

**Meeting Report for June 21, 2010
by Richard Bort**

Valley VOTE Board members, community leaders, and concerned citizens convened on June 21, 2010 at Galpin Ford to hear featured speaker Councilman Dennis Zine share his views on the many issues facing the city of Los Angeles in these very challenging economic times.



Dennis P. Zine

Listening to Councilman Zine regale the Valley VOTE attendees with his views is akin to sipping water from a fire hose. He is interested and knowledgeable in a wide variety of issues, both in the city government as well as the community, and he isn't bashful to take a strong – even blunt – position on any of them.

To get started, Zine announced that earlier this day he received on behalf of the city two checks for \$1 million each. One was from the Lakers to cover the city's costs of the championship parade downtown last week, and the other was from AEG Entertainment. The city finally reached agreement with AEG and the Michael Jackson Estate to receive \$1.3 million to cover the agreed marginal costs of the Michael Jackson memorial nearly a year ago, and this check was the down payment. Zine was instrumental in both the Lakers and AEG negotiations.

Rent Control – Landlords will be able to increase rents in accordance with the Rent Stabilization Ordinance as of July 1, 2010. Zine was pleased that the proposal by Councilman Richard Alarcon to freeze rents has been defeated because Zine said he recognizes that landlords' costs are rising, too, and that most landlords are “mom-and-pop” owners who depend on the cash flow from their properties.

Parcel Tax for Libraries – Zine opposes this proposed tax that may be on the November ballot. “We need to reduce taxes,” he said, “so we can spark our economy.” Zine went on to say, “There is no question that this city, state, and nation have serious economic problems.” He asked the attendees to notice how many retail locations throughout L.A. are available for lease. These vacant stores are not producing jobs or sales taxes.

City Budget – Zine staked his claim for being fiscally conservative and socially liberal when he discussed the city's bleak fiscal situation. He noted that the \$200 million deficit for the current fiscal year will balloon to \$484 million next year, and that the early retirement (“e-Rip” program) sought to reduce the work force but the result is reduced services and less experience among the remaining employees. On the subject of the budget, Zine noted that the city's Reserve Fund needs to be substantial in order to protect the city's bond rating and minimize interest costs. He

noted that each council member “contributed” \$800,000 to the Reserve Fund, most of which came from the council members’ receipts for such things as street furniture (which generate advertising revenues in their respective districts), sale of surplus properties in their districts, and other sources. Zine noted that the city’s Reserve Fund will begin the new fiscal year on July 1 with a balance of some \$140 million, which he seemed to feel is an adequate level.

Another measure to reduce the city’s expenses would be consolidation of city departments. He claimed that the city could realize substantial savings by merging several departments, specifically mentioning merging the Planning department and the Transportation Department, and merging the LAPD with the Harbor and Airport police departments and the Office of Public Safety in the General Services Department. [Editor’s note: General Services police officers patrol all of the city’s 400 parks, the city’s 75 libraries, zoo, convention center, Bureau of Sanitation plants, Venice and Cabrillo beaches, and other city facilities.] By merging departments, the number of highly paid general managers – and their support staffs – would be eliminated.

The recently adopted budget for the year beginning July 1 includes, as we know, significant revenues from the anticipated leasing of city-owned parking structures to private operators. Zine expressed considerable doubt about the financial capacity of several of the bidders.

City Work Force – Zine noted that the city plans to offer to the unions either to reduce head count or to take a pay cut. He noted that if every city employee were to take a 10 percent pay cut the budget would be more than balanced. Zine chided the city’s general managers, most of whom have not taken any pay cuts yet despite their high salaries.

Core Services – Zine pointed out that more than a decade ago then-Councilman Hal Bernson pushed unsuccessfully to define the “core services” for which the city should be responsible when allocating tax receipts. But “we have never defined the core functions,” Zine said, pointing to the mayor as the source of this leadership failure. Zine decried the fact that there is a constituency for every possible city-provided service (mentioning specifically seniors, library users, and children), which makes it difficult to cut services. Nevertheless, he said, “We cannot continue to fund everything.” In response to a question about what the city’s “core services” are, Zine enumerated the public safety departments (i.e., police and fire, including paramedics), street maintenance, libraries, Building and Safety, and Sanitation.

Pensions – Zine, who receives a police pension from the city, recognizes that it is high time to reform the city’s pension plans. “Our pension system is not sustainable,” he said. He acknowledged that under the law we cannot change the pensions of current recipients, but he indicated that current pensions might be reducible if the city were to give something of equal value in return; but he didn’t elaborate on that unique notion. Otherwise, pension reform can apply only to new hires.

