



City of Pomona
505 South Garey Avenue
Pomona, CA 91766

July 1, 2009

The Honorable Mayor and Members of the City Council

Provided herein and respectfully submitted, please find the City of Pomona's Fiscal Year 2009-10 Adopted Budget. The preparation of this year's document was, one of the most difficult challenges the City has addressed in many years. An economic crisis without precedent in living memory has had profound effects on City revenues of virtually every nature, with further impacts almost surely to be felt. As a result, the City has rebalanced Citywide priorities in order to ensure the continued provision of essential services, while also safeguarding Pomona's current and future fiscal well being.

This budget is the product of an historic effort across departments and divisions, and represents a willingness to make sacrifices for Pomona's greater good, and for the many City stakeholders being served. Despite the landmark progress that the included product represents, in the coming year additional challenges will remain, but the beginning found herein is a foundation that will help to guarantee success in the years to come.

SUMMARY OF FUNDS 2009-10

The operating budget is the City's financial plan for all funds, and consists of the revenues and expenditures to finance the current year operations of the various funds and programs for the fiscal year beginning July 1, 2009 and ending June 30, 2010. It is a flexible spending plan that is the legal authority for departments to commit financial resources for the provision of services within the City of Pomona.

The adopted 2009-10 budget of \$249 million is approximately \$15 million less than the original budget for 2008-09. Of that total, the General Fund is down \$8.4 million, Special Revenue funds are down \$11.6 million, Debt Service Funds are down \$140,000, Enterprise Funds are up \$3.7 million, the Redevelopment Agency budget is down \$1.2 million and the Capital Improvement Program is up \$2.9 million. The 2009-10 Operating and Capital Improvement Budgets are allocated as follows:

Fund Type	Expense	Transfers Out	Total	% of Operating Budget
General Fund	88,002,279	4,014,260	92,016,539	52%
Special Revenue Funds	19,158,606	4,623,433	23,782,039	13%
Debt Service Funds	5,264,216	855,000	6,119,216	3%
Capital Projects Funds	0	923,192	923,192	1%
Enterprise Funds	44,213,801	1,612,955	45,826,756	26%
Internal Service Funds	8,072,660	0	8,072,660	5%
City Operating Budget	164,711,562	12,028,840	176,740,402	100%
Redevelopment Agency	37,010,230	11,656,034	48,666,264	
Pomona Housing Authority	11,220,953	0	11,220,953	
Capital Improvements	12,235,204	0	12,235,204	
Total	225,177,949	23,684,874	248,862,823	

GENERAL FUND REVENUES

Total General Fund revenues for Fiscal Year 2009-2010 have been estimated at \$92,017,272. The amount reflects a decline of nearly \$2.8 million from the budget adopted by the City Council just one year ago. This \$2.8 million decline climbs to \$8.5 million when adjusting for the 'prospective' revenues included in the \$92 million of adopted revenues. While this is primarily due to the effects of the ongoing recession and other economic woes, the following section more fully addresses some of the underlying causes. A comprehensive review of the major revenue sources may be found within the Revenue Section of this document.

Property Taxes are down approximately \$450,000 due to weakness in Property Transfer Tax receipts (and extremely sluggish home/commercial sales), and payments due from prior years. The impact of declining property values – and any taxes paid thereon – remains an unknown factor at this time, with most property tax sub-category budgets left unchanged versus year-end expectations. Budget estimates for secured property taxes are relatively flat over the 2008-09 year. There may be a further decline in this category as the City has yet to see the impact of foreclosures, reduced property assessment valuations, and lower resale values. (See 'Revenue' section for more comprehensive details.)

Other Taxes are expected to decline by more than \$400,000 driven by reduced Business License fees (as businesses close or report lower gross receipts), Transient Occupancy Tax (travel and lodging has been another victim of the recession), and Tow Franchises, due to a forecast reduction in the number of motor vehicles being towed.

Sales and Use Tax is seen declining by more than \$5 million, inasmuch as the loss of several major sales tax generators (Circuit City, Toys R Us, and the Chrysler dealer) has combined with steep drops in retail activity across the board, and especially within the

automotive and building/construction sectors upon which this revenue stream has been historically dependent. (See 'Revenue' section for more comprehensive details.)

Utility Tax is one of our brighter forecasts, inasmuch as utility rate increases are seen as driving modest revenue increases in the coming fiscal year. This may be further fueled by more people staying home – and therefore using more electric, gas and water – leading to a forecast of approximately \$275,000 worth of revenue growth in Fiscal Year 2009-10. (See 'Revenue' section for more comprehensive details.)

All Fines remain fairly static with only small changes across the various components.

Revenue from Use of Money and Property is down by almost \$125,000 for the coming fiscal year, which is a direct result of a lower cash balance within the General Fund upon which interest is earned and the low interest rate environment.

Intergovernmental Taxes are up by more than \$500,000 due to the addition of \$625,000 worth of projected AB211 pass-throughs from the Redevelopment Agency, which are partially offset by a forecast decline in Motor Vehicle License Fees, as fewer new vehicles are being licensed in the state. For fiscal year 2008-09 to date, the State has failed for three months to receive sufficient funds for disbursement to cities. The League's Fiscal Analyst believes that this trend is likely to continue through next fiscal year.

Other Intergovernmental is down by more than \$500,000 (when comparing to 2008-09) due to the absence of revenue from any exchange of Prop A funds which has, in turn, been moderated by expected growth in the Prisoner Housing Program. However included within the Prospective Revenue category is the City Council approved sale of Prop A funds in the amount of \$975,000 (65% exchange rate), which will eventually increase this line item via a corresponding transfer from prospective revenue.

Licenses are forecast to decline by over \$250,000 in the coming fiscal year, primarily due to a substantial drop in receipts from Contractors' Job Fees (directly due to reduced building activity), and Pari-Mutuel (wagering) Receipts, yet another recession victim.

Permits are down by nearly \$600,000 for much the same reasons as licenses, above, with a decline of more than \$550,000 in Building Permits as the principal factor.

Fees are projected to fall by more than \$900,000, with substantial declines in revenues from Plan Checks and Development Tax – both directly tied to building activity – amidst a number of much smaller variations up and down within the many subcategories.

Other Miscellaneous Revenue – There are no anticipated changes within this category other than the *Prospective Revenue* discussed below.

