

# CITY OF SAN BERNARDINO - REQUEST FOR COUNCIL ACTION

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**From:** Charles McNeely,  
City Manager

**Subject:** That the City Manager's proposed  
Modified Budget Strategies for the  
FY 10-11 and FY 11-12 budgets be  
discussed and approved.

**Dept:** City Manager

**Date:** August 19, 2010

**Meeting Date:** August 23, 2010

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**Synopsis of Previous Council action:**

June 15, 2010 Council meeting to discuss FY 2010-2011 Budget.

June 30, 2010 Resolution 2010-221 approving the Final Budget and directing staff to prepare budget documentation.

June 30, 2010 Resolution 2010-224 approving ratifying the adoption of resolution No. 2010-221 approving and adopting the city of San Bernardino's final Budget for fiscal Year 2010-2011 and directing the establishment of the City's Appropriation Limit as required by Article XIII B of the California State Constitution.

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**Recommended motion:**

That the City Manger's Modified Budget Strategies be approved and implemented as outlined in the staff report from Charles McNeely, City Manager, dated August 19, 2010; and that the Director of Finance be authorized to amend the FY 2010-2011 budget and prepare the preliminary FY 2011-2012 budget to reflect the implementation of these strategies.

  
Signature

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**Contact person:** Barbara Pachon, Director of Finance **Phone :** ext. 5242

**Supporting data attached:** \_\_\_\_\_ **Ward:** \_\_\_\_\_

**FUNDING REQUIREMENTS: Amount:** 8% General Fund savings over two fiscal years.

**Source:** (Acct. No.) Various Department Accounts

(Acct. Description)

**Finance:** \_\_\_\_\_

**Council Notes:** \_\_\_\_\_

**Agenda Item No.** 3  
8/23/10

# CITY OF SAN BERNARDINO - REQUEST FOR COUNCIL ACTION

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## STAFF REPORT

### **SUBJECT**

That the City Manager's proposed Modified Budget Strategies to bring the FY 2010-2011 and FY 2011-2012 budgets into balance be discussed and approved.

### **BACKGROUND**

On June 30, 2010 the City adopted its final budget for FY 2010-2011 that included Personnel Cost Savings assumptions worth \$10.7 million and various revenue strategy assumptions worth about \$10.2 million.

Also at the June 30, 2010 Council Meeting, staff requested authorization to proceed with preparation of the necessary documents to submit the Real Property Transfer Tax for voter approval. In addition, at the same meeting staff also requested authorization to proceed with the formation of a City-wide Maintenance Assessment District. After further consideration of these items, the Council determined that these two budget strategies were no longer a viable option and instead requested staff to work on a half cent increase to the Local Transaction and Use Tax as well as bring back the Police Impound Yard proposal for further review and discussion.

On July 6, 2010, staff requested authorization to proceed with preparation of the necessary documents to submit the half cent Local Transactions and Use Tax for voter approval. After further discussion at the July 6<sup>th</sup> meeting, the Council decided this budget strategy was also not a viable option to be considered any further. The Police Impound Yard is still being reviewed and discussed by the Council at this time. Based on these actions the City's FY 2010-2011 budget now has an estimated shortfall in revenues of about \$1.6 million due to the Council deciding not to pursue these various options.

Human Resources started the negotiations process with all the bargaining groups with the goal of getting agreement on the implementation of the \$10.7 million of Personnel Cost Savings. Unfortunately at this point in time it is estimated that the Personnel Cost savings will fall short of projections by about \$1.1 million.

With only a small amount of new revenue identified at this time to help reduce the total anticipated General Fund shortfall there is a net shortfall projected for FY 2010-2011 of just over \$2.1 million and \$7.8 million for FY 2011-2012. Based on these projected shortfalls staff was requested to provide an 8% reduction of their budgets over the two fiscal year periods. These proposed budget reductions are being presented to the Mayor and Council for review, discussion and approval to implement.

## **FINANCIAL IMPACT**

Based on all the assumptions discussed above, for FY 2010-2011 the City has a projected shortfall of just over \$2.1 million. In FY 2011-2012 the shortfall increases to about \$7.8 million. In order to bring the City budget into balance, either additional revenues need to be generated or expenditures need to be reduced. If neither of these actions is taken starting this fiscal year the City will be out of funding and will not be able to operate and pay for any services to the community.

## **RECOMMENDATION**

That the City Manger's Modified Budget Strategies be approved and implemented as outlined in the staff report from Charles McNeely, City Manager, dated August 19, 2010; and that the Director of Finance be authorized to amend the FY 2010-2011 budget and prepare the preliminary FY 2011-2012 budget to reflect the implementation of these strategies.

**CITY OF SAN BERNARDINO  
DEPARTMENT 8% REDUCTION TARGETS/PROPOSALS  
FOR FY2010-11/2011-12**

<b>DEPARTMENT</b>	<b>ADOPTED BASE EXPENDITURES</b>	<b>8% Reduction Target</b>	<b>8% Department Proposal</b>
City Attorney	\$ 3,674,600	293,968	0
City Clerk	2,004,800	160,384	348,200
City Manager	1,283,000	102,640	102,900
City Treasurer	202,400	16,192	40,500
Civil Service	303,100	24,248	21,100
Common Council	568,600	45,488	0
Community Development	7,607,100	608,568	640,313
Finance	1,668,200	133,456	133,500
Fire	32,621,400	2,609,712	2,666,227
Human Resource	4,985,900	398,872	403,300
Information Technology	3,566,800	285,344	286,040
Library	2,259,100	180,728	180,370
Mayor	734,900	58,792	58,800
Parks, Recreation, & Comm Service	5,379,800	430,384	435,000
Police	63,880,300	5,110,424	5,093,160
Public Works	8,784,600	702,768	834,809
<b>Total</b>	<b>\$ 139,524,600</b>	<b>11,161,968</b>	<b>11,244,219</b>

**City of San Bernardino  
Updated General Fund  
Financial Projections  
Fiscal Years 2011 to 2015**

**General Overview:**

Effective businesses must continually analyze operations and develop financial plans that address the short term, mid-range, and long-term time frames. This type of analysis is critical for an organization to maintain its financial strength and stability. A financial analysis that reinforces a long-range focus allows an organization to systematically identify, plan and achieve goals within its available financial resources.

A long range financial focus becomes even more critical in the face of the devastating economic decline that our country has faced since the Fall of 2008. Our city has had to respond to changing financial conditions in a manner and speed that is unprecedented. The stock market incurred record losses, housing values experienced steep declines, the foreclosure rate skyrocketed and unemployment rates dramatically escalated. The State of California continues to wrestle with multi-billion dollar deficits and the national, state and regional economy is still volatile and unstable.

In response to this economic tailspin, the City has depleted most of its financial reserves and has been forced to balance its budget on a year to year basis using one time resources, employee 10% concessions, and loans. In order to gain financial stability, a long range financial projection is being presented for the City's General Fund. The projections cover five fiscal years beginning with the current Fiscal Year 2010-2011 and goes out to Fiscal Year 2014-2015.

Detailed below are the main financial assumptions and analysis that were used to update the original General Fund financial projections that were presented to the Mayor and Council back on March 11, 2010. Of the three scenarios originally presented to the Mayor and Council back in March, the worse case scenario was determined to be the most likely to occur so therefore that is the only scenario that is being updated at this time.

**Fiscal Year 2010-2011:**

On June 30, 2010 the City adopted its final budget for FY 2010-2011 that included Personnel Cost Savings assumptions worth \$10.7 million and various revenue strategy assumptions worth about \$10.2 million. Listed below is a summary of the major budget balancing strategies that were included in the FY 2010-2011 adopted budget.

1. \$2.4 million of revenue from the sale of the Convention Center to EDA.
2. \$6.2 million from a Utility Fee Study of Water, Refuse and Sewer operations.
3. \$1.6 million from an increase to the Property Transfer Tax
4. \$10.7 million of Personnel Cost Savings
5. \$1.3 million savings from deferral of repayment of a loan from EDA
6. \$1.8 million increase in assumed expenditure savings.
7. \$1.3 million savings from a new Fire SAFR Grant.
8. \$1.0 million savings from a Police Indian Gaming Grant.

Also at the June 30, 2010 Council Meeting, staff requested authorization to proceed with preparation of the necessary documents to submit the Real Property Transfer Tax for voter approval. In addition, at the same meeting staff also requested authorization to proceed with the formation of a City-wide Maintenance Assessment District. After further consideration of these items, the Council determined that these two budget strategies were no longer a viable option and instead requested staff to work on a half cent increase to the Local Transaction and Use Tax as well as bring back the Police Impound Yard proposal for further review and discussion.

On July 6, 2010, staff requested authorization to proceed with preparation of the necessary documents to submit the half cent Local Transactions and Use Tax for voter approval. After further discussion at the July 6<sup>th</sup> meeting, the Council decided this budget strategy was also not a viable option to be considered any further. The Police Impound Yard is still being reviewed and discussed by the Council at this time. Based on these actions the City's FY 2010-2011 budget now has an estimated shortfall in revenues of about \$1.6million due the Council deciding not to pursue these various options.

Human Resources started the negotiations process with all the bargain groups with the goal of getting agreement on the implementation of the \$10.7 million of Personnel Cost Savings. Unfortunately at this point in time it is estimated that the Personnel Cost savings will fall short of projections by about \$1.1 million.

With only a small amount of new revenue identified at this time to help reduce the total anticipated General Fund shortfall there is a net shortfall projected for FY 2010-2011 of just over \$2.1million. The updated projections for FY 2010-2011 included in the attached spreadsheet reflect the net projected shortfall for FY 2010-2011 and all years after that to FY 2014-2015.

