



Office of the City Manager

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San Bernardino Fiscal Emergency Operating Plan

San Bernardino's City Council voted at a special session this evening on steps to improve the City's immediate cash flow situation while a Pendency Budget is prepared and steps are taken to pursue a Chapter 9 Municipal Bankruptcy filing. The Council passed, by a unanimous vote, a Fiscal Emergency Operating Plan intended to ensure, when combined with the anticipated protection of a Chapter 9 filing, the City's ability to pay its employees and continue its operations through at least the end of September. During that time, City officials anticipate submitting the bankruptcy filing, presenting a Pendency Plan for Council consideration, as well as beginning to construct the long-term Plan of Adjustment which, under oversight of the bankruptcy court, will rebuild San Bernardino's financial structure on a sound and more economically resilient foundation.

The Fiscal Emergency Operating Plan includes the following items:

1. Deferment of General Fund debt and lease payments due in the first quarter in the amount of \$3,556,972 until a later date to be determined. This includes payment for pension bonds and other debt.
2. Continuation of employee vacancies resulting in a savings of \$531,000 per month in salaries, \$158,031 per month in PERS payments, \$53,919 per month in health insurance costs, and \$9,200 per month in other benefit payments.
3. Continuance of the employee concessions agreed to by the General Unit, Middle Management Unit, and Management/Confidential Unit in the amount of \$2,994,764. Concession agreements with the Police Safety, Police Management, and Fire Management unions are still in effect. There is currently no agreement for employee concessions by the Fire Union.
4. Deferment of the Annual Required Contribution (ARC) for retiree health due in the first quarter in the amount of \$2,219,332.
5. Deferment of upcoming capital improvement projects for the foreseeable future.

San Bernardino officials intend to file for Chapter 9 relief within the next 30 days. No firm date has yet been established as we work through the steps necessary to pursue the filing while also striving to maintain the daily operations of the City in the face of this financial crisis.

The document presented to Council in support of this evening's vote is available on the San Bernardino City website – www.sbcity.org – as an "Agenda Packet" under "Council Meeting Agendas." A further breakdown of the items listed above is included as Attachment E.