Charges for Services are expected to fall by \$350,000, with substantial declines in reimbursements from other governmental agencies, as well as the cessation of receipts from Senior Trips/Tours and Concession Sales, both of which have been discontinued.

Transfers In are forecast to decline by \$400,000 due to lower gas tax receipts, which are directly attributable to reduced demand in the face of the statewide economic slowdown.

Other Financing Sources are marginally (\$30,000) down, in line with anticipated declines in the sale of capital items.

PROSPECTIVE REVENUE –

Included in the adopted revenue estimates is approximately \$5.70 million of prospective revenue. Details are as follows:

Sale of Prop A funds – Since 2006-07, the City has sold \$7.68 million in Prop A funds in exchange for \$5.6 million of unrestricted General Funds. Continuing into 2009-10, the City Council approved selling an additional \$1.5 million of Prop A funds in exchange for \$975,000 of General Funds. Past sales experienced an exchange rate of 70% and 75%; however, in today's economy the \$975,000 represents a 65% exchange rate. Despite exchanging these funds over multiple years, this source is still considered one-time in nature due to the declining balance in the fund and the ability to find cities wanting to complete the exchange. In addition to being available for exchange, Proposition A funds are eligible for the following uses: public transit services, fixed route service, paratransit service, recreational transit service, bus stop improvements and maintenance, public transit capital improvements, transportation systems management, transit security, fare subsidy, transportation planning, transit marketing, park and ride lots, transit facilities and transportation enhancements, Metro Rail capital, right of way improvements, commuter rail, signal synchronization and transportation demand management.

Sale of Training Facility at Station 187 – The Los Angeles County Fire Department has agreed to purchase the training facility at Station 187 for approximately \$4.0 million (based on their Appraisal) to be paid over a two year period. Staff is conducting its own appraisal as well as verifying title and deed restrictions for presentation at a later date. For budgeting purposes staff has estimated \$1,991,000 in revenue for 2 years.

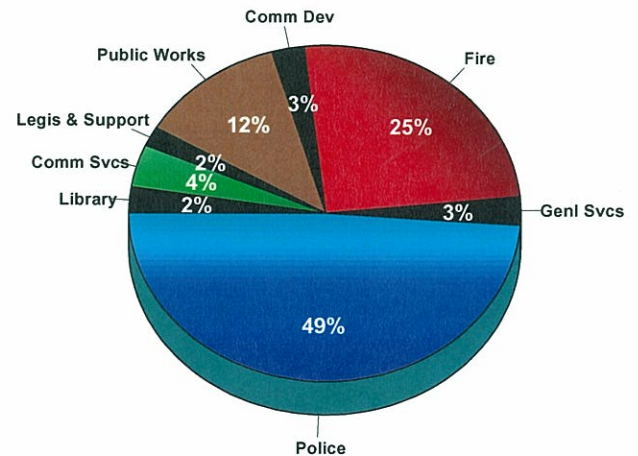
Measure R – Measure R is a half-cent sales tax within Los Angeles County for transportation purposes that was passed by the voters last November and commences on July 1, 2009. The majority of these funds will be dedicated to major transportation needs such as the Expo light rail line on the Westside, a light rail connector in downtown Los Angeles, extension of the Metro Gold Line, the Foothill Extension of the Metro Gold Line, a rail connection to LAX, and many major highway projects. However, the County's 88 cities and unincorporated areas will receive 15 percent of the new receipts for local needs such as

major street resurfacing, rehabilitation and reconstruction, pothole repair, left turn signals, bikeways, pedestrian improvements, streetscapes, and signal synchronization. MTA estimates that the City of Pomona will receive approximately \$1.4 million in annual revenues; however, due to the lag in sales tax reporting, staff estimates that the first year revenue (2009-10) will be approximately \$1.08 million. Although the City of Pomona has great need for additional street improvement projects, staff recommended the use of these funds for 2009-10 for currently funded street maintenance operations. Although the tax continues for 30 years, staff recommended the short term use of the funds in order to provide for future construction projects. One caution is that the funds will have some type of maintenance of effort requirements for which regulations have yet to be published. Should that requirement prohibit the use of these funds within the 2009-10 budget, an alternative reduction will be necessary.

Settlement – Staff is anticipating that an on-going litigation matter will settle within the 2009-10 fiscal year. If successful, the amount paid to the City would be disbursed over four to eight quarters (realized over two to three fiscal years), in varying amounts in each fiscal year. It is anticipated that approximately \$1.66 million would be realized in the 2009-10 fiscal year. As with Measure R revenue, should this event not prove fruitful alternative reductions will be necessary.

GENERAL FUND EXPENDITURES

The General Fund provides for public services such as police and fire protection, library services, park and recreational programs, public works, planning, and other essential support services such as Administration, City Clerk, City Attorney, Finance, Human Resources and Information Technology. The adopted fiscal year 2009-10 General Fund expenditure budget is \$92.0 million including transfers out of \$4.0 million. This \$92.0 million budget is down \$8.4 million, or 8%, from the amended 2008-09 budget. Community safety remains to be a high priority for Pomona, and this budget continues to reflect that commitment. Public Safety utilizes 74% (Police 49%, Fire 25%) of all General Fund resources.



BALANCING THE GENERAL FUND

In order to balance the 2009-10 General Fund Budget, a combination of prospective revenue (detailed above) and significant citywide reductions were necessary. Following are

the major decisions by department. A detailed list of these items and other items, along with the service impacts follows this transmittal letter.

Administration – Staffing levels have been reduced from 11 positions in 2006-07 to 5 in 2009-10. For 2009-10, one Assistant to the City Manager and one Administrative Assistant have been eliminated. Duties from these positions have been reassigned to remaining staff.

City Clerk – The City Clerk department has reduced funding for an hourly position.

City Attorney – The City Attorney reduced legal costs related to sober living enforcement, sex offender amicus, and Historic Preservation meetings.

Human Resources – Commercial insurance premiums have been significantly reduced through efforts by Human Resources staff, providing savings to all departments.

Finance – A total of four positions were eliminated from the Finance Department in fiscal 2009-10: the Senior Administrative Assistant (vacant), a vacant Senior Accountant, the Reprographics Technician, and the Payroll Supervisor. Duties from these positions have been reassigned to various staff members. The Payroll and Budget divisions have been consolidated with payroll supervisory duties assumed by the Budget Officer. Overall Department staffing has been reduced from 34 positions in 2007-08 to 26 positions in 2009-10.

