



Office of the City Manager
Andrea Travis-Miller
Interim City Manager

Release Date: 07/12/12

Contact: Gwendolyn Waters

Police Captain / Acting Assistant City Manager

Phone: 909-384-5122

E-mail: waters_gw@sbcity.org

City of San Bernardino Chapter 9 Filing

In light of a projected \$46 million budget shortfall for the current fiscal year (2012-13), San Bernardino's City Council voted at a special budget meeting on Tuesday, July 10, 2012, to authorize the City Attorney to prepare for a Chapter 9 filing of municipal bankruptcy. "This City is in a dire financial situation," said San Bernardino's Interim City Manager Andrea Travis-Miller. "While many measures have been instituted over the last four years to balance the City's budget, our financial situation has continued to decline and that has brought us to a critical point." The Chapter 9 filing will allow the city to continue providing essential services to the community while it takes measures to restructure its finances with the goal of emerging on sound financial footing.

How San Bernardino got to this point is obviously a question of much concern, and there is no easy answer to that. There are numerous factors that contributed to the development of this situation over a number of years. Many of the City's practices have been less than ideal and it has been slow to make drastic adjustments as needed to correct its course as the economy continued to decline. Having reached a breaking point, the City now must take action.

City Attorney Jim Penman may file for bankruptcy within the next 30 days. "We are still in the early stages of this process and there are numerous details that have to be worked out," Ms. Miller said. No specifics of the City's plan have yet been determined. City officials are currently working on three projects:

- They are examining their status as to AB506 which requires a 60-day mediation period with stakeholders prior to a Chapter 9 filing. A municipality would be exempt from that requirement if it makes a declaration of fiscal emergency. An opinion on that will be presented to the City Council during their next regular meeting on Monday, July 16th.
- They are developing a short-term budget to continue operations until the Chapter 9 is filed. That budget will be presented to Council either at the July 16th meeting or during a special session to be set later.
- They are building a long-term plan to balance the City's budget moving forward that will be presented to the court at the time of filing.

“It is important to note that in order to balance the City’s budget, deep cuts will have to be made across the board,” said Ms. Miller. “While we do not know specifically what those cuts will be, San Bernardino will continue to function and move forward. We will continue to provide essential services and are committed to meeting our obligations. What a Chapter 9 filing will provide us is some relief while we develop and institute a sound and realistic budget and financial practices for this city.”

We will continue to release statements as new information is available. For further information, please contact Acting Assistant City Manager Gwendolyn Waters at waters_gw@sbcity.org.