EXHIBIT “20”

SOUTHEAST LOS ANGELES COUNTY

GATEWAY CITIES
COUNCIL OF GOVERNMENTS

REVIEW OF THE SOCIO-ECONOMIC AND ENVIRONMENTAL JUSTICE FACTORS OF THE BACTERIA TMDL FOR THE LOS ANGELES RIVER

JUNE 3, 2010

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Review of the Socio-Economic and Environmental Justice Impacts Of the Bacteria TMDL for the Los Angeles River June 3, 2010

Summary

The Regional Board estimates that compliance with the Dry and Wet-Weather Bacteria TMDL for the Los Angeles River will cost the watershed communities $5.4 billion over a twenty-five year period. This is a staggering cost to the watershed's communities, unless mitigation measures are developed by the Regional Board. The Regional Board did not consider the economic impacts of the TMDL, despite these economic and social impacts. The Bacteria TMDL did not include any meaningful public outreach to the various ethnic and limited-English speaking groups in the Los Angeles River watershed, nor take into account the number of limited education level households in the watershed.

The Gateway Cities Council of Governments reported in 2004 that the watershed suffers from higher poverty rates, higher unemployment levels, lower education attainment levels and higher housing overcrowding than Los Angeles County as a whole. These socio-economic conditions have dramatically worsened the last six years, due in a good part to the ill-effects of the Recession of 2007-2010. Economic reviews are neither a precise measurement, nor do they address the environmental benefits of a proposed regulation. However, when the economic analysis reveals low or non-existent benefits and high costs, it calls for more in depth review of the regulation and its impacts on the economy prior to adoption.

Summary Conclusions

- The environmental analysis for the Bacteria TMDL for the Los Angeles River has failed to take into account the worsening socio-economic conditions for the watershed. There were over 237,440 person unemployed in the watershed in 2000. The current economic recession is the longest and steepest decline in the post World War II era. The Southern California region has lost over 600,000 jobs in the last two years. The ranks of the unemployed in the watershed have more than doubled by another 295,680 persons becoming jobless since 2000. Job losses will continue into 2011.

- The watershed suffered from higher unemployment rates in 2000, in a period of relative economic prosperity. Unemployment in the watershed has significantly worsened during the past decade. We estimate that over 533,120 persons are currently unemployed in the watershed. Twenty-three of the watershed's 40 communities have unemployment rates above 10% and 11 of the watershed communities have unemployment rates above 15%.

- The watershed's communities are finding it increasingly difficult to provide for basic municipal services, due to dramatic drops in sales tax and other local government revenues. Local sale tax, a major source of local government revenues, is in "free fall," with average decreases of 17% region wide. A survey of 21 watershed cities revealed over $51.4 million in General Fund deficits for FY2009-2010. Cities are instituting staff layoffs, hiring freezes and other budget cutbacks to deal with these dramatic declines in revenues. A survey of the watershed cities indicates that the TMDL will increase municipal budget deficits by 8.4% annually. Economists predict that local government revenues will lag the general economic recovery and local government job losses will continue into 2011, creating hardships for the watershed communities.

- There is an uneven distribution of unemployment and poverty in the watershed. Sixteen cities draining into the Lower Los Angeles River watershed (Reaches One and Two) suffer from the highest unemployment rates in the watershed. There is a compelling socio-economic argument for the Regional Board to consider Reach specific implementation plans and a customized TMDL schedule in order to mitigate the adverse economic impacts of the proposed regulations on the economically disadvantaged communities that drain into the Lower Los Angeles River.

Background

The Gateway Cities Council of Governments (GCCOG) is a joint-powers regional government authority that represents 27 cities and the unincorporated County of Los Angeles territories in Southeast Los Angeles County. The GCCOG was established in 1996 with the mission of improving the quality of life for the 2.1 million residents of the planning area. Two of the GCCOG's specific goals include evaluating policies and plans that impact environmental quality, housing affordability and the economic development in the GCCOG's communities. The major drainage areas include the Los Angeles River, the Rio Hondo, the San Gabriel River and minor tributaries.

