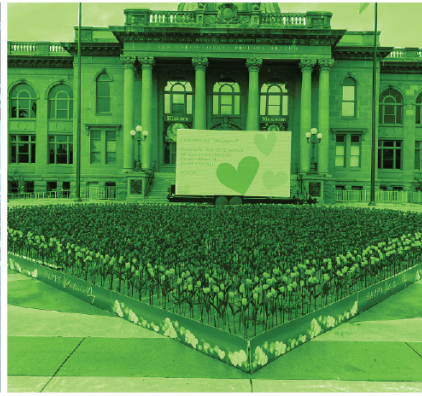


REDWOOD CITY CALIFORNIA
**BUDGET
IN BRIEF**
FISCAL YEAR
2024-25



REDWOOD CITY CALIFORNIA



VISION

A community where people of all backgrounds and income levels can thrive.



MISSION

Building a welcoming Redwood City through collaboration, responsiveness and excellence.



FOUNDATIONAL GUIDING PRINCIPLE

Redwood City will put equity first, urging a collective restart so that policies serve the entire community.



GUIDING PRINCIPLES

Aesthetics, Community and Community Building, Economic Vitality, Excellence in Government Operations, Healthy Community for All Ages, Housing, Public Safety, Sustainability, Transportation



STRATEGIC PRIORITIES

Housing, Transportation, and Children and Youth.

INTRODUCTION

The Fiscal Year 2024-25 Budget upholds the City's financial best practices while advancing strategic priorities, addressing resident concerns, and maintaining essential services despite the financial challenges we face. Our community's feedback has been instrumental in shaping this budget. We have listened to the voices of our residents, who have expressed a strong desire for street maintenance, emergency services, and recreational programs. In response, the budget includes over \$7 million in one-time funds to address these key areas.

Redwood City, like many California cities, faces significant financial challenges, including projected annual deficits for years to come. This deficit poses a threat to maintaining current service levels. The City has implemented cost containment measures and is exploring new revenue sources.

If new revenues are not secured, the City may need to consider service reductions. Potential cuts could affect police and fire services, parks and recreation programs, library hours, and community development services. These reductions are not proposed for immediate implementation but illustrate the potential impact of the financial shortfall.

To address the funding gap, the City is focused on cost containment, reimagining services, and generating new revenues:

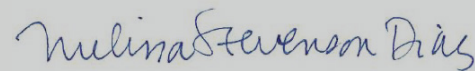
- **Cost Containment:** The City has maintained lean staffing levels and implemented various cost-saving measures, such as extending the life of vehicles and through the extensive use of volunteers and sponsors to help deliver some of our programs.
- **Reimagining Services:** Detailed studies of key departments have led to the implementation of efficiency recommendations. Reorganizations within City departments aim to streamline operations and enhance fiscal oversight.

- **New Revenues:** The City actively pursues grants and economic development initiatives. For example, recent grants have supported fire services, homelessness programs, and infrastructure projects. The City is also evaluating the feasibility of modernizing the Business License Tax to create a more equitable and substantial revenue stream. The Capital Improvement Program also faces a projected shortfall of \$428.3 million over the next five years, underscoring the necessity for new revenue sources.

Redwood City is also adapting to broader changes in technology, sustainability, diversity, and economic conditions. Initiatives include leveraging technology to improve efficiency, addressing climate change impacts, promoting diversity, equity, and inclusion, and adjusting land use planning to reflect economic uncertainties.

This Budget in Brief document is intended to highlight major investments being made in the City of Redwood City. It also presents the major sources of funding and the services provided by the City. For a more detailed description of major funding changes, I invited you to read the transmittal letter of the Fiscal Year 2024-25 Budget and the Fiscal Year 2024-2029 Five Year Capital Improvement Program Budget by visiting www.RedwoodCity.org/Budget.

In conclusion, this budget is a testament to Redwood City's proactive and strategic approach to fiscal management. By focusing on community engagement, cost containment, and innovative revenue generation, we aim to navigate our financial challenges effectively while continuing to serve our residents and uphold our City's values.