**Revenue Assumptions:**

After deducting the one-time revenue items from the FY 2010-2011 budget, the 5 year projection model employs a range of assumptions as to how revenues will perform each year based on predictions of how the economy will recover each year. The following provides the estimated percent change in revenues that was assumed for each year in the updated financial projection. These percent changes are the same ones that were used in the original March 11, 2010 financial projection. At this point in time the original percent changes are still deemed to be most likely to occur.

Worst Case

FY10-11	-2.5%
FY11-12	-1.5%
FY12-13	1.0%
FY13-14	1.0%
FY14-15	1.5%

In addition to applying the above assumptions to the revenue estimates, the estimates for Property Tax, Sales Tax, and Utility User Tax were adjusted to reflect the increase in revenues projected from the Kohl's E-Commerce Center as approved by Council at the August 2,2010 Council Meeting.

## **Expenditure Assumptions:**

The expenditure assumptions used in the financial projections assume that everything authorized in the FY 2010-2011 adopted budget will continue into the future. For example, the same number of authorized positions, using the current pay scale, was assumed. Also assumed in the financial projections were the same operating Departments doing the same amount and type of work.

Items that still have not yet been included in the 5 year financial projection at this point is a plan to replenish the General Fund Reserve, funds for the replacement of old and out dated equipment/facility items, costs to implement the IT Strategic Plan, and set aside funds to cover such expenses as pay off costs of vacation, sick, and holiday time when employees terminate. It is assumed these costs will continue to be funded from savings generated by keeping positions vacant. Once the economy and City budget begin to stabilize, these items need to be added into the financial projections.

In order to be as accurate as possible on future year's projections, the expenditures were broken down into various budget expenditure categories. The following provides a brief explanation of the content and assumptions for each of the categories.

### **Salaries:**

1. In the Updated FY 2010-2011 and FY 2011-2012 projections it was assumed there would be about \$9.6 million in Personnel Cost Savings in the General Fund (about \$675,000 of these Personnel Cost Savings are reflected in the Internal Service Charge line budget for FY 2010-2011 and FY 2011-2012). This assumption is about \$1.1 million less than what was originally included in the FY 2010-2011 adopted budget. Since not all bargain groups have completed the negotiation process and we are already two months into the fiscal year, an assumption is being made that not all personnel cost savings are going to be realized.
2. There are no additional Charter 186 salary funds assumed at this time until FY 2012-2013 in which a 5% increase for Safety was included and a 3% increase for each of the following years.
3. Sixteen additional Police positions from the COPS Rehiring Grant were added into the budget starting in FY 2009-2010. Grant credits were also included to reflect grant funds paying for the additional 16 positions through the first six months of FY 2012-2013. It has been assumed that all 16 positions will be retained by the City after the grant credits end in FY 2012-2013. As a result in FY 2012-2013 there is an additional \$1.2 million cost for these positions and \$2.2 million in FY 2013-2014 and beyond.
4. For FY 2010-2011 and all future years it has been assumed that Police will continue to receive about \$1 million from the Indian Gaming Grant.
5. For FY 2010-2011 and FY 2011-2012 it has been assumed that the Fire Department will receive funds from the SAFR Grant that will offset existing personnel costs. Starting in FY 2012-2013 this grant credit ends so the City will have an additional cost of about \$1.4 million in Fire Salaries.
6. For some Non-safety positions, a small increase has been included each year for step increases and then starting in FY 2012-2013 all step increases are assumed. No additional salary increases resulting from MOU negotiations were assumed.
7. Special Pays are all assumed to stay constant with no major changes. The major items included in this category are auto allowances, uniform allowances for Safety, and education incentive pay for Safety.

8. Part-Time salaries were assumed to stay relatively constant each year with only regular step increases included starting in FY 2012-2013. No increases in the number or pay rate of Part-time employees have been assumed at this time.
9. Overtime costs were assumed to stay relatively constant through FY 2011-2012. Starting in FY 2012-2013 an increase each year has been assumed due to Safety Charter 186 pay increases. Approximately \$6.8 million of the \$7.3 million overtime budget is spent in the Police and Fire Departments. In the Safety Departments all but a very small part is paid to the Safety employees in those Departments.

**Retirement:**

1. Since the City has two separate PERS plans, one for Safety employees and one for all other employees (Miscellaneous employees), the costs have been broken down into these two categories.
2. PERS provided the City with their best estimate as to what the PERS rates would be in future years for both plans.
3. After FY 2010-2011 the PERS rates for both plans start to increase by large amounts until FY 2014-2015. The Safety rate increases about 4% per year and the Miscellaneous rate increases about 3% per year. These large rate increases are needed to off set the major investment losses that PERS had during the economic down turn.
4. Added into this updated five year projection is the assumption that the City will implement a two-tier retirement system for both safety and miscellaneous employees and this action would generate some savings for the City in the future. Also assumed are new employees hired in future years will be paying either all or some of the employee's retirement costs.
5. Included in the Safety retirement numbers is the \$3 million payment for the Safety Pension Obligation Bonds that the City sold in order to fund some of the Safety PERS unfunded liability costs.

**Other Personnel Costs:**

1. City Paid Health Costs include health costs the City currently pays for all employees and retirees.
2. The City currently budgets about \$533,000 per year for retiree health costs. For most employees the City follows the PERS policy and currently contributes the minimum amount of about \$108/month to retiree health costs. Each year this amount increases by a CPI-Medical Component. It has been assumed this cost will continue in future years.
3. City Health cost for current employees are assumed to stay about the same. Any increase in cost for health care is assumed to be paid by the employee and not the City.
4. Currently, Safety employees can also receive a higher City contribution to their retiree health costs if they have received enough service years with the City as negotiated in the Memorandum of Understanding. These added costs would also be covered by the annual projected increases in this category.
5. Other taxes the City is required to pay are the Unemployment Tax and Medicare Tax. The City only pays its share of these costs and the employee is responsible for his or her share.

**Other Operational Costs:**

For Maintenance & Operations costs, Contractual, Internal Service Charges, and Capital Outlay about a 1% increase has been factored into each year. This increase is to cover any price increases or replacement costs for current items. In addition to the 1% increase the Contractual budget has also been increased to reflect the cost sharing payments that the City will make to Kohl's each year per the Council approved item at the August 2, 2010 council meeting.

Debt Service Charges are assumed to stay about the same. The Safety Pension Obligation Bond costs are not included here as they are included with the Safety Retirement costs discussed above. The remaining major debt charges currently budgeted and paid by the City are:

1. City Hall Building \$1 million per year.
2. Fire Equipment Leases and Fire Station Lease about \$900,000 per year
3. HUB project debt payment \$150,000 per year

The updated projections now assume that the City will repay the \$1.6 million loan from the Regional DIFF Fund in FY 2011-2012 and will repay the \$1.3 million loan from EDA in FY 2012-2013.

**Budgeted Expenditure Savings:**

The estimated budgeted expenditure savings each year for FY 2010-2011 and FY 2011-2012 is just under \$2.9million. Starting in FY 2012-2013 the savings has been reduced to \$2million per year. The reduction is based on the assumption that fewer positions will be held vacant for shorter periods of time.

**Transfers:**

Transfers Out is estimated to stay about the same with about a 2% increase. This increase would cover anticipated higher costs in Libraries, Animal Control, etc.

**Summary:**

Based on all the assumptions discussed above, for FY 2010-2011 the City has a projected shortfall of just over \$2.1million. In FY 2011-2012 the shortfall increases to about \$7.8million and then drastically increases starting in FY 2012-2013 after the current Personnel Cost Savings are projected to end. In order to bring the City budget into balance either additional revenues need to be generated or expenditures will need to be reduced. If neither of these actions is taken starting this fiscal year the City will be out of funding and will not be able to operate and pay for any services to the community.