Information Technology – City Council recently approved a revised contract with ACS, the City's contract IT provider, which resulted in a 40% cost reduction for all related contracts. However, since the 2008-09 adopted budget assumed a 15% reduction, which did not materialize, the percentage reduction from the 2008-09 adopted budget to the adopted 2009-10 budget does not reflect the full 40%.

Police – The 2009-10 adopted budget includes the unfunding of 26 vacant sworn positions (equivalent to 19 full time positions and 7 partial funded positions that will be vacant due to scheduled retirements by the end of FY 2009-10.) Also included is the elimination of 8 non-sworn positions, as well as the reduction of various operational accounts.

Fire – There are no expenditure reductions for the fire department, rather the contract increased \$421,000. As discussed above The Los Angeles County Fire Department has agreed to purchase the training facility at Station 187 for approximately \$4.0 million to be paid over a two year period.

Community Development – The Building & Safety division has recently been transferred from Public Works to Community Development. All related financial and staffing history has been moved within this document to provide accurate year-to-year comparisons. Major

reductions for this department include the outsourcing of the Building and Safety functions; the elimination of (1) Senior Planner and (1) Assistant Planner; and the funding reallocation of the Senior Management Analyst to various grants.

Public Works – Public Works outsourced Street Sweeping with funding limited to the amount received through GSF revenue; as well as reduced funding for graffiti removal. Contracts for street tree maintenance and median maintenance throughout the City were also reduced. Additional positions in Signal Lighting, Engineering, and Equipment Maintenance division were also eliminated.

Community Services – The Community Services Department is comprised of the programs and services remaining from the split of Community Services to Public Works. While under the direction of the Library Director, these services remain an independent department. For comparison purposes, all financial and staffing history has been moved accordingly. Reductions in this department include the elimination of eleven positions; the outsourcing of the summer pool operations; the elimination of the Senior Trips and Tours program; the elimination of concession operations at Veteran’s Park; and the elimination of funding for the Cultural Arts Commission, Pomona Concert Band, and the Youth Advisory Committee.

Library – The major reduction for this department is the reduction of open library hours with the Library now being closed on Mondays. Additional reductions include reduced funding for books and materials and miscellaneous operational expenses. Overall, Library staffing will be reduced by five positions.

Citywide – Funding has been added within General Services for the payment of leave balance payouts for retiring employees. In the recent past, these expenses were to be absorbed within salary savings; however, with the staffing reductions adopted staff estimates that departments will not be able to cover these costs in 2009-10. As needs are identified, funding will be transferred from General Services to the specific department. Citywide savings in fleet operations are expected, and have been budgeted, due to the reduction in equipment and staffing within fleet maintenance. Of special note are the significant savings that has been realized from employee concessions relating to compensation.

In General – All reductions detailed herein were submitted by the respective department directors. As the funding gap was narrowed, but still existed, Directors were requested to submit additional reductions at various funding levels. The submissions were reviewed and additional reductions taken from the list and included in the adopted numbers.

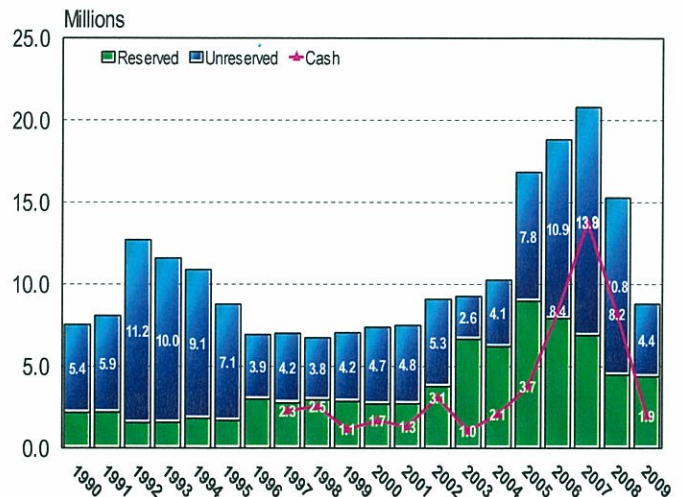
FUND BALANCE – GENERAL FUND

As reflected in the table and chart below the General Fund total Fund Balance is \$15.3 million at June 30, 2008; however, unreserved Fund Balance (available to fund services) is

\$11 million. With 2008-09 year-end estimated revenues of \$92 million and expenditures estimated at \$98 million, the unreserved Fund Balance is estimated to fall to \$4.4 million by the end of fiscal year 2008-09. Based on the balanced budget presented herein, this Fund Balance should remain through 2009-10, however, if any of the prospective revenue does not materialize and adjustments are not made in a timely fashion, this balance could decline.

Fund balance is not cash balance as some of the city's revenue is accrued at year-end. The effect of this is that revenue is recognized in the current fiscal year, but the cash may not be received until the next fiscal year.

Year	Fund Balance	Cash Bal @ 6/30
1999	7,038,526	1,153,400
2000	7,375,409	1,670,402
2001	7,480,359	1,325,716
2002	9,093,128	3,079,761
2003	9,256,772	1,037,780
2004	10,263,908	2,059,634
2005	16,820,431	3,749,468
2006	18,822,247	8,367,127
2007	20,792,068	13,760,226
2008	15,269,452	8,167,008
2009 est	8,789,774	1,949,384



SERIES AV BOND PROCEEDS – In 2006, the Pomona Public Financing Authority issued Series AU and AV to refund Series AE for the Mission Promenade Project, provide partial funding for Veterans Park, and to set aside funds for the proposed Trade and Conference Center at Fairplex. As a provision of the issue, \$6 million of the proceeds were to be called if, within three years, details had not been successfully negotiated between the City and Fairplex. Due to various events, the \$6 million provided within Series AV will not be used for the Trade and Conference Center, and is available for other uses or repayment. While this money could be used to call the bonds, staff recommended retaining the funds for cash flow purposes and emergency funding of the 2009-10 budget should any of the prospective revenue sources described above fail to materialize. Using the funds for operational expenses is allowable since the \$6 million portion of the bonds were issued as taxable. Annual debt service on the Series AU/AV bonds is approximately \$830,000, with approximately \$304,000 paid by the Agency for the former Series AE portion. The debt service was initially structured to frontload the cost of the Trade and Conference Center and backload the cost related to park improvements. The effect of this was to ensure that the General Fund did not assume significant debt service costs until 2032, when annual debt payments would increase to just over \$300,000 in the General Fund. Payments relating to the \$6.0 million would cease in 2038, at which time the General Fund annual debt service payment would increase to \$840,000 until 2045. Because of this initial structure, if the \$6

million is called, the General Fund debt service payment for the park improvement money will be \$143,000 in 2009-10. By retaining the \$6 million however, debt service increases by \$386,000, which has been included within this budget.