Melissa Stevenson Diaz
City Manager



CITYWIDE BUDGET

The Fiscal Year 2024-25 Budget for all funds totals \$385.4 million in revenues and \$373.3 million in expenditures, and includes 601.93 full time staff equivalent positions. As shown in the chart below, the majority of expenditures are supported by the General Fund, the City's main fund to pay for city services, such as street maintenance, police and fire protection, library services, parks, recreation and community services, library services, and administration. These activities utilize mostly tax dollars, such as property tax and sales tax, but are also supported by licenses and permits, fees, fines, and investment earnings.

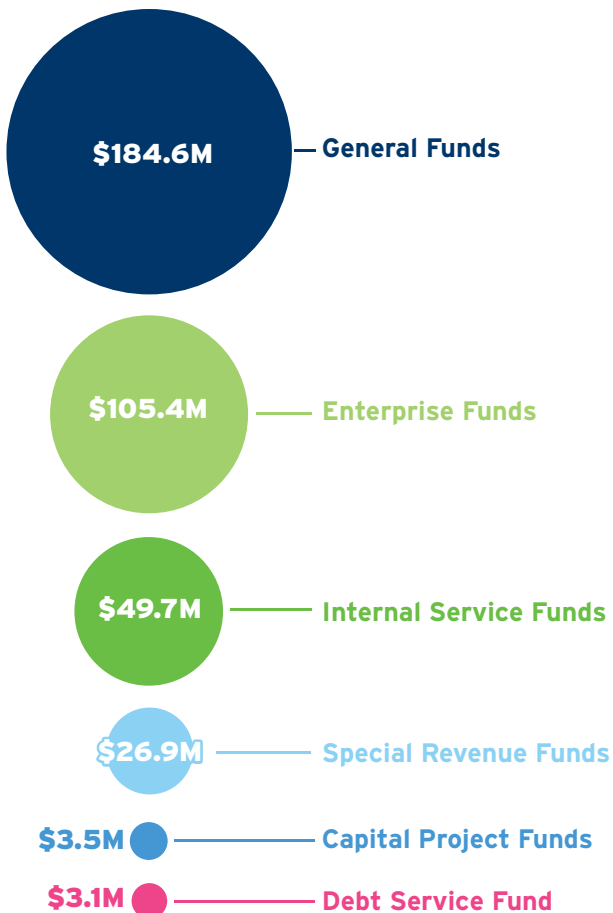
The Fiscal Year 2024-25 General Fund expenditure budget is \$184.6 million, which is \$15.0 million, or 9 percent more, than the FY 2023-24 adopted General Fund expenditure budget of \$169.61 million. Salaries, wages, and benefits are \$129.6 million, or 70.27 percent of the recommended General Fund expenditure budget. This is a decrease from 70.5 percent for FY 2023-24.

Police and Fire Department salaries and benefits, as in most California cities, are a significant portion of the budget,

amounting to approximately \$83.86 million, or 64.69 percent of all salaries, wages, and benefits in the General Fund. This is a decrease from 65.5 percent for FY 2023-24.

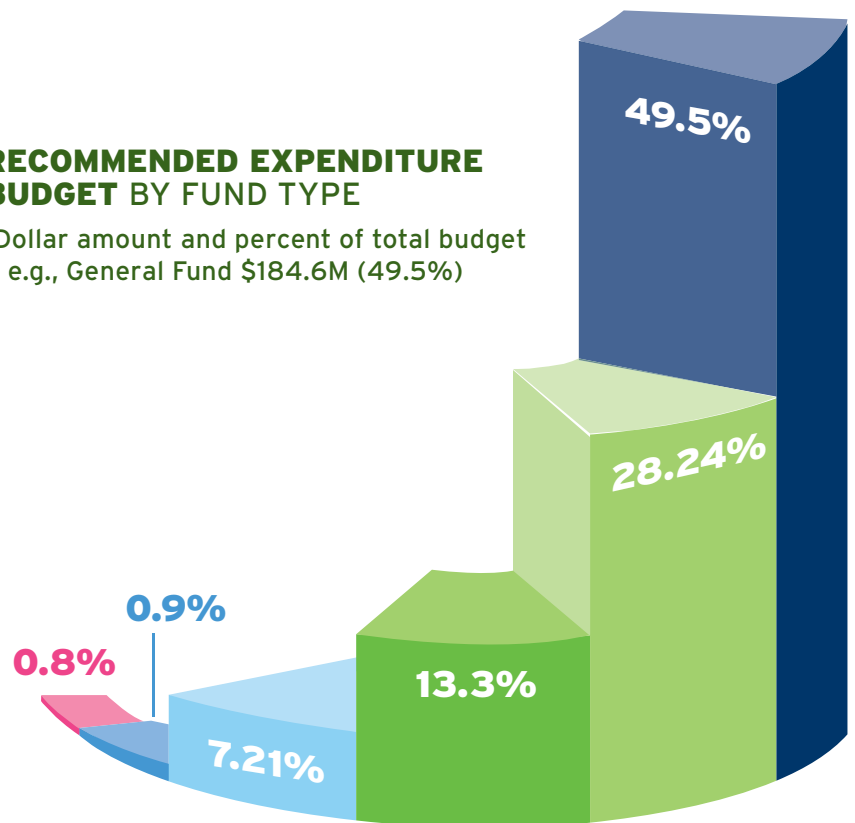
The City also provides water, wastewater and solid waste and recycling services. Service costs for these utilities are funded through charges to ratepayers, not general taxes. Utility operations are shown in Enterprise Funds, which are used to account for revenue from specific taxes or other dedicated revenue sources that are restricted by law.

