

07/01/2021

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

In accordance with Article X Sec. 1003 of the City's Charter, we submit to you the Adopted Fiscal Year (FY) 2021-22 Citywide Budget and Budget Message. The COVID-19 pandemic has impacted the City and the nation for over a year now, but there is optimism the financial impacts affecting Pomona may be lessening. Like most, if not all California cities, Pomona faces financial challenges in the current fiscal year and beyond. On May 3, 2021 the ten year financial forecast was presented to the City Council, highlighting long term scenarios to be aware of as the economy continues to change and every expenditure item added to the budget each year has a long term impact that must be supported with ongoing revenues. Times such as these require the City to look at all areas of operations to identify opportunities for increased efficiency, however with the recovery efforts by the Federal Government in the form of the Cares Act, the Care Act CRF Funding, and the March 2021 approved American Rescue Plan, the City has been fortunate to receive one time assistance and support. As always, our top priority is to provide the highest level and quality of services to our residents. As with every budget year, this budget remains a work-in-progress to be monitored throughout the year and will be adjusted as necessary.

While the annual development of this budget document is a challenge even in the best of times, staff has endeavored to present a realistic estimate of service and program costs along with an educated estimate of the resources available to pay for them. The General Fund budget for FY 2021-22 has its challenges. In March 2021, the FY 2020-21 General Fund Mid-Year Budget Review was presented to the Mayor and City Council with an estimated budget surplus of \$121k, with as much as \$3.4M in anticipated savings could be realized by year end. Recent evaluation of the General Fund now estimates that surplus for FY 2020-21 to be \$2.8M. This surplus is a direct result of citywide reductions in spending on staffing in the form of vacancies as well as the strategy used with the recent implementation of Pension Obligation Bonds (POBs) approved by the City Council in July 2020. One time revenue in the form of financial assistance due to the pandemic in the form of the CRF Cares Act also helped. The budget process this year was modified to include two separate budget preview presentations which provided an estimate of the FY 2021-22 revenues and expenditures while also allowing for input from City Council and the community. The preview provided rough estimates, as to the evolving financial situation the City will be facing in FY 2021-22. The input received was logged and referenced during each Department budget meeting that was held as part of the budget preparation. With the initial preliminary budget preview showing a deficit of \$5.6M, changes to both revenues and expenditures were made, including a \$1M increase to the Fire contract with Los Angeles County, and other increases and decreases that are presented herein. With that said, the FY 2021-22 Proposed Budget was presented with a General Fund deficit of \$6.4M, along with the other City funds. As will be discussed in more detail throughout this



message, the 101 General Fund deficit was mitigated by a portion of the American Rescue Plan allocation at budget adoption in June 2021 creating a surplus of \$6.5k.

CITYWIDE BUDGET HIGHLIGHTS

The adopted FY 2021-22 Budget for Citywide expenditures are \$316.7M, and it is comprised of seven operating fund types as shown in Table 1.

Total City Appropriations by Fund Type - Table 1

FUND TYPE	FY 2020-21	FY 2021-22
General Fund	\$113,089,533	\$121,075,368
Special Revenue Funds	52,790,415	51,252,739
Debt Service Funds	6,256,858	6,258,217
Capital Project Funds	11,189,604	11,722,983
Enterprise Funds	80,896,984	94,012,760
Internal Service Funds	9,351,717	9,715,985
Housing Authority Funds	17,402,178	22,627,045
Total	\$290,977,289	\$316,665,097

- The FY 2021-22 General Fund Budget has been prepared over the last few months. The projected revenues align with last year due to various COVID-19 pandemic economic impacts. The economic impacts resulting from the pandemic are projected to be long lasting in some cases, however the City is optimistic to rebound with the recent reopening of many service industries at regulated levels. This still makes the FY 2021-22 budget difficult with these uncertain circumstances. Appropriations reflect an increase of \$8M when comparing FY 2020-21 expenditures to FY 2021-22. This increase is primarily related to an increase of \$944k for controllable expenses related to various contract increases in most Departments, a \$3.3M contract increase for Fire services (\$2.5M) provided by the LA County Fire District and a \$1.1M increase for the Inland Valley Humane Society Contract, as well as the increase to the shift in categories of the allocated costs for the Pension Obligation Bond payments.
- The small decrease in Special Revenue Funds is due to lower anticipated revenue receipts for ESG-CV, CDBG, Measure W, Lead Based Paint, CDBG and Measure H. In FY 2021-22 a new Special Revenue grant was added, Proposition 64. Permanent Local Housing Allocation Program received its first allocation of \$1.1M as part of the 5-Year PLHA plan. It should be noted the Phillips Ranch Maintenance Assessment District has revenue challenges that must be addressed in the near future. More details are provided in the “Other Funds” section of this report.



- The FY 2021-22 budget increased \$500k in the Capital Project Funds as new funding sources (i.e. Federal and State money) capital projects were identified.
- The increase in the Housing Authority is primarily due to Section 8 Housing Fund increasing by \$4M from FY 2020-21 due to the expansion of programs administered by the Housing Authority including funding to assist homeless veterans, disabled homeless families/individuals and foster youth aging out of foster care. In addition, the Housing Authority received CARES Act funding to prevent, prepare for and respond to COVID-19.
- The increase in the Enterprise Funds is the result of the Renewable Energy Sustainability Program Fund, with an increase in FY 2021-22.