**City of San Bernardino  
General Fund Updated Financial Projection Worst Case**

	Adopted 2010-2011	Updated 2010-2011	Projected 2011-2012	Projected 2012-2013	Projected 2013-2014	Projected 2014-2015
<b>Beginning Fund Balance</b>	<b>\$ 1,770,400</b>	<b>\$ 1,770,400</b>	<b>\$ 1,770,400</b>	<b>\$ 1,770,400</b>	<b>\$ 1,770,400</b>	<b>\$ 1,770,400</b>
<b>Estimated Revenue:</b>						
Property Taxes	27,740,000	27,740,000	27,600,000	27,947,100	27,873,100	28,291,200
Sales Taxes	20,511,600	20,811,600	21,100,000	21,405,900	21,630,000	21,959,200
Utility Users Taxes	22,700,000	22,750,000	22,500,000	22,583,100	22,808,900	23,151,100
Measure Z District Tax	5,120,000	5,120,000	5,043,200	5,093,600	5,144,600	5,221,700
Other Taxes	6,956,000	5,376,400	5,295,800	5,348,700	5,402,200	5,483,200
<b>Total Taxes</b>	<b>83,027,600</b>	<b>81,798,000</b>	<b>81,539,000</b>	<b>82,378,400</b>	<b>82,858,800</b>	<b>84,106,400</b>
Licenses and Permits	7,812,000	7,812,000	7,694,800	7,771,800	7,849,500	7,967,200
Fines and Penalties	3,493,600	3,493,600	3,441,200	3,475,600	3,510,400	3,563,000
Use of Money & Property	3,195,000	3,195,000	747,100	754,500	762,100	773,500
Intergovernmental	5,349,100	5,349,100	5,268,900	5,321,600	5,374,800	5,455,400
Charges for Services	5,918,000	5,918,000	5,829,200	5,887,500	5,946,400	6,035,600
Miscellaneous	8,916,900	8,916,900	8,783,100	8,870,900	8,959,700	9,094,100
Transfers In/Loan Proceeds	13,449,000	13,449,000	13,200,000	13,250,000	13,300,000	13,350,000
<b>Total Other Revenues</b>	<b>48,133,600</b>	<b>48,133,600</b>	<b>44,964,300</b>	<b>45,331,900</b>	<b>45,702,900</b>	<b>46,238,800</b>
<b>Total Estimated Revenues</b>	<b>131,161,200</b>	<b>129,931,600</b>	<b>126,503,300</b>	<b>127,710,300</b>	<b>128,561,700</b>	<b>130,345,200</b>
<b>Expenditures:</b>						
<b>Salaries:</b>						
Full Time	71,113,800	71,113,800	71,048,200	77,348,200	80,648,200	82,448,200
Part-Time	2,128,600	2,128,600	2,130,000	2,150,000	2,160,000	2,175,000
Special Pays	1,568,300	1,568,300	1,575,000	1,575,000	1,575,000	1,575,000
Overtime	7,328,800	7,328,800	7,330,000	7,500,000	7,600,000	7,700,000
MOU Concessions	(10,024,800)	(8,924,800)	(8,924,800)	-	-	-
<b>Subtotal Salaries</b>	<b>72,114,700</b>	<b>73,214,700</b>	<b>73,158,400</b>	<b>88,573,200</b>	<b>91,983,200</b>	<b>93,898,200</b>
<b>Retirement:</b>						
Safety Retirement	14,357,000	14,357,000	14,600,000	15,160,000	15,675,000	15,775,000
Miscellaneous Retirement	5,319,100	5,319,100	5,320,000	5,582,300	5,752,300	5,800,000
<b>Subtotal Retirement Costs</b>	<b>19,676,100</b>	<b>19,676,100</b>	<b>19,920,000</b>	<b>20,742,300</b>	<b>21,427,300</b>	<b>21,575,000</b>
<b>Other Personnel Costs:</b>						
City Paid Health Costs	9,294,700	9,294,700	9,300,000	9,350,000	9,400,000	9,450,000
Misc. Other Taxes	1,367,500	1,367,500	1,370,000	1,400,000	1,425,000	1,450,000
<b>Subtotal Other Personnel</b>	<b>10,662,200</b>	<b>10,662,200</b>	<b>10,670,000</b>	<b>10,750,000</b>	<b>10,825,000</b>	<b>10,900,000</b>
Maintenance & Operation	5,282,600	5,282,600	5,300,000	5,350,000	5,400,000	5,450,000
Contractual Services	6,900,100	7,060,100	7,300,000	7,625,800	7,771,000	7,903,800
Internal Service Charges	14,010,000	14,010,000	14,124,800	15,280,000	15,585,600	15,897,300
Capital Outlay	91,600	91,600	100,000	110,000	115,000	120,000
Debt Service Charges	2,171,400	2,171,400	2,171,400	2,171,400	2,171,400	2,171,400
Loan Repayments	-	-	1,629,400	1,350,000	-	-
Est. Expenditure Savings Factor	(2,863,400)	(2,863,400)	(2,863,400)	(2,000,000)	(2,000,000)	(2,000,000)
Transfers Out	2,769,800	2,769,800	2,800,000	2,850,000	2,900,000	2,950,000
<b>Total Estimate Expenditures</b>	<b>\$ 130,815,100</b>	<b>\$ 132,075,100</b>	<b>\$ 134,310,600</b>	<b>\$ 152,802,700</b>	<b>\$ 156,178,500</b>	<b>\$ 158,865,700</b>
<b>Budget Shortfall (Revenue-Expenses)</b>						
<b>Reserve Fund Balance</b>	<b>\$ 2,116,500</b>	<b>\$ (373,100)</b>	<b>\$ (6,036,900)</b>	<b>\$ (23,322,000)</b>	<b>\$ (25,846,400)</b>	<b>\$ (26,750,100)</b>

**CITY ATTORNEY DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

**City Attorney's Office**

**FY 2010-11 Proposed General Fund Reductions**

Budget Summary Total: \$3,776,700  
 General Fund Budget Total: \$3,776,700  
 8% Reduction Target: \$293,968  
 Department Recommendations Total: \$0

Full Time Department Employee Total: 22  
 Proposed Full Time Employee Reduction: -0  
 Full Time Employee Total: 22

1st Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
			Information not available at printing time		
	<b>Total</b>	<b>\$0.00</b>		<b>Total</b>	<b>0</b>

**CITY CLERK DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

**City Clerk's Department**

**FY 2010-11 Proposed General Fund Reductions**

**Impact Statement: Reductions would primarily impact maintenance, operations and part time assistance.**

**Budget Summary Total: \$2,004,800**  
**General Fund Budget Total: \$2,004,800**  
**8% Reduction Target: \$16,384**  
**Department Recommendations Total: \$348,200**

**Full Time Department Employee Total: 16**  
**Proposed Full Time Employee Reduction: -0**  


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**Full Time Employee Total: 16**

Includes Reduction in Part Time

<b>1st Tier</b>	<b>Program</b>	<b>Ongoing Savings</b>	<b>Budget Reduction Plan</b>	<b>Impact</b>	<b>Position Change</b>
1	Admin/Bus Reg	-\$13,200	Reduce Operating Costs	Impact to maintenance and operations-ongoing savings	
2	Elections	-\$335,000	Reduce estimated election costs	Reflects notification of reduction in costs from Registrar of Voters - reflects one time savings	
<b>Total</b>		<b>-\$348,200</b>		<b>Total</b>	<b>0</b>



CITY OF SAN BERNARDINO  
INTEROFFICE MEMORANDUM

TO: Charles E. McNeely, City Manager  
FROM: Rachel G. Clark, CMC, City Clerk  
SUBJECT: City Clerk's Office 8% Budget Reductions  
DATE: August 23, 2010

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Per your request, my office has come up with proposed budget reductions for the City Clerk's Office. You indicated that our 8% cut equaled \$160,000; however our total proposed cuts amount to \$358,800, the major portion of which represents the reduction in costs for placing a ballot measure on the November 2010 ballot.

The proposed recommendations would impact primarily maintenance and operations in three of our department's programs, i.e., Administration, Business Registration/TLT, and Elections.

Administration Program Impacts on Maintenance and Operations

The recommended cuts would totally deplete any funding for meetings and conferences (\$300), education and training (\$100), equipment maintenance (\$300), and management allowance (\$200). Eliminating funding for meetings and conferences will prohibit staff from attending regional meetings of the City Clerks Association and workshops sponsored by the Association. A reduction in training costs would not allow us to send a staff member to a "Nuts and Bolts" workshop for City Clerk's staff, and elimination of equipment maintenance would leave us with no funds to cover any costs for breakdowns in our office equipment.

Business Registration/TLT Program

A total of \$7700 would be eliminated from Business Registration/TLT Program. Affected accounts include a reduction in funds for dues and subscriptions (\$200), meetings and conferences (\$400); and computer equipment (\$1900) and total depletion of funds for Training (\$100), Rentals (\$500), and Part time salaries (\$4600).

Elimination of funds for training and car rentals would leave us without funds for staff training or a vehicle for field work should our current vehicle break down.

Elections Program

Due to a reduction in estimated costs for placing a ballot measure on the November 2010 ballot, we can delete \$350,000 from professional contractual services and \$200 for Dues and Subscriptions for a total reduction of \$350,200 in the Elections Program.

**Budget Reduction Plan Impacts to Personnel**

In the Business Registration/TLT Program, one of the recommended cuts would delete \$4,600 from our budget for part time salaries. This would completely eliminate our ability to hire interns who, in the past, have successfully assisted this department in identifying new revenue.

**CITY MANAGER DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

**City Manager's Office**

**FY 2010-11 Proposed General Fund Reductions**

**Impact Statement: Reductions will require restructuring of duties within the City Manager's Office.**

**Budget Summary Total: \$1,293,400**  
**General Fund Budget Total: \$1,283,000**  
**8% Reduction Target: \$102,640**  
**Department Recommendations Total: \$102,900**

**Full Time Department Employee Total: 10**  
**Proposed Full Time Employee Reduction: -1**  


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**Full Time Employee Total: 9**

<b>Item</b>	<b>Program</b>	<b>Ongoing Savings</b>	<b>Budget Reduction Plan</b>	<b>Impact</b>	<b>Position Change</b>
1	Grants	-\$91,900	Eliminate 1 vacant position	Impact on coordinated efforts to secure grants and develop legislative programs.	-1
2	Admin	-\$11,000	Temporary Savings	Temporary savings of ATCM position until filled	
<b>Total</b>		<b>-\$102,900</b>		<b>Total</b>	<b>-1</b>



**CITY OF SAN BERNARDINO  
INTEROFFICE MEMORANDUM**

TO: Charles E. McNeely, City Manager  
FROM: Debra Kurita, Assistant City Manager  
SUBJECT: City Manager's Office 8% Reduction Budget Summary  
DATE: August 23, 2010

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Per your request, each City Department was asked to prepare an 8% budget reduction plan. This reduction to the City Manager's Office represents expenditure elimination of \$102,640 from the FY 2010/11 Approved Budget. The recommendations outlined in this memo total \$102,900. The significant impacts will affect the day-to-day operations of Administration and Grants Coordination/Intergovernmental Relations programs.

**Administration Program**

The main focus of the City Manager's Office is to provide leadership, direction and oversight of all policies and programs established by the Mayor and Common Council and to supply the City employees with the tools necessary to provide superior municipal services to the residents and business community of San Bernardino. Delaying the replacement of the Assistant to the City Manager position will limit the ability of the of the City Manager's Office to develop, implement, and lead new initiatives (e.g. SB TAAG, Air Quality/Rideshare, AQMD, etc.) and will result is slower turn around times for information requested by the Mayor and Common Council.

**Grants Coordination / Intergovernmental Relations Program**

One significant deficiency the City faces is the lack of a centralized and coordinated grant effort. Although the position is currently vacant, the elimination of the Senior Administrative Analyst/Grants coordinator will continue to limit the City's ability to actively seek and secure funding opportunities for the City. The elimination of this position will also affect the City's ability to continue development and implementation of a centralized, aggressive and responsible legislative lobby program that was started in FY 2010/11. Current staff will continue to maintain active relations between local, state and federal legislative delegations to insure positive impacts and promote the City's position on legislative issues.

