



## Meeting Report for March 21, 2011

by Joe Vitti

Valley VOTE Board members, community leaders, and concerned citizens convened on March 21, 2011 at Galpin Ford to hear from our featured speaker **Los Angeles City Controller Wendy Greuel** and also from our **Valley VOTE Committee Chairs**.



**Controller Wendy Greuel**

Ms. Greuel provided us with an update of the Controller's March 1 Report. This study is required by the City Charter to be prepared annually and submitted to the Mayor and City Council. The economic projections for the upcoming year are included in this document and are intended to help the Mayor and the City Council with their budget preparations for next fiscal year starting July 1, 2011. Wendy pointed out that these are current projections and are subject to change and updating as more information becomes available in the next few months.

### ***The City will have a slow, sluggish, economic recovery***

For guidance in the preparation of the March 1 Report the Controller's office met with 5 leading economists from the Los Angeles area and reviewed their projections for the local economy for the upcoming fiscal year. Items such as the housing market, unemployment rates, retail sales, tourism activity, etc., were included in these discussions.

The consultants all agreed that the city would have a lower unemployment rate for the coming year. It is expected to drop from 12.4% to 11.7% which is not acceptable. It is still high and it needs to be below 10%. The second major point is that the city will see an estimated 0.6% increase in total revenues. Four of the seven major revenue streams to the city are expected to increase. The largest contributor is from property taxes but less revenue is expected this year. The values of real estate properties continue to go down and last month sales were very slow. However, sales tax revenues are expected to increase by 5 million dollars. People were spending more this year than last year during the holiday season. Improved estimates of business tax and property tax revenues will be possible next month after the April filing deadlines for these revenue sources. There was general agreement by the economists that the city will have a "slow, sluggish, economic recovery."

### ***The estimate for next year's budget is a deficit of \$350 to \$400 million dollars***

Wendy explained that there are going to be very tough choices next year on what to cut from the budget. A major problem the city leaders have is the continual delaying of their decisions of what budget items to eliminate. The problem only gets more severe as they continuously prolong their action. Wendy reminds us that *"Delaying budget decisions is not like good wine, it does not get better with age, it just gets worse."* This fiscal year for example is the matter of leasing the parking lots for \$53 million dollars. Whether that was a good idea or bad idea is not the issue. If you include \$53 million dollars in the budget and the funds are not collected by the city by February then you have to make further cuts in the current year's budget and carry over

the debt to the following year. Ms. Greuel argues there are four major areas city leaders must face when preparing a budget for the City of Los Angeles particularly in this very challenging economic environment. **1) Core services** -The government is expected to fully fund public safety, public works, and do all they can to create private sector jobs. These are the core services that must be funded first and resources must be made available to meet these needs.**2) Budgeting should be for the long term**- Wendy argues "You cannot have short term solutions to long term problems. You should not paper over deficits with a last minute sale of property or other budget schemes."

**3) You must have a strong Reserve Fund**- Although the passage of the recent ballot measure was fine to maintain a 2.75% Reserve Fund, Ms. Greuel argues "it should not have taken a charter change to do the right thing." The city's financial policy states that the Reserve fund should be 5% of the General fund. **4) Pension Reform**- The Pension Reform ballot measure that was passed was O.K. But Wendy had this to say. "It was a good first step but it did not fix the problem." If further changes are not made in the next five years nearly half of the city's general fund will go toward paying pensions. We must work together to make significant structural changes to the existing Pension system. Everything has to be on the table. Current employees must agree to changes to their contributions.

#### ***The Controller's Office has only 15 auditors***

Ms. Greuel explained that the Controller's Office has only have 15 auditors for the entire city of Los Angeles and "We desperately need to keep this number." The Industry standard for the number of auditors is 6 per 1 billion dollars. "Using that figure we should have at least 42 auditors in our office" Greuel argues. This does not include the DWP, the Port of LA and LAWA. although there is some work done for these entities. There is talk of reducing the number of auditors. This is unacceptable and Wendy asks for everyone's help to support her department. The 15 auditors with a budget of \$500,000 were able to save the city an estimated \$350 million dollars or an average of 23 million dollars per auditor. There are many programs in the city the department would like to examine but unfortunately they never have enough resources to do it all. Wendy indicated that the Controller's web site will give you information on how well various departments are performing with their spending to date. Some departments are doing well, others not so good.

**Collections** -Wendy stated that Collections rates in the city are only 53% That is not satisfactory. We need to look at the efficiencies in each department to see what we can do to improve collections. We should be able to move that number up to 75%. **Business Tax Reform**- Ms. Greuel would like to increase the cut in business taxes from the current 15% to 25%. Making the city more business friendly will encourage new businesses to come to L. A. and discourage existing businesses from leaving. The 15% reduction and changes to compliance and revenue requirements has led to increase tax revenue collections. **Valley VOTE has long been an advocate for these changes and we strongly support Wendy's efforts.** **Parking Operators**- Wendy explained that operators of parking lots in the city have signs indicating that a 10% tax is collected for the city of Los Angeles. They collect the 10% but these funds rarely if ever are paid to the city. If you look at debtors that owe money to LA you find a number of parking lot companies at the top of the list ranked by how much they owe. Prestige Parking was one of the biggest debtors. The city went after the company legally and criminally. They were collecting the 10% fee and never paid a dime to L.A. Since it took so much time in the case of Prestige Parking the company went "broke" and L.A. collected nothing. The Controller is working with a number of departments to figure out a way to improve collection procedures.