The GCCOG has provided demographic, socio-economic and housing reviews of various regulations, including the Los Angeles River Metals TMDL (2004) and the San Gabriel River Metals TMDL (2005). The GCCOG's socio-economic and housing reviews rely on US Census and other demographic data to provide planning information to the watershed's cities and to the Regional Board in order to better inform the decision making process. Socio-economic and housing reviews should help guide the TMDL process to focus on cost-effective regulations and recognize the unique economic challenges facing the communities in watershed. Significant portions of the GCCOG's area are located in the Lower Los Angeles River watershed, including 16 cities and large areas of unincorporated Los Angeles County.

Review of the Impacts of the Los Angeles River Metals TMDL - 2004

The review of the Los Angeles River Metals TMDL found the following factors existed in the watershed in 2004 (see Socio-Economic Factors and Environmental Justice Impacts of the Metals TMDL for the Los Angeles River, August 23, 2004).

- The Los Angeles River watershed had higher poverty rates than Los Angeles County as a whole. In 2004, over 936,320 persons were living in poverty.
- The unemployment rate in the watershed was 5.3%, with over 237,440 persons unemployed at that time, as compared to 5.0% in Los Angeles County as a whole.

- The residents of the watershed also had lower educational levels than the County as a whole, with over 268,800 persons having "no education" and 824,320 persons with "high school only" educational levels.
- The Metals TMDL would reduce the amount of local government funds available for programs that assist the poor and disadvantaged in the watershed, if not properly mitigated by the Regional Board (See Exhibit A).

Impacts of the Los Angeles River Bacteria TMDL

The watershed was underperforming economically in 2004, as compared with the nation, the state and Los Angeles County, so it is assumed that the impacts of the current economic recession would exacerbate the socio-economic problems confronting many of the watershed's communities. We wanted to test this assumption by reviewing current unemployment data and municipal budgets. The GCCOG reviewed current data, economic reports, literature and studies in order to determine the impacts of the current economic recession on the communities in the Los Angeles River watershed and the likely impacts of the additional costs of the Bacteria TMDL.

Economic reviews of regulations have been conducted for decades by the Federal Government in areas of chemical exposure, worker protection, manufacturing processes, air quality, vehicle safety requirements and aircraft design. Economic reviews are neither a precise measurements, nor do they address the environmental benefits of a proposed regulation. However, when the economic analysis reveals low or non-existent benefits and high costs, it calls for a more in depth review of the regulation and its impacts on the economy prior to adoption.

California's water codes, known as the Porter-Cologne Act, require that the Regional Board consider various factors and considerations prior to developing water quality regulatory requirements. Section 13000 provides that the Water Boards are to regulate water quality "to attain the highest water quality which is reasonable, considering all demands being made and to be made on those waters and the total values involved, beneficial and detrimental, economic and social, tangible and intangible." Section 13241 provides even more specific factors and required considerations to "ensure the reasonable protection of beneficial uses and the prevention of nuisance," including allowing for changes to water quality "to some degree without unreasonably affecting beneficial uses," and requiring the consideration of "the past, present and probable future beneficial uses of water," the "environmental characteristics" of the water body "including the

quality of the available thereto", the "water quality conditions that could reasonably be achieved through the coordinated control of all factors which affect water quality in the area," "economic considerations," the need for developing housing within the region," and "the need to develop and use recycled water." Section 13242 requires the Regional Board to include an implementation program that includes necessary actions, a time schedule and monitoring requirements to achieve water quality objectives.

An achievability and economic analysis helps to make the regulatory process more transparent and improves regulations, assuring that the objectives are reasonably and economically achievable. In addition, such an analysis can lead to innovative approaches to regulation. One good example where this type of an analysis assisted in lowering regulatory costs and in the development of a more achievable requirement, while reaching the ultimate objective, was the Trash TMDL on the Los Angeles River.

The high costs and unachievability of complying with the initial adopted LA River Trash TMDL led to a lawsuit which then led to the adoption of a revised Trash TMDL that contained new terms with more cost-effective deemed compliant measures then having been added to the TMDL. The additional time provided by the successful legal challenge allowed the County and City of Los Angeles, as well as other communities, time to design more cost-effective trash controls. Unfortunately, the Regional Board did not approve these devices until three to four years after the TMDL's initial adoption, thereby creating confusion, duplication of efforts and wasted local government resources. The approved trash catching designs should have been considered as part of the original Trash TMDL, however no achievability and economic review was conducted by the Regional Board as part of the TMDL adoption.