Another component of the budget is the Capital Improvement Program (CIP). These are funds for the cost of acquisition, construction, expansion or rehabilitation of the City's physical facilities. The CIP budget for Fiscal Year 2024-25 is \$75.1 million, which includes 56 projects and contains \$3.2 million in dedicated staffing resources for construction administration and project management. Funding for capital projects typically derives from many sources, with the Utility Users' Tax the primary revenue.



RECOMMENDED EXPENDITURE BUDGET BY FUND TYPE

(Dollar amount and percent of total budget – e.g., General Fund \$184.6M (49.5%))



FY 2024-25 BUDGET

HIGHLIGHTS

Affordable Housing and Addressing Homelessness

Redwood City remains dedicated to addressing the dual challenges of affordable housing and homelessness through a comprehensive and innovative approach. We will continue to drive forward the implementation of the Affordable Housing Preservation Program, with the ambitious target of completing at least one preservation project by June 2025, ensuring that existing affordable housing stock remains intact and accessible to those in need.

Additionally, we will release a Notice of Funding Availability (NOFA) for the 2024-2025 period, catalyzing the development of new affordable housing units to expand our housing options for low-income residents. Staff are also actively engaging with developers of proposed Gatekeeper projects, many of which included new housing units in addition to commercial development.

In our ongoing efforts to address homelessness in Redwood City, we remain committed to leveraging and enhancing the countywide homeless services system. Our work plan is intricately designed to align with the County of San Mateo's vision of achieving "functional zero" homelessness, ensuring that every unsheltered homeless person who seeks assistance can find shelter or housing. With a focus on innovation and community needs, our plan aims to achieve several objectives: mitigating public health, safety, and environmental concerns related to unsheltered homelessness and encampments; transitioning unsheltered residents into permanent housing; and eliminating the long-term impact of encampments and street homelessness. To achieve these goals, we have forged strategic partnerships at various levels and implemented

comprehensive service strategies. These include expanding mobile shower and laundry services, initiating weekly trash and debris pick-up at homeless encampments, and establishing outreach teams to engage with unsheltered residents. Through these efforts, we have seen tangible progress; however, homelessness requires multifaceted approaches, including providing medical, mental health, and substance abuse services. Our dedicated outreach teams work tirelessly to connect individuals with these essential services, leading to successful transitions to shelter or permanent housing.

Transportation

In response to community feedback received this spring, the Budget includes the transfer of one-time dollars from the General Fund to increase funding to several CIP transportation infrastructure projects, including \$100,000 for the sidewalk inspection and repair program, \$300,000 for the traffic signal replacement program, and \$2 million for pothole repairs and street paving. Amidst Redwood City's ongoing commitment to local bicycle/pedestrian safety enhancements, our role in regional transportation planning is significant.



FY 2024-25 BUDGET

HIGHLIGHTS

Collaborative efforts with community members and regional partners are integral to major initiatives, including the design and construction of the 101/84 interchange, long-term planning for Caltrain grade separations, and the establishment of ferry service at the Port of Redwood City. As we actively pursue regional, state, and federal infrastructure funding to drive these initiatives forward, recent community feedback underscores the pressing need for infrastructure improvements.

