Allen Parker, City Manager
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(909) 384-5122

CITY OF SAN BERNARDINO
CITY MANAGER'S OFFICE

TO: Mayor and Common Council

FROM: Allen Parker, City Manager
Gary Saenz, City Attorney

SUBJECT: Recovery Plan in Support of Plan of Adjustment for Submittal to Bankruptcy Court

DATE: May 12, 2015

Recommendations:

1. Approve and adopt the Preliminary Strategic Plan Interim Report dated May 2015 and attached to the Recovery Plan in Support of the Plan of Adjustment as Attachment II and approve and adopt the Recovery Plan in Support of the Plan of Adjustment, in substantially the form attached.
2. Adopt the attached Resolution approving the Recovery Plan in Support of the Plan of Adjustment and authorizing the City Attorney to file the Plan of Adjustment and Disclosure Statement, along with any supporting documents, as they may be amended, with the Bankruptcy Court.

Enclosed with this memo is the Recovery Plan in Support of the Plan of Adjustment. This along with the Plan of Adjustment and Disclosure Statement form the basis, or roadmap, for San Bernardino's exit from bankruptcy and fiscal recovery. As you know the City has been given a deadline of May 30 to file the Plan of Adjustment with the Court, the foundation of which is the Recovery Plan. Before filing the Plan of Adjustment and Disclosure Statement, the Recovery Plan must be approved by the Mayor and Common Council. The Recovery Plan has been prepared by our bankruptcy team composed of City leadership, expert consultants and bankruptcy counsel.

The Recovery Plan's terms make clear that the City needs to streamline governance and operations and move into the mainstream of modern organization and service delivery for a city of our size. The City needs to undertake dozens of initiatives designed to reduce expenditures and generate revenues. For example we need to look at contracting solid waste, fire and other services. Other cities have saved money, while still delivering acceptable service levels, by adopting alternative service delivery approaches such as using regionalization and contracting to reduce costs, - and the City needs to follow this lead.

Unfortunately even with improved operating results and new revenues the City will not be able to pay all of its obligations. Two large obligations which will be significantly impaired under the Recovery Plan would be the City's pension obligation bonds and medical coverage for retirees. In both cases the City's ability to satisfy these unsecured creditors is severely constrained. As the Recovery Plan makes clear, our first priority has to be the delivery of adequate municipal services. The pain will be shared among all stakeholders; employees, retirees, citizens (in the form of impaired service levels until the City can regain its footing) and capital market creditors. Only by

undertaking the difficult process of refashioning the City into a modern municipal corporation can we be successful in creating a solvent future.

The Resolution authorizes the implementation of the actions proposed in the Recovery Plan – and the filing of the Plan of Adjustment and Disclosure Statement in compliance with the Bankruptcy Court-mandated filing deadline of May 30th.

The City cannot advocate for the Plan of Adjustment except pursuant to a court-approved disclosure statement. It is therefore important to recognize that the Recovery Plan, and any description of the Plan of Adjustment in the Recovery Plan, is NOT A SOLICITATION FOR A VOTE ON THE PLAN OR APROVAL OF THIS PLAN.

Our team looks forward to working with the Common Council on the difficult and unavoidable issues that will be addressed in the Recovery Plan and the Plan of Adjustment.

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San Bernardino, CA 92418-0001
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CITY OF SAN BERNARDINO
CITY MANAGER'S OFFICE

TO: Mayor and Common Council

FROM: Allen Parker, City Manager

SUBJECT: Proposed Recovery Plan in Support of the Plan of Adjustment for Submittal to Bankruptcy Court

DATE: May 18, 2015

Recommendation

Adopt this Recovery Plan for the City and the attached Resolution approving the bankruptcy Plan of Adjustment and disclosure statement and authorizing the City Attorney and City Manager to file both with the court along with any amendments.

Executive Summary

This report describes the City's bankruptcy Recovery Plan (Plan) as well as other information underlying the City's approach and basis for the City's Plan of Adjustment and disclosure statement. It explains the City's overall fiscal planning which provides the foundation for the Plan of Adjustment, including the treatment of obligations in the Plan of Adjustment.

This report also describes the past practices and history of the City prior to the adoption of the Operating Practices for Good Government (OPGG), an interim operating agreement signed by the Mayor, City Council, City Attorney and City Manager on April 6, 2015. The adoption of the OPGG is a significant step forward for the City. This was done based upon the recommendation of the Strategic Planning Core Team (Core Team), a group of distinguished community residents, asked by the Mayor and Common Council to help the City chart a plan for the future. The Core Team, along with municipal government experts hired by the City to assist in preparation of this plan, believe that until fundamental government and management issues fully explained in this report are resolved, it will be difficult for the City to operate in a modern and efficient manner.

The City will prepare a draft of a new Charter for consideration by the voters and this draft will be presented to the voters on the first available date on which such vote can be held. Nothing in this Plan or the report is intended by the City to solicit support or campaign for or against this proposed initiative for Charter repeal, reform or amendment. The City takes no position advocating or campaigning as to whether such Charter repeal, reform or amendment initiative described in this report and the Plan should or should not be approved by the voters. This document is intended to

illuminate the unique governance issues the City does face. This report and the Plan notes in several places that the Core Team has identified a need for changes which lead to Charter reform, recommended Charter reform, and indicated that individual Core Team members intend to support a Charter reform initiative.

In compliance with the Bankruptcy Court's direction by order entered November 24, 2014, the Plan of Adjustment and associated disclosure statement must be submitted to the court by May 30, 2015.

The Plan provides for the treatment of various classes of creditors' claims against San Bernardino. The associated disclosure statement is an explanatory document that provides supplementary information on the treatment of creditors under the Plan of Adjustment. The Bankruptcy Code specifically prohibits the solicitation of the acceptance or rejection of a Plan of Adjustment prior to the court approving a disclosure statement. The Bankruptcy Court is not obligated to approve a Plan of Adjustment. It may dismiss the Chapter 9 case, which would mean that the City would no longer be under the protections provided by Chapter 9. It is quite possible, and indeed probable, that the Plan of Adjustment may change through negotiations after it is filed. The Plan of Adjustment must be one that is in the best interests of the creditors, which has been interpreted to mean that it needs to be better than other alternatives or a dismissal of the Chapter 9 case. Chapter 9 does not allow the creditors or other parties in interest to file a Plan of Adjustment.

The Insolvency

There are a number of measures of solvency for municipal corporations. The most commonly accepted metrics of fiscal health for municipal organizations are: 1) service delivery solvency, 2) budget solvency and 3) cash solvency. Each is defined below.

- *"**Service delivery solvency**" is defined as a municipality's ability to pay for all the costs of providing services at the level and quality that are required for the health, safety and welfare of the community.*
- *"**Budget solvency**" refers to the ability of an agency to create a balanced budget that provides sufficient revenues to pay for its expenses that occur within the budgeted period.*
- *"**Cash solvency**" is defined as an organization's ability to generate and maintain cash balances to pay all its expenditures as they come due.*

One can think of these measures as a pyramid which builds a fiscal foundation for a city. At the bottom is cash solvency, which is absolutely essential for day-to-day operations. Above this comes budget solvency, a necessary condition for sustainable operations. Finally at the top of the pyramid is service solvency, which denotes the ability to provide for the municipal operations at a level consistent with community needs and expectations. While a municipality can operate in a condition of service insolvency or even budget insolvency for some period of time, cash solvency must always be maintained. Currently San Bernardino is both service and budget insolvent, and cash solvent only due to the protection of Chapter 9 bankruptcy.

San Bernardino sought bankruptcy protection on August 1, 2012. The filing was made because of acute cash insolvency. The City had depleted all General Fund resources and could not keep current

with normal operational expenditures. The City filed under an emergency section of California law instead of going through the AB 506 "neutral evaluation process" otherwise required before a local government can file for bankruptcy. This process can take 6 months, and San Bernardino had less than 60 days of operational cash on hand.

To conserve cash for operational requirements, the City suspended payments due to the California Public Employees Retirement System (CalPERS), and certain debt payment obligations. It also obtained stay protection from a number of other liabilities and obligations. A pendency plan budget was passed in November 2012 as set forth in Resolution No. 2012-278 which cut $26 million in expenditures and deferred another $35 million in payments.

The City's eligibility for bankruptcy protection was challenged by CalPERS and an employee bargaining organization in 2012. Ultimately, the City was ruled eligible for bankruptcy in August 2013, but CalPERS appealed the court's order. The appeal did not move forward as a result of an agreement reached with CalPERS, as found in the Mediator's Order approved on June 9, 2014 under which the City agreed to repay CalPERS for missed payments and resume making monthly payments. A variety of other litigation arose from the bankruptcy including motions filed by the police and fire unions and the owners of the certain pension obligation bonds the City had not been paying.

In 2013 and early 2014, the City engaged in a recall and a special election which resulted in a new Mayor, City Attorney and several new Common Council members. The City also had a 24% annual turnover rate in the executive leadership of the City (City Manager and department directors) over the last ten years and 50% in years 2009 and 2013. In late October 2014, the bankruptcy court ordered the City to file a Plan by May 30, 2015.

A Return to Solvency

To address budget shortfalls in thirteen of the past eighteen years, the City has already cut staffing and benefit levels, added new revenue sources, expended reserves, and eliminated services and programs. Nevertheless, it was forced to seek bankruptcy protection in 2012. Without substantial and immediate restructuring of the organization, both operationally and financially, the City will not be able to provide basic services.

While a number of factors have contributed to this crisis, by far the most significant and difficult to control has been increasing operating costs occurring at a time when the City's revenues have yet to fully recover from the Great Recession. Since the City's peak General Fund revenue of $133 million in 2008, the City has experienced severe losses in key areas such as sales tax, franchise fees, utility users tax (UUT), permits, and funds transferred from the Economic Development Agency (EDA). Today, several years after the end of the Great Recession, General Fund revenues remain $7 million below peak levels at $126 million.

As a growing full service city with a population exceeding 200,000, the City has historically provided services through a workforce exceeding 1,200 employees. Maintaining a large workforce has exposed the City to rising operational and capital costs as well as long term benefit liabilities outside of the City's control. Despite recent reductions of approximately 250 employees, numerous

other cost-reduction strategies implemented by the City, continued deferral of $200 million of essential capital maintenance and the replacement of fleet vehicles, a structural deficit upwards of $20 million in the General Fund continues.

Unfortunately, there is no "silver bullet" for significantly increasing revenues, stabilizing operational costs or funding significant capital maintenance for a City incorporated over 100 years ago. Unlike a private employer, a public agency cannot simply decide to go "out of business" or otherwise stop providing certain essential services to the public.

The City has made reasonable efforts over the last several years to address its fiscal situation and continues to do so. Municipal services are generally labor-intensive, with City employees such as police officers and firefighters providing essential services. Nonetheless, the City has implemented $26 million in annual cost control measures in an effort to maintain essential service levels, including the following:

- Workforce and service reductions
- Implementation of tiered pension plans
- Benefit concessions
- Pension cost sharing
- Elimination of the Employer Paid Member Contribution (EPMC) for safety employees
- Standardization of Other Post-Employment Benefits (OPEB) and elimination of an OPEB Implied Subsidy

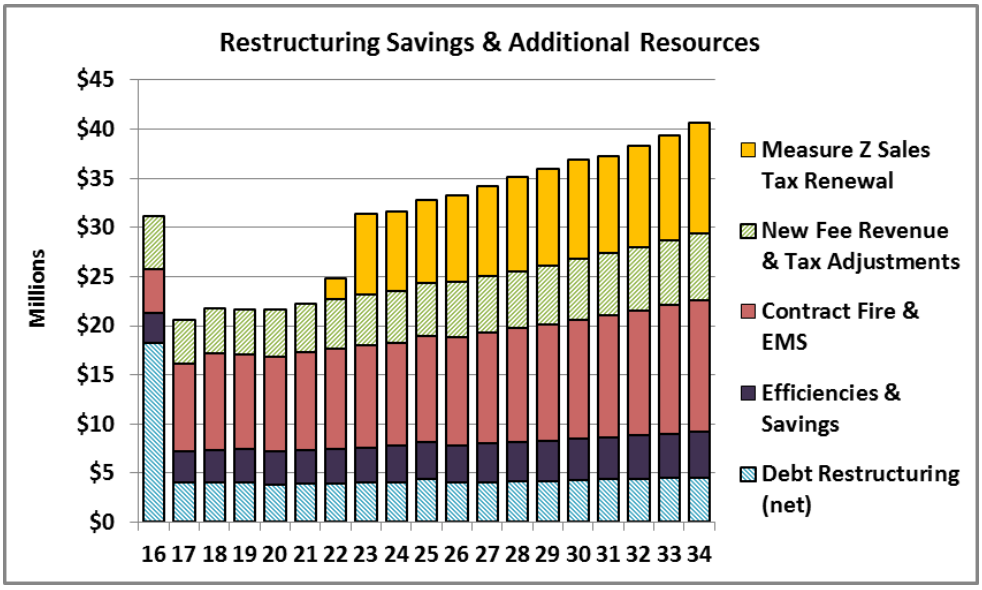
The budget pressures faced by the San Bernardino municipal government reflect the broader economic problems faced by San Bernardino's residents. By almost any measure, the Great Recession continues to have a devastating effect on San Bernardino's residents and their economic resources. In turn, as further detailed in the analysis to follow, these economic factors have weakened the City's tax base and revenue streams while adding to community service demands. While there is much evidence to conclude service impairments to date have risen to the level of an emergency, a critical consideration is whether economic conditions and rising operational costs will further weaken the City's ability to provide public services into the foreseeable future. Unfortunately, the answer is a resounding yes. Because of this situation, through a comprehensive operational and financial restructuring the City must place a priority on fiscal and service stabilization starting with the delivery of essential services, sufficient working capital equal to 15% of operating expenses, capital investments in infrastructure, information technology, public facilities and fleet vehicles, as well as deficit recovery for essential internal service funds (i.e., workers compensation and general liability) equal to approximately $200 million.

In addition to fiscal and service stabilization, strategic plan investments are necessary to ensure the City can flourish as a solvent organization into the future with the support of its residents and business community. Information gleaned from strategic plan workshops provide the City with valuable input into the services and programs most needed and wanted throughout the community. Through the strategic plan process, the City received feedback on service delivery options as well as revenue generating options for inclusion into the Plan of Adjustment.

While it might be tempting to conclude that the City can survive with a Plan of Adjustment, which does not address fiscal and service stabilization issues or strategic planning initiatives, it would leave the City in a continuing position of service and budget insolvency, which is not consistent with a fundamentally sound municipal corporation. Based on our strategic planning and analysis of the City's overall fiscal position, returning the City to service and budget solvency is essential for a successful San Bernardino. Unfortunately making the investments necessary to return the City to satisfactory operations makes the proposed treatment imposed by the Plan of Adjustment difficult for all stakeholders in the bankruptcy.

Figure 1 summarizes the financial components that this Plan proposes to meet the City's financial gap. These restructuring savings and additional resources are sufficient to meet the City's fiscal and service stabilization goals while maintaining a working capital reserve equal to approximately 15% on an ongoing basis.

Figure 1. Financial Components of the Return to Fiscal Solvency



An Organization without an Accountable Governance System

As this Plan document will demonstrate, the seeds of San Bernardino's decline and eventual bankruptcy were sown and have matured over decades. The Chapter 9 filing of San Bernardino is not due to any one financial calamity or setback, but rather a series of events cascading into bankruptcy. The Great Recession was the triggering event, but it was also merely the last event in a long chain leading to this result.

The Core Team and other constituencies, including outside experts, have concluded that decades of questionable management and inefficiency are very much the result of a convoluted City Charter that complicates daily management and generally neutralizes executive authority. The City's governance structure is highly complex and unique compared with any other city in California. Overlapping authority and ambiguities in the City's Charter create operational uncertainty and

ineffectiveness because the role, responsibility and authority of the Common Council, City Manager, City Attorney and Mayor are unclear and at times, contradict each other. No other city in California has followed this peculiar governmental approach. The Charter itself has grown and progressively become more unwieldy as a result of City initiated amendments in 1992, 1995 (twice), 1996, 2001, 2004 and 2014. With a system of diluted authority, many previous City employees with named responsibility have sought employment elsewhere, creating an untenable 24% annual turnover rate in executive management positions over the last ten years. The outcome was best summarized in a recent Atlantic article, by the well-known writer and journalist James Fallows:

> "San Bernardino has a uniquely dysfunctional city-governance system, sort of a metropolitan parallel to the current zero-sum gridlock of national politics. Some cities we've seen run on the "strong mayor" principle; others, "strong city manager." Because of San Bernardino's unique and flawed charter, it has in theory a "strong mayor" but in reality a "strong nobody" system of government, and an electoral system so discouraging that that turnout rates are extremely low even by U.S. and California standards."

Source: "Generation Now – What People Do, When There Seems to be Nothing to Do." The Atlantic. April 28, 2015.

The State of Municipal Services

The City of San Bernardino has been in progressive decline for decades. It has been losing population growth to other areas of San Bernardino and Riverside Counties continuously throughout the 1980s, 1990s and since 2000. The City has experienced a similar decline in assessed valuation, median household income, and sales tax. As it lost ground to other municipalities, it evolved from a city that was the epitome of middle class living into one of the poorest communities in the United States. With a median household income of just $38,000, San Bernardino is by far the poorest community for its size in California.

As the City has declined and grown progressively poorer, municipal services have suffered. The City's convoluted governance and management approach has made even simple operational improvements and industry best practices unattainable. Moreover, without a strategic plan to realign the organization, the City has made little progress toward improving the minimal services it provides. In the years of decline, the City's deferred facility and infrastructure maintenance needs have grown to hundreds of millions of dollars. The community continues to suffer from a severe crime problem (ranking among the worst for cities of its size in the state). Not surprisingly, people that can live elsewhere choose to do so, leaving San Bernardino a poor and disenfranchised community.

Major Plan Provisions

The following summarizes the major elements of the City's proposed Plan.

Charter Issues and Core Team Recommendations

Management and program effectiveness must improve. The City must also address huge infrastructure deficiencies and the need to pay their employees market rate compensation. To do so will require additional expenditures; yet, these issues are so severe that money is only one of the major problems. Just as important, the Core Team, along with outside municipal government

experts hired by the City to prepare this plan, have expressed strongly and clearly that San Bernardino must address the reform of its system of governance and management. San Bernardino is an outlier in comparison to other cities of its population size in the State as it does not employ a true Council/Manager form of government. It also has an elected City Attorney, a peculiarity shared by only eleven other cities in California (mainly very large cities), and an unusual and unwieldy Charter. All of this has led the Core Team to recommend that the existing Charter be repealed and replaced with a Charter that clearly spells out responsibilities for policy (Mayor and Common Council) and administration and management (city manager) so the government can operate effectively and efficiently. The current Charter so impairs the operation of the City that it has been forced to seek an interim operating agreement (see Attachment I) even to be able to develop and implement this Plan. This fact was dramatically illustrated by a strategic planning committee which unanimously told the Mayor, majority of the Common Council, City Attorney and City Manager, that operations and management needs fundamental reform. The City intends to establish a Charter committee to draft a new Charter and place that new City Charter on the November 2016 ballot for consideration by the voters, or sooner if possible.

Expenditures and Labor Costs

Labor costs are the City's largest expenditure, yet the City is continuing to experience severe retention and recruitment problems throughout the organization. Some of this is due to poor morale resulting from bankruptcy and the chaotic operating environment spawned by the flawed governance and management system. However, the bankruptcy team also commissioned a detailed study of total compensation paid to City workers. The study revealed that City employees' total compensation, for many groups of employees, is below the market, especially for non-safety personnel. This is somewhat surprising given all the attention to Charter Section 186 which results in automatic salary adjustments for police and fire sworn personnel. Overall, non-safety compensation appears to be 15% to 32% below the relevant market averages. Base salaries for safety employees are above average, which would be expected given the impact of Charter Section 186, but are below average when all compensation (including benefits, but not overtime) is taken into consideration.

The realities of the compensation issue result in a challenging situation for the City. The approach taken in the Plan is to eliminate City positions to the extent possible by contracting for service delivery as a number of peer jurisdictions do, but to gradually move those positions remaining in the organization to market compensation levels and stop the crippling recruitment and retention problems it now experiences. In other words the City needs to become a leaner organization, by moving to alternative service delivery approaches which result in satisfactory services without the need for the City to directly employ personnel. The City also needs to compensate employees which remain at an average market level.

Annual Deficit, Potential Solutions and Treatment of Creditors

The Plan includes a detailed fiscal model which includes projections going out 20 years. The Plan clearly documents all the assumptions made in this model and the resulting projected fiscal position of the City today and going forward. Decades of organizational failure have yielded a huge backlog of maintenance and infrastructure needs that must be addressed for the City to have service solvency. In addition, the City must restore the internal service funds utilized to pay for budget

deficits in at least four of the fiscal years prior to bankruptcy in order to balance the City's budget in the years to come.

In contrast to labor obligations, the City has a relatively modest debt load burden. Further, in many cases secured debt has relatively strong collateralization. Therefore, the City plans to request appropriate assistance from secured obligation holders, but ultimately it simply cannot continue to operate if the collateral, mainly essential City buildings, is lost.

Given the lack of real flexibility with secured debt and labor (aside from the contracting or alternative service delivery approach mentioned above), the Plan is inevitably hard on unsecured creditors. All of the unsecured creditors will receive very little towards the amounts owed. Rebuilding the City, albeit with a much smaller employee foot print, and paying secured creditors is all the financial capacity the City has.

Figure 2 shows the annual deficit after fiscal stabilization expenses, but before restructuring savings.

Figure 2. Fiscal Model Annual Estimated Deficit ($ in millions)

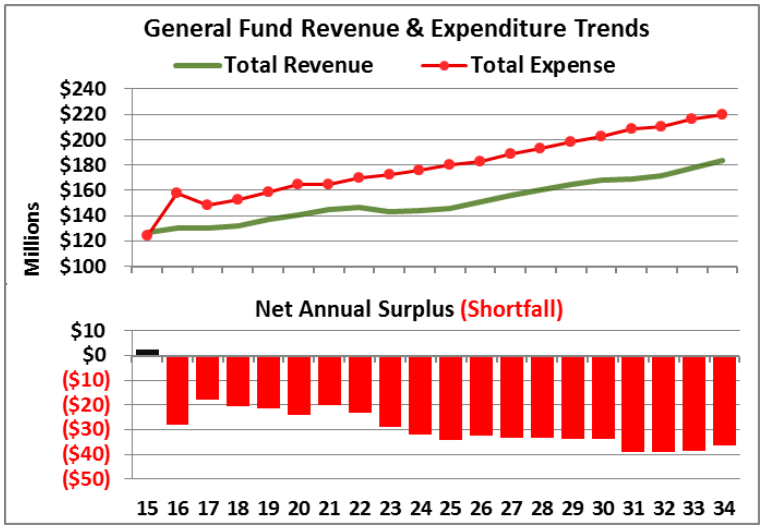


Table 1 provides a summary of the actions the City proposes to return to fiscal solvency. Action items are organized by the financial components of the Recovery Plan presented in Figure 1. Further details on each element of the overall plan are provided in the body of this document. It is important to note that these actions require implementation and inevitably there will be changes in the overall fiscal impact.

Table 1. Cost Saving and Revenue Enhancement Actions and Estimates (General Fund)

Cost Savings and Revenue Opportunities	One-Time	Ongoing (Annual) Savings	Implementation Schedule
Efficiency Improvements			
Contract fire and EMS services[1]		$7,000,000 – 10,000,000	2015
Contract business license administration[2]		$650,000 to $900,000	2016
Contract fleet maintenance[3]		$400,000	2016
Contract soccer complex management and maintenance		$240,000 to $320,000	2016
Contract custodial maintenance		$150,000	2016
Contract graffiti abatement		$132,600	2016
Implement other efficiency improvements		$1,000,000 or more	2016
Health care savings (retirees)		$370,000	2016
Debt Restructuring			
General Secured Bond Obligations		$487,450	2015-2016
General Unsecured Bond Obligations	$13,481,000[4]	$3,510,000	2015-2016
Restructuring of other creditor obligations	$4,300,000		2015-2016
New Fee Revenue and Tax Adjustments			
Seek reauthorization of the Measure Z sales tax in 2021 (requires voter approval)		$8,300,000	2021
Perform a transient occupancy tax (TOT) audit		$200,000	2015
Collect new waste management franchise fee (once service has been contracted)	$5,000,000		2015
Increase waste management franchise fee		$2,800,000	2016
Implement water/sewer utilities franchise fee		$1,050,000	2015
Update master fees and charges schedule[5]		$200,000	2016
Implement program for collecting street sweeping parking violations		$200,000	2015
Organizational Improvements	**One-Time Costs**	**Ongoing Costs**	**Implementation Schedule**
Implement compensation adjustments for all City employees		$400,000 and growing (2% adjustment for non-safety employees)	2016 and ongoing
Provide resources to Charter Task Force and schedule election to consider revised Charter	$150,000		2016
Implement strategic planning initiatives		$1,000,000 to $3,000,000 depending on timing and ability to fund	2015 and ongoing
Rebuild corporate support functions[6]	$500,000	$100,000	2015 and ongoing

[1] In 2012, the City of Santa Ana contracted with Orange County Fire Authority (OCFA) for fire protection services. The City obtained savings of 18%-21% ($8.7-10 million) of the Fire Department's annual budget. This preliminary estimate for San Bernardino incorporates the estimated cost savings from contracting fire and EMS service delivery to an outside agency and implementing a variety of service efficiencies identified in the Citygate Study.
[2] Represents a combination of cost savings in City staff and increased revenues.
[3] Estimated cost savings do not include savings from avoiding fleet replacement costs, the costs of fleet maintenance and part-time staffing costs; excludes Water Department fleet.
[4] This reflects obligations deferred to date and that are due in 2014-15.
[5] The Common Council implemented a practice that reduces building permit fees by 50 percent. Fees collected do not cover the cost of providing the service.
[6] One-time cost to rebuild corporate support functions is for consulting assistance and implementation of technology improvements.

It should be noted that the City may have the opportunity for other one-time revenue development options. The largest of these would probably be the eventual sale of former redevelopment agency properties. Currently the City roughly estimates it may be able to generate approximately $3.9 million in one-time revenue from sale of such properties over a 5 year time period. Since this revenue is not substantial and is subject to significant legal and market risk factors it is not included in the Plan of Adjustment at this time.

Table 2 describes the remaining revenue enhancement opportunities which may be available to the City; however, they are reliant on voter approval, or some similar hurdle such as legislative approval. Only renewal of the City's sales tax measure (Measure Z) is included in the gap revenue projections. Assuming any of the other options could pass is speculative at this time.

Table 2. Cost Saving and Revenue Enhancement Estimates (General Fund) – Requires Voter Approval

Revenue Opportunities	Ongoing (Annual) Savings	Implementation Schedule
Tax Adjustments		
Measure Z renewal (sales tax)	$8,300,000	2021
Utility user tax increase (1%)	$3,000,000	TBD
Utility user tax on water, sewer and refuse	$5,000,000 to $6,900,000	TBD
Real property transfer tax increase ($5 per $1,000 of value)[1]	$3,600,000	TBD
Fee Revenues		
New 911 communication fee	$3,878,000	TBD
Business license fee changes[2]	$1,500,000	TBD
Edison (electrical) franchise fee increase[3]	$922,500	TBD
Total Voter-Approved Potential Fiscal Impact of Plan of Adjustment	**$22,200,500 to $28,100,500**	

[1] Ability to increase the property transfer tax subject to detailed legal review. It is anticipated that there would be major, organized opposition to such an increase, and there may be significant legal impediments.
[2] San Jose generates $44 per capita utilizing a business license structure based on number of employees. Because San Bernardino has fewer businesses and employees, it is estimated that the City would generate revenues of $39 per capita by similarly revising its schedule.

[3] SCE has been unwilling to change its older franchises, and implementation of this would be difficult. Options include increasing the City's franchise fees by adding .5% to customer bills or requesting the California legislature to sponsor a change in legislation to level the franchise percentage among cities.

Table 3 shows the proposed treatment of the major creditors of the City. In virtually all cases, the City has not been able to negotiate these terms, but intensive attention will be turned to these negotiations after the filing deadline for the Plan is met.

Table 3. Proposed Treatment of the Creditors - Summary

Creditor Obligation	One-time Savings	Ongoing (Annual) Savings	Year Savings Will Be Recognized
Unsecured Obligations			
Pension Obligation Bonds		$4,039,881[1]	2016-2036
Retiree Health Claims [2]	$40,000,000 to $50,000,000 in avoided OPEB costs		2015
Employee Leave Claims [2]	TBD, estimated at $10,000,000 to $16,000,000		2015-2016
Trade Claims	TBD, estimated at $2,000,000		2015-2016
Litigation Claims	TBD, estimated at $5,000,000 to $10,000,000		2015-2016
Subtotal	**$57,000,000 to $78,000,000**	**$4,039,881**	
Secured Obligations			
1999 COPs [3]		$487,450	2016 to 2025
1996 LRBs[4]		$0	2016 to 2023
Subtotal		**$487,450**	
Other Obligations			
Secured Financial Lessor Claims	TBD, estimated at $1,000,000		2015-2016
Subtotal	**$1,000,000**		
Estimated Total	**$58,000,000 to $79,000,000**	**$4,527,331**	

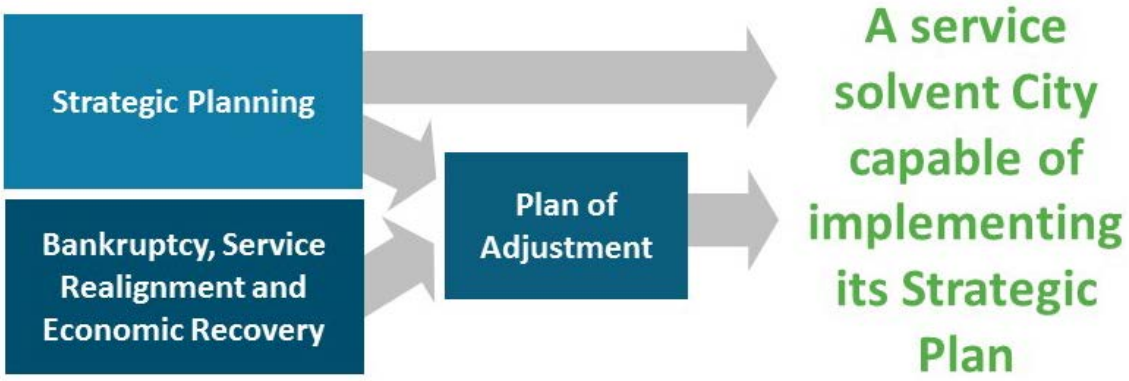
[1] Savings escalate from $3,453,894 in 2016 to $4,719,163 in 2036.
[2] The City has made no provision for making these payments.
[3] Assumes that the General Fund portion of the 1999 COPs are defeased.
[4] The City will continue to make payments based on the current debt schedule but has the asked the bond insurer to provide a surety to replace the cash reserve fund. The use of the cash has yet to be determined.

Recovery Plan and Conclusion

It will take time for San Bernardino to recover. To recover and emerge from bankruptcy will require both economic restructuring and fundamental changes in the functioning of government. Obligation

restructuring is a necessary component of the Plan but alone will not be sufficient for recovery. San Bernardino will have to use a variety of strategies moving forward to become a modern, sustainable organization. As described in Figure 3, two fundamental components are required for the City to emerge as a service solvent city following implementation of the Plan. As noted, strategic planning is a process critical to ensuring the City keeps its focus on the long range goal: a service and budget solvent city.

Figure 3. Creating a Service Solvent City



The Plan first analyzes the problems facing San Bernardino and then describes how the City must be restructured to ensure that it can improve the service delivery structure so it is modern, effective and efficient. The Plan then identifies what the City can do to make itself function like other cities of its size and type in California. Finally, the Plan provides the City's financial projections and proposed treatment of creditors.

San Bernardino can recover, but the road to recovery will be a long one because it must fix its governing structure as well as align expenditures with revenues.

This document is composed of the following major sections:

1. Approach and Methodology
2. Principles Underlying the Plan
3. City Setting
4. City Governance, Management and Organizational Effectiveness
5. Inadequate Municipal Services
6. Expenditures and Employee Compensation
7. Recovery Plan: Governance and Service Realignment First
8. Financial Forecast Underlying the Plan
9. Conclusion
10. Attachments

Approach and Methodology

This Plan provides a path out of bankruptcy for the City of San Bernardino. It is designed so the City can have both a "service solvent" and financially solvent future. This section describes the process and strategy used by a multi-disciplinary team of subject matter experts to develop a Plan that would and could result in such a future for the City.

The team was composed of representatives from the City including the Mayor, City Manager, City Attorney, Deputy City Managers, Special Projects Manager, and experienced local government consultants. Management Partners, a local government consulting firm, was hired by the City in December of 2014 to lead this effort. Other consultants included Urban Futures, The Law Office of Linda Daube and Associates, and Stradling Yocca Carlson & Rauth, P.C. The team included individuals experienced in managing and consulting with cities in fiscal crisis throughout California, including those few which ultimately went through bankruptcy (Vallejo and Stockton). The Mayor and Common Council were briefed throughout the process.

The team relied on a variety of techniques including strategic planning, peer agency analysis, and organizational assessments. A section of this document is devoted to the strategic planning effort by the community which provided a critical component of the Plan. That process included substantial public outreach and discussion about San Bernardino's needs and opportunities, all grounded in the reality that the City was forced to seek bankruptcy protection and will need to have moderate near-term goals. In spite of these constraints, the strategic planning effort was well received by the community which indicated a strong interest in defining a sustainable future for themselves.

Another major component to this Plan is the information provided through peer agency analysis. While every city is somewhat unique, there are many similarities. Many cities in California are close in size and have similar operational footprints to San Bernardino. The peer agency analysis allowed the team and the City to draw comparisons and establish parameters for service delivery in solvent organizations.

San Bernardino is a poor city in terms of median household income, with high crime rates. We know from experience that service delivery funding and allocation decisions are made based on service demands and influenced by basic demographic factors such as income and crime levels. By looking at organizations with similar underlying factors, we can understand what San Bernardino would look like as a functional and sustainable organization. In determining benchmarking comparisons, three basic variables were considered: population, median income and crime level. We developed a list of 41 cities between 120,000 to 400,000 in population as reported by California Department of Finance. Next, cities with similar median household incomes were examined. San Bernardino was found to have the lowest median household income of any of the 41 cities. Cities with median income within 150% (below $56,208) of San Bernardino's were considered for selection. The list of cities was further narrowed by examining crime rates. The top 10 cities with Part 1 crime rates per 1,000 residents were selected. Table 4 showed the cities selected for detailed peer agency comparisons.

Table 4. Cities Selected for Detailed Benchmarking

City	Population
Bakersfield	367,315
Fontana	202,177
Modesto	206,785
Moreno Valley	199,258
Ontario	167,382
Pomona	151,713
Riverside	314,034
Salinas	155,205
San Bernardino	212,721
Stockton	300,899
Visalia	129,582
Peer Average	*219,435*

We believe the composite picture that can be derived from looking at these cities provides a reasonable snapshot of what San Bernardino post reorganization might look like. There are, however, two important caveats. First, San Bernardino has the lowest level of median household income ($38,385) by a large margin. The next lowest is Stockton ($46,831). Second, San Bernardino has the third highest rate of Part 1 crimes, behind only Stockton and Modesto.

Organizational assessment tools were also used to develop the Plan. This included in-depth interviews with the City Manager, City Attorney, department directors, the Mayor and members of the Common Council. Team members reviewed budgets and other documents that explain service delivery to the community. Most importantly, we heard from those working for the City that it is exceptionally challenging to get anything done, and that management has been changing constantly for many years. This led to many of the insights shared in this document relative to the failed governance structure in San Bernardino. The organizational assessment informs the Plan's findings and recommendations in several ways, including the development of potential contracting opportunities, efficiency options and observations concerning the basic governance and management system.

Principles Underlying the Plan

In developing the Plan, the bankruptcy team and the Mayor and Common Council found it important to identify a set of core principles on which the document, and most importantly the plan's component parts, would be based. These principles have been informed by a public strategic planning approach that included a series of workshops in all parts of the City and a two-day strategic planning workshop with a committee of community leaders, the Core Team. The principles are explained below:

1. The end result of the bankruptcy restructuring process must be a sustainable government able to deliver a competitive mix of municipal services meeting industry standards in a manner that is solvent from a budgetary and service delivery standpoint. The service levels must be geared to the unique needs of San Bernardino's citizenry, now and into the future.

2. The City's Plan must demonstrate financial stability over at least a ten-year period, with all costs of service covered and appropriate reserve levels maintained with recurring revenues.
3. In realigning expenditures with the resources available, the City will attempt to balance competing needs in an equitable manner taking into consideration such factors as security for obligations and its need to be a viable service provider (i.e., recruit and retain qualified employees). Priority will be placed on continued delivery of basic and satisfactory municipal services.
4. The City must deliver services in an effective and efficient manner following industry best practices. Therefore, it must be open to delivering services in the manner and mode to deliver good value and be effective for taxpayers. Consideration will be given to contracting and regionalizing service delivery consistent with accepted industry standards and practices.
5. The City recognizes it will need to remain a viable employer, and therefore, will need to offer "market neutral" salary and benefits consistent with the labor market for its employees. We define "market neutral" as being the mean or median of the labor market for similar positions. The City also recognizes that while each position is important, each represents considerable ongoing expense. Therefore, it will strive to keep employee levels at or below the average for comparable jurisdictions and to equip employees with tools and technology as needed to maximize individual productivity.
6. Finally, in accordance with these principles, the Core Team concluded that a significant barrier that could prevent San Bernardino from becoming a modern and sustainable organization involves its governance structure. The Core Team has expressed that the City needs a form and system of governance proven to support satisfactory performance by other municipal corporations of comparable size and complexity. The Core Team believes that the application of this principle requires that the existing City Charter be repealed and replaced with a much simpler charter approach embodying a standard council-manager form of government. As noted, the Mayor, the Common Council (all who voted yes or no on the issue), the City Manager and the City Attorney have agreed to and signed an interim resolution outlining the way they intend to work together going forward until a new charter can be considered by voters.

These principles are the bedrock upon which this Plan is built. They are generally "good government" principles upon which experienced practitioners in local government could agree. Moreover, given the extremely low incomes and poverty observed in San Bernardino, it is believed that the need to protect and preserve basic municipal services, even at the expense of some creditors and other stakeholders, is critically important and even more important than would be the case in most cities.

City Setting

The City of San Bernardino, which has more than 200,000 residents, is located in southern California, south of the San Bernardino Mountains and approximately 60 miles east of Los Angeles. The City was originally established in 1810 by Spanish missionaries before emerging as an important trading post in the 1830s during the period of the rancheros. In the late 1800s, railway companies entered the region and made the City the center of their California operations.

At the time it was incorporated (1869), San Bernardino was in the company of only three other cities in Southern California: Los Angeles, San Diego and Ventura. San Bernardino was the principal city of the Inland Empire. By 1930 it was the 12th largest city in the state and the largest and most dominant city in the Inland Empire. San Bernardino continued to be the dominant city in the region through the 1960s and into the 1970s. In 1970, it remained the largest city in the area and was larger than most Southern California cities. While population growth continued into the 1990s, things began to change in the last two decades of the 20th century.

During this time, a profound and continuous decline began for San Bernardino. The City began to experience major economic challenges in the 1980s with the significant loss of jobs in the regional economy and the growth of the Los Angeles freeway network eastward. From 1982 to the early1990s, the region lost about 25,000 jobs as a result of the closing of Kaiser Steel in Fontana (now relocated to Ontario as Kaiser Ventures), the Santa Fe Railroad Depot, and Norton Air Force Base. As a result, impacted employees retired, moved elsewhere for work, or remained locally as job-seekers, many unsuccessfully. While employment recovered to a degree over time, employers chose to locate in other areas of the Inland Empire (Riverside County and western San Bernardino County), primarily due to land availability and access to the expanded freeway. Retail sales destinations also moved west to attract higher income residents in the region, including those from the Los Angeles area.

Even though the greater metropolitan region has seen major economic growth in the last 25 years, San Bernardino has for the most part been left behind. By 2013, it was no longer the largest or dominant city in the Inland Empire having been eclipsed by population and economic growth in Riverside, Ontario, Fontana, Moreno Valley and Rancho Cucamonga. San Bernardino slipped to the 17th largest city in the state and was one of many cities of the same approximate size in Southern California. It is no longer a dominant municipal hub city, although it does continue to be the County seat for San Bernardino County.

Accompanying this drag on the City's economic base and probably exacerbating it was the development of a cumbersome governance system in the 1990s through the present day and an inability to develop a viable political consensus as to the City's direction and future. The City Charter was amended in 1988, 1989, 1992, 1995 (twice), 1999, 2004 and 2014, supplemented by more than 80 City Attorney opinions. During this same period, the City experienced severe political infighting arising from the separate electoral power bases operating via an elected City Attorney, Mayor and Common Council. With the focus of the elected officials elsewhere, San Bernardino began losing population, assessed valuation and income to other areas.

The Riverside-San Bernardino-Ontario metropolitan statistical region (MSA) is one of the largest, fastest growing regions in the United States, but San Bernardino lags behind. As shown in Table 5, San Bernardino's population from 1981 to 2014 increased by 73% while San Bernardino County's more than doubled and Riverside County's more than tripled. As a result, San Bernardino's population made up 5% of San Bernardino and Riverside Counties in 2014, a 3% drop from 1981. People have been actively choosing to reside in other cities in the region over San Bernardino.

Table 5. Population Growth from 1981 to 2014

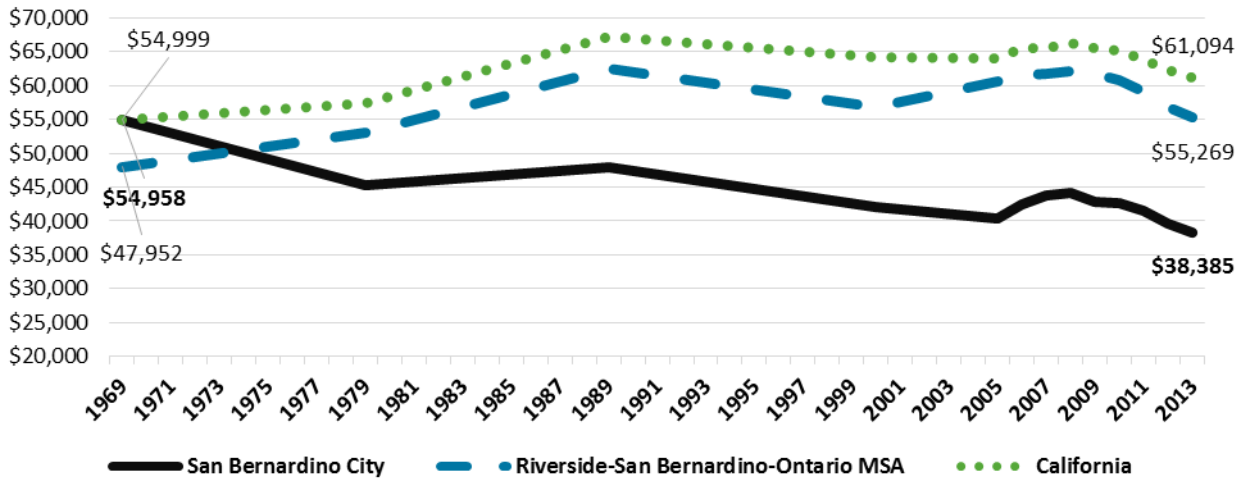
Region	Percent Change from 1981 to 2014
City of San Bernardino	73%
San Bernardino County	127%
Riverside County	234%

Sources: California Department of Finance

Economic Development

The decline in population growth is accompanied by a decrease in median income in the community. As shown in Figure 4, the median household income in San Bernardino dropped 30% from 1969 to 2013 while the MSA's increased by 15% during the same time period. The most current median income for San Bernardino City is 69% of the MSA's.

Figure 4. Median Household Income from 1969 to 2013



Sources: US Decennial Census; US Census, American Community Survey.
Note: 2013 adjusted dollars as according to the BLS CPI.

San Bernardino's population is extremely impoverished; by a wide margin, it has the lowest median household income of any city with a population greater than 50,000 in the state. This affects the City's ability to deliver a base level of needed services and must be considered going forward. A community without much income relies more on basic municipal services such as libraries, accessible recreation, and public safety than residents with greater disposable income and choices.

The decline in the median household income of residents in the City is aggravated by the slow recovery from the Great Recession, particularly in comparison with the larger region. The slow recovery is evident from the recent trends in assessed valuations (AV) and sales tax revenue. As shown in Table 6, the City's AV in 2012 is only 27% greater than in 2003, while San Bernardino County is 65% greater and Riverside County is 88% greater. Furthermore, the following Table 7 shows that the City's sales tax revenues are still 27% below pre-recession levels while the two counties have almost fully recovered.

Table 6. Assessed Valuation Growth from 2003 to 2012

Region	Percent Change from 2003 to 2012
City of San Bernardino	27%
San Bernardino County	65%
Riverside County	88%

Sources: San Bernardino FY 2012 CAFR; San Bernardino FY 2013 Annual Report; Riverside County Assessor's Press Release, 2015
Note: Based on assessments of secured rolls. San Bernardino's secured rolls excludes redevelopment.

Table 7. Assessed Valuation Growth from 2006 to 2013

Region	Percent Change from 2006 to 2013
City of San Bernardino	-27%
San Bernardino County	-5%
Riverside County	-3%

Sources: California State Board of Equalization

San Bernardino's land values and its residents' income have declined significantly. Consistent with a declining economic base, San Bernardino's poverty and unemployment rates are significantly higher than the region's. The poverty rate of the City was double that of the MSA and the State of California in 2013 according to the US Census Bureau. San Bernardino's unemployment rate in December 2014 was 9.5% compared with California's 6.7% and the MSA's 7.2% according to the Bureau of Labor Statistics.

Education

The City's economic struggles are accompanied by low educational achievement. As shown in Table 8, 32% of San Bernardino's population does not have a high school diploma compared to the regional and state average of 21% and 19%, respectively. Only 11% of San Bernardino's population has a bachelor's degree or higher compared to the state's 31%.

Table 8. Education Indicators in 2013

Region	No High School Diploma	Bachelor's Degree or Higher
City of San Bernardino	32%	11%
Metropolitan Region*	21%	20%
State of California	19%	31%

**Riverside-San Bernardino-Ontario MSA as defined by the US Census Bureau.*
Sources: US Census 2013 5-year estimates, American Community Survey
Note: Educational attainment for populations 25 or older.

Crime

San Bernardino's crime rates are considerably higher than the nearby regions. In 2013, California and surrounding jurisdictions' (Fontana, Moreno Valley, Rancho Cucamonga, Ontario, Riverside and Corona) Part 1 crime rate was half that of San Bernardino's; violent crime was one-third, as shown in Table 9. San Bernardino's crime rates are considerably higher than most of the peer cities.

Table 9. Crime Rates in Comparison to San Bernardino in 2013

	Crime Rates (Crimes per 1,000 Residents)		
Region	**Violent Crime Rate**	**Property Crime Rate**	**Total Part 1 Crime Rate**
City of San Bernardino	**9.2**	**44.1**	**53.7**
Region	**2.8** (30% of San Bernardino)	**25.7** (58% of San Bernardino)	**28.6** (53% of San Bernardino)
State of California	**3.3** (35% of San Bernardino)	**22.7** (51% of San Bernardino)	**26.1** (49% of San Bernardino)

Sources: California Department of Finance, 2014; FBI Uniform Crime Report 2013
Note: The FBI uses three categories to define Part 1 Crimes: violent crime (murder and non-negligent manslaughter, forcible rape, robbery and aggravated assault), property crime (burglary, larceny-theft, and motor vehicle theft), and arson. Average includes nearby jurisdictions with populations above 150,000. Region includes nearby jurisdictions with populations above 150,000: Fontana, Moreno Valley, Rancho Cucamonga, Ontario, Riverside, and Corona.

The City of San Bernardino has been in a state of decline for the last several decades, which has resulted in a poor economy, low educational achievement and high crime. Within this demographic and economic environment, investment by residents and businesses is not occurring. To begin to strategically plan for its future and serve a community in need, the City needs to position itself to be able to efficiently and effectively deliver a basic level of public services.

City Governance, Management and Organizational Effectiveness

Coupled with the fact that the City of San Bernardino lost its economic footing and place in an otherwise thriving region, decades of operational failure is largely attributable to its governance and management structure. The Core Team and the residents attending the workshops described below indicated concerns that long-standing systemic organizational shortcomings combined with confused lines of authority over the organization established by the City Charter have given rise to a city unable to deliver even an average level of service. As evidence, consider the following: Nearly 500 residents attending strategic planning workshops were asked to rank the City on a scale from one to ten (with ten being best) in terms of whether they could recommend a friend or relative move to the City. Fully 62 percent of respondents ranked San Bernardino at three or less. Over 31% scored the City as a 1. These results signal that service delivery in the City of San Bernardino is not nearly adequate and that creating a more viable community should be high on the City's agenda.

