



Office of the City Manager

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Presentation to Council of Pre-Pendency Plan

In a special session of the San Bernardino City Council last night, City officials and department heads began presenting a draft of a Pre-Pendency Plan. This Plan defines the financial issues facing San Bernardino and recommends spending cuts to move the City towards eliminating its projected \$45.8 million deficit for this fiscal year. These cuts, once instituted, will drastically decrease the City's spending while it determines what further adjustments will be necessary to balance its budget as part of its Pendency Plan. From there, the City will pursue the Plan of Adjustment for the long-term changes through which the City will emerge from bankruptcy on a more sound financial foundation moving forward. Information on the City's financial situation was presented by Interim City Manager Andrea Travis-Miller and Michael Busch, President of Urban Futures. Police Chief Robert Handy and Fire Chief Paul Drasil then presented their recommendations for cuts to their departments. After a lengthy discussion of these portions of the Plan, a decision was made to adjourn the meeting and continue it at the Council's next regular session on Tuesday, September 4th. It is anticipated that the rest of the City's Department heads will present recommendations for reductions within their departments at that time. The full Pre-Pendency Plan is available on the City's website.

Two additional items were addressed concerning the City's financial situation. The Council voted to authorize the expenditure of 1/12th of the City's last adopted fiscal year budget during the month of September. Similar resolutions were adopted for the months of July and August.

An additional item called for a resolution authorizing the City's Finance Director to use restricted funds to conduct the day-to-day business of the City until the City becomes cash solvent. The Council rejected this proposal but approved a substitute motion authorizing such use but calling for Council review of the use of those funds in six months. This resolution was necessary, along with the Fiscal Emergency Operating Plan adopted 7/24/12, to allow the City to continue to meet its payroll requirements and other critical expenses for the near future.