Findings from the latest community satisfaction survey also revealed that sidewalk maintenance fell below the national average, as 59% of residents expressed dissatisfaction to varying degrees. Similarly, street repair garnered satisfaction from only 35% of residents, indicating areas for improvement. Recognizing the critical need for infrastructure improvements, the proposed budget outlines measures to partially address these concerns, with the limited resources available.

Children and Youth

To effectively serve our young community members, Redwood City prioritizes holistic development, positive opportunities, partnerships, equity, community involvement, accountability, and innovation. The goal is to create a nurturing environment that supports not just academic achievement but also physical, emotional, and social growth. We know that participating in early literacy programs, academic enrichment, youth sports and wellness programs, and out-of-school time activities leads to positive outcomes, and prevents negative future outcomes such as engagement with the juvenile justice



system. Because children and youth from different backgrounds and different neighborhoods may have access to different opportunities, Redwood City is intentional about creating programs that include all community members, focusing on accessible options for children and youth of color, low-income families, people with disabilities, and those from other historically marginalized identities.

In the upcoming year, we will continue to advance the Complete Parks Indicators project to fulfill our objectives of ensuring all residents have convenient access to excellent parks, bridging disparities in parks access and quality, and promoting health and equity. This ongoing initiative will commence with the establishment of essential indicators (metrics) aligned with the 7 Elements framework: Engage, Connect, Locate, Activate, Grow, Protect, and Fund. We also will continue to connect with community partners to increase marketing, engagement and participation from Environmental Justice neighborhoods to increase participation and development in our youth and teen programs.

GENERAL FUND REVENUES

PROPERTY TAXES

For every \$1,000 in property taxes paid, the City receives approximately \$162. Most property taxes support local schools.

SALES TAXES

For every \$100 in taxable purchases, \$10 is collected in sales tax. Of this amount, the City receives approximately \$1.50. Most sales taxes fund State services.

CHARGES FOR SERVICES

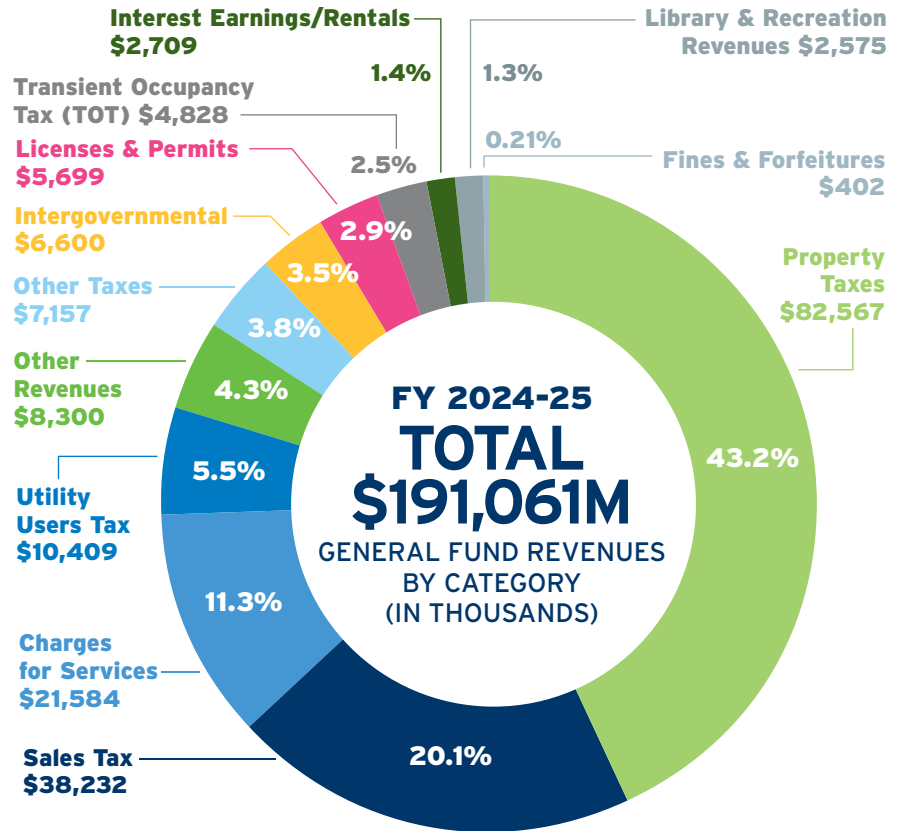
Services, mostly generated from the Fire Department, are collected for general government purposes. Also included in this category are plan check fees and garbage collection franchise fees.