**CITY TREASURER DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

**City Treasurer's Office**

**FY 2010-11 Proposed General Fund Reductions**

**Budget Summary Total: \$202,400**  
**General Fund Budget Total: \$202,400**  
**8% Reduction Target: \$16,192**  
**Department Recommendations Total: \$40,500**

**Full Time Department Employee Total: 2.25**  
**Proposed Full Time Employee Reduction: -0**  


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**Full Time Employee Total: 2.25**

<b>1st Tier</b>	<b>Program</b>	<b>Ongoing Savings</b>	<b>Budget Reduction Plan</b>	<b>Impact</b>	<b>Position Change</b>
1	Admin	-\$40,500	Reduce M&O	Water Department to cover share Treasurer's operations	
<b>Total</b>		<b>-\$40,500</b>		<b>Total</b>	<b>0</b>

**CIVIL SERVICE DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

**Civil Service Department**

**FY 2010-11 Proposed General Fund Reductions**

**Impact Statement:** Basic program services will remain intact.

**Budget Summary Total: \$303,100**  
**General Fund Budget Total: \$303,100**  
**8% Reduction Target: \$24,248**  
**Department Recommendations Total: \$21,100**

**Full Time Department Employee Total: 3**  
**Proposed Full Time Employee Reduction: -0**  


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**Full Time Employee Total: 3**

<b>1st Tier</b>	<b>Program</b>	<b>Ongoing Savings</b>	<b>Budget Reduction Plan</b>	<b>Impact</b>	<b>Position Change</b>
1	Admin	-21,100	Reduce M&O	Increase revenue reimbursement to General Fund by Water Department for services provided by Civil Service and reduce department M & O	
<b>Total</b>		<b>-\$21,100</b>		<b>Total</b>	<b>0</b>



**CITY OF SAN BERNARDINO  
INTEROFFICE MEMORANDUM**

TO: Charles E. McNeely, City Manager  
FROM: Kelli Bruhl, Chief Examiner  
SUBJECT: Civil Service Budget Reduction Summary  
DATE: August 10, 2010

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As directed, I have carefully reviewed department operations and prepared a contingency budget to reflect a 7% to 8% expense reduction. The reductions will have a negative impact on service levels to internal and external customers. I am neither endorsing this plan nor am I recommending its adoption.

**Reduction**

**Maintenance & Operation Expense Reductions**

Membership renewal in the Western Regional Item Bank (WRIB) will be delayed until January 1, 2011, resulting in a 50% savings of the renewal fee. (Questions provided by WRIB for written exams may only be used if the membership is current.)

Reductions are included in several other Maintenance & Operation accounts. For example, postage costs will be reduced by sending all notifications to applicants via electronic means rather than hard copy whenever an applicant provides an email address.

**Service Impact**

The primary impact of delaying the renewal of membership in WRIB will be to departments that use written exams as an assessment tool for some classifications. Until the membership is renewed, written tests will be revised to eliminate WRIB content and, in some cases, may not be used at all. Departments that use written tests to predict the ability of an applicant to successfully perform on-the-job may experience a decline in the quality of candidates presented for selection.

Customer satisfaction will be negatively impacted by complaints from applicants who request notification by mail. (City Attorney staff has expressed reservations about using electronic means to notify applicants who indicate their preference for notification by postcard.)

## **Miscellaneous Item**

### **Increase Master Services Agreement with Water Department**

After review of the usage of Civil Services by the Water Department, a proposal was submitted to increase the amount the Water Department reimburses the General Fund through a Master Services Agreement from \$69,200 to \$87,780 for fiscal year 2010/2011.

In recognition of the services provided by Civil Service to the Water Department, a “credit” toward the reduction is included in the contingency plan in the amount of the increase (\$18,580) in reimbursement between the two fiscal years.

**COMMON COUNCIL DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

**Common Council Office**

**FY 2010-11 Proposed General Fund Reductions**

**Budget Summary Total: \$568,600**  
**General Fund Budget Total: \$568,600**  
**8% Reduction Target: \$45,488**  
**Department Recommendations Total: \$0**

**Full Time Department Employee Total: 11**  
**Proposed Full Time Employee Reduction: 0**  


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**Full Time Employee Total: 11**

<b>1st Tier</b>	<b>Program</b>	<b>Ongoing Savings</b>	<b>Budget Reduction Plan</b>	<b>Impact</b>	<b>Position Change</b>
			Information not available at printing time		
<b>Total</b>		<b>\$0.00</b>			<b>Total 0</b>

**COMMUNITY DEVELOPMENT DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

## Community Development Department

### FY 2010-11 Proposed General Fund Reductions

**Budget Summary Total: \$7,607,100**  
**General Fund Budget Total: \$7,607,100**  
**8% Reduction Target: \$608,568**  
**Department Recommendations Total: \$640,313**

**Impact Statement: Reduction in personnel will restructure department organization and impact delivery of service.**

**Full Time Department Employee Total: 70**  
**Proposed Full Time Employee Reduction: -6**  


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**Full Time Employee Total: 64**

1st Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	Admin	-\$105,300	Eliminate 1 vacant position and reduce operational expenses	Impact support services.	-1
2	Permits	-\$118,307	Eliminate 1 vacant positions	Delay in processing times for projects.	-1
3	Land Dev	-\$28,532	Eliminate 1 vacant position	Delay in processing times for projects.	-1
4	Single Family Inspections	-\$227,000	Eliminate 2 vacant positions and reduce operational expenses	Delay in inspection turnaround	-2
5	Code Enfc/Beautification	-\$123,974	Eliminate 1 vacant position and reduce operational expenses	Delays in processing times.	-1
6	Weed Abatement	-\$37,200	Reduce operational expenses	Reduction in resources	
<b>Total</b>		<b>-\$640,313</b>		<b>Total</b>	<b>-6</b>



**CITY OF SAN BERNARDINO  
INTEROFFICE MEMORANDUM**

TO: Charles E. McNeely, City Manager  
FROM: Valerie C. Ross, Interim Director  
SUBJECT: Community Development Department – 8% Budget Summary  
DATE: August 23, 2010

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The following are my recommendations for achieving an 8% reduction of the Community Development Department budget. I have vacant positions in most programs so they are included in my recommendations. We have lost numerous positions in Planning and Building and Safety over the last few years, including filled positions last fiscal year, so I do not want to cut additional, filled positions if at all possible. I have re-reviewed some of our original budget items and still believe we will achieve some savings through economies of scale related to the re-organization and other savings such as Overtime, Materials and Supplies, Printing, and Postage so I have not addressed these areas on a program by program basis.

**Program – Administration (0001)**

<b>Recommendations</b>	<b>Explanation</b>	<b>Savings</b>
Overtime	Reduce Amount	23,000
Salary Savings	Reduce Amount	40,500
Materials and Supplies	Reduce Amount	13,900
Printing Charges	Reduce Amount	12,000
Postage	Reduce Amount	13,000
Other Operating Expenses	Reduce Amount	2,900
	<b>Total</b>	<b>105,300</b>

Administrative Analyst II – Holding this Code Enforcement support position vacant will impact the preparation of the Code Enforcement Program's portion of the budget, user fee updates, RFPs, P.O.s, cash receipting, special projects, tracking of case documents and property owner notification procedures, and assisting the Division Manager.

Salary Savings – This is a result of the reclassification from a Director position to a Division Manager position.

None of these measures will affect revenue.

**Program – Permits and Customer Service (0024)**

<b>Recommendations</b>	<b>Explanation</b>	<b>Savings</b>
Engineering Assistant I (.5)	Eliminate vacancy	28,533
Associate Planner	Eliminate vacancy	89,774
	<b>Total</b>	<b>118,307</b>

Engineering Assistant I (.5) – This person was assigned part time to the public information counter and part time to do plan check and development project review. Eliminating this vacant position will impact the implementation of the new Permits and Customer Service program, increase the processing time for development projects, and reduce the level of service to customers seeking development related information, property address number assignments, existing street and infrastructure plan research, and development impact fee deferrals.

Associate Planner – This person was the "Planner of the Day" at the public information counter. Eliminating this vacant position means a different planner will take on these duties, leaving a Senior Planner and the City Planner to attend meetings, participate in D/ERC and Planning Commission, and the Historical Preservation Commission, and assume the Assistant Planner duties, including the processing of minor development permits and temporary use permits, answering general telephone calls (average 40 per day), responding to web-based inquiries and complaints, etc. The turnaround for entitlement projects will increase, and the level of response and availability of the Planning staff will decrease as a result.

Additionally, much of the service to customers at the public planning counter will be transferred to the two remaining Development Services Technicians who already have full workloads, resulting in an increase in the wait times for customers seeking Planning, Building, and Engineering permits or information.

The reassignments of staff to this program has already occurred and cross training is underway. However, the wait times at the public counter often reach or exceed one hour. For example, for the month of May there was an average of 80 people per day seeking information and/or permits for Planning, Building, and Land Development activities. There is a potential loss in revenue from people doing work without obtaining permits, along with an increase in compliance costs.

**Program – Land Development (0030)**

<b>Recommendations</b>	<b>Explanation</b>	<b>Savings</b>
Engineering Assistant I (.5)	Eliminate vacancy	28,532
	<b>Total</b>	<b>28,532</b>

This will not result in a direct loss of revenue.

