

City of Stockton
News Release – Contingency Plan
Wednesday, May 30, 2012
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have a plan for any possible outcome to protect the health, safety and welfare of our community and maintain basic services. Without significant fiscal relief, the General Fund will be out of money by June 30, 2012.”

The state constitution requires cities to adopt a balanced budget by July 1 of each year. The majority of the City’s budget is not impacted by the City’s fiscal crisis. The total budget of \$521 million includes \$366 million in restricted funds, which cannot be used to resolve the General Fund crisis. The \$155 million General Fund provides for services such as police, fire, libraries, parks maintenance and administrative functions. This funding comes from property tax, sales tax, utility users tax, business license tax and other sources, all of which have experienced significant declines for the past four years.

The City Council has addressed \$90 million in deficits over the last 3 years and is faced with a \$26 million deficit in the fiscal year that begins July 1, 2012. The Council believes that any further service cuts will endanger the health and safety of the community.

The contingency plan that the Council will consider will allow the City to continue to operate, should the City be faced with insolvency by the end of the fiscal year, which is June 30, 2012. The proposed plan would give the City Manager authority to file for Chapter 9 protection, if there are no other options to balance next year’s budget. The plan allows the City to provide day-to-day services until a long-term plan of adjustment can be negotiated and approved, should bankruptcy protection become necessary.

“This City has been in business for over 160 years and we will continue to be in

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business,” continued Mayor Johnston. “We will come through the AB 506 process or chapter 9 with a financially sustainable future. Even though we have inherited this mess, we are committed to doing everything in our power to leave this City better, stronger and healthier.”

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