It is our understanding that the proposed Los Angeles River Bacteria TMDL would impose both dry and wet-weather waste load allocations (WLAs) on the cities in the watershed. It is also our understanding that the TMDL does not provide for "certified" Best Management Practices that could be installed by the Cities to meet the WLAs, thereby constituting deemed compliance with the TMDL, as was the case with the Trash TMDL. It is also our understanding that the Board has not conducted a Water Code section 13000/13241 review of the Bacteria TMDL's social, housing and economic impacts, nor have they completed the required review of the achievability of the TMDL, including of the necessary implementation actions and scheduling.

Assessment of General Economic Conditions in the Watershed

Unemployment Rates in the Watershed

The nation, state, Southern California, Los Angeles County and the watershed communities suffered devastating job losses in 2009. The nation lost 4.7 million jobs in 2009, while the Southern California Region lost 460,000 jobs, a drop of 6.5%. The region lost 138,000 jobs in 2008, bringing the two-year job losses close to 600,000. The total national job losses since the recession began are now at 8.5 million. These job losses translate into decreasing revenues for all levels of government (i.e. income, property and sales taxes). (1)

The recession of 1991-93 was thought to be the worst recession since the Great Depression in the Southern California region. The job losses of 470,000 during this three-year period of time, does not match the job losses of the current recession. A University of California State Long Beach study completed in May of 2010 expects job losses to grow by another 1.5% in 2010, making the 2007-2010 period truly the "Great Recession" of the modern era. (2)

> "This recession is the longest and one of the steepest declines in the post World War II era. What made this recession different is that the economy had not faced a financial crisis of such magnitude since the Great Depression. The housing bubble, subprime interest loans, lax lending standards, and securitization of mortgages led to the near collapse of the financial markets, creating the first ever downtown in the global economy in the modern era." (3)

The report found that although the economy is reviving, state and local government employment and revenues will lag behind the general recovery. The economists expect that local government job losses will accelerate this year and into next year. However, it will also take significant time to replace the 8.5 million jobs lost beginning in 2007, much less to generate jobs to keep pace with population growth. It may take a full decade to return to acceptable levels of employment. (4)

We have completed a review of the history of unemployment in the watershed from April of 2000 to April of 2010 (See Exhibit B). The April date was chosen since this is the most recent month where the Employment Development Department of the State of California has complete records. The April 2010 national unemployment rate is 9.9%, while the State's unemployment rate is

12.3%. Unemployment rates in Los Angeles County are 11.9%. These unemployment numbers have dramatically increased since April of 2000, when the nation was near full employment. The national unemployment rate was 4.1% in April of 2000 and would reach a historic low point for the post-World War II era of 3.9% unemployment in August of 2000. The State was at 5.0% and the County was at 5.2% in April of 2000. This is more than a doubling of the unemployment rate over the decade and the greatest increases have occurred in the last three years. (5)

Chart 1

Unemployment Rate History – April 2000 to April 2010

Location	2000	2010	Difference
U.S.	4.1%	9.9%	+5.8%
State of California	5.2%	12.3%	+7.3%
Los Angeles County	5.0%	11.9%	+6.7%

Source: State of California, Employment Development Department

A review of the watershed's unemployment history mirrors the poor performance of the national, state and the County of Los Angeles economy. See the Chart on Exhibit A for a full listing of the historical unemployment rates for all 40 of the watershed cities. Of the watershed's communities, over 57% (23 of the 40 cities) are now experiencing unemployment rates of 10% or greater, above the national unemployment rate. Over 27% of the watershed's communities have rates greater than 15% (11 of the 40 cities). The top ten highest unemployment rates are depicted below. These are near to Great Depression unemployment rates of 25%.

Chart 2

Unemployment Rate History – April 2000 to April 2010

Location	2000	2010	Difference
Commerce	9.2%	22.2%	+12.6%
Compton	9.2%	20.1%	+10.9%
Huntington Park	7.9%	19.3%	+11.4%
Bell Gardens	8.5%	18.8%	+10.3%
Paramount	7.7%	17.3%	+9.6%
Maywood	7.7%	17.2%	+9.5%
Bell	7.0%	15.7%	+8.7%
South Gate	6.7%	15.2%	+8.5%
South El Monte	6.3%	15.1%	+8.8%

Source: State EDD

All 40 of the watershed communities have experience a doubling of their unemployment rates in the last decade. The following chart displays the top ten watershed communities in terms of increase in the unemployment rate from April 2002 to April 2010.

