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To: Lauraine Braithwaite <Lauraine.braithwaite@lacity.org>
Date: 01/31/2010 8:38 PM
Subject: [CORRECTED VERSION] Budget and Finance Committee - Ms. Braithwaite -Please include this e-mail in the public comment file

[MS. BRAITHWAITE -- PLEASE USE THIS E-MAIL INSTEAD OF MY PREVIOUS ONE. THIS E-MAIL FIXES A FORMAT MISTAKE IN THE OLD ONE. THANKS.]

Please include this e-mail as a public comment on two items at the meetings of the BUDGET AND FINANCE COMMITTEE MONDAY, on FEBRUARY 1, 2010.

The first item is for the regular meeting, Agenda Subject 3, File No. 10-0139-S1.

The second item is for the special meeting, Agenda Subject 1, File No. 09-0600-S159.

My name is Walter Moore, and I live in Los Angeles. You may reach me at WalterMoore@mac.com

I wrote the following essay, which is posted at my website, WalterMooreSays.com, with hyperlinks so people can see the underlying source material:

Villaraigosa Using Recession and "Budget Crisis" As Smokescreen For Taxpayer Rip-Off

By Walter Moore, WalterMooreSays.com

Never let a good crisis go to waste.

Remember that line? You need to remember it from now on, because you live in a City run by crooked career politicians who are trying to use the recession as a smokescreen to dupe you into approving the sale of public assets -- including street parking -- to private parties at fire sale prices.

The first step in this rip-off is to fool you into thinking the recession has unexpectedly triggered a cataclysmic budget crisis at City Hall.

The members of the Spring Street Gang realize you might not believe anything Villaraigosa says, so they instead had the City Administrative Officer (CAO) issue an ominous report, which begins with the following frightening passage:

The City is facing a budget crisis unlike any crisis that it has ever experienced. The recession which began in 2008 caused deeper revenue declines than any post-World War II recession. The recession was much deeper than anticipated in the budget and has greatly affected the majority of the City's revenue categories. Receipts are now projected to be \$110.6 million below the prior estimate for a total of \$185.6 million.

* * *

Simply stated, local government revenue cannot recover from a severe recession until well after the recession ends.

Scary stuff, huh? Maybe. Or maybe it's BS. Consider the following:

Revenues are down just 2.63%. That revenues are down \$185.6 million sounds overwhelming until you realize it's just 2.63% of City Hall's total annual revenues. Does it make any sense to you that a mere 2.63% drop in revenues should plunge America's second-biggest city into bankruptcy?

Revenues are at the third-highest level in history. In the entire history of the City of Los Angeles, the last two years are the only years when revenues were higher than they are now. Three years ago, the City managed to get by on \$6.343 billion, per Villaraigosa's own budget summary (p. 26). Why, then, should

we believe City Hall cannot provide essential functions with revenues of \$7.048 billion?

Staffing is at an all-time high. Let me quote from an SEIU Trustee named Charley Mims, who wrote about the subject at Ron Kaye's blog: "Four and a half years ago the City of Los Angeles had 26 thousand plus employees. At the height of employment in 2009 the City had 30 thousand employees." Are we to believe that the City really cannot function without the 4,000 extra employees?

The ERIPs were golden parachutes for labor. As you probably already, some 2,400 City Employees received ERIP "golden parachutes:" they were allowed to retire five years early. If you think this was a hardship on those who took it, think again. As Ron Kaye documented, they were lining up for the deal. The "1000 layoffs" are not 1000 layoffs. The coming "1000 layoffs" about which you've heard, moreover, aren't 1000 layoffs at all. Rather, the CAO merely wants to change the source of funds used for employees' salaries, so City Hall can claim that it has "cut spending" from the "general fund," while omitting to mention that it simultaneously increased spending in various other "special funds." Per the CAO's report, "To the extent possible, employees facing immediate displacement will be placed into vacant special-funded position authorities to minimize the number of resulting job losses from the layoff process." So "1000 layoffs" does not mean "1000 layoffs."

Not one penny cut from the CRA. Conspicuous by its absence from City Hall's cost-cutting is the Community Redevelopment Agency (CRA). Villaraigosa's budget calls for \$680 million per year to pass from taxpayers to politically connected developers, often in the name of building "affordable housing." For example, this coming Tuesday, the CRA plans to lend \$5.2 million to a developer for a 66-unit building. At a time when housing prices have plummeted, and the City is supposedly in dire straights, wouldn't you expect to see at least some cut in the CRA's massive budget? You would if this were a real fiscal crisis. And don't even get me started on all the money frittered away, as recently as January 2010, on dances, story-telling and the like.

No surprise. Villaraigosa and the City Council have known for years that they were overspending. The previous CAO, as I pointed out back in May of 2008, sent Villaraigosa a written warning, every single year since 2005, that Villaraigosa was spending hundreds of millions of dollars too much each year. Hence, the current situation was not some unforeseeable result of the recession, but the foreseeable and foreseen result of irresponsible spending.

I could go on, and I probably will in coming weeks, but you get the idea. This is not a real crisis. This is an attempt to create the appearance of a crisis, to justify drastic "solutions" like selling to private companies the right to control parking places along city streets.

Don't fall for it. Don't agree to let the crooked career politicians at City Hall sell off our assets. The streets belong to us. So does the DWP, the airport, the port, the zoo, and countless other assets. Don't let these crooks dupe you into letting them sell our assets to advance their political careers.

And, for goodness' sake, the next time you have an opportunity to vote Villaraigosa, Garcetti, Cardenas, Hahn, Huizar, Zine, Perry, Smith and all the rest of them out of office, do so, because not one of them is standing up and telling you what I just told you.