



2/25/2010

News Release

City of Menlo Park NEWS RELEASE

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Lower than anticipated revenues require mid-year adjustments

MENLO PARK, CA – The Menlo Park City Council voted unanimously at last night's regular Council meeting to approve budgetary reductions in operations and defer two projects as the primary methods for responding to lower than anticipated sales and transient occupancy tax (TOT) revenues at the mid year point in the City's budget cycle. According to City Finance Director Carol Augustine, most city revenues are only slightly lower than projections, but the City's sales and hotel taxes are significantly below 2009-10 budgeted amounts. "Sales tax revenues are being impacted by decreased consumer retail spending similar to that being experienced in other Bay area communities, Ms. Augustine said. "Severe declines in business-to-business sales in our M-2 industrial area are impacting revenues as well, which are coming in roughly \$960,000 less than projected."

City Manager Glen Rojas proposed reductions in current year operations of over \$750,000, including \$380,000 in personnel savings, along with deferring roughly \$145,000 in planned projects. Council members voted to retain two projects: replacement of the Onetta Harris Community Center gym floor and design of a storm water system on Middlefield Road. According to Mr. Rojas, "the deferred projects will be evaluated as part of the City's five year capital improvement program to be considered by Council on March 9. The operational cuts, including elimination of one executive management position and holding open 11 currently vacant positions, were made as part of an ongoing organizational review. We have attempted to make short term operational cuts in areas we believe have the least impact on essential services while we continue looking toward long term sustainability."

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According to Mr. Rojas, "Menlo Park has been addressing staffing costs very aggressively, including eliminating three positions last year, gaining contract concessions from police officers and middle managers, and eliminating executive pay increases and bonuses last year and this year. These cuts to personnel expenses have helped us minimize the use of reserves while we continue to prepare for 2010 – 11 and adjust our long term needs."

The complete Mid Year Budget Report is available on the City's Website at www.menlopark.org or by calling 650-330-6618.

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