The Core Team has expressed the concern that until the City Charter is replaced with a better approach based on best industry standards, and empowered, professional city management is

established, full implementation of the long-term recovery described in the Recovery Plan will be challenging.

While the City Charter provides for the position of city manager, the City organization actually operates under a type of quasi strong mayor-city manager (not council-manager), which is an unusual hybrid not found in other cities in California. Combined with these peculiarities is the presence of an elected (as opposed to appointed) city attorney. This is highly unusual, and the resultant confusion about roles and responsibilities makes day-to-day management much more complex. Typically in California, only the very largest cities (Los Angeles, San Francisco, San Diego, Oakland, and Long Beach) have an elected city attorney, and just 11 of 482 cities in California use this structure.

Other cities operate under a strong mayor (not to be confused with directly elected mayor) or council-manager form of government. In San Bernardino, some municipal functions report to the Mayor and/or Common Council, others to advisory bodies (Component Boards), while still others report to the city manager. In some cities with a directly elected mayor with specified authority as well as a city manager (such as the City of San Jose), there are clear delineations about who has the force and authority of the chief administrative officer of the city; e.g., the city manager in San Jose. In San Bernardino, the mayor is designated as the chief executive officer and the city manager is designated as the chief administrative officer of the City. The police and fire chiefs are under the general supervision of the Mayor, yet the city manager is the immediate supervisor and accountable for the organization and operation of two of the most costly and important municipal functions.

The Core Team, along with outside local government experts, has expressed a concern that these concepts are at odds with the basic precepts of management and public administration and that effective management requires assignment of responsibility and the delegation of sufficient authority to allow management to obtain results consistent with the assigned responsibility. The ambiguity so effectively created by San Bernardino's Charter, in the view of the Core Team and outside experts, dilutes the ability to manage the organization. The Core Team along with other experts believe that this has had a highly corrosive effect on the organization's ability to implement needed changes over the years. The organization is in disarray as it does not know who really is in charge: the Mayor, City Attorney, Common Council, independent authorities (not elected) or the City Manager. The results are self-evident.

A number of operational impacts result from the confused lines of authority as provided in the current San Bernardino City Charter, including the following:

- Internal service functions struggle to modernize, streamline and provide valued, cost-effective service to the community and the organization.
- Significant and unnecessary allocation of staff time and severely constrained resources are trying to bring various municipal functions into a unified, goal-oriented team with a common vision and strong commitment to public service.
- Compromised problem solving and strategic planning due to fragmented and conflicting lines of authority. This has been highlighted in the decades-long power struggle between the elected mayor and city attorney positions.
- An inability to make informed management or policy decisions

A Singular City Charter

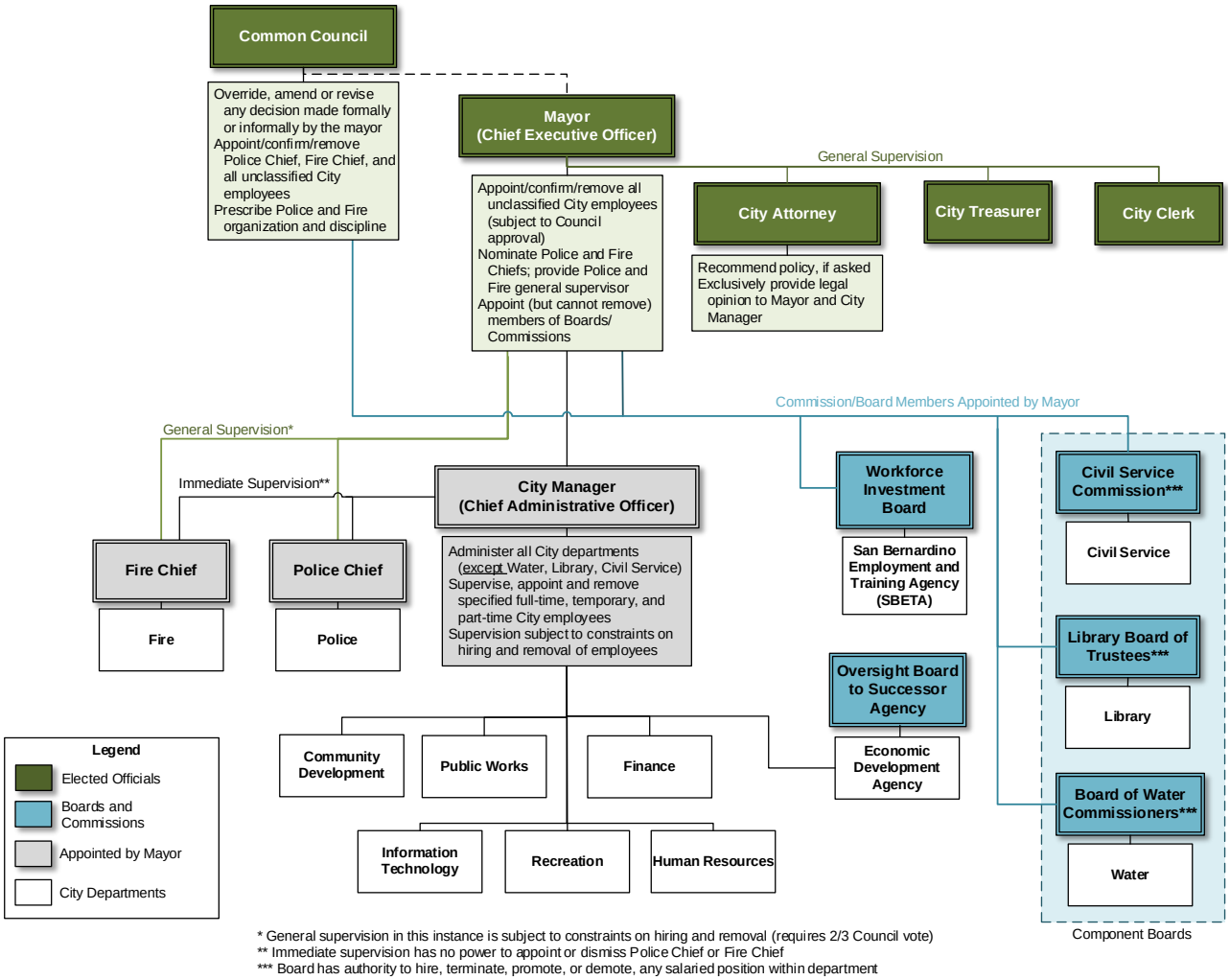
The San Bernardino City Charter was first created in 1905. Today, it is a 46 page document with 133 sections. Beginning in about 1988, city attorney opinions began to be issued regarding certain sections. There are now over 80 of these referenced, with 28 separate opinions on the Office of Mayor alone.

In the early 2000s, City leaders ostensibly recognized the need to begin to create a professional city management structure. In November 2004, the voters of San Bernardino approved a ballot measure (Measure G) that repealed the City Charter in effect at the time and replaced it with a new one. According to the Impartial Analysis by the city attorney, the major differences between the old Charter and the new "revolve around the creation of the position of city manager, and to make it easier to file initiatives and recall City-wide elected officials." The new Charter became effective in March 2006. Some provisions related to overall management of the City in the new Charter included:

- Designating the Mayor as the chief executive officer of the City of San Bernardino.
- Creating a "position of city manager and the eligibility, requirements to be appointed to that position."
- Designating the city manager as the chief administrative officer of the City to be responsible for the administration of all City departments, *except* the offices of the Mayor, City Attorney, City Clerk, City Treasurer, the Water Department, the Free Public Library and the Civil Service System.
- Setting forth the authority and duties of the city manager relative to supervision, appointment and removal of certain full-time, temporary and part-time City employees.
- Designating the Mayor as the person who appoints and removes the city manager, acting city manager, police chief and fire chief, subject to Council approval.
- Maintaining the Mayor's present general supervision of the police chief and fire chief.

The Core Team and the City expert consultant team believe that the Charter revision effectively made a bad situation untenable. As a result, the City has had five city managers since 2004. Clearly, trying to "manage" San Bernardino is extremely difficult. As it exists today, Figure 5 shows the confused reporting and authority relationships of the City of San Bernardino municipal organization.

Figure 5. San Bernardino Existing Organization Structure



While the new Charter created the position of city manager, an important step toward a council-manager form of government, the new Charter continued provisions that impede the city manager from exercising full responsibility and authority for effectively and efficiently delivering services throughout the entire city organization. Specifically, the new City Charter:

- Did not formally establish a council-manager form of government for the City of San Bernardino. Unlike many city charters, no form of government was specifically stated.
- Designated the Mayor as the chief executive officer of the City (strong Mayor), with responsibility for general supervision of the police chief and fire chief. While the city manager was designated to have day-to-day supervision of these functions, the new Charter did not achieve the objective of having a city manager position with full responsibility for managing the City.
- Maintained three separate departments under the administrative and operational direction of three advisory bodies (Component Boards) appointed by the Mayor and Common Council, not the city manager. The Mayor, however, lacks the authority to remove members from

each of these boards. As a result, the water utility, library and civil service functions are not accountable to the municipal operation.

- Retained the authority of the Mayor and Common Council to appoint and remove department heads, division heads, and all unclassified City employees. Only classified employees within city manager-directed departments may be removed upon the recommendation of the city manager, without the additional required consent of the Mayor and Common Council. Due to contradictions within the Charter, it is unclear whether the city manager can remove department or division (classified employees) heads without the expressed consent of the Mayor and Common Council.

There are 482 incorporated cities in California. Among these, 121 have their own charters. Most of the cities with a charter (like San Bernardino) were incorporated during the first half of the 20th century, or earlier. About 75% of California cities operate under the general laws of the State of California rather than their own charter.

The council-manager form of government is the predominant form of local municipal government in California, although some cities operate under a strong mayor system. Charter cities typically designate the form of government within their charter, which is more often than not the council-manager form of government. The San Bernardino City Charter does not. Of 28 cities in California with populations between 150,000 and 400,000, 27 use the council-manager form of government, as shown in Table 10 below.

Table 10. Selected Characteristics of Californian Cities with Populations between 150,000 and 400,000

	Total number of cities	Charter	Council-Manager	Elected City Attorney
Number of Cities	28	18	27	3
Percent	-	64%	96%	11%

Sources: California Department of Finance, 2014; City websites and CAFRs

In most municipalities in California, and under the council-manager form of government, the council, elected by the public, is the governing body of the city. The city manager is hired by the council to carry out the policies it establishes. The council generally provides legislative and policy direction while the city manager is responsible for administration of day-to-day operations based on council policy. However, in San Bernardino, the Common Council and Mayor have an extensive list of executive powers. Most critically, the Charter sets forth crippling ambiguities with respect to the authority of the city manager, the Mayor and the Common Council regarding the management of a $211 million municipal corporation.

In a following section, both an interim and permanent fix to the charter issues are discussed. A group of community residents and leaders invited to a strategic planning summit on March 18 and 19, 2015 felt so strongly about this matter that they devoted at least a quarter of their total time to understanding the issue and developing ways to address it.

Executive and Department Head Turnover

Running a municipal corporation requires committed employees, visionary leaders with decision-making authority, and most important, a scalable and stable organization capable of sustaining core functions and innovation over time. In other words, it requires effective management. The City of San Bernardino has experienced exceptionally high turnover and short tenure in its executive management team, as demonstrated below in Table 11.

- Five city managers, police chiefs and public works directors over ten years.
- Four finance directors and fire chiefs over ten years.
- An annual turnover rate of 24% over ten years, and over 50% in 2009 and 2013.

Table 11. Executive Level Turnover for Major Service Departments

Department	Number of Directors (2004 to 2014)	Average Tenure (Years)
City Manager	5	2.20
Finance	4	2.75
Fire	4	2.75
Police	5	2.20
Public Works	5	2.20

Experts hired by the City, including the national consulting firm of Management Partners, who have been engaged repeatedly by the City, and the Core Team concluded that the high rate of turnover is a direct result of poorly functioning and confusing management authorities, structures and reporting relationships embodied in the City Charter. No city can be effectively managed with this amount of management and leadership turnover. In fact, it is unheard of in such a broad scale in other municipalities. Further, this period includes only two years of bankruptcy, which is obviously a highly stressful environment to manage a municipal organization. However, in 2009, the City experienced over 50% turnover of executive leadership.

Inadequate Municipal Services

As noted by the Core Team and the City's expert consultants, there are many reasons – including an ineffective City Charter, management instability, poor financial policies, and the lack of strategic planning – that explain why policy makers and City managers are struggling to make resource allocation choices in support of basic municipal services.

Major Service Reductions

Throughout the recession and after filing for bankruptcy, the City has made a number of decisions that cut General Fund costs but ultimately limited the City's ability to deliver core services. Some of the significant decisions are discussed below:

- ***Public Safety***. The City has reduced sworn staffing for police and fire, closed one fire station, and eliminated or reduced a number of specialized law enforcement functions. These actions have resulted in slower response times for priority 1 (highest emergency) police calls.

- ***City Infrastructure***. The City's Public Works Department has deferred infrastructure repairs and improvements, resulting in costs that are too high for future taxpayers to absorb.
- ***Park and Recreation***. The City has eliminated ball field maintenance and its entire youth sports program, closed two pools and two community centers, and significantly limited its recreation programming.
- ***Library***. Two-thirds of the City's library staff positions were cut, making it necessary to limit library hours. There is no budget for new books or computer replacement.

These major service-level reductions, along with others, are summarized in Figure 6.

Figure 6. Summary of Major Service-Level Reductions, by Department

Police

- Sworn staffing reduced from 349 full-time equivalent (FTE) employees in 2008 to 248 today (29% reduction)
- Patrol division sworn staffing reduced by 25% since 2008
- Community policing teams discontinued
- Narcotics enforcement reduced by 50% since 2008
- Traffic enforcement personnel reduced by 58% since 2008
- Priority 1 average response times increased 76% since 2008
- Almost three-fourths (73%) of patrol vehicles are overdue for replacement

Fire

- Total staffing (sworn and non-sworn) reduced 18% since FY 2011, 27% since 2008
- Number of units deployed reduced from 15 in 2008 to 13 in 2014
- One engine company eliminated
- One fire station closed in November 2014

Parks and Recreation

- Significantly reduced recreation programs; primary information tool for advertising programs eliminated
- Two pools closed to public (although maintenance costs persist)
- Two community centers closed; reduced hours at six other centers
- Youth sports eliminated
- Routine ball field maintenance eliminated

Public Works

- Public Works staff reduced by 50 (19%) since 2008
- Deferred street repairs and improvements estimated at $180 million, up from $88.4 million in 2008
- Deferred facility repairs and improvements estimated at $131 million
- Only 20% of sewer collection system has been video inspected; deferred sewer system improvements estimated at $23 million
- Over 730 claims filed for damages to vehicles caused by potholes since 2003
- 1,200 locations identified for sidewalk and curb gutter repairs
- Vehicle and equipment replacement deferred (56% of fleet units due for replacement)

Library

- Central library hours reduced from 54 to 37 per week (30% reduction)
- Reduced library hours at the three branches from 54 to 20 hours per week (63% reduction)
- Library staff reduced by 68% from 31 in 2008 to 10 FTE
- All 60 public computers are 7 to 10 years old with no funds for replacement
- No book budget (all acquisitions rely on fundraising)

City Support Functions

- Two years behind in fiscal year-end audits
- IT staffing reduced 30% since 2012
- Many computers more than 10 years old
- Systems disaster recovery at risk

The result of these reductions has been a City with public safety apparatuses unable to keep pace with service demands, a deteriorating infrastructure and a poor residential population without access to parks and recreation opportunities or adequate library services. Well over 90% of public school students are eligible for no or low-cost lunches, representing one of the highest rates in California, and the highest rate for this size urban area. People at this level on the income scale have only the public sector to provide basic municipal services like parks and recreation, libraries and public safety services.

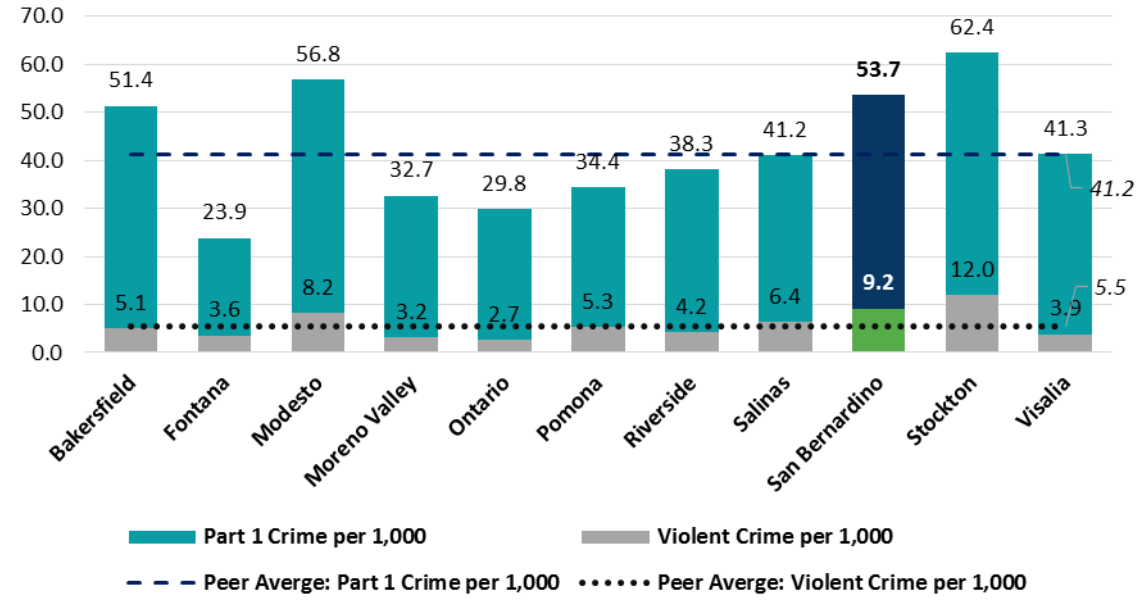
Police Services

Similar to other cities in California (and nationally) that find themselves in or on the brink of bankruptcy, the San Bernardino Police Department (SBPD) had to change its service and policing delivery framework. While the predictable result has been longer response times and significantly reduced community policing efforts and incidence clearance rates, the more critical outcome has been an inability to respond to serious community concerns about crime and related quality of life issues.

Streamlining and civilianizing many administrative functions and some services, and contracting others over the last several years have reduced overall operational costs; however, the department still faces the challenge of policing a City with the second highest violent crime rate and third highest Part 1 crime rate among peer cities in the state. Meeting this challenge will require additional financial resources, a stable, credible department capable of attracting and retaining quality sworn officers, and a proactive policing model in partnership with the community. Figure 7 summarizes the crime rates of San Bernardino against its peer cities. Police expenditures among the peer agencies are shown in Figures 8 through 10. An historical comparison of police expenditure and staffing in San Bernardino is summarized in Table 12.

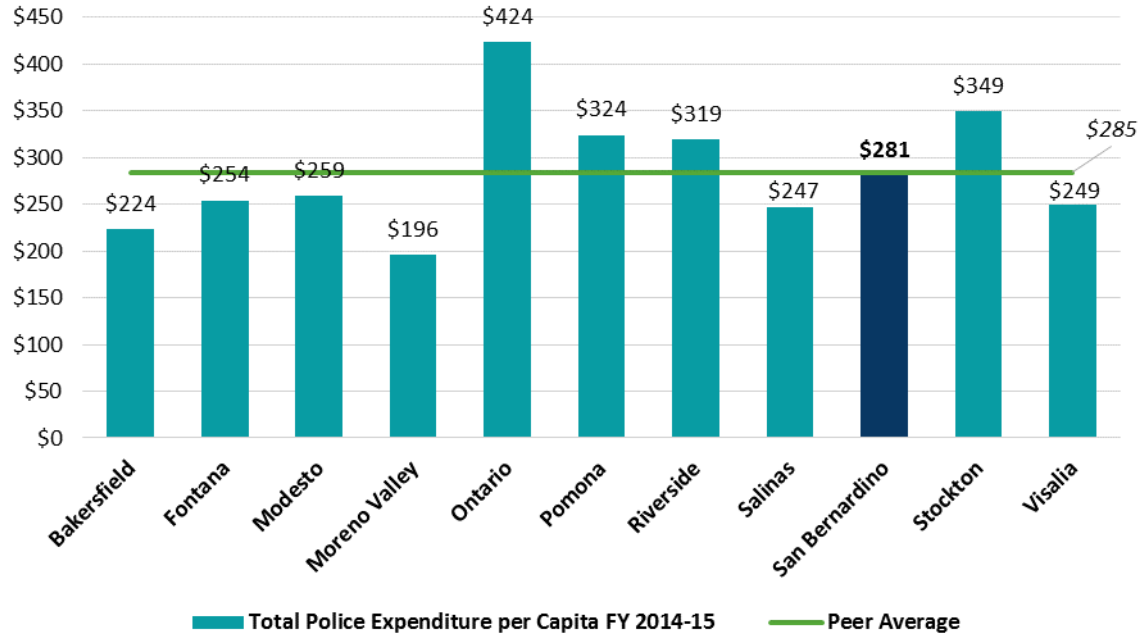
High Crime and Low to Average Expenditures

Figure 7. Part 1 Crime Rate and Violent Crime Rate in 2013



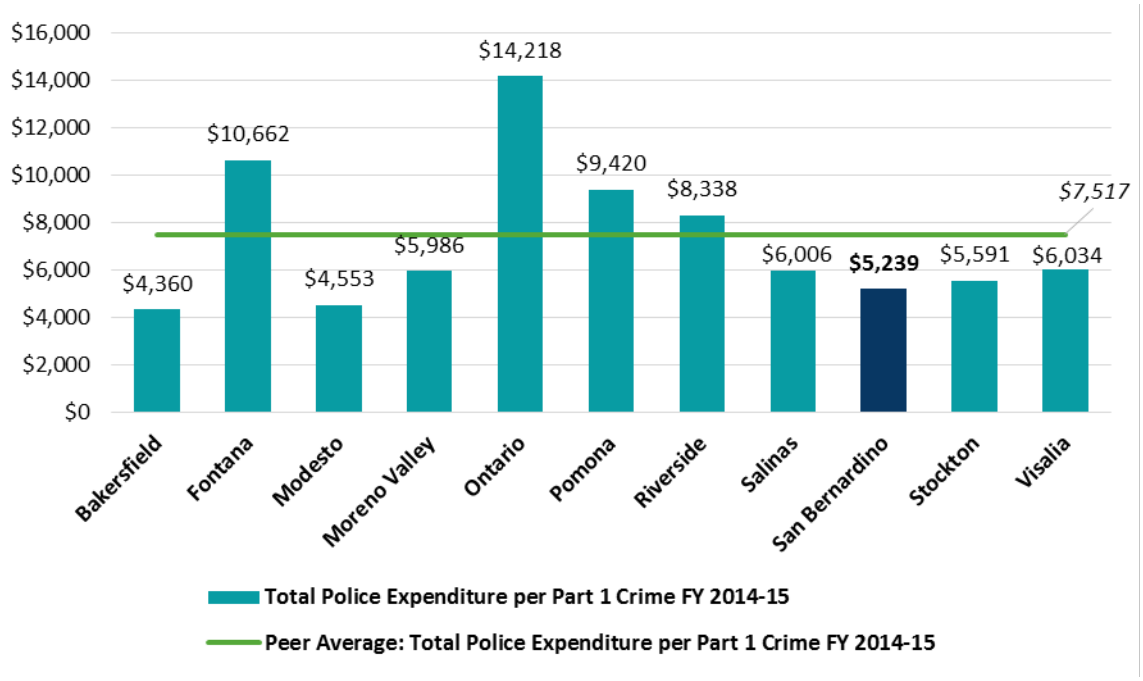
Sources: FBI Uniform Crime Report 2013; California Department of Finance, 2014
Note: The FBI uses three categories to define Part 1 Crimes: violent crime (murder and non-negligent manslaughter, forcible rape, robbery and aggravated assault), property crime (burglary, larceny-theft, motor vehicle theft), and arson.

Figure 8. Police Expenditures per Capita in FY 2014-15



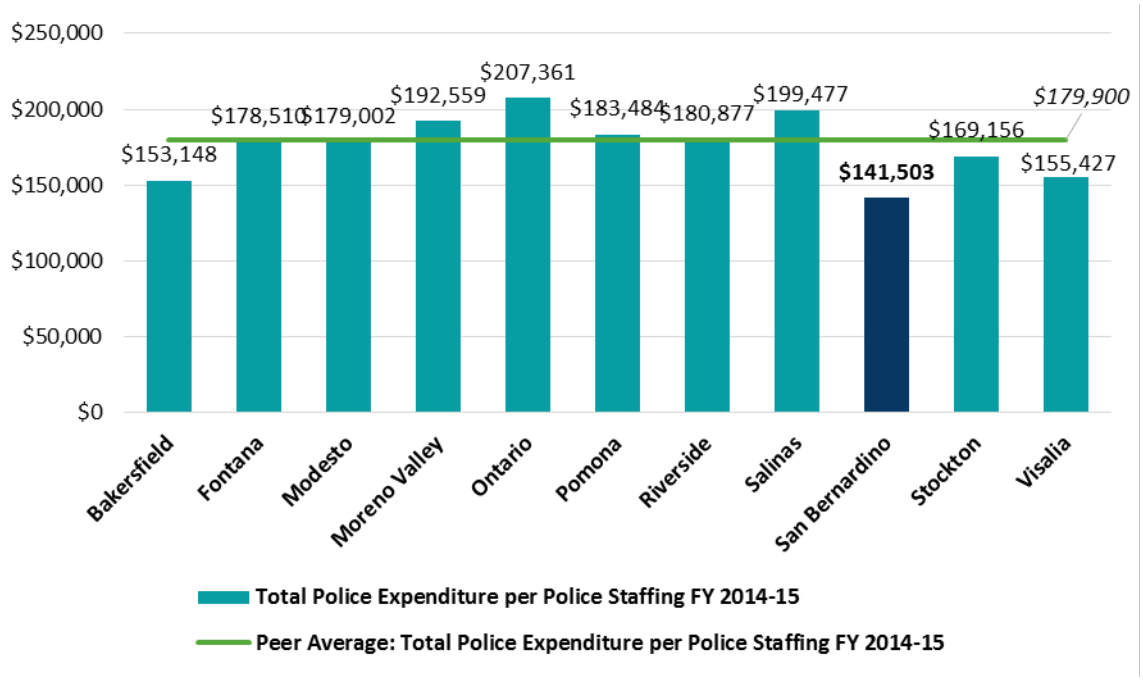
Sources: FY 2015 Adopted City Budgets; California Department of Finance, 2014
Note: Moreno Valley's police service is provided through a contract with the Riverside County Sheriff's Department.

Figure 9. Police Expenditure per Part 1 Crime in FY 2014-15



FBI Uniform Crime Report 2013; FY 2015 Adopted City Budgets
Note: The FBI uses three categories to define Part 1 Crimes: violent crime (murder and non-negligent manslaughter, forcible rape, robbery and aggravated assault), property crime (burglary, larceny-theft, motor vehicle theft), and arson.

Figure 10. Police Expenditure per Police Staffing in FY 2014-15



Sources: FY 2015 Adopted City Budgets

Budget and Authorized Sworn Officers

The SBPD operational expenditures and authorized sworn officers over the last five years are described in Table 12.

Table 12. Historic Total Police Expenditures and Staffing from FY 2011 and FY 2015

	2010-11 Adopted	2014-15 Adopted	Percent Change
Total Police Expenditures	$66,804,200	$59,855,766	-10.4%
Total Police Staffing	529	423	-20.0%
Sworn Police Staffing (Budgeted)	312	248	-20.5%
Sworn Police Staffing (Actual)	306	230	-24.8%

Sources: San Bernardino City Budgets
Note: Staffing information was provided by the Police Department.

The SBPD has experienced difficulty in attracting quality candidates. In a recent hiring effort for sworn officers, three successfully made it through the process. Only two were hired out of 508 applicants who had progressed to the testing phase. One person resigned almost immediately, and the other was injured early in the training phase. While many police officers are attracted to a police department where they can obtain broad experience, competition in the region is fierce and opportunities to serve in other agencies with more stability and reliable resources have impacted the SBPD hard. Table 13 shows the sworn officer turnover over five years.

Table 13. Sworn Police Safety Turnover from Calendar Year 2010 to 2014

	2010	2011	2012	2013	2014
Turnover Rate	5%	7%	8%	11%	13%

Sources: Provided by the City of San Bernardino

Core Functions Reduced 40% to 50%, Delayed Response Times and Aging Fleet

Severe reductions in staffing allocations have resulted in a major redesign of the community policing program. While somewhat streamlined, the department is unable to respond to community concerns in depth or develop long-term strategies for the future. Both narcotics enforcement and responses to gang-related issues have been reduced by about 50%. A 40% reduction in officers allocated to traffic enforcement increases safety concerns on City streets and reduces citation revenue that could be used to offset enforcement costs. Emergency priority calls (violent felonies) have increased 31% since 2009, response times have increased 34%, and Priority 4 calls (policy reports) response times are up 212%. Finally, there are 161 police patrol vehicle units of which 117 (73%) are overdue for replacement at an estimated cost of $4.9M.

Fire Services

The San Bernardino Fire Department and the community have been suffering from what a fire services consultant (Citygate Associates) described in a *2014 Fire Services Deployment Study* as "severe stress." The report indicated this has resulted from a combination of factors found in a community with little economic investment, a city in bankruptcy and a low median income. Operational staff reductions combined with exceptionally high emergency medical incident call volumes and frequent structure fires have resulted in longer response times and an inability to stem

the perception that San Bernardino may not be a community safe from fire. The 2014 study concluded that the City is "not over-deployed to serve its diverse geography and risks." However, given the level of emergency medical incidents, resources typically available for fire suppression are too often unavailable for an appropriate level of response in an urban setting. So while the department has an average number of total fire employees as measured by its peers, the calls for service make effective deployment challenging.

Budget Reductions and Staffing

The Fire Department operational expenditures and authorized sworn fire fighters over the last five years are shown in Table 14.

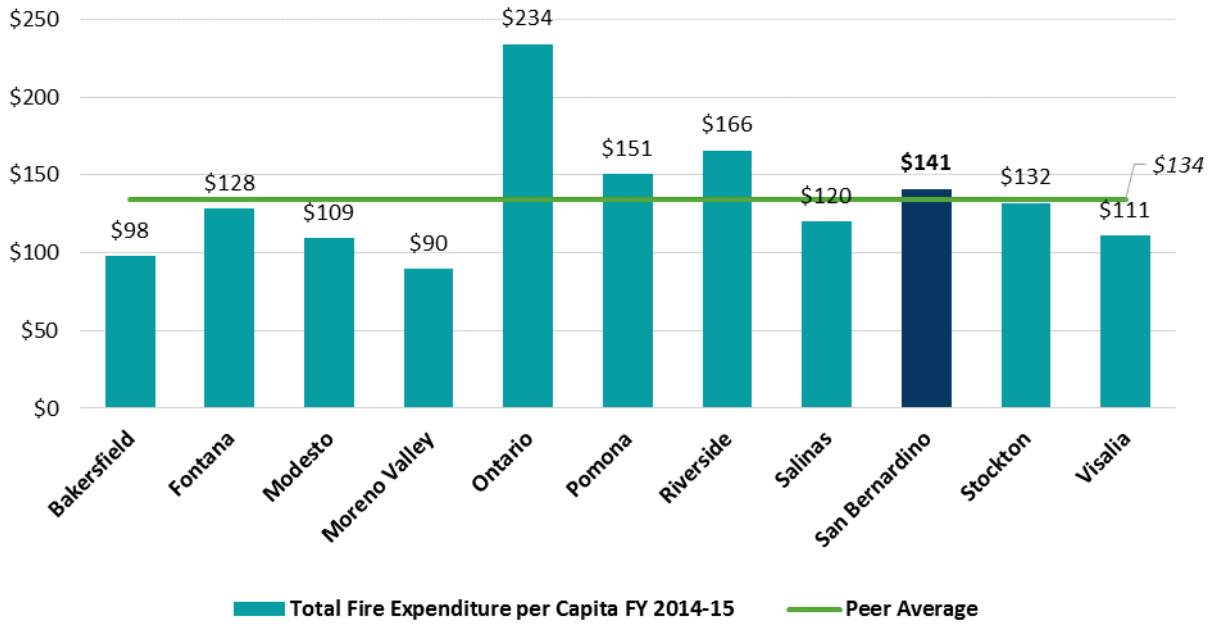
Table 14. Historic Fire Expenditures from FY 2011 and FY 2015

	2010-11 Adopted	2014-15 Adopted	Percent Change
Total Fire Expenditure	$32,621,400	$30,001,462	-8.0%
Total Fire Staffing	191.00	157.00	-17.8%
Sworn Fire Staffing	150.75*	123.00	-20.0%

Sources: San Bernardino City Budgets
**FY 2011 budget did not indicate sworn or non-sworn positions. The figure assumes "Fire and EMS" category indicates sworn staffing.*

Even with the operational reductions, the Citygate study concluded the department's "daily staffing is adequate for the immediate response fire risk needs presented in the more built-up urban areas of the city." Even at FY2014-15 spending levels as shown in Figure 11, fire expenditures compare relatively favorably with peer agencies.

Figure 11. FY 2014-15 Fire Expenditure per Capita



However, the Citygate report also states that the department's incident statistics indicate that far too frequently the closest crews to a building fire are already deployed to an emergency medical call. Emergency medical calls represent 87% of the department's calls for service and increased 15% between 2012 and 2013. Fire alarm calls increased 19.5% during this same period.

The City has taken action to reallocate emergency medical calls to other resources for response, but the volume remains high. Additionally, the City closed one fire station and reduced staffing at a second by eliminating a pumper and replacing it with a two-person EMS squad. Despite these efforts to control costs, the City fire department continues to exhibit expenditure growth in excess of the growth of general city revenues. If alternative service delivery options are not explored, the fire department will continue to absorb budgeted resources beyond what the City can sustain.

Community Risk Reduction

In addition to fire suppression and emergency medical response, fire departments in California are also responsible for mandated inspections including new construction and a range of permitted occupancies, e.g., community care facilities, high rise buildings, hazardous materials facilities. The department has reduced staff in this area by over 30% in the last several years. Consequently, it is lagging in such inspections, putting the community at risk due to non-compliance.

City Infrastructure and Maintenance

Over the last decade, the City of San Bernardino has been unable to plan for or provide the resources required to address even a minimum of maintenance, replacement, repair and reconstruction of its public infrastructure and facilities. Major areas of deficiency that have a direct impact on the ability to attract economic development and the quality of life in the community include the following basic municipal functions.

City Hall

In 2007, the City hired an engineering firm to undertake a preliminary risk analysis of the San Bernardino City Hall building, primarily focused on liquefaction risks. The building is a seven story reinforced concrete structure designed in 1970 which relies upon "non-ductile" concrete frames for seismic resistance. Because of experience with the 1971 San Fernando earthquake the 1973 Building Code prohibited this type of construction in areas with high and moderate seismic potential. San Bernardino is in one of the most seismically hazardous locations in California. The report concluded that City Hall was designed "at best to the minimum requirements of the applicable code and is thus vulnerable to significant damage and collapse." The report also stated that seismic rehabilitation is "strongly recommended" with costs at the time ranging from $12 to $15 million. No formal action by the City in response to this report has been taken and the City must now urgently consider next steps through further study, including consideration of relocation of City Hall offices on an interim basis.

Street System

The City of San Bernardino has approximately 629 miles of public streets comprised of the arterial system and local and collector streets. A pavement management study, the mechanism by which most municipalities assess the condition of their streets, was last conducted in 2008. At that time,

costs for routine maintenance, preventive maintenance, rehabilitation and reconstruction of the City's streets were estimated at $88,493,404.

Due to the continued deferral of repairs and maintenance and increased deterioration since 2008 and minimal investment by the City in maintaining the street system, street system maintenance and repair costs have likely increased to an estimated $150 million (in 2008 dollars). Based on the construction cost increases tracked by *Engineering News Records*, estimated costs in 2015 of repairing the City's streets are now likely to be 20.13% more (or approximately $180,300,000). Table 15 shows the breakdown of deferred costs for the areas with the greatest funding deficiencies.

Table 15. Deferred Cost Estimates

All City Streets with Five-Year Deferral	Estimated Cost
Routine Maintenance (crack seal, patching, etc.)	$1,739,623
Preventative Maintenance (slurry seal, scrub seal, etc.)	$18,848,920
Rehabilitation (mill & cap, scrub seal & cap, etc.)	$60,797,310
Reconstruction (full depth reclamation, cold-n-place)	$68,688,320
Total (2008 Dollars)	$150,071,173
Total (2015 Dollars)	$180,300,000

The Public Works Department has a streets capital projects budget of approximately $17.5 million in FY 2014-15, clearly insufficient to even begin to address the deferred street maintenance needs. Additionally, the City also maintains a street maintenance work crew of nine to ten staff members with an additional $400,000 in contract work allocated for asphalt repair. Ninety percent of the staff's time is spent repairing potholes; however, they are unable to keep up with the average of 150 potholes needing to be repaired at any given time.

Public Facilities

The City currently allocates little or no funding beyond critical needs to basic improvements or major capital maintenance to its public facilities, including City Hall, police headquarters, libraries, the City corporation yard and fire stations. Maintenance for these facilities has been delayed, and some facilities continue into advanced stages of deterioration. Examples include the failure of the HVAC system at City Hall; leakage of the skylight and roofs at the Felheym Library, City Hall and at the City yard; failure of the emergency generator at Station 221 (for the Emergency Operations Center); and mold remediation required at the Villa Senor Library. Table 16 provides the breakdown of deferred public improvement costs.

Table 16. Deferred Cost Estimates by Facility Type

Description	Cost
City Hall, Police Dept., Convention and Career Centers, Animal Control*	$34,012,000
City Yard Facilities	$1,961,000
Fire Stations	$3,785,400

Libraries	$1,670,000
Parks (from Parks Master Plan)	$89,828,100
Total in 2015 Dollars	$131,256,500

** includes seismic retrofit of City Hall and Parking Structure at $25 million*

Failure to continue with a responsible maintenance program will result in future accelerated repair costs due to weather, earthquakes or other issues related to regular and repeated use of the facilities. As maintenance is deferred, the public buildings will continue to deteriorate and fall into a costlier state of repair.

Fleet Services

There are over 852 vehicles in the City's fleet. These include fire trucks; police, refuse, street sweeping and maintenance vehicles; and a range of others required to support basic municipal services. A recent assessment concluded that 479 units, representing 56% of the City's total fleet, are past due for replacement at an estimated cost of more than $41.4 million. No vehicle replacement funds or investment plan is in place to replace the aging vehicles except on an ad hoc basis through special allocations in response to critical needs. In addition, the City has not supported a modern fleet maintenance operation. This causes frustration to users who are not able to rely on properly maintained vehicles and equipment. As a result, preventive maintenance is practically non-existent and state mandated vehicle safety inspections are seriously backlogged.

To support a municipal fleet operation, the City will need to identify funding to address the critical backlog of vehicles and equipment overdue for replacement. Additionally, the City must improve and modernize its fleet maintenance operation either internally or through contract services. Either avenue will require significant additional financial resources on an ongoing basis.

Sewer System Improvements

Sewer system improvements are financed through the sewer service fee. The City maintains 510 miles of sewer lines including 8,056 sewer manholes, sewer siphons and 12 sewer left stations. Pursuant to a video inspection of the sewer system, 1,723 locations have been identified as needing repair. The total cost for these repairs is estimated at $23 million today and will only increase as a result of deferred maintenance. The FY 2014-15 sewer capital expenditures, financed by sewer services fees, are estimated at $2.5 million. The existing sewer service fee is insufficient to maintain this critical infrastructure.

Concrete Repairs

As of January 1, 2015, there are approximately 1,200 locations identified by residents and staff in the City's work order tracking system for sidewalk, curb and gutter repairs. These locations include trip hazards, lifted sidewalks due to roots or damage from other causes. There are also 11 bridge repairs identified that need to be completed. The total cost for these repairs is approximately $7.2 million. The City budgeted $300,000 in FY 2014-15 for curb, gutter and sidewalk repairs and $1.5 million for bridge repairs for a total of $ 1.8 million.

Tree Trimming

There are over 62,000 trees maintained by the City under contract. For proper tree health, industry standards recommend that all trees be trimmed every five years, which for San Bernardino would

require an annual allocation of $1.26 million. The City allocates $400,000 annually for contract tree maintenance, 70% below that required to preserve the investment in its urban forest.

Traffic Signal Maintenance

The City is responsible for 288 traffic signals which are maintained by City staff. There are 187 controllers or detectors for traffic signals in need of replacement or repair at a total cost of $2,900,000. Repair and replacement is critical to traffic flow and to mitigate ongoing maintenance by an already lean public works staff. In FY 2014-15, the City allocated $600,000 to replace or repair these signals, far less than needed.

Street Lighting

The City owns and maintains 6,640 street lights. Southern California Edison owns and maintains an additional 6,488 street lights in the City. The City has experienced extensive vandalism of its lighting system due to the rising value of copper wiring. The City contracts for its street lighting maintenance, an annual $580,000 contract, but this is not adequate to keep the lighting in good repair. As of the end of January 2015, there were 475 inoperable City-owned street lights. Additionally, to reduce ongoing costs, the City should be migrating to LED lights. There is no financial or other plan to do so.

Parks and Recreation

In a community with high poverty and unemployment rates and increased drug and gang activity, parks and recreation amenities and programs should be a priority. Yet, San Bernardino has been unable to provide a municipal program to meet community needs, in part due to a population unable to pay for such services. Cost-prohibitive internal service fund policies increase program costs, and low staffing levels and little training as well as poor technology leave little opportunity for innovation. Also, the need to allocate scarce recreational funding resources to maintain existing facilities that are closed or minimally available to the public means that little remains for direct programming. The City's investment in its parks is at risk, and basic recreation programs are unavailable to a community that yearns for recreational alternatives other than those found on city streets.

The City ranks eighth in parks and recreation expenditures per capita among peer agencies within the state. The City spends $18.43 less per capita than the peer agency average even though it is the fourth largest in population, and its population is 3% or 6,104 less than the peer agency average.

When evaluated against four major cities within the region (Inland Empire), the City:

- Ranks last in parks and recreation funding. Annually, the City spends about $5.6 million less than the average of the peers.
- Expends $44 less per capita on parks and recreation services despite a population that is 2% larger than the average peer.
- Is the only city that does not provide any organized youth sports, camps, extensive teen programs or adult sports leagues, except one summer adult men's baseball league.
- Is the only city not producing an activity guide or publication (an industry standard) to inform the community about its park and recreation programs.

Park Maintenance

While the City contracts for park maintenance, the contract does not include ball field maintenance and sport lighting. San Bernardino spends $2,000 less per acre than the national average; therefore, the quality of park and cemetery turf is well below standards putting the community at risk for play on poorly maintained fields. Some Little Leagues are maintaining their fields instead of the City; however, other ball fields have significantly deteriorated, making them effectively unavailable for play.

Library

The San Bernardino Public Library (SBPL) fares poorly when compared with other public libraries in the state with a population between 150,000 and 249,000. Average per capita funding is $22.04 compared to SBPL's approximately $7.00 per person, according to the state library's Public Library Statistics portal. According to the portal, on average, each library is open 35 hours; however, SBPL's three branches are only open 20 hours at each location. According to the portal, peers provide $1.81 per capita collection expenditure for materials; however, the City provides no funding for materials to the SBPL.

Some public libraries sustain a three- to five-year cycle for computer replacement; the SBPL's computers are between seven and nine years old with no funding for replacement. While benefiting from grant funds for discounted telecommunication access, SBPL is unable to meet the Federal Communication Commission's goal of 1 gigabit connections as it offers only 100 Mbps at the Central Library and 10 Mbps at branch libraries. The goal is all the more challenging due to annual budget uncertainties.

San Bernardino (approximately 60 square miles) also lacks public library facilities in the western and eastern portions of the City. These underserved areas critically need library services to bridge the "digital divide" for those who lack access to current technology. This includes having access to computers to draft documents and find a job. Opportunities only available at a free public library are vitally needed for a community that has the highest percentage of residents below the poverty line in the state among cities with populations of 200,000 and second nationally behind Detroit.

Outdated or Nonexistent Corporate Business and Support Services

Administrative, business and corporate support systems and services within the City government have suffered from a lack of focus and necessary fiscal support for more than a decade. The result is a $211 million corporation relying on outdated and in many cases non-existent administrative and business systems to make management decisions on a daily basis. The fact that the City is behind in its audits, cut its information technology staff by one-third (including the manager) during the last three years and has no purchasing agent are only a few examples of a city that struggles to keep up with its regulatory obligations or strategically plan system improvements. The lack of up-to-date, integrated corporate support systems, or an implementable business plan, represent major obstacles to recovery. Understanding this, the City began developing a Strategic Plan in January of 2015 that will be implemented as the City rebounds from bankruptcy. Part of this Strategic Plan will include the creation of modern, or at the very least, adequate administrative, management information and financial systems, which are a requirement for any municipality to effectively and efficiently

manage its operation. Good policy decision-making must also rely on those same systems to make informed decisions.

Examples of inadequate business and corporate support systems include:

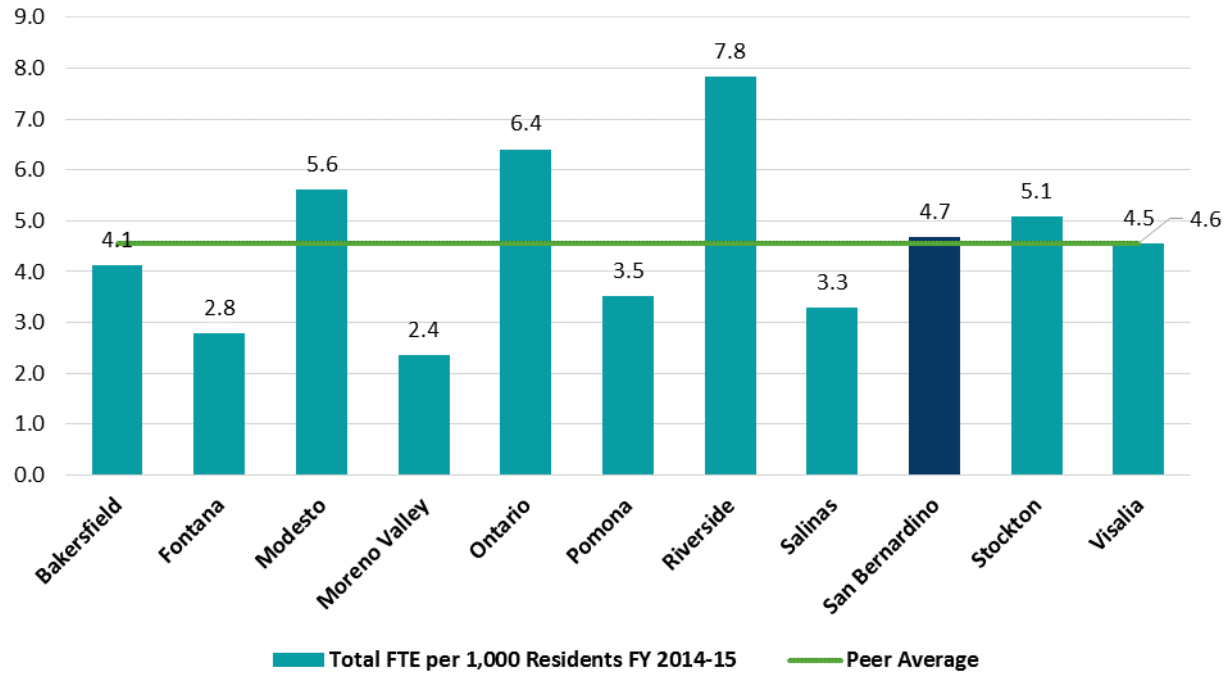
1. *Information Technology.* No overall governance; end-of life hardware and software (ten-year old computers and systems); new system modules not implemented or not being used to their potential; unused software still being paid for; no application architecture and standards; no comprehensive plan for business continuity or disaster recovery should systems fail.
2. *Manual Processes.* Manual time attendance and payroll systems not effectively integrated with City financial system; paper-based invoice processing and a document management system for handling of paper across the organization that has not been implemented.
3. *Contract Management.* Inconsistent and non-centralized contract management policies and practices.
4. *Purchasing Policy.* Outdated purchasing policies and decentralized purchasing practices that prevent economies of scale across the organization.

Expenditures and Employee Compensation

Most City expenditures are directly impacted by labor costs, representing the largest component of the City's annual budget. As was detailed earlier in this document, most maintenance and capital spending is being deferred, as is proper management and funding of internal service funds (i.e., fleet). Rebuilding the City will require rebuilding in these areas, which will require funding. Therefore the City must scrutinize all existing spending so it can fund these areas and pay creditors. This section addresses the City's history in trying to control employee labor costs and its current philosophy concerning this cost center.