KEY BUDGET ASSUMPTIONS

Key assumptions for the FY 2021-22 Adopted General Fund Budget:

- Revenue estimates are based on data made available through various sources such as: the City's sales and property tax consultant, reports from various State and Federal agencies, the League of California Cities, HUD, Department of Finance, and the State Controller's Office.
- The Cannabis licensing application process is in its final stages and the City will collect the Cannabis Business Tax (Measure PC) starting in FY 2021-22. Estimates for both sales tax and PC business tax that will be generated by the approved businesses have been included in the adopted FY 2021-22 budget.
- The cost of services as provided by L.A. County Fire District is budgeted with an increase of \$2.4M. Contributing to the contract increase is a 1.9% overall increase as a result of the employee benefits adjustment for workers compensation and retiree health. A 0.6% increase to District overhead was also factored in the Fire District's budget.
- At the end of FY 2020-21, the General Fund should meet City Council's graduated benchmark Fund Balance Policy goal of 17% per current projections.
- Pension Obligation Bond savings will realize approximately \$6M of General Fund savings in the FY 2021-22 Budget as part of the interest only payment to be made in the fiscal year.
- All bargaining unit agreements expire during Fiscal Year 2021-22. Once agreements are reached, any changes will be implemented in the City's Budget.
- There are supplemental requests for non-personnel capital items totaling \$1.5M and are included in the FY 2021-22 Adopted Budget in only Non General Funds.
- This budget includes a total of 8.20 Full Time Equivalent (FTE) position changes and 5.60 position reclassifications. As a result, General Fund appropriations increased \$347k and Non General Fund personnel costs increased \$502k.



- A total of \$1.4M in General Fund Savings is included with 13.00 full time equivalent (FTE) vacant positions being unfunded for FY 2021-22. In the FY 2020-21 budget 22.60 FTE vacant positions were held vacant for savings.
- General Fund Capital expense requests of \$706k were made, but not funded in this FY 2021-22 Adopted Budget. Most of the items requested were for aging vehicles in the City's fleet throughout various Departments.
- Per Section IX, Items 5 and 12 of Section IX (Capital Improvement Program and Asset Replacement) of the Fiscal Sustainability Policy require a dedication of General Fund revenue to the Capital Improvement Program (CIP) and the initiation of a Building and Equipment Replacement Fund. For the CIP, General Fund would deposit 0.10% each year until reaching 1.0%. Over the last several fiscal years, significant contributions have been made from the General Fund well over 1.0% to the CIP. Included in this FY 2021-22 Budget is \$569k of General Fund appropriation (less than 1% of revenues). The Building and Equipment Replacement Fund was established in FY 2015-16 and has funded annual leases and equipment purchases, however the fund has a fund balance of \$241k, with \$100k of that being via a transfer from the General Fund as included in the FY 2021-22 Budget. Since the 17% General Fund Balance will most likely be achieved based on FY 2020-21 year end projections, it is recommended the provisions within the Fiscal Sustainability Policy requiring contributions to capital improvement projects and equipment replacement be implemented if funding is confirmed at year ending June 30, 2021. Staff will bring this request forward at the Mid-Year Budget review after the FY 2020-21 financial audit is completed.
- The Annual Budget includes allocated costs in a number of line-items which are common to most of the City's Departments. These line-items include Information Systems, Workers' Compensation, Unemployment, Liability Administrative functions, and the maintenance and operation of the City's Fleet. In addition, costs are recovered for Administrative Support and Mailing and Printing Services. These costs, which include both the actual service expense(s), as well as, related personnel expenditures, are recovered from those Departments making use of the respective service in proportion to the extent the provided services are actually used.

General Fund Revenues

The FY 2021-22 General Fund Revenues have been estimated at \$121M. This includes \$6.8M from the American Rescue Plan. Overall, the other revenue estimates have increased less than 1% from last fiscal year due to the pandemic. Property Tax, Sales Tax and UUT make up 73% of the total General Fund Revenues and are estimated to increase by \$5.2M over the prior fiscal year. Following Table 2 is a brief discussion of each of these revenue sources.



General Fund Revenues - Table 2

Revenue Category	FY 2020-21 Budget	FY 2020-21 Y/E Est.	FY 2021-22 Adopted	FY 2020-21 Budget vs. FY 2021-22	FY 2020-21 Y/E Est. vs. FY 2021-22
Property Taxes	\$ 37,793,320	\$ 38,779,245	\$ 40,695,925	\$ 2,902,605	\$ 1,916,680
Sales Tax	29,391,975	30,898,435	32,585,577	3,193,602	1,687,142
Utility Tax	16,449,543	15,585,490	15,575,594	(873,949)	(9,896)
Total - Big "3"	\$ 83,634,838	\$ 85,263,170	\$ 88,857,096	\$ 5,222,258	\$ 3,593,926
Other Taxes	12,760,042	13,082,528	12,001,951	(758,091)	(1,080,577)
Licenses, Permits, & Fees	5,956,282	5,639,701	5,808,733	(147,549)	169,032
Charges for Svc	2,977,164	2,016,124	2,520,827	(456,337)	504,703
Fines	2,287,000	1,182,350	1,796,000	(491,000)	613,650
Other Revenues	5,595,188	5,637,609	10,097,290	4,502,102	4,459,681
Total - All Sources	\$ 113,210,514	\$ 112,821,482	\$ 121,081,897	\$ 7,871,383	\$ 8,260,415

Property Tax – There is a projected 8% increase over the prior fiscal year in property taxes. Typically, property tax revenues are received from November through August with the annual tax roll information being distributed by the Assessor’s office in July. This anticipated increase is due to the increased sales of both single-family and non-single-family property and increased sale prices during 2020 which resulted in an increase to the FY 2020-21 tax roll and an anticipated increase to the FY 2021-22 tax roll.

