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Office of the Mayor
City & County of San Francisco



I.F.P.T.E. Local 21
Gavin Newsom

April 22, 2008

Dear Labor Leaders,

I write to advise you of the continuing difficulties we face in closing the City's projected budget deficit for FY 2008-2009. As you know, I am required to submit a balanced budget to the Board of Supervisors by June 1, 2008. In March, the Controller, the Board of Supervisor's Budget Analyst and my Budget Director projected a \$338 million deficit in the next fiscal year. We are working aggressively to close the deficit but we still have a long way to go. Unfortunately, we do not expect enough additional "good news" this spring to alleviate our remaining problems. The May revision of the Governor's budget is expected to further decimate our funding, and while local revenues are strong, the City's Rainy Day Reserve leaves just 9 cents of every dollar of excess revenue available to off-set the General Fund deficit.

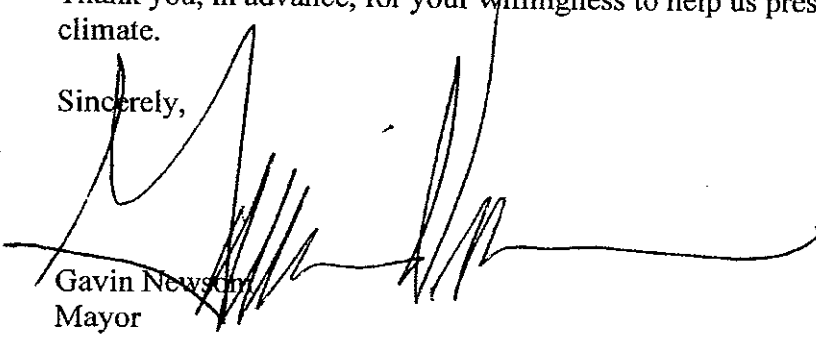
While some layoffs will be unavoidable, we share your interest in preserving our public services and the jobs of the dedicated employees who provide those services. To help achieve this goal, we think it will be necessary to reduce the total cost of our labor contracts by 3% citywide. I am therefore requesting your assistance and cooperation in identifying and implementing strategies to achieve that savings target through each of your individual labor agreements. I am informed that mandatory furloughs, wage deferrals, and/or changes in costly work rules and contract provisions are a few ideas which may help realize this savings goal.

Over and over, we have proven our ability to solve difficult problems by working together. Most recently, I am proud of the work we all did to place a sensible measure on the ballot that will reduce long term retiree health care costs while also providing a reasonable pension improvement. To avoid some very difficult decisions, I invite that spirit of cooperation and creativity once again.

I am directing my Chief of Staff, Phil Ginsburg and the City's Human Resources Director, Micki Callahan and her team to work with you on this request. I have also asked my Budget Director, Nani Coloretti and the City's Controller, Ben Rosenfield to assist in our efforts. We will, of course, share and discuss with your representatives and experts any and all relevant economic data you will need to feel comfortable with our own budget projections and assertions.

Thank you, in advance, for your willingness to help us preserve vital public services in this difficult budget climate.

Sincerely,


Gavin Newsom
Mayor

cc: Board President Aaron Peskin
Board of Supervisors' Budget Committee
Ben Rosenfield, Controller
Phil Ginsburg, Chief of Staff

Nani Coloretti, Budget Director
Micki Callahan, Human Resources Director
Martin Gran, Employee Relations Director
Tim Paulson, Executive Director, SF Labor Council