Meeting Report for September 17,2007
Featured speaker
L.A.P.D. Deputy Chief Michel Moore

Chief Michel Moore commands the Valley Bureau, the largest of the four geographic policing areas of the city covering some 222 square miles. Some 1,800 sworn officers and more than 350 civilian employees report to Chief Moore. The Chief is a 26 year veteran of the LAPD and assumed the Valley command on July 3,2005.

Echoing the line in the famous Sinatra song.... "2007 is a very good year," according to Chief Moore. He said that Los Angeles is proving to be the second safest "Large City" in America, trailing only New York City. Moreover, the San Fernando Valley is being a major contributor to that claim, making the city look better. Citing some statistics for the Valley, homicides are down by 26% for the year to date and down 45% from five years ago. Moore attributed the reduction in homicides to the absolutely terrific job that the trauma centers at Providence Holy Cross Hospital and Northridge Hospital Medical Center have been doing to save lives.

Overall, violent crimes are down 1.7% in the Valley and down 24% from five years ago, despite the larger population today. He attributed this to two factors: the economy today is improved, and arrests are up 2.2% thus far this year, to 30,799 so far, with essentially the same amount of cops on the street as five years ago. Chief Moore noted that while the L.A.P.D. force has grown, much of the increase has been dedicated to staff positions at the Police Academy for recruiting and training a sharply larger number of recruits, as well as allocation of officers to "special assignments," including supporting the consent decree, increased antiterrorism, etc.

On the negative side of the ledger, gang-related crimes are up 6% and account for about half the homicides in the Valley this year.

Perhaps the biggest concern that Moore expressed is the increase in burglaries from automobiles, currently running at a rate of about 200 per week. He cautioned that the key to reducing this kind of crime is individual awareness and prevention. For example, when the car is parked on the street, or even in the driveway, he warned not to leave anything of value visible in the car, to keep the windows closed, and to keep the doors locked. A significant proportion of crimes are "opportunity" crimes - they happen because there is an opportunity: the car is unlocked, or a purse, a laptop, or other items of value are visible - not because the perpetrator has already determined to commit a crime. "So don't present the opportunity for a crime to occur," he warned.

Chief Moore lamented that the average emergency response times in the Valley are running "seven to 10 minutes, which needs improvement." Part of the reason behind this lengthy lead time is the distance that a unit must travel in the geographic sprawl of the Valley. Another contributing factor is traffic that affects the cops as well as commuters. The Department has plans to open a seventh police station, in Canoga Park (on Schoenborn Street near Canoga Avenue), in about a year. This should help reduce the response times.

Chief Moore said that he wants to increase staffing and be able to move teams of officers into "hot" areas. For example, he noted that dedicated teams of some eight officers have been assigned to the Panorama City area under the "Safer Cities Initiative." The objective of that initiative is to reduce crime by showing a greater police presence. Such deployment reduces crimes of opportunity, but it also displaces crime into other areas.

Perhaps his biggest challenge is to balance all the demands on the police, not just in the black-and-white units but in counter-terrorism, gang suppression, and all the other things that the police do as part of their jobs.

LA DWP Rate Action Report - Jack Humphreville

The Neighborhood Council Oversight Committee(OSC) on does NOT recommend the proposed DWP Rate Action at this time. One of the reasons is that the rate increases are misleading. The OSC also recommends that the Neighborhood Councils support that the 120 day NC review should begin upon the date of the first Huron presentation, August 18,2007

WATER: DWP has indicated that the rate increases on July 1, 2008 and July 1, 2009 will total **6.2%** based on Total Operating Revenue. However, we calculated the per unit rate increases to be **12.3%.** Why? We have analyzed the rate hikes line by line. The Base Rate increases as a % of Base Rate revenues are 13.9%. Pass Through components (those not subject to review or approval) increase 10.7% over the two year period. Note: these pass through components do NOT include Purchased Water. We also noted that the transfer from DWP to the City's General Fund is projected to be $33.3 million, or 5% of the prior year revenues. However, these transfers may not be paid due to litigation.