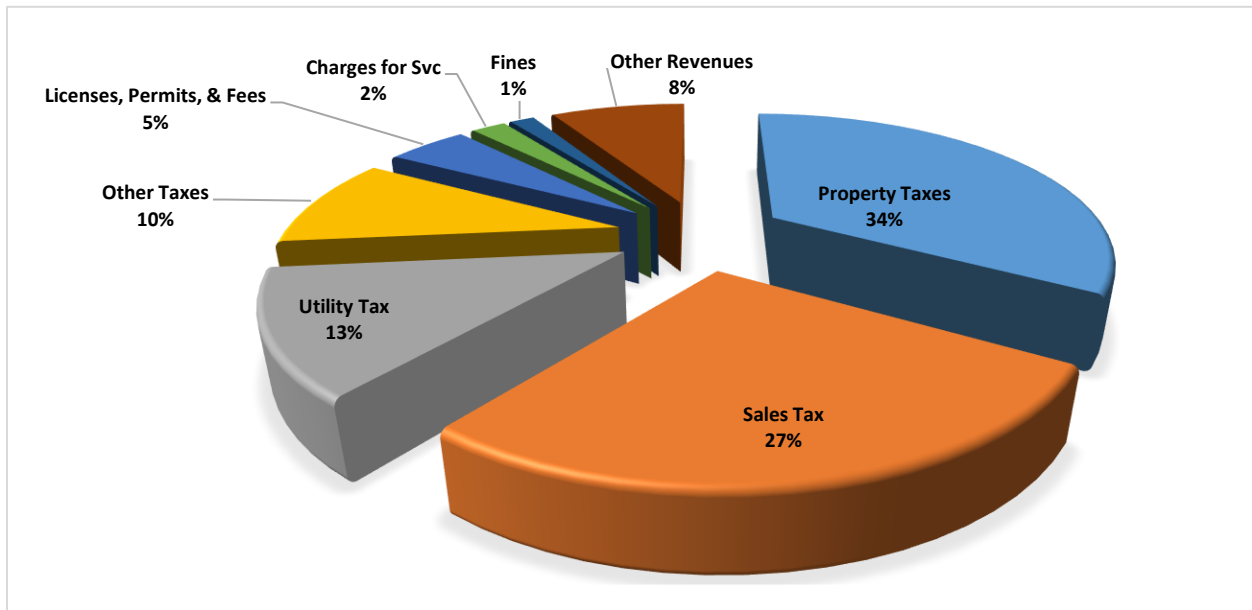
Sales Tax – Sales tax is estimated to increase by 11% for FY 2021-22. The estimated increase is due to increased online and marketplace purchases which enlarge the county pool which in turn increases the share received by the City. The strongest economic segment for sales tax generators for the fourth quarter of 2020 is County and State Pools tied with Building and Construction at 23% each followed by Business and Industry at 13%. However, these top sales tax generators may change as the COVID-19 closures are reduced and more businesses begin to reopen.

Utility User Tax (UUT) – UUT revenues are estimated to decrease 5% (\$873k) for adopted FY 2021-22. UUT for telecommunications continues to decline due to a direct link in the decrease of cell phone plan costs and the elimination of landline services in homes and businesses.

Other Revenues – This category includes several revenue streams (other taxes, licenses, permits, fees, other miscellaneous revenue, transfers-in and other financing sources). Changes in this category from FY 2020-21 to Adopted FY 2021-22 are estimated to increase 8% due to the American Rescue Plan of \$6.8M. There is a decrease in revenue expected in the other sources due to the pandemic and continued cancellation of events and activities such as the LA County Fair, various in person park programs and activities, and other in-person entertainment based activities.



General Fund Revenues - Table 2A



General Fund Expenditures

The General Fund is the largest fund of the City and represents approximately 38% of the City's Combined Operating Budget. The General Fund accounts for services such as Police, Fire, Library, Parks, Recreational Programs, certain Public Works operations, Development Services, City Council, Administration, City Clerk, City Attorney, Finance, and Human Resources. The Adopted FY 2021-22 expenditure budget is \$121M, which is an \$8M increase over the prior fiscal year's budget. Table 4 and Table 5 show details of the \$8M increase by Department and by category.

The Police budget for FY 2021-22 increased over FY 2020-21 by \$860k. Part of the increase will be offset by \$450,000 in reimbursable revenue. This budget includes not filling the budget for 12 vacant FTE positions in the Department, including 4 Police Officer positions, which will save the Department \$1.2M. Sworn overtime has been reduced by \$500k. The crosswalk program has been reinstated, the SETT (Sexual Exploitation & Traffic Team) program will continue, and \$267k has been moved from the OATH Grant to continue the HEART (Homeless Encampment Action Response Team) in FY 2021-22. There was also an increase in allocated costs which affected the Department.

As previously discussed, the Los Angeles County Fire Contract has a \$2.4M increase over the previous fiscal year included in the budget.



The increase of \$1.8M in Public Works is related to methodology for the Liability Claims expense allocation which increased \$145k, as well as staffing changes added for support at City facilities and park maintenance to maintain those areas at an adequate level and address any COVID-19 related sanitary duties totaling \$20k. As was the case with Police, the OATH grant can no longer support the HEART team, therefore \$414k in staffing and expenses has been transferred to support that effort. The park maintenance division has increases for Water totaling \$200k and the parks landscape contract increased \$400k. Graffiti abatement had positions restored mid-year in FY 2020-21 that were originally held vacant, netting the full cost with a \$140k increase.

Development Services Department budget decreased by \$83k. Overall there are no major changes to the Department. The vacant Code Compliance Manager position will remain unfunded in Fiscal Year 2021-22 saving the General Fund \$107k.

The General Government listing represents the Departments of Finance, City Administration, Human Resources, City Council, and City Clerk. The \$163k increase compared to the previous fiscal year includes an increase to the City Clerk's budget for Redistricting Commission support and services (\$150k), and many other general government support functions that are also offset with reductions within the Departments.