**Program – Single Family Rental Inspections (0019)**

<b>Recommendations</b>	<b>Explanation</b>	<b>Savings</b>
Code Enforcement Officer II	Eliminate vacancy	67,050
Code Enforcement Officer II	Eliminate vacancy	67,050
Overtime	Reduce Amount	5,000
Materials and Supplies	Reduce Amount	36,400
Small tools and Equipment	Reduce Amount	12,000
Professional Services	Reduce Amount	22,500
Motor Vehicles	Reduce Amount	17,000
	<b>Total</b>	<b>227,000</b>

Code Enforcement Officer II (2 positions) – Eliminating these vacant positions will increase the inspection turnaround timeframes and increase the total number of inspections per officer since the remaining Code



**FINANCE DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

**Finance Department**

**FY 2010-11 Proposed General Fund Reductions**

**Impact Statement:** Reductions result in loss of personnel which will impact the processing time in the functions of purchasing and payroll.

**Budget Summary Total: \$1,668,200**  
**General Fund Budget Total: \$1,668,200**  
**8% Reduction Target: \$133,456**  
**Department Recommendations Total: \$133,500**

**Full Time Department Employee Total: 16**  
**Proposed 2nd Tier Employee Reduction: -1**  


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**Full Time Employee Total: 15**

**Reduction in Part Time**

1st Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	Admin	-\$56,000	Reduction in M& O	Increase revenues from Water Department to General Fund for services provided.	
2	Budget	-\$21,400	Reduction in M& O and PT		
<b>Subtotal</b>		<b>\$77,400</b>		<b>Subtotal</b>	<b>0</b>

Item	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	Purchasing	-\$41,000	Eliminate 1 position	Loss of Accounting Technician will result in slower processing time of services provided to departments	-1
2	Accounting	-\$15,100	Portion of Deputy Director charged to Refuse Acct	Temporary charge of portion of Dep Dir salary to refuse until Accountant position if filled	
<b>Subtotal</b>		<b>\$56,100</b>		<b>Subtotal</b>	<b>-1</b>
<b>Total</b>		<b>\$133,500</b>		<b>Total</b>	<b>-1</b>



**CITY OF SAN BERNARDINO  
INTEROFFICE MEMORANDUM**

TO: Charles E. McNeely, City Manager  
FROM: Barbara Pachon, Director of Finance  
SUBJECT: Finance Department 8% Budget Summary  
DATE: August 23, 2010

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As requested the Finance Department prepared an 8% budget reduction plan. This budget reduction plan for the Finance Department equals to a \$133,500 reduction from the department's FY 2010-2011 Approved Budget.

The recommended reductions are outlined below and they represent a significant impact to the Finance Departments day to day operations. The only way that the Finance Department could reach the 8% target reduction plan was to include the elimination of a full-time position, reduction of part-time hours and some operation costs.

*Administration and Budgeting*

The proposed reductions in Administration include increasing revenues from the Water Department to the General Fund to cover costs of services provided by Finance to that department. The budgeting program will be impacted by a reduction in the operations as well as a loss of part-time hours for the person who has been essential to the budget preparation process.

*Accounting*

Per the Matrix report on Integrated Waste, a position of Accountant has been added to the Finance budget. In order to achieve additional cost savings, the recommendation is to temporarily charge a portion of Deputy Director's salary to the refuse account until the Accountant position is filled in order to cover finance services currently provided.

*Purchasing*

The proposed reductions in Purchasing include the reduction of one full-time position. This reduction would leave only one employee to process all the bid and purchase order requests for the entire City. Departments would receive bid results and purchase orders at a much slower rate which in turn would greatly impact Departments ability to get their work completed. In addition work out to Vendors would be a much slower rate since work is not authorized to begin until a purchase order is awarded. Unfortunately again in a down economy this is not what is needed to help businesses survive. There will also be a reduction in service to the Low Income Rebate Program as this position is also responsible for the processing of that program.

**FIRE DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

## Fire Department

### FY 2010-11 Proposed General Fund Reductions

Budget Summary Total: \$32,621,400

General Fund Budget Total: \$32,621,400

8% Reduction Target: \$2,609,712

Department Recommendations Total: \$2,666,227

Impact Statement: A reduction in force of this magnitude coupled with the loss of 19 positions last year will result in decreased service in all aspects of the Fire Department's responsibilities.

Full Time Department Employee Total: 191

Proposed 1st Tier Employee Reduction: -3

Proposed 2nd Tier Employee Reduction: -7

Full Time Employee Total: 181

1st Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	Grant Credits	-1,450,000	SAFER grant, UASI and RCPG credits	Already included in current budget	
2	Community Risk Reduction	-70,722	Eliminate 1 vacant position	Loss of Fire Prevention Officer will impact number of annual inspections.	-1
3	Fire & Rescue Operation	-283,314	Eliminate 2 vacant positions	Unfunding two P1 Firefighters will have an impact on safety services.	-2
<b>Subtotal</b>		<b>-1,804,036</b>		<b>Subtotal</b>	<b>-3</b>

2nd Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	Grant Credit	-100,000	Grant funding	Savings from RCPG	
2	Community Risk Reduction	-149,724	Eliminate 2 positions	Loss of Code compliance Officer and Fire Plans Examiner will impact inspections and projects.	-2
3	Fleet & Equipment	-45,839	Eliminate 1 position	Loss of Equipment Mechanic I will impact proactive maintenance and inspections.	-1
4	Fire & Rescue Operation	-566,628	Eliminate 4 positions	Loss of four P-1 firefighters impacts safety services.	-4
<b>Subtotal</b>		<b>-862,191</b>		<b>Subtotal</b>	<b>-7</b>
<b>Total</b>		<b>-2,666,227</b>		<b>Total</b>	<b>-10</b>



**CITY OF SAN BERNARDINO  
INTEROFFICE MEMORANDUM**

**TO:** Charles E. McNeely, City Manager  
**FROM:** Michael J. Conrad, Fire Chief  
**DATE:** August 23, 2010  
**SUBJECT:** **8% Budget Reduction Summary**

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This memo is a follow-up to our meetings of August 12<sup>th</sup> & 17<sup>th</sup> where we were requested to provide a comprehensive proposal that identifies an 8% reduction in expenditures for fiscal year 2010/11 and extending into fiscal year 2011/12.

The reduction in staffing that this shortfall requires will have negative effects on the Fire Department's ability to provide the level of protection that is currently expected. To reduce costs by this amount requires a reduction of 11 positions within the Fire Department. As discussed, the reductions in staffing will be accomplished through attrition if possible, with layoffs only occurring if the attrition rate is not adequate to meet our cost reduction requirements.

This reduction in force, coupled with the loss of 19 positions last year will result in decreased service in several aspects of the Fire Department's responsibilities. As a group of fire professionals, we will continue to provide the highest level of service possible with the personnel and equipment that is available to us. But there is no doubt that the margin of safety that presently exists will decrease with fewer fire personnel on duty.

The following is an analysis of the reductions in staffing required to meet the potential budget reduction of \$2.6 million along with an explanation of the consequences associated with those reductions.

**Reduction in Fire & Rescue Operation Program**

The level of reductions required of the Fire Department will result in the elimination of 6 safety positions. This will result in three additional engine company operating with a staff of three personnel, which is below the four-person staffing level recommended by the National Fire Protection Administration (NFPA). Recent studies show that this reduction from four personnel to three on a responding fire unit reduces efficiency during emergency operations by 25% or more. This loss in efficiency during critical operations

is a contributing factor to increased property loss due to structure fires, and increased mortality rates in both fire and medical related emergencies.

The effect of this reduction is compounded by the previous elimination of 12 firefighter positions that was necessary to balance the City's 2009/10 budget. Collectively, these reductions in force will increase the chances of fire extending beyond the structure of origin and spreading fire to other structures in a neighborhood or district. This could be particularly problematic during high-wind events, which are common in San Bernardino.

Wildland firefighting capabilities will also be negatively affected as fewer personnel will be available for initial and sustained attacks at critical points in the fire's growth. Recent studies show that a reduction from four personnel to three on a responding fire unit reduces efficiency in wildland operations by over 40%. These same studies show that this decreased efficiency on initial fire attacks results in a substantial increase in fire losses and total fire suppression costs. Although the use of mutual aid will assist in this area, it must be noted that the normal delays in receiving such aid will reduce overall effectiveness. Reductions in fire ground staffing such as these have been shown to increase firefighter injuries.

### **Reduction in Community Risk Reduction Program**

The Community Risk Reduction Program will not be able to continue the same level of service that the community has been provided the past nine years. We believe that largely due to strong enforcement of state and local fire prevention laws the number of fire calls has been reduced from 4,039 in 2000 to 3,189 in 2009 (21 percent reduction). Since 2002, the fatality rate has been sharply reduced. Additionally, thousands of occupancies that were not inspected previously are now inspected on an annual basis. The fire prevention team has been able to provide rapid response to complaints received and have also run successful new programs such as the Juvenile Fire Setter program. Eliminating and shifting personnel will result in reductions of service as follows:

- With the elimination of a Fire Prevention Officer the number of Fire Code Permit inspections completed annually will be reduced. Some of the inspections will be accomplished by assigning them to other Prevention Officers and/or paying a minimal amount of overtime to accomplish the work. It may result in an undetermined loss of revenue. The time interval between inspections will exceed the one year time period currently being realized. Additionally, loss of this position will increase the response time to complaints and requests from other city departments.
- Elimination of one Code Compliance Officer will increase the time required to complete multi-family complex inspections. Additionally, response to complaints from other city staff and the public will take longer to resolve. This code compliance officer also assists the department in preparing the documents pertaining to Hearings on the closure of structures.
- Eliminating the Fire Plans Examiner/Systems Inspector will result in the loss of the city's "one stop shop" concept. With this reduction the fire department will not have sufficient staff to physically assign a person to the Development Services Department. Overall coordination between the two departments will also suffer.

The turn around time for construction plans could increase to 30 days or more for the first submittal. Additionally, construction site inspections will no longer be scheduled for the next working day; the time frame would increase to three working days or more.

