



## Mid-Year Budget Meeting Indicates Trying Times Ahead for City

At Thursday's mid-year budget meeting, San Bernardino's City Manager, Charles McNeely and Finance Director, Barbara Pachon presented the City's current mid-year budget and recommendations how to balance the \$1.6 million shortfall that remains after budget balancing strategies were applied to a \$5 million deficit.

The Mayor & Common Council passed a staff recommendation that a loan for \$1.6 million come from the Regional Development Impact fee Fund (DIFF). "At this point, we have exhausted all other strategies for balancing our current budget, so a loan is really our only option," said City Manager Charles McNeely. "It's important that we maintain perspective regarding how much the City has already streamlined its process because of the downturned economy."

In 2007, the City of San Bernardino began feeling the effects of a major economic recession, which impacted the 08/09 budget cycle through steep layoffs, 173 deleted positions, a 10 percent cut in employee compensation and mandatory furloughs of many departments. Sharp declines in sales tax and property tax revenues, coupled with adjusted valuations by the State have continued to chip away at the City's budget.

Since 2008, the City's cumulative budget deficit totals more than \$59 million. "The City continues to weather this unprecedented financial storm and credit is due to our hardworking and creative City employees," said Mayor Patrick Morris. "We have continually asked staff to do more with less and they step up to the challenge each time which is important as we look toward the future."

As the City looks toward the future, McNeely and Pachon also presented a five-year outlook and budget strategy to the Council at Thurs. night's meeting. Based on current statistics, a staff report projects a minimum \$23.7 Million shortfall for the FY 10/11 budget cycle. "Staff is working diligently to prepare for the rocky road that faces us by developing useful budget balancing strategies," said McNeely.

Some of the strategies include:

- Implementing additional Internal efficiencies
- Managing labor costs
- Identifying revenue enhancements

Dr. John Husing, leading research economist, specializing in the study of Southern CA presented an economic forecast for the State, the Inland Empire and San Bernardino at the meeting.