The General Services Department budget increased \$1.7M mainly due to the Humane Society Contract (\$1.1M). The increase also relates to the award of the grant writer contract (\$70k) in May 2021 that will have funds carried over from FY 2020-21, Police Commission Support (\$150k), and \$220k increase for CIP projects funded via the General Fund.

The Neighborhood Services - Community Services budget increased \$834k from the FY 2020-21 budget and \$1.4M from FY 2019-20 actuals. It is important to note the supplemental impacts to Division services, including youth services have been adopted in this FY 2021-22 budget that includes 3 FTE positions and 4 part-time positions. These positions will provide support for the Community Center and virtual programming, community collaboration, senior programs, custodial functions and a dedicated staff member to provide facilities maintenance functions at all Community Centers. One of the full-time positions is a Recreation Coordinator to be funded via the Proposition 64 Grant. With the recent approval of a Recreation Coordinator in the FY 2020-21 Mid-Year budget, 3 Recreation Coordinators in total were added in 6 months to provide additional support for the Division's youth and other services.

The Library budget shows a small increase of \$47k. However, this small increase includes increasing the current authorized positions from 1.6 FTE to 2.8 FTE. The Library Manager position has been funded at a level of 75% since 2020 and will be 100% in FY 2021-22. The authorized 60% Librarian I/II was reclassified to a Library Supervisor. There are two 60% funded Library Assistant I/II with a personnel cost total \$198k which will be partially offset with a reduction from the hourly budget of \$100k due to recent vacancies. This new staffing model will allow the Library to offer 1 more hour a day to the 5 day a week operation once the Library is allowed to reopen. In

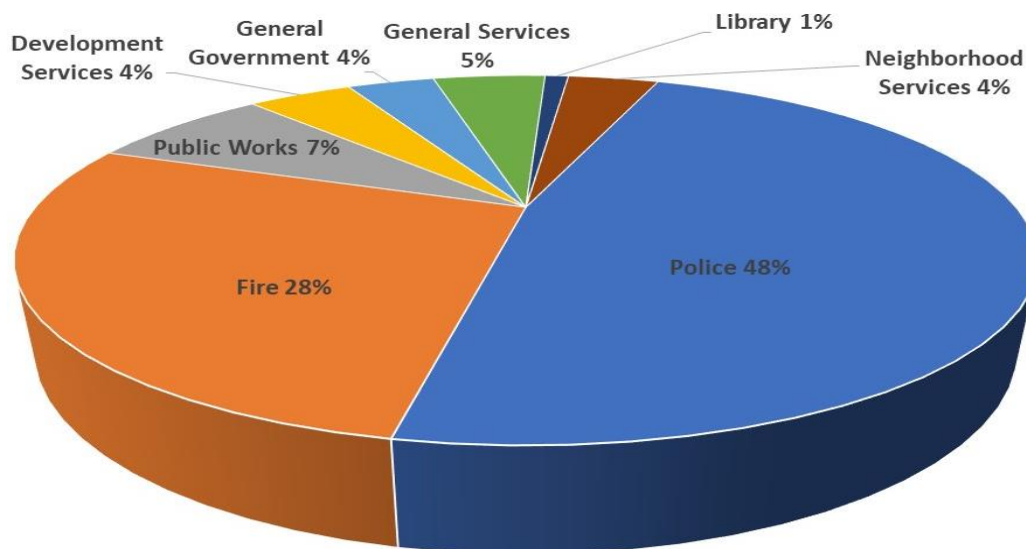


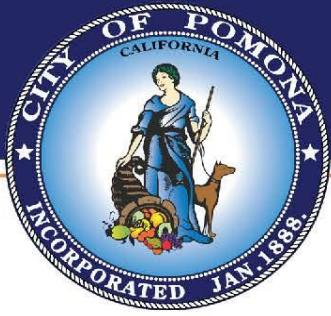
addition, the Passport program which is currently housed in the City Clerk Department was moved to the Library to provide these services 5 days a week. Revenue for passport services was \$63k in FY 2019-20 and \$23k in FY 2018-19 respectively, these services have not been offered since the start of the pandemic.

Table 3 sets forth the Adopted General Fund Budget broken down by Departments and in comparison to the previous year. Table 4 presents a recap and explanation of the budget category differences presented in Table 3.

Expenditures By Department – Table 3

General Fund Expenditures	FY 2020-21 Budget	FY 2021-22 Adopted Budget	Variance
Police	\$ 57,104,884	\$ 57,964,989	\$860,105
Fire	30,648,902	33,135,538	2,486,636
Public Works	7,187,219	8,995,018	1,807,799
Development Services	5,123,309	5,205,999	82,690
General Government	4,221,413	4,384,885	163,472
General Services	3,924,240	5,628,446	1,704,206
Neighborhood Services	3,743,638	4,577,635	833,997
Library	1,135,928	1,182,858	46,930
Total	\$ 113,089,533	\$121,075,368	\$7,985,835





Expenditures By Category – Table 4

Expenditures	Amount	Brief Summary
Personnel	\$233,581	Overall this item has a minimal increase. This relates to several factors including the POB allocation being housed now in the Allocated Costs category. In addition a total adopted reduction of \$889k is reflected in this category that represents the request to add the position that is General funded that equates to 3.65 and reclass 1.60 FTE. In addition 14.00 General Fund (mainly in Police) vacant positions at a value of \$1.4M will be unfunded.
Controllable Exp	944,152	The expense for controllable expenses is related to various contract increases including \$400k for Landscape Maintenance, \$150K for redistricting commission support, \$90K for PBID consultant, \$150k for Police commission support, \$70k carryover for the Grant Writer Services contract, and \$140k for restoration of the crosswalk contract.
Required Exp	3,389,802	There was an increase of \$2.5M for fire services provided by the LA County Fire District and a \$1M increase for the Inland Valley Humane Society Contract.
Utilities	449,576	The increase represents increases in water, electricity and gas.
Allocated Costs	3,619,660	The majority of the increase is related to the shift of the allocated cost for the Pension Obligation Bond payments that are now housed in this category.
Recovered Costs	(23,190)	The \$23k change is a result of the CPI adjustment for the Cost Overhead Allocation.
Capital	(143,541)	This decrease is related to no approved supplemental requested purchases of automobiles, trucks, and equipment.
Transfers Out	(484,205)	Transfers to CIP will be lower in FY 2021-22, as well as the \$95k transfer to the Unemployment Self Insurance that was funded via the CRF grant as a onetime revenue. The majority of transfers are related to normal scheduled bond payments, as well as CIP and Equipment replacement fund.
TOTAL CHANGE	\$7,985,835	