Historically, San Bernardino has had a relatively high number of full-time employees. In 2007 when Management Partners conducted an organizational assessment for the City, it found that San Bernardino had about six FTE per 1,000 residents, which was similar to such well-funded cities as Ontario and Riverside, and almost three times the number of employees as the nearby City of Fontana. This has changed somewhat as San Bernardino shed positions as its fiscal situation became bleak and it entered bankruptcy. Figure 12 shows a current comparison of San Bernardino's FTEs compared with peer agencies.

Figure 12. San Bernardino FTE per Capita among Peer Agencies



As the figure shows, San Bernardino has slightly more FTE on average than the peers. While much lower than Ontario and Riverside (Riverside has an electric utility), the City's FTE per 1,000 is much higher than Fontana, Moreno Valley or Pomona, which contract for service delivery more than San Bernardino

This illustrates a challenge for San Bernardino. Public employees are expensive, chiefly because of the defined benefit pension plan common to the industry. Thus, each employee is valuable and must be as productive as possible. Unfortunately, San Bernardino stopped investing in training and or productivity-boosting information technology systems years ago.

Moreover, independent evidence on total employee compensation shows that non-safety employees are well below the market for such workers. As a consequence, the City has a recruitment and retention problem. The City needs fewer public employees so it can operate more efficiently, using a contract model like Fontana or Moreno Valley, and to pay the employees it retains competitively so it can recruit and retain qualified employees. This is true even with respect to positions within police because while Charter Section 186 has distorted salary compensation, the City has tried to balance this by cutting non-salary compensation, leading to a non-competitive overall package and higher CalPERS liability due to high "PERSable" compensation.

To realign and effectively manage its service delivery, improve public safety and provide a municipal infrastructure capable of attracting economic development investment, the City must be able to recruit and retain a competent, competitive work force. This will require, in the opinion of the experts retained by the City to develop this plan:

1. Competitive wages and benefits;
2. Continued membership in CalPERS for those remaining City employees, the state's defined retirement benefit plan; and
3. Charter reform and/or replacement.

The City recognizes and bargains with seven bargaining groups:

1. General Unit Employees represented by the International Union of Operating Engineers (IUOE)
2. Mid-Management Employees represented by the San Bernardino Public Employees Association (SBPEA)
3. Police Management Unit represented by the Police Management
4. Police Safety Unit represented by the San Bernardino Police Officers Association (SBPOA)
5. Fire Management Unit represented by the Fire Management Association
6. Fire Safety Unit represented by the San Bernardino City Professional Firefighters Association, Local 891 (SBCPF)
7. Management/Confidential Association

While employees of the Water Department are considered City employees, they negotiate their own salaries and benefits separate from the rest of the City, subject to approval of the Water Board of Commissioners (not the Mayor and Common Council). Because of this separation, and because it has access to independent revenues, the Water Department has been able to better implement human resource management (as well as other core municipal support functions).

Ten Years of Trying to Contain Labor Costs

The filing of the Chapter 9 petition on August 1, 2012 was preceded by several years of efforts to address escalating labor costs, driven mostly by significant increases to health care and pension rates and City Charter Section 186 raises for safety employees. Miscellaneous employees have not received any cost of living adjustments (COLA) since FY 2006-07. However, in FY 2007-08, the Mayor and Common Council authorized an enhanced CalPERS retirement formula of 2.7% @ 55 for miscellaneous or general (non-safety) employees. All salaries for safety employees are established through the provisions set forth in the City Charter, specifically Charter Section 186 (Section 186).

Faced with a structural budget deficit in March 2009, all non-safety employees agreed to a reduced 36-hour work-week, forgoing four hours of pay per week (which negatively impacted the City's ability to deliver municipal services). This concession reduced overall salary compensation by approximately 10% each year, realizing annual savings of about $ 3.7 million per year. In 2011, the Mayor and Common Council continued the reduced work-week and established new CalPERS pension retirement formulas for all new employees. For the Miscellaneous employees, two pension formula tiers were in effect: 2.7% @ 55 (Tier 1) and for employees hired after October 4, 2011, 2% @ 55 (Tier 2). For safety employees, there were two pension formula tiers: 3% @ 50 (Tier 1) and for those employees hired after September 1, 2011, 3% @ 55 (Tier 2). By the spring of 2012, the City had achieved significant concessions, including suspension of merit increases and required contributions to CalPERS retirement benefit by new employees, as shown in Table 17.

*Table 17. Labor Concessions Implemented between 2010 and April 2012**

Bargaining Unit	10% Concessions	Forego Annual Merit Increases	Two-Tier Retirement Plan for New Employees	PERS Pick-up for New Employees
General	✔	✔	✔	✔
Middle Management	✔	✔	✔	✔
Management	✔	✔	✔	✔
Police Safety	✔	✔	✔	✔
Police Management	✔	✔	✔	✔
Fire Safety			✔	✔
Fire Management	✔		✔	✔

**Merit increases for police safety are established through the salary survey methodology in Section 186. While the table indicates that police safety and management had agreed to forgo annual merit increases, the reason is that for FY 2010-11 and 2011-12, police agreed to give up any salary increases resulting from Section 186 surveys.*

While these labor concessions helped to contain labor costs, the negative General Fund cash balance at the beginning of FY 2012-13 was estimated at $18 million. Given the severity of the financial situation, the City explored other options for reducing labor costs including reducing vacation and sick leave accruals; eliminating or deferring sick leave cash outs; expanding cost sharing of CalPERS pension costs to all employees, not just new hires; eliminating the Employer Paid Member Contribution for safety employees; and reducing retiree medical contributions.

Public Safety Compensation - City Charter Section 186

The basic standard for fixing salaries, classifications and working conditions of the safety employees in the City's Police and Fire Departments is provided under City Charter Section 186. In essence, Section 186 eliminates the collective bargaining process regarding the setting of public safety salaries and inhibits City management's ability to address the full range of factors that impact public safety salaries. Past attempts to reduce salaries have resulted in litigation with adverse results to the City.

Section 186 requires the comparison of base salaries for each of seven public safety classifications in ten California cities (which have been reduced from 50 cities) with populations between 100,000 and 250,000. (Comparison cities are not based on the region which is a typical public sector practice.) Salary ranges for each of the seven classification levels are then established, and salary adjustments are effective annually on August 1.

Section 186 has been the subject of numerous legal opinions generated by the City Attorney's Office which have affected, in part, its implementation. The result of the implementation opinions has created established practices that have impeded the City's ability to control how Section 186 surveys are conducted. As a consequence, the City's ability to exercise any fiscal control over safety salaries has been curtailed and the salary increases as well as the increases to salary-driven benefits such as pension benefits have been significant as illustrated in Table 18.

Table 18. FY 2006-15 Public Safety Adjustments Resulting from City Charter 186

Fiscal Year	Average Annual Change: Police Safety[1]	Average Annual Change: Fire Safety[2]
2006-07	7.21%	3.36%
2007-08	3.34%	4.90%
2008-09	5.53%	2.45%
2009-10	2.48%	2.95%
2010-11[3]	-	0.40%
2011-12[3]	-	0.46%
2012-13	1.72%	0.82%
2013-14	3.04%	0.66%
2014-15	4.29%	-

[1]Includes police officer, detective/corporal, and sergeant positions.
[2]Includes fire fighter, paramedic, engineer, and investigation/captain positions.
[3]Police Safety and Management agreed to no financial impact resulting from City Charter 186 formula in FY 2010-2011 and in FY 2011-12.

Labor Cost Reductions during the Fiscal Emergency (Pendency Plan)

Following the declaration of a fiscal emergency on July 18, 2012, the Mayor and Common Council adopted Resolution 2012-214 in August. The resolution suspended employees' accrued leave bank payoffs, cash-outs and/or sell backs. This suspension was subsequently incorporated into five labor agreements and extended by Mayor and Common Council action in June 2014. They also amended Civil Service Rule 511 expediting the time for department heads to give notice of layoffs to facilitate workforce reductions. On November 26, 2012, the Mayor and Common Council adopted the Pendency Plan as Resolution 2012-278, which reduced General Fund expenditures through continued staff and compensation reductions. A summary of the Pendency Plan elements is provided in Table 19.

Table 19. FY 2012-13 and FY 2013-14 Pendency Plan Elements

Item	FY 2013 Projected Savings	Notes
Workforce and Service Reductions	$13,452,000	Pre-Pendency Plan savings less SAFER grant.
Police Vacancies (voluntary separations)	$3,280,000	Reduction in sworn positions from 281 to 260.
Police 13.989% Employee CalPERS Rate Contribution (benefit concession)	$3,252, 000	50% of the normal PERS costs
Fire 13.989% Employee Cal PERS Rate Contribution (benefit concession)	$1,994,000	50% of the normal PERS costs
Miscellaneous 9.304% Employee CalPERS Rate Contribution (benefit concession)	$651,000	50% of the normal PERS costs
Fire Overtime Reduction	$921,375	Elimination of Constant Manning provisions in MOU; 35% reduction in Fire OT.

Item	FY 2013 Projected Savings	Notes
OPEB Implied Subsidy Phase Out	Pending actuarial valuation	Reduction of the implied annual subsidy to existing retirees of roughly $800,000 to 1,000,000 beginning January 1, 2014.
OPEB Direct Subsidy Phase Out	$213,750	Reduction of the direct payment to existing police retirees to the $112 per month afforded to other retirees beginning January 1,2013
Employer Paid Member Contribution (EPMC)	$2,400,000	Elimination of the 9% City contribution and require all safety employees receiving this benefit to pay the contribution through salary deductions.

To date, all of the Pendency Plan Elements regarding labor costs have been implemented, some through agreement with the bargaining groups and others through imposition by resolution of the Common Council. Following adoption of the Pendency Plan, the Mayor and Common Council approved agreements with four of the City's labor groups in January and February 2013 implementing cost-sharing and other benefit concessions as outlined in the Pendency Plan. The Mayor and Common Council also imposed terms modifying the terms and conditions of the existing Memorandum of Understandings (MOU) with the fire and police safety unions and the middle management unit. The imposed terms incorporated the elements set forth in the Pendency Plan. Four of the seven bargaining groups also agreed to pension cost-sharing in the 18-month agreements ratified by the bargaining units. In August 2013, the City and the Mid-Management unit reached an agreement that incorporated the Pendency Plan elements including cost-sharing. The cost sharing for police and fire safety units and the middle management unit was imposed on January 28, 2013. The cost-sharing for all employees became effective February 1, 2013.

Fire Overtime Reduction

Overtime for fire fighters has averaged approximately $6.5 million per year for the last few years. This significant overtime cost is primarily the result of a provision in the SBCPF MOU providing for constant manning of stations. The Honorable Judge Jury granted the City's Motion to Reject the SBCPF's MOU on September 11, 2014. Thereafter, on October 6, 2014, the Mayor and Common Council adopted Resolution 2014-364 imposing new terms and conditions of employment including the elimination of the constant manning provision. Nonetheless, overtime costs have not been significantly reduced by the imposition of these new terms.

Employer Paid Member Contribution (EPMC) to CalPERS

The four safety MOUs provided that the City would pay the 9% employee contribution. On January 28, 2013, the Mayor and Common Council approved agreements for police and fire management units that included the elimination of the EPMC. Also, on this date, the Mayor and Common Council imposed eliminating this benefit on the SBPOA and the SBCPF. Because the benefit was negotiated as part of the respective MOUs and was not part of a contract amendment to the CalPERS safety plan agreement, elimination of this benefit was allowable under California law.

CalPERS Employee Cost Sharing

The City has successfully negotiated cost-sharing agreements for active employees with five of the seven bargaining groups. On January 28, 2013, the Mayor and Common Council imposed cost sharing in the amount of 13.989% for both the SBPOA and the SBCPF, representing 50% of the

City's FY 2013-14 normal costs. This imposition is the subject of ongoing litigation. General employees (legacy members) pay 9.304%, which also represents 50% of the FY 2013-14 normal costs.

Other Post-Employment Benefits (OPEB)

As part of the actions by the Mayor and Common Council in January and February 2013, the direct subsidies to retiree health care were reduced for all employees to $112 per month from a maximum stipend of $450 per month. To implement the Pendency Plan elements regarding OPEB and achieve other budget objectives, the City directed its health insurance broker to separate all retirees from active employees when marketing for health plans. The goal was to stop active employees from subsidizing the cost of health care benefits for retirees. This resulted in a reduction in the cost of health care benefits of approximately $200 per month for active employees, while retiree costs for the same plans increased about $200 per month. With this reduction in premiums for active employees, the City's contributions to these premiums could also be reduced without significantly impacting the affordability of the health care plans available to employees. This enabled the City to realize a $1.1 million reduction in health care costs.

Further, the City has been negotiating with the Retiree Committee with respect to health care and pension issues. The City has reached a tentative agreement with the Retiree Committee where, with the exception of some retirees hired before 1986 and not Medicare eligible, all direct monthly subsidies of $112 will be discontinued. These actions have significantly reduced the OPEB liability as illustrated in Table 20. The significant reduction in liability was the result of reductions in premiums and plan changes ($13.1 million) and the elimination of the implied subsidy for all but a few grandfathered participants ($ 32.2 million).

Table 20. GASB 45 Estimated Actuarial Valuation of City's Retiree HealthCare Plan

	AAL *(in Thousands)*
Actual @ 6/30/12	$48,819
Expected @ 6/30/14	53,937
Gains)/Losses	
• Premiums and plan changes	(13,082)*
• Eliminate medical plan implied subsidy for all but grandfathered participants	(32,184)
• Demographic and other	(1,450)
Assumption changes	601
Total Gains/(Losses)	(46,115)
Actual @ 6/30/14	7,822

**Includes approximately $6.3 million from removing Medicare-eligible retirees and $0.8 million from eliminating medical benefits for hires after January 1, 2013.*

Currently, the City's OPEB liability is based on life insurance and some direct subsidization of retirees. OPEB liability for Water Department employees is approximately $20.27 million, as there have been no changes to retiree benefit contributions and the active employees still indirectly subsidize retiree health benefits.

Suspension of Paid Time-Off; Caps on Sick Leave Accruals

On August 8, 2012, the Mayor and Common Council suspended all payouts, cash-outs, and/or sell-backs for accrued vacation, sick and other leaves through Resolution 2012-214. This resolution authorized the City Manager to negotiate payouts with those employees separating from the City. In the five agreements that modified terms and conditions of employment for all bargaining units except Police and Fire Safety employees adopted by the Mayor and Common Council on January 28 and February 4, 2013, the suspension of accrued leaves was extended through June 30, 2014. The Mayor and Common Council also adopted resolutions in January 2013 imposing a freeze on all leave payouts, cash-outs, and sell backs for the police and fire safety units. Through the collective bargaining process, in addition to the suspension of leave payouts,, sick leave accruals were reduced for all employee groups to no more than 1,040 hours and the amount of payout at the time of separation was significantly reduced so that no more than 35% of the accrued hours could be cashed out provided that the separating employee had six or more years of service.

The impact of these initiatives as shown in Table 21 has been that within a two year period total leave liability, or the amount payable to employees upon separation of service, has been reduced by more than half, from $22.3 million to $9.6 million as of December 31, 2014.

Table 21. Employee Leave Liability Report as of 12/31/14

	Comp Time	Sick	Holiday	Vacation	Excessive Sick Leave (ESL)	Total Liability
100% of Current Leave Balance	**$1,832,558**	**$13,421,274**	**$1,255,778**	**$4,924,792**	**$902,195**	**$22,336,595**
Amount Payable Upon Separation	**$1,832,558**	**$1,268,886**	**$1,191,839**	**$4,884,466**	**$451,098**	**$9,628,847**

[1] The Chief of Police and Fire Chief are included in the Police and Fire Management groups respectively.
[2] Fire safety year-end holiday cash outs: hours are removed from employee banks at year-end for payment (currently suspended); therefore, they are not included in the fire safety line item "Holiday Payoff."

As part of the agreements approved or imposed by the Mayor and Common Council in January 2013, new caps were placed on sick leave accruals which had not been previously been in place.

Workforce and Service Reductions

Through layoffs, retirements, and voluntary separations, there has been a significant decrease in the City's workforce (Table 22). Since July 2012, 350 employees have separated from City service. The attrition rate for police and fire safety employees was provided in previous sections of this report as Tables 12 and 14. Most of the reductions, however, have resulted from retirements and voluntary separations as opposed to strategic or business decisions regarding municipal services. The ad-hoc nature of the labor reductions has further eroded the ability of the City to delivery basic services. For example, the City now finds itself without experienced employees in fundamental basic services, especially in finance and other corporate support functions. Without appropriate corporate support functions, departmental service delivery suffers. Moreover, inefficiency and poor results go unaddressed because of the lack of corporate oversight. Going forward the City must become much more intentional about its services and delivery methods.

Table 22. Full-Time Funded Positions

Description	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
General Fund Positions	1,014	925	951	895	730	735	701
Full-Time Funded Positions	1,224	1,179	1,220	1,142	941	963	985

Sources: Adopted City Budgets

Why A Defined Benefit Retirement Program

If the City could be relieved of costs and liability associated with the CalPERS defined benefit pension program, its economics would be improved. While the City is strongly considering contractual services for many services which will reduce its future CalPERS obligations, as other cities have found, it is simply not realistic in the current statewide municipal environment to exit the defined benefit program for the remaining City employees.

In 2012, there were 482 cities and 58 counties in the State of California. Not including 17 cities with less than 7,000 population who were not CalPERS cities and one newly incorporated city, 451 or over 97% contracted with CalPERS to provide a defined benefit plan for their employees and eight or 6.6% either contracted with a 1937 Act County Employee Retirement System or had their own independent defined benefit plan. (Voters in two of the four cities with independent defined benefit plans, San Jose and San Diego, have passed initiatives to modify the defined benefit plans for new employees. In the City of San Jose the modifications affect existing employees, and the City has faced what has been called a crisis in recruiting and retaining police officers.) These mega cities are large enough to deal with the complexity and costs of having an independent retirement system. Cities the size of San Bernardino simply cannot, which is why they do not exist to any degree in the State in cities of San Bernardino's relative size.

In July 2012, cities and towns throughout California (not including counties and special districts) employed approximately 263,000 people while counties employed another 330,900 individuals[1]. From these data, it is estimated that about 267 employees of the 464 cities were employed by cities that do not provide a defined benefit plan. (The number of employees for seventeen cities with populations below 7,000 was not able to be verified at the time of the analysis.) Based on these calculations, approximately 99.9% of municipal employees and 100% of county employees were provided a defined benefit plan in California.

These statistics are sobering because, when filling vacancies, most qualified employees are found in other cities and counties. CalPERS provides for reciprocity which allows for employees to move from local government to local government. If a local government is not a member of CalPERS it will face a huge challenge in recruitment, which theoretically could be overcome only with significant additional salary or bonus compensation. We say theoretically because there is no demonstrated example of a city such as San Bernardino migrating away from CalPERS to another approach. It has never happened.

[1] Source: California Employment Development Department, LMI Division, California Industry Employment and Labor Force

Given this reality, San Bernardino will not be able to recruit or attract employees to deliver the core services which remain without staying in the CalPERS defined benefit retirement system. However, a significant challenge for San Bernardino will be to continue to fund CalPERS retirements. Projected employer contribution rates (exclusive of the statutory employee contributions and any cost sharing) as determined by CalPERS actuaries reflect rates increases from 24.2% (2015-16) to 32.0% (2020-21) for miscellaneous non-safety employees and 38.8% (2015-16) to 49.3% (2020-21) for safety employees. In addition, to better understand the impact of the CalPERS costs, the employee's share must be added to these projected rates.

The biggest challenge for the City will be to reorganize functions, realign service delivery and recruit and retain staff to address the present service insolvency. This will indeed result in less City employees; nonetheless, part of this task will be to determine a competitive employee compensation program that over time will attract and retain competent and committed employees to provide municipal services to the residents of San Bernardino. Toward this end, the City has completed a total compensation survey and is evaluating total compensation compared with benchmark agencies.

Status of Labor Agreements

On July 7, 2014, the Mayor and Common Council approved extensions to the General Unit and Management/Confidential employee agreements that had been approved in January 2013 and the Mid-Management agreement reached in August 2013. All terms negotiated in accordance with the Pendency Plan concessions were continued in these agreements. These agreements will terminate on June 30, 2015 and the City has initiated discussions with all three of the Miscellaneous bargaining groups. The City has met with both police and fire management associations and has reached some interim agreements pending the outcome of negotiations with both safety units. The Mayor and Common Council imposed terms and conditions on the SBCPF unit on October 6, 2014. Finally, on March 17, 2015, Judge Jury granted the City's motion to reject the SBPOA MOU. Notwithstanding the rejection of the MOU, the City and the SBPOA continue to meet with the goal of reaching a settlement.

Recovery Plan: Governance and Service Realignment First

The preceding sections of this report have discussed the myriad problems and issues facing the City. These include the inadequate municipal services the City now provides; the consequent flight of population, investment and income from the City; the peculiar City Charter that underlies the City's challenging operating environment; executive turnover; and the inability to adopt systems and operational paradigms common in most other California cities. San Bernardino has many challenges, and creating a modern and sustainable organization will take fundamental change and time. To survive bankruptcy and grow into a fully functional municipal government, San Bernardino will also require political wherewithal and patience, as well as executive leadership and skill.

This section of the Plan outlines the recovery plan for the City and begins by describing the critical need identified by the Core Team to implement changes to governance and management. In addition, the need for change was also well articulated by various other constituencies in the

strategic planning process that the City just completed. Community stakeholders and City residents clearly do not want more of the same.

Next, the recovery plan addresses the fundamental changes in service delivery the City must undertake. The last several years have witnessed an uncertain trajectory as the City attempted to cope with its insolvency. The City must realign municipal service delivery to be more efficient. Like many other cities when faced with limited resources, San Bernardino needs to consider different ways of doing business. Public employees are expensive and the City needs a more affordable approach. This means contracting for service delivery on a wide scale as do many of the other newer cities in the state, and ceasing to provide some non-essential services altogether.

In tandem with contracting for services, the City must phase in a more competitive compensation program for the employees it intends to retain. It is not sustainable to operate with total compensation lagging the market by between 10%, 20% or even 30%. The recruitment and retention of employees so critical to effective and efficient services delivery will not be successful if this continues.

The City also needs to consider the revenue side of the equation and this section addresses this as well. While San Bernardino receives average to above average revenues, inefficiency has been ingrained into the organization. Consequently the City struggles with keeping revenues current, updating overhead, or generally following industry best practices in managing typical revenue sources. There are also opportunities for modernizing some revenues. Enhanced revenue opportunities cited here will sometimes require voter approval; a difficult proposition in a city as poor as San Bernardino.

Finally this section introduces the City's long-range fiscal plan and the planning and assumptions that go into it. These include baseline assumptions, revenues, expenditure assumptions and the all-important matter of labor cost planning and estimating.

The section concludes with a discussion of how the recovery plan fits together and its impact on creditors. The City simply lacks the ability to do so, while continuing to provide adequate municipal services. In developing the creditor treatment plan, the City must harken back to the principles set forth earlier in this document. The City's duty first and foremost must be to provide adequate public services, a situation made all the more acute when one considers just how poor and in need the population is.

Charter Impact

In March 2007, Management Partners, a local government consulting firm, reported the results of an organization review of the City of San Bernardino and in March 2010 provided a status update to the 2007 organization review. The 2007 report concluded that the current state of operations within the government was not the result of wastefulness but,

> *…rather the natural result of the historical development of a government that has outmoded information systems, inadequate management support and a multitude of convoluted low value processes. Compounded by a serious (and now urgent) fiscal situation, the primary recommendation of the report was that the*

> *government must modernize... and the political and management superstructure needs to be streamlined.*

The Core Team, along with Management Partners, which was retained to assist the City in preparing this plan after Judge Jury imposed the May 30 deadline, determined that virtually nothing has been done to address these issues since the report was issued. The Core Team identified the City's organization and policy structure as one of the foremost obstacle to developing the organization into a unified, well-functional operating team. After review, the Core Team concluded that to accomplish this critical objective will require major changes to the City Charter. This is a difficult process but the Core Team believes it is absolutely necessary for recovery. The Core Team also believes that the consequence of making little or no change in the governance structure will sidestep one of the most important issues to be addressed to allow the City to become a cost-effective, progressive and sustainable government delivering valued services to the community. As previously noted, the Mayor, a strong majority of the Common Council, the City Manager and City Attorney have agreed to and signed an interim resolution outlining the way they intend to work together going forward until a new charger can be approved.

Out of five cities with comparable populations in the state who also operate under a city charter, only San Bernardino does not operate under a council-manager form of government or close equivalent. In fact, it is difficult to define the type of government contemplated in the Charter, as it presents a mish-mash of overlapping and conflicting provisions. Management Partners, the Core Team, and other experts hired by the City are all cognizant that no other city follows this particular approach and the condition and performance of the municipality strongly suggested to them that it is not an effective approach.

The council-manager form of government is the predominant form of government in California, although some cities operate under a strong mayor system. A 2004 City Charter change created the position of city manager; however, it did nothing to create a council-manager form of government or any other recognizable structure. The charter change created the position of city manager, but designated the Mayor as the chief executive officer providing, among other things, general supervision of the police and fire chiefs. The city manager as the chief administrative officer is responsible for all City departments, *except the Mayor, City Attorney, City Clerk, City Treasurer, the Water Department, the Free Public Library and Civil Service.* The Mayor and Common Council can appoint and remove all unclassified City employees except for "deputies, assistants… holding office at the pleasure of an elective officer." Incredibly, the Common Council can also override, amend or revise any decision made informally or formally by the Mayor with a 2/3 vote. Neither the community or the City organization or business understands who is really in charge and can reliably make decisions. This structure is not even remotely comparable to any other found in a California city.

For a true chief executive officer (city manager) of San Bernardino to be able to manage and lead the operations of the City government, mandate and implement efficient and effective services to the community, and be held accountable for such operations by the Mayor and Common Council, s/he needs to have authority to:

- Hire, discipline and terminate all department heads (effectively) and employees (following collective bargaining agreements, state and federal laws, and a merit-based personnel system).
- Direct changes for efficiency and improvement in *all* City departments.
- Recommend to the Mayor and Common Council policy changes and improvements regarding all City operations and implement them with consistency and professionalism across all municipal functions.

By having a position called city manager (which has been the job title used since the 1930s to define the chief administrative officer for professionally managed cities), the residents of San Bernardino should expect professional management.

As stated by International City/County Management Association (ICMA), under the council/manager system, a professional city manager is hired by the governing body to provide the following:

- ***Administration of personnel:*** *Provide direction and leadership to department heads and those that provide direct services to the community.*
- ***Management of public funds****: Ensure the cost-effectiveness of programs, balance budgets, and secure the financial health of the city.*
- ***Implementation of programs and policies:*** *Work with elected officials and community leaders to achieve common goals and objectives for the community.*
- ***Coordination of service delivery:*** *Anticipate future needs, organize work operations, and establish timetables to meet community needs.*

Under the council-manager form of government, the council is the governing body of the city, elected by the public, and the city manager is hired by the council to carry out the policies it establishes. The council generally provides legislative and policy direction while the city manager is responsible for administration and day-to-day operations based on council policy. The mayor and council set city policy, community goals and objectives, make land use decisions, and authorize a municipal budget. The city manager is responsible for managing the affairs of the city, recommending a budget, directing day-to-day operations, hiring and firing personnel, and serving as the council's chief advisor. The city manager serves at the pleasure of the council.

Given the policy of non-intervention in distressed cities or counties by the State of California, the experts hired by the City and the Core Team have strongly recommended that San Bernardino must now move forward to bring its system of governance within generally accepted principles and modern municipal management practices by putting forth a major charter change for consideration by the voters. In the meantime, the City adopted an interim operating agreement, OPGG, to outline how it plans to operate. The City intends to place a new City Charter before the voters and is forming a committee charged with drafting one and placing it on the November 2016 ballot, or earlier if possible. The Core Team and other constituents have indicated that placing Charter reform before the voters should be one of the highest priorities for the City.

A Strategic Plan: What Does Service Solvency Look Like

One criterion for a confirmable Plan is that it must provide reasonable assurance the City can provide adequate services and will not end up back in bankruptcy court in the foreseeable future. In other words, the City must be sustainable. Public service professionals describe this sustainable condition as being cash, budget and service-solvent. The cash and budgetary solvency standards are addressed in the long range financial plan. The service solvency standard is addressed in there as well as the Service Realignment section below. This section provides the results of a strategic planning process held by San Bernardino community members in March, April and early May of this year which resulted in a Preliminary Strategic Plan (Attachment II).

Strategic Plan Process - Overview

The classic strategic plan method used by most successful private and public corporations includes an assessment of the organization(strengths and weakness), a survey of trends and emerging issues (opportunities and threats), and then identifies strategies to manage or mitigate challenges to the vision of that organization. During early bankruptcy status conferences, the creditors commented that the City was not transparent enough and did not adequately engage the public in its Plan development. The result of the work by the community in general and the Core Team in particular these past several months as part of the strategic planning process strongly indicates they are very much understand what's at stake.

Because the City had no dedicated resource to conduct such an effort significant assistance was provided by the San Bernardino City Unified School District (SBCUSD). The planning process included five well-attended community meetings (over 500 participants) to solicit public input about the City. This was an impressive turnout for a strategic planning process and a strong indication of the community's interest in the future of its City.

The SBCUSD also solicited participation through an online survey, of which 459 members of the public provided input to their City leaders. The results of the survey and the facilitated community meetings were reported to a Strategic Planning Core Team (Core Team) composed of 17 community leaders. This group was selected to represent the diversity of the City. It included university presidents (past and current), leaders of faith-based institutions, non-profit organizations, governmental agencies and business groups. The San Bernardino County Chief Executive Officer also attended, which brought insights not only from the perspective of County government, but also as a past city manager in Ontario and Fontana. The San Bernardino City Council participated in the team's activities as observers to ensure the recommendations in the Plan were driven by the community. This Core Team met for two days (March 18 and 19, 2015) and completed a framework for the City's new Strategic Plan, including a vision, core principles, and specific strategic goals.

Figure 13 presents the word cloud of the strategic planning team's vision for the City of San Bernardino. Note the relative importance of safety, business, beautification, jobs and governance.

Figure 13. Strategic Planning Team's Vision for San Bernardino

The framework of the Strategic Plan was discussed by the City's leadership team (city manager and department heads). They developed specific programmatic proposals to achieve the goals identified in the Strategic Plan. The results were then reported to the Core Team on April 24 and the final work product, San Bernardino's Preliminary Strategic Plan 2015, will be considered by the City Council in May 2015, along with this Plan of Adjustment.

There is an allocation included in the long range financial plan to implement components of the City's Strategic Plan. While the funding available is much less than what City leadership believes is necessary the fiscal plan does set aside $1 million beginning in 2015-16 and this amount grows to $3 million five years into the fiscal model, allowing for modest enhancements consistent with San Bernardino's fiscal position, and critical need for updated service levels. Actual programming and funding decisions will be made as part of the City's annual budget process.

The Strategic Planning process also showed that the City budget process could be significantly improved in terms of community participation and leadership. An explanation of how another city with fiscal challenges implemented a very successful Participatory Budgeting project is included as Attachment III.

<u>Strategic Plan Detail - Community Meetings and Survey Results</u>

After provided with the meeting purpose and the agenda, attendees were invited into small groups to answer three questions:

1. What existing assets does the City have?
2. What possibilities do they see for the City's future?
3. What changes would they like to see in achieving that future?

Each group was to prioritize one preference for change. The results of the small groups' work can be found in the Preliminary Strategic Plan, but can generally be grouped into the following three areas of improvement:

- Visibility of the City,
- Public Safety, and
- Pride, Community Ownership and Volunteerism.

The most often-mentioned need (22 small groups) was to improve the visibility of the City by repairing and maintaining the community infrastructure (streets, lighting, parks, trees, walking and biking, visible homelessness). The City has not adequately maintained its infrastructure, and as a result, is accumulating a significant and growing deferred maintenance liability.

The second highest priority identified was public safety (17 small groups) with specific goals of reducing crime, gang graffiti, illegal marijuana dispensaries and increasing community policing activities. Clearly the cuts made to the City's public safety programs to maintain cash solvency were being felt by the community.

The third highest priority was pride, community ownership and volunteerism (12 small groups). Specifically mentioned were creating and administering volunteer programs to clean up and restore blighted neighborhoods and leverage existing community assets to develop pride and ownership in the City. The City has a disproportionate amount of non-owner occupied housing. The remaining priorities can be found in the Preliminary Strategic Plan (see Attachment II).

The results of the community survey (see Appendix H of Attachment II) were disturbing and indicative of San Bernardino's need to dramatically change course to reverse its slide as a viable community, both from a livability and economic viability standpoint. When asked, "How likely would you be to recommend a friend, relative or colleague to move to the City" using a scale of 1 to 10, with 1 being least likely and 10 being most likely, the results were alarming, as indicated in Table 23.

Table 23. Responses to "How likely would you be to recommend a friend, relative or colleague to move to the City of Bernardino?"

Answer Choices	Responses
1 (Least Likely)	127 (31.59%)
2	62 (15.42%)
3	60 (14.93%)
4	33 (8.21%)
5	51 (12.69%)
6	29 (7.21%)
7	20 (4.98%)
8	13 (3.23%)
9	1 (0.25%)
10 (Most Likely)	6 (1.49%)

About 70% responded with 1 to 4 and only 10% responded with a 7 to 10 response. If the vast majority of San Bernardino residents would not recommend moving to the city, this is a major barrier to community image and economic revitalization. Given this result, it is abundantly clear that the City of San Bernardino is not working very well for residents.

Residents were also asked, "If you didn't rate the previous question as an 8 or above, what would have to take place for you to increase your rating to an 8 or above?" Responses are indicated in Table 24.

Table 24. Responses to "If you didn't rate the previous question as an 8 or above, what would have to take place for you to increase your rating to an 8 or above?"

Answer Choices	Responses
A safer community	336 (90%)
Clean streets and neighborhoods	288 (77%)
A vibrant downtown	228 (61%)
Community revitalization	222 (59%)
Neighborhood pride (55%)	206 (55%)
More jobs (53%)	198 (53%)

The priorities and issues derived from the community engagement meetings and the survey produced roughly the same concerns around public safety, community image, housing, and neighborhood condition.

Strategic Plan Detail - Core Team Recommendations

The survey results from the community engagement portion of this project were presented to the Core Team. The Core Team was also presented a PowerPoint presentation from Management

Partners, which was the result of a truncated organizational assessment of the City to facilitate the Plan development in time for the May 30 deadline. The Management Partners' report was intended to address the causes for San Bernardino's slide into bankruptcy and discuss organizational barriers to be addressed to transition into a sustainable service-solvent City coming out of bankruptcy. The report highlighted the City's gradual slide into extreme poverty, low wages, and the creation of a "poverty island" in one of the fastest growing regions in the country. The issues have been well-documented in previous sections of this document.

As a result of discussion around this issue, these community leaders identified that poor governance and inadequate management was a core problem for the City, stemming, in their view, from the highly unusual and cumbersome system set up by the City Charter. Knowing that a true fix to this problem would be time consuming, the unanimous recommendation of the Core Team was to ask the Mayor and Common Council to agree to a document entitled Operating Practices for Good Government (OPGG) that would require them to adhere to a list of good-governance behaviors commonly found in high functioning cities. Recognizing that adoption of the document by the Common Council on April 6, 2015 was an interim solution that may not be adopted by subsequent Mayors and Common Councils, the Core Team also recommended that City pursue outright replacement of the current City Charter.

The remaining recommendations of the Core Team in priority order were:

1. ***Safety and Crime.*** Reduce crime significantly, increase community involvement through empowerment, and improve City appearance and creation of safe zones.
2. ***Housing.*** Strengthen the condition of the overall housing inventory through code enforcement, receivership programs, housing incentives for local government employees and increasing home ownership rates.
3. ***Education and Workforce Development.*** Develop programs and internships to encourage residents to apply for City jobs, pursue additional education, and upon successful completion of the collegiate programs, to stay and live in the City.
4. ***Community Engagement***. Develop and implement a comprehensive program to leverage and engage the San Bernardino citizenry including enlisting community groups to understand and share in the Plan's vision; creating a City culture of community engagement; leveraging resources to clean up the City; showing visible improvements to infrastructure and City gateways, etc.
5. ***Business Development and Partnerships.*** Provide incentives and programs for new business to locate in the City or current businesses to expand, review and streamline City regulations and processes to assist businesses and create new partnerships and tools to revitalize the local economy.
6. ***Public Relations***. Develop programs to highlight the right things about the City, work with local media to produce more positive coverage, increase public engagement, and expand usage of the community access television channel.

The City leadership team (city manager and department heads) took this direction from the Core Team and developed programmatic strategies to achieve the goals in the Preliminary Strategic Plan. The Long Range Financial Plan includes some of these strategies, but it will take some time and continued dedication to a strategic approach, along with continued commitment to developing a

modern and responsive government and management system for this initial effort to be fully operationalized

These initiatives were discussed with the Core Team on April 24 and the results of this discussion are contained in the Preliminary Strategic Plan attached to this document. It will take several years to make significant progress in funding these critically needed improvements but the Strategic Planning process has given the City a roadmap. It is anticipated that further detail on funding of initiatives will be contained in the 2015-16 City budget.

The City of San Bernardino is currently not a sustainable and viable service delivery organization. In order to meet the confirmation standards of service solvency and sustainability long after bankruptcy exit, the City needs to implement and find ways to fund the recommendations found in San Bernardino's Strategic Plan. It is crucial to emphasize that this plan heavily relied on community engagement and input, a standard practice in local government, but also one suggested by creditors in the bankruptcy case, and it was adopted by the Common Council of San Bernardino. These factors make the Strategic Plan a key guiding light in terms of the development of this Plan of Adjustment.

Service Realignment - Contracting Services

The City continues to provide many core service functions to the public using its employees. With the continued escalation of employee retirement costs under CalPERS, the cost of providing services using City staff has increased when compared with costs of providing services through contract services. Due to its decades-long management and operational inefficiencies as well as its current Charter, the City has been unable to cost-effectively manage its operations. Therefore, to reduce its costs of operations on an ongoing basis, San Bernardino must consider alternative service delivery methods.

San Bernardino is currently providing a number of services in house which can be more cost-effective when contracted with other agencies or private entities. Contracting some or all of the services in Table 25 will allow San Bernardino to reduce its costs while continuing to provide equivalent (and likely improved) levels of service to the public. Contracting for service delivery is well established in Southern California, and indeed some jurisdictions, known as contract cities, deliver the vast majority of services by contract. All the services discussed in this section are commonly contracted by cities, and reduce overall expenditures.

The following are services the City should contract to the private sector including cost saving opportunities in the major service areas.

Table 25. Estimated Cost Savings and Efficiency Gains from Contracting Specified City Functions

	Estimated Annual Cost Savings (Ongoing) from Contracting[1]		
Contract Opportunity	**General Fund**	**Non-General Fund**	**Efficiency**
Fire Department[1]	$9,000,000 or more		Significant
Fleet Maintenance[2]	$400,000	$580,000 (Various funds)	Significant
Waste Management		$1,280,000 to $1,780,000 (Integrated Waste Management Fund)	Significant
Street Sweeping			Significant
Right-of-way Clean-up			Moderate
Graffiti Abatement	$132,600		Moderate
Traffic Signal Maintenance		$118,000 (Gas Tax Fund)	Moderate
Street Maintenance (Pothole repair and Capital Projects)		$150,000 to $300,000	Significant
Custodial Maintenance	$150,000		Moderate
Soccer Complex Management/ Maintenance	$240,000 to $320,000		Moderate

[1]In 2012, the City of Santa Ana contracted with Orange County Fire Authority (OCFA) for fire protection services. The City obtained savings of 18%-21% ($8.7-10 million) of the Fire Department's annual budget. This preliminary estimate for San Bernardino incorporates the estimated cost savings from contracting fire and EMS service delivery to an outside agency and implementing a variety of service efficiencies identified in the Citygate Study.
[2]Estimated cost savings do not include savings from avoiding fleet replacement costs, the costs of fleet maintenance and part-time staffing costs.
[3] Excludes Water Department fleet

Fire Department - According to the City's FY 2014-15 adopted budget, the Fire Department is projected to cost $31.5 million or 24% of the City's General Fund. A $2 million adjustment was required at mid-year for additional overtime expenditures. Fire expenditures per capita are higher than the average of peer cities ($141 per capita compared to a peer average of $134) as is the number of fire department personnel (0.74 per capita compared to the peer average of 0.58). This is due to fire station configurations, the service delivery method for high medical call volumes, and deployment choices. Many cities contract for fire protection and EMS services. In fact, several cities of the same general size as San Bernardino save money as a result of this service delivery approach. These contracts are commonly with regional fire service providers such as the San Bernardino County Fire Department, which serves a number of cities in San Bernardino County or the California Department of Forestry and Fire Protection (CalFire), which serves 150 jurisdictions in the State including several in San Bernardino and Riverside Counties. Typically these contract approaches can be significantly less expensive as a result of economies of scale and in the case of CalFire an alternative scheduling approach.

The City has issued a Request for Proposal (RFP) for fire services and is expecting proposals on May 20, 2015. The City has invited both the County and CalFire to respond, as well as neighboring cities and private service providers.

In addition, the status of the fire fleet is poor and the Fire Department budget does not include funding to adequately address the costs of maintaining or replacing its fleet.

Fleet Maintenance - The City has been financially unable to replace its vehicles and equipment in accordance with industry standards or provide an effective fleet maintenance operation. About 479 units, representing 56% of the City's total fleet, are currently due or past due for replacement at an estimated cost of more than $41 million. The aging fleet has resulted in a significant burden on the understaffed fleet maintenance employees who must contend with an aging fleet and an inefficient fleet operation. (The division has been without the leadership of a qualified fleet manager for several years). Deferred fleet maintenance also puts the City at risk for compliance with state-mandated equipment and vehicle inspections.

Waste Management - San Bernardino has a separate enterprise fund (non-General Fund) designated for solid waste and recycling services. The fund also supports two related services, street sweeping and clean-up of the City's rights of way. Most municipalities in California contract with the private sector for solid waste and recycling. With state recycling requirements that have been in place for over 15 years, refuse haulers have gradually expanded their businesses to include materials sorting, recycling, public education, and in some cases, street sweeping and other related services, working in partnership with individual cities and counties.

There are several large waste companies in the San Bernardino area that could provide the same services now provided by the City. These companies currently provide services to San Bernardino's neighboring cities. One waste company owns and operates a materials recovery operation (a plant for receiving, sorting and preparing recyclable materials for marketing to end users) located in the City. In addition, the more sophisticated companies use specialized routing systems to reduce travel times and produce and closely monitor work measurements based on their experience. Given the expertise developed in multiple jurisdictions and by these waste companies, and the economies of scale that larger operations can provide, it is likely that contracting these services to a private company will result in lower costs to provide the service and increased franchise fees to the General Fund.

Soccer Complex - The City has an opportunity to contract the maintenance, marketing and operations of its Soccer Complex to an organization that may provide better marketing of the facility and a higher level of service to the public. To provide an incentive for the potential providers, the City may need to fund improvements to the existing fields and participate in marketing efforts.

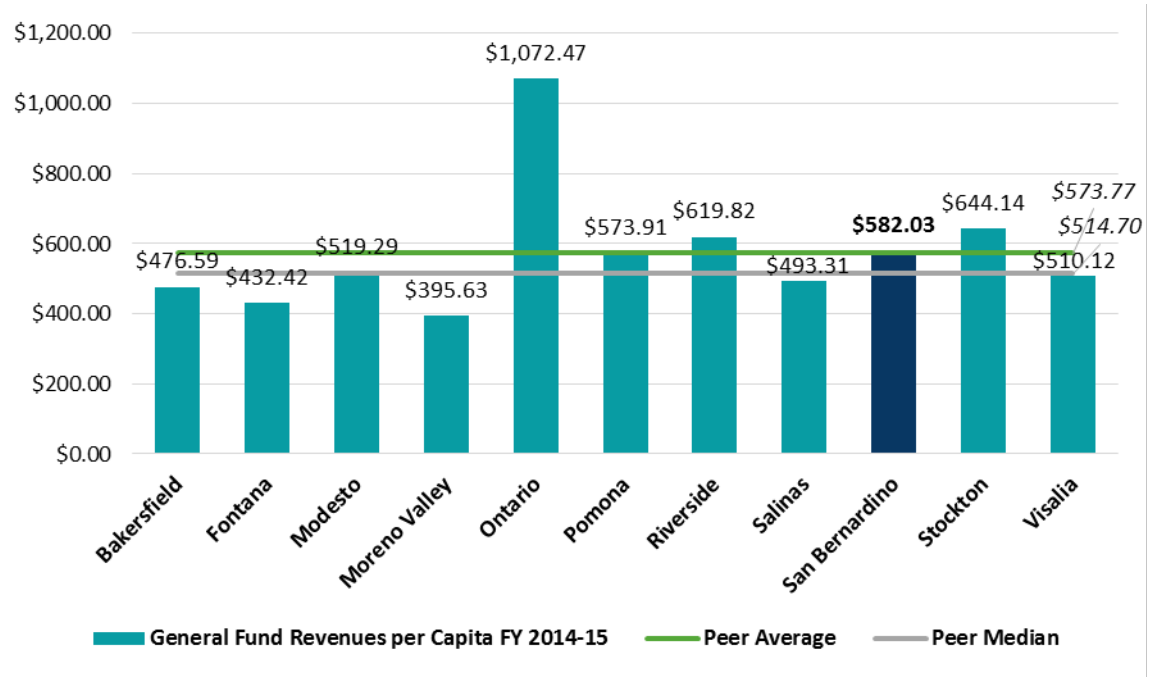
Other Services - While the scope of savings may not be as great, there are many other areas where the City may derive efficiencies from a contract approach. Some areas where known savings have been identified include custodial maintenance, graffiti abatement, right-of-way cleanup and traffic

signal maintenance. Areas where savings have yet to be identified but might offer benefit include engineering, inspection, code enforcement and attorney services.

New or Enhanced Revenue Opportunities

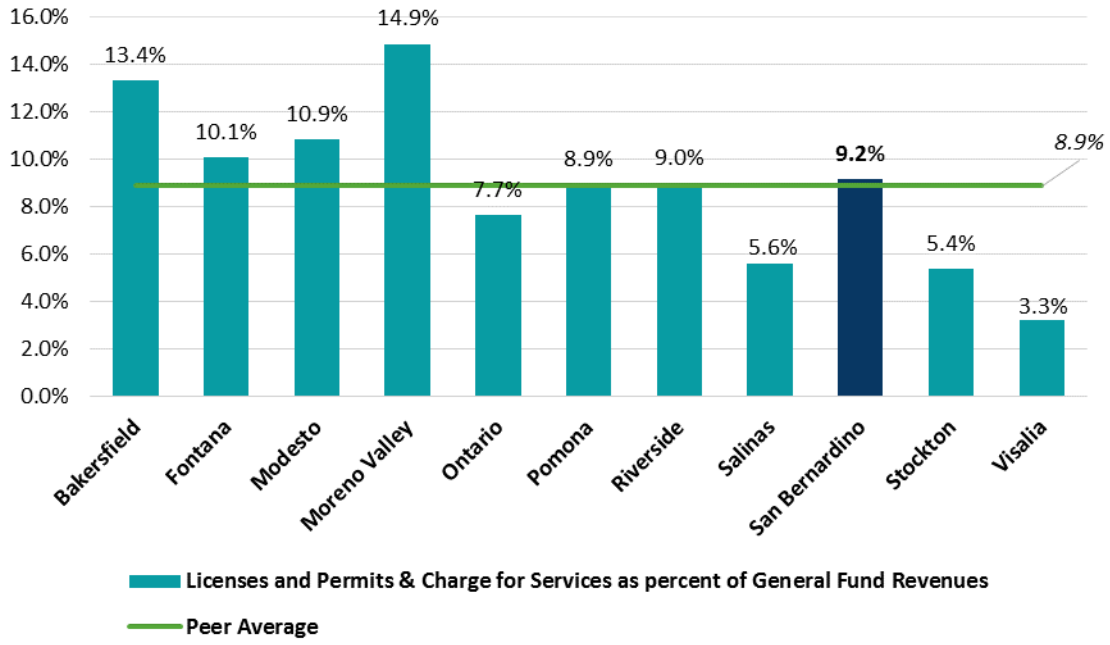
As demonstrated in Figures 14 and 15, the City is about average in terms of revenues per capita and cost recovery for services provided.

Figure 14. General Fund Revenues per Capita in FY 2014-15



Sources: Adopted City Budgets; California Department of Finance, 2014
Note: Moreno Valley has a business gross receipts tax.

Figure 15. Licenses and Permits & Charge for Services as Percentage of General Fund Revenues



Sources: Most Recent CAFRs and City Budgets
Note: All figures are from FY 2014 CAFRs except San Bernardino (FY 2012) and Visalia (FY 2013).
Figures exclude business license revenues.

