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## **Managing Redwood City's Budget Issues**

*By Mayor Rosanne Foust*

It will come as no surprise to you that the economic downturn is continuing to take an increasingly severe toll on Redwood City's two largest sources of revenue. The decline in sales tax revenue and markedly weakening property tax revenue are largely responsible for the current fiscal year's deficit of \$5.8 million and the estimated \$8.2 million deficit for next fiscal year.

Despite the bleak financial situation which is affecting all of us, I want to assure you that I have great confidence in our ability to address the City's ongoing budget deficit. I can report with real optimism that the entire City organization, through a combination of programmatic reductions, salary freezes, and use of reserve funds, is working diligently toward bringing our finances back in balance over the next three-to-four years.

Redwood City workers are pulling together to reduce costs at every level while working to maintain crucial City services for the community. All five of the City's bargaining units and the Executive Group have agreed to a one-year salary freeze that will save the city nearly \$4.5 million through the next two fiscal years. I want to say with sincere gratitude that this agreement really speaks to the remarkable group of people we have working here on behalf of the community.

The Council has already directed that the entire deficit for this fiscal year (ending June 30, 2009) will be covered through the use of the City's reserve funds – and I want to commend my Council colleagues and their predecessors for their foresight and prudence over the years in ensuring our reserves are maintained at a substantial level. The Council has also directed that two-thirds of next fiscal year's deficit will be addressed with reductions throughout all City departments (including the salary freeze savings), complemented by use of reserves to cover the remaining one-third. In the two fiscal years after that, reserves are anticipated to cover 25% and 10% of expected deficits, respectively, with no further use of reserves planned after that point. This will allow us to maintain reserves at a minimum of 15% of annual revenues thereafter, for future needs.

Please be assured that every member of the Redwood City organization is redoubling their efforts to ensure efficiency and accountability, and are directly addressing both the reality of the financial situation and the need to provide the services on which our community depends. The fiscal year 2009/2010 proposed budget will be available at [www.redwoodcity.org](http://www.redwoodcity.org) on June 5, and will be presented to the Council and the community during public meetings on June 15 and June 22. Please plan on attending one or both to learn more as the budget is finalized.