



# GOVERNMENT & CIVIC ISSUES

February 3, 2011  
9 a.m. to 10:30 a.m.

1. **Welcome and Introductions**

2. **Update**

- 2011 Policy Councils
- Government and Civic Issues meets 1<sup>st</sup> Thursday of the month (calendar in packet)

3. **L.A. City Budget Briefing & Next Steps:**

Miguel Santana, Chief Administrative Officer – City of Los Angeles

4. **Collaborating with Neighborhood Leaders:**

Ron Kaye, Publisher – [www.ronkayela.com](http://www.ronkayela.com)  
Jack Humphreville, President, DWP Advocacy Committee and Publisher, The Recycler

5. **Action Items**

- Discuss/Approve Policy Agenda
- Discuss/Approve Concept of Roundtable with Neighborhood Council leaders
- Additional positions on budget related discussion if appropriate
- Proposal to start Government and Civic Issues Council at 8 a.m. the first Thursday of the month instead of 9 a.m.

6. **Information Item**

- Silicon Valley Leadership Group: *California Jobs and Manufacturing White Paper*

**Next Meeting:** March 3, 2011



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## **Miguel Santana, City Administrative Officer**

In June 2009, Mr. Miguel Santana was nominated by Mayor Antonio Villaraigosa and confirmed by the City Council as the City Administrative Officer for the City of Los Angeles. Mr. Santana is one of the few city officers who reports directly to the Mayor and the City Council. As the CAO, his office has direct oversight over the City's \$8 billion budget, labor negotiations and major policy issues as directed by the Mayor and/or City Council.

Prior to this position, Mr. Santana served as one of five Deputy Chief Executive Officers for Los Angeles County. He worked under William T Fujioka, the County's Chief Executive Officer (CEO) and former City CAO. As Deputy CAO, Mr. Santana provided oversight to all of the County's social service departments including the Department of Children and Family Services, Public Social Services, Child Support, Military and Veterans Affairs and the Human Relations Commission. Collectively, these departments represented \$9 billion of the \$22 billion annual County budget.

Mr. Santana has more than 20 years of experience managing numerous legislative, political, and community issues. Most recently, he was Managing Director at Sonnenschein, Nath and Rosenthal consulting on high profile cases including Dan Rather vs. CBS. Prior to this work, Mr. Santana served as Chief of Staff to Supervisor Gloria Molina - one out of five members of the Los Angeles County Board of Supervisors. Los Angeles County is the largest county in the United States, with a population of 11 million. As Chief of Staff, Mr. Santana was responsible for more than 40 legislative, field, and support staff.

A native of New London, Connecticut, Jack is a graduate of a graduate of Harvard College and Harvard Business School. Prior to Target Media Partners, he was an investment banker with Drexel Burnham Lambert. For the last 25 years, he and his wife have lived in Windsor Square with their three daughters.

During his 14 years of service with Supervisor Molina, Mr. Santana's responsibilities included strategic management, legislative and political advocacy, and media relations. His core issues included the following policy areas: budget, health, public works, community and economic development, urban planning, housing, public safety, immigration, restructuring of county governance, consumer protection, and human resources.

Prior to his work with LA County, Mr. Santana worked at MALDEF (Mexican American Legal Defense and Education Fund), Pomona College, Neighborhood Housing Services, and Whittier-Area Ecumenical Rotating Homeless Shelter.

Mr. Santana has a B.A. in Sociology and Latin American Studies from Whittier College and Masters Degree in Public Administration from Harvard University. Mr. Santana is married to Sandra Santana, a human resources specialist and he has four daughters. Their two eldest daughters attend Columbia University & Barnard College in NYC.



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**Ron Kaye**  
**LA Clean Sweep and [www.ronkayela.com](http://www.ronkayela.com)**

Ron Kaye is the former editor of the Los Angeles Daily News who has become a community activist, helping to found the Saving LA Project and LA Clean Sweep. He writes on city issues in Los Angeles and is a frequent speaker at community groups on the need to get informed and involved in the effort to make LA a city of great schools and neighborhoods, a city with a healthy business climate and good jobs, a city where the people are respected and have a seat at the table of power.