While there are opportunities for the City to improve revenues from existing sources and generate revenue from new sources as shown in Table 26, there is not significant margin for gain. This is due primarily to a poor residential community unlikely to vote for tax or fee increases. While the opportunities should be pursued for the City to be sustainable for the long term, implementing them will require some time. Some changes will require voter approval; others are fees or enhanced revenues that the City could realize with updated fee schedules, better collection, and resource management. The latter, however, will require fundamental governance and management changes as well as technology improvements before developing a plan to pursue them.

Table 26. Revenue Generation Opportunities

	Current Rate or Fee Amount	Current Yield	Revenue Generation Opportunity	Estimated Annual Yield
Taxes				
Utility User Tax (UUT)	7.75% *(includes telephone, cable, electric and gas)*	$22,800,000	1% tax increase, *Requires voter approval*	Up to $3,000,000
			Apply existing rate to water, sewer and refuse collection; a lower revenue amount could be derived while lowering the overall percentage rate	$6,900,000

	Current Rate or Fee Amount	Current Yield	Revenue Generation Opportunity	Estimated Annual Yield
Transient Occupancy Tax (TOT)	10%	$2,600,000	Conduct audit of revenues received	$200,000
Real Property Transfer Tax	$1.10 for each $1,000 of value (County tax; City receives only $0.55)	$400,000	Adjust tax to $5 per $1,000 of value; higher rates are commonly observed among California Charter cities but raising existing rate may be problematic *Requires voter approval, if determined to be legally possible.*	$3,600,000
Fees				
Business License Fee	Average per capita receipts at $32	$6,700,000	Revise fee structure to be employee- based at $39 per capita[1] *Requires voter approval*	$1,500,000
911 Communication Fee	None	None	$1.69 per month per phone (household and businesses) *Requires voter approval*	$3,878,000
Paramedic Subscription Fee	$24 per year (subscribers) $200 per call (non-subscribers)	$6,000 from subscribers; $306,000 from non-subscribers	Increase subscriber fee to $48 per year; market program with goal of 50% of all households as subscribers	$690,000
Emergency Response Fees	Varies	Unavailable	Some cities charge for emergency response fees in cases of automobile accidents or similar responses. Typically limited to non-structure fire responses. Strongly opposed by insurance industry	Up to $100,000
Master Fees and Charges Schedule	Varies	Unavailable	Review and adjust all City fees to institute full cost recovery for applicable services[2]	$200,000 to $500,000
Waste Management Franchise Fee	8.9%	$2,200,000	Require one-time payment from private contractor for franchise. Increase annual franchise fee to 20%.	$2,800,000 per year and $5,000,000 one-time
Water/Sewer Utilities Franchise Fee	Varies	Varies	Update agreement with Utilities for payment of franchise fees	$1,050,000 to $3,550,000 per year
Electricity Franchise Fee	0.05%	$922,500	The City has an old franchise agreement with Southern California Edison (SCE) which provides .5% in franchise fee to the City. Newer cities have a 1% franchise fee.[3] *May require voter approval*	$922,500

	Current Rate or Fee Amount	Current Yield	Revenue Generation Opportunity	Estimated Annual Yield
Other				
Business License Administration	Not applicable	None	Contract business license administration[4]	$650,000 to $900,000 (in each of first five years)
Street Sweeping Parking Violations	None	None	Implement parking violations for street sweeping (once or twice per month)	$200,000 to $400,000
Sale of former redevelopment agency property	Not applicable		City proceeds of residual property sales revenues	$3,900,000 over a 10-year period

[1] San Jose generates $44 per capita utilizing a business license structure based on number of employees. Because San Bernardino has fewer businesses and employees, it is estimated that the City would generate revenues of $39 per capita by similarly revising its schedule.
[2] The Common Council implemented a practice that reduces building permit fees by 50 percent. Fee collected do not cover the costs of providing the service.
[3] SCE has been unwilling to change its older franchises and implementation of this would be difficult. Options include increasing the City's franchise fees by adding .5% to customer bills or requesting the California legislature to sponsor a change in legislation to level franchise among cities.
[4] Using a formula from a potential contractor, projected revenue represents a combination of cost savings in City staff and increase revenues.

It should be noted that there may be other items added to this list as legislative authorization evolves. One such item of potential significance would be Ground Emergency Medical Transport (GEMT) fee revenues. Legislation that would have provided some potential revenue to cities like San Bernardino, that provide emergency paramedic response in advance of ambulance arrival, was passed in 2013-14 but vetoed by Governor Brown. Another similar piece of legislation (SB534) is currently pending in Sacramento. Importantly revenue would flow to public agencies that provide ground transport of Medi-Cal eligible emergency patients something that San Bernardino typically does not do. (The county franchised ambulance provider provides such transport, but there may be revenue sharing potential. At this time, however, to count on such revenues would be speculative.

Efficiency Improvements

The City has struggled for at least the last two decades with governance issues and management systems codified in the City Charter. As has already been observed, this has led to a generally low level of City services and a pronounced lack of satisfaction from residents as validated in the Strategic Planning process. This fact coupled with the fact that San Bernardino does obtain an average level of revenues suggests that service delivery efficiency is an issue.

In a 2008 report, Management Partners identified a number of efficiency improvements that have yet to be implemented and others have been identified as part of the current high-level organization

assessment. Table 27 summarizes a number of examples of opportunities which the City will pursue as part of the Plan's implementation. Undoubtedly there are many more opportunities than just those noted here. The key to further definition and implementation will be a commitment to modernizing the organization.

Table 27. Examples of Efficiency Improvements

Efficiency Improvements	Ongoing (Annual) Savings
Corporate Support Services	
Establish a centralized bad debt collections operation (by contract)	$75,000[1]
Update the cost allocation plan every two years	$200,000
Consolidate the duties, responsibilities and resources (including funding and staff) of the Civil Service Administration and Human Resources Department into a single Human Resources Department	$130,000
Direct Services	
Implement a light-duty program for City firefighters (if the City continues to provide fire service)	$75,000 to $200,000
Conduct Proposition 218 elections to increase assessment district fees to recover actual costs	$150,000 (General Fund and other funds)
Open a consolidated City impound yard	$200,000 to $500,000
Charter-Related	
Amend the City Charter to allow the municipal election cycle to consolidate with state and other elections, a practice followed in most California cities, and one found to increase voter turnout and reduce costs per voter	$270,000
Amend City Charter to authorize design-build contracting.	$500,000 to $1,000,000 (General Fund and other funds)
Total	**$1,600,000 to $2,525,000**

[1]Establishing a centralized bad debt collections operation would also generate approximately $100,000 in one-time revenue.

The Plan of Adjustment assumes that some efficiency measure will be identified and implemented each year.

Financial Forecast Underlying the Plan

This section provides financial context and discusses the constraints facing the City of San Bernardino and how the City proposes to address them over time. The City has developed a financial model based on current and historical data to understand its financial and service delivery constraints. This, in turn, provides the platform for the 20-year Long-Range Financial Plan for the General Fund.

Forecast Assumptions

The financial portion of the Plan includes the following sections:

Baseline Budget – Revenue projections are based on current revenue sources. Expenditure projections are based on the current FY 2014-15 budget level of staffing, including future salary adjustments pursuant to the City's Charter for sworn public safety staff and cost-of-living increases for non-sworn staff to remain competitive, and projected pension rate changes. These costs are inclusive of the labor agreements negotiated during the City's Bankruptcy Case as well as the rejection of the San Bernardino Police Officers Association and San Bernardino City Firefighters Association Memorandums of Understanding which have since been approved by the court and implementation of new terms and conditions of employment. Services, supplies and program support assume inflationary growth. Debt service is based on original amortization schedules and projected contributions. The baseline budget is the status quo and the starting point, but it is neither viable, as it is not service-solvent nor sustainable, because it is cash insolvent. Sustainability is addressed in the following two sections.

Fiscal and Service Stabilization – This section contains strategic investments added to the status quo baseline budget, including funding for working capital and modest increased contributions to deferred maintenance, deferred information systems and fleet replacement, and restoration of internal service fund reserves (workers' compensation and liability insurance reserves). Because the City has not funded information systems and fleet replacement in several years, many of these systems and vehicles are well beyond their useful life, requiring an aggressive replacement schedule. Their continued deferral poses risks to service delivery. Additionally, the City must address its approximately $200 million backlog of infrastructure maintenance to be economically healthy. While the fiscal stabilization budget does not meet all of the City's needs, it does set the City up to adequately provide basic municipal services. For this reason, the fiscal stabilization budget is service-solvent. Nevertheless, the fiscal stabilization budget, absent restructuring savings, remains unsustainable from a budgetary and cash standpoint due to the higher level of spending. This section also allocates funding to implement programmatic strategies the Core Team recommended to the City through the strategic planning workshops. Specifically, this section makes available funding for crime reduction strategies, improved housing inventory, workforce development, community engagement, economic and business development and public relations, starting in FY 2020-21.

Restructuring Savings – This section includes proposed savings that require Chapter 9 protection to be implemented for pension and labor agreements, retiree medical benefits, debt obligations, and lawsuit claimants. This prudent approach is necessary to resolve the City's insolvency issues. This section also includes proposed service restructuring accomplished through contracting with private vendors along with additional efficiencies, cost recovery and income from increased fees for services. With all of these savings and new revenues, the City realizes a balanced budget that is solvent from a service perspective.

Tables 28 and 29 summarize these elements of the General Fund budget and show the resulting net surplus or shortfall projected to remain after each element over the next 20 years. The entire long-range forecast is shown in Attachment IV. The modeling assumptions, which are detailed in the discussion of revenues and expenditures later in this document, have to be realistic, given the long-term nature of City obligations, and the pressure to restore City services and pay creditors.

Given the forecast period of 20 years, the estimates are inherently subject to significant variability. Even a small change in assumptions can have a major impact over this period. However, revenues are likely to fall within the range of plus or minus 0.5% of the forecasted annual growth rate. This potential variance compounds annually, and thus over time the potential range of revenue widens. However, as Figure 16 shows, even the optimistic end of this revenue range is well short of the resources needed to meet the projected expenditure levels, and it would be imprudent to count on optimistic revenue estimates to try to balance this financial plan. The forecast is considered the most likely outcome, but is still subject to risks based on the assumptions made.

Figure 16. Long-Range Financial Plan With Restructuring Savings (FY 2014-15 to FY 2023-24)

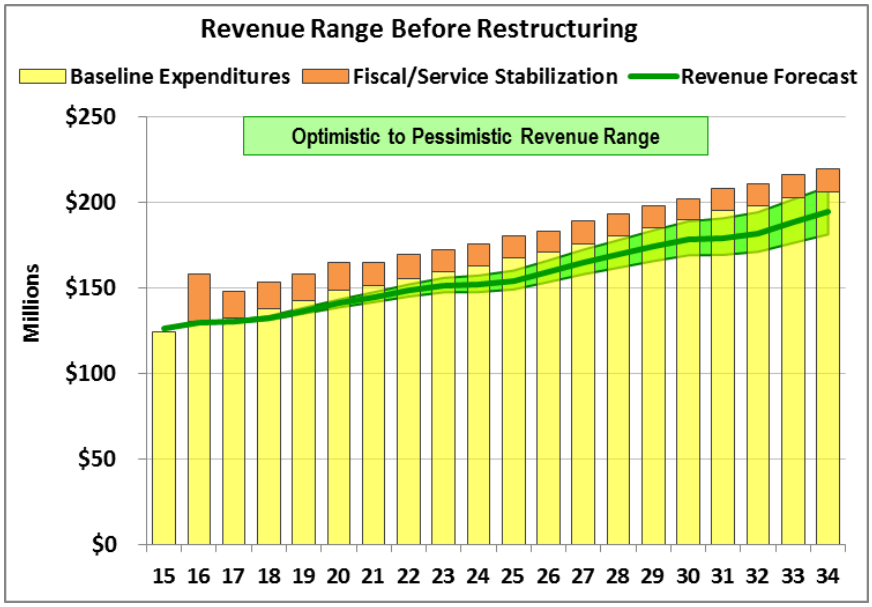


Table 28. Long-Range Financial Plan With Restructuring Savings (FY 2014-15 to FY 2023-24)

($ in millions)	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
Total Revenue	$126.3	$129.9	$130.3	$132.3	$136.6	$140.8	$144.5	$146.3	$143.2	$143.7
Total Expenditures	124.0	130.2	132.2	137.4	142.5	148.7	151.3	155.3	159.4	162.8
Net Surplus (Deficit)	2.3	(0.3)	(1.9)	(5.1)	(5.9)	(7.8)	(6.8)	(9.1)	(16.2)	(19.1)
Deferred Obligations	0.0	14.7	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.0
Fiscal & Service Stabilization	0.0	13.0	15.6	15.1	15.3	15.7	13.4	14.0	12.6	12.8
Adjusted Surplus (Deficit)	2.3	(28.0)	(17.8)	(20.6)	(21.6)	(24.0)	(20.2)	(23.1)	(28.8)	(31.8)
Restructuring Savings	0.0	31.2	20.6	21.7	21.7	21.7	22.2	24.8	31.4	31.7
Net After Restructuring	2.3	3.2	2.7	1.1	0.1	(2.3)	2.0	1.7	2.7	(0.2)
Beginning Fund Balance	9.4	11.7	14.9	17.6	18.7	18.8	16.5	18.5	20.2	22.9
Ending Fund Balance	11.7	14.9	17.6	18.7	18.8	16.5	18.5	20.2	22.9	22.7
Bal as % of Total Adj Expend	9.4%	11.8%	13.8%	14.2%	13.8%	11.5%	13.0%	13.8%	15.4%	14.9%
Balance Goal (15% of Total Exp)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%

Table 29. Long-Range Financial Plan With Restructuring Savings (FY 2024-25 to FY 2033-34)

($ in millions)	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34
Total Revenue	$145.6	$150.5	$155.6	$160.0	$164.4	$168.4	$169.1	$171.4	$177.3	$183.2
Total Expenditures	167.1	171.1	175.7	180.3	185.1	190.0	195.1	197.6	202.9	206.2
Net Surplus (Deficit)	(21.5)	(20.6)	(20.1)	(20.3)	(20.6)	(21.6)	(26.0)	(26.2)	(25.6)	(23.1)
Deferred Obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fiscal & Service Stabilization	12.9	11.9	13.3	13.0	13.0	12.2	13.0	13.0	13.1	13.3
Adjusted Surplus (Deficit)	(34.4)	(32.5)	(33.3)	(33.3)	(33.7)	(33.8)	(39.0)	(39.1)	(38.7)	(36.3)
Restructuring Savings	32.8	33.3	34.3	35.1	36.0	36.9	37.3	38.3	39.4	40.6
Net After Restructuring	(1.5)	0.8	0.9	1.8	2.3	3.0	(1.7)	(0.8)	0.7	4.3
Beginning Fund Balance	22.7	21.2	22.0	22.9	24.6	26.9	29.9	28.2	27.4	28.1
Ending Fund Balance	21.2	22.0	22.9	24.6	26.9	29.9	28.2	27.4	28.1	32.4
Bal as % of Total Adj Expend	13.6%	13.9%	14.0%	14.7%	15.7%	17.1%	15.6%	15.0%	15.0%	17.0%
Balance Goal (15% of Total Exp)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%

The City will need to be carefully managed to make sure the General Fund balance maintains a prudent level of reserves over time. To weather the impacts created by near-term increases in CalPERS rates and to address much-needed deferred maintenance and equipment replacement, the City will have to exercise disciplined expenditure control through priority-based budgeting.

Figure 17 compares the fund balance after restructuring to the City's reserve goal of 15% of total expenditures. Small changes to base revenues, compounded over time, can significantly improve or worsen the fund balance outlook and capacity to address unmet needs. For example, Figure 18 compares what the fund balance would look like after the proposed restructuring if the City's annual revenue growth rate was consistently 0.5% better or 0.5% worse than projected under the baseline budget.

Figure 17. General Fund Balance Compared to Reserve Goal

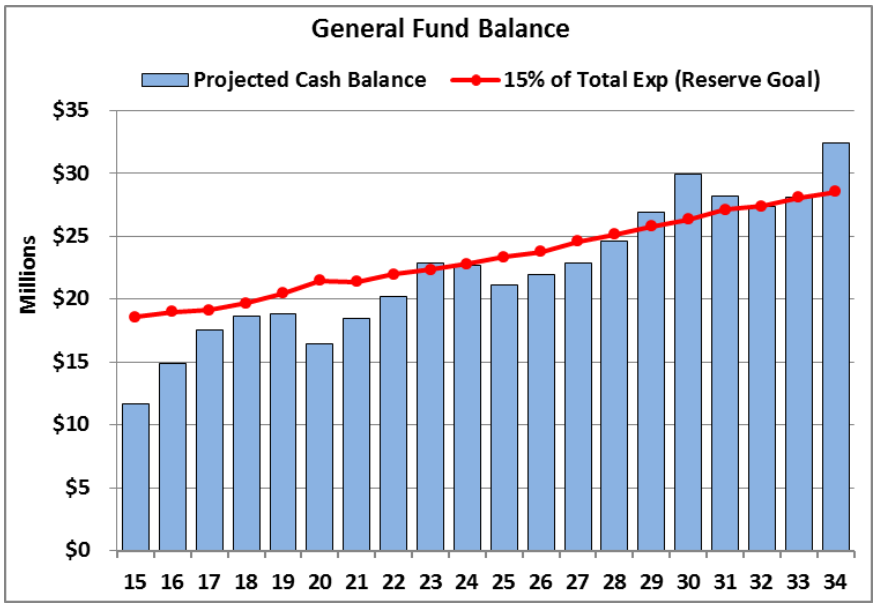
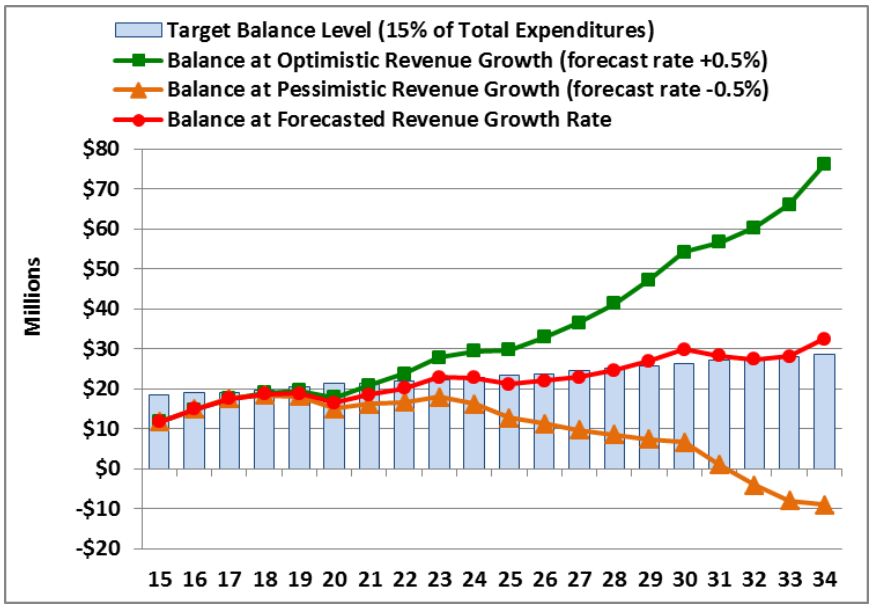


Figure 18. General Fund Balance Under Alternate Revenue Growth Scenarios, After Proposed Restructuring



Baseline Assumptions

The Long-Range Financial Plan is based on the City's FY 2014-15 budget. Revenue projections are based on prior year trends and current revenue sources, using estimates from the City's property and sales tax auditor. Expenditure projections are based on current budget staffing levels. Projections include a 2% annual cost-of-living increase for non-sworn employees and a 3% annual increase for sworn. Overtime for sworn is also increased at 3%. All other costs are increased at 2% to 3%, including inflationary increases for materials, supplies, and contract services. Pension costs are predicated on an analysis of employer rates by an independent actuary. Budgeted expenditures for debt service and lease payments are based on original amortization schedules and projected contributions from other funds.

With the budgeted increases in salaries, benefits, operating expenditures, and near-term bankruptcy costs, the city is cash insolvent. The baseline budget forecast does not include significant costs for deferred capital maintenance, fleet needs, and working capital. The following summary provides the key revenue and expenditure assumptions on which the forecast is based.

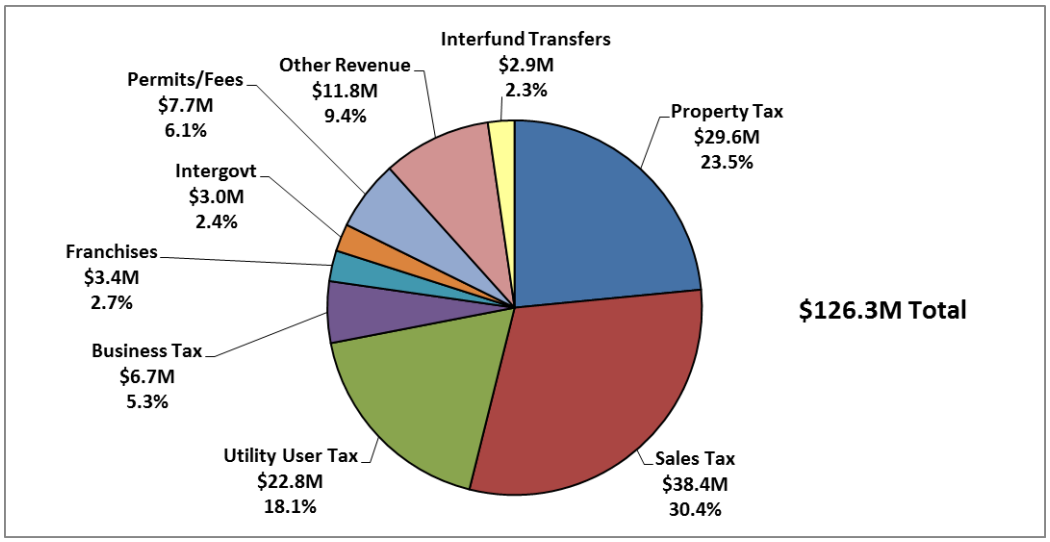
Assumptions were developed with an understanding of California's cyclical economy. Therefore the revenue estimates represent a good-faith estimate of the resources most likely to be available to the City over time. While small changes in the assumptions can have a significant impact over the course of a 20-year forecast, we believe this approach is prudent and appropriate given the City's desire to meet its service needs while addressing the interests of its creditors.

Major Revenue Sources

Figure 19 shows the distribution of a projected $126.3 million in General Fund revenues for FY 2014-15. The top three sources alone, property tax, sales tax (including Measure Z) and the utility user's tax, comprise 72% of total revenues. With a forecast extending 20 years, it is important to

include economic downturns. Since 1928 on average there has been an official recession approximately every seven years, so this forecast builds in assumed modest recessions in 2017 and 2024 (2% to 5% reductions from forecasted rates of growth, followed by a recovery period of two to four years, with property tax impacts lagging by one year due to the annual lien date for setting value).

Figure 19. FY 2014-15 General Fund Revenues by Type



Property Tax

The property tax revenue base reflects varying uses of land in the City. Typical of a large, older community, the City is fairly balanced with 52% of taxable value residential, 19% commercial, and 15% industrial. Despite the diversity in property tax value, 80% of the City's taxable parcels are residential, which points out the relatively low assessed value of the City's housing stock when compared with commercial and industrial uses. The high ratio of residential parcels is a measure of service demand and an indication that a sustainable and resilient revenue base is vital to support essential City services.

Property tax comprises 23.5% of total FY 2014-15 General Fund revenues, and includes property tax in lieu of vehicle license fees (VLF). With the improving economy, property values have begun to recover over the past year, but not at the recovery levels of other regions in California. San Bernardino's property tax revenue collections peaked at approximately $30.2 million in FY 2008-09, and then fell sharply for the next two fiscal years. As the FY 2014-15 budget forecasts continued slow recovery in this large revenue source, the projected $29.6 million is still, six years later, approximately 2% below the peak revenue level. Once the Proposition 8 reappraisals are completed, there will be no more "catch-up" valuation increases, and value growth will be limited to the Proposition 13 inflator (the lesser of California Consumer Price Index or 2%), along with ownership transfers and new construction.

Going forward, the forecast assumes secured property tax growth of 5.5% for FY 2015-16, 2.8% in FY 2016-17, and -2.2% in FY 2017-18, when the impact of a 2017 recession would first be reflected in revenues. The compound annual growth rate (CAGR) through FY 2033-34 is projected at 3.1% for secured roll taxes, and 3.5% for all property taxes, including the VLF adjustment amounts and residual tax increment. The latter represents anticipated distributions of residual tax revenues resulting from the State of California's collection of revenues previously assigned to redevelopment agencies. After transferring funds to agencies to meet ongoing dissolution costs, monies are redistributed to successor agencies.

Table 30. Property Tax Revenue Forecast

($ in millions)	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
Secured Tax Revenue	$9.6	$10.1	$10.4	$10.1	$10.5	$11.0	$11.5	$12.0	$12.4	$12.8
Growth Rate		5.5%	2.8%	-2.2%	3.9%	4.0%	4.6%	4.6%	3.1%	3.2%
Total Revenue incl VLFAA	$29.6	$32.0	$33.0	$32.4	$33.8	$35.2	$36.9	$38.7	$40.0	$41.3
Growth Rate		8.0%	3.1%	-1.8%	4.2%	4.3%	4.8%	4.8%	3.4%	3.4%
	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Secured Tax Revenue	$12.5	$13.1	$13.7	$14.4	$15.1	$15.6	$16.1	$15.8	$16.5	$17.2
Growth Rate	-1.8%	4.2%	5.2%	4.7%	4.8%	3.3%	3.3%	-1.7%	4.4%	4.4%
Total Revenue incl VLFAA	$40.7	$42.5	$44.8	$47.0	$49.3	$51.0	$52.8	$52.0	$54.4	$56.9
Growth Rate	-1.6%	4.4%	5.4%	4.9%	5.0%	3.5%	3.5%	-1.5%	4.5%	4.5%

Sales Tax

Sales tax is another important revenue stream for San Bernardino and is projected to account for 30.4% of General Fund revenues in FY 2014-15. Sales tax includes the 0.75% local tax rate, 0.25% "triple flip" tax rate paid by the state through the annual property tax remittance from the county (which reverts to the City in 2016), Proposition 172 public safety sales tax allocation, and Measure Z's 0.25% safety sales tax. The total sales tax rate in San Bernardino is 8.25%, which is at the 55th percentile of rates statewide (weighted for population, the statewide rate among cities is 8.46%).

Like property taxes, sales tax receipts have declined significantly due to the general economic downturn. They are also subject to increased spending on non-taxable services and via the internet, which will slow the rate of revenue growth in future years. Taxable sales as a percent of personal income have dropped from a high of 53% in 1979 to 33% in 2012, according to the California Legislative Analyst, a trend exacerbated by an aging population. California's taxable sales today, adjusted for inflation, are 28% lower than in 2000. Census figures also show that 2013 California real median household income, adjusted for inflation, has fallen 10% from its 2006 peak, which is nearly back to its 1997 level.

Excluding Measure Z and Proposition 172, sales tax revenues peaked in FY 2005-06 at $36.7 million, but plummeted in FY 2009-10 to $20.4 million. At $30.5 million in FY 2014-15, this portion of the overall sales tax is still 17% below peak year revenue. The estimates for FY 2014-15 were supplied by HdL Companies, the City's sales tax consultant. The forecast assumes overall sales tax growth of 1.8% for FY 2015-16, a decline of 0.8% in FY 2016-17 due to the assumed recession with recovery in the ensuing three years. The CAGR through FY 2033-34 for the local

1% tax would be 3.0%. Revenues, however, will be negatively impacted by the expiration of the Measure Z sales tax late in FY 2021-22. Unless, extended, this will reduce annual sales tax revenues by approximately $8.6 million (based on the last full year).

Table 31. Sales Tax Revenue Forecast

($ in millions)	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
Bradley-Burns Revenue (1%)	$31.5	$32.1	$31.9	$33.4	$35.1	$36.9	$38.1	$39.3	$40.6	$39.8
Measure Z Revenue (0.25%)	$6.9	$7.0	$6.9	$7.2	$7.5	$7.8	$8.1	$6.2	$0.0	$0.0
Total Revenue	$38.4	$39.1	$38.8	$40.6	$42.6	$44.7	$46.2	$45.5	$40.6	$39.8
Growth Rate		1.8%	-0.8%	4.6%	5.0%	5.0%	3.2%	-1.3%	-10.9%	-1.8%
	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34
Bradley-Burns Revenue (1%)	$41.5	$43.5	$45.6	$47.0	$48.4	$49.8	$48.8	$50.7	$53.1	$55.5
Measure Z Revenue (0.25%)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Revenue	$41.5	$43.5	$45.6	$47.0	$48.4	$49.8	$48.8	$50.7	$53.1	$55.5
Growth Rate	4.1%	4.9%	4.8%	3.0%	3.0%	3.0%	-2.0%	3.9%	4.6%	4.6%

Utility Users Tax (UUT)

The UUT is a 7.75% tax on gas, electric, telecommunications, and cable TV. This rate compares to a statewide average of 5.3% for the 30% of cities that impose a UUT. The UUT is the third largest revenue source in the General Fund (18.1% of the total), and is projected to raise $22.8 million in FY 2014-15, which is 9.2% below peak year revenue of $25.1 million in FY 2006-07. This reduction is due to several issues, including the City's exposure to foreclosures, which were 3.5 times above the national average; changing technology trends that are reducing taxes on cable and telecommunications; and energy conservation efforts that affect the tax revenue from gas and electric customers. Assuming an improvement in foreclosures and a slowly recovering economy, forecasted revenue growth is 4.5% in FY 2015-16, with a 2.0% decline in FY 2016-17, exacerbated by the projected recession. The CAGR through FY 2033-34 for the UUT is projected to be 0.6%. This rather anemic growth rate is attributable to the technology and conservation trends noted above, which is being assumed by firms that do UUT forecasting. (The San Bernardino UUT does not include water, sewer or refuse, although 56% of cities with UUTs statewide do tax one or more of these activities. Including these utilities would allow the City to set the rate lower than at present, but still high enough to net millions in additional revenue to the City. Such action would require voter approval.)

Table 32. Utility Users Tax Revenue Forecast

($ in millions)	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
Utility Users Tax Revenue	$22.8	$23.9	$23.4	$23.6	$23.9	$23.9	$24.0	$24.1	$24.1	$23.8
Growth Rate		4.5%	-2.0%	1.0%	1.0%	0.2%	0.2%	0.3%	0.4%	-1.6%
	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34
Utility Users Tax Revenue	$24.1	$24.4	$24.5	$24.7	$24.9	$25.0	$24.7	$25.1	$25.5	$25.8
Growth Rate	1.4%	1.4%	0.5%	0.6%	0.6%	0.7%	-1.3%	1.7%	1.7%	0.8%

Other Revenue Sources

The remaining General Fund revenue is comprised of the following sources.

- ***Transfers In and Reimbursements*** – These revenues account for funds received by the General Fund from other City funds through a combination of means including operating and capital fund overhead charges, transfers, and reimbursements for services rendered. The revenues in this category can vary significantly each year and are influenced by the following: changes in staffing costs, staffing levels, and the relative proportion of services delivered to other funds; the availability of funding in other funds that are appropriate to transfer to the General Fund; and the performance of gas tax revenues, which are transferred to the General Fund to reimburse the City for eligible expenditures. Growth in these revenues growth is projected to remain flat over the projection horizon.
- ***Business Registration, Licenses and Permit Revenues*** – These revenues are generated from payments for the issuance of business licenses, building permits, fire permits, and miscellaneous health and safety-related licenses and permits. Forecasted annual revenue growth of 2% reflects changes in the overall economy and expected slow growth in coming years given local economic conditions.
- ***Other Revenues*** – These revenues include Fines, Forfeitures, and Penalties; Transient Occupancy Tax; Other Revenue; and Use of Money and Property. While some of these revenue sources are highly dependent upon market performance, such as the Transient Occupancy Tax and interest earnings, economic conditions do not drive the majority of these revenues.

Table 33. Other Revenue Forecast

($ in millions)	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
Other Revenue	$35.4	$34.9	$35.1	$35.7	$36.4	$36.9	$37.4	$38.0	$38.5	$38.8
Growth Rate		-1.4%	0.6%	1.7%	1.8%	1.5%	1.3%	1.5%	1.3%	0.7%
	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34
Other Revenue	$39.4	$40.1	$40.7	$41.3	$41.9	$42.5	$42.8	$43.5	$44.3	$45.0
Growth Rate	1.7%	1.8%	1.4%	1.5%	1.4%	1.5%	0.6%	1.8%	1.7%	1.6%

Revenue Gap

Similar to other municipalities in California, the Great Recession had a significant effect on the City's ability to balance revenues against expenditures. Prior to the recession, the City was able to meet its financial obligations with annual revenues and funds on hand. Since the City's peak General Fund revenue of $133.3 million in FY 2007-08, it has experienced severe losses in key areas such as sales tax, property tax, franchise fees, the UUT, permits, and funds transferred from the Economic Development Agency (EDA). As a result, meeting the City's financial obligations came at the expense of decreasing service levels. With continued declines in revenues and increased operating expenditures, the City has reduced its workforce and implemented several reductions in expenditures which have further reduced essential services. Despite the City's efforts, all reserves have been exhausted and now the City is faced with necessary restructuring to meet its obligations and to deliver essential services to the community.

As supported by the City's forecast, actual revenues have yet to rebound to pre-recession levels. Based on projected trends revenues will not reach such levels until approximately FY 2019-20. Therefore, it is unlikely that the City will ever achieve the trend level of growth assumed in the pre-recession period. Many of the expenditures, such as all the labor, debt and service obligations taken on during the last 10 to15 years assumed that consistent annual revenue growth would be achieved. This failure is at the heart of the bankruptcy.

Table 34 shows the magnitude of this revenue gap from the 2009 perspective of a City that had not yet seen the worst from the Great Recession's negative impact on local government revenues. The City had just experienced 5.3% average annual growth over the past 11 years, with a peak growth rate of 12.2% in FY 2005-06. Assuming a continuation of that average annual growth rate as the best-case scenario, the resulting annual revenue gap would be $48 million in FY 2014-15, and would grow to $84 million by FY 2019-20. A growth rate of 3.5% (two-thirds of the best-case outlook, and exceeded in seven of the prior 11 years from FY 1997-98 through FY 2008-09) might have been assumed to be "most likely" outcome, and the resulting revenue gap under that scenario would be a $32 million in FY 2014-15, rising to $46 million by FY 2019-20. In that 2009 context, growth of only 2% would probably have been seen as a worst-case scenario over the long term, which leads to the lowest gap, $18 million in FY 2014-15 and just higher than that by FY 2019-20.

Table 34. General Fund Revenue Gap between Reality and Pre-Recession Expectations

($ in millions)	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09
Actual Revenues (4)	$74.3	$80.4	$87.5	$90.3	$95.5	$100.9	$113.2	$119.6	$130.3	$133.3	$125.9
Growth Rate	3.0%	8.1%	8.8%	3.2%	5.8%	5.6%	12.2%	5.7%	8.9%	2.3%	-5.6%
	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20
Actual/Forecast Revs (4)	$116.7	$118.5	$116.2	$114.2	$115.9	$123.4	$127.0	$127.4	$129.4	$133.7	$137.9
Growth Rate	-7.3%	1.6%	-2.0%	-1.7%	1.5%	6.5%	2.9%	0.3%	1.6%	3.3%	3.1%
Pre-Recession Expectations:											
Best-Case (1)	$132.5	$139.5	$146.9	$154.6	$162.8	$171.4	$180.5	$190.0	$200.0	$210.6	$221.7
Growth Rate	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Most-Likely (2)	$130.3	$134.9	$139.6	$144.5	$149.6	$154.9	$160.4	$166.0	$171.9	$177.9	$184.2
Growth Rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Worst-Case (3)	$128.4	$130.9	$133.6	$136.2	$139.0	$141.7	$144.6	$147.5	$150.4	$153.4	$156.5
Growth Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Resulting Revenue Gap:											
Pre-Recession Best-Case	(15.8)	(21.0)	(30.7)	(40.4)	(46.9)	(48.0)	(53.5)	(62.6)	(70.6)	(76.9)	(83.8)
Pre-Recession Most-Likely	(13.6)	(16.3)	(23.4)	(30.3)	(33.8)	(31.5)	(33.4)	(38.6)	(42.4)	(44.2)	(46.3)
Pre-Recession Worst-Case	(11.7)	(12.4)	(17.4)	(22.0)	(23.1)	(18.3)	(17.6)	(20.0)	(21.0)	(19.7)	(18.6)

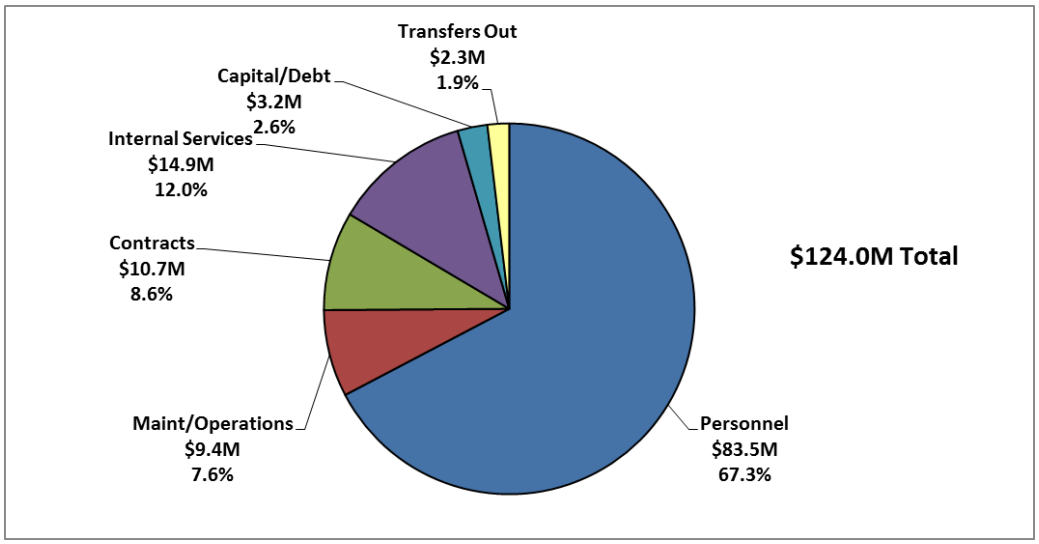
(1) Starting FY 09/10 assumes average annual growth rate over prior 10 years (FY 97/98 to FY 08/09) as a reasonable "best-case"
(2) Starting FY 09/10 growth rate is two-thirds of "best-case" growth as a reasonable "most-likely" outcome
(3) Continues FY 08/09 growth rate as an assumed "worst-case" scenario
(4) Excludes transfers in, which may vary widely from year to year

Expenditure Assumptions

The widening gap between ongoing revenues and annual expenditures resulted from several factors, including loss of revenues due to the Great Recession and increases in labor and retirement costs. For several years, the City used reserves and other sources of one-time funding to maintain

solvency. However, such alternatives were exhausted during FY 2009-10 and FY 2010-11. Consequently the City was forced to make severe reductions in staffing and services, resulting in an overall decline of $20 million in General Fund expenditures, from $144 million in FY 2008-09 to $124.0 million in FY 2014-15. Figure 20 shows the major elements of projected FY 2014-15 General Fund expenditures by type. Personnel costs comprise 67% of total expenditures. Starting in FY 2015-16 the forecast builds in deferred obligation payments to CalPERS, and approximately $10 million in annual fiscal and service stabilization costs, such as rebuilding insurance reserves, reducing the backlog of deferred maintenance, and funding the replacement of vehicles and technology required by the City organization to sustain the current level of services to the public.

Figure 20. Projected FY 2014-15 General Fund Expenditures by Type



Compensation

The City's budget is heavily focused on public services. Government service delivery is labor-intensive, relying on the City workforce to patrol the streets, respond to emergencies, provide libraries and community programs, and deliver the other direct and supporting services of San Bernardino. The Long-Range Financial Plan assumes the current level of staffing, despite increasing workload demands. Thus, the City must continue to seek service delivery efficiencies to continue to provide essential and necessary services within its available resources.

This forecast assumes public safety employees continue to receive salary increases at 3% annually pursuant to City Charter Section 186. While this is a revised estimate, up from the prior 2% assumption, it is reflective of increases in the marketplace that under the Charter would have to be given to safety employees. To remain competitive in the workforce, and to address zero salary adjustments over the past five years for non-safety employees, salary compensation for non-safety employees is forecasted to grow by 2% annually. As a result of these forecasted adjustments, pension costs, overtime and workers compensation contributions also increase, as they are a direct function of overall compensation.

Pension Costs

In general, the increasing costs of pension benefits are attributable to a dramatic increase in the Plans' unfunded liabilities. There are four major causes of this increase in unfunded liability:

- Timing of increases in benefits beyond the basic plans, which were not paid for during the working lives of employees receiving benefits, including making the benefits retroactive;
- Past investment losses by CalPERS, leading to a failure to meet earnings expectations on Plan assets;
- Actuarial changes in assumptions based on experience, including increased longevity; and
- An increase in the number of retirees and the size of their pensions.

To forecast future retirement costs, the City retained the actuarial consulting firm of Bartel & Associates to prepare a 20-year forecast based on the following assumptions:

- Rate smoothing and amortization changes previously adopted by CalPERS.
- Adjusted mortality improvement assumptions (retirees living longer) previously adopted by CalPERS.
- Reduced City-reported payroll compared to CalPERS assumptions.
- Reduction of 0.25% in the PERS discount rate for interest earnings (previously proposed by CalPERS staff but not adopted by the board); assumes CalPERS ultimately approves a more risk-averse investment strategy that reduces potential volatility in employer rates, but results in lower investment returns, which is passed on to employers in the form of higher rates.
- Elimination of Employer Paid Member Contribution (EPMC) benefit.
- Anticipated savings from Public Employee Pension Reform Act (PEPRA) changes (not incorporated into CalPERS's own rate projections).
- Employee cost sharing at Pendency Plan levels (PEPRA allows cities to impose higher employee contribution rates starting in 2018, but this assumes early implementation).

According to Bartel & Associates, CalPERS contribution projections for miscellaneous employees will rise from the current (2015-2016) rate of 26.3% to 33.8% in 2020-2021. For safety employees, contribution rates will climb from the current (2015-2016) rate of 33.8% to 56.9% in 2020-2021.

Despite a 5% reduction in the City's unfunded liability through the implementation of its Pendency Plan, the City's Miscellaneous and Safety CalPERS plans carry an unfunded liability of $116.5 million and $169 million, respectively, totaling $285.5 million equal to a 74% funded status.

The City also provides a supplemental retirement benefit for 23 retired police safety and police safety management employees. The supplemental retirement benefit (referred to as the PARS Enhancement to 3% at 50 benefit level) is provided by Public Agency Retirement Services (PARS). As of December 31, 2014 the Plan assets were $2.12 million, with an actuarial liability of $4.91 million leaving the PARS Plan with an unfunded actuarial liability of $2.79 million. Because the PARS Plan has sufficient assets to meet its current obligations, the City will not allocate funds to pay the deferred obligation of $407,586 for FY 2014-15. The baseline forecast assumes the PARS Plan is funded on a pay-go-basis at approximately $245,000 per year.

Table 35 shows the projected total pension costs from CalPERS and PARS and the percentage of total General Fund expenditures that these costs represent. CalPERS costs, which comprise 99% of the total pension costs, will escalate steadily over the next five years under a planned schedule of employer rate increases. Pension costs are expected to peak at 19.3% of total expenditures in FY 2019-20.

Table 35. Projected Pension Costs as a Percent of Total General Fund Expenditures

($ in millions)	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
Pension Expense	$14.2	$19.3	$21.2	$23.5	$25.5	$27.5	$28.0	$28.7	$29.4	$30.1
Pension as % of Total GF Exp	11.9%	15.6%	16.3%	17.8%	18.6%	19.3%	18.8%	19.0%	18.9%	18.9%
	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34
Pension Expense	$30.8	$31.5	$32.2	$32.8	$33.5	$34.3	$35.0	$33.0	$33.7	$32.3
Pension as % of Total GF Exp	18.9%	18.9%	18.8%	18.7%	18.6%	18.5%	18.4%	16.9%	17.1%	15.9%

Other Retirement Costs (OPEB)

The City's labor Memorandums of Understanding also provide for other post-employment benefits (OPEB), specifically retiree medical and dental coverage. Generally, employees are eligible for retiree medical insurance coverage after retirement from public service. Employees are eligible to retire at pre-Medicare age (55 for miscellaneous and 50 for police and fire), which contributes to the significant cost of the benefit. Both non-safety and safety eligible retirees receive a monthly benefit ranging from $112 to $450 to cover monthly premium costs for healthcare insurance. With the adoption of the City's Pendency Plan all eligible retirees are now receiving $112 per month.

The OPEB plans are funded through separate trust funds associated with the retirement plan. The Plan has an independent actuarial analysis, which establishes the contribution rates and funding levels. Unlike pension costs, retiree medical costs are limited to fixed dollar amounts. Currently, the City's OPEB benefits and unfunded obligations are funded on a pay-as-you-go basis.

Health Care

The City offers a variety of health care options and funding levels to its employees through collective bargaining. Currently, the City's health care plan includes active employees and retirees. The City is diligently working with its health care broker to separate active employees and retirees into two plans. This will result in the elimination of the implied subsidy to retirees and a reduction of health care costs to the City of $1.1 million in 2015. The forecast assumes health care costs will rise at a 3% annual rate.

Other Compensation and Benefits

The forecast assumes $650,000 in FY 2014-15 and $100,000 thereafter annually to fund compensated absences in accordance with current labor agreements, including vacation leave at termination which is required by California law. No adjustments regarding benefits are assumed in the forecast.

Vacancy Savings

The forecast assumes 4.5% vacancy savings in FY 2015-16, dropping to 3.0% in FY 2016-17 and thereafter. All authorized positions are budgeted as if filled for the entire year, and the vacancy

savings credit accounts for the periods where positions remain vacant, so the result is that the budget better approximates the ultimate level of personnel expenditures.

Miscellaneous Expenditures

The following assumptions were made with respect to miscellaneous expenditures.

- ***Services and Supplies*** – A 3.0% annual increases in costs associated with contract services, equipment, utilities, and general expenses.
- ***Library Program Support*** – Continued allocation from the General Fund to support Library operations.
- ***Debt Service and Lease Obligations*** – The City has substantial lease obligations for a variety of equipment and facilities including vehicles, computer software, and miscellaneous capital equipment. All secured and lease obligations are funded in FY 2014-15 and beyond based on the original amortization schedules.
- ***Essential Service Capital Needs*** – A total of $156 million is programmed over a 20-year period to address a capital maintenance backlog of over $200 million in parks, public buildings, right-of-way, information technology, and fleet replacement
- ***Working Capital*** – The forecast provides approximately 60 days of operating capital based on Government Finance Officers Association (GFOA) best practice guidelines. There is a 10-year phase-in period over which the financial plan ramps up the reserve level to 15% of total General Fund expenditures.
- ***Deferred Obligations*** – To establish liquidity, the City proposes to continue to defer obligations for trade payables, litigation, pension obligation bonds and compensated absences "current deferrals" and the forecast does not allocate funds to pay for them. Payments to deferred obligations are addressed in the Creditors under the Plan of Adjustment section of the Financial Plan.

Treatment of Creditors under the Plan

The restructuring section of the forecast includes reductions in expenditures not yet implemented that require the Chapter 9 process: retiree medical benefits, pension benefits, debt obligations, and legal settlement payments. Approximately $51.7 million of the $357.9 million in potential labor savings for FY 2014-15 through FY 2033-34 already have been implemented through negotiations and mediation, and these savings are incorporated into the baseline personnel costs. In addition, the $15.6 million in annual compensation and service cuts that were enacted by the City through the pendency plan are assumed to stay in effect and to gain in value of avoided costs over time.

Retiree Medical

The forecast assumes retirees are placed into a separate health care plan from the active employees resulting in the elimination of the City's implied health care subsidy. This transition was made in January 2015. Implementation of this Plan will significantly reduce the City's OPEB obligations including a reduction of $350,000 in FY 2014-15. This step results in a substantial decrease in unfunded liability relative to the earlier Plan.

CalPERS Retirement

To meet cash flow needs and ensure the continuation of essential services, the City had previously deferred payments to CALPERS of approximately $14.5 million. In a post-bankruptcy agreement, the City has committed to repaying the outstanding balance and interest and penalties as follows:

- FY 2014-15: $7,239,960 principal
- FY 2015-16: $7,239,960 principal
- FY 2019-20: $400,000 annually in penalties and interest

Supplemental Retirement (PARS)

The City is currently attempting to negotiate a resolution regarding the PARS Plan. As noted previously, the PARS plan is underfunded on a long-term basis. Approximately $2.12 million remains in the PARS trust.