GENERAL FUND

The FY 2021-22 General Fund budget process began with a Preliminary \$5.6M deficit when presented to the City Council on March 22, 2021. Since then additional revenues totaling \$1M were identified for Utility User Tax (\$100k for Water and \$150k for Electricity), the Business License projection increased \$100k and per the Master Fee Schedule approved by the City Council on April 5, 2021 \$656k in new revenue will be received for fee increases in the Development Services and Police Departments and the transfer from American Rescue Plan of \$6.8M. Combined these changes changed the total FY 2021-22 projected General Fund revenue from \$112.8M for the Preliminary Budget to \$113.8M for the Proposed to \$121M for Adopted.

From an appropriation standpoint, expenditures are budgeted to increase \$2.8M from Preliminary to Adopted. Personnel changes netted an overall increase of \$233k for items presented since March 22, 2021. These included the addition of 1.00 Recreation Coordinator in the Neighborhood Services Department, the transfer of costs from the OATH Grant to the Police and Public Works Department budgets totaling \$681k, (\$1.4M) in General Fund Savings included for 14.00 full time equivalent (FTE) vacant positions being unfunded (12.00 within Police), and supplemental requests for 8.20 FTE (3.65 GF) position additions and 5.60 (1.60 GF) position reclassifications



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netting an increase of \$347k. The Fire services contract increased \$1M since first presented, \$323k was added for the CIP Storm Drain project and a \$100k transfer to the Equipment Replacement fund was added. In the end, the FY 2021-22 General Fund budget changed from \$118.4M to \$121M.

With these changes the adopted FY 2021-22 General Fund Budget reflects a surplus of \$6.5M. This surplus was due, in part, to the funds the City received via the American Rescue Plan. Treasury Guidelines were published and will be used to replace lost public sector revenue and support public health and safety expenditures.

Table 5 below reflects the FY 2021-22 Preliminary Budget starting point to Adopted.

FY 2021-22 Preliminary Budget vs. Proposed Budget to Adopted Budget - Table 5

	2021-22	2021-22	2021-22
	PRELIMINARY	PROPOSED	ADOPTED
By Category	BUDGET	BUDGET	7/1/2021
All Property Taxes	\$40,695,925	\$40,695,925	\$40,695,925
All Sales & Use Tax	32,585,577	32,585,577	32,585,577
All Utility Tax	15,325,594	15,575,594	15,575,594
All Other Taxes	11,902,551	12,002,551	12,001,951
All Other Sources	12,295,962	12,952,250	20,222,850
Total Revenue	\$112,805,609	\$113,811,897	\$121,081,897
	2021-22	2021-22	2021-22
	PRELIMINARY	PROPOSED	ADOPTED
By Category	BUDGET	BUDGET	7/1/2021
Personnel	\$54,807,828	\$54,572,132	\$54,872,132
Controllable Expenses	10,388,953	10,772,267	10,872,267
Required Expenses	35,770,749	36,649,690	36,649,690
Allocation and Utilities	14,355,297	14,762,687	15,263,409
Recovered Costs	(1,569,099)	(1,569,099)	(1,569,099)
Capital	0	0	0
Transfers to Other Funds	4,663,180	4,986,969	4,986,969
Total Expense	\$118,416,908	\$120,174,646	\$121,075,368

The reserve policy goal of 17% of operating expenditures in the General Fund is based on recommendations by the Government Accounting Standards Board and the Los Angeles County Civil Grand Jury. In June 20, 2011, the City Council approved Resolution #2011-63A Fund Balance Reserve Policy, which included a graduated benchmark plan that would allow the City to reach the 17% policy goal. The projected fund balance for FY 2020-21 will exceed the goal of 17%. If the City does not meet its reserve requirement, the City's bond rating could be impacted and that could drive up interest rates. It will also reduce the amount of funds available for emergency situations, cash flow needs in the first six months of the fiscal year and one-time capital



replacement projects in the future. As the General Fund appropriations increase, the fund balance will also need to increase. With the Adopted Budget as it is presented at this writing, no reserves are projected to be utilized from fund balance at June 30, 2022.

Fund Balance History - Table 6

	FY 2019-20	Est FY 2020-21	Est FY 2021-22
Fund Balance	\$ 21,742,454	\$ 24,518,809	\$ 24,525,338
Change in Fund Balance	\$ (257,811)	\$ 2,776,355	\$ 6,529
Expenditures	\$ 108,218,898	\$ 104,643,953	\$ 116,088,399
Transfers	\$ 7,178,978	\$ 5,401,174	\$ 4,986,969
Total	\$ 115,397,876	\$ 110,045,127	\$ 121,075,368
Percentage	18.8%	22.3%	20.3%
Policy Goal	17.0%	17.0%	17.0%
Difference	1.8%	5.3%	3.3%

General Fund Supplemental Budget Items

Each year the budget includes supplemental budget recommendations for staffing, service, and equipment requests. Due to the COVID-19 pandemic and limited revenue available to support additional needs, the requested changes were limited. The capital requests are summarized in the Financial Summaries section (page 18) totaling an amount of \$1.5M from various Non-General Funds. There were no supplemental requests for capital or operational equipment in the FY 2021-22 General Fund Adopted Budget. General Fund Departments requested \$706k mainly for aging vehicle as well as \$300k for other operational increases. If funding is available, staff will bring forward this request as part of the FY 2021-22 1st Quarter Budget Review in November 2021.