Chart 3

Unemployment Increase – 2000-2010	
City	**Increase**
Commerce	+12.6%
Huntington Park	+11.4%
Compton	+10.9%
Bell Gardens	+10.3%
Lynwood	+10.3%
Paramount	+9.6%
Maywood	+9.5%
Cudahy	+9.2%
South El Monte	+8.8%
Bell	+8.7%

The GCCOG found through U.S. Census information that 237,440 persons were unemployed in the watershed in 2000. The unemployment rate in the watershed was 5.3%, as contrasted with a 5.0% unemployment rate in Los Angeles County. The current unemployment rate in Los Angeles County is 11.9%. The unemployment rate has doubled in the last decade in many of the watershed's communities. A conservative assumption would be that the watershed's unemployment rate mirrors the Los Angeles County unemployment rate. This would result in 533,120 persons in the watershed being jobless in April of 2010. We believe that when U.S. Census 2010 information is available, it will indicate a greater number of unemployed in the watershed.

Uneven Distribution of Poverty and Unemployment in the Watershed

A review of the Census 2000 information indicated that the Los Angeles River watershed was more socio-economically disadvantaged than the County of Los Angeles as a whole. There is also substantial evidence that the Lower Los Angeles River watershed (Reaches One and Two) suffers from a greater percentage of persons living in poverty, higher unemployment, lower median household incomes and larger family size than the watershed and the County as a whole. Seventeen of the 40 watershed communities with unemployment rates above the

11.9% Los Angeles County unemployment rate drain into Reaches One and Two of the Los Angeles River.

Chart 4

Location of the LA River Watershed Communities Above the County Unemployment Rate 2010

City	Unemployment Rate	River Location
Bell	15.7%	Reach 2
Bell Gardens	18.8%	Reach 2
Carson	12.0%	Reach 1
Commerce	22.2%	Reach 2
Compton	20.1%	Reaches 1 & 2
Cudahy	16.5%	Reach 2
Huntington Park	19.3%	Reaches 1 & 2
Irwindale	12.4%	Reach 2
Long Beach	13.1%	Reach 1
Los Angeles	13.2%	All Reaches
Lynwood	18.7%	Reach 1
Maywood	17.2%	Reach 2
Montebello	13.3%	Reach 2
Paramount	17.3%	Reach 2
San Fernando	12.2%	Reach 4
South El Monte	15.1%	Reach 2
South Gate	15.2%	Reach 1 & 2

Survey of Local Government Finances

A survey of local government finances in the watershed was completed in June 1, 2010 to determine the effect of the recession on municipal budgets and the ability of the communities to fund new TMDL's requirements. (6) Twenty-one of the watershed's 40 cities responded to the survey. The survey asked communities about the condition of their General Fund, if the city had other sources of revenues to finance the TMDL requirements, the size of their General Fund deficit and the percentage deficit. The survey also asked cities to estimate their annual costs of implementing the Bacteria TMDL based on the Regional Board's estimated costs of $5.4 billion over a 25 year period of time. The survey is attached at Exhibit C to this report.

Regional TMDL Funding - $216 Million in Annual Costs

The survey relied on a regional TMDL cost allocation formula adopted by the 40 cities, Los Angeles County and Caltrans to fund the Los Angeles River Metals TMDL (7). This regional funding allocation formula is currently being relied upon by the 42 watershed agencies to calculate and pay for the expenses of the Coordinated Monitoring Plan and Special Scientific Studies for the Metals TMDL, as well as the Special Scientific Studies (Exhibit D). The allocation has provided $560,000 in funding for the installation of auto-sampling devices, water monitoring collection and laboratory work. The allocation formula spreads 10% of the TMDLs implementation costs evenly amount the 42 funding entities. The remaining 90% of the allocation formula spreads the costs over the agency's square miles of drainage area in the Los Angeles River. This is the only working example of a regional funding allocation formula adopted by the 42 agencies and it gives a reasonable approximation of the Bacteria TMDL costs to watershed's communities. The total costs of the TMDL $5.4 billion were divided into 25 annual installments of $216 million. This $216 million in annual costs was then allocated relying on the Metals TMDL formula (Exhibit E). It should be noted that the cost estimates supplied by the Regional Board may be understated, since they do not include Los Angeles County Sanitation District charges and fees, land acquisition and interest costs.