Debt Obligations

1996 Lease Revenue Bonds (the "96 Bonds") and 1999 Certificates of Participation (the "99 COPs"). Under the proposed Plan, the City will provide for the following: (i) to defease the General Fund portion of the 1999 COPs using unexpended bond proceeds, (ii) the debt service reserve fund will be resized and will remain in place as security for the remaining portion of the 1999 COPs not defeased, (iii) any remaining unexpended bond proceeds not used for the defeasance and any cash from the resizing of the reserve fund will be released to the City, (iv) that upon defeasance of the General Fund portion of the 99 COPs, the collateral securing the 99 COPs, the Police Station, will be released, and (v) the balance of the 1999 COPs shall continue to be paid through the Successor Agency as an enforceable obligation of the former Economic Development Agency (EDA).

The Plan also proposes that the balance of the 1996 Bonds will be paid as regularly scheduled. The City has also requested the bond insurer provide a surety to replace the cash reserve fund. The use of the dollars from the reserve fund release are yet to be determined. The collateral for these bonds consists of City Hall, which is an essential facility and therefore must be retained by the City.

2005 Pension Obligation Bonds (the "POBs"). These bonds ($48.4 million outstanding) refinanced an unfunded liability due to CalPERS. These bonds are not secured. Under the proposed Plan, the outstanding bonds including the deferred amount of $10,027,094 will be treated as unsecured obligations. Distributions to holders of the POBs will be made over time and will approximate 1%, as calculated on a present value basis. The General Fund saves approximately $3.5 million annually. Total stated debt service increases from $3.5 million in FY 2015-16 to $4.6 million in FY 2033-34.

General Unsecured Claims. Under the proposed Plan, general unsecured claims, which will include, but not be limited to, deferred litigation expenditures and deferred General Fund trade payables, will receive a pro rata portion of a fixed amount of cash payable on the effective date of the Plan or as soon as reasonably practicable thereafter. Distributions to general unsecured claims are estimated to equal an approximate 1% recovery on such allowed general unsecured claims.

Revenue and Service Stabilization

Renewal of Measure Z Sales Tax

The Financial Plan assumes that the City will secure voter approval to extend the current Measure Z local 0.25% sales tax rate for an indefinite period. This tax is projected to generate $8.3 million in FY 2020-21, the year it is currently set to expire. Without the extension of this tax, expenditures will have to be reduced by that $8.3 million.

Other Expenditure Reductions

In addition to actions implemented through the Chapter 9 process the City will undertake the following actions:

- ***Efficiencies and Contract Fire*** – The City has initiated a series of studies designed to reduce costs through efficiencies, alternative service delivery, or increased cost recovery. The annual savings start at $4.5 million in FY 2015-16 and increase to $8.9 million in FY 2016-17.
- ***Staffing and Service Cuts*** – Despite the City's current level of service insolvency, the $15.6 million in cuts previously enacted through the Pendency Plan would remain in effect. However, failure of Measure Z to be renewed in FY 2021-22 would force an additional $8.3 million in budget cuts to make up for the loss of revenue.

As shown in Tables 36 and 37, an average of $29.5 million will be required in annual ongoing restructuring savings and additional resources over the 20-year forecast period to balance the long-range financial plan. Of the $591 million in total restructuring through FY 2033-34, $222 million or 38% is from increased revenues, and $369 million or 62% is from reduced expenditures.

Table 36. Proposed Restructuring: FY 2014-15 to FY 2023-24

($ in millions)	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
Measure Z Extension	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$2.1	$8.3	$8.1
General Unsecured Bonds	0.0	13.5	3.5	3.6	3.6	3.7	3.7	3.8	3.8	3.9
General Secured Bonds	0.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Fee Revenues	0.0	5.2	4.3	4.4	4.5	4.6	4.7	4.8	4.9	5.1
Contract Fire and EMS	0.0	4.5	8.9	9.9	9.6	9.6	10.0	10.2	10.4	10.5
Efficiency Improvements	0.0	2.7	2.8	2.9	2.9	3.0	3.1	3.2	3.3	3.3
Creditor Obligations	0.0	4.2	0.0	0.0	0.0	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Tax Adjustments	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Retiree Health Care Savings	0.0	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Grand Total Restructuring	0.0	31.2	20.6	21.7	21.7	21.7	22.2	24.8	31.4	31.7

Table 37. Proposed Restructuring: FY 2024-25 to FY 2033-34

($ in millions)	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34
Measure Z Extension	$8.5	$8.9	$9.3	$9.5	$9.8	$10.1	$9.9	$10.3	$10.8	$11.3
General Unsecured Bonds	4.0	4.0	4.1	4.1	4.2	4.3	4.3	4.4	4.5	4.5
General Secured Bonds	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fee Revenues	5.2	5.3	5.4	5.6	5.7	5.9	6.0	6.2	6.3	6.5
Contract Fire and EMS	10.8	11.0	11.3	11.6	11.9	12.2	12.5	12.8	13.1	13.4
Efficiency Improvements	3.4	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3
Creditor Obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax Adjustments	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Retiree Health Care Savings	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Grand Total Restructuring	32.8	33.3	34.3	35.1	36.0	36.9	37.3	38.3	39.4	40.6

Long-Range Financial Plan Is Solvent

The Long-Range Financial Plan meets the three tests of solvency:

1. ***Cash Solvency*** - Balances will be adequate to pay bills when they come due.
2. ***Budget Solvency*** - The budgets are balanced with all spending categories accounted for, including compensated absences and internal service contributions. Continued fiscal discipline will be required to prevent excess spending growth between now and when the fund balance reaches its reserve goal in the mid to late 2020s to avoid reducing fund balance at a faster pace.
3. ***Minimal Service Solvency*** - The Baseline and Fiscal and Service Stabilization Forecast restores a significant amount of deferred expenditures for capital maintenance, information technology and fleet replacement. In the near-term, no additional service level improvements can be funded.

Conclusion

This Plan is currently in draft form and will be reviewed by the bankruptcy team initially and then by the Common Council. Approval is slated for mid-May. Conclusion section will be drafted following presentation to and presumed approval by the Common Council.

Attachments

I. Operating Practices for Good Government (Interim Operating Agreement)
II. Preliminary Strategic Plan
III. Summary of Participatory Budgeting Framework Implemented in the City of Vallejo
IV. Long-Range Financial Plan

Attachment I.
Operating Practices for Good Government *(Interim Operating Agreement)*

OPERATING PRACTICES FOR GOOD GOVERNMENT

Common Council:

1) The role of the Common Council is legislative in character, which includes the power to set policy, approve contracts and agreements and undertake other obligations consistent with the Charter and Code, while deferring to the discretion of management and staff to choose the appropriate means to achieve the Council's goals.
2) The Common Council will make the necessary decisions to expeditiously exit bankruptcy, as well as develop and implement a strategic and tactical plan that ensures the City of San Bernardino's success in the foreseeable future. To this end, it will comply with Judge Jury's order to produce a confirmable Plan of Adjustment by May 30, 2015.
3) The Common Council will proved the resources to pursue the City's best interests in bankruptcy court along with a robust communication plan to inform the citizenry of what is at stake.
4) The Common Council, as the elected body serving all of the residents of the City, shall perform its duties and exercise its powers in a manner that serves the best interests of the entire City, rather than any particular geographic area or special interest.

Mayor:

1) The Mayor will build consensus with the Common Council to create and implement a shared vision and plan of implementation to restore the City's fiscal integrity.
2) The Mayor will establish and maintain partnerships and regional leadership roles to advance the City's interest.
3) The Mayor will be the key "face" and chief spokesperson for the City.
4) The Mayor will be the presiding officer at meetings of the Common Council and will fully participate in discussions.
5) The Mayor will, consistent with the separation of powers contemplated by a reasonable reading of the City Charter, not interfere with the discretion of the City Manager in the exercise of his powers and the performance of his duties under the City Charter.
6) The Mayor will work with the Common Council and City Manager to coordinate goal setting and the performance evaluation of the City Manager.

Mayor and Common Council:

1) The Mayor and Common Council will jointly develop clear expectations of the City Manager and hold him/her accountable by conducting performance evaluations at least every six (6) months.
2) The Mayor and Common Council will develop and implement norms (Code of Conduct) to guide and direct their interactions and duties, including measures to hold one another accountable for deviations from the goals and principles set forth in the City Charter, City Code and these Operating Practices.

3) Neither the Mayor nor the Common Council will interfere with the judgment and discretion of management staff with respect to the duties that are typically managerial in nature, such as the appointment, removal, and supervision of subordinate staff.
4) Neither the Mayor nor the Common Council will direct departmental staff (other than those in their own departments).

City Attorney:

1) The City Attorney will focus his attention and resources on the performance of his duty as chief legal officer to provide legal advice to the Mayor, Common Council and City Manager, and the management of his office, and shall leave the formulation of policy and managerial matters exclusively to those officials charged by the City Charter with those duties.

City Manager:

1) The City Manager will be the sole authority for managing City operations and directing City staff in those departments under his supervision.
2) The City Manager will make business and policy recommendations based solely his or her independent professional judgment and best practices in the best interests of the City, rather than political considerations, and to this end shall strictly guard against interference with the performance of his duties.
3) The City Manager will have both the authority and accountability to produce a confirmable Plan of Adjustment for Common Council approval by May 30, 2015.
4) The City Manager will be responsible for implementing the Plan of Adjustment to ensure the City exits bankruptcy as soon as possible.
5) The City Manager will be accountable for the implementation of Council goals and policy and the overall performance of the City.
6) The City Manager will be responsible for ensuring that the Common Council and Mayor are fully informed on all aspects of important emerging issues, and as part of that responsibility will fully brief the Common Council at their Council Meetings on business matters before them.

Signed:

_____ Date: _____
R. Carey Davis, Mayor

_____ Date: _____
Virginia Marquez
Member, Common Council

_____ Date: _____
Benito J. Barrios
Member, Common Council

_____ Date: _____
John Valdivia
Member, Common Council

_____ Date: _____
Fred Shorett
Member, Common Council

_____ Date: _____
Henry Nickel
Member, Common Council

_____ Date: _____

Rikke Van Johnson
Member, Common Council

_____ Date: _____
James Mulvhill
Member, Common Council

_____ Date: _____
Gary D. Saenz
City Attorney

_____ Date: _____
Allen J. Parker
City Manager

Attachment II. Preliminary Strategic Plan

City of San Bernardino

Preliminary Strategic Plan Interim Report

May 2015

Note: wordle from San Bernardino strategic planning process

Recommendation for Mayor and Common Council

This document presents a summary and interim report on the status of the 2015 strategic planning process. While the work is not complete, much has been accomplished in a short period of time. The Strategic Planning Core Committee along with City executive leadership have developed a preliminary plan which provides good direction for the City with respect to implementation of a Plan of Adjustment and rebuilding the City.

It is recommended that the Mayor and Common Council adopt this summary and preliminary plan as a supplement to the Plan of Adjustment.

Summary of Process and Results to Date

The City has not had a true strategic planning exercise in almost 20 years since 1998. As part of the development for a plan for the City to exit bankruptcy it was recognized that a strategic vision was essential. This is because one key criterion for judicial review and confirmation of the City's Plan of Adjustment is whether the Plan can reasonably ensure a sustainable City that provides adequate services for its citizenry. Public sector practitioners call this being "service solvent". Thus, the Strategic Plan, is one key component in describing what "service solvent" means for San Bernardino.

Working with the invaluable support of the San Bernardino City Unified School District, the City initiated an abbreviated strategic planning process in January 2015. It was recognized that the strategic planning process would inform the plan of adjustment and extend beyond the deadline for filing the plan of adjustment due to the nature of the strategic planning process.

As initial steps in January the Mayor and Common Council approved of a process and invited participation from the broader community as well as from a steering committee, the Strategic Plan Core Team (Core Team), composed of approximately 17 prominent community leaders invited by the Mayor with input from the Common Council.

Beginning in February the City hosted 5 well-attend community meetings (over 500 attendees) and administered a citizen survey (492 responses). The results of the community meetings produced a high degree of energy with a long list of assets associated with living in San Bernardino. Participants were also honest in their assessment of the City's situation. The community survey was alarming in that over 31% of respondents ranked the overall quality of life (as measured by asking if you could recommend the City as a good place to live) as a 1 on a scale of 1 to 10. (See Appendix H for details on the survey.)

Using the results of the 5 community meetings, the a citizen survey and a summary of the work completed to date, the Strategic Planning Core Team convened on March 18 and 19 for a 2 day workshop. They heard the results from the community engagement process and they heard a report-out from local government consultants Management Partners. The Management Partners presentation evaluated economic and community trends, attempted to answer why the City has fallen into bankruptcy, the current capacity of the organization, how does San Bernardino compare

to other cities, what barriers exist to exit bankruptcy and what will it take for the City to be healthy again.

The unique San Bernardino City Charter was identified as a major barrier to recovery and a major cause for the City's poor performance. The Core Team responded with the following unanimous recommendations:

1. That City leadership i.e. Mayor, Common Council, City Attorney and City Manager immediately sign some form of an agreement to abide by a list of tenets found in high-functioning local governments.

2. The City should begin a process to replace the current City Charter.

The Core Team also identified the following key Strategic goals, in priority order:

1. Safety and Crime-reduce crime, increase community involvement, improve City appearance and creation of safe zones

2. Housing-strengthen the overall condition of the housing inventory

3. Education and Workforce Development-develop programs and internships to: encourage residents to apply for City jobs, to pursue additional education, and upon graduation to stay in the City

4. Community Engagement-need programs to leverage and engage citizens to understand and share in the vision, create a culture of engagement and leverage resources to clean up the City

5. Business Development and Partnerships-provide incentives and streamlined programs for new business and expansion of current business, leverage capacity of educational institutions and create new partnerships

6. Public Relations-develop programs to highlight what is right about the City, work with local media to produce more positive coverage and increase public engagement.

On April 6th the Mayor and Council heard a presentation on the strategic planning process and adopted a resolution specifying how the Mayor, Common Council, City Attorney and City Manager would work together under a set of guiding principles based on good government best practices. Furthermore the Mayor and Common Council directed the City Manager and City executive leadership to work to develop programmatic proposals aimed at effectuating the strategic goals outlined above.

On April 24th the Core Team met again to consider in detail a strategic plan prepared by City leadership which provided more details on programmatic initiatives. (See Appendix B). The Core Group also provided feedback on the leadership agreement approved by the Mayor and Common Council. At the meeting the Core Team also provided recommendations regarding the Charter review process, input regarding the vision and purpose of the strategic plan, feedback on the strategic priorities of the Core Team, as informed by the presentation by City executive leadership.

Importantly the Core Team concluded that while the guiding principles for strategic planning included in the staff developed strategic plan were acceptable for plan of adjustment purposes, these principles are an absolute minimum starting point for City performance.

The April 24th meeting concluded with some discussion of next steps. In this regard it is important to recognize that while a lot has been accomplished in a short time the strategic planning process is just at the beginning. The Core Team believed it needs to convene again as quickly as possible after the Plan of Adjustment becomes public so they can assist in building a shared understanding and support the work of the Mayor and Council. To this end a meeting was set for Saturday May 16th.

Supporting Materials

The strategic planning process is an iterative process, and as noted above it is far from finished. However much work has been accomplished. In order to preserve the perspective and views of those participating in the process we are attaching various supporting materials developed during the work so far. These materials include:

Appendix A: Notes from the April 24, 2015 Strategic Planning Process meeting, including meeting agenda

Appendix B: Draft Strategic Plan prepared by City Executive Leadership and reviewed at April 24th meeting

Appendix C: Leadership Agreement

Appendix D: Findings and Notes from the March 18-19th Strategic Planning Session

Appendix E: Agenda for March 18-19th Strategic Planning Session

Appendix F: Summary of Town Hall Meetings

Appendix G: Next Steps Plan

Appendix H: Summary of Community Survey

CITY OF SAN BERNARDINO
STRATEGIC PLANNING WORKSHOP

FRIDAY, APRIL 24, 2015

8:30 A.M. TO 3:30 P.M.

EDA Building 201 N. E Street, San Bernardino, CA 92418

AGENDA SEQUENCE:

I.	**Welcome and Framing - Mayor** • Overall outcomes • Roles of people in the process • Outline of next steps along a timeline	**8:30 - 8:45**
II.	**Update on "Big Four" MOU**	**8:45 - 9:15**
III.	**Charter Review Process**	**9:15 - 9:45**
IV.	**Updating Vision and Mission - Recommendations**	**9:45 - 10:30**
V.	**Principles for the Plan of Adjustment**	**10:45 - 11:15**
VI.	**Strategic Planning Recommendations** • Each department to provide a brief overview of the proposed strategies and specific program recommendations.	**11:15 - 11:45**
Lunch		**11:45 - 12:30**
VII.	**Strategic Planning Recommendations, continued** Core Planning Team dialogue on the overall fit and direction of the Strategic Planning Recommendations presented by city staff.	**12:30 - 2:30**
VIII.	**Scheduling and Next Steps**	**2:30 - 3:00**
IX.	**Public Comment**	**3:00 - 3:30**

Notes from San Bernardino City Strategic Planning Process
April 24, 2015

The following are the notes from the April 24th strategic planning session of the Core Planning Team. The team had an ambitious agenda that involved a series of short conversations on a range to strategic planning topics. The outcomes for the sessions were:

1. Identify specific input from the Core Planning Team regarding the MOU process.
2. Identify specific guidance from the Core Planning Team regarding the Charter Review process and work of the Charter Review Committee.
3. Identify high level input to revised vision and purpose statements as part of the strategic planning process.
4. Build shared understanding among Core Planning Team members regarding the rationale behind the strategic recommendations from city staff.
5. Provide specific recommendations back to city staff regarding the refinement of the strategic planning work.
6. Identify specific next steps for the Core Planning Team.

Feedback to the MOU Agreement

The outcome of this first conversation was to identify some ways in which the Core Planning Team could support the Big Four in operating within the MOU. The following suggestions were identified:

- Design and implement a 360-degree feedback process that tracks and reinforces a way of operating.
- Continued attendance at City Council meetings and providing informal feedback and support.
- Core Planning Team can continue to advocate with their constituencies, and
- We can encourage people to vote for those who are constructively moving the city forward and honoring the agreements and commitments.

Recommendations to Charter Review Process:

The existing form of governance dominated the planning conversations of the Core Planning Team in the March 18-19, 2015 meeting. The recommendation of the team in March was to repeal and replace the charter. During the March meeting the team didn't have enough time to provide some guidance to the Charter Review process. The following are brainstorm ideas from the Core Planning Team from the April 24th meeting:

- As a citizen planning body we ask the Charter Review Committee to consider looking at an alternative charter or other form of governance and that they consider engaging experts who have been successful with charters to assist us in our approach. Bring in other regional advisors and experts who could interact with our community as part of an educational process.
- Look at keeping the process of change as simple as possible. If it gets complicated any measure will fail. Consider picking another successful city's charter or move to a General Law city – it will be difficult to educate on something that is complicated.
- Make sure that the process provides opportunities to engage and inform our community.
- Committee will need an investment of resources to match the above recommendations.
- Consider equal opportunities for community workshops for the conversations with community and allow them to provide input into the Charter process. Consider the possibility of linking up with the San Bernardino City USD November 2015 Community Engagement Process.

Input Regarding Vision and Purpose

Visioning processes normally involve multiple conversations and engagements of many stakeholders. Due to the compressed nature of this process, the Core Planning Team engaged in a short dialogue about the high level values and perspectives that should drive the planning process. The following elements were proposed for a vision statement for the community and a purpose statement for city government:

Vision Elements: What do we want to be known for:

- We are an economic hub of Southern California
- America thrives in San Bernardino
- We are a community that is build upon deep interdependent relationships
- San Bernardino – Where hope happens and success is realized by all.
- We are a partner-centric city working together to create our future.
- A community the moves people from dependency to prosperity.
- A city that embraces all of its diversity – a city of caring for all.

Purpose of the City Government – We operate from a perspective that:

- Our role as the city is to encourage economic vitality
- We encourage entrepreneurialism. We capture and capitalize on all of our many assets through partnerships. We take calculate risks backed by investment.
- We adopt a perspective of moving to excellence and what is possible rather than simply fixing problems.
- It is our job to create long-term fiscal stability and strength for health of our community.

Feedback on Operating Principles:

The consensus of the Core Planning Team was that the proposed principles are an absolute minimum starting point and are appropriate for the Plan of Adjustment. In order to achieve the more aspirational components of the vision, purpose and goals there needs to be an additional set of operating principles that includes, but is not limited to the following:

- The city develops and implements policies, strategies and practices that attract and retains businesses and tax paying citizens.
- Partnerships are our key to mobilizing and leveraging our assets and essential to achieving our vision.
- We operate with the perspective that every person and business is an investor in our city and a contributor to the health of our city. We look to build from within our city in addition to attracting from outside.
- We utilize a disciplined implementation process to all of our work that includes metrics, timelines, milestones and assigned responsibilities. We consistently evaluate against these milestones and metrics as way of monitoring progress and course-correcting our journey.
- We need to look beyond ourselves to designing our future. We utilize partners, regional best practices and experts to help us with creative approaches to our work. We think about our system differently from the past. We look to our whole community system as possible providers and resources – i.e. utilize school libraries as we look to expand libraries and accessibility.
- Our strategies look to support all of our stakeholders – small businesses as well as "big box". We focus on the strategies that enhance the environment for all businesses.
- We realize that everybody is an ambassador to our city. We take a personal approach to working with our everyone in our city.

Feedback on Strategies: Priorities of the Core Planning Team

At the March 18-19th planning session the Core Planning Team developed a set of high level goals and approaches. The city departments heads and staff were then asked to refine the work from the 18-19th into a proposed set of strategies and actions that both matched the intent of the Core Planning Team and represented the nature of the work that would be incorporated into the Plan of Adjustment. They Core Planning Team commended the city staff on their excellent job. Knowing that the Plan of Adjustment is generally designed to inform a 20-year planning horizon, the task of the Core Planning Team was to identify the most important immediate priority areas. The following represents these initial priorities:

1. <u>Beautification</u> – street improvement programs. Focus on actions that:
   - have an immediate and high visual impact
   - Encourage direct community involvement in the work, and
   - focus on actions that have the potential for generating revenue

2. Safety.
    a. top priority to personnel enhancements that have high visibility
    b. strengthening relationships across all agencies to leverage our impact on safety.
3. Focus the work of the Fire Department on strategies that enhance community engagement and leverage existing (partnerships) programs.
4. Economic Develop: strategies that:
    - leverage partnerships (7A & &B) to secure economic momentum and a team-based approach
    - focus on partnerships that are unique to San Bernardino and distinguish us from other cities and best capitalize on our competencies and assets.
5. Government infrastructure that provide key foundation to delivering all the other strategies.
    - Look at outsourcing where it has been shown to be a best practice. Focus on changing the culture of the organization – one that is built on the best leadership and governance practices.
    - Strategies that result in a streamlined approach to doing business with the city – customer and business-friendly.

Additional Considerations in Strategy Development:
In addition to the above feedback from the proposed strategies and actions from city staff, the Core Planning Team suggested the inclusion of additional strategies and approaches:

- Build strategies that utilize students (a workforce waiting to happen) to help us implement our strategies. We have a natural laboratory with our educational sector – both students and faculty.
- Our strategies need to expand the type of planning conversations we are having as a Core Planning Team to the entire community. We need to build a shared vision in a way that builds ownership so that community members take personal responsibility for their part in their neighborhoods and places of employment.
- We need to focus on strategies that create or generate ongoing sources of revenue to help sustain our work.
- We ought to have strategies that capture our graduates and anchor them to stay/live in our community.
- Consider turning a challenge into an opportunity. We have a wealth of empty buildings that could be turned into business incubators for young people. Provide incentives and mentoring.
- Look to capitalize on existing grant opportunities.
- Utilize data to make decisions and set parameters on "perception of safety corridors". Visible impact and most "bang for the buck".
- Consider approaches like buying down mortgages so that people that have jobs in the city will stay living in the city.

- Intentional communication strategy to connect our community and investors to what we are doing. Recognize that we have this responsibility to our citizenry.
- Attract and retain tax-paying residents who participate and are encouraged to participate in the design of the future. It is important to attract all "investors" into our city.

Proposed Next Steps and Considerations in the Strategic Planning Process:
The strategic planning process is just at the beginning. It has been well acknowledged that additional planning conversations will be occurring over time. The Core Planning Team was asked about what they believe needs to be some of the next steps in this process. The following ideas were generated:

1. We have to develop and implement a consistent communication and engagement process that overlays all of our work. We need to connect and coordinate all the communication processes being used by our organizations in order to get out consistent and hopeful messages out to our entire community and our "investors".
2. We need to develop a set of talking points coming out of this meeting so that each of us will go out and share with our constituencies. Steve Z. will get the notes back to the Mayor this weekend.
3. Our communication strategy needs to embody a disciplined approach that has an identified point person in the city (Monica) so that we can tell our story, be timely and get messages out on a regular basis. We want to make sure that we are communicating about visible and immediate changes in our community.
4. Create an editorial board so that we can work with the media as partners in talking about the positive changes and the ongoing status of the work.
5. Each member of the Core Planning Team needs to show up at Council meetings to support them in our shared work.
6. One of our messages coming out of this meeting (April 24th) is that we have the promise of close collaboration with the city and our organizations to work and achieve our vision and goals.
7. In the short term, each member of the Core Planning Team was asked to identify the appropriate person within their organization who will join with the city staff in the continued design and planning process. The request was to do this immediately so we can capitalize on the work.
8. Convene as quickly as possible after the Plan of Adjustment work becomes public in order to build shared understanding and to support the work of the Council in moving forward.

Vision & Mission Statement

Our vision for the City of San Bernardino is for it to be strong and prosperous. The City of San Bernardino will be the hub of economic growth in the Inland Empire. San Bernardino will offer a wide range of housing, recreation, cultural, education, and employment opportunities for all who come live and work here. A strong sense of community will continue to grow and thrive within our city limits.

Our mission is to provide quality and cost effective services to the people of San Bernardino. We will provide excellence in leadership through the allocation of public resources to City programs that are responsive to community priorities and maximize opportunities for economic, educational and cultural viability. ***[adopted by the Mayor & Common Council on October 5, 1998]***

Priority Goals

Public Safety

We will work collaboratively to ensure all neighborhoods and business areas are safe, clean, and attractive for residents, workers, and visitors, so that our City is a place of choice for people and businesses.

Together with regional partners, we will work to ensure the City is ready to respond and recover from any man-made or natural threats to public safety of any scale.

Education & Workforce Development

We are a City that embraces the concept of lifelong learning. Together with our educational partners, we will provide a network of support services from birth through retirement that optimizes educational and job training opportunities for all residents of all ages, aligned to industry growth sectors for our region.

Quality of Life, Infrastructure & Housing

We will provide for well-planned, sustainable infrastructure designed for long term economic growth and prosperity for our residents and businesses.

We will work to create a City that is beautiful, clean and attractive to residents and visitors, filled with civic and cultural amenities that foster the development of high-quality housing (from affordable to luxury) and attracts and retains healthy businesses.

Business Development & Job Creation

We will create a vibrant and sustainable economy with a skilled workforce that attracts employers in industry growth sectors who capitalize on the unique assets and opportunities of the City, and who provide jobs that create prosperity throughout the city.

We will collaborate to create opportunities and develop a business environment that makes our City known for incubating and sustaining entrepreneurs.

Community Engagement & Public Relations

We will intentionally, strategically and consistently tell the whole story of our City, highlighting the successes of our residents, businesses and families.

We will work with community partners to consistently and effectively engage all the diverse residents, businesses, and sectors of our community, seeking input and partnership that fosters an environment of hope and opportunity.

Governance & Charter

We will implement and follow the leadership agreement executed by the Mayor, Council, City Manager, and City Attorney, reinforcing its principles and strengthening its tenants throughout the organization.

We will emphasize inter-agency cooperation and adhere to good governmental practices that consistently demonstrate leadership devotion to enhancing the City's image as one that is open and ethical, and in which businesses and residents thrive.

Fiscal Sustainability, Efficiency & Productivity

We will provide the highest level of service feasible consistent with available fiscal resources and appropriate level of reserves, and in a cost-effective manner, so the method of service delivery contributes towards achieving fiscal sustainability.

We will maximize organizational productivity and efficiency by developing and maintaining a streamlined workforce comprised of highly trained, dedicated, and accountable employees that are competitively compensated.

Guiding Principles for the Plan of Adjustment

1. The end result of the bankruptcy restructuring process and strategic plan implementation must be a sustainable local government delivering a competitive mix of municipal services.

2. The City's plans must demonstrate financial stability over at least a ten-year period, with all costs of service covered and appropriate reserve levels maintained.

3. In realigning expenditures with resources, the City will balance competing needs in an equitable manner. Priority will be placed on continued delivery of basic and satisfactory municipal services, including deferred maintenance.

4. The City must deliver services in an effective and efficient manner following industry best practices.

5. The City recognizes it will need to be a viable employer for the types of employees it needs to recruit and retain. The City will need to offer "market" salary and benefits, consistent with the labor market for such employees.

6. The City must have a form and system of governance that is proven to support satisfactory performance by other municipal corporations of comparable size and complexity.

Strategic Action Plans

After the Core Planning Team meeting on March 18 and 19, 2015, the City Management Team reviewed the framework completed by the Core Planning Team, including the core principles and specific goals. Acting on the framework, the City Management Team (consisting of the City Manager and Department Directors) created specific Strategic Action Plans aimed at achieving the priority goals established by the Core Planning Team. The Strategic Action Plans are still in development and the City Management Team is working on integration and prioritization as part of the Plan of Adjustment for exiting bankruptcy. Currently the draft Strategic Action Plans are as follows:

1. <u>Objective</u>: **Adopt a form, system, and structure of governance for San Bernardino based on generally accepted principles and modern municipal management practices that have been proven to support strong municipal performance** to streamline the elected and management superstructure, to eliminate long-standing systemic organizational dysfunction, to greatly improve lines of authority and accountability, and to facilitate and sustain a culture of teamwork, unity, and problem-solving.

   Suggested Performance Measurements (to be further refined and developed):

   -
   -

   a. <u>Action</u>: **Direct a citizen charter review committee** to develop a ballot measure that will repeal and replace the existing charter with a modernized system of city governance based on the objectives set forth in this action plan, and to ensure the ballot measure preparation process is completed in time to place the measure on the November 2016 ballot.

      Estimated Costs: $75,000 one-time costs for charter expertise, legal drafting/review of new governance document, and administrative support of the committee's work

   b. <u>Action</u>: **Immediately develop and deploy a public outreach, communications, and education strategy** to engage residents and stakeholders in the design and drafting of a new city governance document, and to educate the public on best practices and forms of municipal governance.

      Estimated Costs: $250,000 one-time costs for designing and implementing the communications and public education strategy.

   c. <u>Action</u>: **Until the reforms described in Action 1a have been completed, continue implementing and adhering to the Operating Practices for Good Government executed by the Mayor, Council, City Manager, and City Attorney on April 15, 2015, and reinforcing its principles and strengthening its tenants throughout the organization,** to promote and provide more effective, efficient and functional elected and management leadership for the City despite the obstacles set forth in the current charter.

Estimated Costs: none expected at this time.

2. **Objective: Increase and invest in the human and technological capacity of the Police Department, and develop strategic community partnerships and opportunities,** to enable the City to fully embrace, deploy, and evolve with the best practices and strategies of community policing and creating safe neighborhoods.

   Suggested Performance Measurements (to be further refined and developed):

   -
   -

   a. **Action: Expand the Police Department's use of license plate reader technology, crime cameras, and DNA technology** to better enable the department to be proactive in addressing problem areas and crime-prevention, and more effective in investigating and solving crimes.

      Estimated Costs: $500,000 annually for five years to build camera and license plate technology infrastructure
      $250,000 annually for expanding use of DNA technology to solve both Part 1 and property crimes

   b. **Action: Increase the workforce capacity of the Police Department with additional sworn and civilian staff** to expand the department's capacity to deploy and evolve with the best practices of community policing.

      Estimated Costs: Annual costs depend on ramp-up. Department proposes to add 32 officers, 10 civilian support officers (CSO), 10 civilian investigators, and 3 dispatchers over a 5-year time period at a total cost of $5.65 million.

   c. **Action: Develop a targeted anti-violence crime initiative involving increased community outreach and collaboration, strategic partnerships, and increased crime-data analysis** modeled after similar evidence-based programs in Chicago and Northern California that have demonstrated strong results in violence and crime reduction.

      Estimated Costs: $900,000 annually for increased data analysis, community partnerships and outreach, and program oversight.

   d. **Action: In partnership with San Bernardino City Unified School District (SBCUSD), expand the local public safety career pipeline program** to create a public safety career pathway for local youth, and to increase the Police Department's reflection of the community and employment of local residents both of which add value to the department's overall mission and objectives.

      Estimated Costs: $300,000 annually for management and implementation of the program with identified partners.

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e. <u>Action</u>: **Increase capacity to close marijuana dispensaries that are persistent, defiant, or dangerous, and increase remediation of nuisance properties or areas that have prevalent drug activity and/or prostitution,** to reduce crime associated with these illegal activities and to improve the safety and business climate in the affected neighborhoods.

Estimated Costs: $500,000 annually for specialized legal services, criminal prosecutions, and increased investigations.

3. <u>Objective</u>: **Develop and implement a sustainable plan that revitalizes and maintains city infrastructure (streets, storm-drains, sewers, sidewalks, street-lighting, traffic signals, parks, buildings, and other public facilities),** to create a foundation for economic revitalization, and to align infrastructure investments to a unified and targeted economic impact strategy that increases economic opportunities and prosperity for residents and businesses.

Suggested Performance Measurements (to be further refined and developed):

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a. <u>Action</u>: **Develop an updated strategic capital improvement plan that prioritizes and focuses the City's increased infrastructure investments (as set forth in the "City Infrastructure and Maintenance" section of the proposed Plan of Adjustment) in targeted neighborhoods or areas,** to ensure the public investments are deployed in the most effective, efficient, and sustainable manner, and to ensure public infrastructure investments are coordinated with the City's other targeted neighborhood actions for improving public safety (Actions 2a and 2c), stimulating change and investment in housing (Action 4a), enhancing blight removal and beautification (Action 4b), and fostering sustainable economic development (Action 7a).

Estimated Costs: $200,000 one-time costs for development of an updated strategic capital improvement plan.

b. <u>Action</u>: **Assess, develop, and implement the organizational restructuring and increased capacity in public infrastructure construction and maintenance required** to effectively and efficiently deploy and manage an increase in the repair, replacement and maintenance of the city's public rights-of-way (streets, sidewalks, streetlights, traffic lights, and medians) by $5 to $6 million annually, and the city's public facilities (city hall, police station, fire stations, parks, libraries and other essential facilities) by $4 to $5 million annually, as set forth in the "City Infrastructure and Maintenance" section of the proposed Plan of Adjustment and in furtherance of the capital improvement plan identified in Action 3a.

Estimated Costs: $75,000 one-time costs for organizational assessment and restructuring.
$TBD annual costs for construction design, engineering, and management capacity required by the augmented capital improvement program.

c. <u>Action</u>: **Partner with the City Water Department (operator of the regional wastewater treatment system) to have that entity assume responsibility for implementing and managing a repair, replacement, and maintenance program that addresses the estimated $25 to $40 million in critical sewer collection system improvements needed** to ensure the integrity of the city's

overall sewer system, to protect the City's significant groundwater resources, and to protect the public's health, safety and welfare.

Estimated Costs: Additional funding required for this action would be collected through adjusted sewer user rates.

d. **Action: In partnership with the County of San Bernardino and the San Bernardino Valley Municipal Water District, evaluate, design, and implement where appropriate one or more Enhanced Infrastructure Financing Districts (EFID)** to construct new and/or improved infrastructure that supports transit-oriented development, water projects, transportation facilities, renewable energy, community parks and recreation facilities, work-force and mixed-income housing, and other sustainable communities projects that help expand the local economy, attract and retain businesses and residents, and grow the tax revenue base for improved local government services.

Estimated Costs: Funding for infrastructure would come from one or more of the following sources identified in the EFID law: a dedicated portion of property tax revenue growth within the EFID or city-wide, a benefit assessment against properties within the EFID, and federal and state grants.

4. **Objective: Develop and implement a sustainable plan for revitalizing neighborhoods through the development of high-quality housing, elimination of blight, beautification of neighborhood assets, and aggressive code enforcement** to create stable and upwardly mobile neighborhoods capable of supporting long-term economic growth and prosperity for residents and businesses.

Suggested Performance Measurements (to be further refined and developed):

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a. **Action: In partnership with the County, the Housing Authority, SBCUSD, and various nonprofit and community service organizations, develop a housing strategy and related programs that best ensures limited public housing resources are focused and deployed in a manner** to leverage existing housing investments, to attract new private housing investment, to re-energize the housing market in the targeted areas, and to stimulate the development of a full-range of high-quality, healthy, safe and affordable housing options for all residents and household types.

Estimated Costs: $150,000 one-time cost for development of strategy and programs.

b. **Action: Develop criteria and plan for prioritizing and focusing housing programs, blight removal and beautification programs, and code enforcement activities in targeted neighborhoods or areas** to ensure these public investments are aligned and deployed in coordination with the other targeted neighborhood actions that improve public safety (Actions 2a and 2c), revitalize city infrastructure (Actions 3a, 3b, and 3d), and foster sustainable economic development (Actions 7a).

Estimated Costs: Proposed action can be accomplished within available resources.

c. **<u>Action</u>: Rebuild housing and human services capacity of the City that was completely eliminated in 2012 when the State of California abolished housing funding through redevelopment agencies,** to effectively manage the development and implementation of the housing strategy and programs identified under Actions 4a and 4b, and to properly manage the allocation and expenditure of funds received by the City for human services (homelessness, senior services, food assistance, etc.) in coordination and collaboration with other local housing and human service agencies such as the County, the Housing Authority, SBCUSD, and various nonprofit and community service organizations.

Estimated Costs: $300,000 annually for rebuilding the capacity required to create and implement the housing strategy and programs identified under Actions 4a-c. This represents approximately ___% of the funding ($____ annually) dedicated to this critical function before the funding was taken in 2012 by the State of California under ABx1 26. Funding will be leveraged by strategic alignment of resources and efforts with identified partners.

d. **<u>Action</u>: Increase the City's code enforcement capacity** to implement the more aggressive and targeted code enforcement actions identified under Action 4b, to quickly respond and enhance the cleanliness, safety, and beauty of the targeted neighborhoods and areas, and to improve the quality of life throughout the City.

Estimated Costs: $500,000 annually net of program fine and other revenues for increased code enforcement capacity.

e. **<u>Action</u>: Create a Rapid Response and Receivership Team to implement an aggressive strategy for remediating and rehabilitating vacant and boarded-up structures, to increase the city's receivership program for problematic properties, and to quickly respond to other identifiable blighting conditions** in order to raise property values and make San Bernardino a more attractive community for residents and businesses.

Estimated Costs: $300,000 annually for physical labor and resources associated with increased blight remediation, board-ups, and demolition activity that will be coordinated with the augmented code enforcement capacity identified in Action 4d.

$200,000 annually for an increased legal and other services required by demolition and receivership programs.

f. **<u>Action</u>: Develop and implement an Adopt-a-Street Program through the Integrated Waste Division** to harness the power and engagement of community residents, businesses, and organizations, and to improve the City's overall appearance.

Estimated Costs: Proposed action can be accomplished within available resources to the Integrated Waste Fund.

5. **<u>Objective</u>: Deliver high-quality emergency response services (fire and medical) in the most efficient and economical manner, and in accordance with industry standards and response times,** to ensure proper response to the emergency medical aid needs of residents, workers, and visitors within the city, to provide fire services that meet the standards and correct the deficiencies set forth in the

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CityGate study commissioned by the City, and to ensure capacity to appropriately respond and recover from other natural or man-made threats to public safety.

Suggested Performance Measurements (to be further refined and developed):

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a. **Action: Assess and evaluate all options for the organizational structure, deployment, and delivery of emergency response services** to ensure available resources are being utilized to optimize the efficient delivery of quality services to the community.

Estimated Costs: CityGate study evaluating needs, opportunities, and deficiencies of the current structure and model for delivering of emergency services has already been completed.
$TBD costs for evaluating efficacy, efficiency, and opportunities of other structures and models for delivering emergency response services.

b. **Action: If the existing organizational structure and model are maintained,** improve emergency response service delivery by increasing the deployment capabilities with the addition of two paramedic squads. (Additional investment may not be necessary if a less expensive, compatible, and sustainable contracting option exists).

Estimated Costs: $430,000 one-time primarily for call/dispatch improvements or contractual services.
$1,700,000 ongoing additional personnel.

6. **Objective: Revitalize civic and cultural amenities (parks, libraries, theatres, sports-facilities, community centers, and other public spaces), by reactivating and improving sustainable levels of programming, activities, and events for these amenities** to enhance the quality of life for San Bernardino residents and workers, and to attract new businesses, employers, and visitors to San Bernardino.

Suggested Performance Measurements (to be further refined and developed):

- *Progress towards achieving national accreditation of city parks and recreation operations and programs pursuant to the 144 qualitative standards established by the Commission for Accreditation of Park and Recreation Agencies; and maintenance of accreditation thereafter pursuant to the five-year re-accreditation cycle.*
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a. **Action: In partnership with SBCUSD, CSUSB, and SBVC, develop a community-wide strategic plan for library and information services (literacy, education, technology access, workforce training, etc.)** to coordinate and leverage resources , programs and facilities of identified partners, to augment and sustain funding for expanding library and information services, to align library and information services with community educational and workforce development objectives, and to improve the overall quality of life of residents.

Estimated Costs: $150,000 one-time costs for the development of a community-wide strategic library and information services plan in partnership and collaboration with the identified partners.

b. **Action: Rebuild funding allocated to library services to a level of at least 60% of the per capita average for peer cities, and ensure existing and restored library resources are deployed in alignment with the strategic plan developed under Action 5a,** to optimize the efficiency and effectiveness of city resources dedicated to library and information services, to maximize community partnership opportunities, and to leverage the limited city resources available for quality of life services.

Estimated Costs: $1.5 million annually for funding improved hours, operations, resources, materials and technology for libraries, which would result in city per capita funding at approximately 63% of peer city average. Funding will be leveraged by strategic alignment of resources and efforts with identified partners under Action 5a.

c. **Action: In partnership with SBCUSD, CSUSB, SBVC, youth sports organization, and other community recreation providers, develop and implement a community-wide strategic plan for a broad and diverse offering of high-quality youth sports, after-school programs, and recreational activities for families and residents of all ages, including the joint use of well-maintained sports and recreation facilities,** to achieve multiple reinforcing goals of the identified partners such as: better health and wellness for residents through increased participation; improved facilities and shared administrative support that reduce the cost, and increase accessibility and affordability of recreation and sports programs; and implementation of consistent standards, procedures and expectations that ensures the safety and well-being of youth and other participants.

Estimated Costs: $150,000 one-time costs for development of a community-wide youth sports and recreation strategic plan in partnership and collaboration with the identified partners.

d. **Action: Rebuild funding allocated to recreational and sports activities, youth and senior programming, and other quality of life services to a level of at least 60% of the per capita average for peer cities in the Inland Empire, and ensure esources are deployed in alignment with the strategic plan developed under Action 5c,** to optimize the efficiency and effectiveness of city resources dedicated to recreation, sports and quality of life programs, to maximize community partnership opportunities, and to leverage the city's available resources.

Estimated Costs: $3 million annually for funding improved recreation, sports, and quality of life services, which would result in city per capita funding at approximately 60% of peer city average. Funding will be leveraged by strategic alignment of resources and efforts with identified partners under Action 5c.

e. **Action: In partnership with SBCUSD, CSUSB, SBVC, community arts and cultural groups, and the business community, develop and implement a strategic plan for the sustainable funding and growth of arts, culture, entertainment, and special events in San Bernardino,** to attract and retain creative talent to the community, to increase youth and resident participation in arts and

cultural activities in alignment with community educational objectives, to enhance overall quality of life for residents, and to retain and attract businesses and employers by creating an arts economy in San Bernardino.

Estimated Costs: $150,000 one-time costs for development of strategic plan in partnership and collaboration with the identified partners (expected to be funded through the City's cultural impact fee). No additional annual costs at this time. Strategic arts and culture plan is expected to identify one-time and sustainable sources of funding to implement the plan and to leverage the City's cultural impact fee and resources from identified partners.

7. **Objective: Develop and implement an economic development strategic plan** to attract and retain business investment and employers in growth industry sectors to San Bernardino, to build a stronger and more resilient local economy, to create prosperity for city residents and businesses, and to help grow the City revenue base.

Suggested Performance Measurements (to be further refined and developed):

- *Growth in assessed valuation of property in targeted areas and citywide*
- *Growth in sales tax revenue*
- *Growth in transit occupancy tax revenue*
- *Increase in median household income*
-

a. **Action: In partnership with the business community, educational institutions, the County, IVDA, local health providers, and other community stakeholders and institutions, create an economic development plan that identifies target opportunity areas and strategies for incubating and sustaining economic growth,** to ensure economic development strategies and initiatives are aligned with the regional economy and industry growth sectors; to coordinate with the investments and objectives of local partners; and to deploy resources in coordination with the City's other targeted neighborhood actions for improving public safety (Actions 2a and 2c), revitalizing city infrastructure (Actions 3a, 3b and 3d), stimulating change and investment in housing market (Action 4a), and enhancing blight removal and beautification (Action 4b).

Estimated Costs: $150,000 one-time costs for creating the economic development plan in partnership and collaboration with identified partners.

b. **Action: Rebuild economic development capacity of the City that was completely eliminated in 2012 when the State of California abolished funding for redevelopment agencies,** to efficiently and effectively create and implement the economic development plan identified in Action 7a, to align the management and strategic use of public properties and resources with the economic development plan, to be timely and responsive to strategic economic opportunities, and to help create a more responsive, accessible, and user-friendly business climate in San Bernardino.

Estimated Costs: $750,000 annually for restoring the capacity required to create and implement the economic development plan and strategies identified under Action 5a. This represents approximately 20-25% of the funding ($3 to $4 million annually) dedicated to this critical function before the funding was taken in 2012 by the State of California under ABx1 26. Funding will be leveraged by better strategic alignment of resources and efforts with identified partners.

c. **Action: Update and modernize Development Code (last updated in 1991)** to incorporate contemporary planning and business practices and procedures, to set objective criteria for new development, to streamline the entitlement and permit process, and to facilitate economic opportunities and growth.

Estimated Costs: Project is currently underway with $175,000 funding from CDBG. Additional $125,000 one-time costs are needed to complete and implement the Development Code update.

d. **Action: Assess and implement physical and process improvements in Community Development Department that will integrate and streamline the City's development services functions (planning, building, and engineering) across the organization** to make the City of San Bernardino a more desirable and opportunistic place to do business.

Estimated Costs: $TBD one-time or annual costs for physical and process improvements as determined by the assessment.

e. **Action: Develop and implement a strategy that aligns the resources, assets, and programs of the San Bernardino Employment and Training Agency (SBETA) with existing and planned educational career pathways and workforce development strategies of SBCUSD, CSUSB and SBVC,** to better leverage limited workforce development funding, to create a more prepared workforce that attracts employers to the city, and to better prepare residents to successfully access employment and grow their prosperity within our regional economy.

Estimated Costs: Proposed action can be accomplished within available resources.

8. **Objective: Ensure corporate support functions (information technology, finance, human resources, and risk management) are organized and delivered efficiently, have sufficient capacity, and can be scaled to be responsive to the changing needs of the service departments**, to improve the overall efficiency and effectiveness of city operations and services to residents and businesses, to enhance workforce productivity, and to ensure all decision-making is informed by reliable, up-to-date, and accurate financial data and projections.

Suggested Performance Measurements (to be further refined and developed):

- *Develop annual report on progress towards implementation of Strategic Plan.*
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a. <u>Action</u>: **Conduct a citywide organizational assessment of corporate support functions** to develop and prioritize recommendations around improving efficiency and effectiveness of City staff in human resources, information technology, finance, and risk management.

Estimated Costs: $200,000 one-time costs to conduct and implement assessment
$TBD annual costs (staffing and/or contractual services, etc.) as determined by the assessment.

b. <u>Action</u>: **Increase City capacity for obtaining grants and ensuring proper coordination of grant applications, management, and reporting,** to better leverage city investments and funding, and to augment the resources available to improve city services.

Estimated Costs: $TBD annual costs as determined by the assessment under Action 8a.

c. <u>Action</u>: **Develop and implement an information technology strategic reorganization plan, including investment in a new software system that integrates and streamlines development permitting, code enforcement, and business licensing,** to ensure the City can efficiently and effectively deploy, service, and maintain the $1.5 to $2.5 million annual investment technology modernization called for the Plan of Adjustment, to ensure the City's ongoing technology investments align with service needs and citywide goals and objectives, and to increase employee efficiency and productivity.