OTHER FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for revenues derived from specific sources, which are required by law or financial best practices to be accounted for in separate funds. The most common Special Revenue Funds are grant funds and special taxes, such as Gas Tax, Propositions A and C,



Measure R, AQMD; Maintenance Assessment Districts; and the Vehicle Parking District (VPD). New Special Funds that were established last fiscal year and that will carry over are CARES Act, CDBG COVID-19 and Emergency Solutions Grant COVID-19 remaining amounts. The CDBG and Emergency Solutions Grant (ESG) received specific grant monies to help the community as a result of COVID-19 in 2020. This special allocation of funds is to prevent, prepare for, and respond to COVID-19. The primary objective of the funding is to support activities that impact short-term and long-term social welfare and economic development recovery efforts. In FY 2020-21 this funding was primarily used for business assistance, emergency rental assistance, homeless services and youth related services. It should be noted of the amount of the CDBG CV being carry over to FY 2021-22 with \$400k of the total \$893k available for youth related services.

A Mitigation Fund was created to fund certain public safety measures and infrastructure around the Fairplex venue in order to address immediate impacts from music and continued historical year-round events that will be held during the Specific Plan planning period. Due to COVID-19 this fund has not had any activity and is not anticipated to receive any additional revenues in FY 2021-22. In December 2020 the Fairplex requested and was approved by the City Council for one year extension granted on the term of the agreement to allow for additional time for planning and engagement of the much-anticipated Specific Plan. This action was brought forward to assist with the reduction in revenue due to COVID-19 shutting down the Fairplex for events. The Fairplex Mitigation committee began meeting in October 2020.

The Phillips Ranch Maintenance Assessment District Fund maintains dedicated landscape services in the area of Phillips Ranch by a contractor to provide these services at a quality level. This fund is projected to have a minimal fund balance of \$89k by June 30, 2022. Costs continue to increase for water and contract services with no future increase to the assessment (revenue source). If this trend continues the fund could become insolvent in the very near future. The City continues to look for additional funding opportunities through grants or other means to provide maintenance at Phillips Ranch in the most fiscally responsible manner. The City is also researching the possibility of engaging a consultant and conducting a Proposition 218 balloting process in order to raise assessments to ensure maintenance at levels desired in this District.

The City of Pomona was awarded a Proposition 64 Grant of \$1M allocated over 3 years. Included in this Adopted FY 2021-22 budget is the Proposition 64 Grant in the amount of \$333k (1/3 of the amount) that will fund services to establish a Public Health and Safety and Youth Development Program specifically focused on addressing the impacts from its nascent Commercial Cannabis Permit Program. The Program has three priorities. First, to fund the creation of the first-of-its-kind Public Health Coordinator position, who will take a social determinants of public health model towards the impact of cannabis on the Pomona community and will actively work towards improving the Commercial Cannabis Program and serve as the liaison between City and community stakeholders. Second, to fund Community Services to enhance after-school youth programming, classes and activities occurring in Pomona's parks and Community Centers, specifically in its most vulnerable census tracts and adjacent to legal cannabis operators. The FY



2021-22 Adopted Budget includes a full time Recreation Coordinator for these efforts. Thirdly, is to fund the increased capacity of Code Enforcement and Police to proactively enforce both illegal and legal cannabis operators citywide. This grant was accepted formally via an action to the City Council on June 7, 2021.

Enterprise Funds

The 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 four enterprise funds: Water, Sewer, Pomona Choice Energy Authority, and Refuse with an adopted budget of \$89.3M and \$4.7M in depreciation expense.

Internal Service Funds

Internal Service Funds include the Self-Insurance Services, Building and Equipment Maintenance, Information Technology, Printing/Mail Services, and the Pension Obligation Fund.

- The Self-Insurance Fund has a fund balance reserve requirement of \$3.6M, which is 25% of total claims liability. Currently, the City meets this minimum requirement with available cash balance. The Self-Insurance Fund, which includes General Liability, Workers' Compensation, and unemployment, allocates its expenditures to Departments within the City. The allocation is based on each Department's number of employees, as well as its actual claims experience. In FY 2020-21, there is an overall projected increase in insurance premiums and claims expense, which resulted in an additional \$581k in cost recovery from all Funds within the City which have employees.
- The IT Fund and Print/Mail Services Fund provide services to Departments throughout the City. The expenditures in these funds are allocated to Departments based on their usage or number of employees. These Funds receive 'recovered costs' funding rather than revenues.
- The Pension Obligation Bond Fund was added in FY 2021-22 to collect the amount needed from City Funds to pay for the annual debt payment related to the City's allocation for their portion of the CalPers UAL.