LOOKING FORWARD

While the City has achieved great strides in balancing this year's budget, there is still more to be done. Looking forward to 2010-11, personnel costs (excluding those increases related to salary steps, health insurance, and retiree costs) could grow by over \$4.0 million dollars when compared to the current year. This would be an aggregate effect of the end of furlough and wage concession agreements, as well as additional retirement contributions which may be required to offset investment losses sustained by PERS. Additionally, based on current estimates, the Country Fire Service contract may increase another \$775,000. Also to be considered is the \$5.7 million of prospective revenue reflected in the 2009-10 budget. If any or all of these sources fail to materialize, further reductions will be necessary in the current year which would adversely impact future years as well. However, if all of the anticipated events (sale of the fire training facility, the probable settlement, a further sale of Prop A funds, and continued use (if allowed) of Measure R funds for street maintenance purposes) occur, the combination of prospective (limited time) receipts would contribute up to \$5.5 million to our 2010-11 base revenues.

Despite the current economy, revenues for 2010-11 are expected to increase, however, the timing and degree remain unknown. The City has yet to see a decline in property tax revenue due to home foreclosures and resales at lower prices, and has experienced a number of business closures from which a rebound is improbable in the near future. Given this reality, and in the unlikely event that all General Fund revenues increased globally by 5%, total revenues would only increase by \$4.2 million, an amount insufficient to cover increasing costs or cover the loss of any one-time or prospective revenue (a large portion of which will not continue in any subsequent years).

STATE ACTIONS

Although every effort has been made to balance the City's budget in the coming fiscal year, the prospect of the State of California borrowing a portion of Pomona's property taxes in the coming fiscal year has become another risk. Said borrowing, made legal under 2004's Proposition 1A (which took effect in 2006) permits the State to borrow for up to three years an amount equal to eight (8%) percent of certain Property Tax revenues, to be repaid with interest. At the time of this writing, the City of Pomona's borrowable amount is just over \$2.565 million, and even though Governor Schwarzenegger has consistently been a staunch opponent of State "raids" on local funds, the failure of 2009's statewide ballot initiatives and a deepening of California's fiscal malaise has compelled a different course of action, which could

require other actions to be considered by the City Council to keep Pomona financially whole. In light of the impact of these borrowings upon governmental entities statewide, however, the California Communities JPA has instituted a Securitization Program through which the entire borrowed amount will be bonded along with that of other entities, offsetting the loss of borrowed funds in their entirety.

O THER FUNDS

The City of Pomona accounts for its operations in over 100 separate funds. For presentation and adoption purposes, many of these funds are consolidated within this document. For example, the Community Development Block Grant Fund actually represents 8 individual funds, the Miscellaneous Grants Fund represents 11 funds and the Redevelopment Agency Debt Service Fund represents 12 individual funds. All funds are estimated to end the 2009-10 fiscal year with a positive fund balance with the exception of the Landscape and Lighting District described herein.

S TAFFING

The 2009-10 adopted budget eliminates 50 positions, and unfunds 26 sworn positions (19 vacant positions, plus 7 positions that due to scheduled retirements throughout the fiscal year will be vacant in June 2010). At the start of the fiscal year (July 1, 2009) 34 additional positions were still being considered for elimination as they related to outsourcing proposals. In August 2009, two of the three outsourcing proposals were approved, resulting in the elimination of 16 additional positions in September 2009. In summary a total of 66 positions were eliminated in FY 2009-10. The position reductions affect the operations of eight departments as outlined below. A listing of specific position reductions may be found within the 'Authorized Staffing' section of this document. Significant savings have been realized from the elimination of these positions along with the employee concessions relating to salaries. Additionally, there were four position reclassifications; three are title changes only and one is a reclassification to a lower position.

Eliminated Positions

<u>Department</u>	<u># of Positions</u>	<u>Funding</u>
Administration	2	Multiple
Redevelopment	3	RDA
Finance	4	Multiple
Police – Non-sworn	8	General
Police – Sworn	26 (unfunded)	General
Public Works	13	Multiple
Public Works – Outsourcing*	4	General
Community Development	5	General
Community Dev- Outsourcing*	12	General

Community Services	10	General
Library	5	General

*16 positions were eliminated per Council actions approved in August and September 2009. These position changes are reflected in the authorized staffing table.

Reclassifications

<u>Dept</u>	<u>Current Classification</u>	<u>Recommended</u>
Police	SR Administrative Assistant	Administrative Assistant
Public Works	Wtr Quality Control Tech	Environmental Svcs Tech
Public Works	Paint & Sign Crew Chief	PW Operations Crew Chief
Public Works	Senior Equipment Operator	Water Utility Crew Leader

Personnel history and funding allocations are shown in the Authorized Staffing section of this document. Including the above changes, this budget authorizes 693 (including City Council) full time positions. In addition to City employees, the County of Los Angeles provides Fire personnel under the current contract. Additionally, many departments, especially the Library and Community Services Departments, utilize part-time employees to maintain current service levels.

REDEVELOPMENT AGENCY

The Redevelopment Agency (RDA) was established in 1966 to prepare and carry out plans for improvement, rehabilitation and redevelopment of blighted areas within the City of Pomona. The 2009-2010 operating budget for the RDA is \$49 million. Beginning with the 2000-2001 fiscal year, the eleven Project Areas were combined to create one merged project area which is accounted for in three separate fund types. The Debt Service Funds account for the accumulation of resources (tax increment) for the payment of general long-term debt (principal and interest). The Capital Projects Fund accounts for the acquisition or construction of major capital facilities, as well as the day-to-day operational costs of the Agency. The Special Revenue Fund (20% set-aside for Low and Moderate Housing) accounts for the proceeds of specific revenues that are legally restricted to provide affordable housing programs.