POWER: DWP has indicated the rate increases on January 1, 2008, July 1, 2009, and July 1, 2009 are **8.5%**, again based on Total Operating Revenue. Again, we differ since we calculated the per unit increase to be **23.0%** . Why? Again, we have analyzed the rate hikes line by line. The Base Rate increases of $237.6 million (including the 10% Municipal Tax) are 15.1% of Base Rate Revenues. Energy Cost Adjustment Factors (a pass through not subject to review or approval) increase $417 mm (including the 10% Municipal Tax) over 3 years, or 57.5%!
The transfer from DWP to the City’s General Fund is $183 million, of which over $50 million is the result of the 40% increase in the transfer rate from 5% to 7% of revenues.
Please note that the Oversight Committee approves of the Power Reliability Program in principle. We also noted that the Revenue Requirements Study by Huron Consulting was limited in its scope in that it only reviewed revenue requirements needed to finance DWP’s proposed budget, but did not analyze the proposed budget and the efficiency of DWP in delivering its services. We also noted that DWP has been slow in implementing recommendations by Huron in areas such as work force planning, Customer Service Centers, project management and Shared Services overhead.

See the following discussion and tables for further details.

WATER: DWP has requested base rate increases of $23.0 million (3.1%), effective July 1, 2008, and $24.6 million (3.1%), effective July 1, 2009, or a total of $47.6 million, or 6.2%. These percentages are based on Total Operating Revenue.

Fiscal Year Ending 2007 2008 2009 2010 2 Years
Revenue Increase $ 18.4 23 24.6 47.6

Total Operating Revenue $66.2 766.1 65.7 815.5
% Increase 2.8% 3.0% 3.2% 6.2%

We used a line by line approach. Increases are 13.9% of Base Rate Revenues, not 6.2%.

2007 2008 2009 2010 2 years
Increase $18..4 $23.0 $ 24.6 $47.6
Base Rate $ 347.0 $ 342.9 $371.5 $ 400.
% Increase 5.3% 6.7% 6.6% 13.9%

Pass Through revenues (not subject to approval by the City Council) increase 10.7% for the two years beginning two years beginning July 1, 2008, after a 19% this fiscal year.

2007 2008 2009 2010 2 Years
Pass Through Components $171.5 $204.5 $204.8 $ 226.5
Increases $ 33. $ 0.3 21.7 $ 22.0
% Increases 19.2% 0.1% 10.6% 10.7%

Net: Rates will increase by $79 million, or 14% over the next two years. Unit costs will increase by 12.3%, after a 7.5% increase this current year.

2007 2008 2009 2010 2 Years
Sales (million HCF) 278.4 273.5 275.9 277.8
Base Rate Revenues $347 $343 $ $372 $ 400
Pass Through Revenues $172 $205 $205 $ 227
Total Revenues $519 $547 $576 $627
Increase $29 $ 29 $50 $ 79
% Increase 5.6% 5.3% 8.7% 14.0%
Cost per Unit $1.86 $ 2.00 $ 2.09 $ 2.26
7.5% 4.4% 8.0% 12.3%

For the current fiscal year, DWP has forecasted a $70 million increase in purchased water. It is forecasted to go down by $30 million next year. Given the environmental issues in the Sacramento delta, the competition Colorado River water, the problems with local water supplies, and the uncertainty of snowfall in the Eastern Sierras, these projections may be optimistic.

2007 2008 2009 2010
WPA -Purchased Water $ 147.7 $218.7 $189.4 $189.0

The transfer to the City's General Fund is subject to litigation at the current time.

2007 2008 2009 2010
Transfer to City's General Fund $ 29.9 $33.3 $38.3 $ 38.3

POWER: DWP has requested base rate increases of $33 million ($66 million on an annualized basis since this is a mid year increase) (2.9%), effective January 1, 2008, $75 million (2.9%), effective July 1, 2008, and $75 million (2.7%) on July 1, 2009, totaling $216 million (8.5%). These percentage increases are based on Total Operating Revenue.

The 10% Municipal Tax adds $21.6 million, making the total $237.6 million.

However, these increases and the % increases are not consistent with DWP's projections which indicate a 23% increase in unit costs over the three year period beginning July 1, 2007.

2007 2008 2009 2010
Retail Sales (GWh) 24,292 23,508 23,432 23,276 -4.2%
-3.2% -0.3% -0.7%
Retail Revenues $2,376 $ 2,427 $2,636 $ 2,800 17.8%
2.1% 8.6% 6.2%
Kwh 9.78 10.32 1.25 12.03 23.0%
5.6% 9.0% 6.9%

A line by line analysis shows that the increase in Base Rate Revenues is about 15%, not 8.5%.

