments has decreased by \$156,000 over the 2012-13 budget.

The most significant reduction is within the City Clerk’s Office which decreased by \$387,000 due to the elimination of election costs in this non-election year, the elimination of the compensated absence payout for a retired employee, and the restructure of the department. The City Attorney’s budget reflects an increase of \$24,000 due to the reallocation of staff salaries from the Successor

Agency and a salary increase to one position. Administration increases by \$45,000 due primarily to the reallocation of staff salaries from the Successor Agency to Administration and a newly created 'Economic Development' division within Administration, offset by an allocation to Library for operations oversight. Finance Increases \$93,000 due to the reallocation of staff salaries from the Successor Agency and Section 8 Housing Funds, a \$3,000 increase to training expense, and \$15,000 for replacement computers. Human Resources increases due to the inclusion of the \$30,780 Volunteer Program and a \$10,000 increase to outside legal counsel related to labor issues.

GENERAL SERVICES – The General Services budget includes those expenses that are of a city-wide benefit rather than a particular department or program. The 2013-14 budget is \$179,550 less than the 2012-13 budgeted amount. Changes in this department include the reduction in property tax administrative fee assessed by Los Angeles County by \$125,000, a reduction in liability claims expenses by \$106,000, the elimination of financial support to the Pomona Economic Development Center and Chamber of Commerce totaling \$74,000, the elimination of \$92,000 in supplemental funding for Palm Lakes Golf course (although there is \$24,000 in the Community Services budget for this expense), and the elimination of funding for public relations/information. These decreases are offset by the inclusion of the standard \$250,000 in contingency funding for emergency or unforeseen expenses throughout the year, a \$50,000 allocation for retiree/termination payouts for citywide use (within the General Fund), the addition of a salary allocation to support Cultural Arts efforts, and an increase to the Animal Control contract with the Humane Society.

The City contracts with Inland Valley Humane Society (IVHS) for animal control services in a shared cost environment with other communities. The Animal Services Contract renews on an annual basis, subject to a CPI increase on the total gross contract amount. This \$28,609 CPI increase is reflected in the \$511,319 budgeted amount within the General Services Department. The 2013-14 estimate for Pomona's usage of IVHS services along with anticipated licensing, fine and fee related revenues indicate that the City's General Fund contribution would not be sufficient to balance IVHS service costs with the City's animal control revenues. IVHS has agreed to provide Animal Control services to the City next fiscal year within the current CPI increase in addition to permanently reallocating Pomona's cat licensing revenues to assist in offsetting Contract costs. Under the current Contract, cat licensing revenues are paid to IVHS and used for animal related programs at the City's discretion. In 2012-13, IVHS received \$13,766 in Pomona cat licensing revenues. With the adoption of this budget this licensing revenue will be used to offset the City's contract costs to avoid additional increases to the City's General Fund contribution for animal control services or the need for increases in animal licensing and other related fees. IVHS is continuing implementation of the administrative citation process and evaluating its cost allocation model in an effort to continue providing the City with efficient animal control services that can be supported within the City's financial means and existing fee structure.

POLICE – The adopted Police budget is \$42,099,683 which is \$2.3 million more than the 2012-13 budget. This change is due to increases in 'Earnings & Benefits' (mostly related to PERS contributions, health insurance, retiree and unemployment allocations and full funding of all authorized positions – \$1.4 million), the implementation of a MOU provision to restore holiday pay (\$316,000), an increase in reimbursable overtime expense (\$219,000) and increase in lease expense (\$107,000), an increase insurance and fleet allocations (\$185,000), an increase in debt service payments (\$92,588) for the pension bonds, followed by a decrease of utility expenses (-\$45,600).

FIRE – The Fire Department budget for 2013-14 is estimated at \$22,302,982 which includes the contract amount of \$22,221,124 which is \$320,000 more than the 2012-13 final estimate provided

by the LA County Fire District. The estimate includes the continuation of the 2012-13 action that eliminated fire services at station 181 by relocating the Light Force and eliminating an engine company.

