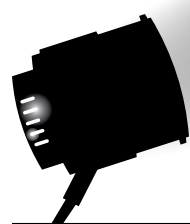




A PILE OF BAD DECISIONS LED VALLEJO TO BANKRUPTCY FILING

A long history of poor planning and bad decisions by the City Council and city management have left Vallejo's finances battered and broken, with no plan to turn things around. Services are being slashed, crime is on the rise, home values are sinking further, new businesses are reluctant to move here, and long-time business owners are talking about shutting their doors.



BANKRUPTCY COURT SHINES THE LIGHT ON MISMANAGEMENT AND COUNCIL'S FAILED LEADERSHIP

Turned Down \$10 Million. City police, municipal employees, and firefighters offered to cut their salaries and benefits by \$10 million dollars. City officials testified under oath the unions' wage and benefit cut proposal would have given the city a \$1 million surplus this year. *Source: Federal Bankruptcy Court, testimony of Vallejo Assistant Budget Director Susan Mayer, July 24, 2008*

Hid \$26 Million. Vallejo managers hid \$26 million dollars that could have been used to keep the city solvent, including \$15 million owed to the General Fund from the Redevelopment Fund, and \$2 million that was never collected from the Insurance Fund. *Source: Federal Court Proceedings, July 23, 2008*

An additional "\$6.3 million was loaned to the redevelopment fund, but because of poor record-keeping, no one knows whether the money has been repaid." *San Francisco Chronicle, May 14, 2008*; and \$3 million was allocated for a parking garage that was never built. *Source: City Council Meeting, November 13, 2007*

Gave Away Golf Courses. While other cities make money leasing golf courses to private operators, the Vallejo City Council gave away our two taxpayer-owned golf courses for \$1 yearly to corporations making money from this taxpayer-owned asset. The City has never tried to renegotiate a better deal. *Sources: Independent Audit of City Finances, Harvey Rose and Associates, May 5, 2008; San Francisco Chronicle, May 14, 2008*

Raised City Manager Pay 42%. The City Council backdated a 42% raise to the city manager after he had only been on-the-job a short while — bringing his total compensation package to \$450,000 — more than the President of the United States, the Chief Executive Officer of Los Angeles County, the City Manager of San Jose and the Governor of California. *Source: Official Joe Tanner contract, executed March 8, 2008*

Failed to Develop New Businesses. According to Assistant City Manager Craig Whittom, "The city did not, over a long period of time, set aside tracts of land for industry or business parks or malls." *San Francisco Chronicle, March 10, 2008*

Gave Up \$800,000 in State Funds. Vallejo failed to apply for \$800,000 in state funds owed the city for state-mandated programs and services. *Source: Federal Bankruptcy Court documents from California State Controller's Office, evidence introduced August 5, 2008*

Lost Opportunities. The City Council is holding excess properties which could have been sold to help solve the budget crisis, and loaned \$7 million to the Transportation Fund that they never required be paid back.

Lost \$2.3 Million in Loan Interest. Vallejo could save \$2.3 million by getting better deals on loans instead of borrowing from sources that charge astronomical interest rates. *Source: Independent Audit of City Finances, Harvey Rose and Associates, May 5, 2008*

**Bad Decisions by the City Council and City Management
Led the City to Filing for Bankruptcy.
And More Bad Decisions Are Likely on the Way.**

For more information, go to
www.VallejoBankruptcyUpdate.com

Your city employees, including police officers, firefighters, paramedics, and miscellaneous public employees, who maintain our streets, parks, traffic safety, water, and housing services, are paying for this ad.