Impacts of the TMDL on Small Cities in the Watershed

The Los Angeles River watershed includes the nation's second largest city, the city of Los Angeles, with a population of 4,094,764, to one of the State's smallest cities, the City of Vernon, with 96 residents. Twenty-one of the watershed communities (52.5%) have populations of less than 50,000 residents. This should alert decision makers to the potential financial difficulties that these communities will encounter in funding the TMDL's required programs. We selected the 50,000 population benchmark based on the federal Regulatory Flexibility Act (1980). The Regulatory Flexibility Act (RFA) was adopted by Congress to insure that federal regulations did not result in adverse financial impacts on small entities. Small entities under the RFA include small businesses, small non-profit organizations and small government jurisdictions, defined as local agencies with less than 50,000 in population. Although the requirements of Sections 13000 and 13241 of the Porter-Cologne Act do not list city population size as an economic factor for consideration, the 50,000 population level has been recognized by the federal

government for three decades as an important financial benchmark, and the ability of a city to fund the proposed programs has to be taken into account when considering the "economic" impacts of the regulation.

Chart 5

Small Cities in the LA River Watershed/Reach Location			
City (population)	Reach	City (population)	Reach
Bell (38,867)	2	Monrovia (39,984)	2
Bell Gardens (47,002)	2	San Fernando (25,366)	4
Bradbury (962)	2	San Gabriel (42,984)	2
Calabasas (23,788)	6	San Marino (13,415)	2
Commerce (13,581)	2	Sierra Madre (11,099)	2
Cudahy (26,029)	2	Signal Hill (11,465)	2
Duarte (23,124)	2	South El Monte (22,627)	2
Hidden Hills (2,025)	4	South Pasadena (25,881)	2
Irwindale (1,717)	2	Temple City (35,892)	2
La Canada Flintridge (21,267)	2	Vernon (96)	2
Maywood (30,034)	1 & 2		

Source: California Department of Finance, January 2010

Population estimates in this report are based on the California Department of Finance, January 2010 estimate (Exhibit F).

Eight of the small communities in the watershed also have unemployment rates significantly above the 9.9% national unemployment rate for April 2010.

Chart 6

Small Cities Above National Unemployment Rate		
City	April Unemployment Rate	Reach
Bell	15.7%	2
Bell Gardens	18.8%	2
Cudahy	16.5%	2
Irwindale	12.4%	2
Maywood	17.2%	2
Monrovia	10.5%	2
San Fernando	12.2%	4
South El Monte	15.1%	2

Source: State Employment Development Department

Another 10 cities in the watershed have populations less than 100,000 (77.5% of the watershed's communities). Nine of these cities are also experiencing unemployment rates significantly above the 9.9% national rate for April of 2010.

Chart 7

LA River Watershed Cities between 50,001 and 100,000 in Population

City (population)	Reach	Unemployment
Alhambra (89,501)	2	11.3%
Carson (98,047)	1	12.0%
Compton (99,769)	1	20.1%
Huntington Park (64,219)	1 & 2	19.3%
Lynwood (73,295)	1	18.7%
Montebello (65,781)	2	13.3%
Paramount (57,989)	2	17.3%
Pico Rivera (66,967)	2	11.1%
Rosemead (57,756)	2	10.5%

Source: California Department of Finance, January 2010 and State Employment Development Department April 2010.

Impacts of the Current Recession on City Services

There is no doubt that the economic recession has had severe impact on existing city services and even a casual observer must question how the watershed cities will be able to afford the new TMDL requirements, while dealing with the major loss of revenues and budget reductions that are currently underway. Cities in the watershed are facing multi-million dollar deficits. The City of Los Angeles deficit is the largest at $200 million (8). The City of Glendale has an $8.1 million deficit; the City of Burbank is facing an $8 million deficit. The City of Pasadena has a $5.7 million deficit. (9) The City of Monrovia is facing a $1.1 million deficit, after closing a $2.6 million deficit last year. City Manager Scott Ochoa reported that sales tax revenues had dropped $2 million or 25% over the last three years and if the additional cuts were approved that the City's workforce would have dwindled by 11% (10)