COMMUNITY DEVELOPMENT – The Adopted Budget for Community Development is \$3,423,569, approximately \$488,950 more than budgeted in 2012-13. This increase is the result of a \$59,000 increase in overall staffing to accommodate the reallocation of staff salaries from the Successor Agency and staffing changes including the addition of an Assistant Planner position. The Contract Service line for Building and Safety increases by \$324,000 due to an Anticipated increase in building services which is offset by a \$500,000 increase in related revenue. The completion of a lease reduces the budget by \$77,853 which is offset by a near match of \$79,935 in increased in allocated costs. The budget also includes additional funding for hourly staffing to assist Code Compliance efforts and is self-supporting. In addition, one Code Compliance Inspector position was added through an agreement with Valley Vista. This reimbursed funding was budgeted in the amount of \$100,000 for salary, benefits, and duty related costs.

PUBLIC WORKS – The Public Works Adopted Budget is \$6,395,446, offset by \$305,582 of Administrative Service Charges for facility maintenance. The budget increased by approximately \$259,816 over the 2012-13 budget amount. This increase is the result of a full year cost of the landscape maintenance contract (\$122,400), an increase to building, yard supplies, and related contracts (\$82,700), an increase in liability claims expense (\$206,000) offset by reductions in lease payments (-\$53,400), utility expenses (-\$50,500) and transfers out (-\$23,200). Within the proposed budget amount are the enhanced services for park operations and contract management described earlier in this message. These enhancements were primarily funded through the reallocation of Public Works staff to other operations, as the overall staffing costs for this department only increased by \$4,300.

COMMUNITY SERVICES – The Adopted Budget for Community Services is \$2,556,926, a decrease of \$298,533 from the 2012-13 budget. The reduction in budget is due primarily to the transfer of the Facilities Maintenance and Repairs division to Public Works and the expiration of a lease payment. The Department also estimates it will receive \$628,700 in revenue for the coming fiscal year.

LIBRARY – The Library Budget for 2013-14 is \$967,228 and includes an enhanced service level. The adopted amount is \$111,000 less than the 2012-13 budget while increasing library service hours from 20 hours per week to 29 hours per week. The reduction is due to the elimination of required termination payouts paid in 2012-13 offset by staffing and operational increases for the additional nine service hours per week.

O **OTHER FUNDS**

In addition to being divided into a number of departments, from a budgetary standpoint, the City, like other governmental agencies, is divided into a multitude of financial funds. In addition to the largest fund of the City, the General Fund, Pomona maintains a multitude of separate funds. For presentation and adoption purposes, several of these funds are consolidated within this document. For example, the Community Development Block Grant Fund actually represents eight individual funds and the City Debt Service Fund represents five individual funds. All funds are estimated to end the 2013-14 fiscal year with a positive fund balance with the exception of the Cal Home Grant Fund. Staff continues to work on a plan to remediate this issue.

Special Revenue funds are used to account for revenues derived from specific sources, which are required by law or administrative legislation to be accounted for in separate funds. The most common special revenue funds are grant funds, Gas Tax, Prop A, Prop C, Measure R, AQMD, General Sanitation Fees (GSF), Maintenance Assessment Districts, and the Vehicle Parking District (VPD). Prop A, Prop C, Measure R, and TDA Article 3 revenue estimates were provided by Metro. Gas Tax funds continue to provide partial funding for eligible expenses such as street maintenance, traffic and signal maintenance, the paint and sign program, and street tree maintenance while the General Sanitation Fee (GSF) fund provides funding for services such as graffiti removal, storm water compliance, median maintenance, street sweeping and right of way maintenance. The GSF fees were first established in 1984 by the City Council and, under Prop 218 guidelines, gained voter approval in 1998. The fee was revalidated in 2002 by the City's Measure A but the fee structure remained unchanged. Funding shortfalls for services provided through the GSF are covered by Gas Tax.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The City of Pomona has three enterprise funds: Water, Sewer, and Refuse with an Operating Budget of \$45.63 million. This total includes \$3.22 million of depreciation expense and \$261,257 of capital equipment requests.

The City also has four internal service funds: Self-Funded Insurance Services, Equipment Maintenance, Information Technology, and Printing/Mail Services. The Budget for these funds is \$8.6 million which is covered by revenue received from assessed departments. The Self-Funded Insurance Fund is proposed at \$4.7 million; a decrease of \$860,000 over 2012-13 due to a combination of an increase to insurance premiums and a decrease to anticipated budgeted claims expense. The Equipment Maintenance fund budget is proposed at \$3.9 million, down slightly over \$225,000 from 2012-13 due to the reduction in staffing and vehicle repair expense related to the replacement of the refuse fleet. The Information Technology Fund and Print/Mail Services Fund are operations transferred from the General Fund to better reflect its internal services nature. To keep the accounting structure consistent with the structure it held in the General Fund, the operations receive 'recovered costs' funding rather than revenue. Appropriations for IT operations total \$1,515,491, offset by an equal amount of Recovered Costs, which places the Adopted Budget at zero. The \$1.5 million budgeted expense is \$23,000 less than the 2012-13 budget. Printing/Mail Services is at \$34,712, offset by an equal amount of 'Recovered Costs' to reflect a zero budget amount.