Debt Service Funds: Although the project areas have been merged, the Agency continues to receive tax increment by project area per the existing agreements with the County. The debt service funds are used to track this income and finance the current year's principal and interest payments, as well as other Agency approved agreements and obligations. The Agency receives approximately \$31.5 million in tax increment, and Los Angeles County grants and deferrals. This revenue stream is supplemented with investment earnings, participation revenue, a transfer from the Low/Mod fund for its portion of debt service payments, and other miscellaneous revenue for a combined total revenue stream of \$34.3 million. Of the revenue collected, \$9.6 million is allocated to debt service payments

(excludes \$2.0 million in deferred interest expense), \$14.9 million is allocated for pass-through agreements and County property tax collection services, \$913,000 is allocated for Agency approved obligations, \$5.0 million is transferred to the low/mod housing fund and \$740,000 is allocated for taxes and other expense. The combination of revenue over expense leaves approximately \$2.1 million to be transferred to the RDA capital projects fund for operations.

Capital Project Fund: As of June 2009, the working capital of this fund is estimated to be \$7.6 million (excludes land held for resale). For Fiscal Year 2009-10, revenues and transfers are estimated at \$2.7 million, including \$350,000 in land sales, and appropriations are budgeted at \$3.9 million.

Low/Mod Housing Funds: After paying its debt service obligation, the Low/Mod Fund nets approximately \$3.0 million per year of tax increment which is supplemented with additional estimated income of \$560,000 million from investment earnings and loan repayments. With recommended appropriations of \$6.1 million, the Fund reflects a \$2.6 million draw on available reserves. Major programs include \$400,000 for the continuation of the First Time Homebuyer Program, \$600,000 for continuation of the rehabilitation program, and \$452,000 for rehabilitation costs.

NEW FUNDS AND FUNDS TO WATCH

Self Insurance Fund – To provide a rate smoothing methodology related to the self insurance function, the City reactivated the Self Insurance Fund to account for claims expenses related to liability and worker's compensation. Operational expenses related to these functions will remain within the General Fund with allocations to all departments and funds. The fund was closed in 2007-08 due to a continual deficit balance. To fund the initial cash flow needs, City Council approved the borrowing of \$5 million from the Water Fund. Interest from the \$5.0 million will be earned within the pooled cash system currently used by the City; however, the interest earnings related to the \$5.0 million in borrowed cash will be paid to the Water Fund rather than the Self Insurance Fund. Rates charged to departments for claims expense will be based on a three year rolling average with a reconciliation completed at the end of each fiscal year. As the City's fiscal health continues to improve, the rates will reflect an amount in excess of the claims paid in order to establish a fund balance and repay the Water Fund.

Lighting and Landscape District – As previously reported, this fund has exhausted its fund balance and is estimated to be deficit by approximately \$479,000 by June 30, 2009. This is due primarily to the normal increase of expenses over time in contrast to a static revenue source. For fiscal year 2009-10, maintenance and water usage expenses for the two parks within the District have been moved to the General Fund. This change, along with other operational efficiencies and reductions, provide for a balanced budget for the coming year. Staff is continuing to work on solutions to resolve the current deficit balance issue.

CAPITAL IMPROVEMENT PROGRAM

The total five-year Capital Improvement Program (CIP) sets forth infrastructure needs and a capital plan involving 315 projects, totaling approximately \$408.3 million, of which \$232.2 million has been or will be funded. The \$232.2 million is comprised of \$220 million of prior years' appropriations, of which approximately \$146.5 million remains unspent and \$12.2 million of new funding. There is an additional \$49.44 million in proposed projects that are awaiting necessary funding approval from various agencies before the identified projects can be incorporated into the formal CIP proposal.

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

The following is a summary of the Five-Year Capital Improvement Program. Of the \$176 million in project costs estimated for future years (beyond 2010) only \$3.5 million has an identified funding source:

Category	Estimated Prior Year Expenses	Estimated Prior Year Carryover	2009-10 Adopted	Following Four Years+
Streets	20,252,611	42,377,564	4,294,731	101,374,024
Traffic	1,280,562	2,243,948	100,000	6,692,585
Parks & Facilities	20,524,943	37,107,216	539,233	32,972,720
Water	27,121,696	47,896,499	4,226,321	30,003,863
Sewer	1,105,630	16,541,205	2,014,175	483,500
Storm Drains	153,576	69,424	0	3,507,000
Miscellaneous	3,052,694	262,207	1,060,744	1,000,000
	73,491,712	146,498,063	12,235,204	176,033,692

ECONOMIC OUTLOOK

The Fiscal Year 2009-10 economic outlook is probably more uncertain than it has been in decades. The recession – which is now determined to have “officially” begun in December of 2007 – has proven to be deeper and far more pervasive than initially believed. And while certain leading indicators are now suggesting that some stability is starting to return to the economy, any real sense of optimism is almost universally tempered by warnings that things may still grow worse before they begin to recover to a marked degree.

An economy beset by growing layoffs (the national unemployment rate is expected to peak at 9.4%; California's will be even worse) and declining home values will be severely

challenged to recover quickly, with effects of the current downtown most probably to be felt for years to come. This budget document has therefore been prepared in understanding of those facts, but with effort to avoid pessimism and/or panic. Things will eventually improve. The coming fiscal year will be one of challenges to government at every level, as an uncertain economy (global, national, state and local) seeks to find the path for a return to sustainable health.

ACKNOWLEDGEMENTS

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

CONCLUSION

As evidenced on prior pages and throughout the balance of this document, the actions herein detailed are intended to close the gap between revenues and expenditures in the coming fiscal year. Although the budget has been balanced, the significant use of non-recurring revenues and employee compensation concessions point out the continued existence of structural issues yet to be addressed. As such, this product – the result of a long and highly arduous undertaking – represents a beginning more than a definitive end, and one expected to evolve in response to an economic landscape which remains very much in flux. These combined realities presage many decisions still remaining to be made that will shape the City's future both for now, and many years to come. With the guidance of Pomona's many stakeholders as given form by the wisdom of the City Council, we will together continue seeking solutions to those challenges before us to the very best of our combined abilities.