REVENUES FROM OTHER AGENCIES

Grant revenues and contributions comprise a majority of this category. Also included in this category is Proposition 172 public safety sales tax revenue from the state of California and homeowner property tax relief funds from the County of San Mateo.

UTILITY USERS' TAX (UUT)

This category includes a tax collected on telecommunications charges, gas and electric charges, cable TV charges, and prepaid phone services. Per Council policy, the entirety of this revenue is transferred to the Capital Projects Fund to be used exclusively for capital projects.



OTHER REVENUES

Includes revenues related to right-of-way rents charged to the Water and Sewer Funds, as well as reimbursements from other funds for General Fund expenditures related to salaries and benefits.

LICENSES AND PERMITS

Fees paid to ensure that structures are up to the current Building and Fire codes to ensure safety of the occupants and environment.

OTHER TAXES

Includes the Business License Tax, Franchise Fees, and Real Estate Transfer Tax.

TRANSIENT OCCUPANCY TAX

Visitors staying at hotels in Redwood City pay an additional 12% tax applied to their room rate.

INTEREST EARNINGS/ RENTALS

Includes interest earned on investments and rental income received from the use of city facilities.

LIBRARY AND RECREATION REVENUES

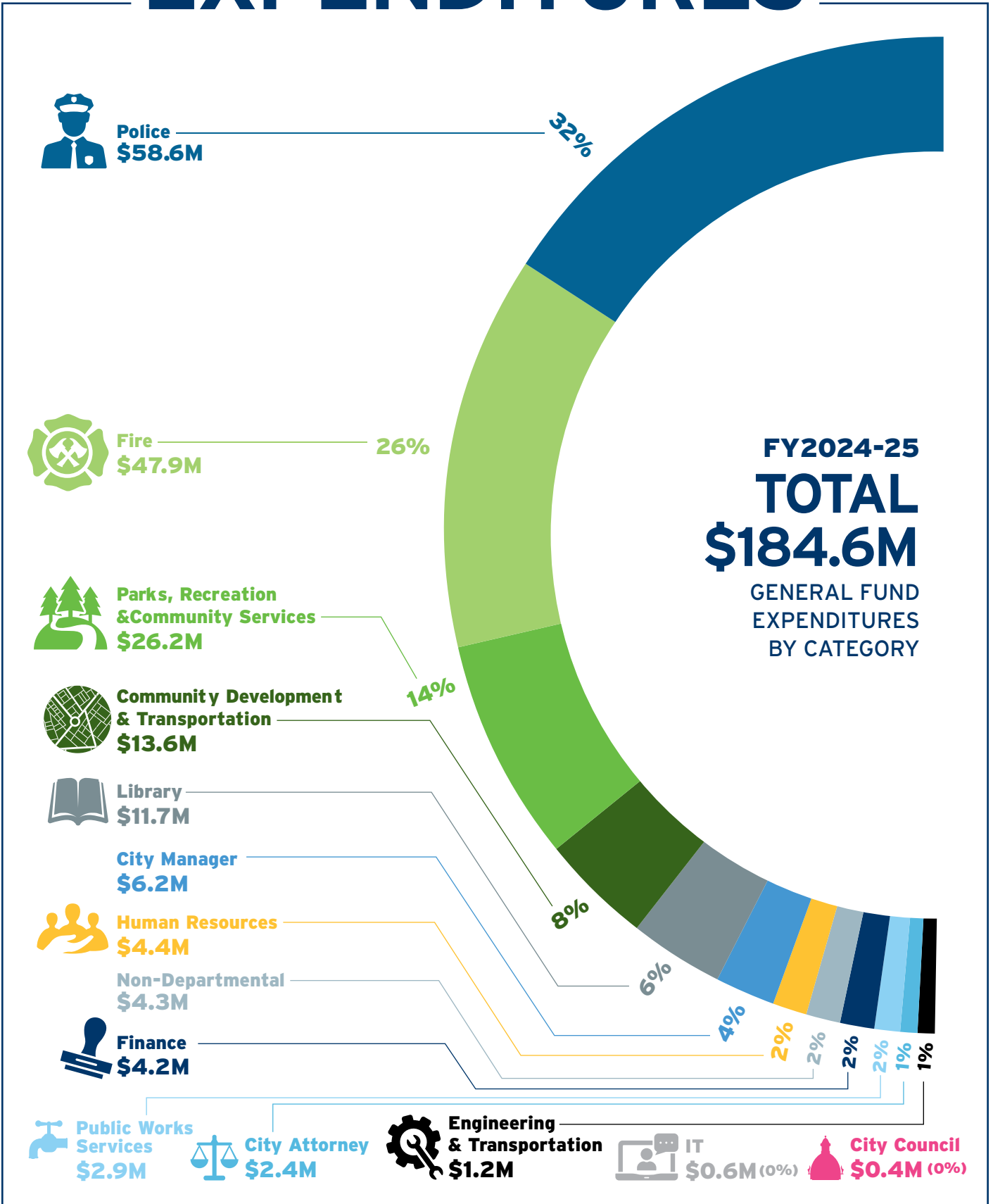
Includes recreation program fees and library grants.