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## **Jack Humphreville Target Media Partners**

Jack Humphreville is an owner of Target Media Partners, a mid Wilshire publisher of classified ads throughout the United States, including Recycler Classifieds ([www.recycler.com](http://www.recycler.com)), a Sherman Oaks based company that has been serving the Los Angeles metropolitan area since 1973.

Over the last four years, Jack has been a weekly contributor to City Watch ([www.CityWatchLA.com](http://www.CityWatchLA.com)), an on line publication that addresses issues important to the citizens of Los Angeles. He has commented frequently on the affairs of the Los Angeles Department of Water & Power. He wrote the Opposition Argument to Measure B, the less than transparent IBEW initiated ballot proposition to install 400 megawatts of very expensive solar power in metropolitan Los Angeles. Measure B was rejected in the March 2009 election by 50.5% of the voters.

He was an early proponent of an independent Ratepayers Advocate to oversee the operations, finances, and management of DWP. As a result of the shenanigans surrounding the Energy Cost Adjustment Factor in April 2010, the voters of Los Angeles will have the opportunity to establish a Ratepayers Advocate.

Jack has also contributed numerous articles on the City's ever increasing budget deficit, its \$15 billion unfunded pension liability, its rapidly deteriorating infrastructure, and the utter failure of Mayor Villaraigosa, Controller Greuel, and Council President Garcetti to develop a long term solvency plan. He is also a vocal opponent of the ill conceived "sale" of the City's profitable parking garages.

Jack is the Greater Wilshire Neighborhood Council's Budget Representative and its representative to the Neighborhood Council DWP Memorandum of Understanding Oversight Committee. He is chairman of the DWP (Advocacy) Committee.

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## **Government & Civic Issues Council 2011 Policy Agenda**

*The Government & Civic Issues Council serves as the Chamber's primary committee to evaluate legislation and policies that affect the broad business community and civic life including taxes, regulations and government reforms. They will meet monthly to monitor and/act on general business regulatory issues, and will focus on L.A. City public policy issues.*

### **Make Government Work for Job Creators**

California and Los Angeles must adopt an entirely new approach towards business. For too many job creators, onerous regulations and slow approval processes send the message that business is viewed as a burden rather than valued. Changing government attitude and significant regulatory reform are two major steps towards improving our business climate – and economy.

### **Oppose Anti-Private Sector Legislation & Regulatory Proposals**

“First, do no harm” should be the mantra of every government entity as we recover from the Great Recession. Unfortunately, proposals to add on new regulations or increase costs on businesses continue to move forward without taking into account their full impact on our economy. The Chamber supports a moratorium on any new legislation or regulations that could have a negative impact on our recovery.

### **Implement Responsible Budget & Pension Reform for California and Los Angeles**

Both California and the City of Los Angeles must develop a long-term budget strategy that includes meaningful pension and health care reform. The Chamber supports prioritizing and funding vital services, eliminating non-core functions and contracting out services where it makes the most financial sense for taxpayers. Multi-year budgeting without gimmicks or borrowing is also essential.

### **Advocate for L.A. City Business Tax Reform**

The Chamber advocates for reforming the city's uncompetitive gross receipts tax in Los Angeles. This includes implementing across-the-board reductions beginning in 2012 with a plan to phase out the tax entirely over the next five years. In addition, continue implementing the administrative reform recommendation of the Business Tax Advisory Committee (BTAC).

### **Collaborate with Neighborhood and Community Leaders**

Building alliances and collaborating with fellow civic stakeholders on key issues is a primary focus of this Council. This includes regular dialogue with neighborhood council and community groups on major civic issues including the economy, development, transportation, environment and government reform.

### **Establish a Permanent L.A. Office of Economic Analysis**

The Office of Economic Analysis (OEA) pilot project provides a non-partisan, independent economic analysis of proposed city regulations for their impact on the business climate, job creation and economy. The Chamber is working with city officials to permanently fund the OEA and develop an automatic trigger for legislation to undergo the necessary reviews prior to implementation.

Op-Ed

## How not to manage a budget crisis

**Unlike L.A. County, which by comparison manages its budget well, the Los Angeles City Council has a revenue strategy that combines nibbling at the margins and praying for help.**

Jim Newton

February 1, 2011

Los Angeles County government does plenty of things wrong: It has struggled with overcrowded jails, dithered over how to protect the young people in its foster care system and made a mess of running Martin Luther King Jr./Drew Medical Center. But one thing it's done right, at least compared to city government, is to manage its budget.