STAFFING

Staffing costs for the 2013-14 Adopted Budget were developed using current labor contracts including the continuation of the current work schedules (furloughs), and full funding for authorized positions. Costs also reflect expense growth related to increases in the City's retirement contribution rates (PERS), health premiums, and pay-as-you-go retiree health costs.

Personnel history and funding allocations by department are shown in the Authorized Staffing section of this document and include a staffing level of 538.6 positions. In addition to these employees, many departments, especially the Library and Community Services Departments, utilize part-time hourly employees to provide services to our community. While not City employees, staffing is also provided for city services through the County of Los Angeles Fire Service Contract.

As personnel changes are routinely considered in conjunction with the annual budget, the following changes, were approved 2013-14:

POSITION ADDITIONS

<i>Department</i>	<i>Position</i>	<i>Funding Source</i>
Comm Dev	Assistant Planner	General Fund
Comm Dev	Code Compliance Inspector	General Fund
Library	Librarian I/II (60%)	General Fund
Public Works	Parks and Landscape Manager	General Fund
Public Works	Program Assistant (2)	Water

POSITION ELIMINATIONS

<i>Department</i>	<i>Position</i>	<i>Funding Source</i>
Library	Senior Librarian (2 at 60%)	General Fund
Public Works	Engineering Aide	Multiple Funds
Public Works	Heavy Equipment Mechanic (3)	Equip Maint
Public Works	Water Operations Crew Chief	Water
Public Works	Water Quality Control Supervisor	Water

POSITION RESTRUCTURES

<i>Department</i>	<i>Current Title</i>	<i>Adopted Title</i>	<i>Funding Source</i>
City Attorney	Legal Admin Asst	to salary adjustment only	General Fund
City Clerk	Deputy City Clerk	to Deputy City Clerk I/II	General Fund
Comm Dev	Senior Planner	to Assistant Planner	General Fund
Library	Library Manager PBL (60%)	to Library Services Manager (FT)	General Fund
Police	Community Svc Officer	to Criminal Intelligence Coord	General Fund
Public Works	Engineering Aide	to Engineering Technician	Multiple Funds
Public Works	Lead Traffic Op Tech	to Traffic Operations Crew Chief	Measure R
Public Works	Management Analyst	to Senior Mgmt Analyst	Multiple Funds
Public Works	Public Services Manager	to Streets Services Manager	Title change Only
Public Works	Public Services Supervisor	to Contracts Coordinator	Title Change Only
Public Works	Water Quality Contr Tech III	to Wtr Trtmnt and Quality Crw Chf	Water
Public Works	Wtr Trtmnt Plant Crew Chief	to Wtr Trtmnt and Quality Crw Chf	Title Change Only
Public Works	Wtr Trtmnt Plant Supervisor	to Wtr Trtmnt and Quality Supervisor	Title Change Only

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 elected the role of Successor Agency to oversee the dissolution of the Agency and its assets. Also, in accordance with the legislation, an Oversight Board has been established. The purpose of the Oversight Board is to approve the Recognized Obligation Payment Schedule and Administrative Budget for submission to the Department of Finance for funding of prior Agency obligations, and any activities of the Successor Agency. The account structure of the Successor Agency is that of a Trust and Agency account which carries neither revenues nor expenditures and is therefore, not presented within this document. However, Staff estimates that the total for the two 2013-14 Recognized Obligation Payment Schedules will be approximately \$18.8 million while the amount available in the

Redevelopment Property Tax Trust Fund (RPTTF) collected by the County will be approximately \$17.1 million. Staff is reviewing options to close the funding gap including refinancing existing debt and selling former Agency assets.