2007 2008 2009 2010 Total
Base Rate Revenues $1,615 $1,572 $2,569 $1,569
Increase $66 $75 $75 $216
Municipal Tax $7 $ 8 $ 8
Total Increase $73 $83 $83 $238
% Increase 4.6% 5.3% 5.3% 15.1%

The Energy Cost Adjustment Factor is a "Pass Through" component and is not subject to approval by the City Council. It increases $417 million (including the 10% Municipal Tax), or about 57%, over the next three years.

2007 2008 2009 2010 Total
Energy Cost Adjustment $725 $804 $954 $1,104
Increase $79 $150 $ 150 $379
Municipal Tax 8 15 15 38
Total Increase 87 165 165 417
% Increase 12.0% 20.5% 17.3% 57.5%

As a result, rates per KWh will increase by about 23% over the three year period, not 8.5%.

Power Rate Restructuring: While it is intended to be revenue neutral by class (residential v commercial), we have not been able to determine the impact. There is concern that the 30 year old Customer Service program may not have the flexibility to implement all of the changes.

The transfer to the City's General Fund is equal to 7% of prior year's revenues. However, the transfer rate was increased 40% (from 5% to 7%) in 2004.

2007 2008 2009 2010
Transfer to City's General Fund $175 $183 $198 $ 204

Response by L.A. DWP representatives to LA DWP Rate Action Report by Jack Humphreville

DWP representatives **Jeff Peltola** and **Greg Bartz** attended the Valley VOTE meeting. They brought copies of the Huron Report dated July 30,2007 "Revenue Requirements Study" for those in attendance. They also had handouts that responded to the OSC report and the presentation by Jack Humphreville. Since the document is too extensive for this monthly report we have included here 2 significant paragraphs from that material.

" The LADWP has complied in good faith with the provisions of the MOU between LADWP and the NC's. The MOU states that
LADWP will use its best efforts to provide notification of any proposed Rate Action. Such notification will include the rate action, and upon request, copies of the supporting documentation provided to the Board and the City council for consideration". After more than a month of fiscal Year (FY) 2007-08 Budget reviews by the Board, which contemplated Water and Power revenue increases, on Tuesday, June 5,2007, the Board approved the FY 2007-08 Budget. The NC's were notified in a e-mail of the proposed revenue increases on June 5,2007 to begin the 120 days review period that ends on October 1,2007"

" An unwillingness to support the proposed LADWP revenue increases, based solely upon the fact that the Huron/BWG report was not released by the CAO and CLA for a 120-day review period concurrent with the LADWP's NC MOU 120-day review period for the proposed water and electric revenue increases and electric rate restructuring is contrary to the MOU. This additional delay would serve to undermine the significant outreach conducted by the LADWP in full conformance with the MOU and potentially result in the LADWP not meeting its financial planning criteria."

Financial Report - Richard Bort

The Public Employee Benefits Reform Initiative "The Coming Storm"

Nearly every governmental entity in California that offers retirement benefits to its employees is facing a major fiscal problem: It has not put away nearly enough funds to pay the employees' pension and healthcare benefits when they become due. The shortfall in funding today can only be estimated, but it is estimated to exceed $500 billion. That's half a trillion dollars!

These public employer underfunded pension liabilities and unfunded retiree health benefits have been developing for many years, but it came to light only recently. Until recently, there was no requirement for any government entity to calculate the amount of funding needed to pay the retirement benefits that it had promised to its eligible employees. Now that has changed.

Pension Liabilities

A recent (2007) survey of the Public Retirement System in California by the California Research Bureau estimated the unfunded pension liabilities (excluding healthcare) as follows:

Funding Status by Employer Type
(in $billions)

Employer Assets Liability Unfunded Funded
Liability Ratio

STATE* 142.3 165.5 ($23.20) 86.0%
PUBLIC* 221.9 247.8 ($25.90) 89.5%
OTHERS* 2.1 2.8 ($0.70) 75.0%

TOTAL $516.0 $579.5 ($63.5) 89.0%

*STATE (incl. CSU and UC)
*SCHOOLS (incl. school and community college districts that contract with CalSTRS and CalPERS
*PUBLIC AGENCIES (counties, cities, special districts, including CalPERS and independent)
*OTHERS (estimate of non-responding city and special district retirement systems)
Source: Calif. Research Bureau Public Retirement System Survey (Preliminary Results), July 12, 2007

Former Assemblyman Keith Richman became alarmed at this growing public liability as he neared his term limit, and following his retirement from the state legislature he decided to try to do something about it. He formed the California Foundation for Fiscal Responsibility (http://www.californiapensionreform.com), which is preparing a ballot initiative targeted for November 2008. The initiative, tentatively entitled the "Public Employee Benefits Reform Initiative," seeks to place responsible limits on the defined benefit pension and retiree healthcare plans that can be offered to **new** state and local government employees hired after July 1, 2009.

