



CITY OF STOCKTON NEWS RELEASE

FOR IMMEDIATE RELEASE:
Thursday, June 28, 2012

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CITY OF STOCKTON FILES FOR CHAPTER 9 BANKRUPTCY PROTECTION

(Stockton, CA) - The City of Stockton filed a petition for chapter 9 bankruptcy protection today with a Sacramento federal court (Case No. [2012-32118](#)). A Pendency Plan adopted by the City Council on Tuesday is the budget and the operational plan for the City while the petition is pending with a Federal Bankruptcy Court. The Pendency Plan includes; suspending payment of bonds, claims and long term debt paid by the General Fund; shifting some funds to other sources; modifications to terms of labor and employee agreements that reduce costs; more employee salary and benefit reductions, including reduction and ultimately elimination of City contributions to retiree medical insurance.

There are no measurable service reductions included in the Pendency Plan, and citizens will not see any changes in service after July 1. Employees, vendors and service providers are essential to providing services and will continue to be paid in a timely manner.

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“We are extremely disappointed that we have been unable to avoid bankruptcy,” said Mayor Ann Johnston. “This is what we must do to get our fiscal house in order and protect the safety and welfare of our citizens. We will emerge from bankruptcy with a solid financial future.”

In addition to the bankruptcy petition, the City will file a motion to request permission to share information from the confidential mediation process.

“This is not to diminish the service and contributions of our employees and retirees,” said City Manager Bob Deis. “Our General Fund resources are depleted, and we cannot allow the City to spiral into uncontrolled default. Bankruptcy stops a barrage of lawsuits and allows the City breathing room while working toward a Plan of Adjustment and moving Stockton forward.”

For additional information, please visit the City of Stockton web site, www.stocktongov.com, or (209) 937-8827.

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All News Releases can be found on the City of Stockton website. www.stocktongov.com/news

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