He noted that the police and fire departments’ pension plans can be changed only by charter amendment, which requires a public ballot, while the city’s civilian pension plans may be changed by ordinance. He expects that the charter issue to change the police and fire pension plans will be on the November 2011 ballot. He was not specific on what the nature of the pension reforms would be except to say that a retiree’s pension benefits as a percentage of his/her final salary must come down.

Department of Water and Power – Zine proudly noted that he continues to oppose any DWP

requests for rate increases because the DWP has always used smoke and mirrors to get what it wants. He noted that we need to keep our power rates lower than Edison in order to attract businesses to L.A. He expressed high hope that the DWP's new Interim General Manager, Austin Beutner, will come up with some new ideas to hold the line on rate hikes.

Business Taxes – Zine said he has been trying to encourage the city to allow a “tax holiday” from the city’s gross receipts tax for startup businesses. He welcomed the recent expansion of enterprise zones in several places in the San Fernando Valley that offer incentives for businesses to move here. He noted, incidentally, that the large Rocketdyne plant in Canoga Park will soon close, and that he wants to keep the property as an industrial site. He speculated that the site would be particularly attractive for manufacturing rail cars, solar panels and equipment, and a myriad of other job-creating products.

Sidewalk Repair – Zine opposes the current council move to require homeowners to repair broken sidewalks before they can close escrow on a sale of the property, saying “This is a burden that homeowners don’t need at this time.”

Illegal Immigration – When asked by an attendee, “Why is the City Council focused on Arizona,” Zine responded that it is a matter of keeping the pressure on Washington, not Arizona. He voted for the City Council resolution to boycott Arizona businesses in order to keep the issue of illegal immigration in the public eye. Zine told the group that he had chaired the National Immigration Task Force, a diverse group that proposed a plan to deal with illegal immigration. The cornerstone of that plan was to seal the border first. Since the release of the plan in Washington several years ago, the plan has been collecting dust. Nevertheless, Zine’s interest in having the federal government resolve the issue continues. “Until the federal government does it, we won’t have a solution,” he said. He emphasized that “Mexico is an unsafe country (because of the drug cartels), and the border is our only protection. The problem is that when an illegal immigrant who is also a gang-banger is deported, he invariably comes right back,” Zine said.

The LAPD operates much like the way Arizona law requires police officers there to act. Under LAPD’s Special Order 40, if an LAPD officer stops a person for a crime or violation and the cop has reason to believe he is here illegally, the cop can demand identification and may report the person, if apparently here illegally, to ICE (Immigration and Customs Enforcement).

Community Redevelopment Agency (CRA) – When asked his opinion of the value of the Los Angeles CRA, Zine shot back, “The value is zero!!” His main criticism is that while the CRA has considerable funding available to it, it is not accountable for its actions or inactions. As a result, the CRA has allowed many areas under its control to become blighted. He opined that the CRA staff, not being subject to election, have no incentive to do anything.

Group Homes – Zine said he is working with state legislators to devise a way to control group homes. [Editor’s note: Group homes house recovering addicts and alcoholics. Under the law, group homes are limited to a maximum of six residents per house, but group home operators often ignore that limit.] He acknowledged that group homes generally adversely affect the quality of life in their neighborhoods.

Nuclear Power Report – Joe Vitti

In his previous reports Joe provided reasons why nuclear power should have an expanding role as a power source in the long-range plans of the LADWP. These included the first U.S. reactor in 30 years currently being built in the state of Georgia and the outstanding safety record of the 104 reactors currently operating in the U.S. He also noted that the NRC is now increasing the operating license term of reactors from 30 to 60 years, thereby helping to amortize capital costs. “Nuclear is a clean, base loaded, low cost power source and is our best option for replacing base loaded coal,” Vitti said.

Joe made three important recommendations for the LA DWP to consider in the near term:

1. Palo Verde Expansion - Meet with DWP’s utility partners in the Southern California Public Power Authority (SCPPA) to determine their interest in expanding the Palo Verde nuclear plant in Arizona. Members of SCPPA include the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Pasadena, Riverside, Vernon, and Los Angeles. DWP should also meet with any other potential partners. DWP to prepare a status report.

Meet with Palo Verde’s operator, Arizona Public Service, to discuss Palo Verde expansion. DWP to prepare a status report.

2. Fresno Nuclear Energy Group – Meet with the Fresno Nuclear Energy Group LLP to determine interest by that group in having LA DWP participate in plans for a new nuclear plant and solar energy park being developed in the Central Valley with Areva. DWP to prepare a status report.

3. Legislative Action – Meet with responsible California state legislators, appropriate committees, and all responsible state departments to review the 1974 law that bans nuclear power plant construction. DWP to prepare a status report.

