

Redlands Daily Facts
July 25, 2007
Letter to the Editor

Financing pension fund bonds transfers debt to our children

The article in the Redlands Daily Facts on Friday, July 20, about the city's bond rating put a very positive face on a very negative situation.

It's great that the Standard & Poor's rating will result in lower interest costs on the bonds the city is issuing to pay its pension obligations. We should all be happy about the lower rate.

But everyone should understand the city is issuing these bonds to lower its carrying costs on the amount it has underfunded its pension fund obligations. It has transferred to our children the pension expenses it should have paid in the past. That's why the state was charging the city interest on its unfunded balance.

And the amount is huge. To put it in perspective, \$25.6 million in bond principal is equal to almost half of the city's annual general fund budget. And that amount doesn't include the millions of dollars in interest that will be paid on these bonds. These payments will put a big crimp on future city budgets.

The City Council should get credit for taking positive steps to try to address the city's dismal financial situation, but it should have been done a long time ago. In the past, some council members - most notably Pat Gilbreath - tried to address the overspending issue but little was done.

Now it's time to elect a City Council that over time will return the city to financial health. It will be a long road, but eventually we

should be able to turn the corner and keep Redlands the special city it has always been.

Jerry Bean

Redlands

candidate for Redlands City Council