



*Mayor:*  
R. Carey Davis  
*City Manager:*  
Allen Parker  
*City Attorney:*  
Gary D. Saenz, Esq.

## **PRESS RELEASE**

## **FOR IMMEDIATE RELEASE**

**Contact:**

Gary D. Saenz – 909-384-5355

### **CITY OF SAN BERNARDINO RELEASES RECOVERY PLAN IN SUPPORT OF PLAN OF ADJUSTMENT**

SAN BERNARDINO, CA, May 14, 2015 - On Nov. 18, 2014, the City of San Bernardino (City) was given a deadline of May 30, 2015, to file the Plan of Adjustment, the foundation of which is the Recovery Plan in Support of the Plan of Adjustment (Recovery Plan). Before filing the Plan of Adjustment and Disclosure Statement, the Recovery Plan must be approved by the Mayor and Common Council; this document will be presented to the Mayor and Common Council on Monday, May 18, for approval.

The Recovery Plan was prepared by the City's bankruptcy team, which was composed of City leadership, expert consultants and bankruptcy counsel. The Recovery Plan, along with the Plan of Adjustment and Disclosure Statement, forms the basis, or roadmap, for San Bernardino's exit from bankruptcy and fiscal recovery.

The Recovery Plan's terms make it clear that the City needs to streamline governance and operations and move into the mainstream of modern organization and service delivery for a city of its size. The City needs to undertake dozens of initiatives designed to reduce expenditures and generate revenues. For example, we need to look at contracting solid waste, fire and other services. Other cities have saved money, while still delivering strong service levels, by adopting alternative service delivery approaches such as using regionalization and contracting to reduce costs - and the City needs to follow this lead.

Unfortunately, even with improved operating results and new revenues, the City will not be able to pay all of its obligations. Two large obligations which will be significantly impaired under the Recovery Plan will be the City's pension obligation bonds and medical coverage for retirees. In both cases, the City's ability to satisfy these unsecured creditors is severely constrained. As the Recovery Plan makes clear, the City's first priority has to be the delivery of adequate municipal services. The pain will be shared among all stakeholders: employees, retirees, citizens (in the form of impaired service levels until the City can regain its footing) and capital market creditors.

Only by undertaking the difficult process of refashioning the City into a modern municipal corporation can we be successful in creating a solvent future.

###