HOUSING AUTHORITY

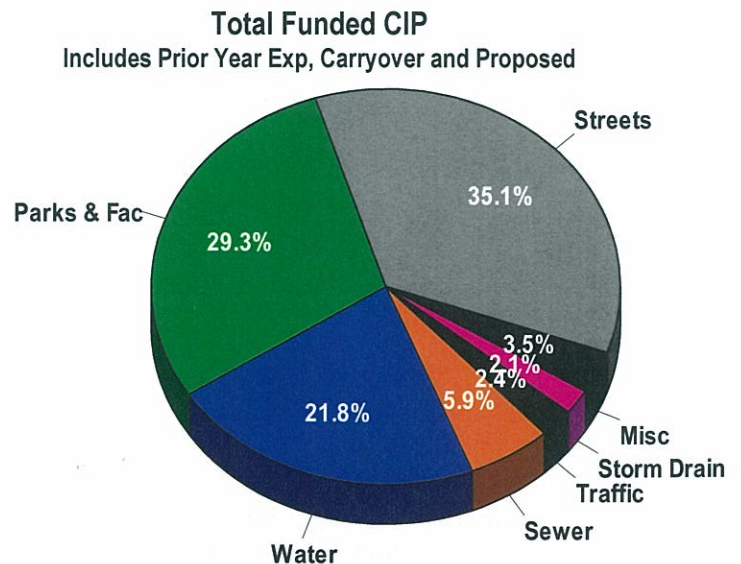
The City's Housing Authority's primary responsibility is to administer the Section 8 Rental Assistance Program that is funded by the United States Department of Housing and Urban Development (HUD) and oversee housing property of the former Redevelopment Agency. The program provides rent subsidy payments directly to landlords on behalf of eligible tenants and is intended to aid low-income families in obtaining decent, safe and sanitary housing. This year, \$10.6 million has been budgeted for housing assistance payments within the Section 8 Housing Fund which has a proposed total overall budget of \$11.9 million. The Shelter Plus Care Grant budgeted at \$1.0 million is also under the umbrella of the Housing Authority. Additionally, with the dissolution of the Redevelopment Agency, property assets of the former Low/Mod Housing Fund have been transferred to the Housing Authority for administrative purposes and are accounted for in the Low/Mod Housing Asset Fund, adopted at \$94,734 for 2013-14. Lastly, is the Housing Administrative Fund which oversees all Housing Authority programs and is budgeted at \$46,978.

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (CIP) contains priorities for improvements to the City's infrastructure over a five year period of time. It is annually reviewed and updated and its implementation is dependent upon the availability of capital and special funds. Since these funds are legally restricted, the funds must remain separate from and cannot be utilized for general operating costs. Capital projects often span many years, as the projects move from design and environmental review to plan check and ultimately construction and are subject to revision during the year to reflect fluctuations in City needs, priorities, and funding. The separate Capital Improvement Program document addresses, in greater detail, specific projects to be undertaken in both the short and long term. Included again this year is the Schedule of Work Plan by Category which highlights projects to be undertaken in the upcoming fiscal year, and the City's Annual Infrastructure Needs Assessment.

Pomona's five-year Capital Improvement Program (CIP) sets forth infrastructure needs and a capital plan involving 185 projects, totaling approximately \$460 million, of which \$176.3 million will be funded. The \$176.3 million is comprised of \$171.2 million of prior years' appropriations, of which approximately \$79.5 million remains unspent, and \$5.0 million of new funding.

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



Category	Estimated Prior Year Expenses	Estimated Prior Year Carryover	2013-14 Proposed	Following Four Years+
Streets	50,158,841	8,973,956	2,679,326	124,644,632
Traffic	1,315,081	2,622,618	366,716	16,532,715
Parks & Facilities	9,365,235	40,778,281	1,510,284	41,446,765
Water	22,006,344	16,331,725	20,000	84,366,823
Sewer	4,620,939	5,239,021	500,960	9,750,000
Storm Drains	496,155	3,134,933	-	6,434,867
Miscellaneous	3,731,021	2,426,076	1,000	600,000
Total	91,693,616	79,506,610	5,078,286	283,775,802

CAPITAL EQUIPMENT REQUESTS

Included in the Adopted Budget (page 22 of the Financial Summaries section) are approved capital equipment requests totaling \$261,257 across Water and Sewer Enterprise Funds. No General Fund capital equipment requests are included within the 2013-14 Budget.