Estimated Costs: $100,000 one-time costs to develop information technology strategic plan
$1,200,000 one-time costs for purchase, installation and training of new development services software system
$TBD annual costs for managing and maintaining the $1.5 to $2.5 million annual investment in technology modernization called for in the Plan of Adjustment and IT Strategic Plan.

d. <u>Action</u>: **Assess, develop, and implement the organizational and service restructuring required for the City's fleet maintenance operations** to efficiently and effectively address the over 50% of the city fleet that is due or past due for replacement (estimated at a cost of more than $41 million), to ensure the efficient and sustainable maintenance of the City's fleet, and to scale fleet maintenance operations and needs with citywide policies and restructuring.

Estimated Costs: $50,000 one-time costs for conducting assessment of city's fleet service needs and the most efficient method for delivering the service.
$TBD annual costs (staffing and/or contractual services, etc.) as determined by the assessment.

e. <u>Action</u>: **Increase investment in professional education and training of city workforce on best practices in their profession, skill development for career advancement, reinforcement of corporate culture and expectations, and improved customer-service** to increase the capabilities and productivity of the city workforce, to increase employee retention, and to improve the engagement and commitment of employees to achieving the City's strategic plan, objections, and actions through professional education and training.

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Estimated Costs: *$50,000 one-time costs to design and create a comprehensive city-wide professional development and training program tailored to the various professions and disciplines within the city workforce. $TBD annual costs to implement program.*

9. <u>Objective</u>: **Consistently and effectively engage and communicate with the diverse residents, businesses, and sectors of our community,** seeking input and partnership that fosters an environment of hope and opportunity, expands access to information, and creates opportunities for stakeholders to play an active role in discussing public policy and setting priorities.

   Suggested Performance Measurements (to be further refined and developed):

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   a. <u>Action</u>: **In partnership with local public institutions (school districts, universities, the County, and other public agencies) develop a comprehensive community engagement and communications plan** to increase outreach and awareness of programs and events among residents, business, employees and visitors; to educate residents on issues and opportunities that can improve their health, employment, and quality of life; and to increase overall levels of civic participation and volunteerism.

      Estimated Costs: *$100,000 one-time costs to develop community engagement and communications plan.*

   b. <u>Action</u>: **Develop coordinated city-wide internal and external communications capacity, including optimizing the use of various mediums for communications available to the City,** to create a culture of community engagement and to better leverage community partnerships.

      Estimated Cost: *$400,000 annually for creating communications capacity that has not previously existed within the City, and that will be required to create and implement the community engagement and communications plan identified under Action 9a. Funding to be leveraged by use of technology and use of communications channels established by identified partners.*

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Table 1. Draft Strategic Action Plans within Priority Goals

Strategic Action Plans	Public Safety	Education & Workforce Development	Quality of Life, Infrastructure & Housing	Business Development & Job Creation	Community Engagement & Public Relations	Governance & Charter	Fiscal Sustainability, Efficiency & Productivity
1. **Create a new governance structure and charter for San Bernardino.**							
a. Task citizen Charter Committee to develop new charter ballot measure for November 2016.					✔	✔	✔
b. Develop and implement public outreach and education campaign to engage public in charter change process.					✔	✔	
c. Until ballot measure approved, continue Operating Practices for Good Government agreement.						✔	✔
2. **Increase human and technological capacity of Police Department to fully embrace and implement best practices in community policing.**							
a. Expand use of license plate reader technology, crime cameras and DNA testing as workforce multipliers.	✔						✔
b. Increase workforce capacity of Police Department to fully implement best community policing practices.	✔				✔		✔
c. Develop targeted anti-crime and violence initiative with increased community engagement.	✔				✔		✔
d. Expand public safety career pipeline program with SBCUSD to strengthen and diversify workforce.	✔	✔		✔			✔
e. Increase capacity to close marijuana dispensaries and remediate drug-infested properties and areas.	✔		✔	✔			✔
3. **Implement sustainable infrastructure revitalization plan (streets, storm drains, sewers, sidewalks,**							

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Strategic Action Plans	Public Safety	Education & Workforce Development	Quality of Life, Infrastructure & Housing	Business Development & Job Creation	Community Engagement & Public Relations	Governance & Charter	Fiscal Sustainability, Efficiency & Productivity
street lighting, traffic signals, parks, building and other public facilities).							
a. Develop updated strategic capital improvement plan that prioritizes and focuses investments.			✔	✔	✔		✔
b. Increase capacity to implement and manage the significant annual increase in infrastructure projects called for in POA.			✔	✔			✔
c. Partner with Water Dept. to assume responsibility for implementing the significant improvements required to sewer collection system.			✔			✔	✔
d. Partner with County and SBVMWD to explore and implement appropriate Enhanced Infrastructure Financing District.			✔	✔		✔	✔
4. **Implement plan for sustainable revitalization of neighborhoods through high-quality housing, blight remediation, beautification, and aggressive code enforcement.**							
a. Partner with housing, school, and related service nonprofits to develop comprehensive housing strategy.	✔	✔	✔	✔	✔	✔	✔
b. Prioritize and focus housing, blight remediation, beautification and code enforcement programs in target areas to leverage investments.	✔		✔	✔			✔
c. Rebuild housing and human services capacity of City (eliminated by RDA dissolution) to effectively implement and manage housing plan and related strategies.			✔			✔	✔
d. Increase City's code enforcement capacity to implement more aggressive and targeted strategies.			✔	✔			✔
e. Create Rapid Response and Receivership Team to implement aggressive blight remediation,	✔		✔	✔			

Strategic Action Plans	Public Safety	Education & Workforce Development	Quality of Life, Infrastructure & Housing	Business Development & Job Creation	Community Engagement & Public Relations	Governance & Charter	Fiscal Sustainability, Efficiency & Productivity
board-up and property receivership program.							
f. Implement Adopt-a-Street Program to engage community in leveraging city beautification efforts.			✔		✔		✔
5. **Deliver high-quality emergency response services (fire and medical) in the most efficient and economical manner, and in accordance with industry standards and response times.**							
a. Assess and evaluate all options for the organizational structure, deployment, and delivery of emergency response services.	✔		✔	✔		✔	✔
b. Improve emergency response capacity within existing organizational structure and service model, by increasing the deployment capabilities with the addition of two paramedic squads.	✔		✔	✔			
6. **Revitalize civic and cultural amenities (parks, libraries, theatres, sports facilities, community centers, and other public spaces) with sustainable programming, activities and events.**							
a. Partner with education institutions to develop community-wide library and information services plan.		✔	✔	✔	✔	✔	✔
b. Rebuild library funding to be at least 60% of per capita average for peer cities, and deploy funding in alignment with plan.	✔	✔	✔				✔
c. Partner with education institutions, youth sports organizations and community recreation providers to develop community-wide recreation and sports plan.		✔	✔		✔	✔	✔
d. Rebuild funding for recreational and sports activities, senior and youth program, and other quality of life services to at least 60% of per	✔		✔				✔

Strategic Action Plans	Public Safety	Education & Workforce Development	Quality of Life, Infrastructure & Housing	Business Development & Job Creation	Community Engagement & Public Relations	Governance & Charter	Fiscal Sustainability, Efficiency & Productivity
capita average for peer cities, and deploy funding in alignment with plan.							
e. Partner with education institutions to develop and implement a strategic arts, culture, entertainment, and special events plan.		✔	✔	✔	✔	✔	✔
7. **Implement a strategic economic development plan to attract business, to grow the local economy, and to create jobs.**							
a. Partner with business community, education institutions, County, IVDA and others to develop plan that identifies target opportunity areas and creates sustainable strategies for economic growth.	✔	✔	✔	✔	✔	✔	✔
b. Rebuild economic development capacity of the City (eliminated by RDA dissolution) to effectively and efficiently implement the economic development plan.		✔		✔			✔
c. Update and modernize city development code to stimulate economic growth and improve business climate.		✔		✔	✔		
d. Implement physical and process improvements in Community Development Department to streamline operations and improve business climate/customer service.				✔	✔		✔
e. Align SBETA resources, assets, and programs with educational career pathways and the workforce development strategies and investment of partners.		✔		✔		✔	✔
8. **Restructure corporate support functions (IT, finance, HR, and risk management) to ensure support services are delivered efficiently and effectively, and are scalable to city's changing needs.**							

Strategic Action Plans	Public Safety	Education & Workforce Development	Quality of Life, Infrastructure & Housing	Business Development & Job Creation	Community Engagement & Public Relations	Governance & Charter	Fiscal Sustainability, Efficiency & Productivity
a. Conduct citywide organization assessment of corporate support functions.						✔	✔
b. Increase City's grant application, management, and reporting capacity to better leverage city funding.	✔	✔	✔	✔			✔
c. Implement information technology strategic reorganization plan, including investing in new coordinated development services software.	✔	✔	✔	✔	✔		✔
d. Assess and implement organizational and service restructuring for fleet maintenance.	✔		✔				✔
e. Increase professional education and training of city workforce to increase productivity and employee retention.	✔	✔	✔	✔	✔	✔	✔
9. **Consistently and effectively engage and communicate with the city's rich diversity of residents, businesses and constituencies.**							
a. Partner with local public institutions to develop a comprehensive community engagement and communications plan.	✔	✔	✔	✔	✔	✔	
b. Develop citywide internal and external communications capacity, including optimizing use of all mediums and channels for communications with constituencies.	✔	✔	✔	✔	✔	✔	

Appendix C

OPERATING PRACTICES FOR GOOD GOVERNMENT

Common Council:

1) The role of the Common Council is legislative in character, which includes the power to set policy, approve contracts and agreements and undertake other obligations consistent with the Charter and Code, while deferring to the discretion of management and staff to choose the appropriate means to achieve the Council's goals.
2) The Common Council will make the necessary decisions to expeditiously exit bankruptcy, as well as develop and implement a strategic and tactical plan that ensures the City of San Bernardino's success in the foreseeable future. To this end, it will comply with Judge Jury's order to produce a confirmable Plan of Adjustment by May 30, 2015.
3) The Common Council will proved the resources to pursue the City's best interests in bankruptcy court along with a robust communication plan to inform the citizenry of what is at stake.
4) The Common Council, as the elected body serving all of the residents of the City, shall perform its duties and exercise its powers in a manner that serves the best interests of the entire City, rather than any particular geographic area or special interest.

Mayor:

1) The Mayor will build consensus with the Common Council to create and implement a shared vision and plan of implementation to restore the City's fiscal integrity.
2) The Mayor will establish and maintain partnerships and regional leadership roles to advance the City's interest.
3) The Mayor will be the key "face" and chief spokesperson for the City.
4) The Mayor will be the presiding officer at meetings of the Common Council and will fully participate in discussions.
5) The Mayor will, consistent with the separation of powers contemplated by a reasonable reading of the City Charter, not interfere with the discretion of the City Manager in the exercise of his powers and the performance of his duties under the City Charter.
6) The Mayor will work with the Common Council and City Manager to coordinate goal setting and the performance evaluation of the City Manager.

Mayor and Common Council:

1) The Mayor and Common Council will jointly develop clear expectations of the City Manager and hold him/her accountable by conducting performance evaluations at least every six (6) months.
2) The Mayor and Common Council will develop and implement norms (Code of Conduct) to guide and direct their interactions and duties, including measures to hold one another accountable for deviations from the goals and principles set forth in the City Charter, City Code and these Operating Practices.

3) Neither the Mayor nor the Common Council will interfere with the judgment and discretion of management staff with respect to the duties that are typically managerial in nature, such as the appointment, removal, and supervision of subordinate staff.
4) Neither the Mayor nor the Common Council will direct departmental staff (other than those in their own departments).

City Attorney:

1) The City Attorney will focus his attention and resources on the performance of his duty as chief legal officer to provide legal advice to the Mayor, Common Council and City Manager, and the management of his office, and shall leave the formulation of policy and managerial matters exclusively to those officials charged by the City Charter with those duties.

City Manager:

1) The City Manager will be the sole authority for managing City operations and directing City staff in those departments under his supervision.
2) The City Manager will make business and policy recommendations based solely his or her independent professional judgment and best practices in the best interests of the City, rather than political considerations, and to this end shall strictly guard against interference with the performance of his duties.
3) The City Manager will have both the authority and accountability to produce a confirmable Plan of Adjustment for Common Council approval by May 30, 2015.
4) The City Manager will be responsible for implementing the Plan of Adjustment to ensure the City exits bankruptcy as soon as possible.
5) The City Manager will be accountable for the implementation of Council goals and policy and the overall performance of the City.
6) The City Manager will be responsible for ensuring that the Common Council and Mayor are fully informed on all aspects of important emerging issues, and as part of that responsibility will fully brief the Common Council at their Council Meetings on business matters before them.

Signed:

R. Carey Davis Date: 4/6/2015
R. Carey Davis, Mayor

Virginia Marquez Date: 4/6/2015
Virginia Marquez
Member, Common Council

Benito J. Barrios Date: 4/6/2015
Benito J. Barrios
Member, Common Council

_____ Date: _____
John Valdivia
Member, Common Council

_____ Date: 4/6/15
Fred Shorett
Member, Common Council

_____ Date: 4/6/15
Henry Nickel
Member, Common Council

_____ Date: April 6, 2015
Rikke Vari Johnson
Member, Common Council

_____ Date: April 6, 2015
James Mulvhill
Member, Common Council

_____ Date: April 6, 2015
Gary D. Saenz
City Attorney

_____ Date: 4/6/2015
Allen J. Parker
City Manager

Findings and Notes from the March 18-19th Strategic Planning Session

Current Context Conversations

Management Partners presented their high level findings about the current city context. They presented a compelling history of decline that today has resulted in:

- Low median household income
- High poverty
- Low education attainment
- High unemployment
- High crime rate
- Declining share of assessed value
- Declining share of income
- Declining share of population

Their analysis shows several major themes behind the decline:

- A commitment to service delivery and the community, but few tools to deliver. An organization that is unable to support even average service levels.
- Long-standing, systemic organizational dysfunction. Organizational culture is in disarray.
- Leadership confusion: who's in charge?
- Employee recruitment and retention issues.
- Lack of trust and accountability.
- Inconsistent management or policy framework to support informed decision making.
- Information technology is a low priority.

Their assessment of the underlying cause that the city is operating on a **dysfunctional city charter**.

This input was then followed by an in-depth dialogue of the Core Planning Team. Their comments included the following concerns and recommendations:

- We need a shared vision and operating context/framework to hold leadership accountable to deliver what our city needs and wants.
- We will need a 2-part process to bring city government from dysfunctional to functional. The four entities (Council, Mayor, City Manager and City Attorney) need to agree on a new management construct. The second component is that they all need to agree on re-writing and or repealing the current city charter. These parties need to go before the public and state their rationale and commitment to these two steps.
- We will need to make sure that we educate the voters on these essential steps in the Plan of Adjustment and the need for significant change. In addition, there is a need for the public to hold the entire leadership team accountable to these changes. There should be a public signing ceremony.

- We should consider maintaining the Ward focus and have council members elected at-large.
- We need to eliminate the inconsistencies in governance so that developers feel comfortable coming to the city.
- People in power need to relinquish some power for the good of the city/people. Put the interests of the city above their personal agendas. All elected officials need to be aligned around the interests and needs of the city.
- We need to tackle the real issues that got us into bankruptcy.

At the conclusion of this conversation the Core Planning Team asked Management Partners to provide a draft "Leadership Agreement" that the team could discuss and alter by the end of the strategic planning session. The document was prepared and presented on the morning of day 2. Generally the Core Planning Team was in full support of this approach. The Core Planning Team identified the following possible changes to the draft document prepared by Management Partners:

Feedback specific to the Leadership Agreement:

- The intent of this work is to create effective and efficient operations for the city. We want to focus on this outcome and indicate that an initial step is around the Leadership Agreement and revision/repeal of the city charter.
- For this Leadership Agreement to sustain and work we (Core Planning Team) need to have a continuing and active role in supporting this work and holding the players accountable. This team could be part of a regular feedback and review process specific to the Leadership Agreement.
- We will also need to create a new perspective about the role the public plays in supporting the work of the city leadership and government. They will also need to have a new perspective and set of behaviors that support the work.
- We also want to propose that the work of the Charter Revision Committee is re-tasked to one of repealing/re-writing a new charter that reflects effective and efficient city operations.
- The role of the Mayor needs to be clearly articulated as the key shaper of the city image and the key representative of the city.
- We need to be certain in any new agreement and/or charter that we are very clear on our terminology and the roles and responsibilities of all the key players.
- Specific mechanisms for collaboration, transparency, communication and codes of conduct need to be articulated in the Leadership Agreement. Accountability mechanisms need to be built into the process as much as is possible.
- Process that is very transparent to voters and builds an effective case for change.
- We need to be more explicit on #4 as per recommendations of Bob Deis.
- Under City Manager – clearly stated that City Manager will serve as the "CEO" and is accountable and responsible to the Council
- Clarity around the "code of conduct" and rules of engagement for the Big 4.
- It may be useful to have a referee of sorts or mediator to hold the Big 4 accountable.
- Inclusion of roles and responsibilities put inside a contract for the City Manager.
- Clarification of the roles of the Council and the Mayor specific to accountability of the City Manager.
- We need a commitment of the Council members to self-police.
- #2 & 3 need to go under Mayor as well.
- City Manager – sole authority for managing and directing staff.

- #1 under Mayor and City Council – consider quarterly pulse checks.
- We need to be more direct with our wording – instead of "will avoid" it should be "will not"; for the Mayor, instead of "a key face" it should be "the key face"
- We need to be careful that the language is not too legal – we don't want to run into legal interpretations or limitations.
- Replace word "power" with authority and responsibility.
- Performance evaluations for council members that support and provide constructive feedback.
- We want to continue to use Management Partners to support our work.
- We may not need a full time Mayor.

A small sub-team of the Core Planning Team worked with Bob Deis over lunch and brought back a revised draft for consideration by all members in the planning session (Core Planning Team, City Council, Mayor, City Manager and City attorney). The completed draft is appended to this document and it received endorsement by all members attending the session.

Looking to the Future

This section was a four-step process. The first step involved and overview of the results from the Town Hall meetings and the Community Survey findings. The second step involved watching a video that reframes the nature of visioning – how to switch perspectives and modes of thinking from the current patterns to new patterns. The third was a dialogue among the Core Planning Team to identify those possibilities that would be inspirational and commitment-building. The last step was to focus down to the most important vision elements.

Step 1: Town Hall Meetings and Community Survey Results:
In these processes, participants were asked about existing assets, possible futures and key changes they would like to see. The results from both processes were fairly consistent. The tabulated results from the Town Hall meetings were as follows (What are the 3 changes you would like to see for our city?):

<u>Community Infrastructure (22)</u>
Street improvements, lighting, parks, trees, walking & biking, dealing with homelessness.

<u>Public Safety (17)</u>
Reduce crime, gangs, graffiti, get rid of illegal marijuana dispensaries, increased community policing.

<u>Pride, Community Ownership, Volunteerism (12)</u>
Volunteer programs to clean up and restore neighborhoods and the community; community empowerment, involvement and ownership for the city.

<u>Programs for Youth (12)</u>
Activities for youth; job development training for youth; live here and play here.

<u>Community PR and Marketing (11)</u>

Marketing a positive image; customer service in government; efficient government operations; showcase city assets.

Attract, Retain and Support Local Business (11)
Business friendly environment, zoning changes, lower business taxes, programs to support local businesses.

Health Government – Code Enforcement (10)
Code enforcement; get back to the basics of city services; government officials who live in and care about the city; restructure city charter; accountable city officials.

Create a vital and attractive Downtown Hub (8)
Restore downtown as a focal point with vendors, arts, farmer's markets; sports center.

Planning Process (5)
Coherent planning and redevelopment processes that are transparent to the community; economic development to create balanced economic demographics.

Step 3: Dialogue Process – Inspirational Elements of an Emerging Vision

The Core Planning Team dialogue resulted in the following initial vision elements:

- A place were my dreams and aspirations can come true – a place where everyone cares for each other and where we feel responsible for each other. A place where we truly embrace our diversity – a place where we have celebrations of diversity/culture every weekend.

- For the city to succeed it needs to do so in partnership – partnership with our residents, with our hospitals, colleges, business, etc. We need to focus on building partnership that reflect our assets and competitive advantages – i.e. 66ers, hospitals, railroads, transportation, county government, Orange Show, San Manual.

- The city lives the way it looks.

- We will have a strong PR campaign that focuses on a Safe City. We have successfully marketed and branded our new identity all the way down to our street signs.

- We will create a vibrant downtown area that includes a student run "hub of innovation".

- We will have multiple types of sports activities for youth and other community members.

- If you move to the City of San Bernardino you will succeed through education. We are a college going culture at the highest levels. We will have a campaign by every key partner that focuses on education and youth development. We will be known for being a college and career ready city that raises the bar for all students. We will

start our campaign at 0-36 months. Imagine a picture of the All American Sign with all the leaders and partners literally drawing a line in the sand.

- We will "dial down" on housing – strong code enforcement; effective processes for landlords; crime-free certification.

- We have an efficient and effective governmental system that connects with other governmental systems and focuses on the shared goals (collective impact). We have leveraged our impact through our efficiency, collaboration, shared focus and partnerships.

Step 4: Focusing the Vision
A second pass at the vision elements took place in the afternoon of day 2. Participants were still largely focused on finalizing the Leadership Agreement document and process. Because of this the author of this document has attempted to take a stab at this step based on the limited input from the team:

- A place were dreams and aspirations can come true – a place where everyone cares for each other and where we feel responsible for each other. An empowered community that truly embraces its rich diversity and a place that is safe for all of its residents.

- A city that is built on its competitive advantages and its assets and one that leverages these assets through committed and collaborative and interdependent partnerships.

- A city where all young people will succeed through a rich interconnected web of educational supports. A city that is known for being focused on developing college-bound students.

- A city that recognizes the importance of homeownership, one with strong code enforcement and effective processes for working with landlords.

- We have an efficient and effective governmental system that connects with other governmental systems and focuses on the shared goals (collective impact). We have leveraged our impact through our efficiency, collaboration, shared focus and partnerships.

Possible Areas of Strategy and Approach

The last component of work over the 2-day planning process was to identify some high level areas for strategy development. The workshop method was employed for this work. The guiding question was:

> "What steps or actions should we take that will bridge us from our current state to our desired vision for the future?"

The following categories were identified with their associated possible goals and actions. The numbers next to the category header represent a rough polling based on two criteria

– what is most urgent and what category will build the best foundation for success in reaching our vision. By consensus the "Leadership Agreement" category was seen as most important and as a prerequisite. As such, no votes were cast for this priority – it was taken as a given.

The "Leadership Agreement"

- Implement common council/Mayor/Attorney/City Manager agreement
- The Big 4 and the 17 Core Planning Team to make a public declaration I fron of All America City sign.
- Consistent accountability of stakeholder to "Leadership Agreement".
- Learn from our missteps but still be willing to take risks.
- City and community leadership hold themselves and others accountable.
- Voter education through community partners to create support on new "Leadership Agreement".
- Improve the city climate.

Safety and Crime (14)

- Marked reduction in crime
- Signs on homes and businesses with message of safety in the neighborhood – i.e. Neighborhood Watch programs.
- Create safe zone in different wards for kids to be safe from gang violence and gang recruitment.
- Addressing crime through strengthened and empowered communities and neighborhoods.
- Improve community involvement in improving the city's appearance and public safety.

Housing (10)

- Full implementation of city-wide housing receivership program.
- Stimulate city-wide increase in homeownership rate (+10% within 10 years).
- Create a program of housing incentives for teachers, police, fire and city personnel.
- Strengthen code enforcement ability to sanction absentee landlords with blighted properties.
- Reduce poverty by empowering existing residents and attracting higher income and educated residents.

Education and Workforce Development (9)

- Develop and provide unpaid training locations for student trainees.
- Develop a city-wide commitment to a college and career-going culture.
- Resume intake center specifically for the residents of San Bernardino.
- Work to retain students graduating from SBCC and CSUSB.

Community Engagement (9)

- Identify and enlist community groups to advocate and communicate our shared vision to others.
- Create a culture of community engagement, education and transparency
- See more signs of positive action in the City – i.e. murals, no encampments
- Work with grassroots organizations to foster pride in our city.

- Clean up of city gateway beautification
- Determine the top 5 "doable" community suggestions to be implemented immediately.
- Establish a "San Bernardino Cares Day" quarterly
- Visible rehabilitation of streets

Business Development and Partnerships (8)

- Provide incentives for businesses to locate in San Bernardino.
- Consider utilizing the "Launch Initiative" as a collective impact hub for community revitalization.
- City Council creates "enhanced infrastructure financing district" as post-redevelopment investment structure.
- Re-work our city processes in order to become more business-friendly.
- Work with local business to expand partnerships.
- Create a committee to work on partnerships with all possible partners to take advantage of our current competitive advantages.
- Look beyond our city for expanded opportunities.
- Stimulate city-wide business development and entrepreneurships.
- Formalize a collective impact "charter" with key interdependent partners.
- Integrate skilled faculty from CSUSB and SBVCC into addressing city issues.
- Municipal code and ordinance review and overhaul.
- Market the airport for passengers and freight.
- Full scale effort to active airport.

Public Relations (5)

- Public relations campaign to highlight the right things about San Bernardino.
- Work with local media (Sun, P.E.) to get more positive coverage of the city.
- Develop a public engagement marketing approach to ensure entire community involvement.
- Quarterly Community Roadshow meetings throughout the city.
- Expand the loal TV channel.
- Connect better with KVCR

Downtown (0)

- Rebuild downtown with attractions for younger residents, including restaurants, etc.
- Human Relations Commission – (0)
- Reactivate the Human Relations Commission

San Bernardino Strategic Planning Process
February – May 2015

In February of 2015 the City of San Bernardino initiated a Strategic Planning Process designed to integrate with, and provide guidance to the City's plan to exit bankruptcy, the Plan of Adjustment work already underway.

The Strategic Planning Process was designed to be community-based – that is to use community input and community leaders to build a new vision and a set of high level approaches to bridge from the current state to a revitalized city.

Because the process needed to be on a fast track to support the Plan of Adjustment and May 30 deadline with the courts, the initial phase of planning was truncated from more typical planning processes. A set of five Town Hall Meetings were conducted in February, one in each city ward. Over 600 people attended these sessions in which they were asked to identify both city assets and key challenges in revitalizing the city. Participants in these events were positive and excited to be included in the process. The detailed input from these sessions is appended to this document.

In addition, an electronic survey was made available to residents across the city. Approximately 450 people completed the survey. The results from the electronic survey and the Town Hall meetings were consistent. The detailed survey results are also appended to this document.

Seventeen community leaders from education, business, county government, non-profits, faith-based institutions and other sectors were invited to participate in strategic planning session on March 18-19, 2015. The specific outcomes for the session were as follows:

1. Build shared understanding about the current state of the city and the requirements of the POA.
2. Develop a new inspiration for the city – elements of a vision.
3. Identify the specific internal and external patterns that will need to be addressed in order to achieve a revitalization of the city.
4. Develop a new context and set of high level approaches for the city.

This two-day process was open to the public and designed in a unique way. Because the City Council will ultimately adopt both the Plan of Adjustment and the Strategic Plan, the council members were invited to have a "seat at the table", and yet assume a listening mode. In this way they could be directly informed by the thinking of the seventeen members of the Core Planning Team and the planning could be truly designed by the community.

The agenda for the two days was simple in its design. The first day was focused on building shared understanding of the current city context and initial visioning, with the second day to be focused on further visioning and identifying high level strategic approaches. A copy of the agenda is appended to this document.

Although simple in design, in reality the current issues that have surfaced in the Plan of Adjustment work appropriately dominated the attention and concern of the Core Planning Team. As a consequence, the vision and strategic approaches need further refinement that will come through a series of work sessions between March 23 and April 23rd, with their input coming back to the Core Planning Team on April 24th.

Major Findings, Results, Recommendations and Directions

1. Redefining and reformulating the relationships between the City Mayor, City Manager, City Council and the City Attorney is imperative in order to move city governance from being dysfunctional to functional, and eventually to deliver effective and efficient operations throughout the city. A full strategy and process was proposed and designed for this purpose. See attachments for the document developed and approved by all parties. Formal voting on this process will occur at an April City Council meeting.

2. The Core Planning Team centered their vision discussion around 5 key themes:

   - A place where dreams and aspirations can come true – a place where everyone cares for each other and where we feel responsible for each other. An empowered community that truly embraces its rich diversity and a place that is safe for all of its' residents.

   - A city that is built on its competitive advantages and its assets and one that leverages these assets through committed and collaborative and interdependent partnerships.

   - A city where all young people will succeed through a rich interconnected web of educational supports. A city that is known for being focused on developing college-bound students.

   - A city that recognizes the importance of homeownership, one with strong code enforcement and effective processes for working with landlords.

   - We have an efficient and effective governmental system that connects with other governmental systems and focuses on shared goals (collective impact). We have leveraged our impact through our efficiency, collaboration, shared focus and partnerships.

3. Throughout the conversations several core planning principles continued to surface:

   - The importance of building strong, interconnected partnerships focused on mutual shared goals and values – collective impact.
   - The imperative to actively involve and communicate with all residents of the city. Community empowerment needs to be at the core of all the work. The best answers and active support will come from the community.
   - The work of the city and of the planning process needs to be transparent and accessible to all residents of the city.
   - Voter education and engagement will be key to the accountability and ownership that will be necessary for city revitalization.
   - The importance of immediately responding to some of the highest and most visible community concerns in order to build credibility for the process.
   - Don't reinvent the wheel. Build on existing assets and the work that is already going in our community and county.
   - We need to do the right things. The needs of the city come before personal agenda.

4. The last component of work over the 2-day planning process was to identify some high level areas for strategy development. There was consensus in understanding the interconnected nature of the identified strategic priorities, and that efforts need to go on at various levels both concurrently and in a staged manner relative to available resources.

   The following categories were identified with their associated possible goals and actions. These categories are consistent with the priorities identified through the Town Hall meetings and Community Survey.

   The numbers next to the category header represent a rough polling based on two criteria – what is most urgent and what category will build the best foundation for success in reaching our vision. By consensus, the "Leadership Agreement" category was seen as most important and as a prerequisite. As such, no votes were cast for this priority – it was taken as a given.

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- Improve the city climate.

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- Quarterly Community Roadshow meetings throughout the city.
- Expand the local TV channel.
- Connect better with KVCR

Downtown (0)

- Rebuild downtown with attractions for younger residents, including restaurants, etc.
- Human Relations Commission – (0)

- Reactivate the Human Relations Commission

Next Steps for the Planning Process:

The Mayor, in consultation with Management Partners, presented a set of proposed next steps for the Strategic Planning Process and the Plan of Adjustment. It is essential that everyone is working on a very tight timeline between now and May 30, 2015.

Teams of city staff working with content experts will take the initial strategic thinking identified in this document and develop goals and enabling strategies on the priority work. This set of proposed plans will come back to the Core Planning Team for a full day planning session on April 24th

Agenda for March 18-19th Strategic Planning Session

San Bernardino City Strategic Planning

Desired Outcomes:

1. Build shared understanding about the current state of the city and the requirements of the POA.
2. Develop a new inspiration for the city – what we can become.
3. Identify the specific internal and external patterns that will need to be addressed in order to achieve a revitalization of the city.
4. Develop a new context and set of high level approaches for the city.
5. Identify specific process steps that will get us from where we are today to our new future – involvement, engagement, etc.

Agenda Sequence:

I. Welcome and Framing **8:30 – 9:30**

A. Welcome by Mayor
B. Introductions of Facilitators and Introduction Process
   1. Introduction of Planning Participants
C. Outcomes for the 2-day planning process
D. Role of Council Members and Public Input
E. Review of the Agenda Sequence

II. Current Context **9:30 – 12:00**

A. What is the historical background of what happened that gets us to our circumstances today?
B. Plan of Adjustment and the connection of the POA to this Planning Process? Managing Partners.
C. What did we learn through the Town Hall Meetings and the Community-Wide Survey?
D. What are the key insights that we want to bring into our thinking as a planning team?
   - Small group followed by whole group conversation. Include council members into small groups

Lunch Break **12:00 – 12:45**

III. Creating a Powerful Future for the City of San Bernardino 12:45 - 2:30

1. Community Visioning
   - Small group process

- Whole group conversation
- Distillation of key vision themes – goals and principles

IV. Public Input **2:30 – 3:30**

Day 2:

I. Building a New Leadership Contract **8:30 – 10:00**

1. Input from Management Partners
2. Questions about the intent
3. What changes would you propose, and why?
4. Reactions and comments from key players in strategy.
5. What need to be the immediate next steps with this strategy?

II. Continuing the Vision Work **10:00 – 12:00**

Small Groups

A. What seem to be the most compelling elements of this vision?
B. What would be the sequence of these elements

Fishbowl of Core Planning Team –
Goals, principles, driving beliefs and possible Dilemmas

II. Key Tensions and Dilemmas **8:45 – 10:30**

A. Understanding our current context and the desired future - What might be the big dilemmas, paradoxes, issues that we will need to address in our strategic plan in order to be successful?

III. New Context for the City **10:30 – 11:45**

A. Given what we have learned about the restraining patterns, what new context do we wish to create that will actively enhance our positive patterns and interrupt the restraining patterns in our current trajectory?

IV. Broad Approaches and Strategies **12:30 – 2:15**

A. Given the insights about our new context, what broad approaches will be called for in our new strategic plan?
B. We may want to do the Workshop Method
C. Next Approaches for the Planning Process

V. Public Input **2:15 – 3:15**

VI. Reflection and Summary of Next Steps **3:15 – 3:30**

Summary of Town Hall Meetings

Key Themes

• Community Infrastructure	22
• Public Safety	17
• Pride, volunteerism and Ownership	12
• Programs for Youth	12
• Community PR and Marketing	11
• Attract, Retain and Support Local Business	11
• Healthy City Services and Code Enforcement	10
• Create a vital and attractive hub	8
• An effective Planning Process	5

What are the key changes people want to see?

Restore the level of public safety - fire and police - visibility	17
High effective marketing, operations, customer service	4
Review of City Charter- more efficient government	3
Youth programs and job preparation - pride in playing & working here - students - job development	10
Fix and improve city infrastructure - streets, lights, trees and parks - beautification - walking and biking ,skate parks	22
Retain and Attract more businesses- business friendly - zoning	7
Enforcement and prevention of crime and homelessness, code enforc	11
Establish a culture of ownership- community input and outreach	5
Stop doing projects tied to State, Fed and nonprofits	2
Start respecting city employees and stop going to private companies	2
Work on attracting small local businesses rather than big boxes	2
Dedicated, transparent and accountable elected officials	
Showcase our city's assets - market in a positive way- museums, etc	
Recycling	

Senior housing	2
Coherent planning and redevelopment plan- transparency	3
Lower business taxes	2
Restore downtown - Local hub or focal point, vendor booths, sports farmers market	3
Sports facility as alternative to crime	2
Prayer back in school	
Get the airport working for the public	
Economic development, balanced demography	2
Get back to the basics of healthy government structure and function	
Take pride in your home and clean up neighborhoods	3
Small business support - improve access to businesses	2
Regulate marijuana dispensaries	2
Outsource police and fire	
Increase family/felon/resources and libraries	
Match the code to surrounding cities - higher development standards	2
Affordable housing for those on disability	
Job development	4
Government officials who live in the city and understand	
Volunteer projects - community gardens, clean-up	3
Apprentice programs in crafts. Electrical	

Next Steps Plan

City of San Bernardino
Strategic Plan
March 2015
NEXT STEPS

1) April 2015

A. Strategic Planning Core Team presents their work to the City Council in open session (4/6/15). No formal action on the plan is taken but the Council directs staff to convene internal leadership teams to develop more specific strategies for achieving the Strategic Plan goals.

   Note: this has two purposes. First, the City organization has to understand and own the new direction because they will have to implement it. Second, proven programs and strategies need to be put into place to effectuate the goals identified in the Strategic Plan. Staff is in the best position to determine.

B. City convenes leadership teams to develop specific strategies to achieve the Strategic Plan goals.

C. The San Bernardino Bankruptcy Team needs to review staff proposals and ensure the Plan of Adjustment aligns with and supports the Strategic Plan.

D. City leadership teams report back to the Strategic Planning Core Team as to their work product and solicits their support. This combined work product, the Strategic Planning Core Team and City leadership teams, becomes the City's proposed Strategic Plan.

2) May 2015

A. The Strategic Planning Core Team and the City leadership teams present the proposed City of San Bernardino Strategic Plan to the City Council for adoption.

   Note: this can be scheduled with the San Bernardino Plan of Adjustment for Council approval on the same date.

3) **Summer or Fall 2015**

A. The timing of this next step is difficult to predict given the actual Strategic Plan, the City's Plan of Adjustment and the judges and litigants responses are difficult to predict at this time. However, the City will develop and implement a public involvement program that builds on the successful Community Engagement Program that was supported by the San Bernardino City Unified School District.

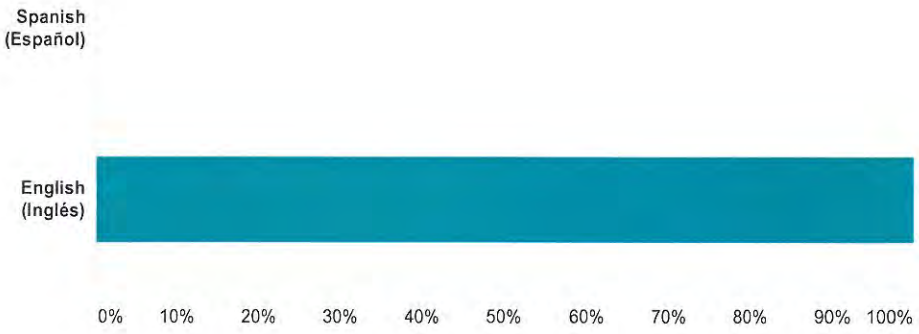
This public engagement program will include: components of the **Strategic Plan** i.e. how it was designed, the rationale for the goals and strategies included in it and the programs that will be put into place to achieve them. It will also include the **Plan of Adjustment,** again with the rationale for the changes that will be included in that plan.

The actual implementation of the initiatives in the Strategic Plan will be determined by numerous factors, including: the litigation process and its timing, the nature of the recommendations in the Strategic Plan, whether we need more resources and what we can accomplish on our own without requiring court approval.

Summary of Community Survey

Q1 Please select the language for the survey (Por favor seleccione el idioma de la encuesta):

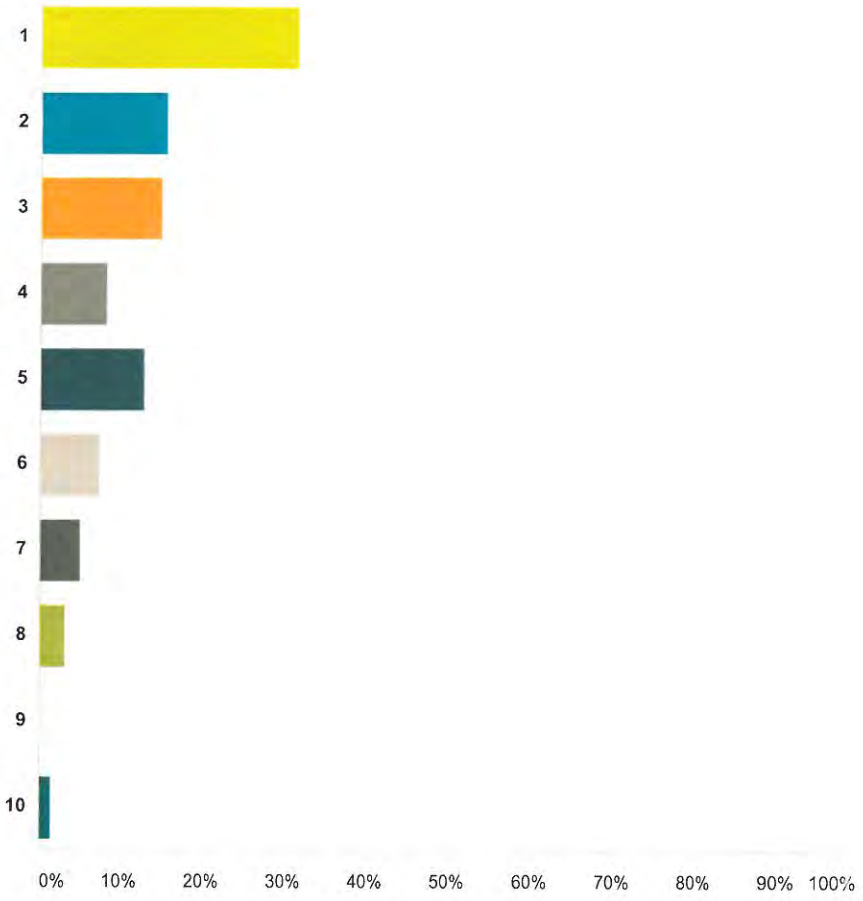
Answered: 459 Skipped: 0



Answer Choices	Responses	
Spanish (Español)	**1.96%**	9
English (Inglés)	**98.04%**	450
Total		**459**

Q2 On a scale of 1-10, with 10 being high and 1 being low, how likely would you be to recommend a friend, relative or colleague to move to the City of San Bernardino?

Answered: 402 Skipped: 57

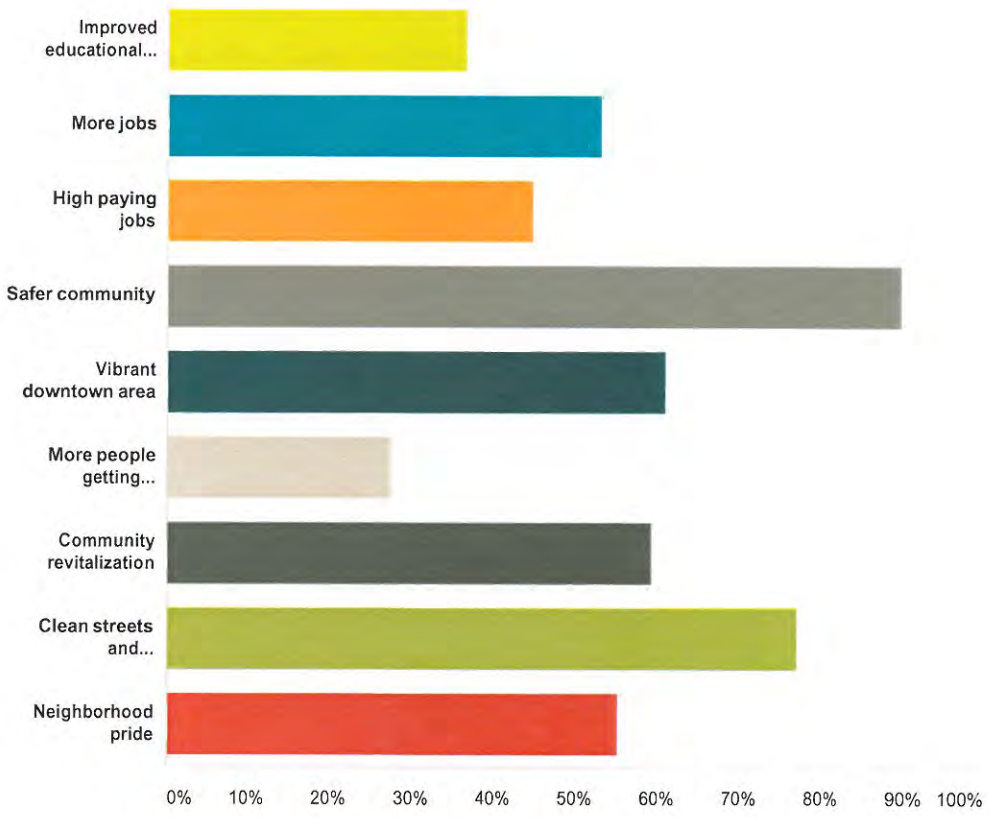


Answer Choices	Responses	
1	**31.59%**	127
2	**15.42%**	62
3	**14.93%**	60
4	**8.21%**	33
5	**12.69%**	51
6	**7.21%**	29
7	**4.98%**	20
8	**3.23%**	13
9	**0.25%**	1
10	**1.49%**	6

Total	**402**

Q3 If you didn't rate the last question as an 8 or above, what would have to take place for you to increase your rating to an 8 or above?