Respectfully submitted,



Linda Lowry
City Manager

Reductions by Department

Dept	Description	Status	Savings	Impact To City
AD	Eliminated (1) Assistant to the City Manager	Implemented	133,200	Eliminated (1) Assistant to the City Manager. Duties and responsibilities of this positions have been absorbed by existing management staff within the Admin Dept. Special Projects are being reassigned to respective operating departments.
AD	Eliminated (1) Administrative Assistant	Implemented	51,000	Eliminated (1) Administrative Assistant within Administration. Duties and responsibilities of this position have been absorbed by existing management staff within the department.
CK	Reduced hourly budget (position)	Implemented	26,000	This reduction eliminates the funding for (1) part-time Office Assistant position. Duties and responsibilities of this position have been reassigned to existing staff.
CA	Reduction in Supplemental Legal Services	Implemented	90,000	This reduction will reduce the legal services provided for Sober Living Enforcement, Sex Offender Amicus, and Historic Preservation meetings.
HR	Reduced Self Insurance premium reductions	Implemented	256,050	Commercial insurance premiums have been significantly reduced from prior years due to changes in brokerage services, policy placements, and commissions paid. The amount shown here is the General Fund portion of those savings.
FN	Eliminated Reprographics Technician	Implemented	53,900	Eliminated (1) Reprographics Technician I position. The job responsibilities and duties have been assigned to existing staff.
FN	Eliminated (1) Payroll Supervisor position	Implemented	88,600	Eliminated (1) Payroll Supervisor position and the budget and payroll divisions have been consolidated. The majority of the job responsibilities and duties have been absorbed by the Payroll Specialists within the department with supervision provided by the Budget Officer.
FN	Eliminated (1) Senior Administrative Assistant	Implemented	65,500	Eliminated (1) Senior Administrative Assistant. This positions job responsibilities and duties have been assigned to other staff within the department. The position has been vacant for more than 1 year.

Reductions by Department

Dept	Description	Status	Savings	Impact To City
IT	Reduced Information Technology Citywide Contract with ACS	Implemented	273,530	The City renegotiated the ACS contract to include a 40% reduction which resulted in a reduction in ACS contract employees. The 08-09 budget reflected a proposed 15% reduction which did not occur so this years 40% reduction is mathematically less when comparing budget year to budget year. Service level changes include; a reduction in non-mission critical response time, city staff being responsible for the City's disaster recovery plan, reduced 'help desk' support and the elimination of software usage (Microsoft products) training for all departments. The amount shown here reflects the Genl Fund portion of savings.
PD	Eliminate (1) Assistant Police Chief position	Implemented	257,200	The duties of the Chief, Assistant Chief and the Internal Affairs Lieutenant will now be performed by the Chief resulting in an increase of oversight of Internal Affairs investigations, internal meetings, attendance at special events and community meetings, conferences, workshops, seminars, as well as overall workload.
PD	Eliminated (1) Police Lieutenant	Implemented	215,390	The Internal Affairs Lieutenant has been held vacant and will be unfunded. Service level impact information is included in the above statement regarding Assistant Police Chief vacancy.
PD	Eliminated (1) Police Sergeant	Implemented	199,350	The elimination of 1 Sergeant position within the Patrol division impacts the Police Department's efforts to pro-actively address crime and quality of life issues that affect the citizens.
PD	Eliminated (1) Police Corporal - DPOA	Implemented	172,280	In October 2008 the Police Corporal position formerly assigned to the DPOA program was eliminated (based on a reduced funding request from the DPOA), leaving (2) full-time Police Officer positions to provide staffing for this program's operations.

Reductions by Department

Dept	Description	Status	Savings	Impact To City
PD	Eliminated (5) Police Investigator positions	Implemented	814,400	5 Police Investigator positions are currently being held vacant and will now be eliminate, one (1) Police Investigator position formerly assigned to this program was transferred back to Investigative Services Division in January 2009. The cumulative impact of this has increased workload on the remaining Police Investigators, afforded fewer personnel assigned to investigate Gang crimes and fewer assignment opportunities for personnel within the Detective Bureau.
PD	Eliminated (6) Police Officer positions	Implemented	649,643	6 Police Officer positions that were unfunded in FY 2008-09 will be eliminated in FY 2009-10. Related to this is the NET Team, which was disbanded in order to return Police Officers to patrol to assist in responding to those emergency calls for service.
PD	Eliminated (1) Police Officer (17% of the year)	Implemented	24,730	This individual is scheduled to retire near the end of FY 2009-10, once vacated the position will be eliminated.
PD	Eliminated (1) Police Officer position	Implemented	126,620	Position is vacant due to a recent separation. This position will remain eliminated.
PD	Eliminate (1) Police Officer position and freezing several sworn position salaries	Proposed	341,000	This vacant position (due to a recent separation) combined with 6 retirements that will occur during various times throughout FY 2009-10 equates to the cost to restore 5 non sworn positions and 1 part time position originally proposed to be eliminated.
PD	Investigative - Eliminate (1) vacant Lieutenant	Implemented	206,747	Eliminate (1) Lieutenant. This reduction may impact department oversight and accountability. There will be 6 Lieutenants funded in the Police Department, in addition to 2 Captains.
PD	Eliminated (1) Report Taker position	Implemented	68,765	The elimination of one field report taker will require the response of a police officer, thus minimizing the ability to respond to in-progress calls, as well as increasing the officers response times to calls for service.

Reductions by Department

Dept	Description	Status	Savings	Impact To City
PD	Patrol - Eliminate (4) Report Takers	Implemented	263,113	Eliminate (4) Report Takers. The elimination of 4 field report takers will require the response of a police officer, thus minimizing the ability to respond to in-progress calls, as well as increasing the officers response times to calls for service.
PD	Eliminated (1) Community Service Officer II	Implemented	69,330	The elimination of the Community Service Officer will increase the workload on other ISD personnel, and may result in a decrease on time spent investigating misdemeanor crimes.
PD	Eliminated (1) Community Service Officer II	Implemented	68,240	The elimination of the Community Service Officer (Subpoena Service) will reduce service ratio for the service of criminal civilian witness subpoenas. The responsibility for service of criminal civilian witness subpoenas will be transferred to Patrol and Investigative Services. Expected delays in subpoena service will cause court delays which may result in case dismissal.
PD	Eliminate (2) Community Service Officers in the Crime Prevention program	Proposed	111,452	Eliminate (2) Community Service Officers. This reduction will impact participation at several annual special events and programs.
PD	Eliminate helicopter program includes the elimination of (1) Helicopter Pilot	Proposed	196,413	The elimination of the helicopter program will eliminate (1) non-sworn helicopter pilot. This reduction decreases the ability to assist officers patrolling on the ground.
PD	Eliminated (1) Management Analyst	Implemented	92,980	The elimination of (1) Management Analyst (Crime Analysis) will impact pin mapping, identification of crime patterns and trends as well as identifying hot spots, in-depth statistical analysis. Other duties such as production of "wanted" flyers and GTA "Hot Sheets" will be transferred to other divisions.
PD	Eliminate (1) Community Service Officer - Youth Services Graffiti Program	Proposed	57,250	Eliminate (1) Community Service Officer. This reduction will eliminate the liaison to City departments regarding graffiti abatement and limit the departments ability to document, track, and follow up on investigations.

