Troubles

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implemented," Meyers said. He said the terms of the remedy — which can include discharging or scaling down debts as with a private business — are between the judge and elected officials.

Meyers said the law limited the federal court in an apparent attempt to prevent it from interfering with local political control.

"We've never had a municipal bankruptcy here," Meyers said.

In St. Louis County, Wellston filed for bankruptcy in 1984 after losing a $300,000 court judgment it could not afford. But the judgment later was reduced, and the bankruptcy petition was dismissed in 1986. That left Wellston to work out its repayments to creditors.

At the time, Wellston's action was believed to have been only the fourth municipal bankruptcy in the United States since 1972.

Larry Frang, director of fiscal programs for the Illinois Municipal League, said that under Illinois law, "There's nothing to say a municipality can go bankrupt, and there's nothing to say it can't." He added, "To my knowledge there have been none."

In theory, a city never should have to go bankrupt, Frang said, because it could cut services until revenue exceeded costs. No law requires that a city provide even basic services such as police and fire protection and street maintenance, he said.

He explained that legislation proposed several years ago — when Robbins, Ill., in Cook County, was believed to be near financial collapse — would have set up a process for local governments to ask for help from the state.

Robbins remained solvent, and the legislation never was passed. It would have provided financial management help from the state comptroller's office and the Department of Commerce and Community Affairs — but no cash from the Legislature.

Gary Koch, a deputy director of the comptroller's office, said a survey in 1986 showed that about a dozen of Illinois' 6,500 government entities — including cities, townships, counties, fire districts, water districts and more — were in deep financial trouble.

About East St. Louis in particular, he said, "It's right up there."

In addition to the dozen, Koch said, 50 to 100 entities were borderline, and as many as 400 showed signs of future trouble.

He said the legislation had been aimed primarily at small towns whose leaders might lack financial expertise.

"In some towns, the mayor is a barber full time and the mayor one or two nights a week," he explained.

Koch said common factors usually brought these towns or agencies to the brink: increased liability insurance premiums, loss of federal revenue-sharing assistance and a shortage of property that generates taxes.

Officials in East St. Louis say they have suffered all of those.

LaMar Gentry, comptroller of East St. Louis, relies on simple arithmetic to tell his story.

"We need $8.4 million to operate this city smoothly," he said. "We may take in this year $6.2 million."

DeBow's judgment, which with interest was $4,059,000 at last count, would consume two-thirds of that. East St. Louis appears to be unable to sell "judgment bonds" to raise money for it in a long-term loan.

Kuehn portrayed the DeBow case as unique, because no other major creditor of East St. Louis' has advanced so far in the legal process. But the judgment is hardly the only urgent problem in this city of 55,200, the largest in the Metro East area:

- John Baricevic, state's attorney of St. Clair County, has charged East St. Louis with reckless conduct by sending police on duty with inadequate equipment. The city could be fined $9,000 and ordered to improve the department. State troopers already help to patrol the streets.

- Laidlaw Waste Systems Inc. filed a suit against the city to collect $262,000 in delinquent fees for trash collection. Regular service has been stalled since October.

- East St. Louis owes thousands of dollars in back insurance payments. As a result, city employees are being pursued by bill collectors from doctors and hospitals.

- Because East St. Louis is self-insured for liability and cannot even pay the claims it faces, people cannot count on recovering damages in the future, Kuehn said.

"What if you're driving along and a police car runs a red light and hits you?" he asked.

- The Aldermanic Council passed a $6.9 million budget, which has a projected deficit of $700,000. The city pays about $500,000 in payroll expenses to its 300 employees each month, leaving between $10,000 and $20,000 a month for everything else.

"We buy some gasoline and take care of what we can," Gentry said.

- The city has $2 million in leftover bills from last year.

"If there's a good side to this," Gentry said, it is that "they won't give us any more credit, so we're not incurring any new bills."

Gentry said he got plenty of advice: "They tell us everything except where to get the money. That's what it's all about."

The deep trouble began when the federal government shut off revenue sharing in January 1987. It eliminated $1.3 million a year; that money formerly was used to pay salaries in the police, fire and public works departments.

Mayor Carl E. Officer has made some suggestions, all of which were rejected by the aldermen.

Some — such as a proposal to sell, then lease back City Hall and six firehouses — show the desperation.

Meanwhile, Gentry said, the city continues to work on refinancing of bonds to stay afloat until construction begins on the city's riverfront projects.

East St. Louis already is paying off $7 million in general obligation bonds. Gentry said the plan was to extend the debt by eight to 10 years to generate an extra $4 million.

"Our payments wouldn't increase, but the life of the loan would be longer," Gentry said.

The $4 million would put $2 million on the DeBow debt, with the rest to be paid by a bond redeemable later, Gentry and Kuehn said.

Gentry said the remaining $2 million would pay other debts.

"That would buy us some time," he said.

"We knew that we would have problems in 1987 and 1988. We knew that if we could get past the next two years, we would be able to survive."

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