> ***"We can't cut anything else. We are at a point where we're already at bare minimum."*** *Mary Ann Lutz, Mayor of Monrovia*

The Los Angeles Wave reported on May 14, 2010 that the City of Montebello faces a $4 million deficit. The article discussed a public budget meeting held by Interim City Manager Randy Narramore. "According to Narramore, the city has already taken corrective action including laying off 26 employees, seven retirements, 10-hour per month general employee furlough, a reorganization of the police department, contract reductions and fire department management agreement...However much more must be done and quickly, according to Narramore." The other budget reductions options include a 10% across the board reduction in salaries, the selling of city assets, a utility users tax for public safety, and reductions in the workforce and a reduction in city services. (11)

The survey of the watershed also included questions on the fiscal health of the watershed communities and the impacts of the Bacteria TMDL on city budgets. Eighteen of the 21 cities have resorted to budget reductions and 10 have instituted hiring freezes. Cities have eliminated summer youth and cultural arts programs, reduced tree trimming and street maintenance. One city reported reduced contract services with the Los Angeles County Sheriff. Another city reported that all public facilities are now closed one day per week, while another city reported that their capital improvement program has nearly been eliminated. Several cities reported that staff has not had pay increases in two years, with furloughs possible in the FY2010-2011 budget. One city reported a 3% across the board pay cut to deal with a portion of the budget deficit. The City of Los Angeles reported that 761 employee layoffs are expected. (12)

Impact of the TMDL on Local Government

Survey forms were returned by 21 of the 40 watershed cities, which represent a good cross-section for review purposes. Local government revenues are declining and sales tax revenues are in "free fall." The survey found that the TMDL will result in increased deficits for 20 of 21 of the survey cities (95%). There are two special cases in the survey, which were adjusted using the "mean" approach (removal of the low and high in the survey), the city of Bradbury and the city of Los Angeles.

The City of Los Angeles reported that a new bond program or increase to Proposition O would be required to implement the Bacteria TMDL. The City of Los

Angeles reports a $200 million budget deficit and annual costs of $79 million to implement the TMDL. The City of Bradbury reports that implementation costs will result in 180% of their existing General Fund budget. The remaining 19 surveys reveal that the mean increase in city General Fund budget deficits will be 8.4% annually. The 19 cities are currently facing over $51.4 million in combined budget deficits, which raises a serious question of how the cities will be able to afford the new TMDL's requirements. The following chart illustrates the range of the increase of the bacteria TMDL's impact on the General Fund budgets of the 19 survey cities.

Chart 8

TMDL Costs as Percentage Impact on General Fund (Deficit Increase)	
Range of Budget Impact	**No. of Cities**
0% to 5%	4
5.1% to 10%	13
10.1% >	4
Source: John Hunter Associates	

Impacts on Small and Medium Sized Cities

Seven of the survey respondents were small cities (under 50,000 in population). All of these cities report that they have budget deficits. The Bacteria TMDL's implementation costs will compound the budget deficits in these communities. The annual implementation costs of the TMDL are also a greater ongoing percentage of these communities General Funds, ranging from 5.83% to 14.64% of their annual budgets.

Chart 9

TMDL Costs on Small Watershed Cities			
City	**TMDL Costs**	**FY 2009-10 Deficit**	**TMDL % of GF Budget**
Bell	$1,834,000	$1,000,000	14.11%
Bell Gardens	$1,760,000	$1,200,000	7.04%
Duarte	$1,713,000	$548,000	14.64%
Calabasas	$2,700,000	$3,000,000	12.0%
Commerce	$3,400,000	$2,885,000	5.83%
Monrovia	$3,925,000	$1,000,000	13.13%
Signal Hill	$1,390,000	$1,960,000	10.0%
South Pasadena		$2,020,000	9.02%

Chart 10

TMDL Costs on Medium Sized Watershed Cities

City	TMDL Costs	FY 2009-10 Deficit	TMDL % of GF Budget
Arcadia	$4,100,000		11.0%
Carson	$1,322,000	$9,000,000	2.25%
Compton	$3,466,000	$10,000,000	5.56%
Downey	$2,637,000	$3,000,000	1.77%
Glendale	$9,500,000	$8,000,000	5.76%
Huntington Park	$1,913,000	$2,000,000	6.67%
Lynwood	$2,400,000	$1,600,000	7.62%
Monterey Park	$3,188,000	$4,000,000	9.84%
Paramount	$2,274,000	$232,000	11.01%
South Gate	$3,120,000	$3,500,000	8.21%