We would like to thank Controller Greuel again for taking time out of her very busy schedule to visit Valley VOTE.

### **Valley VOTE Committee Reports**

#### **State Redistricting --- Joe Vitti**

As a San Fernando Valley resident one would expect the members of the State Assembly and the State Senate that represent the Valley's interests in Sacramento would live in the Valley. They would be shopping at the Valley Malls, buying their groceries at the local markets and sending their children to local schools. They would have a first hand understanding of what is going on in Valley neighborhoods. However, with the present legislative drawn district boundaries only one-third of Valley's State elected representatives reside in Valley communities. Currently of the 7 State Assembly Districts and 5 Senate Districts representing Valley voters only 4 of the 12 legislators make the Valley their home. The overwhelming majority live in communities that are miles away. including: Santa Monica; Santa Clarita; West Hollywood; Pasadena; Silver Lake; Camarillo, Ventura County; and the Antelope Valley. If you live in Chatsworth your State Assembly member could be Blumenfield or

Smyth or Gorell. This is unacceptable. representation and is a consequence of the legislative representatives drawn state district boundaries created to provide voting blocks to insure election for a political party candidate and their incumbents. The "political party" gerrymandering of these districts has resulted in a reelection rate of 98% of incumbents in California legislative races. This has led to partisan gridlock in Sacramento and has prevented lawmakers from dealing effectively with many state issues including the state budget.

#### California State Assembly

District No.	Name	Residence
37th	Jeff Gorell	Camarillo
38th	Cameron Smyth	Santa Clarita
39th	Felipe Fuentes	S.F.Valley
40th	Bob Blumenfield	S.F. Valley
41st	Julie Brownley	Santa Monica
42nd	Mike Feuer	West Hollywood
43rd	Mike Gatto	Silver Lake

#### California State Senate

District No.	Name	Residence
17th	Sharon Runner	Antelope Valley
19th	Tony Strickland	Ventura County
20th	Alex Padilla	S.F.Valley
21st	Carol Liu	Pasadena
23rd	Fran Pavley	Agoura hills

The voices of Valley residents can be heard regarding this issue at a meeting of the newly created California Redistricting Commission (CRC). Passage of Proposition 11 by the state electorate in 2009 resulted in the creation of the 14 member independent CRC. The CRC is charged with the task of developing new legislative boundary lines based upon nonpartisan rules. This new Commission is now at work creating these new legislative districts. They are traveling around the state to hear from the public and they are coming to the San Fernando Valley soon. The location, specific date and time will be finalized later this month by the CRC. This information will be posted on the web site for the CRC <http://wedrawthelines.ca.gov/>

The population of the Valley is about 1.8 million when you include the Valley portion of the City of Los Angeles and the cities of Burbank, Calabasas, Glendale, Hidden Hills, and San Fernando. The ideal representation to recommend to the CRC would be two State Senators covering the Valley representing about 900,000 residents each. Then two State Assembly representatives with approximately 450,000 residents each would be placed within the boundaries of each Senate District. This arrangement would significantly improve benefits to the community. The residents of the San Fernando Valley will have a unique opportunity to present their opinions and views at the upcoming meeting of the California Redistricting Commission. Let us all get out have our Valley voices heard.

#### Affordable Housing --- Vic Viereck

Vic Viereck reported that the extravagant amounts spent on so called affordable housing is not affordable to the taxpayers. As an example, a proposed 73-unit "affordable housing" project in Reseda would cost \$25 million, including \$4.4 million from the Community Redevelopment Department. That amounts to about \$342,465 a unit. That's about double what it could cost to buy older units and rehabilitate them. For the same money, 80% more affordable (in more ways than one) units could be provided than under the current practice.

#### Airport Report --- Denny Schneider

The FAA's double standard application of safety requirements within our Southern California basin defies logic and reason. They are taking a position that safety is not critical at our "smaller airports," but safety improvement at any cost is justified at LAX. The FAA rightly consented to absolve Bob Hope Airport from meeting current Runway Safety Area requirements because of extreme cost for changes. They wrongly continue to thwart efforts to fix the impacts of Santa Monica Airport on LA residents by enforcing their will in Federal Court despite actual aircraft crashes, and continue pushing for just nominal improvements at LAX despite the runways already being safe and an extremely high dollar and human impacts cost for the changes. The FAA desired option would relocate the northernmost runway 400' north to improve all weather conditions—including snow

blizzards! The “nominal” cost of \$Billions is required to address the existing tunnels, aquifers, sewer lines, and other infrastructure under the existing runways. Additionally, major highway relocations of Lincoln/Sepulveda with a new tunneled interchange is required. --

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The next regular monthly meeting of Valley VOTE will be on **Monday, May 16th 2011** at Galpin Ford.  
(Please note that we are not meeting on April 18, 2011 as it is Passover)

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*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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