Answered: 374 Skipped: 85



Answer Choices	Responses	
Improved educational opportunities	**36.63%**	137
More jobs	**52.94%**	198
High paying jobs	**44.65%**	167
Safer community	**89.84%**	336
Vibrant downtown area	**60.96%**	228
More people getting involved in community projects	**27.27%**	102
Community revitalization	**59.36%**	222
Clean streets and neighborhoods	**77.01%**	288
Neighborhood pride	**55.08%**	206
Total Respondents: 374		

#	Other (please specify)	Date

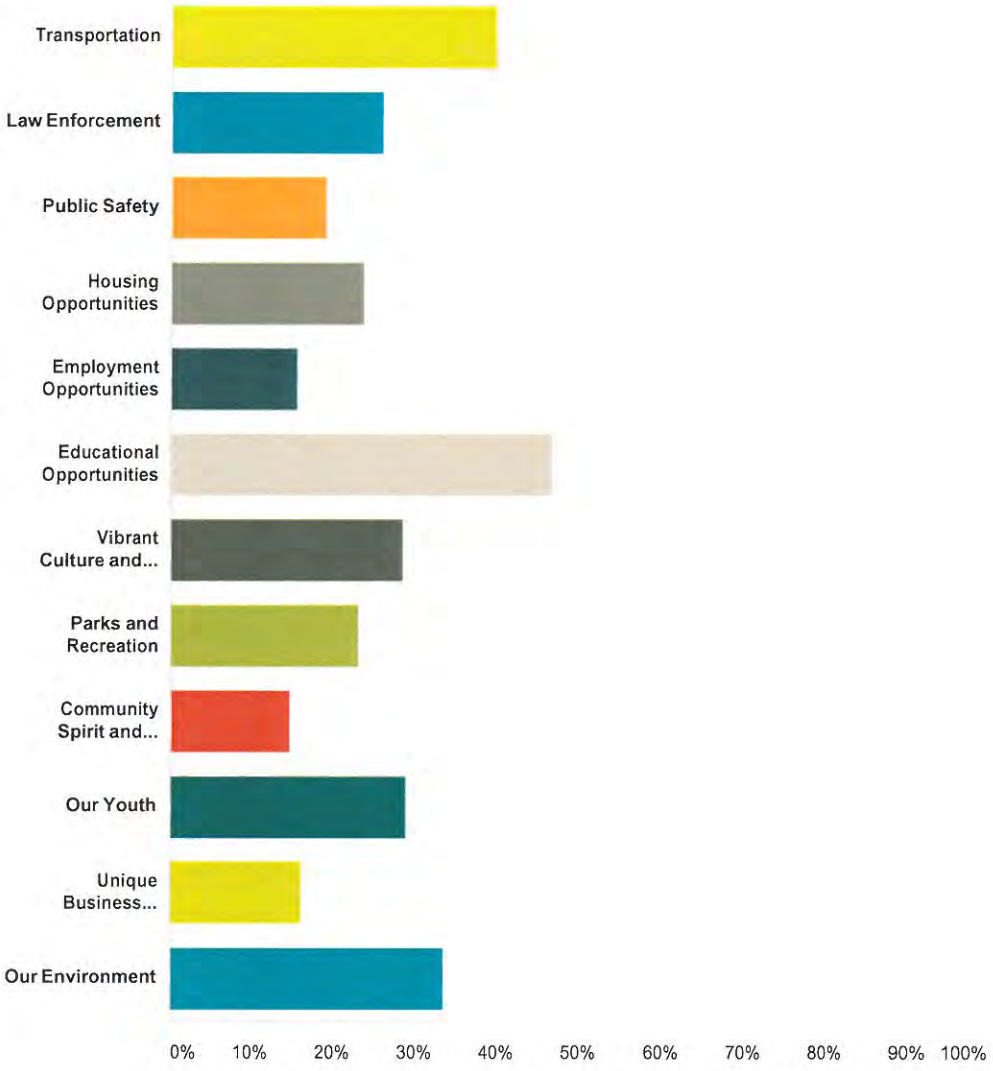
1	Lower property taxes	3/2/2015 4:59 PM
2	more trees and healthier food options	2/26/2015 4:32 PM
3	Better police services	2/26/2015 12:40 PM
4	improved housing stock, higher level of (non-public safety) public services	2/25/2015 5:35 PM
5	Better police services	2/25/2015 1:18 PM
6	A more diverse community. I mean real diversity. Different religions. Minorities other than Hispanic and Black. Encourage languages other than Spanish.	2/25/2015 12:52 PM
7	Rent that is not super high.	2/23/2015 8:47 PM
8	higher success rate of graduates of SBCUSD students	2/23/2015 7:37 AM
9	Increase our police force, criminals know we do not have the manpower to protect the residents of this large city.	2/23/2015 4:12 AM
10	remove gangs; more police and safety; safer schools with CSOs; get rid of "ghetto" areas that increase crime	2/21/2015 6:25 PM
11	police and firemen who actually lived in the city	2/21/2015 8:57 AM
12	police crackdowns on gang related problems	2/20/2015 8:22 PM
13	Encourage Business influx by incentives, tax moratorium, and enterprize zone initiatives.	2/20/2015 4:36 PM
14	Stop the fighting within CIty Hall	2/20/2015 1:17 PM
15	Stop inviting homeless and building low income housing	2/20/2015 12:15 PM
16	better city government	2/20/2015 11:48 AM
17	remove the homeless from shopping centers	2/19/2015 8:42 PM
18	Speed bumps to make streets safer, more lighting.	2/19/2015 11:26 AM
19	not safe, too many bad people, not safe to even go to store	2/19/2015 10:20 AM
20	good management of the homeless "problem"; stronger understanding of the importance of a vibrant public library system	2/18/2015 11:34 AM
21	A feeling that law enforcement cares about more than just getting a paycheck and telling residents they suck for living here. (Yes, I've been told that.)	2/18/2015 10:27 AM
22	clean up parks	2/18/2015 9:38 AM
23	Stop wasting taxpayer money on stupid projects like the SBX that makes no sense at all. occupy the vacant buildings and malls before building new ones or knock them down so they are not eye sores. address the homeless issue (again there are quite a few empty buildings that can accomodate this) pay close attention when planning on spending a budget and get quality work for our tax paying dollars; not like the street re-surface on Sterling. fix street light that stay on constantly throughout the day and put lighting in dark area where it is much needed.	2/17/2015 8:42 PM
24	more cultural activities	2/17/2015 2:46 PM
25	Street need to be fixed, too many pot holes throughout ENTIRE city	2/17/2015 2:27 PM
26	Fewer taggers/gangs. More businesses in the empty buildings. Fewer pot stores.	2/17/2015 1:55 PM
27	It's time to stop writing off San Bernardino as hopeless! I believe San Bernardino was a great city and can be again. I believe its leaders need to have vision and not dismiss the city as hopeless. San Bernardino is in an excellent location geographically. It COULD have a thriving downtown area like Pasadena, Riverside, Upland, Covina, Pomona. Businesses need to have an incentive to try out downtown San Bernardino. Other cities take their landmark/historic buildings and renovate them and turn them into jewels. San Bernardino tears them down. Other cities create lofts in their downtown areas for living and business. Make San Bernardino's downtown area safe and inviting. It has excellent freeway access to both sides of the city. We have the Orange Show Fairgrounds that are under-ultilized. We've had big name entertainment there in the past, why not again? Instead it goes to Ontario and Citizens Arena. We have two outdated malls. We need to do something with them, instead new business goes to Redlands and the Citrus Center. San Bernardino has so much potential!	2/17/2015 12:28 PM
28	Cooperative politics	2/17/2015 10:20 AM
29	Monies for in class problem/project based learning supplies to engage students, parents, teachers and community in real life, problem solving and employment based scenarios.	2/17/2015 9:46 AM
30	keep promoting entitlement will not help revitalization	2/17/2015 8:49 AM

31	less graffiti, less low income housing, less homelessness	2/16/2015 5:14 PM
32	decrease influx of welfare/unemployed people	2/16/2015 3:01 PM
33	Until the City of S.B. can get out from under the boot of the Police and Firefighters unions and renegotiate reasonable pay and retirement, this city will continue on the road to financial ruin.	2/16/2015 10:44 AM
34	As an educator, it is very sad to hear that my students have to lay on the floor because of drive by shootings. There is not enough police protection in our neighborhoods. It is not safe to be out at night. Drug deals are done in broad daylight.	2/16/2015 9:13 AM
35	If you don't speak Spanish don't bother coming here	2/15/2015 10:36 AM
36	Better cops	2/15/2015 8:15 AM
37	more cultural activities, support for libraries, museums etc.	2/14/2015 8:19 PM
38	More Police Officers!	2/14/2015 4:37 PM
39	get rid of the thug element	2/14/2015 2:08 PM
40	Less politics especially in the SBCUSD specifically the superintendent Marsden.	2/14/2015 9:48 AM
41	ALL elected officials being more honest in telling residents the truth not what residents want to hear then shaking it off; honesty	2/14/2015 6:07 AM
42	Get rid of the monthly garage/yard sales, they are a further blight to the city streets with the raggety yard signs that stay up for months. Besides these yard sales go every weekend including the weekdays, no one really knows when they are or even care. The city charter should never have been changed, this city looks more run down as a result of it.	2/13/2015 11:38 PM
43	Crime rates lower	2/13/2015 10:49 PM
44	Human-scaled environment conducive to cafe culture	2/13/2015 9:31 PM
45	No homeless begging at every freeway exit	2/13/2015 7:48 PM
46	more taxpayers and fewer tax benefit recipients	2/13/2015 7:13 PM
47	Save money by Focusing on ONE common language, English. I was disgusted to see the first question showing Spanish first on the list, which is not even alphabetic. I'm of derman descent. I could demand the opportunity to answer this questionaire in the language of my ancestors, who, however, were wise enough to learn the common language of the land they migrated too!	2/13/2015 7:07 PM
48	Increased city services. Return police staffing to previous yrs. revise charter section 187	2/13/2015 4:56 PM
49	no gangs	2/13/2015 4:29 PM
50	get ride of the transiants	2/13/2015 3:39 PM
51	More things to do in San Bernardino for children and adults	2/13/2015 3:13 PM
52	Fix the streets and remove grafitti	2/13/2015 3:08 PM
53	No-kill animal shelter	2/13/2015 3:03 PM
54	Increased interest by employees on the city as a whole instead of self interests paid for by the largely poverty stricken people of the city	2/13/2015 2:59 PM
55	No-kill animal shelter	2/13/2015 2:59 PM
56	Stop promoting low income housing	2/13/2015 2:49 PM
57	Higher home values	2/13/2015 2:11 PM
58	No more reverse discrimination - As a teacher, I have to overly sensitive to others, while they do not to me because I am of the "supposed" privileged race: "white". When you work in a title one school, any other race calls racism, I lose my job. If my parents are racist, it is tolerated and not dealt with.	2/13/2015 2:06 PM
59	Better Shops and More Things to Do	2/13/2015 2:05 PM
60	removal of the ihgh density housing between baseline and highland. those areas are a blight.	2/13/2015 1:57 PM
61	NO TAGGING anywhere or Prostitution on Baseline	2/13/2015 1:41 PM
62	Clean up Downtown, the west side, and the area around San Gorgonio High School.	2/13/2015 1:38 PM

63	Get rid of that stupid new bus system that ruined our downtown, is used by very few people, and is a brutal reminder of the government funded poverty in this town.	2/13/2015 1:31 PM
64	Change the city charter.	2/13/2015 1:31 PM
65	Under improved educational opportunities, more vocational hands/on experience i.e A/C training, metal shop, construction, i.e.	2/13/2015 1:30 PM
66	Less social welfare, section 8, ect and more jobs	2/13/2015 1:21 PM
67	Less Murders	2/13/2015 1:19 PM
68	street renovations	2/13/2015 1:14 PM
69	crime, safety issues, the city is a shithole	2/13/2015 1:11 PM
70	Community Center and More Money to Our Schools	2/13/2015 1:10 PM
71	stores that willing to locate here	2/13/2015 1:08 PM
72	Honesty and integrity in city government	2/13/2015 1:01 PM
73	Hate to say it but...more like downtown and old Redlands (small shops in areas where you can stroll, revitalized neighborhoods that show pride of residence).	2/13/2015 1:00 PM
74	No organized crime and drug gangs with unlicensed cars and tinted windows driving dangerously through our neighborhoods, AND less air pollution!!! Better jobs won't replace the money made from drugs. We need tough cops who are willing to battle gangs. Why aren't these even options?	2/12/2015 6:22 PM
75	More or better shopping centers - such as Victoria Gardens or Citrus Plaza	2/12/2015 2:21 PM
76	clean up the crime and prostitution.	2/12/2015 12:04 AM
77	consistent governance	2/11/2015 11:34 AM
78	decrease the number of criminals, low income people, people on public aid, people without education or job skills, a moratorium on low income housing and non-profits, liquor stores, 99c stores, tattoo parlors, pawnshops, etc. etc. instead get wel educated and/or skilled middle income residents form other cities, focus on getting quality middle income housing and businesses, make San Bernardino the safest city in california and we will prosper!	2/10/2015 5:00 PM
79	housing	2/9/2015 9:45 AM
80	just need to feel safe and i dont in the city at night.	2/5/2015 7:50 AM

Q4 From the list below, what are the greatest assets that the city has that we can build upon to revitalize our city? Please check the all of the ones that you believe are current strengths.

Answered: 306 Skipped: 153



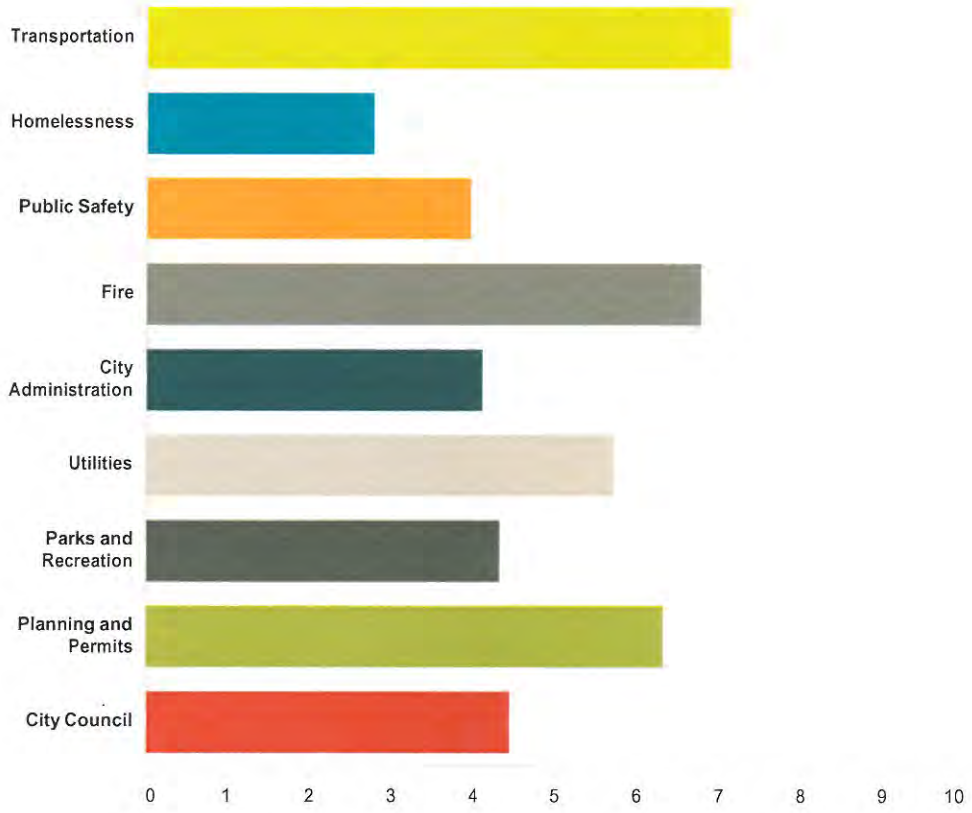
Answer Choices	Responses	
Transportation	39.87%	122
Law Enforcement	25.82%	79
Public Safety	18.95%	58
Housing Opportunities	23.53%	72
Employment Opportunities	15.36%	47
Educational Opportunities	46.73%	143

Vibrant Culture and Diversity	**28.43%**	87
Parks and Recreation	**22.88%**	70
Community Spirit and Pride	**14.71%**	45
Our Youth	**28.76%**	88
Unique Business Sectors	**16.01%**	49
Our Environment	**33.33%**	102

Total Respondents: 306

Q5 Please rate the following service areas based on your level of satisfaction on a scale of 1-10, with 10 being completely satisfied and 1 being very dissatisfied. Please check N/A if the item does not apply to you.

Answered: 328 Skipped: 131

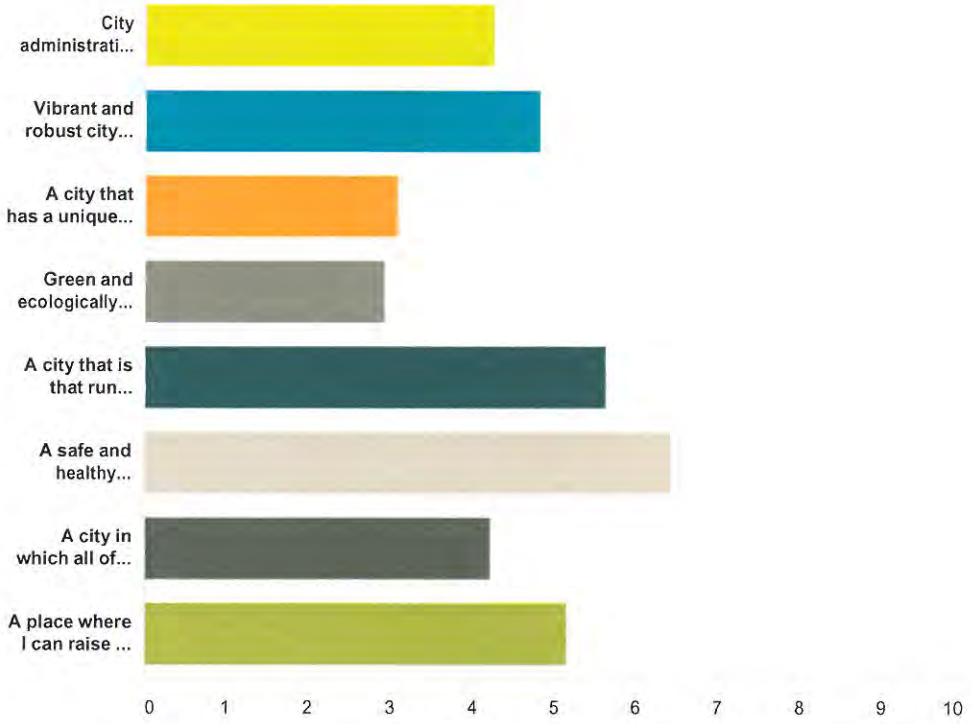


	1	2	3	4	5	6	7	8	9	10	N/A	Total	Weighted Average
Transportation	**6.27%** 20	**2.82%** 9	**5.64%** 18	**5.33%** 17	**14.73%** 47	**5.33%** 17	**7.84%** 25	**14.73%** 47	**8.15%** 26	**7.21%** 23	**21.94%** 70	319	7.15
Homelessness	**55.11%** 178	**14.55%** 47	**8.05%** 26	**4.64%** 15	**4.64%** 15	**1.55%** 5	**0.62%** 2	**1.24%** 4	**0.62%** 2	**0.93%** 3	**8.05%** 26	323	2.77
Public Safety	**20.43%** 66	**16.72%** 54	**15.79%** 51	**8.67%** 28	**11.76%** 38	**7.74%** 25	**6.81%** 22	**5.88%** 19	**2.79%** 9	**2.17%** 7	**1.24%** 4	323	3.96
Fire	**4.09%** 13	**3.46%** 11	**5.97%** 19	**5.97%** 19	**14.78%** 47	**8.49%** 27	**11.32%** 36	**17.61%** 56	**10.06%** 32	**11.01%** 35	**7.23%** 23	318	6.78
City Administration	**22.29%** 72	**12.69%** 41	**13.62%** 44	**10.53%** 34	**15.17%** 49	**7.43%** 24	**6.50%** 21	**4.02%** 13	**0.93%** 3	**0.62%** 2	**6.19%** 20	323	4.11
Utilities	**9.32%** 30	**4.66%** 15	**9.63%** 31	**6.52%** 21	**21.74%** 70	**9.94%** 32	**7.14%** 23	**14.60%** 47	**6.83%** 22	**4.35%** 14	**5.28%** 17	322	5.72
Parks and Recreation	**18.27%** 59	**10.84%** 35	**13.00%** 42	**12.69%** 41	**19.81%** 64	**5.57%** 18	**6.81%** 22	**5.57%** 18	**1.55%** 5	**0.31%** 1	**5.57%** 18	323	4.33

Planning and Permits	**14.29%** 46	**7.45%** 24	**7.76%** 25	**6.83%** 22	**15.53%** 50	**5.90%** 19	**3.11%** 10	**3.73%** 12	**0.93%** 3	**0.31%** 1	**34.16%** 110	322	6.32
City Council	**24.30%** 78	**9.97%** 32	**12.46%** 40	**10.28%** 33	**13.71%** 44	**6.85%** 22	**5.30%** 17	**3.43%** 11	**0.62%** 2	**0.93%** 3	**12.15%** 39	321	4.45

Q6 Please rank these characteristics in order, with 1 being the characteristic you most want San Bernardino to have in the future.

Answered: 323 Skipped: 136



	1	2	3	4	5	6	7	8	Total	Score
City administration that is friendly and welcoming to new and existing businesses.	**6.71%** 19	**9.89%** 28	**11.66%** 33	**16.61%** 47	**17.31%** 49	**15.19%** 43	**11.66%** 33	**10.95%** 31	283	4.25
Vibrant and robust city center with a variety of stores, restaurants and activities.	**10.07%** 29	**13.19%** 38	**15.63%** 45	**17.01%** 49	**16.67%** 48	**13.89%** 40	**7.99%** 23	**5.56%** 16	288	4.82
A city that has a unique culture and identity.	**3.47%** 10	**4.17%** 12	**7.99%** 23	**8.33%** 24	**9.38%** 27	**15.28%** 44	**28.82%** 83	**22.57%** 65	288	3.10
Green and ecologically friendly city.	**1.37%** 4	**4.12%** 12	**4.47%** 13	**11.68%** 34	**12.37%** 36	**14.78%** 43	**23.02%** 67	**28.18%** 82	291	2.93
A city that is that run efficiently and that makes decisions based on the best interests of its citizens and is future.	**19.58%** 56	**17.13%** 49	**19.93%** 57	**14.34%** 41	**16.08%** 46	**6.64%** 19	**5.24%** 15	**1.05%** 3	286	5.64
A safe and healthy community.	**39.58%** 114	**22.22%** 64	**14.24%** 41	**9.72%** 28	**5.21%** 15	**4.17%** 12	**1.74%** 5	**3.13%** 9	288	6.46
A city in which all of its citizens work together to take care of each other and the community.	**3.46%** 10	**9.69%** 28	**16.96%** 49	**14.19%** 41	**14.88%** 43	**19.38%** 56	**13.49%** 39	**7.96%** 23	289	4.21
A place where I can raise my children and where they want to stay to raise their children.	**22.12%** 69	**20.83%** 65	**10.58%** 33	**8.65%** 27	**9.62%** 30	**8.01%** 25	**3.85%** 12	**16.35%** 51	312	5.16

Q7 What is the one thing that you are most proud about being a citizen of the city of San Bernardino?

Answered: 257 Skipped: 202

#	Responses	Date
1	How close the city is to cities with beautiful recreation facilities	3/2/2015 5:07 PM
2	Affordability	3/2/2015 8:57 AM
3	The city is centrally located to the mountains, beaches and deserts. Everything is within an hour drive.	3/1/2015 4:45 AM
4	It's made me high vigilance of danger and personal safety.	2/28/2015 12:06 PM
5	I've lived here all my life. I remember when we were an All American City. This is the home of the birth of fast food restaurants and Santa Fe's 3751, and we're on Route 66. We're also located in a beautiful area of Southern California.	2/27/2015 11:16 AM
6	A police dept. that is working under reduced manpower and continues to perform exceptionally well.	2/27/2015 8:27 AM
7	its diversity	2/27/2015 4:21 AM
8	We have a beautiful view of the mountains.	2/26/2015 7:22 PM
9	beautiful skies to star gaze.	2/26/2015 4:37 PM
10	sorry not one I wish I HAD THE RESOURSES TO MOVE OUT	2/26/2015 4:26 PM
11	I'm proud that San Bernardino is centrally located to so many awesome places (desert, mountains, etc.) and we have a great history to build on.	2/26/2015 12:42 PM
12	The history	2/25/2015 11:45 PM
13	I'm proud of Metrolink and San Bernardino's role in creating the system. I think we need to use Metrolink to our advantage to get people to travel to our city for entertainment. We need to better connect Metrolink to Hospitality Lane, and SBx is a good start. We also need to encourage business development near the station that is more upscale that what we have there now, like a really unique restaurant or shopping experience.	2/25/2015 1:20 PM
14	I am most proud that I am one among a minority that lives in San Bernardino, has a full-time job, pays all my fees and taxes on time, and is not a criminal.	2/25/2015 12:55 PM
15	0	2/25/2015 5:21 AM
16	0	2/24/2015 8:25 PM
17	I honestly can't think of anything to be proud of.	2/23/2015 11:20 PM
18	I like being back in an area that has sidewalks and streetlights. There are activities here. We have a library. We have our dual theater area back with Regal Cinema.	2/23/2015 8:51 PM
19	Home to Route 66 and McDonald's	2/23/2015 6:28 PM
20	The Orange Show	2/23/2015 6:07 PM
21	The ability to grow as a city. This is my hometown. I went to school here my children were raised here. I hurts everytime I look around and see apts going up and Families unsafe. I have a hard time remembering how it use to be.	2/23/2015 1:02 PM
22	all of the above are vital to the success of San Bernardino's future. My family is is San Bernardino based and has been for years. My mother and father were both Berdoo Cardinals and met in San Bernardino.	2/23/2015 7:42 AM
23	Our past history and the hope that we can return to a thriving community again in the near future.	2/23/2015 7:29 AM
24	There are some hard working people that want to make San Bernardino a safe place to live and raise a family.	2/23/2015 4:15 AM
25	The past greatness and future potential of my city that has seemingly be left to rot with the pot shops, 99 cent stores, vagrancy, and panhandling while every other surrounding city has superior housing, community, and business development.	2/22/2015 7:25 PM

26	I am not proud to live in SB. My family worries about my safety and my job in a city where poverty, safety, homelessness, crime, prostitution, corruption are nearly the highest in the entire nation.	2/21/2015 6:29 PM
27	CSUSB	2/21/2015 1:20 PM
28	the opportunities available to students in our district	2/21/2015 10:56 AM
29	There is very little to be proud of. If I had to choose one thing, it would be CSUSB.	2/21/2015 9:02 AM
30	I'm not proud at all.	2/21/2015 12:42 AM
31	That we were once a productive city.	2/20/2015 10:03 PM
32	I remember what it was like in the past.	2/20/2015 9:50 PM
33	Hard to think of one. I live here because I could not afford any other place. I wish my kids are exposed to a better educational system and better surroundings.	2/20/2015 8:25 PM
34	I'm new to the city. I have noticed the strong sense of community here and do enjoy that	2/20/2015 7:19 PM
35	Honestly nothing I'm about to move out of this horrible place	2/20/2015 4:58 PM
36	Can't think of anything the decline is so devastating over the past 20 years.	2/20/2015 4:39 PM
37	That I am a teacher in the SBCUSD District that works HARD to provide and education so our youth can become sucessful!	2/20/2015 4:32 PM
38	I was born here 60 years ago and recently retired from 28 years of service with the San Bernardino County Sheriffs department. I have lived in the city of San Bernardino most of my life and at this time in our cities history I am ashamed at what the city has become. We have become a community that cannot support its needs because our taxpaying middle class has fled. In the last year I have faced off criminals in my driveway at 3am, apprehended criminals who were burglarizing my neighbors home and defended myself from attack by a loose pit bull dog at 4:30 am while trying to load my car for a trip to see a friend (who has already fled). Stop the panhandling! Do not confuse panhandling as a homeless problem, it is NOT! After working in the local jails for 28 years I can personally attest to the fact that most of these panhandlers are not homeless, they are scamming people. Prop 47 has added to an already bad situation but I'll stop right here. The likelihood that my family will stay here for the long haul is pretty slim at this time.	2/20/2015 4:27 PM
39	The pride that is evident.	2/20/2015 3:24 PM
40	Its location...	2/20/2015 2:26 PM
41	Are you kidding me??? We got rid of the " Pennman era"	2/20/2015 1:21 PM
42	I grew up here, I own my home here, I work here, I grew up here & I am giving back to my community.	2/20/2015 11:53 AM
43	History of a great city.	2/19/2015 9:16 PM
44	My home	2/19/2015 8:46 PM
45	Airport and land around the airport.	2/19/2015 6:59 PM
46	I'm most proud of the local businesses that have stayed with us through thick and thin. SB is a hard place to start a business and keep it running sucessfully. We should make it easier for small business owners.	2/19/2015 5:11 PM
47	public libraries	2/19/2015 5:06 PM
48	The affordability of the housing stock,	2/19/2015 3:27 PM
49	Wow, tough one. At this point very little to be proud of...	2/19/2015 3:23 PM
50	At this point, I can not identify a positive characteristic of the city that I would be able to communicate to others.	2/19/2015 2:47 PM
51	the gateway to calif	2/19/2015 2:24 PM
52	Nothing. I used to have lots of pride. We have a great geographic position (close to cities, mountains, deserts, etc.). We were instrumental, along with other local cities, in creating Metrolink. We had a nice, homey quality. Now all I see is graffiti, trash, and empty buildings everywhere.	2/19/2015 12:38 PM
53	Just the fact I live close to work and my children's Charter school. I only moved to San Bernardino because of the school my children attend, SOAR Charter Academy.	2/19/2015 11:36 AM
54	Diversity	2/19/2015 11:28 AM
55	With all the changes that have gone on in the City, I am still here, with hopes of brighter future. This was once such a beautiful, safe place to live.	2/19/2015 10:12 AM

56	I am proud of what the city's diversity.	2/19/2015 10:10 AM
57	It's HISTORY	2/19/2015 8:47 AM
58	It has potential being one of the bigger cities in the Inland Empire.	2/18/2015 2:48 PM
59	N/A	2/18/2015 2:12 PM
60	Cal State, close to the mountains, easy access to other cities and my family.	2/18/2015 12:39 PM
61	The residents who have lived here for years (myself for 64 years) don't give up on the City and keep believing in its potential.	2/18/2015 11:35 AM
62	I used to be proud to live in San Bernardino. Now, I feel one of the biggest mistakes I made in my life was buying a home here. That mistake will be a regret I have for the rest of my life because I don't believe that my city, my council representatives, and especially my police force cares anything about me except that I keep paying lots of taxes and fees on every service I get. But, when I need something, it's too bad for me.	2/18/2015 10:31 AM
63	There is a great system for students to be educated (Kinder though college) in the city of San Bernardino	2/18/2015 10:29 AM
64	Born here and have lived here all of my adult life.	2/18/2015 9:44 AM
65	Cal State University	2/18/2015 6:57 AM
66	We are a city looking to grow and develop into a place where we want to live and share with each other.	2/17/2015 9:55 PM
67	Some of my elementary school teachers at kendall elementary from 95-2000, avhs 04-08, csusb 08-12.	2/17/2015 9:08 PM
68	N/a	2/17/2015 9:06 PM
69	The strong historical tie to the railroad and orchards	2/17/2015 8:47 PM
70	I am proud of our police department. They work hard to keep our community and streets safe from gangs and drug dealers	2/17/2015 7:42 PM
71	There is a great view of the mountains; values of the homes are reasonable.	2/17/2015 6:50 PM
72	I am not proud about being a citizen of SB. Too many times the citizens say they are from surrounding cities, such as, Redlands, Riverside, and Highland (never Rialto). I live where I live and I never claim another city. It is embarrasing when you say SB and people make a face or make negative comments. We have a horrible reputation and an ugly city. If I know about events and voluteering opportunities in my Perris Hills area, I always go. Revitilize downtown but how about helping us revitilize our homes and neighborhoods so our city can be beautiful?	2/17/2015 5:34 PM
73	It's trying to improve	2/17/2015 5:11 PM
74	It's history (Berdoo)....it is home; I was born and raised here and went to Urbita, Richardson, San Gorgonio, SBVC, and CSUSB. Unfortunately I couldn't take the downturn any longer and moved out of the city 4 years ago and continue to help the community by working for SBCUSD. Also, the proximity to mountains, desert, and beaches as well as the Route 66 event...that no longer takes place in SB...are things to be proud of!	2/17/2015 3:30 PM
75	I was raised, went to school and now work as a Psychologist in the san Bernardino school district	2/17/2015 3:28 PM
76	We're in the middle of everything. LA is 1 hr away. The mountains and lakes are about 45 minutes away. Las Vegas is only 3 hrs aways, OC is 1 hour, San Diego is 2 hours. Most of the adjacent neighboring cities have safe places we can visit. What we need to do is what Fontana is doing. We need to invest our money in our parks and recreation system. Our parks needs to generate revenue by centralizing all of the kids clubs and sports teams that are taking place in our city. The same way that Fontana is taking care of their youth programs. If we create safe parks and fun places for our kids to play at, I feel that there will be more buy in with productive people that are will to stay within the city. If we do not cater to our families, San Bernardino will keep attracting citizens that are non desirable and non productive.	2/17/2015 2:56 PM
77	no comment...	2/17/2015 2:32 PM
78	i cannot think of a thing.	2/17/2015 2:02 PM
79	That we have a 4 year University here. CSUSB	2/17/2015 1:31 PM
80	Beautiful trees and mountains	2/17/2015 1:03 PM
81	Great teachers in the SBCUSD school system!	2/17/2015 12:55 PM
82	That it has a great history (Santa Fe and the railroad, Norton Air Force base, Citrus Industry, Route 66, Native history, The Orange Show/Swing Auditorium). I want it to be great again on par with other great Southern California cities. Leaders need to have have vision and care about Berdoo.	2/17/2015 12:38 PM

83	Amongst all the negative and bad things that are said, and all the mis management I still have hope. Barely.	2/17/2015 12:37 PM
84	My family immediate and extended family being born and raised here. Also the landscape of valleys and mountains.	2/17/2015 12:24 PM
85	NONE	2/17/2015 12:04 PM
86	San Bernardino gave the World Mcdonalds Hamburgers and Hells Angeles!	2/17/2015 11:28 AM
87	It's History. I hope future generations can say the same.	2/17/2015 10:40 AM
88	The city provides opportunities for families to get back on their feet with low cost of housing and a variety of job opportunities. The one thing that breaks my heart about the city is the high crime rate and amount of trash and graffiti that surrounds the city.	2/17/2015 10:38 AM
89	Location. Mountains, beautiful views and weather. San Bernardino City Schools.	2/17/2015 10:32 AM
90	It's rich history. I	2/17/2015 10:23 AM
91	Its historical background.	2/17/2015 10:12 AM
92	Our optimism. We do not turn children away in need!	2/17/2015 9:50 AM
93	I have lived here all my life. Raised my kids here.	2/17/2015 9:40 AM
94	The amazing history of the settlement	2/17/2015 9:32 AM
95	Our Colleges- Valley College and Cal State	2/17/2015 9:28 AM
96	The history	2/17/2015 9:26 AM
97	Cal State San Bernardino is a wonderful university with competitive programs and educational opportunities.	2/17/2015 9:00 AM
98	It's rich history in the past, but not recent 20 or 30 years	2/17/2015 8:56 AM
99	School District	2/17/2015 8:43 AM
100	That this city has great potential. If only its residents were not so complacent.	2/17/2015 8:35 AM
101	My child's school and teacher is great.	2/17/2015 7:30 AM
102	I'm close to work. It is a city that is rich in history.	2/16/2015 8:05 PM
103	Nothing at the moment. Waiting for the change that will make me stay.	2/16/2015 7:46 PM
104	The housing is affordable.	2/16/2015 6:29 PM
105	I am most proud of the fact that most people are very friendly. The weather is excellent. The educational opportunities are abundant and accessible.	2/16/2015 5:50 PM
106	We sit at the base of the mountains.	2/16/2015 5:17 PM
107	recycle for trash	2/16/2015 3:14 PM
108	I can always count on the graffiti patrol to take care of problems whenever I file a request.	2/16/2015 3:07 PM
109	nothing right now	2/16/2015 2:34 PM
110	The people who live here and do care about their neighborhoods and schools.	2/16/2015 12:18 PM
111	San Bernardino is a great place to be and grow.	2/16/2015 11:40 AM
112	Schools	2/16/2015 11:14 AM
113	I am most proud that the majority of people I know who live in San Bernardino are kind and hard working and will work together to help out others around them when things get tough as they have over the last 25 years.	2/16/2015 11:04 AM
114	This is a cheap place to live.	2/16/2015 10:47 AM
115	I'm proud that San Bernardino is in a beautiful area of California.	2/16/2015 10:15 AM
116	The positive impact that the teachers of the SBCUSD have on the lives of the students who live in below standard crime ridden neighborhoods. I live in this community and I do not understand why so much money was put into a bus that very few people ride on a daily basis. WASTEFUL-this money should have been put into providing safer neighborhoods.	2/16/2015 9:14 AM

117	Historically this was a distinguish city! Many famous people and innovative ideas grew out of San Bernardino. I believe most of our citizens don't realize the rich heritage of San Bernardino. Not that we should only focus on our past successes, but that we have the potential to revise that innovative and progressive spirit again!	2/16/2015 9:08 AM
118	I can tell my students that I grew up in San Bernardino but it definitely is not the same city.	2/16/2015 8:30 AM
119	I am most proud of being born and raised here. I had an amazing childhood and I expect the same for the generations that follow.	2/16/2015 7:56 AM
120	San Bernardino has some positive things going for it. I enjoy attending the plays and symphonies at the California theatre. I enjoy that I live by the hills and that I can hike out my backdoor anytime I want to. Both my children are involved in youth orchestra programs (Symphonie Jeunesse and Simphonia Mexicana)-- which fantastic youth arts opportunities not available in any surrounding community. The School Superintendent has created some unprecedented opportunities for school aged youth to attend college-An opportunity many would not otherwise have. Unfortunately, the city reputation takes a beating by outsiders for all the items that make the news. All the positive aspects of the city are not well known or celebrated, and that is a shame.	2/16/2015 6:19 AM
121	The geographical location of the city and the natural beauty that surrounds it.	2/15/2015 11:52 PM
122	The school district seems to value and encourage our youth to seek positive choices and follow their educational path to a bright future!	2/15/2015 5:23 PM
123	We have youth that is brilliant and unreached.	2/15/2015 1:03 PM
124	There are neighbors I can count on.	2/15/2015 10:44 AM
125	The location: we are surrounded by the most beautiful mountains and have the best weather.. It's a quiet community, but it's easy to get to other places within an 30-60 minutes.	2/15/2015 10:13 AM
126	Very little traffic. Easy to get across town. Love the new 215 between the 10 and 210	2/15/2015 8:17 AM
127	The beauty of the mountains, the possibility of capitalizing on the natural beauty of the city.	2/14/2015 8:22 PM
128	This city has a lot of history behind it. It's a beautiful city and could thrive if it made good choices.	2/14/2015 5:52 PM
129	I remember what San Bernardino was back in the day.....	2/14/2015 4:40 PM
130	Currently our streets are a mess, downtown is a mess, trash is everywhere, I am sorry to say I am not currently proud of my city, and I have lived here for the past 43 years.	2/14/2015 2:13 PM
131	The diversity. The history. The location	2/14/2015 1:28 PM
132	I am most proud of CSUSB and SBHS.	2/14/2015 1:22 PM
133	Proximity to mountains, deserts, ocean and So Cal attractions. Unusual history as a "wild west" town. Geothermal resources.	2/14/2015 11:13 AM
134	SO many marijuana events, 420 friendly people, 2% of population with medical cards & growing.	2/14/2015 11:04 AM
135	I'm proud about being a citizen of San Bernardino in that, even though I and others like me feel completely beat down and discouraged about how San Bernardino is compared to how it used to be, we continue to live here and have hope for its future. We hope against all hope that something will change and make San Bernardino a place to be proud of living in again. I'm getting older and it may not happen in my lifetime, but there are people like me who know the city's potential and stay here even though they could easily move somewhere much nicer.	2/14/2015 10:31 AM
136	I hate the city and cannot wait for the day I can move. I have lived here 3 years, in the same house. The schools are inaffective, both charter and public. There are no choices to have your child bussed to a better school district. Every single school is title 1?? The kids are exposed to drugs and alcohol way too soon. There is sex trafficking, I see prostitution every night. Behind buildings such as public library the smell of urine is overwhelming. Homeless leave trash and blankets all over the city. The amount of homeless people is probably less than the amount of unoccupied houses. At least build more shelters or something...makes them more accessible. And there needs to be a way where one can get help with housing BEFORE they are actually homeless (that would help). The moutains are pretty. the rent is affordable.	2/14/2015 10:02 AM
137	Beautiful mountains as our backdrop... Sad that I can't say anything else.	2/14/2015 9:16 AM
138	Can't come up with anything right now. I am embarrassed to say that I live here.	2/14/2015 9:05 AM
139	there is not one thing. It is embarrassing to say you are from san bernardino.	2/14/2015 8:57 AM
140	The school that my children attend is one of the best schools in the nation	2/14/2015 8:57 AM
141	Nothing	2/14/2015 6:11 AM
142	Looking at the mountains.	2/13/2015 11:46 PM

143	The beauty.	2/13/2015 10:51 PM
144	CSUSB	2/13/2015 9:33 PM
145	Our schools	2/13/2015 9:08 PM
146	It is a short drive to work.	2/13/2015 7:53 PM
147	I am NOT proud about being a citizen of San Bernardino.	2/13/2015 7:37 PM
148	The location	2/13/2015 7:29 PM
149	Back in the Seventies, Sunset Magazine rated San Bernardino as the best place to live west of the Rockies. I'd like to see San Bernardino returned back to that high standard. It can be done, but it will take a lot of hard, no-nonsense work.	2/13/2015 7:23 PM
150	The city has many people willing to work and improve their economic situations.	2/13/2015 7:20 PM
151	Actually, I can't think of anything.	2/13/2015 7:17 PM
152	Our location is in close proximity to beaches, mountains, and parks. We have a good history of significant milestones.	2/13/2015 7:05 PM
153	Nothing at present but hopefully something once improvements begin to take place.	2/13/2015 6:10 PM
154	I have lived and worked here all my life. Most proud? All American City in the 1970s.	2/13/2015 5:47 PM
155	Nothing.	2/13/2015 5:32 PM
156	I live in a very nice, peaceful, quaint Verdemont Hgts	2/13/2015 4:59 PM
157	??????	2/13/2015 4:35 PM
158	I'm proud of this city's history.	2/13/2015 4:23 PM
159	Surviving in the city	2/13/2015 3:53 PM
160	the weather	2/13/2015 3:44 PM
161	Cal State San Bernardino	2/13/2015 3:36 PM
162	There are so many good people who live in SB.	2/13/2015 3:35 PM
163	I am proud of many of the young people living in our city.	2/13/2015 3:28 PM
164	I'm not	2/13/2015 3:17 PM
165	Nothing.. They want everything for free or they are retired hard working people that can't move because the value of there house has demenished	2/13/2015 3:17 PM
166	Location/schools	2/13/2015 3:16 PM
167	That I have lived here for my entire life(57 years) and know what the city can be and believe that it will be good again. There is potential. I am proud to work and live in San Bernardino, inspite of the negativity and the decline it has taken.	2/13/2015 3:14 PM
168	our Schools	2/13/2015 3:13 PM
169	I don't live in San Bernardino anymore. I grew-up there, but am said to say that it started to go down hill when the base left. It's dirty, not safe, and sad to see how it has gone down-hill especially the last 12 - 14 years.	2/13/2015 3:12 PM
170	San Bernardino City schools have great teachers that are always looking for ways to improve our youth and our communities.	2/13/2015 3:12 PM
171	THAT IT ONCE WAS A CITY TO BE PROUD OF.....	2/13/2015 3:11 PM
172	Nothing at all I'm ashamed of our third-world city - boarded up businesses, dead downtown, a hellacious animal shelter(Mayor Davis' comment at the Council meeting pushed the city further into ignominiousness, grafitti everywhere, huge amounts of property crimes, a city full of renters and not homeowners, the known corrupt airport chief, too many $.99 stores & check advance places	2/13/2015 3:08 PM
173	That I grew up here.	2/13/2015 3:07 PM
174	Being able to find cool restaurants for me and my friends to eat at near Hospitality Lane	2/13/2015 2:56 PM
175	I'm still alive and trying to move the city forward	2/13/2015 2:52 PM
176	I am not proud of being a citizen of "San Bernardghetto."	2/13/2015 2:46 PM

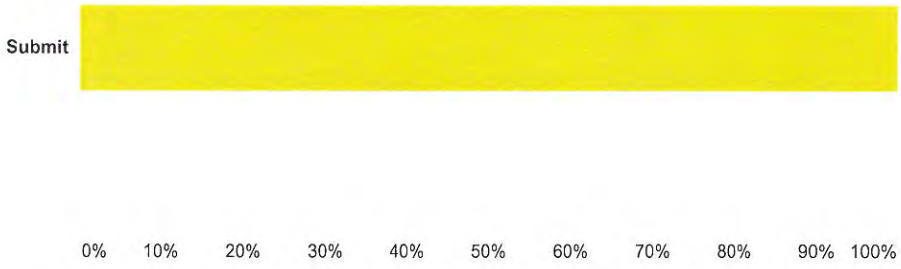
177	The history of the city and the beautiful mountain backdrop	2/13/2015 2:45 PM
178	community	2/13/2015 2:41 PM
179	none of the above, this poor town looks like a ghost town.	2/13/2015 2:40 PM
180	Family ties dating back to 1900.	2/13/2015 2:37 PM
181	I currently am not proud to tell people that I am affiliated with the city of San Bernardino.	2/13/2015 2:31 PM
182	There are good colleges within easy driving distance	2/13/2015 2:27 PM
183	The diversity of the people and how tolerant most of them are of people's differences.	2/13/2015 2:21 PM
184	I can honestly say nothing. I'm embarrassed of this city. The violence the homeless population the run down looking areas. Its all out of control.	2/13/2015 2:19 PM
185	We are not done, nor out. We are VERY misinformed and caudle our citizens too much; but, this survey is a start. So, I am proud of that too.	2/13/2015 2:12 PM
186	It sounds terrible, but honestly, I am proud of the fact that I got out of San Bernardino. Growing up here (or when people hear you are from here), they do not expect very much from you. I am proud that I was able to go to college (in Riverside) and get a degree to become a teacher. I now teach for the SBCUSD school district, which I love--because I feel like a great example for my students of someone who got beyond the "San Bernardino" reputation, and I hope to inspire them to also reach beyond expectations they (or others) may have for themselves. I also would like to credit my own teachers and the AVID program for helping me get an education, which now allows me to give back to this city.	2/13/2015 2:07 PM
187	I am most proud of my disdain of the bus system on E street. I tell all my friends how bad it is, how much it has devastated business along that street. Further the bus system on hospitality has caused much more pollution, congestion dangerous situation for pedestrians. yes, im proud to point out these failures in govt administration.	2/13/2015 2:04 PM
188	The leadership at SBCUSD. Dale Marsden should be cloned.	2/13/2015 2:03 PM
189	having CSUSB here.	2/13/2015 1:58 PM
190	None. This city is very run down. Cities in surrounding areas are revitalizing. There's no pride in this city, other than maybe those of social status. San Bernardino needs a complete makeover, or it will become a "Detroit", or has it already surpassed Detroit?	2/13/2015 1:57 PM
191	I am proud that our city has a rich history that we we can build on. I've grown up in this city, so I want to see it rise from the ashes and flourish again.	2/13/2015 1:52 PM
192	the positive changes that our eduction system is going through for the benefit of our children.	2/13/2015 1:50 PM
193	Opportunities to make a difference	2/13/2015 1:49 PM
194	My siblings and I are raising our children here. It's beautiful	2/13/2015 1:46 PM
195	nothing, I do not tell people I live here	2/13/2015 1:42 PM
196	I am proud of it's proximity to the Mountains, Beaches and LA.	2/13/2015 1:41 PM
197	Our location. We are surrounded by beautiful mountains, however, an ugly city.	2/13/2015 1:40 PM
198	I am a citizen of Highland, but I have worked in SB for over 30 years with youth. I am proud of our school and it's community that supports our school.	2/13/2015 1:40 PM
199	The beauty of the mountains and the surrounding availability of shopping.	2/13/2015 1:40 PM
200	It once was a city to be proud of	2/13/2015 1:39 PM
201	The beauty that surrounds our vally can be inspirational to the neighborhoods we live in.	2/13/2015 1:36 PM
202	Unfortunately I'm not proud of being a citizen of San Bernardino. If really pressed, I would note CSUSB.	2/13/2015 1:36 PM
203	My own house and yard. Almost everything beyond my neighborhood looks dirty, old, rundown and ugly.	2/13/2015 1:36 PM
204	I was born and raised here.This was once a beautiful and thriving city.I would like to have this restored. I'm so tired of seeing EBT everywhere.	2/13/2015 1:36 PM
205	At this moment there is no comment to be made. Very disappointed that our city ranks high numbers for all the negative reasons.	2/13/2015 1:35 PM

206	The unbelievable scenery on any given day, of the mountains. Its breath taking. I love it. The affordable housing is a big plus. All the new schools for public education. The new highways for transportation. The new city bus system. I was born and raised here, I work here, and I have to say I am really tired of hearing all the negative media that is put out from news sources about san bernardino. I think the city and the county has so much natural beauty to offer from the deserts to the mountains, to the valley areas. The fantastic new highways running through san bernardino are amazing. All the new schools are fantastic. We need to feel safer in certain areas, and homelessness is an issue. I want San Bernardino to make a big come back. Its time to turn the negative views of this city around.	2/13/2015 1:35 PM
207	I am proud that we have dynamic students, committed community members and the potential for growth.	2/13/2015 1:35 PM
208	not too many things; cant take kids to a nice library, cant go to a movie theater that feels safe, tired of the same restaurants on Hospitality (if there was ambiance in the surrounding area, would help) there are not very many parks, the ones we have are very unsafe, too many bus lanes downtown, Carousel Mall looks like an indoor swapmeet (lived here since it was called Central City Mall, when it was okay), there are lots of old buildings that can no longer be used, I rather see a vacant field then an old useless building used to house drugs and street people, too many motels in the downtown area that are all used for the wrong reasons. all of these factors bring the wrong people to the trying to be right areas.	2/13/2015 1:30 PM
209	The scenic area in the north part of town, the university, and the school district.	2/13/2015 1:28 PM
210	Its not as bad as it used to be. School district has vision.	2/13/2015 1:28 PM
211	I'm not proud our city at all. Poor decisions have lead the city into bankruptcy and unsafe neighborhoods have driven out the middle class.	2/13/2015 1:27 PM
212	How they are finally trying to beautify the city.	2/13/2015 1:27 PM
213	I'm not homeless.	2/13/2015 1:27 PM
214	THE WAY WORLD OUTREACH AND THE DIFRRENTS ITS MAKING IN ARE CITY THANK YOU PASTER MARCO GARCIA	2/13/2015 1:26 PM
215	N/A	2/13/2015 1:26 PM
216	It's beautiful hills and scenery.	2/13/2015 1:25 PM
217	The people. Our residents are survivors, despite poor local government and the high crime rate.	2/13/2015 1:24 PM
218	Innovative school district.	2/13/2015 1:21 PM
219	Our schools and educators	2/13/2015 1:21 PM
220	I grew up in this City.	2/13/2015 1:20 PM
221	Students who overcome the numerous obstacles that San bernardino has and go on to 4 year universities	2/13/2015 1:20 PM
222	There is the opportunity to grow and develop the community. It has good bones.	2/13/2015 1:20 PM
223	My family has been in San Bernardion for over 90 years. i am most proud of my family roots in this town. i do not have much else to be proud of in this town.	2/13/2015 1:20 PM
224	Affordability in housing prices.	2/13/2015 1:20 PM
225	Climate is temperate and for the most part sunny. WE have a great view of the mountains. New job opportunities are slowly improving. Loss of Norton AFB was the beginning of the spiral downward to this area, as far as jobs, new homes, career opportunities.	2/13/2015 1:19 PM
226	I used to be very proud of being from San Bernardino but that pride is gone now. Our streets are so ugly, the work opportunities are gone and the crime rate is so high. The only thing that binds me to this city is that my family is here. I would LOVE to get that Pride back.	2/13/2015 1:18 PM
227	Its long history	2/13/2015 1:18 PM
228	I live and work in this city. I was born and raised here. There are still many great things about this city including a sense of pride with San Bernardino natives. We have rich history in this city.	2/13/2015 1:18 PM
229	I love the ideal location of our city in Southern California	2/13/2015 1:17 PM
230	It's history	2/13/2015 1:16 PM
231	nothing	2/13/2015 1:16 PM
232	How far I have come	2/13/2015 1:15 PM
233	history of the area. climate	2/13/2015 1:14 PM

234	I am no longer a citizen of this town. I would be embarrassed if I had to say I lived here. I only work here now, and that's bad enough. The city has been run into the ground by city administrators, and is now a shithole full of gangs, crime, trashy houses, welfare, and human trash.	2/13/2015 1:13 PM
235	I'm proud to be one of the families that have continued to live and thrive in San Bernardino. I wish more families would provide as positive role models for the others living in San Bernardino.	2/13/2015 1:10 PM
236	educational opportunities	2/13/2015 1:09 PM
237	Nothing, I am actually embarrased to be a citizen of San Bernardino	2/13/2015 1:08 PM
238	Honestly, I'm not proud. I used to be proud. Now I just wish I could afford to leave this city. The police don't care. I see graffiti and run down buildings everywhere I go. I feel like the majority of residents are criminals and freeloaders with just a small group of honest, hardworking citizens having to carry everyone else.	2/13/2015 1:06 PM
239	The history and central location of San Bernardino to mountains, desert, beach, and post-secondary education.	2/13/2015 1:04 PM
240	Our School District	2/13/2015 11:46 AM
241	We're home to the very first Mcdonald's	2/13/2015 11:09 AM
242	I was born and raised here and have spent my 72 years in S.B. Sadly, at this time I find nothing to be proud of.	2/13/2015 9:29 AM
243	It's history and the pride long-time residents have for the community.	2/13/2015 9:29 AM
244	The only thing good going for it is the new SBX bus line and the new movie theater. Otherwise, I'm embarrassed of SB as the bad outweighs the good. We are a murder capital with weekly homicides and we need to stop organized crime by drug gangs running in our city, along with organized prostitution and sex trafficking. None of the options listed in this survey address these adequately! A survey based on popular perception is incapable of understanding the systemic problems our city is experiencing. Things like "code enforcement" still does NOT focus on the perpetrators organizing these crimes. Along with our poor air pollution, crime creates an unsafe environment that I do NOT want to raise children in! Why is our police force impotent to stop organized crime? We need an army practically! Our city council members are still grandstanding, perhaps because they don't get paid enough to actually do the work of understanding what the real problems are and how to actually fix those problems. I'm thankful for this survey though.	2/12/2015 6:36 PM
245	It's history	2/12/2015 2:25 PM
246	our beautiful mountains and the city prime location to do all the great things in Southern California	2/12/2015 12:18 PM
247	There is not one thing to be proud of. I work here because the criminal element is the basis for my business and I live here because it is less expensive and a lesser commute than living outside the city limits.	2/11/2015 11:40 AM
248	You tell me!	2/10/2015 5:10 PM
249	from here; weather; opportunities to recreate outdoors all year	2/10/2015 8:42 AM
250	I have none	2/10/2015 6:59 AM
251	Location and home price value	2/9/2015 9:51 AM
252	History and rich diversity	2/9/2015 6:45 AM
253	I wouldn't use the word proud. I'm just very happy to live in the north west side of the city. Verdemont Heights is the safest place in the city and needs to have more focus on business development and beautification of its streets.	2/7/2015 8:23 AM
254	Our History and California Theater	2/6/2015 6:34 PM
255	My son graduated high school	2/6/2015 1:46 PM
256	I can truly say we are doing our part by owning and maintaining our home, we work in the city and pay taxes and follow the law so that we aren't a burden on our already over burdened city.	2/5/2015 8:48 PM
257	We have a great bus system.	2/5/2015 7:55 AM

Q8 To submit your survey, click below:

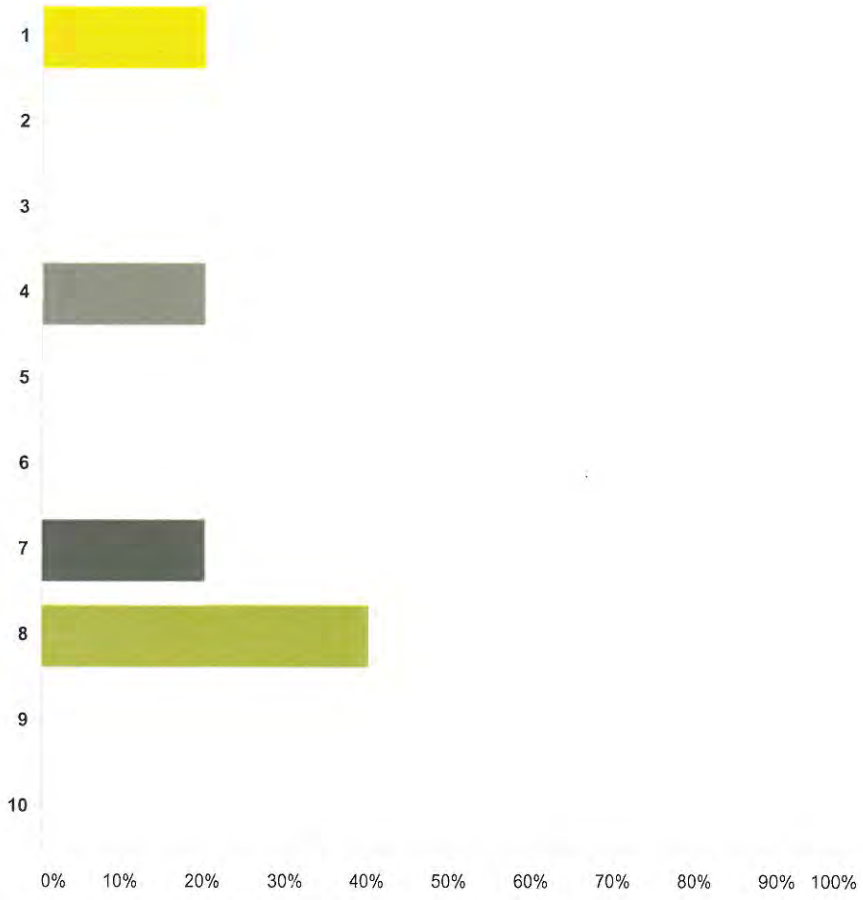
Answered: 323 Skipped: 136



Answer Choices	Responses	
Submit	**100.00%**	323
Total		**323**

Q9 En una escala de 1-10, con el 10 siendo el más alto y el 1 siendo el más bajo, indique la probabilidad de que usted recomiende a un amigo, pariente o colega a mudarse a la ciudad de San Bernardino.

