

Budget Guiding Principles for FY 2023-24

1. The City Manager will present a FY 2023-24 budget that is structurally balanced and balances the City's delivery of essential services to the community with the resources available;
2. The budget will sustain essential services (Police, Fire, Public Works), as needed, to support the City's core mission;
3. Staff will analyze all existing services and target proposed service reductions or eliminations, if necessary, in those areas that are least essential;
4. The vacancy review program whereby the City Manager reviews and approves all requests for filling vacant positions prior to any recruitment efforts will remain throughout the year;
5. If needed, recommended reductions will seek to minimize service reductions, but when service reductions are required, the impact will be identified as accurately as possible;
6. Funding for training and professional development will be funded as necessary to fulfill job or grant requirements. Where practical, training will be provided on a rotational basis over multi-years. Training paid by grants or other funds not supported by the General Fund is unrestricted if budgeted;
7. Staff will actively pursue, at budget time and throughout the year, alternative service delivery methods, efficiency improvements, innovations, and elimination of service duplications;
8. Fees will be reviewed and revised based on full cost recovery where individuals/businesses rather than the community at-large are benefiting from City services. This preserves limited unrestricted resources for providing services that benefit the community as a whole;
9. One-time resources shall not be used for current or new ongoing operating expenses— one time revenue for one-time expense only, however, first consideration for the use of one-time revenue will be the restoration of fund balance to meet the Fund Balance Policy requirements;
10. New facilities or programs will only be considered if there is no new impact on the City's General Fund or for which a new funding source exists or an existing service is sufficiently reduced to cover the cost of the new facility or program;
11. If additional, ongoing resources are identified, the prioritization of use of these resources will be presented separately to the City Council. Staff recommendations will be consistent with the Fiscal Sustainability and Fund Balance policies and long-range planning;
12. Any purchase of property recommendation must identify and include funds for the maintenance and oversight of the property until the final use is achieved; and;
13. City staff shall seek out, apply for, and effectively administer federal, state, and other grants that address the City's priorities with emphasis on restoring reduced service levels.



Fiscal Policies

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

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

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

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

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

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

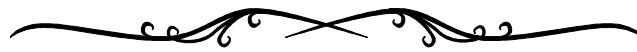
- **Equipment Replacement Funding from General Fund at \$100k, increasing annually to \$400k at the end of 10 years.**
 - Purpose(s): To phase in the impact of replacement and upgrade costs of capital equipment and high-cost vehicle replacements.
 - Amount: \$100k initially with total funding goal of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

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

- **Unassigned Fund Balance (Surplus)**

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

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



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