FINES AND FORFEITURES

Includes parking fines.

GENERAL FUND

EXPENDITURES



Possible Reductions Without New Revenue

Because of our ongoing deficit, many services our community relies upon are at risk. The below list includes levels of reductions that may be required if we are not able to obtain sufficient revenues to sustain services on an ongoing basis. Because we have set aside one-time funds through the next year, we are not implementing service reductions at this time; however, the risks to services is real and the work we are doing to secure funding is vital.

- Disband Downtown Police Unit
- Reduce street crimes suppression and traffic enforcement
- Reduce parking enforcement services
- Longer Fire Department response times to several portions of the city
- Close the Schaberg Branch Library and reduce hours at other libraries
- Reduce youth and teen recreation programs
- Reduce services at the Senior Center
- Reduce capacity to support affordable housing initiatives
- Eliminate 4th of July Fireworks event and other community events
- Slower responses to resident inquiries
- Reduce community input, ending the biannual community survey
- Reduce code enforcement services
- Delay permits for non fee-based building, planning, engineering, and transportation services
- Close Red Morton Community Center on weekends, and other centers two nights a week



BELT-TIGHTENING THROUGHOUT THE CITY

We have known for some time that our ongoing revenues were not keeping up with our ongoing costs for providing services, and we have taken many steps over the last 15 years to contain costs, to leverage grants and volunteers, to enhance our tax base through economic development, and to ensure cost recovery for special services before considering taxes.

In cost containment, we have strictly controlled our staffing, which accounts for 2/3 to 3/4 of our budget every year. Our lean staffing levels mean that staffing has not kept up with population growth in the last 20 years. We have about the same number of employees as we had in 2001 - and we have fewer employees than comparable cities.

Additional forms of belt-tightening include extensive use of volunteers, particularly in Parks, Police, Public Works and the Library; obtaining community sponsorships to support City event; and partnering with community organizations, such as the Parks and Art Foundation, to oversee programs at no cost. We manage costs by working with our employees to obtain higher than usual pension contributions and have limited the pension and retiree health benefits for new hires. And, we avoid spending where we can, such as continuing to use 20 year old City Hall pool vehicles, and when we do make purchases we use competitive bidding and consider the full life cycle of the product purchased so we don't buy throwaway equipment.

CAPITAL IMPROVEMENT PROGRAM

(CIP) BUDGET FY 2024-25

The total Fiscal Year 2024-25 Capital Improvement Program budget is \$75.1 million. This budget includes 56 projects and contains \$3.2 million in dedicated staffing resources for construction administration and project management.

Funding for capital projects typically derives from many sources, with portions of the Communication Users Tax (CUT) and portions of the Utility Users Tax (UUT) revenues going toward the Capital Outlay Fund. The Capital Outlay Fund is the primary funding source utilized for capital improvement projects. Most other funding sources are restricted to certain purposes and, in some cases, must be spent within a prescribed period. Dedicated revenue sources include park impact and park in-lieu fee funds; water capital projects and sewer capital projects funds; transportation grants; traffic mitigation fees and Gas Tax revenues.