Answered: 5 Skipped: 454

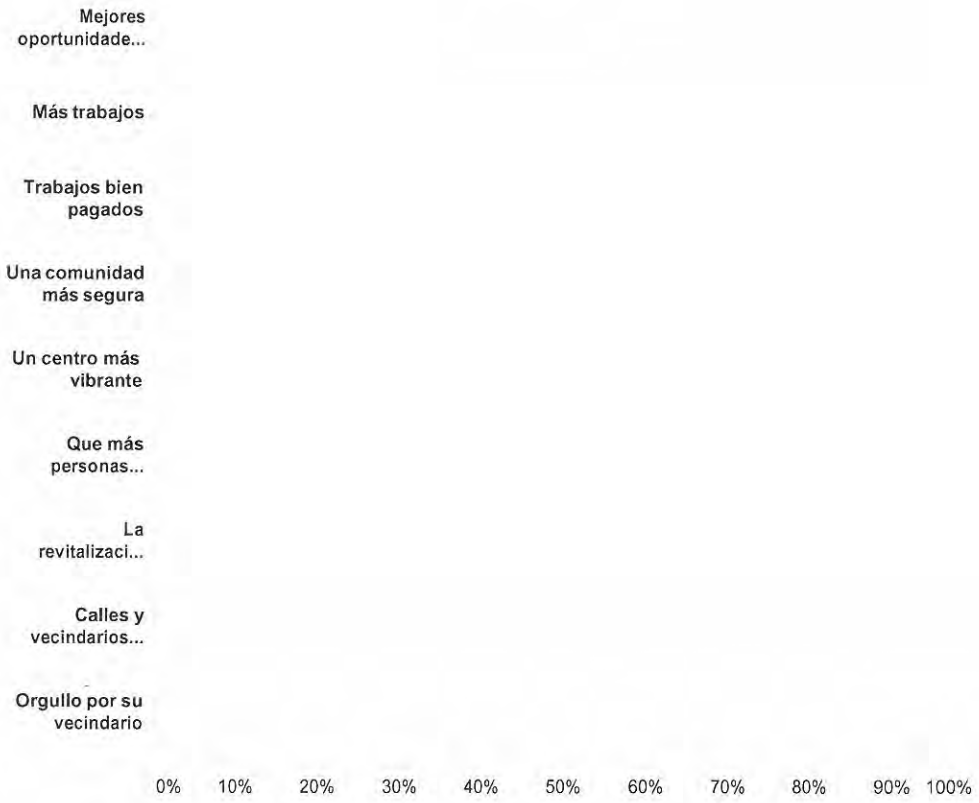


Answer Choices	Responses	
1	20.00%	1
2	0.00%	0
3	0.00%	0
4	20.00%	1
5	0.00%	0
6	0.00%	0
7	20.00%	1
8	40.00%	2
9	0.00%	0

10	0.00%	0
Total		**5**

Q10 Si no pudo clasificar la última pregunta como un 8 ó mejor, ¿qué se tendría que llevar a cabo para que usted aumente la calificación a un 8 ó mejor?

Answered: 3 Skipped: 456



Answer Choices	Responses	
Mejores oportunidades educativas	0.00%	0
Más trabajos	66.67%	2
Trabajos bien pagados	33.33%	1
Una comunidad más segura	66.67%	2
Un centro más vibrante	33.33%	1
Que más personas participen en proyectos comunitarios	33.33%	1
La revitalización de la comunidad	33.33%	1
Calles y vecindarios limpios	66.67%	2
Orgullo por su vecindario	0.00%	0

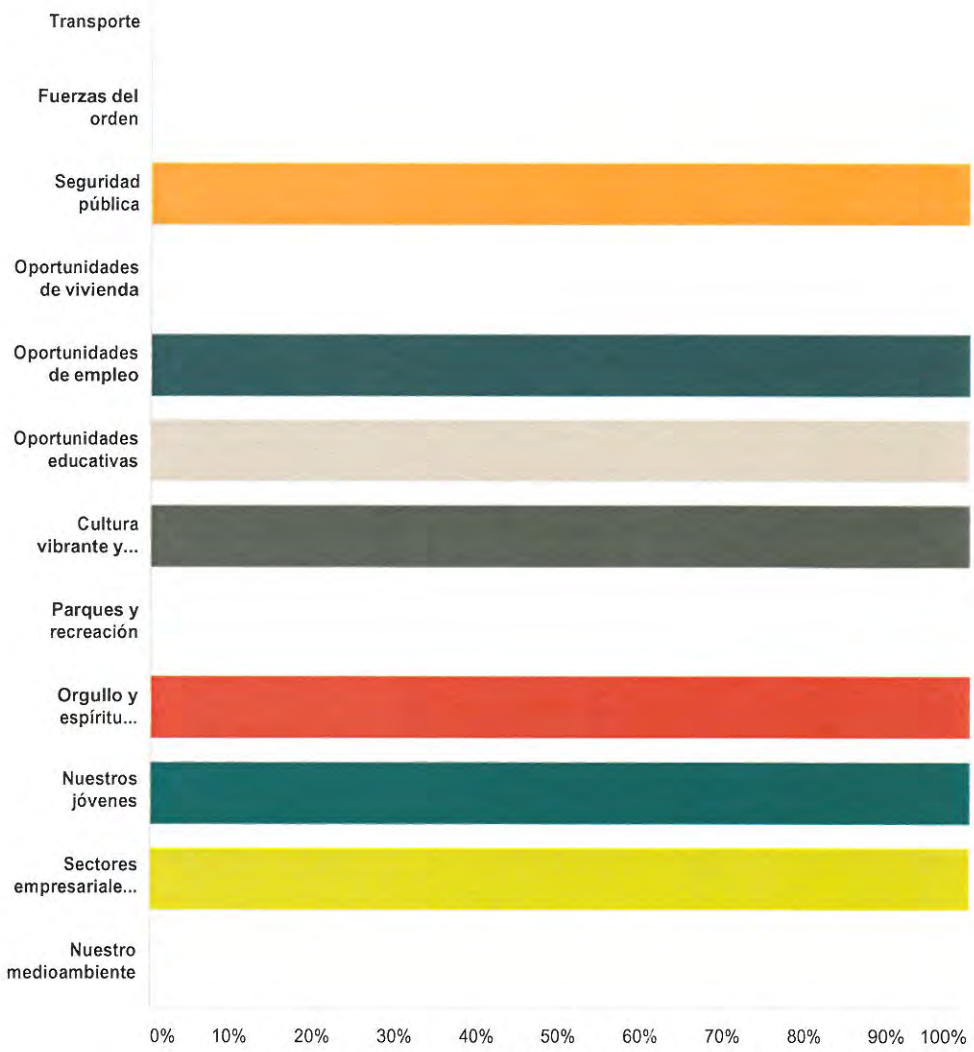
Total Respondents: 3

#	Otro (especifique)	Date

1	dar mas impulso a los pequenos negocios para que inviertan su tiempo y esfuerzo en la ciudad	2/18/2015 9:26 AM

Q11 De la lista a continuación, ¿cuáles son los mejores recursos que tiene la ciudad en los cuales podemos mejorar para revitalizar nuestra ciudad? Favor de marcar todo lo que cree que son nuestras fortalezas actuales.

Answered: 1 Skipped: 458



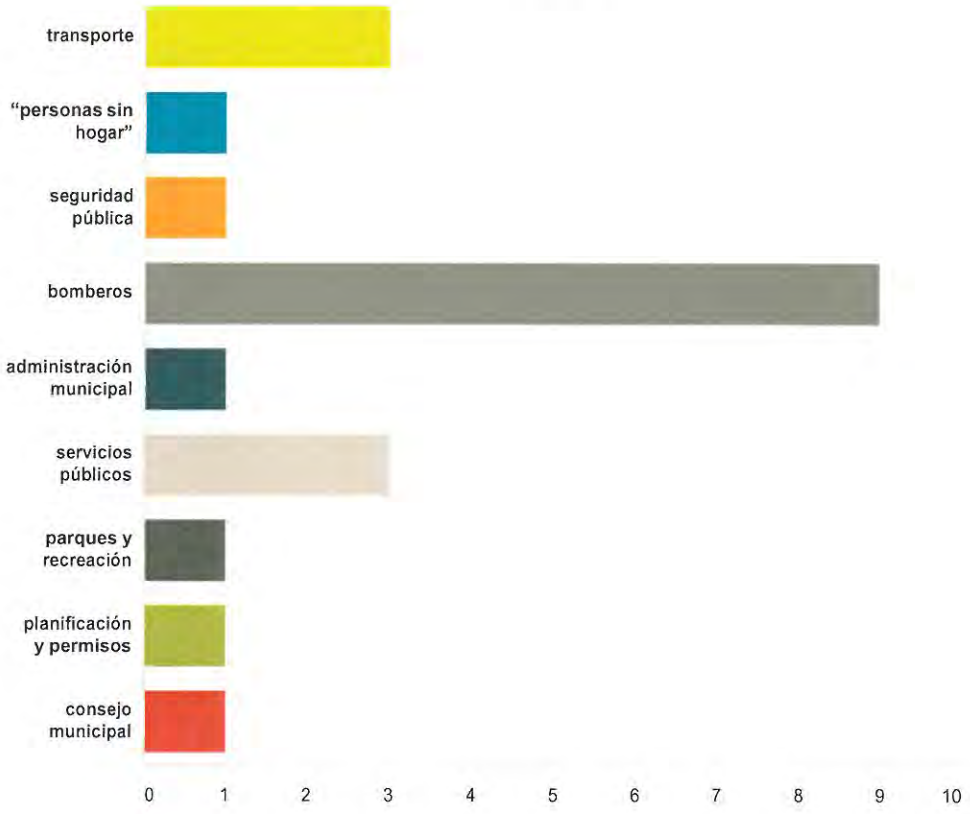
Answer Choices	Responses	
Transporte	0.00%	0
Fuerzas del orden	0.00%	0
Seguridad pública	100.00%	1
Oportunidades de vivienda	0.00%	0
Oportunidades de empleo	100.00%	1

Oportunidades educativas	**100.00%**	1
Cultura vibrante y diversidad	**100.00%**	1
Parques y recreación	**0.00%**	0
Orgullo y espíritu comunitarios	**100.00%**	1
Nuestros jóvenes	**100.00%**	1
Sectores empresariales singulares	**100.00%**	1
Nuestro medioambiente	**0.00%**	0

Total Respondents: 1

Q12 Favor de clasificar los siguientes servicios basándose en su nivel de satisfacción en una escala de 1-10, 10 que está completamente satisfecho y 1 que está muy insatisfecho. Favor de marcar N/A si el punto no le aplica a usted:

Answered: 1 Skipped: 458

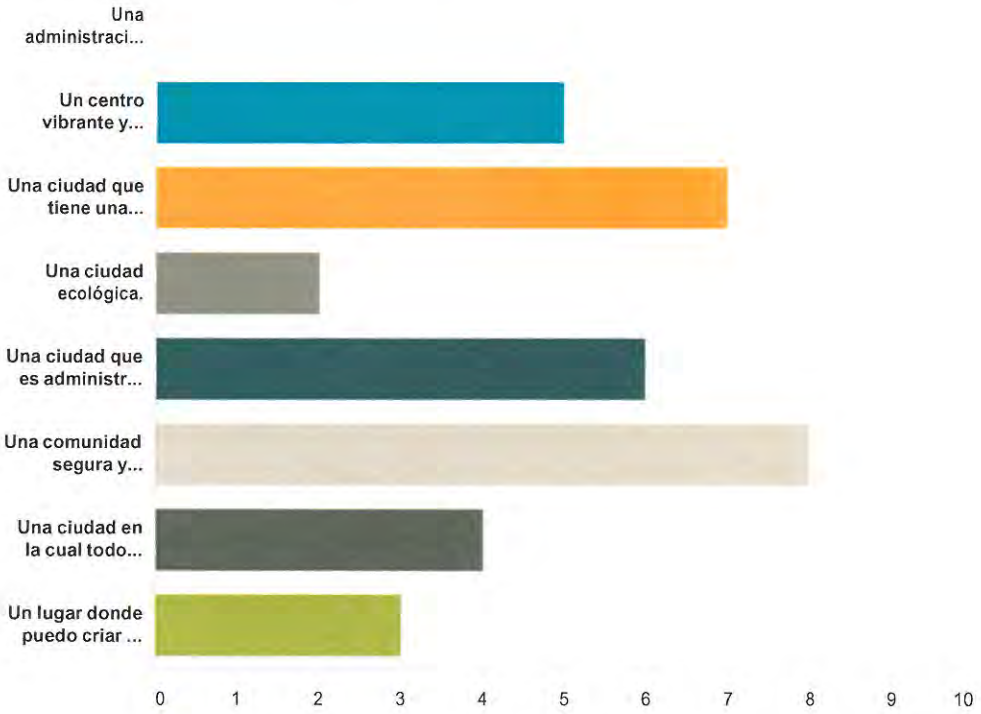


	1	2	3	4	5	6	7	8	9	10	Total	Weighted Average
transporte	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	3.00
"personas sin hogar"	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	1.00
seguridad pública	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	1.00
bomberos	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	100.00% 1	0.00% 0	1	9.00
administración municipal	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	1.00
servicios públicos	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	3.00
parques y recreación	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	1.00

planificación y permisos	**100.00%** 1	**0.00%** 0	**0.00%** 0	**0.00%** 0	**0.00%** 0	**0.00%** 0	**0.00%** 0	**0.00%** 0	**0.00%** 0	**0.00%** 0	1	1.00
consejo municipal	**100.00%** 1	**0.00%** 0	**0.00%** 0	**0.00%** 0	**0.00%** 0	**0.00%** 0	**0.00%** 0	**0.00%** 0	**0.00%** 0	**0.00%** 0	1	1.00

Q13 Favor de clasificar en orden, con 1 siendo la característica que más quiere que San Bernardino tenga en el futuro.

Answered: 1 Skipped: 458



	1	2	3	4	5	6	7	8	Total	Score
Una administración municipal que sea más acogedora y receptiva a negocios nuevos y existentes.	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0	0.00
Un centro vibrante y vigoroso con una variedad de tiendas, restaurantes y actividades.	0.00% 0	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	5.00
Una ciudad que tiene una cultura e identidad singulares.	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	7.00
Una ciudad ecológica.	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	100.00% 1	0.00% 0	1	2.00
Una ciudad que es administrada con eficacia y toma decisiones basándose en el bien de sus ciudadanos y su futuro.	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	6.00
Una comunidad segura y saludable.	100.00% 1	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	1	8.00
Una ciudad en la cual todos sus ciudadanos laboran juntos para cuidarse entre sí y de la comunidad.	0.00% 0	0.00% 0	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	0.00% 0	1	4.00
Un lugar donde puedo criar a mis hijos y donde ellos se quieren quedar para criar a sus hijos.	0.00% 0	0.00% 0	0.00% 0	0.00% 0	0.00% 0	100.00% 1	0.00% 0	0.00% 0	1	3.00

Q14 ¿Cuál es una de las cosas por la cual está más orgulloso de ser un ciudadano de la ciudad de San Bernardino?

Answered: 1 Skipped: 458

#	Responses	Date
1	diversidad	2/18/2015 9:34 AM

Attachment III. Summary of Participatory Budgeting Framework Implemented in the City of Vallejo

In 2012, the City of Vallejo underwent a major project to integrate participatory budgeting (PB) into its City-wide budgeting process. This attachment describes the major steps involved in the implementation of PB during its first year (2013) in the City of Vallejo.

It is worth noting that the City of Vallejo did not develop its PB framework on its own. It was supported by a number of non-governmental organizations and student researchers. More specifically, the Participatory Budgeting Project, a nonprofit organization whose mission is to support PB processes that deepen democracy, served as the City's primary consultant throughout this process. The City also received guidance and expertise from the Davenport Institute at Pepperdine University School of Public Policy, the Goldman School of Public Policy at UC Berkeley, and the New America Foundation.

Most importantly, though, the success of this project depended on the community participants who dedicated their time and attention to improving their City and building a stronger, more vibrant democracy.

First Year PB Process in the City of Vallejo

Step 1: Develop Participatory Budget (PB) Rulebook

- Issued an open call for Participatory Budgeting Steering Committee (PBSC) applications to more than 80 civic organizations.
- Committee of 20 PBSC members formally appointed by City Council.
- PBSC developed PB Rulebook that outlined the process, including the adoption of goals, establishment of project eligibility criteria, creation of a timeline, and an outline of key roles and responsibilities for all stakeholders.

Step 2: Brainstorm Ideas (October – December 2012)

- Held nine budget assemblies over five weeks, where residents and stakeholders brainstormed ideas for how to spend $3.2 million of the City budget.
- Facilitated budget assemblies, incorporating strategies such as dot-voting to assess consensus around different focal areas.
- Examples of ideas discussed include: cameras in police vehicles, branding to improve City image, street improvements, performing art programs, public access wifi-system downtown, etc.

Step 3: Turn Ideas into Project Proposals (December 2012 – April 2013)

- Over 100 volunteer budget delegates met in committees to transform the community's initial ideas into full proposals.
- Delegates put in thousands of volunteer hours to turn 800 ideas into 33 viable proposals to be presented on the "Participatory Budgeting Official Ballot."
- Project ideas had to meet three criteria: 1) benefit the public; 2) be a one-time expenditure; 3) be implemented by the City or in collaboration with a public agency, non-profit organization or religious institution.

Step 4: Project Expos (April 2013)

- Delegates presented 33 draft project proposals to the community for feedback during large community events. Each project proposal was presented by the delegate(s) who prepared it on a large poster. Community members were invited to attend, ask questions, and offer feedback.

Step 5: Vote on Projects (May 2013)

- Almost 4,000 residents voted on which projects to fund.
- Ballot centers had project posters on display, so voters could read about proposed projects, compare costs and impacts.
- For the first year, residents created and approved 12 public projects, from community gardens to youth scholarships to park rehabilitation, all within the $3.2 million in discretionary spending allotted to the implementation of PB projects.

Step 6: Implement PB Projects and Summarize Results (June 2013 and onward)

- Results of the balloting were brought before City Council, who turned the 12 project proposals over to staff for complete implementation analysis and planning.
- Each project was presented to Council under separate resolutions between July and October 2013.
- Projects with intricate planning issues, potential eligibility problems, or requiring further development were reviewed by City Staff and changes were made where necessary (but the projects' original intention was maintained).
- City is posting updates to Year 1 projects on the City's website, so residents can see implementation progress on each of the 12 approved projects as they unfold.

Since its first year of PB, the City of Vallejo has successfully completed the second 2014 cycle with a new round of community projects using a similar framework. City of Vallejo staff is currently organizing its third cycle of PB to develop projects for the next fiscal year.

Attachment IV. Long-Range Financial Plan

BASELINE BUDGET	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
REVENUES										
Total Property Taxes	29,649,641	32,018,760	33,015,354	32,405,037	33,770,058	35,220,458	36,916,468	38,701,511	39,999,876	41,349,434
Total Sales and Use Tax	38,426,488	39,102,942	38,794,146	40,564,286	42,605,493	44,725,133	46,155,852	45,542,930	40,566,701	39,822,043
Total Franchise Fees	3,352,990	3,406,240	3,448,449	3,509,008	3,570,737	3,628,086	3,686,518	3,746,055	3,806,721	3,855,648
Total Other Taxes	32,586,435	33,803,824	33,317,787	33,832,849	34,374,270	34,634,393	34,896,534	35,175,027	35,469,859	35,056,153
Total Licenses and Permits	2,902,613	2,953,764	2,961,729	3,016,346	3,078,012	3,141,299	3,191,565	3,242,710	3,294,751	3,303,149
Total Fines and Penalties	2,366,020	2,413,340	2,461,607	2,510,839	2,561,056	2,612,277	2,664,523	2,717,813	2,772,170	2,827,613
Total Use Of Money and Property	648,600	660,952	673,551	686,402	699,510	712,880	726,518	740,428	754,617	769,089
Total Intergovernmental	2,988,339	1,695,462	1,706,493	1,717,634	1,796,327	1,807,692	1,819,171	1,830,764	1,842,473	1,854,300
Total Charges For Services	4,749,241	5,155,265	5,227,378	5,343,806	5,418,831	5,539,962	5,618,020	5,744,045	5,825,255	5,956,362
Total Miscellaneous	5,760,800	5,785,155	5,809,817	5,834,788	5,860,075	5,885,680	5,911,610	5,937,867	5,964,458	5,991,386
Transfers In-Sewer Line Maint Fund	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Transfers In-Refuse Fund	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Total Transfers In	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*
Total Revenues	126,331,167	129,895,705	130,316,311	132,320,994	136,634,370	140,807,863	144,486,776	146,279,151	143,196,880	143,685,177
EXPENDITURES										
Salaries-Sworn	35,873,759	36,949,972	38,058,471	39,200,225	40,376,232	41,587,519	42,835,144	44,120,199	45,443,805	46,807,119
Salaries-Miscellaneous	19,300,543	19,686,554	20,080,285	20,481,891	20,891,528	21,309,359	21,735,546	22,170,257	22,613,662	23,065,935
Salary Savings	(5,199,996)	-	-	-	-	-	-	-	-	-
Total Salaries	49,974,306	56,636,526	58,138,756	59,682,116	61,267,760	62,896,878	64,570,691	66,290,456	68,057,467	69,873,054
Total Special Salaries	946,895	946,895	946,895	946,895	946,895	946,895	946,895	946,895	946,895	946,895
Total Overtime	8,732,840	8,994,825	9,264,670	9,542,610	9,828,888	10,123,755	10,427,468	10,740,292	11,062,500	11,394,375
Total Other Pay	2,241,550	1,741,434	1,775,224	1,809,688	1,844,839	1,880,692	1,917,259	1,954,557	1,992,600	2,031,402
Total PERS Retirees Health	411,250	419,475	427,865	436,422	445,150	454,053	463,134	472,397	481,845	491,482
Total PARS	-	245,155	245,155	245,155	245,155	245,155	245,155	245,155	245,155	245,155
PERS Retirement-Fire	3,506,325	4,802,881	5,381,509	6,044,116	6,577,161	7,094,247	7,245,205	7,443,739	7,647,799	7,857,535
PERS Retirement-Police	7,091,185	9,731,346	10,900,468	12,239,104	13,315,567	14,359,569	14,663,504	15,063,567	15,474,766	15,897,411
PERS Retirement-Misc.	3,652,337	4,515,637	4,684,445	5,003,612	5,375,503	5,760,255	5,810,018	5,926,068	6,021,798	6,142,084
Total PERS Retirement	*14,249,846*	*19,049,864*	*20,966,422*	*23,286,833*	*25,268,231*	*27,214,071*	*27,718,727*	*28,433,374*	*29,144,363*	*29,897,030*
Total Health and Life Insurance	5,953,217	5,888,178	6,064,823	6,246,768	6,434,171	6,627,196	6,826,012	7,030,792	7,241,716	7,458,968
Total Other Benefits	982,520	1,082,084	1,111,201	1,141,125	1,171,878	1,203,519	1,236,014	1,269,386	1,303,660	1,338,858
Budgeted Vacancy Savings	-	(4,275,200)	(2,968,230)	(3,100,128)	(3,223,589)	(3,347,766)	(3,430,541)	(3,521,499)	(3,614,286)	(3,710,317)
Total Salaries & Benefits	83,492,424	90,729,236	95,972,781	100,237,483	104,229,379	108,244,447	110,920,814	113,861,805	116,861,914	119,966,903
Total Maintenance and Operations	9,400,665	4,121,576	4,245,126	4,372,380	4,503,449	4,638,447	4,777,492	4,920,705	5,068,210	5,220,138
Total Contract Services	10,695,329	9,894,807	7,100,228	7,311,769	7,529,613	7,753,947	7,984,966	8,222,867	8,467,857	8,720,513
Total Internal Service Charges	14,870,924	15,713,490	16,150,891	16,656,885	17,179,329	17,718,782	18,266,526	18,831,584	19,414,516	20,015,901
Total Capital Outlay	147,495	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619
Debt Service - Principal- Remaining	1,304,460	1,335,880	121,172	124,577	128,077	131,676	135,376	139,181	-	-
Debt Service - Principal- 2005 POBS	-	856,483	833,750	807,686	785,899	761,980	738,961	716,259	698,352	675,548
Debt Service - Principal- 1996 COP	610,000	645,000	685,000	720,000	760,000	805,000	850,000	900,000	950,000	-
Debt Service - Principal- 1999 COP	275,000	290,000	305,000	325,000	340,000	360,000	380,000	400,000	420,000	445,000
Total Debt Service Principal	2,189,460	3,127,363	1,944,922	1,977,263	2,013,976	2,058,656	2,104,337	2,155,440	2,068,352	1,120,548
Debt Service - Interest- Remaining	80,070	44,357	22,557	18,741	14,817	10,784	6,636	2,373	-	-
Debt Service - Interest- 2005 POBS	-	2,637,411	2,715,144	2,791,208	2,867,995	2,946,913	3,029,933	3,107,635	3,185,542	3,263,346
Debt Service - Interest- 1996 COP	394,115	359,955	323,190	284,145	243,105	199,785	153,900	105,450	54,150	-
Debt Service - Interest- 1999 COP	212,988	197,450	181,088	163,763	145,475	126,225	105,875	84,425	61,875	38,088
Total Debt Service Principal	687,173	3,239,173	3,241,979	3,257,857	3,271,392	3,283,707	3,296,344	3,299,883	3,301,567	3,301,434
Lease Payments	216,021	143,521	99,261	55,000	55,000	1,127,500	-	-	-	-
Grand Total Debt Service	3,092,654	6,510,057	5,286,162	5,290,120	5,340,368	6,469,863	5,400,681	5,455,323	5,369,919	4,421,982
Total Other	-	-	-	-	-	-	-	-	-	-
Transfers Out-Library Fund	1,350,000	2,176,604	2,038,712	2,093,187	2,150,411	2,209,201	2,258,963	2,311,984	2,365,648	2,421,363
Transfers Out-Animal Control Fund	588,090	591,804	995,324	1,050,422	1,109,273	1,169,830	1,214,046	1,262,800	1,311,621	1,362,871
Transfers Out-Assessment Districts	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	148,810	233,257
Transfers Out-Cemetery Fund	237,481	222,324	227,485	233,119	239,013	245,082	250,554	256,328	262,218	268,325
Transfers Out-Baseball Stadium Fund	85,643	88,160	90,766	93,448	96,211	99,054	101,983	104,997	108,101	111,297
Total Transfers Out	2,341,214	3,158,892	3,432,287	3,550,176	3,674,908	3,803,167	3,905,546	4,016,109	4,196,398	4,397,113
Total Expenditures	124,040,705	130,153,807	132,213,997	137,446,132	142,485,184	148,657,635	151,285,876	155,339,140	159,410,483	162,775,170
Operating (Deficits) or Surplus	2,290,462	(258,102)	(1,897,686)	(5,125,137)	(5,850,814)	(7,849,772)	(6,799,099)	(9,059,989)	(16,213,604)	(19,089,993)

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
DEFERRED OBLIGATIONS										
Deferred & Unpaid POB Obligation	-	10,027,094	-	-	-	-	-	-	-	-
Deferred & Unpaid General Obligations	-	4,248,899	-	-	-	-	-	-	-	-
CALPERs Deferral Amortization	-	400,000	400,000	400,000	400,000	400,000	-	-	-	-
Total Deferrals	-	14,675,993	400,000	400,000	400,000	400,000	-	-	-	-
FISCAL & SERVICE STABILIZATION										
Capital Investment-Building & Fixtures	-	3,626,348	3,626,348	3,626,348	3,626,348	3,626,348	3,626,348	3,626,348	3,626,348	3,626,348
Capital Investment-Parks	-	440,462	440,462	440,462	440,462	440,462	440,462	440,462	440,462	440,462
Capital Investment-Public Right-Of-Way	-	2,460,000	2,535,000	2,585,000	2,535,000	2,629,322	2,512,961	2,476,961	2,362,361	2,600,000
Capital Investment-IT Infrastructure	-	1,143,251	3,619,162	2,843,775	2,582,423	2,526,416	285,813	904,790	710,944	645,606
Capital Investment-Fleet-Fire	-	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	400,000	400,000
Capital Investment-Fleet-Police	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital Investment-Fleet-Other	-	500,000	500,000	250,000	250,000	100,000	100,000	100,000	100,000	100,000
ISF-Workers' Comp-Deficit Recovery	-	500,000	520,000	540,000	560,000	580,000	600,000	620,000	640,000	660,000
ISF-General Liability-Deficit Recovery	-	100,000	110,000	120,000	130,000	140,000	150,000	160,000	170,000	180,000
Organizational Improvements	-	1,650,000	1,600,000	2,100,000	2,600,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000
Total Stabiization	-	13,020,061	15,550,972	15,105,584	15,324,233	15,742,548	13,415,584	14,028,561	12,550,115	12,752,416
BASELINE FORECAST SUMMARY										
Total Baseline Revenues	126,331,167	129,895,705	130,316,311	132,320,994	136,634,370	140,807,863	144,486,776	146,279,151	143,196,880	143,685,177
Total Baseline Expenses	124,040,705	130,153,807	132,213,997	137,446,132	142,485,184	148,657,635	151,285,876	155,339,140	159,410,483	162,775,170
Net Revenues (Expenses) Before Adjs	2,290,462	(258,102)	(1,897,686)	(5,125,137)	(5,850,814)	(7,849,772)	(6,799,099)	(9,059,989)	(16,213,604)	(19,089,993)
DEFERRED OBLIGATIONS										
CalPERS Penalties	-	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	-	-	-	-
Deferred & Unpaid Obligations	-	(14,275,993)	-	-	-	-	-	-	-	-
FISCAL & SERVICE STABILIZATION										
Capital Investments/Expense Deferrals	-	(13,020,061)	(15,550,972)	(15,105,584)	(15,324,233)	(15,742,548)	(13,415,584)	(14,028,561)	(12,550,115)	(12,752,416)
Staffing Additions	-	-	-	-	-	-	-	-	-	-
RESTRUCTURING										
Measure Z Sales Tax Extension	-	-	-	-	-	-	-	2,077,447	8,309,787	8,136,943
Contract Fire & EMS Services	-	4,454,490	8,940,462	9,886,235	9,612,343	9,641,757	9,959,863	10,213,406	10,369,740	10,506,376
Other Restructuring Savings	-	26,725,060	11,619,230	11,847,285	12,076,113	12,015,159	12,257,696	12,512,234	12,764,195	13,033,903
Beginning Fund Balance	9,368,000	11,658,462	14,883,856	17,594,890	18,697,688	18,811,097	16,475,694	18,478,571	20,193,108	22,873,111
Ending Fund Balance	11,658,462	14,883,856	17,594,890	18,697,688	18,811,097	16,475,694	18,478,571	20,193,108	22,873,111	22,707,924
Balance as % of Total Expense	9.4%	11.8%	13.8%	14.2%	13.8%	11.5%	13.0%	13.8%	15.4%	14.9%
Balance Goal	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%

BASELINE BUDGET	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
REVENUES										
Total Property Taxes	40,684,746	42,479,360	44,785,395	47,000,321	49,332,606	51,048,620	52,832,412	52,045,056	54,400,106	56,869,609
Total Sales and Use Tax	41,468,160	43,480,735	45,577,910	46,965,049	48,380,558	49,824,609	48,806,133	50,722,882	53,080,965	55,533,793
Total Franchise Fees	3,924,317	3,994,330	4,059,743	4,126,411	4,194,360	4,263,617	4,320,404	4,398,439	4,478,019	4,552,783
Total Other Taxes	35,693,053	36,358,521	36,727,175	37,102,934	37,495,102	37,903,732	37,552,534	38,323,881	39,127,036	39,612,029
Total Licenses and Permits	3,364,785	3,434,460	3,505,981	3,562,634	3,620,285	3,678,953	3,687,808	3,757,416	3,836,192	3,917,069
Total Fines and Penalties	2,884,165	2,941,848	3,000,685	3,060,699	3,121,913	3,184,351	3,248,038	3,312,999	3,379,259	3,446,844
Total Use Of Money and Property	783,851	798,908	814,266	829,931	845,910	862,208	878,832	895,789	913,085	930,727
Total Intergovernmental	1,866,244	1,878,308	1,890,493	1,902,799	1,915,229	1,927,783	1,940,462	1,953,268	1,966,203	1,979,266
Total Charges For Services	6,040,863	6,177,257	6,265,181	6,407,075	6,498,562	6,646,178	6,741,372	6,894,940	6,993,991	7,153,752
Total Miscellaneous	6,018,656	6,046,274	6,074,244	6,102,572	6,131,262	6,160,320	6,189,751	6,219,560	6,249,753	6,280,335
Transfers In-Sewer Line Maint Fund	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Transfers In-Refuse Fund	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Total Transfers In	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*	*2,900,000*
Total Revenues	145,628,841	150,490,003	155,601,074	159,960,426	164,435,788	168,400,372	169,097,747	171,424,231	177,324,608	183,176,207
EXPENDITURES										
Salaries-Sworn	48,211,332	49,657,672	51,147,403	52,681,825	54,262,279	55,890,148	57,566,852	59,293,858	61,072,674	62,904,854
Salaries-Miscellaneous	23,527,254	23,997,799	24,477,755	24,967,310	25,466,656	25,975,990	26,495,509	27,025,420	27,565,928	28,117,247
Salary Savings	-	-	-	-	-	-	-	-	-	-
Total Salaries	71,738,587	73,655,472	75,625,158	77,649,135	79,728,936	81,866,137	84,062,362	86,319,277	88,638,602	91,022,100
Total Special Salaries	946,895	946,895	946,895	946,895	946,895	946,895	946,895	946,895	946,895	946,895
Total Overtime	11,736,207	12,088,293	12,450,942	12,824,470	13,209,204	13,605,480	14,013,645	14,434,054	14,867,076	15,313,088
Total Other Pay	2,070,980	2,111,350	2,152,527	2,194,528	2,237,370	2,281,069	2,325,644	2,371,112	2,417,492	2,464,802
Total PERS Retirees Health	501,311	511,338	521,564	531,996	542,636	553,488	564,558	575,849	587,366	599,114
Total PARS	245,155	245,155	245,155	245,155	245,155	245,155	245,155	245,155	245,155	245,155
PERS Retirement-Fire	8,056,839	8,261,178	8,453,434	8,632,204	8,832,543	9,056,110	9,265,916	8,881,988	9,103,896	8,760,399
PERS Retirement-Police	16,298,961	16,710,664	17,097,950	17,457,996	17,861,595	18,312,083	18,734,779	17,958,995	18,406,218	17,712,334
PERS Retirement-Misc.	6,217,666	6,317,845	6,419,549	6,497,802	6,576,622	6,656,002	6,762,454	5,923,634	5,986,796	5,599,794
Total PERS Retirement	*30,573,466*	*31,289,687*	*31,970,933*	*32,588,001*	*33,270,761*	*34,024,195*	*34,763,149*	*32,764,617*	*33,496,910*	*32,072,527*
Total Health and Life Insurance	7,682,737	7,913,219	8,150,615	8,395,134	8,646,988	8,906,398	9,173,589	9,448,797	9,732,261	10,024,229
Total Other Benefits	1,375,700	1,413,558	1,450,763	1,488,948	1,528,139	1,568,362	1,609,644	1,652,015	1,695,501	1,740,133
Budgeted Vacancy Savings	(3,806,131)	(3,905,249)	(4,005,437)	(4,105,928)	(4,210,682)	(4,319,915)	(4,431,139)	(4,462,733)	(4,578,818)	(4,632,841)
Total Salaries & Benefits	123,064,907	126,269,717	129,509,115	132,758,334	136,145,400	139,677,264	143,273,502	144,295,039	148,048,440	149,795,202
Total Maintenance and Operations	5,376,620	5,537,793	5,703,798	5,874,779	6,050,885	6,232,270	6,419,093	6,611,516	6,809,708	7,013,841
Total Contract Services	8,980,708	9,248,667	9,524,621	9,808,809	10,101,476	10,402,877	10,713,270	11,032,925	11,362,117	11,701,132
Total Internal Service Charges	20,636,339	21,276,448	21,936,867	22,617,491	23,319,702	24,044,202	24,791,715	25,562,991	26,358,804	27,179,955
Total Capital Outlay	33,598	34,606	35,644	36,713	37,815	38,949	40,118	41,321	42,561	43,838
Debt Service - Principal- Remaining	-	-	-	-	-	-	-	-	-	-
Debt Service - Principal- 2005 POBS	926,283	2,115,000	2,300,000	2,500,000	2,705,000	2,930,000	3,170,000	3,420,000	3,685,000	3,970,000
Debt Service - Principal- 1996 COP	-	-	-	-	-	-	-	-	-	-
Debt Service - Principal- 1999 COP	470,000	-	-	-	-	-	-	-	-	-
Total Debt Service Principal	1,396,283	2,115,000	2,300,000	2,500,000	2,705,000	2,930,000	3,170,000	3,420,000	3,685,000	3,970,000
Debt Service - Interest- Remaining	-	-	-	-	-	-	-	-	-	-
Debt Service - Interest- 2005 POBS	3,076,496	1,947,147	1,822,909	1,687,837	1,541,368	1,382,800	1,211,146	1,025,703	825,768	610,356
Debt Service - Interest- 1996 COP	-	-	-	-	-	-	-	-	-	-
Debt Service - Interest- 1999 COP	12,925	-	-	-	-	-	-	-	-	-
Total Debt Service Principal	3,089,421	1,947,147	1,822,909	1,687,837	1,541,368	1,382,800	1,211,146	1,025,703	825,768	610,356
Lease Payments	-	-	-	-	-	-	-	-	-	-
Grand Total Debt Service	4,485,704	4,062,147	4,122,909	4,187,837	4,246,368	4,312,800	4,381,146	4,445,703	4,510,768	4,580,356
Total Other	-	-	-	-	-	-	-	-	-	-
Transfers Out-Library Fund	2,477,044	2,534,844	2,594,094	2,654,070	2,715,541	2,778,548	2,843,939	2,882,060	2,949,367	3,004,613
Transfers Out-Animal Control Fund	1,412,980	1,465,582	1,519,511	1,573,499	1,628,834	1,685,546	1,745,050	1,756,848	1,817,019	1,855,186
Transfers Out-Assessment Districts	262,736	293,469	325,337	358,216	392,295	427,617	434,390	496,300	535,465	573,087
Transfers Out-Cemetery Fund	274,502	280,906	287,493	294,213	301,122	308,229	315,594	321,060	328,749	335,654
Transfers Out-Baseball Stadium Fund	114,587	117,974	121,462	125,054	128,750	132,557	136,476	140,511	144,666	148,944
Total Transfers Out	4,541,849	4,692,775	4,847,897	5,005,052	5,166,542	5,332,497	5,475,449	5,596,779	5,775,266	5,917,484
Total Expenditures	167,119,725	171,122,153	175,680,851	180,289,015	185,068,188	190,040,859	195,094,292	197,586,274	202,907,664	206,231,807
Operating (Deficits) or Surplus	(21,490,885)	(20,632,150)	(20,079,777)	(20,328,589)	(20,632,400)	(21,640,487)	(25,996,546)	(26,162,043)	(25,583,056)	(23,055,599)

	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31	FY 2031/32	FY 2032/33	FY 2033/34
DEFERRED OBLIGATIONS										
Deferred & Unpaid POB Obligation	-	-	-	-	-	-	-	-	-	-
Deferred & Unpaid General Obligations	-	-	-	-	-	-	-	-	-	-
CALPERs Deferral Amortization	-	-	-	-	-	-	-	-	-	-
Total Deferrals	-	-	-	-	-	-	-	-	-	-
FISCAL & SERVICE STABILIZATION										
Capital Investment-Building & Fixtures	3,626,348	2,541,297	2,548,531	2,555,909	2,563,435	2,571,112	2,578,942	2,586,928	2,595,075	2,603,384
Capital Investment-Parks	440,462	440,462	440,462	440,462	440,462	440,462	440,462	440,462	440,462	440,462
Capital Investment-Public Right-Of-Way	2,704,000	2,812,160	2,924,646	3,041,632	3,163,298	3,289,829	3,421,423	3,558,280	3,700,611	3,848,635
Capital Investment-IT Infrastructure	631,604	571,625	1,809,581	1,421,887	1,291,211	285,813	904,790	710,944	645,606	631,604
Capital Investment-Fleet-Fire	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Capital Investment-Fleet-Police	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital Investment-Fleet-Other	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
ISF-Workers' Comp-Deficit Recovery	680,000	700,000	720,000	740,000	760,000	780,000	800,000	820,000	840,000	860,000
ISF-General Liability-Deficit Recovery	190,000	200,000	210,000	220,000	230,000	240,000	250,000	260,000	270,000	280,000
Organizational Improvements	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000
Total Stabiization	12,872,414	11,865,545	13,253,220	13,019,891	13,048,406	12,207,216	12,995,617	12,976,613	13,091,753	13,264,085

BASELINE FORECAST SUMMARY										
Total Baseline Revenues	145,628,841	150,490,003	155,601,074	159,960,426	164,435,788	168,400,372	169,097,747	171,424,231	177,324,608	183,176,207
Total Baseline Expenses	167,119,725	171,122,153	175,680,851	180,289,015	185,068,188	190,040,859	195,094,292	197,586,274	202,907,664	206,231,807
Net Revenues (Expenses) Before Adjs	(21,490,885)	(20,632,150)	(20,079,777)	(20,328,589)	(20,632,400)	(21,640,487)	(25,996,546)	(26,162,043)	(25,583,056)	(23,055,599)
DEFERRED OBLIGATIONS										
CalPERS Penalties	-	-	-	-	-	-	-	-	-	-
Deferred & Unpaid Obligations	-	-	-	-	-	-	-	-	-	-
FISCAL & SERVICE STABILIZATION										
Capital Investments/Expense Deferrals	(12,872,414)	(11,865,545)	(13,253,220)	(13,019,891)	(13,048,406)	(12,207,216)	(12,995,617)	(12,976,613)	(13,091,753)	(13,264,085)
Staffing Additions	-	-	-	-	-	-	-	-	-	-
RESTRUCTURING										
Measure Z Sales Tax Extension	8,455,911	8,850,802	9,264,135	9,534,647	9,813,059	10,099,600	9,889,529	10,277,198	10,757,143	11,259,502
Contract Fire & EMS Services	10,764,925	11,029,837	11,301,269	11,579,379	11,864,334	12,156,301	12,455,454	12,761,967	13,076,024	13,397,810
Other Restructuring Savings	13,609,106	13,403,778	13,691,072	13,988,016	14,283,971	14,602,282	14,928,736	15,252,783	15,589,129	15,963,919
Beginning Fund Balance	22,707,924	21,174,568	21,961,291	22,884,769	24,638,332	26,918,890	29,929,372	28,210,928	27,364,220	28,111,708
Ending Fund Balance	21,174,568	21,961,291	22,884,769	24,638,332	26,918,890	29,929,372	28,210,928	27,364,220	28,111,708	32,413,255
Balance as % of Total Expense	13.6%	13.9%	14.0%	14.7%	15.7%	17.1%	15.6%	15.0%	15.0%	17.0%
Balance Goal	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%