KEY BUDGET ISSUES AHEAD

While the City has made a number of difficult decisions in recent years to improve its financial condition, including the use of layoffs, employee concessions, and various program and service level reductions, there continues to be various known cost increases that impact the City's overall fiscal picture. These cost drivers are detailed below:

Labor Contracts – As part of the City's overall cost reduction efforts, employee bargaining groups agreed to accept multi-year salary and benefit concessions. The current contracts for all groups expire on June 30, 2014. With the expiration of provisions within those agreements, labor costs will increase approximately \$2.4 million (\$1.6 million in the General Fund) with the end of furloughs, and a minimum \$1.3 million (\$800,000 in the General Fund) for negotiated, but currently deferred, wage increases.

CalPERS Retirement Rates – The State of California recently adopted pension reform legislation that will have a gradual positive impact on retirement costs incurred by cities. However, this impact is long-term in scope because most of the provisions apply to employees hired, and are new to the PERS system, after January 1, 2013. While this legislation will benefit the City in the long run as turnover occurs, savings to the City will be modest in the near future.

However, on April 17, 2013, the CalPERS Board of Administration approved a recommended change to the CalPERS amortization and smoothing policies. Prior to this change, CalPERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, CalPERS will employ an amortization and smoothing policy that will pay for gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The new policy will affect employer rates beginning in fiscal year 2015-16. Using the sample provided by CalPERS, Staff has estimated the possible impact to Pomona rates over the five year period as follows. These rates should be considered estimates only.

Public Safety			Miscellaneous		
Fiscal Year	Est Rate Increase	Estimate Rate	Fiscal Year	Est Rate Increase	Estimate Rate
15-16	4.2%	45.10%	15-16	2.2%	19.20%
16-17	8.4%	49.300%	16-17	4.4%	21.400%
17-18	12.6%	53.500%	17-18	6.6%	23.600%
18-19	16.8%	57.700%	18-19	8.8%	25.800%
19-20	21.0%	61.900%	19-20	11.0%	28.000%

Retiree Medical – The City offers retiree medical benefits to its employees and assists them with their health care premiums. The cost to the City has increased over the past 10 years from \$1.1 million in 2003 to \$3.2 million in 2011-12. The City follows a pay-as-you-go system for funding these expenses which are assessed to all departments through salary/benefit charges. The amount estimated for 2013-14 is \$3.3 million which equates to \$6,150 per active employee. Additionally, the City’s most recent Other Post Employment Benefit (OPEB) actuarial report indicates the City’s liability for these benefits is \$77.2 million. The City currently has 472 retirees receiving health benefits.

Fire Service Contract – The City contracts with the Los Angeles County Fire District for fire protection services. Last year the City negotiated the relocation of services to reduce the number of stations from eight to seven. This temporary realignment significantly reduced the City’s contract cost for 2012-13 and 2013-14 while the construction planning process continues to facilitate the long-term realignment of Fire services. However, the contract still provides for increases based on actual costs and a formula. Future year cost increases are unknown, but based on previous experience costs could increase significantly over time. Additionally, the long-term permanent realignment plan calls for permanent removal from service of the two-man light force engine and reestablishment of the three-man engine which has been removed from service in the temporary realignment. Implementation of the long-term realignment would restore one post position (the equivalent of three full-time firefighters) thus incurring significant future cost increases.

Successor Agency – While the abolishment of the Redevelopment Agency resulted in staff layoffs, there continues to be a need to retain and fund a variety of positions which were partially “supported” with redevelopment funds. As the ‘wind down’ continues, the General Fund will need to gradually absorb these costs. As of 2013-14, there are still 1.85 positions funded through the Successor Agency at a cost of \$250,000.

Police Grant Funded Positions – The City was awarded a \$3.1 million COPS Hiring Recovery Program (CHRP) grant on July 15, 2009 which expires May 31, 2015. This grant provides full salary and benefits funding for (9) Police Officer positions for a total of (36) months for each position based on hire date. At the conclusion of the grant funding period, the City is responsible to continue to fund each of the (9) CHRP Police Officer positions for a (12) month retention period. The first CHRP officer was hired in April 2011 and grant funding for that position will end 36-months later in April 2014. The second CHRP officer was hired in July 2011 and funding for that position will end in July 2014. Five additional CHRP officers were hired in March of 2012 and funding for those positions will end in March 2015. The last two CHRP positions were hired in August 2012 and funding for those positions will end on May 31, 2015.