Reductions by Department

Dept	Description	Status	Savings	Impact To City
PD	Patrol - Eliminate (1) Community Service Officer position	Proposed	62,900	Eliminate (1) Community Service Officer. This reduction of 1 desk CSO will create a reduction in service at the police counter.
PD	Traffic - Eliminate (1) Community Service Officer position	Proposed	58,052	Eliminate (1) Community Service Officer. This reduction of 1 traffic CSO will create a reduction processing of citations, late notices, and administrative hearings.
PD	Chief's Office - Eliminate (1) Sr Admin Assistant	Proposed	74,784	Eliminate (1) Senior Administrative Assistant. Duties would be reassigned within department.
PD	Investigative Svcs - Eliminate (1) Sr Police Records Specialist	Proposed	69,241	Eliminate (1) Senior Police Records Specialist. Duties would be reassigned within department.
PD	Crime prevention - eliminate part time mail clerk positions	Proposed	16,000	This reduction eliminates the funding for (1) part-time Mail Clerk position. Duties and responsibilities of this position would be reassigned to existing staff.
PD	Reduce Patrol Division Overtime	Implemented	100,000	This reduction reduces \$100,000 of budgeted overtime for sworn personnel. This will eliminate Patrol officers attending community programs and will hamper the amount of time officers can follow up on cases.
PD	Training Bureau - reduces OT related to training & reduced exp for hourly background investigations	Implemented	118,000	This reduction would decrease training that requires travel. Officers will now be training in an on-duty capacity. A reduction in hourly backgrounds may impede the ability to keep a current hiring list.
PD	Records - reduce overtime	Implemented	20,000	This reduction may delay report processing as well as the ability to backfill behind absences.
PD	Reduce civilian overtime expense	Implemented	3,200	This reduction would reduce civilian overtime expenses in the traffic division.
PD	Reduce CSI personnel weekend standby	Implemented	2,300	This reduction will eliminate CSI personnel weekend standby on call expenses.
PD	Reduce Homicide personnel weekend standby	Implemented	7,000	This reduction will eliminate homicide personnel weekend standby on call expenses.
PD	Reduction in Building & Yard Repairs	Implemented	25,000	This action will reduce the funding for unexpected repairs to the Police Facility.
PD	Reduction in Computer Related Acquisitions	Implemented	69,712	This action will reduce the amount of computers that would be replaced in the proposed fiscal year.
PD	Admin - Cellular / Pagers	Implemented	20,000	This reduction will eliminate several department cellular phones.

Reductions by Department

Dept	Description	Status	Savings	Impact To City
PD	Park Security Contract	Implemented	224,743	This reduction will eliminate the park security contract which provides services at community parks, including the closing/opening of public restrooms, and the weekly delivery of council agenda packets and materials.
PH	Outsource Building and Safety Division	Implemented	612,455	This Building and Safety program is being considered for outsourcing. If approved (12) Full time staff positions will be eliminated. Current service levels will be maintained by the selected contractor.
PH	Eliminated (1) Senior Planner and (1) Assistant Planner	Implemented	188,000	Eliminated (1) Senior Planner and (1) Assistant Planner. These reductions are associated with the reduction in permit activity attributable to the economic downturn. There will be little impact to the public, there may be a burden on the Planning Division's ability to address longstanding problems or advanced planning issues.
PH	Reallocation of Senior Management Analyst to respective Housing Funds	Implemented	63,115	There will be no impact to the City. This position already spends the majority of their time on budget related items funded by Housing, with only a minimal amount spent on the General Fund planning budget.
PW	Outsource Street Sweeping Program - (4) positions eliminated	Implemented	194,255	Street Sweeping will be outsourced to an independent contractor. Frequency of street sweeping service in both residential and commercial areas of the City will be decreased. This action includes the elimination of 1 Heavy Truck Driver and 3 Street Sweepers.
PW	Reduce street sweeping program to GSF funding level	Implemented	84,800	This program reduction will result in a decrease in the frequency of sweeping of residential and arterial streets, as well as commercial areas.
PW	Eliminated (1) Graffiti Removal Worker	Implemented	48,510	Eliminated (1) Graffiti Removal Worker (vacant). The Downtown and Weekend graffiti removal contract was terminated which will result in longer response times in removing reported graffiti.
PW	Eliminated (1) Signal Lighting Crew Chief	Implemented	90,445	Eliminated (1) Signal Lighting Crew Chief. This position will be eliminated and the duties and responsibilities will be reassigned to a Lead Signal/Lighting Technician.

Reductions by Department

Dept	Description	Status	Savings	Impact To City
PW	Eliminated (3) Engineering and Construction positions	Implemented	101,400	Eliminated (1) Associate Engineer, (1) Administrative Assistant, and (1) Engineering Assistant. Job responsibilities and duties have been assigned with the departments engineering functions, as well as some duties will be assumed by a consultant.
PW	Eliminated (3) Equipment Division positions	Implemented	115,000	Eliminated (1) Senior Storekeeper, (1) Lead Equipment Mechanic, and (1) Heavy Equipment Mechanic. These reductions to workforce are associated with the reduction due to the downsizing of General Fund Department operations which are proportionally funded to provide this internal service.
PW	Reduce Tree Trimming contract by the amount equivalent to the cost of the in-house street tree crew (2 positions).	Implemented	179,898	This is option 2 and replaces the original proposal listed above. This contract reduction will result in a 60% decrease to the contract grid trimming program.
PW	Reduce median maintenance by defined amount (option to reduce to GSF funding level)	Implemented	158,000	The reduction in this program will result in reduced mowing, shrub or tree trimming, water, fertilizing, turf renovation, weed and disease control for medians located throughout the City.
CS	Eliminated (1) Recreation Supervisor position	Implemented	50,215	Eliminated (1) Recreation Supervisor, which resulted in a loss of program coordination. Duties have been reassigned within department.
CS	Eliminated (1) Recreation Coordinator position	Implemented	32,945	Eliminated (1) Recreation Coordinator, which resulted in a loss of program coordination. Duties will be reassigned within department.
CS	Eliminated (1) Recreation Coordinator position	Implemented	84,815	Eliminated (1) Recreation Coordinator, which will result in a loss of program coordination, duties will be reassigned within department.
CS	Eliminated (1) Administrative Assistant	Implemented	50,455	Eliminated (1) Administrative Assistant in youth and family services program. Duties have been reassigned within the department.
CS	Eliminated Senior Trips and Tours Program	Implemented	0	Program was to operate fiscally neutral but costs continue to exceed revenue; program eliminated.