Successor Agency

With the passage of AB1X-26, the Redevelopment Agency (RDA), which was established in 1966, was abolished. In accordance with provisions of the legislation, the City assumed the role of Successor Agency to oversee the dissolution of the Agency and its assets. In compliance with the legislation, an Oversight Board was established to approve the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget. In 2018, local Oversight Boards were eliminated and Countywide Consolidated Oversight Boards were created. Pomona is part of the First District Oversight Board and Mayor Sandoval sits on that Board. The ROPS is annually submitted to the State Department of Finance to approve funding of qualified Agency obligations. In January 2021 the ROPS FY 2021-22 was approved for \$17.6M. In April 2021, the Department of Finance



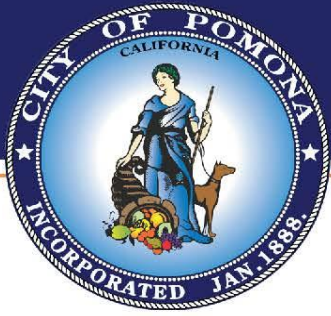
approved \$11M for distribution to the Successor Agency which includes a \$2.4M reduction of funding for a prior period adjustment related to ROPS 18-19 leaving a shortfall of \$6.6M that will be funded with Successor Agency reserves and other sources available to the former Redevelopment Agency (RDA).

STAFFING ALL FUNDS

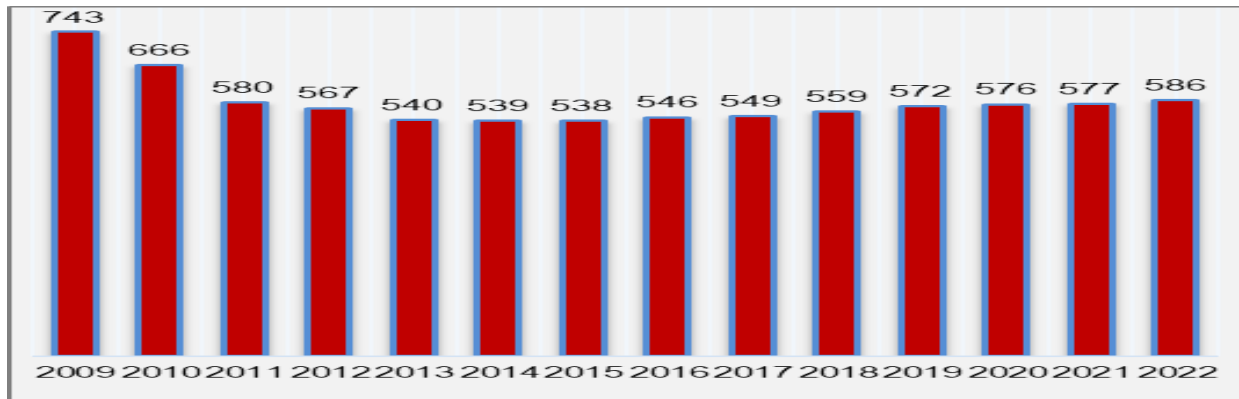
Staffing cost for the FY 2021-22 Budget is calculated using currently approved labor contract provisions, increases in the City’s retirement contribution rates (PERS), step increases for staff, overtime, and hourly staff. Personnel history and funding allocations by Department are shown in the Authorized Staffing section of this document and include an adopted authorized staffing level of 585.80 full time equivalent (FTE) positions. As reflected in Table 7, there were increases to the number of FTE’s and reclassifications in various Departments. The adopted FY 2021-22 Full Time Equivalent (FTE) position changes in the adopted budget are in Table 7. In addition to these FTE positions, many Departments utilize part-time hourly employees to provide services to the community. A historical look at FTEs from FY 2008-09 to FY 2021-22 is shown in Table 8.

Position Request Changes FY 2021-22 - Table 7

2020-21 Authorized Staffing	577.60	Current Staffing Level
2021-22 Adopted Changes		
Human Resources	-	Reclass HR Assistant to HR Assistant I/II
Library	-	Reclass Librarian I/II to .60 Library Assistant I/II
Library	0.60	Add library Assistant I/II (.60)
Library	0.60	Add Library Supervisor (.60)
Neighborhood Services-CS	2.00	Add Recreation Coordinators (2)
Neighborhood Services-CS	1.00	Add Facilities Maintenance Technician
Neighborhood Services-Hsg	1.00	Add Housing Analyst
Public Works	1.00	Add Heavy Equipment Mechanic
Public Works	1.00	Add Facilities Maintenance Technician
Public Works	-	Reclass Senior Civil Engineer to Principal Traffic Engineer
Public Works	-	Reclass Senior Civil Engineer to Principal Civil Engineer
Water Resources	1.00	Add Public Services Maintenance Worker I/II
Water Resources	-	Reclass Water Resources Manager to Principal Water Engineer
Water Resources	-	Reclass Water Utility Worker to Senior Storekeeper
2021-22 Adopted Staffing	585.80	Adopted Staffing Levels at July 1, 2021



Historical FTE Staffing Levels - Table 8



CAPITAL IMPROVEMENT PROGRAM (CIP)

CIP projects include building, upgrading or replacing City infrastructure such as residential and arterial streets, bridges, traffic signals, storm drain systems, parks and public facilities. The separate five-year CIP document addresses, in greater detail, specific projects to be undertaken both short and long term. The capital plan includes a total of 136 projects, totaling approximately \$405.2M, of which \$179.5M is funded. The \$179.5M will be funded from prior year appropriations totaling \$168.8M of which approximately \$80.7M remains unspent, and nearly \$10.7M of new funding. The approved funding for projects within this document reflects City Council approvals through May 3, 2021.

