

GOVERNMENT & CIVIC ISSUES

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

1. **Welcome and Introductions** 9:05 – 9:10

2. **Ad Hoc Commission on Revenue Efficiency (CORE)** 9:10 – 9:25

Ron Galperin and Brandon Shamim

Mr. Galperin and Mr. Shamim will talk about the scope of the City's revenue collection shortfall, tax compliance and other related issues as a means for the City to enhance revenue collection and impact the City's budget.

3. **Neighborhood Councils and the City Budget** 9:25 – 10:45

Al Abrams, President, Board of Neighborhood Commissioners, City of Los Angeles

- Mr. Abrams will give a historical overview on Neighborhood Council participation in the Mayor's budget process as well as talk about the LA Budget Challenge, which is available at www.LABudgetChallenge.LACity.org

Jay Handal, 2010-2011 Chair of the Mayor's Budget Advocate Committee; Chairman, West L.A. Neighborhood Council

- Mr. Handal will discuss the Neighborhood Council's 2011 budget priorities

4. **Action Item** 9:45 – 10:25

- LA Chamber City Budget Priorities
- CORE

5. **Information Item** 10:25 – 10:30

- Access Sacramento
- Access D.C.

Next Meeting

Thursday, April 7, 2011
8:30 am (note new time)

GOVERNMENT & CIVIC ISSUES

City of Los Angeles Budget Reform

No More Gimmicks

- Stop transferring “laid off” employees to other proprietary departments
- Make long-term decisions now to end the ever-changing furlough cycle and provide certainty for City employees
- Do not eliminate or furlough revenue generating positions
- Reduce City Council and Mayoral budgets by 30%

Enact a Multi-Year Budgeting Process

The City Council has been in the habit of creating budgets for short term political gain while ignoring long term fiscal responsibility. The Mayor and the entire City Council must put the fiscal health and solvency of the City before pet projects that gain favor with a few to the detriment of the whole.

Prioritize Core City Services

The City must get back to basics - eliminate non-essential services and re-invest in the core functions of city government. We have yet to see a coordinated effort in City Hall to identify those core services and begin the process of scaling down non-essential costs.

The Chamber has identified the following five core services:

- Public Safety
- Infrastructure & Public Works (streets, potholes, lighting, sanitation, etc.)
- Parks and Community Centers
- Libraries
- City Attorney

Public-Private Partnerships for Major City Assets

The City must explore public private partnerships, not as a shortsighted measure for immediate financial gain, but as a long term and deliberate strategy for long term fiscal solvency. The nation’s most successful zoos and convention centers are operated as P3s.

- Los Angeles Zoo
- Los Angeles Convention Center

Implement the Commission on Revenue Efficiency (CORE) Blueprint for Reform of City Collections

According to CORE, 76.6% of the City's 541.1 million of non-tax receivables are over 120 days past due; and 42.5% of City collections are 2 years past due. The City must get their house in order and collect money that is owed in an efficient and timely manner.

- Outline an implementation timeline for the CORE recommendations
- Identify and prioritize phases of implementation with deadlines for each
- Work with the City Controller to measure progress
- Complete full implementation by July 1, 2012

Hold General Managers Accountable for Timely Response & Implementation of City Controller Audits

Each year the City Controller uses tax payer dollars to ensure efficient and transparent government. According to the City Controller, approximately 38 audits in the past 12 months have not been implemented at an estimated loss of 300 million dollars. Clearly General Managers fear no repercussions of their lack of response to this City mandate.

- The Mayor and City Council must hold General Managers accountable for responding to and implementing recommendations of City Controller audits with measureable goals and consequences for in action.

Make the Los Angeles Harbor and Airport Authorities

The City must no longer operate the harbor and airport as proprietary departments. A charter change is needed to operate both under independent, separate regional authorities. This is based on best practices from around the world and would maximize the potential local, national and international commerce to the City of Los Angeles.

Meaningful Pension & Health Care Reform

Within the next few years, more than 1/3 of the City's general fund will be dedicated to meeting pension and health care obligations for *both* current city employees and retirees (and their eligible dependents)

- Pension Reform
 - Establish a new tier for all future city employees for a hybrid plan of defined benefit, 401(k), and Social Security.
 - Index the retirement age to Social Security (currently 66)
 - End Pension Spiking by allowing employees to bank unused sick and vacation days towards final salary/benefit calculations.
 - To reduce "double dipping," employees who retire with a city pension should not be allowed to work for the city as a contractor or consultant for a one year period.
- City Employee Benefits Reform

End the 100% subsidy for health care premiums for current city employees. Require reasonable cost-sharing between employees and taxpayers.

Based on the most recent actuarial valuations, the City will make the following contributions for retiree healthcare benefits in July 2011:

- Civilian (LACERS) - \$130.8 million (7.2% of payroll)
- Sworn (LAFPP) - \$160.9 million (11.86% of payroll)
- Total - \$291.7 million

If all current employees contribute towards retiree healthcare, based on the actuarial valuation data, the City will save in accordance with the following contribution schedule:

- 1% contribution - \$31.7 million
- 2% contribution - \$63.5 million
- 3% contribution - \$95.2 million
- 4% contribution - \$126.9 million
- 5% contribution - \$158.7 million

- Cap and require 20% cost-sharing for post-retirement health benefits
 - Current Cost: \$292 million per year (and rising)
 - Est. Savings: \$58 million per year