Reductions by Department

Dept	Description	Status	Savings	Impact To City
CS	Veterans Park Rentals	Implemented	49,000	Reduction in hourly staff. No impact due to slow start up of opening season.
CS	Vets Park Concession	Implemented	90,000	Elimination of entire program due to negative cash flow. Groups will not have concession service. Staff is currently researching other options including providing vending machines.
CS	Outsourcing Pool Operations	Implemented	15,000	City to contract with YMCA to provide aquatics services for Summer 2009. The impact will be that no seasonal staff will be hired. All other services to remain the same.
CS	Eliminate (1) Recreation Supervisor	Implemented	88,818	Eliminate (1) Recreation Supervisor may result in a loss of program coordination. Duties will be reassigned within department.
CS	Eliminate (1.5) Tech Specialist - hourly	Implemented	68,055	This reduction would eliminate the funding for (1.5) part-time Technical Specialist positions. Duties and responsibilities of these positions would be reassigned to existing staff.
CS	Allocate costs of (1) hourly clerical position to CDBG	Implemented	20,853	This reduction transfers the funding for (1) part-time office assistant position that coordinates CDBG paperwork.
CS	Eliminate (2) hourly - Palomares & Special Prog	Implemented	31,375	This reduction eliminates the funding for (2) part-time hourly clerical and special support positions. Duties and responsibilities would be reassigned to existing staff.
CS	Eliminate various department cell phones	Implemented	2,580	This reduction will eliminate several department cellular phones.
CS	Reduce various controllable line items	Implemented	14,025	This reduction will eliminate program supplies for various recreation programs.
CS	Eliminate (1) full-time custodian - facilities	Implemented	45,627	Eliminate (1) full time Custodian. This action is related to a reduction in paid rentals and uses of City facilities.
CS	Eliminate (2) hourly custodians - facilities	Implemented	34,768	This reduction eliminates the funding for (2) part-time hourly custodian positions. Duties and responsibilities of these positions would be reassigned to existing staff.
CS	Reduce expenses related to facilities maintenance	Implemented	15,000	This reduction will reduce funding for supplies within the facilities maintenance division.

Reductions by Department

Dept	Description	Status	Savings	Impact To City
CS	Eliminate funding for Cultural Arts Commission	Implemented	20,000	This elimination of funding for the cultural arts commission would include the elimination of the funding that is associated with the LA Philharmonic and Juneteenth.
CS	Eliminate funding for Pomona Concert Band	Implemented	12,304	This reduction would eliminate the General Fund subsidy for the Pomona Concert Band.
CS	Eliminate funding for Youth Advisory Committee	Implemented	15,500	This reduction would eliminate the funding for stipends for the Youth Advisory committee.
CS	Eliminate (1) Senior Administrative Assistant	Implemented	74,462	Eliminate (1) Senior Administrative Assistant. Duties would be reassigned within department.
CS	Eliminate (1) Administrative Assistant III position	Implemented	67,214	Eliminate (1) Administrative Assistant III. Duties would be reassigned within department.
CS	Reduce various operational line items	Implemented	9,716	Recreation staff has reduced several operational accounts including program supplies from various recreation programs.
CS	Request additional Maintenance monies from Los Angeles County	Implemented	150,000	Additional funding from Los Angeles County for the maintenance of park equipment and recreation facilities is available for the City.
CS	Eliminate (1) Custodian - facilities	Implemented	46,650	Eliminate (1) full time Custodian. Duties would be reassigned within department.
CS	Eliminate four trucks - fleet allocation	Implemented	6,000	Two of the four trucks in the Community Services Departments fleet will be eliminated. This reduces the departments fleet allocation by \$6,000.
CS	Eliminated Hourly Special Events Coordinator (Hourly position)	Implemented	14,430	Elimination of Hourly Special Events Coordinator whose duties are related to the presentation of special events. These duties have been reassigned to other staff members.
LB	Close library on Mondays	Implemented	322,000	The Library will close on Mondays, which will reduce the public hours per week to 36 from the current operating hours of 45. Included with this reduction is the savings for utilities with the one day closure, as well as the elimination of (1) Library Assistant I, (1) Librarian II, and (1) Library Specialist.

Reductions by Department

Dept	Description	Status	Savings	Impact To City
LB	Reduce library book & materials and related personnel	Implemented	32,600	There will be little impact related to this reduction. The amount reduced from book purchases will be transferred to the Public Library Fund as appropriate. Associated with this reduction is the remaining 40% funding of (1) Library Assistant I in the Acquisitions and Cataloging division.
LB	Miscellaneous operations reductions	Implemented	14,000	Administration staff has reduced several operational accounts including vacation buyback, computer related acquisitions, printing and copying, as well as building maintenance costs.
LB	Reallocate Library Services Manager to the State Literacy Grant	Implemented	34,155	The Library Services Manager position will be partially funded by the State Literacy Grant. This position spends significant time on administrative items related to this grant.
LIB	Eliminated (2) Library Assistant I/II	Implemented	128,500	Eliminated (1) Library Assistant I/II for the entire fiscal year, and partially funded (40%) 1 Library Assistant I/II. In addition reduced book processing materials, book purchases, current magazines, electronic databases, and eliminated references including the USA & LA Times newspapers.
CTYW	Retirement Termination Payouts Citywide	Implemented	(340,000)	Adds funds for citywide estimates for payouts related to employees retiring from the City within the fiscal year.
CTYW	Fleet allocation reduction	Implemented	328,465	Reduction in citywide fleet allocation due to downsizing of City fleet and reductions within the Equipment Division (Public Works Department).
CTYW	General Fund City Facilities Water Payment	Implemented	(733,000)	Assessment of water usage charges to General Fund departments.