In recent years, the city — which has an annual budget of \$6.75 billion and about 34,000 employees — has faced mounting shortfalls. It has responded by giving raises to some workers while laying off others, and adopting a revenue strategy that combines nibbling at the margins and praying for help. The county — which employs roughly 100,000 people and oversees a budget of \$23 billion — has trimmed vacancies and held the line on raises. It has not furloughed or laid off a single worker. Not many organizations, public or private, can say that.

Much of the county's relative success is attributable to fiscal discipline not shared by the city. While the county was holding down salary hikes during the mid-2000s, the city gave its workers healthy increases — many got annual bumps of 3% or 4% year after year. And given that every 1% of salary increase for city workers costs taxpayers about \$15 million, those raises add up. Today, Los Angeles city government faces a projected shortfall of more than \$300 million for the coming fiscal year. It is a crisis of epic proportions, and one that is largely self-inflicted.

The biggest difference between the two public entities, however, is not so much budgetary prowess as it is political reality. Until recently, the county operated without term limits, while City Council members and mayors were restricted to eight years in office. One consequence of that has been that the city has played for short-term gain while the county has adopted a longer horizon.

City Council members and the mayor, knowing that they won't be around for long and eager to please their political base, give out raises and benefits. That pleases organized labor, which in turn supports its benefactors when they run for reelection or other offices.

At the county, supervisors have been all but immune from political pressure (they have rarely attracted more than token opposition), and the absence of term limits has meant that they are, effectively, supervisors for life. Michael D. Antonovich, who currently chairs the board, was first elected in 1980. That can make the members of the board arrogant and unresponsive, but on the budget, it's also meant that the supervisors have an easier time saying no because they know they'll be around when the consequences of today's votes come due. (That may change going forward: A term limits ballot measure approved in 2002 limited the supervisors to three more terms each, so most of the board is beginning to wind down.)

Even without the sword of term limits hanging over them, the supes haven't been entirely forward-looking. Two decades ago, an earlier generation of city leaders smartly pre-invested in the healthcare benefits of retired city workers. The result is that about half of those liabilities are covered. The county, by contrast, set aside precisely nothing, so it faces a \$21-billion unfunded liability. Unless it invests money for those expenses soon, they will gobble up an increasingly significant share of county spending. That's sadly typical of California public agencies. No thanks to its current leadership, the city's in better shape there.

William T Fujioka, the county's chief executive officer, says supervisors this year are facing a new set of challenges, some of them imposed by the state as it considers spinning off functions to local governments. But the county's estimated shortfall of \$280 million is manageable in its gigantic budget — straightening out its supply chain, eliminating unused phone and fax lines and asking county doctors to prescribe generic drugs already have saved tens of millions of dollars.

By contrast, city officials dither over pittance and delay their reckoning. They furiously debate whether to sell off parking structures for \$50 million when they face a shortfall many times that big, and the sale would provide only a one-time fix.

City Councilman Bernard C. Parks chairs the Budget and Finance Committee and has warned of these problems for years. "We're addicted to people," he said in an interview last week. And well-paid ones too: 81 city officials make more than \$200,000 a year.

Parks guardedly credits Mayor Antonio Villaraigosa with doing his best, but the mayor has done precious little to break that addiction. After helping make the problem worse by approving salary increases early in his term, he's pivoted toward trying to trim the workforce, but he's mostly moved people around, sending some employees paid by the city's general fund to agencies such as the airport and the Department of Water and Power. Only 400 or so have actually been laid off. He has frustrated labor, which has offered ideas for savings but gotten the brush-off. Meanwhile, if Villaraigosa has a vision for what the city can afford to do and what it must learn to forgo, he hasn't shared it.

Today, one-fourth of all city spending pays for retired workers. That's only going to get worse unless the mayor and council act. Will they? Don't count on it. "So many of my colleagues do not believe it's that bad," Parks admitted. "It's worse than I've seen it in 47 years with the city."

The councilman compares the city to an ailing patient. "All four major organs are failing," he said. "And our debate is whether to do a manicure or a pedicure first."