Meanwhile, in anticipation of Richman's campaign to get this initiative on the ballot, the Los Angeles Police Protective League (http://www.lapd.com, the union that represents LAPD officers) has already mounted an aggressive radio campaign urging the public not to sign the petition being circulated by "a special interest group," claiming that if successful the new law would cut by half the pensions of police, firefighters, and other public employees.

Valley VOTE plans to evaluate the proposed initiative and take a position on it, so batten down the hatches for the coming storm!

Neighborhood Council Report - Polly Ward

Raphe Sonenshein, Executive Director of the Neighborhood Council Review Commission (NCRC) reported at the Citywide Alliance meeting on Saturday, the following:

The NCRC will vote on its final report tomorrow, and will then present the report within the week to the City Council, from whence it will e sent to various committees for review. The expectation is that it will take a number of months for the recommendations to be reviewed and approved City Council for implementation. There are **73** specific recommendations in the report by the Commission.

The report suggests that the following be adopted (and more):

1. Stakeholder be defined as lives, works, owns property in the area, or declares self as a stakeholder with factual basis for such.
2. Recommends substituting a Sunshine Law in place of the Brown Act
3. Elections be run by the City Clerk
4. Defines the role of NCs.
5. Unspent $ by NC's will revert to the a special NC fund for outreach

6. The city will share responsibility for outreach with NCs.

To get copy of the report go on-line to www ncrcla.org or call the city clerk for a mailed copy.

There is still time to input into the process. NCs are encouraged to calendar the topic, and send comments to their City Council representative.

Housing Report - Vic Vereck

Members of the Los Angeles City Council want to assess the public with a parcel tax of about $40 per property. The purpose is for gang suppression. But by making more fiscally prudent decisions, gang suppression could be accomplished without a dime of additional tax. In fact, more prudent decisions would actually increase tax revenue and decrease wasteful spending while helping to solve the gang problem.

What decision can accomplish all of that? By allowing the owners of older apartments to evict nuisance tenants who make life miserable for their neighbors by serving them a 30-day notice to quit. The owners should also be allowed to collect (through rent increases) at least the cost of improvements and major repairs done to their property. The Rent Stabilization Ordinance severely prevents that. By allowing owners to evict the problem tenants, they would improve the desirability and assessed value of their property and spare the Police Department and City Attorney's Department from having to allocate part of their operating budgets to making trips to apartment complexes. The more investors are motivated to invest in residential rentals, the less demand there would be for taxpayer subsidized housing. That eliminates the need for a parcel tax.

Land Use - Pauline Tallent

Pauline updated the members on all the issues that are under consideration by Valley VOTE. She requested that interested members contact Valley VOTE if they would like to help on any of the following; Mansionization; Eminent Domain; Las Lomas; Veterans Sepulveda Facility; L.A. River Improvement; Sober Living homes; Thomas Properties at N.H.Metro Station; Densification along Ventura Blvd.; Downtown Grand Ave Project.

Valley VOTE Event

You are invited to join the Valley VOTE members, local legislators and other community leaders for an event to be held on October 13,2007. A buffet dinner will be served at the private home of Barbara and Richard Leyner in Northridge. Valley VOTE is an all volunteer organization with no paid staff. We welcome your attendance. The cost is $35 for an individual and $60 per couple.

Please RSVP by October 1,2007 to Jesicca Edgington at 818 905 2400 ext 110. Please mail checks to the Leyner residence at 17312 Dearborn Street , Northridge Ca. 91325.

We need your financial help. Please check out our website (www.valleyvote.org) to find out more about our organization. We are a nonpartisan 501 c4.

Valley VOTE Mission Statement
Valley VOTE, a diverse coalition of San Fernando Valley residents, businesspeople, educators, community activists, and organizations, is committed to exploring and fostering the implementation

of programs that empower the people of the San Fernando Valley and the City of Los Angeles, to improve local governance, education and public participation on policy matters.

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