**Reduction in Fleet & Equipment Program**

The loss of a Mechanic 1 position will reduce the repair shop staffing from 4 to 3 mechanics. The Mechanic 1 is responsible for the maintenance and repair of all of the light duty vehicles (approximately 50) in the fire fleets of San Bernardino and San Manuel FD. The loss of this position will require that much of the repair work be contracted to private repair and maintenance companies at an estimated cost of \$10,000 annually. The loss of this position will seriously reduce the proactive maintenance and inspection process and degrade our vehicle care to reactive; fix it when it fails. It also will have an undetermined effect on our ability to fulfill our contract responsibilities to San Manuel FD for the maintenance and repair of their fleet.

***Budget Proposal-Tier 1  
8% Reduction Recommendations***

<b>Description</b>	<b># of Positions</b>	<b>Annual Cost</b>	<b>Savings</b>
Savings from the SAFER Grant	-	-	\$ 1,300,000
Savings from the RCPG	-	-	\$ 100,000
Savings from the UASI Grant	-	-	\$ 50,000
Eliminate-Firefighters (vacant)	2	\$ 141,657	\$ 283,314
Eliminate-Fire Prevention Officer (vacant)	1	\$ 70,722	\$ 70,722
<b>Total Reduction:</b>			<b>\$ 1,804,036</b>

Note: The figures are based on full year salary and benefits.

***Budget Proposal-Tier 2  
8% Reduction Recommendations***

<b>Description</b>	<b># of Positions</b>	<b>Annual Cost</b>	<b>Savings</b>
Savings from the SAFER Grant-2 <sup>nd</sup> year	-	-	\$ 0
Savings from the RCPG	-	-	\$ 100,000
Eliminate-Firefighters	4	\$ 141,657	\$ 566,628
Eliminate-Code Officer	1	\$ 67,654	\$ 67,654
Eliminate-Equipment Mechanic 1	1	\$ 45,839	\$ 45,839
Eliminate-Fire Plans Examiner	1	\$ 82,070	\$ 82,070
<b>Total Reduction:</b>			<b>\$ 862,191</b>

Note: The figures are based on full year salary and benefits.

**HUMAN RESOURCES DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

## Human Resources Department

### FY 2010-11 Proposed General Fund Reductions

**Impact Statement:** The suggested cuts represent reductions that impact, employees, retirees, injured workers, and the community.

**Budget Summary Total: \$7,412,000**  
**General Fund Budget Total: \$4,985,900**  
**8% Reduction Target: \$398,872**  
**Department Recommendations Total: \$403,300**

**Full Time Department Employee Total: 13**  
**Proposed Full Time Employee Reduction: -0**  
**Full Time Employee Total: 13**

1st Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	Workers Comp	-\$58,200	Eliminate Employee Assistance Program & operation costs	Program not available to employees.	
2	Liability	-\$150,000	Reduction in insurance premiums	Potential increase in liability claims.	
3	Human Resources	-\$53,900	Reduction in M&O	Water Department to pay for additional costs and reduce operation costs	
4	Misc	-\$141,200	Reduce reserve at BICEP	Reduction of reserves from insurance pool.	
<b>Total</b>		<b>-\$403,300</b>		<b>Total</b>	<b>0</b>



**CITY OF SAN BERNARDINO  
INTEROFFICE MEMORANDUM**

TO: Charles E. McNeely, City Manager  
FROM: Linn Livingston, Director of Human Resources  
SUBJECT: Human Resources Budget Reduction Summary  
DATE: August 23, 2010

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The Human Resources Department was directed to compile a list of reductions equal to approximately 8% of our overall budget. This list of reductions was extremely difficult to compose and will have significant impacts on service levels to both City employees and the community we serve. Below is a summary of our contingency budget with the most adverse actions. I am neither endorsing this plan nor am I recommending its adoption.

➤ **Eliminate Employee Assistance Program**

This is not a mandatory program; however, during times of economic crisis utilization of EAP services tends to increase significantly.

**Impact**

Programs eliminated will reduce ability to assist with critical incidents, family counseling, employee morale and productivity. In addition, failure to provide immediate service will impact the City-sponsored health care plan and place the city at risk with unidentified safety issues.

➤ **Reduce Costs in Outside Attorney Litigation**

Reduce litigation by handling all settlement conferences including mandatory settlement conferences and lien trials with workers' compensation staff for non-represented applicants.

**Impact**

Reducing litigation costs could severely compromise the investigation and the defense of workers' compensation claims. Without timely and appropriate review, the City could be placed in the position of paying unmeritorious claims which would increase City liability and related costs.

➤ **BICEP Revenue**

The City requested that BICEP release reserves from the insurance pool in the amount of \$141,200.

**Impact**

The release of funds from our insurance pool will reduce funding levels for litigation claims, which may create a funding shortfall and require the City to pay additional premiums.

**INFORMATION TECHNOLOGY DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

## Information Technology Department

### FY 2010-11 Proposed General Fund Reductions

**Budget Summary Total: \$4,827,700**  
**General Fund Budget Total: \$3,566,800**  
**8% Reduction Target: \$285,344**  
**Department Recommendations Total: \$286,040**

**Impact Statement: Reduce efficiency in managing IT needs of organization and create greater risk of down time for departmental and city-wide applications.**

**Full Time Department Employee Total: 17**  
**Proposed Full Time Employee Reduction: -0**  


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**Full Time Employee Total: 17**

1st Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	GIS/Office Automation	-\$27,380	Eliminate maintenance & operations costs and support software	Any future Office upgrades will require repurchase of all desktop computers licenses, maintenance will completed on time and material.	
2	Public Safety	-\$164,110	Eliminate maintenance & operations costs and support software	Certain maintenance will be done on a time and material basis and not covered under contract	
3	Client Services	-\$10,000	Eliminate maintenance & operations costs and support software	Reduce efficiency of networking division, ability to keep up with network growth, and remote access for City employees.	
4	Network Services	-\$37,000	Eliminate maintenance & operations costs and support software	Reduce efficiency of networking division, ability to keep up with network growth, and remote access for City employees.	
5	Business Systems	-\$27,550	Reduce capital & maintenance costs	Impact staff expertise in new technology.	
6	Print Shop	-\$20,000	Reduce M&O	Review alternate methods of duplication services.	
<b>Total</b>		<b>-\$286,040</b>		<b>Total</b>	<b>0</b>



**CITY OF SAN BERNARDINO  
INTEROFFICE MEMORANDUM**

**TO:** Charles E. McNeely, City Manager  
**FROM:** June Yotsuya, Interim Director of Information Technology  
**SUBJECT:** Information Technology Department 8% Reduction Budget Summary  
**DATE:** August 23, 2010

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The Information Technology (IT) Department is an internal service department that provides technology services to all of the City operating departments, including the Police and Fire departments, as well as the Water Department. As an internal service, IT does not provide services directly to the public; but instead, maintains and supports the technology infrastructure and tools used by departments to provide services to the public. As a result, any reductions in the IT budget will indirectly impact all City departments and their ability to provide key services to the residents. Resident services that rely heavily on technology include police and fire, code enforcement, building permits and inspections, refuse, parks and recreation, and animal control. It is important to note that the technology support programs of the department experienced a 19 percent reduction in positions (21 to 17) over the past three years while the variety and amount of technology supported by the department continued to grow.

The proposed budget reductions are primarily in the following areas: maintenance contracts, equipment replacement and supplies. Some maintenance contracts for both software and hardware would be reduced or eliminated and expenditures for computer equipment and supplies would also be reduced.

The effects of the proposed reductions would increase system down time due to reduced maintenance contract coverage, a decrease in productivity due to the use of out-of-date and unsupported software, and a decrease in reliability due to use of equipment that has exceeded its useful life. The proposed cuts would result in reduced productivity for all City departments, and this in turn would result in a reduced quality of service to the residents and businesses of San Bernardino.

**LIBRARY DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

# Library Department

## FY 2010-11 Proposed General Fund Reductions

**Impact Statement:** Impact to library services including fewer new materials and public computer access as well slower processing times at information and check out areas.

**Budget Summary Total: \$2,259,100**  
**General Fund Budget Total: \$2,259,100**  
**8% Reduction Target: \$180,728**  
**Department Recommendations Total: \$180,370**

**Full Time Department Employee Total: 20**  
**Proposed 1st Tier Employee Reduction: -1**  
**Proposed 2nd Tier Employee Reduction: -1**  


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**Full Time Employee Total: 18**

### Reduction in Part-Time

1st Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	Library	-\$22,900	Reduction in PT	Impact to support services	
2	Library	-\$55,350	Reduction in M & O	Fewer new materials and public computer access, postage for direct mailers and maintenance	
3	Library	-\$62,560	Eliminate 1 vacant position	Loss of Coordinator will have impact on program activities	-1
<b>Subtotal</b>		<b>-\$140,810</b>		<b>Subtotal</b>	<b>-1</b>

2nd Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	Library	-\$39,560	Eliminate 1 position	Loss of Office Clerk will impact to support services	-1
<b>Subtotal</b>		<b>-\$39,560</b>		<b>Subtotal</b>	<b>-1</b>
<b>Total</b>		<b>-\$180,370</b>		<b>Total</b>	<b>-2</b>



**CITY OF SAN BERNARDINO  
INTEROFFICE MEMORANDUM**

TO: Charles E. McNeely, City Manager

FROM: Deborah Kaye Clark, Interim Library Director

SUBJECT: Library 8% Budget Summary

DATE: August 23, 2010

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In July of 2001, the City of San Bernardino passed a budget that supplied a record \$3,000,000 to the San Bernardino Public Library. That budget included \$204,000 for books and salaries that supported a 60 hour operation at Feldheim Library and 40 open hours at each of the three branches.

Over the course of 10 years, that budget was reduced in both dollar amount and spending power as the city began its downward economic spiral.