Los Angeles World Airports (LAWA) – Denny Schneider

Denny Schneider reported that while LAX carries a substantial majority of the air traffic in the Southern California region, LAWA contends that they are achieving “regionalization” because the total percentage of regional traffic at LAX has reduced. Actual capacity has not been enhanced, but Denny guessed that in twenty years, when prosperity tries to return and if the increased traffic can’t be handled at existing airports, we’ll bemoan that LAX will have maxed out.

LAWA owns the 17,500 acre LA/Palmdale Airport adjacent to Air Force Plant 42 region, but it remains unused. LAWA’s Ontario International Airport traffic is declining and one of its terminals lies virtually dormant. Schneider believes that’s because access to the terminal is inconvenient at best. Next Issue: The High Speed Rail Authority is planning stations at both LAX and ONT, but will they be in locations convenient for travelers?

Emphasis is changing at LAWA. LAWA is retrenching and is concentrating on the 3,500 acre LAX airport and is ready to give up Palmdale and Ontario, the latter perhaps to local government entities in that region.

Many billions of dollars are still needed to restore LAX to its old glory. Some necessary projects,

like the first upgrade to the Tom Bradley International Terminal since being built in the 1980s, a new midway crossfield taxiway, and Central Utilities Plant upgrade, either have or are being completed. Many other projects remain on the drawing board, however, including the repair of the upper roadway that has been known to be “failed” since 2003 and regularly leaks through the roadway bridge expansion joints. Also, traveler conveniences, like a consolidated rental car facility and central terminal auto traffic improvements, remain a dream.

It is the good fortune of the City of Los Angeles to own LAX. City Hall will be transferring to LAX an anticipated 275 workers who have heretofore been paid from the city’s General Fund and would otherwise have been laid off.

Affordable Housing – Vic Viereck

In order to identify why older, affordable apartments in the City of Los Angeles are disappearing, Vic Viereck reported Los Angeles Housing Department statistics. Those statistics described how as meager as capital improvements, and major repairs were to apartments under the first ten years of the Rent Stabilization Ordinance, the 1989 revision decimated them even more.

While the current economy would be a deterrent to capital improvements, two drastic changes are needed to start needed improvements. The first change would be to repeal the 1989 revision. The second would be to change the application process. Owners would simultaneously send 60-day rent increase notices, based on valid, documented costs to the tenants and to the Housing Department. Instead of allowing the Housing Department to sit on valid, documented applications for extensive periods, as they currently do, failure to reject the applications within thirty days would automatically approve them.

A third, but not drastic change, would be for the Housing Department to include with any mailing a thorough notice of the capital improvement application policy and process.

With those changes, as the economy improves (hopefully), thousands of jobs would be created, and sales tax (other taxes too) revenue would increase by millions of dollars a year.

Transportation – Bart Reed

Bart Reed reported that much is happening on different transportation fronts: Assemblyman Bob Blumenfeld is trying to prevent French companies from bidding on the High Speed Rail project; the new CEO of MetroLink, John E. Fenton, with whom Bart spent six hours riding the rails last weekend, has instituted service over the July 4th holiday (never done before); and the 405 Freeway corridor “stealth project” is making some progress.

Speaking of which, Reed elaborated that there is \$2.5 billion earmarked from Measure R for a transit line through the Sepulveda Pass. There are several options available, including constructing a rail route that would go up to 180 feet in the air in order to hold the maximum grade to 4 degrees. An alternative would be to bore a tunnel through the mountains. Reed quoted estimated costs of about \$2 billion for the aboveground option, and only \$1 billion for the tunnel option. He also mentioned that the Spanish have developed a tunnel-boring method that involves a single large bore hole (instead of two side-by-side bore holes) in which one set of tracks would be stacked above the other. This would save on tunneling costs. Reed said that Metro will begin analyzing the alternatives in about six months, and that Valley interests (including Valley VOTE) need to get active and support this project to ensure that it happens.

Meanwhile, Mayor Villaraigosa’s lobbying in Washington for his 30/10 plan seems to be getting

...meanwhile, Mayor ... arranged a lobbying in Washington for the same plan seems to be getting some traction. Under that plan, the federal government would guaranty Metro bonds now, to be repaid over 30 years from Measure R tax receipts. This would enable this and other projects to be built over the next 10 years and be paid for over a 30-year period.

NEXT MEETING: The next regular meeting of Valley VOTE will be on Monday, July 19, 2010 at Galpin Ford.

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Valley VOTE is a diverse coalition of San Fernando Valley residents, business people, educators, community activists, and organizations, 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.

For additional information about Valley VOTE, for an upcoming meeting agenda, or for previous meeting reports and press releases, we encourage you to go to the Valley VOTE website: www.ValleyVote.org. Please forward this e-mail to interested individuals and organizations. If you would like to be removed from our distribution list please send a e-mail to javittisr@cs.com.