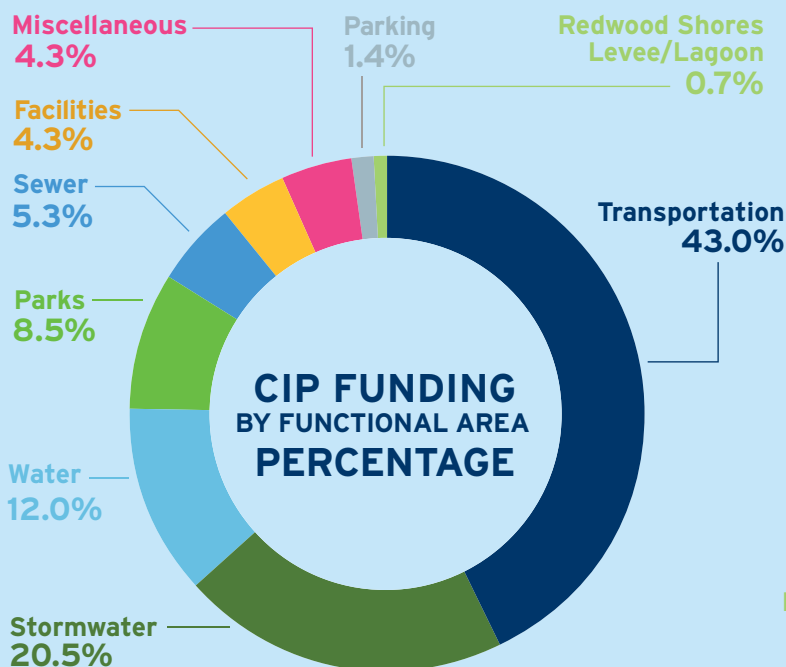


An online portal for the recommended FY 2024-25 CIP projects provides a high-level summary of the project appropriation recommendations. The project summaries can be viewed by district or neighborhood. The interactive portal reflects the new council district maps approved by Council on February 28, 2022. The online portal also contains a map overlay of CIP projects and project costs on the City's Equity Priority Communities Map as defined by the Metropolitan Transportation Commission.

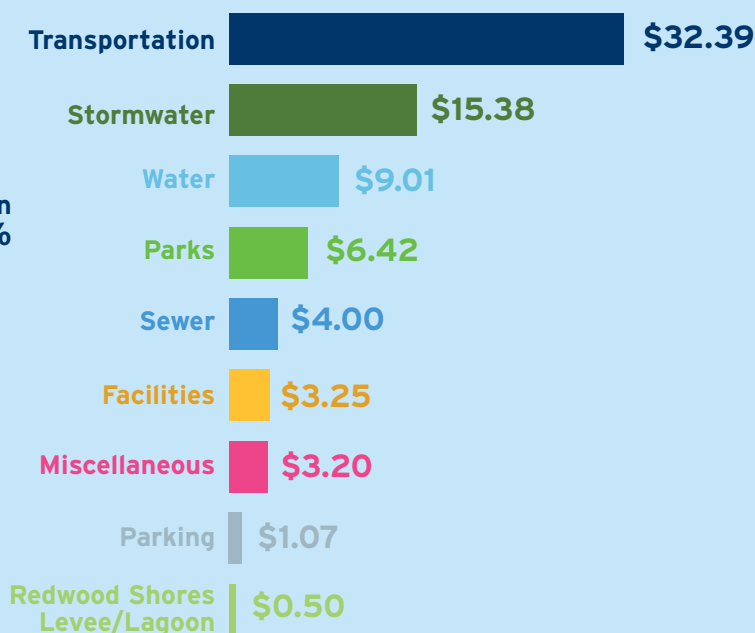
Online portal web address:
<https://www.redwoodcity.org/CIPMap>

FUNCTIONAL AREA FUNDING

In order to promote a better understanding of the CIP program, recommended projects have been grouped into eight functional areas, not including administration. The figures below provide a breakdown of \$75.1 million in FY 2024-2025 project funding by functional area.



CIP FUNDING BY FUNCTIONAL AREA IN MILLIONS





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All correspondence sent to the City Council becomes a public record, including contact information.

REDWOOD CITY CALIFORNIA

BUDGET IN BRIEF FISCAL YEAR 2024-25