Currently, under the library's proposed steady state budget, the system is beginning to reorganize and regroup after a drastic reduction of 37% operational costs and 47% reduction in full time personnel.

However, a further reduction of 8% will result in the elimination of two additional full time positions at the Feldheim Central Library, both public service positions, bringing the total loss of full time positions to The vacant position was a Program Coordinator intended to provide create, coordinate, promote and conduct programming at the Central Library. This position was key to a major goal to promote the Central Library to families. Also eliminated was the position of Office Clerk for the Reference Division and \$20,200 in part time salaries. These losses will result in longer lines in the check out areas, slower processing of magazines and periodicals and longer lines at the information desks.

The book budget for the system, already a minimal amount of \$36,300, is reduced by another 45%, leaving only \$20,000 for books to cover a central library and three branches.

As technology needs within the community increase, the ability of the library to provide Internet access and job search capabilities for the public are reduced through a \$30,000 reduction in the equipment replacement account. Earmarked to upgrade aging computers, replace damaged

screens, add headsets to computer stations increasingly used for streaming video presentations related to training and job searching, the elimination of these funds find us once again providing less effective service to fewer residents.

The end is a loss to the education of a community, and embittered public who feel their city has let them down and a further economic impact through lost jobs and more limited access to job search tools.

Additional reductions for this \$180,000 package include elimination of postage earmarked to fundraising for this year; elimination of office equipment maintenance contracts in the hope that equipment will remain functional and the elimination of two of the three public photocopiers at the Central Library.

**MAYOR'S DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

**Mayor's Office**

**FY 2010-11 Proposed General Fund Reductions**

**Budget Summary Total: \$734,900**  
**General Fund Budget Total: \$734,900**  
**8% Reduction Target: \$58,792**  
**Department Recommendations Total: \$58,800**

**Full Time Department Employee Total: 5**  
**Proposed Full Time Employee Reduction: -0**  
**Full Time Employee Total: 5**

<b>1st Tier</b>	<b>Program</b>	<b>Ongoing Savings</b>	<b>Budget Reduction Plan</b>	<b>Impact</b>	<b>Position Change</b>
1	Comm Safety /Env	-58,800	Eliminate all contractual services used to prepare grant applications.	In the absence of the City having a full-time grant writer, the Mayor's Office has used its contractual services money to hire consultants to prepare grant applications. This past fiscal year, this money was used to prepare and successfully obtain over \$850,000 in grant funds for police and public safety, and over \$375,000 in grant funds for environmental projects/programs.	
<b>Total</b>		<b>-\$58,800</b>		<b>Total</b>	<b>0</b>

**PARKS, RECREATION & COMMUNITY SERVICES  
DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

# Parks, Recreation and Community Services

## FY 2010-11 Proposed General Fund Reductions

Additional cuts will impact department's ability to provide quality programs and services to youth, adults and seniors that are vital to the current and future quality of life to the San Bernardino community.

**Budget Summary Total: \$7,021,500**  
**General Fund Budget Total: \$5,379,800**  
**8% Reduction Target: \$430,384**  
**Department Recommendations Total: \$435,000**

**Full Time Department Employee Total: 59**  
**Proposed 2nd Tier Employee Reduction: -3**  


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**Full Time Employee Total: 56**

Includes Reduction in Part Time

1st Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	Community Programs	-\$170,000	Shift of funding for Operation Phoenix, elimination of City services afor Norton Galaxy Center	Impact on programs for the community, especially youth. OP funding will be supplemented by federal grant, services at Norton will be provided by Public Safety Academy.	
2	Baseball Stadium	-\$100,000	Eliminate maintenance support for stadium	Responsibility to shift to owner of stadium.	
3	Admin/Parks	-\$20,000	Reduction in PT	Impacts to service delivery.	
<b>Subtotal</b>		<b>-\$290,000</b>		<b>Subtotal</b>	<b>0</b>

Item	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	CID	-\$25,000	Convert FT CID Manager to contract PT manager	Impacts to administrative support for department.	-1
2	Park Maint	-\$120,000	Eliminate 2 park maintenance supervisors; or 1 supervisor and close Delmann Heights	Restructure park maintenance delivery and reduce services to youth.	-2
<b>Subtotal</b>		<b>-\$145,000</b>		<b>Subtotal</b>	<b>-3</b>
<b>Total</b>		<b>-\$435,000</b>		<b>Total</b>	<b>-3</b>



**CITY OF SAN BERNARDINO  
INTEROFFICE MEMORANDUM**

TO: Charles E. McNeely, City Manager  
FROM: Kevin L. Hawkins, Parks, Recreation & Community Services Director  
SUBJECT: Parks, Recreation & Community Services 8% Reduction Budget Summary  
DATE: August 18, 2010

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Since July 2008, the Parks, Recreation & Community Services Department has experienced a 32% decrease in staff due to budget reductions. Given these reductions, staff is to be commended for their commitment to providing the best level of services with limited resources. For comparison purposes, it should be noted that the proposed budget maintains the current ratio of 1 maintenance worker for every 60 acres of park whereas the industry standard is 1 worker for every 10 acres.

The revised plan to accommodate an 8% reduction in additional cuts to the proposed budget will still severely cripple the Department's ability to provide quality programs and services to youth, adults and seniors; services that are vital to the current and future quality of life to the San Bernardino community. The following identifies the impacts of that plan in both the General Fund and Measure Z General Fund allocations for a total of \$435,000. Although the plan delineates the actions that will be necessary to incorporate the reduction into the department's programs, services and activities, I am neither endorsing, nor am I recommending the adoption of this plan.

**Community Programs**

The implementation of all the actions included in the reduction plan will result in either the shifting of funding sources for some of the community centers to non-General Fund sources and/or the reduction of City sponsored activities at some of the community centers. Below is a brief summary of the impacts to each community center.

*Delmann Heights Center*

Terminating the City administered programs at this center will involve discontinuing the current contract with the Boys and Girls Club. Unlike the community centers that are solely operated by recreation staff, Delmann Heights is open Monday through Friday; this Center averages approximately 1,400 participants per month during the regular season and can peak to 2,400 participants per month through the aquatics and other enhanced activities during the summer. The termination of the agreement and the resulting closure of the City portion of the center may

create safety and blight issues that may also impact the County Headstart program that is directly adjacent to the community center.

### *Galaxy/Norton Recreation Center*

Currently subsidized by the Public Safety Academy (PSA), this center will have the City's only part-time employee working at this center eliminated. This will result in the elimination of all recreational programs; making it a rental facility. This will remove any City presence from the Norton Galaxy and require the liaison with PSA, and any rental customers to work through the Department's main office.

### *Operation Phoenix Centers*

The City currently budgets \$150,000 of General Fund Measure Z funds to the Operation Phoenix Centers. Recently the City received a Federal Grant in the amount of \$500,000 for the Operation Phoenix programs that can be used to replace the General Fund Measure Z dollars for two years. There should not be any negative impacts to the current programs at the Operation Phoenix Centers as a result of this funding source change.

### **Center for Individual Development Program**

In order to maintain the Center for Individual Development (CID) community center programs for people with disabilities, The Friends of CID continue to subsidize its operations by providing \$100,000. The plan to meet the 8% reduction involves eliminating the Center Manager position and converting the management of the program to a part-time position. This disruption of the management may prove harmful to the long term relationships established between the County, school district and special needs community; however, the Department will seek to mitigate the impact by contracting with the existing manager on a part time basis.

### **Parks Maintenance Program**

In order to meet the 8% reduction target, the Parks Maintenance program will not go untouched. Although the need for significant additional funding (to restore acceptable staffing levels to city parks) and alternative/supplemental staffing (such as Glen Helen workers, volunteers, etc.) are essential, the elimination of one (1) supervisor position (through attrition or retirement) and part time hours is proposed.

One option that can be considered is the elimination of a second supervisor position instead of the closure of the Delmann Heights Center. This option would even further reduce Park's ability to maintain the City's park areas but it would stop the closure of a recreation center.

This measure mitigates the need to explore further measures, such as outsourcing both LMDs and City Parks this fiscal year; however, the aforementioned need to reduce park maintenance staffing ratios from 1 to 60 closer to the industry standard of 1 to 10 remains, in order to improve current service delivery remains.

### **Baseball Stadium Agreement**

The reduction plan includes eliminating the General Fund contribution for maintenance at Arrowhead Credit Union Park. The funding for this program will have to be shifted to either the

entity that owns the property (the Redevelopment Agency) through a renegotiation of the current Agreement between the Stadium, City and Agency.

### **Administration**

The elimination of part time hours, which were used to supplement administrative staffing throughout the Department. Although the City's efforts to improve the website may help in mitigating some of the anticipated reduction in service delivery, all Divisions remain dangerously thin (in staffing) since the 32% staffing reductions in FY 09/10.

**POLICE DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

**Police Department**

**FY 2010-11 Proposed General Fund Reductions**

Impact Statement: Impacts to civilian staffing and police officer staffing levels.

