

# San Bernardino, California, prepares to privatize city services

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On June 18, U.S. District Judge Meredith Jury ruled that the city of San Bernardino, California, must accelerate its plans to emerge from Chapter 9 bankruptcy protection. Judge Jury set an October 8 date for an initial hearing on the city's proposed readjustment plan, which was submitted May 29.

When the city filed for bankruptcy protection on July 12, 2012, it was the largest US city ever to do so until the city of Detroit's filing in July 2013. San Bernardino also has the dubious distinction of being the second poorest city in the country, also after Detroit.

Since its postwar heyday, the city has undergone a protracted economic decline. Relatively well-paying industrial jobs in the city's steel mills, rail yards, and interstate commerce industries were lost by the thousands throughout the 1980s and 1990s.

According to the 2010 US census, the median income in San Bernardino is only \$38,385—slightly more than half the national average—while more than 32.4 percent of residents live below the official poverty line. This is more than twice the national average of 15.9 percent. Of San Bernardino's children, 45.2 percent live below the official poverty line, while 54.3 percent of the city's residents depend on some kind of public assistance.

Only 46 percent of working-age residents are currently employed, while the home foreclosure rate in the wake of the 2008 recession was more than 3.5 times the national average. Many of those currently working, moreover, are employed temporarily or part time.

The area as a whole has been transformed from a construction- and industry-based economy to one based on logistics (transportation, inventory, warehousing), with many workers employed in those areas relying on casual employment from large distribution centers for companies like Amazon.

San Bernardino, like the surrounding Inland Empire and San Bernardino County areas, is a prominent example of the Obama administration's policy of "insourcing," with cheap labor and hazardous working conditions making it an attractive location for transnational commerce operations.

To that end, San Bernardino, like Detroit before it, is increasingly being characterized as a "failed" city requiring drastic curtailing of city worker pay and benefits to recover from bankruptcy.

Commentators have sought to place the blame for the city's financial condition on "privileged" workers, including police and firefighters. On June 14, the *Los Angeles Times* published an article entitled "San Bernardino: Broken City." The *Times* writes that "By 2012 the city was spending 72 percent of its general fund on the Police and Fire Departments, mostly on salaries and pensions—compared to Los Angeles, which spends 59 percent of its general fund on those services. More than half the sworn fire personnel earn more than \$150,000 a year according to city records."

In fact, using the salary listings on the city's own web site, the average firefighter salary would be only \$77,317 if all positions were equally staffed. Furthermore, the median firefighter salary in the city is only \$64,212 per year including benefits.

As of the end of 2014, the city of San Bernardino only had slightly more than 100 firefighters for a population of 209,924 or about 5 firefighters for every 10,000 people. By contrast, the city of Washington has 25.3 firefighters for every 10,000 people. The US Conference of Mayors recommends 2 firefighters for every 1,000 residents, meaning that San Bernardino is operating at only a quarter of its recommended staffing level.

The low firefighter staffing levels in San Bernardino

are to a large extent due to accelerated turnover after the city's bankruptcy announcement in 2012. Ten firefighters stopped working for the city in the past five months alone, according to figures compiled by the *San Bernardino Sun*. "I think you're going to see a mass exodus from the city of San Bernardino Fire Department," said Nathan Cooke, a San Bernardino fire battalion chief who recently left. "First and foremost, the morale is the lowest I've ever seen it, and I was there approximately 15 years."

As a result of this mass exodus, remaining firefighters are forced to work excessive overtime hours in one of the drier and hotter cities of the southwestern United States.

Also, according to the *San Bernardino Sun*, the city is on track to pay between \$6.8 and \$7 million in overtime hours to firefighters this year. If the claims of a \$150,000 average annual salary made by the *LA Times*, the *Atlantic*, and other media outlets are in any way correct, approximately half of that overall amount would then have consisted of overtime pay to which the overworked firefighters were legally entitled.

Nonetheless, the San Bernardino City Council, in collusion with the media and various well-heeled consulting firms that stand to profit handsomely off the city's financial woes, is using the bankruptcy to press for the wholesale privatization of city services including the fire service as part of the city's plan of adjustment.

The plan of adjustment itself was created by the Urban Futures consulting firm, which describes itself as aiming "to revitalize our communities, create financial stability for governments and municipalities, and provide services of the highest value."

The firm is receiving \$450,000 annually from the city for its services and brags that it has serviced more than \$1 billion in bonds for the cities of Stockton, Oxnard, Lake Elsinore, Desert Hot Springs, Rohnert Park, Indio, Signal Hill and other cities throughout the state.

While the California State Constitution forbids the imposition of a fiscal state of emergency at a municipal level necessitating the appointment of an emergency financial manager such as was the case with Detroit, the City Council in collusion with Urban Futures and other firms utilizes such power in practice if not in name.

Negotiations over the plan of adjustment are being made completely in secret while the Urban Futures firm

itself promised the creation of an "Emergency Command Center" to deal with the city's financial crisis. This command center would be tasked with minimizing "adversaries' ability to cause harm to the city." It would also "examine threats" and "coordinate responses to threats."

Aside from the proposal to contract out fire services, the city is also hoping that garbage collection, street sweeping, sewage and recycling services could be similarly privatized. Similarly to the situation for firefighters, waste management positions have also been vacated due to the city's bankruptcy. Eleven out of 85 positions are now vacant with street sweeping service reduced in order to make up for lost garbage collection. In fact, street sweeping ended entirely in early June due to the garbage crisis.

By franchising garbage services, the city hopes to make about \$2.8 million per year, with whatever company or companies win the city contract inevitably passing the cost onto homeowners and businesses.

Hundreds of low-income housing units were torn up earlier this year and replaced with more-upscale units constructed by private partnerships. Furthermore, services for low-income residents and the homeless are also being sharply reduced and in some cases eliminated outright.



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