Noteworthy CIP projects for FY 2020-21 - Table 9

CIP Highlights of 2020-21	TOTAL COST TO DATE \$34,497,543
PROJECT # AND NAME	STATUS OF PROJECTS
#64775-Alley Improvements - Citywide (CDBG) (FY 14-15 to FY 16-17)	Closed 11/16/20
#67925-Street Improvements - Citywide (CDBG) (FY 18-19 to FY 20-21)	Closed 11/16/20
#68565-Streetlights - District 6 (CDBG) (FY 19-20 to FY 21-22)	Cancelled 11/16/20
#71053-Emergency Shelter Annex / Water Utility Access	Design Phase completed; Site has been leveled to begin next Phase – Parking lot construction. Construction will begin in Fall 2021
#71050-Holt Ave. (East) Phase I (Alleys D4)	Completed
#73369-Police- Main Facility Roof Replacement	Completed
#71051-Street and Alley Rehab D3	Completed
#71045-Street Improvements D5	Completed
#67921-Street Rehabilitation D6	Completed
#74115-City Hall First Floor Remodel	Close to completion
#67927-Pomona Transit Bridge Improvements and Beautification	Close to completion
#81055-ADA Compliance Program - Curb Ramps, Sidewalks and Public Facilities/Structures- Citywide	Phase III - awaiting final report
#67918-Major Street Rehabilitation - 2015 Metro Call	Started Construction
#71044-Year-Round Emergency Shelter	Phase 1 Completed; Phase II Completed. Phase III - Shelter shade coverage - Construction beginning Summer 2021



CITY OF POMONA
ADOPTED OPERATING BUDGET | FISCAL YEAR 2021-22

Projects for FY 2021-22 - Table 10

Infrastructure Projects In Process for FY 2021-22	TOTAL BUDGETS \$87,784,550
PROJECT # AND NAME	STATUS OF PROJECTS
ADA Compliance Program - Curb Ramps, Sidewalks and Public Facilities/Structures- Citywide	Phase II completed; Phase III - awaiting final report
ADA Path of Travel - Citywide (CDBG) (FY 17-18 to FY 19-20)	Project in design phase, project estimated for construction in Spring 2021 and completion by end of 2021
ADA Curb Ramps and Path of Travel- Citywide (FY 19-20)	Project in design phase, project estimated for construction in Spring 2021 and completion by end of 2021
Alley Improvements - Citywide (CDBG) (FY 17-18 to FY 19-20)	Phase I: Completed; Phase II: TBD pending funding
Bridge Rehabilitation Program- Phase II	In Design with LA County DPW; Bid & Start Construction
Downtown Parking Structures	Separate RFP's for design and subsequent design/build services will be issued. The Design RFP is anticipated to be published by end of FY 20-21. the Subsequent Design/Build RFP would follow likely in FY 21-22.
Emergency Shelter Annex / Water Utility Access	Design Phase completed; Site has been leveled to begin next Phase – Parking lot construction. Construction will begin in Fall 2021
Major Street Rehabilitation - 2015 Metro Call, Phase 1	50% of Construction
Safety Improvements – At-grade Crossings	Estimated Completion Summer 2021
Street and Alley Rehabilitation Improvements - District 3	Philadelphia St. Re-paving
Street Improvements - District 5	Will Close Out
Street Rehabilitation - District 6	Towne Ave. Re-paving from Foothill to South as funds allow
Street Preservation - Local Citywide (FY 18-19)	70% Completed
Street Preservation - Local Citywide (FY 19-20)	Phase 1 Completed; Phase II in final phases. Phase III - Shelter shade coverage TBD
Street Rehabilitation - District 4 and 5	Project in design phase, project estimated for construction in Spring 2021 and closeout estimated in 2021
Sewer Force Mains - Pumping Plants 1, 2 and 3 Design	Design in progress. SDLAC moving forward with relocation of PP 1.
Sewer Main Replacements - Design	Design in progress.
Traffic Signal Improvements - Battery Backup System	Field Testing in progress.
Traffic Signal Improvements - Towne & Philadelphia and Garey & Philadelphia	Design in progress. Estimated Completion Fall 2021
TSSP Project - Valley Boulevard/Holt Avenue	Design in progress.
Water Mains - Ellen Place	Design in progress.
Water Resources Administration and Operations Facility (Formerly, Corporate Yard Facility)	Environmental impact review in progress.
Year-Round Emergency Shelter	Phase 1 Completed; Phase II Completed. Phase III - Shelter shade coverage - Construction beginning Summer 2021

SUMMARY

The attached Adopted Operating Budget document has been compiled with the cooperation of all City Departments and coordinated by the Finance Department. An enormous amount of data is compiled to accomplish the accurate layering of revenue estimates, anticipated expenses, cost allocations, transfers and accruals involved with accounting for a City with multiple operations like the City of Pomona. In the end, the FY 2021-22 Adopted Operating Budget is staff's best estimate of a spending plan within available resources to meet the Council's goals and public's expectations for the upcoming year. As reflected in the body of this message, the COVID-19



pandemic has brought forward a challenge that has continued to cause economic hardship that also brings with it the unknowns and uncertainty of when and how the economy will recover. The Adopted Operating Budget encompasses the revenues that are available and projected at this time, while realizing serving the residents of Pomona is the organization's first priority. The adopted FY 2021-22 General Fund Surplus of \$6.5k with revenue via the American Rescue Plan has helped balance the budget and City reserves will not need to be used. Reserves are not for long term solutions and should only be used for catastrophic events. Fortunately, Reserves will not be used in FY 2021-22. The American Rescue Plan funds will be utilized for the revenue losses incurred, as well as supporting public health and safety expenditures.

CONCLUSION

As previously mentioned, the annual budget is not to be considered final as at any time throughout the fiscal year, staff can bring forward amendments to the budget when needed. The budget is a versatile document that is continuously reviewed and examined to ensure changes and adjustments are made when needed to continue to meet the priorities and goals of the City Council. The Operating Budget was presented to the City Council at a Council Meeting on Monday, June 7, 2021 and adopted. The goal was to have a budget approved prior to July 1, 2021 and it was. In closing, let me note the continued importance attached to the vigilant pursuit of operating efficiencies and economies in order to ensure the best use of our limited resources. Together, we are committed to undertaking these fiscal challenges under the policy guidance of the City Council.

Respectfully submitted,

James Makshanoff
City Manager