**Budget Summary Total: \$66,804,300**  
**General Fund Budget Total: \$63,880,300**  
**8% Reduction Target: \$5,110,424**  
**Department Recommendations Total: \$5,093,160**

**Full Time Department Employee Total: 529**  
**Proposed 1st Tier Employee Reduction: -23**  
**Proposed 2nd Tier Employee Reduction: -27**  
**Full Time Employee Total: 479**

1st Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	General Investigtn	-\$80,890	Reclassify Police Captain to Civilian Manager, reclassify Forensic Manager to Property Supervisor	Will allow the hiring of a civilian management professional with experience in municipal finance and personnel administration. This is a common management position in similar sized agencies and creates a civilian career path for upper management in addition to the cost savings involved. Grants management and personnel management should be enhanced.	
2	Records	-\$63,370	Reclassify 2 Rec Supervisors to CSO I, Eliminate 1 Admin support position, upgrade payroll to Adm Analyst I	Records function currently has 4 supervisors assigned, although the overall staffing for records has been reduced from previous personnel reductions. This change will provide a more functional ratio of supervisors to technician personnel as they currently exist, as well as a cost savings from the reclassification of the positions.	-1
3	Records	-\$145,000	Eliminate 3 vacant positions	Reduction in Records Tech I positions as part of reorganization of records operation	-3
4	Patrol Field Services	-\$1,700,000	Elimination of 17 vacant Police Officer positions	Currently held vacant in FY10-11 budget.	-17
5	Patrol Field Services	-\$463,300	Eliminate 8 vacant Police Officer positions of which 6 vacancies will be converted to CSO positions	8 Police Officer positions affected, however 6 vacancies to converted to CSO positions	-2

**Subtotal -\$2,452,560**

**Subtotal -23**

2nd Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	Patrol Field Services	\$2,640,600	Eliminate 27 Police Officer positions	Impact delivery of police emergency services	-27

**Subtotal \$2,640,600**

**Subtotal -27**

**Total \$5,093,160**

**Total -50**



**CITY OF SAN BERNARDINO  
INTEROFFICE MEMORANDUM**

To: Charles E. McNeely, City Manager  
 From: Keith Kilmer, Chief of Police  
 Subject: 8% Budget Reduction Proposal  
 Date: August 23, 2010

Pursuant to your request to provide budget reduction options to attain an 8% overall savings in the Police Department General Fund, equivalent to \$5,093,160, the following personnel reduction strategies (table below) are realistically the only method to achieve such a dramatic cost reduction. As a result of cuts there will also be certain known and unknown service impacts, depending on the level and extent of any reduction in the police department workforce. These potential impacts are briefly summarized below.

Description	Amount	Amount	Amount
Reclassify Police Captain to Civilian Manager	(\$73,000)		
Reclassify (2) Records Supervisors* to CSO I	(\$35,000)		
Eliminate (3) Records Tech I vacant positions	(\$145,000)		
Eliminate (8) vacant Police Officer positions	(\$782,400)		
Eliminate (1) Senior Office Assistant	(\$44,856)		
Add (6) CSO I positions	\$319,099		
Reclassify Forensic Manager* to Property Supervisor	(\$7,884)		
Upgrade payroll to Admin Analyst I	\$16,488		
Eliminate (27) Police Officer positions	(\$2,640,600)		
<b>Preliminary budget reduction total</b>	<b>(\$5,093,160)</b>		
<b>TOTAL SAVINGS</b>			<b>(\$5,093,160)</b>

\*Currently filled position

**Summary of potential impacts from police department personnel reductions above:**

Civilian staffing levels have been reduced to critical levels at this point as a result of previous budget savings measures. Under the above scenario, sworn officer staffing would be reduced by eight police officer positions.

THE SBPD IS COMMITTED TO PROVIDING;  
 PROGRESSIVE QUALITY POLICE SERVICE;  
 A SAFE ENVIRONMENT TO IMPROVE THE QUALITY OF LIFE;  
 A REDUCTION IN CRIME THROUGH PROBLEM RECOGNITION AND PROBLEM SOLVING

Budget Reduction Proposal for FY 2010/11  
August 23, 2010

While the budget reductions will impact police services, the streamlining changes recommended will mitigate some of the potential impacts. The potential impacts are listed below:

- Currently 17 police officer positions are being held vacant in the FY '10/11 budget approved by Council. To meet the 8% reduction, these positions will need to be eliminated.
- The (3) Records Tech positions to be eliminated are currently being held vacant.
- Service levels for investigative and administrative functions may be impacted, reducing the ability to respond timely to interdepartmental, interagency and public requests, and increasing levels of dissatisfaction with service.
- Eliminating eight of the currently vacant police officer positions should not reduce services below current levels.
- COPS hiring grant requirements or restrictions will need to be addressed.
- A reduction in police call takers may increase response time to priority calls.
- The addition of the (8) CSO positions will minimize the impact of the reduction of officers by adding report takers to the field. Increasing professional staff to augment police response is consistent with the recommendations in the Management Partners' Study.

There are likely additional financial and non-financial impacts to such a proposal. Please contact me with any questions.

**PUBLIC WORKS DEPARTMENT  
FY 2010-11 PROPOSED 8% REDUCTION PLAN**

**Public Works Department**

**FY 2010-11 Proposed General Fund Reductions**

Budget Summary Total: \$47,422,600

General Fund Budget Total: \$8,784,600

8% Reduction Target: \$702,768

Department Recommendations Total: \$834,809

Impact Statement: Service levels to public will be impacted in conjunction with the operational impacts to City departments.

Full Time Department Employee Total: 216

Proposed 1st Tier Employee Reduction: -2

Proposed 2nd Tier Employee Reduction: -5

Full Time Employee Total: 209

Proposed Part Time Reduction: 3

1st Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	PW/IWM	-\$250,000	Renegotiate contract with IEE	Savings estimated with new recycling contract	
2	Fleet	-\$142,800	Eliminate 2 vacant positions and reduce M & O	Additional duties absorbed by remaining mechanics, reductions in fuel and operating costs, outside vehicle maintenance and other expenses.	-2
3	Streets	-\$20,000	Charge for Neighborhood Clean-up Events	Eliminate support for free neighborhood clean-up events which cost approximately \$20,000 per year in dump/waste fees and overtime.	
4	Facilities	-\$109,800	Reduction in M & O	Less material purchases, decrease in Santa Fe contract, decrease electric usage, eliminate copier contract and outside cleaning contract for parking structure.	
<b>Subtotal</b>		<b>-\$522,600</b>		<b>Subtotal</b>	<b>-2</b>

2nd Tier	Program	Ongoing Savings	Budget Reduction Plan	Impact	Position Change
1	PW/Eng	-\$116,800	Eliminate the in-house survey unit from the Capital Projects Program	Surveying work now performed by a Sr. Survey & Survey Technician can still be provided by contract with the costs charged directly to a CIP project. Any survey requests from other departments or for non-CIP project will require an identified funding source.	-2
2	Facilities	-\$195,410	Eliminate 2 Custodial positions, 1 Maintenance Mechanic and reduction in PT positions	Reduction in service to Carousel Mall, Library & City Hall and in M & O due to loss of 2 custodians and 3 PT personnel. Reduction in mechanic services with loss of one maintenance worker.	-3
<b>Subtotal</b>		<b>-\$312,210</b>		<b>Subtotal</b>	<b>-5</b>
<b>Total</b>		<b>-\$834,810</b>		<b>Total</b>	<b>-7</b>



**CITY OF SAN BERNARDINO  
INTEROFFICE MEMORANDUM**

TO: Charles E. McNeely, City Manager  
FROM: Randy Kuettle, Acting Director Public Works Department  
SUBJECT: Public Works Department 8% Budget Summary  
DATE: June 30, 2010

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The following is the Public Works Department plan to achieve an 8% reduction to the General Fund. Of the Department's \$47,422,600 operating budget, the impact to the General Fund is \$8,784,600, resulting in a reduction target of \$702,768. The proposed cuts center on reductions in personnel, public services, facility maintenance, support to the Metrolink and Santa Fee Depot, fleet maintenance, and engineering. These measures will have a dramatic impact on services provided to the public, as well as services currently provided to City departments.

**Integrated Waste Management Administration:**

The reduction plan includes renegotiation of the City's recycling contract with IEE. Anticipated savings will be realized by readjusting recycling program requirements and methodology.

**Fleet Maintenance Program:**

The reduction plan eliminates two vacant Equipment Mechanic positions. The duties of the Equipment Mechanics will be absorbed with the mechanical staff remaining in Fleet. This will result in department vehicles not receiving timely service and repairs estimated at a reduction of 20%. Compliance with Department of Transportation and California Highway Patrol Biannual Inspection of Terminal Program (BIT) will be further impacted.

These reductions cover additional cuts to operations material accounts and fuel usage as result of other City Department personnel and service reductions. The fleet usage from each department will vary depending on the reduction of vehicles not in service.

**Capital Projects Program:**

The reduction of an in-house survey unit from the Capital Projects Program budget will have minimal impact to the program. Surveying work can still be provided by contract with the costs charged directly to a CIP project. Many of the projects assigned to consultants will incorporate the services as part of their project scope. It will be more efficient and cost-effective to use

survey consultants on an as-needed basis to provide survey services in support of in-house design efforts.

**Street Maintenance Program:**

The reduction plan eliminates funding used to support neighborhood clean up events. As a result, event organizers will be required to generate sufficient funds to cover the costs associated with this service including staff overtime and dumping fees, which have been waved in prior years.

**Building/Custodial Maintenance/Utilities Program:**

The reduction plan eliminates one Maintenance Mechanic, two full time Custodians, and three part-time Custodians. The duties for the Maintenance Mechanic will be absorbed by the remaining staff resulting in a 20% reduction in response times to building maintenance requests. The requests are categorized as emergency, priority, and regular. Staff will respond to the highest status request first and make the necessary repairs, resulting in facility maintenance being deferred throughout the year. The process of deferring maintenance will advance facility deterioration, increasing future costs. The reduction in Custodial staff will result in a 25% reduction in cleaning and maintenance services at all City facilities.

City staff is also considering a proposal that will result in EDA to contracting with the City for custodial and maintenance services at their facility.

The reduction plan to cut utility costs will be achieved by adjusting thermostat settings at all City facilities. The thermostat points will be moved up two degrees in the summer and down two degrees in the winter. In addition, heaters and air condition will be turned off on Saturdays and Sundays on all floors of City Hall. Staff is also looking into the prospect of charging the Water Department for operating on City Hall Friday closure days.

The reduction plan proposes to minimize support to the Santa Fee Depot for security services and maintenance. Staff recommends reviewing current contracts and re-negotiating terms to eliminate these support services.