

MOTION BY SUPERVISOR MICHAEL D. ANTONOVICH

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Many cities in Los Angeles County and across the state are struggling to cover their costs as state budget cuts; rising pension costs and the dissolution of redevelopment agencies continue to hurt revenue streams. Last week, San Bernardino declared a fiscal crisis and may become the third California city to file bankruptcy this year. Since Congress added Chapter 9 to the bankruptcy code in 1937, some 640 government entities have filed. Last year's 13 filings almost doubled the six filed in 2010. Eric Hoffman, an analyst at Moody's, said "more municipal bankruptcies are likely in California and throughout the nation, as cities continue to battle rising costs and a weak economy." All of those issues are further complicated by the potential for mismanagement and poor financial disclosure as seen recently in several County cities, such as Cudahy and Bell, leaving them few options.

It is unclear what impact municipal bankruptcies will have on the County budget and services.

I, THEREFORE, MOVE that the Board of Supervisors direct the Chief Executive Office and County Counsel to report back in 30 days on the financial and operational impacts on the County budget in the event that:

1. Municipalities in the County file for bankruptcy;
2. 1 or more of the County's 88 cities dissolve, merge or consolidate.

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