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The Story Behind San Bernardino's Long Bankruptcy.

Unlike Detroit or Stockton, this California city's insolvency can't be blamed on debt or pensions.

Four years ago this month, San Bernardino, Calif., filed for Chapter 9 protection. Today, it's still in Chapter 9 — the longest municipal bankruptcy in recent memory.

Why so long? Many blame it on San Bernardino's lengthy and convoluted charter, a document that gives so much authority to so many officials that it's completely ineffective. "It gets everybody in everybody else's business," said City Manager Mark Scott. "And it keeps anybody from doing anything."

As a result, officials have spent the last two years trying to ensure the current charter is not part of the city's future. A specially appointed committee is proposing to completely overhaul it.

At issue is that unlike many California cities that either have a strong mayor/council form of management or a strong city manager government, San Bernardino's is a hybrid, doling out authority to both sides. For example, fire and police chiefs are appointed by the mayor and subject to approval by the council, but report to both the mayor and city manager. This confusing structure played a role in the city's road to insolvency. "You'd have to say," Scott said, "the charter made it almost impossible to succeed."

The cause of the city's bankruptcy obviously can't be pegged to just one thing. But other municipal bankruptcies have tended to falter thanks to major ticket items. For instance, Stockton, Calif., can largely blame its bankruptcy on bond debt and retiree health-care costs. Detroit had loads of municipal and pension debt.

But in the case of San Bernardino, an inland city of about 200,000 people, insolvency was sneakier. "It was simply an accumulation of spending more than the revenues they had to support it," said Andrew Belknap, who is regional vice president of Management Partners and has worked with other struggling California cities.

Belknap said the city's overly complicated system of checks and balances in its 48-page charter and extreme turnover essentially created a stalled government: Between 2004 and 2014, the city cycled through five city managers, five police chiefs, four finance directors and five public works directors. The situation was so disorganized that by the time officials realized the full magnitude of the city's finances, it was too late to declare a financial emergency. Instead, San Bernardino officials had to declare insolvency or they weren't going to make payroll. "They didn't have the political and management systems in place to see this coming or act ahead of time," Belknap said.

About two years into the court proceedings, officials realized that they needed to address the management confusion in order to give the city a fighting chance after it emerged from bankruptcy. The current document needs so much explanation it has been supplemented over the years by more than 100 city attorney opinions. Even rules on personnel management had made it into the charter, like directions on how to compensate police and fire fighters and defining which public safety

positions had to be filled in by sworn officers.

So for a little more than a year, a charter committee has been developing a new proposal based on the charters of similarly sized California cities and incorporating recommendations made by the National Civic League. The proposed charter- now whittled down to 11 pages — includes a key change: moving to a council-manager form of government. If approved, the city manager will have executive authority that's held in check by the council. The mayor will still be elected but will act as the legislative head of the council. The charter also would make the city clerk and attorney appointed positions instead of elected.

Residents will vote on the proposed charter this November. It's not a requirement that voters approve it for the city to exit bankruptcy. Even without that change, officials expect to emerge from Chapter 9 protection sometime in the spring. But some believe the city doesn't have much of a future in a post-bankruptcy world without it. "I don't foresee the city coming out of all this with this charter," said Scott. "Recruiters don't want to recruit anybody [here] until we fix it."

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