Source: John Hunter Associates

The implementation cost of the TMDL represent a major portion of the budgets of the larger cities in the watershed, ranging from 1.77% in the case of the City of Downey, to 11.0.1% in the case of the City of Paramount. Cities were asked to compare the TMDL's annual costs with the annual budgets for various city operations.

Chart 11

TMDL Costs v. City Services Impacts

City	Comments
Bell Gardens	TMDL costs equivalent to total Community Services Department
Downey	TMDL costs equivalent to EMT services, Finance & IT or PW Engineering and Maintenance
Monrovia	TMDL costs equivalent to ½ police or ½ fire departments, or Community Services, Library, Wilderness Preserve and Graffiti Removal
Signal Hill	

Source: John Hunter Associates

Revenue and Job Losses Likely to Impact City Budgets for 5-7 Years

The survey of watershed cities indicated that local managers are very concerned about the fundamental changes underway in the local economy. The survey results are confirmed by a literature search conducted by the GCCOG from April of 2010 to June of 2010. (See Exhibit G) Consumer spending is closely watched as

a barometer of the economy, since consumer spending represents 70% of the U.S. economic activity. The Los Angeles Times recently reported that consumer spending has flattened out in April and that 0.4% rise in personal income is not enough to generate real economic growth. "Economists say it will take at least five years for the economy to regain the nearly 8 million jobs wiped out during the recession." (13)

> "The national recession has had a dramatic impact on consumer behavior. Confronted with loss of wealth, rising unemployment and tight credit markets, house-holds across the country have cut back on their consumption expenditures. Retail trade has been hard hit during the recession. The freewheeling days of consumer spending are over."
>
> Economic Forecast, California State University Long Beach, 2010 (13)

The Wall Street Journal reported on May 22, 2010 that the jobless rate fell in 34 states in the preceding April, with the exception of California and three other states with the highest unemployment levels. The U.S. unemployment rate remained unchanged at 9.9% and "there is still a long way to go before unemployment returns to prerecession levels." (15) The high jobless rates adversely impact consumer spending.

> ***"Without jobs Californians are now paying few taxes and buying few goods, which depressed sales taxes."***
>
> Michael Cohen, Legislative Analyst's Office, May 4, 2010

The Los Angeles Times reported on May 4, 2010 that State budget fears are rising as the tax flow drops. Revenues plunged 30% as the State deadline approached for the Governor to release the May revised budget. (16)

> ***It's hard to imagine how we are going to balance the budget without doing more severe damage to the economy.***
> Senator Denise Moreno Ducheny, Chair, Senate Budget Committee, May 4, 2010

The Los Angeles Times also reported on April 25, 2010, that cities, while facing increased demands for services, have seen their tax revenues continue to decline because of persistent high unemployment, high home foreclosures, and reduced state aid. (17) The article went on to report that even in a recovering economy, there is often a lag before cities feel the full effect of the revenue declines.

> ***Municipal finances are not expected to bottom out until next year, according to analysts at the National League of Cities.***

The Sacramento Bee reported on April 23, 2010, that a "slow-five year recovery" is predicted University of Pacific economists. (18)

> ***Although job growth has resumed in much of the state in the past few months, it hasn't put much of a dent in the unemployment rolls. The state has lost so many jobs – about 1.4 million – that it will take until 2014 to return payrolls to their 2007, pre-recession levels.***

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1. Economic Forecast, Office of Economic Research, California State University, Long Beach, Joseph P. Magaddino, Ph.D. and Lisa M. Grobar, Ph.D. , May 13, 2010, Pages 4 & 7.
2. Ibid, Page 3.
3. Ibid, Page 7.
4. Ibid, Pages 8-9.
5. Employment Development Department, State of California, April 2000 – April 2010 unemployment rates.
6. **Budget Impact Survey, Bacteria TMDL,** Los Angeles River Watershed Management Committee, June 1, 2010 (Exhibit G).
7. River Metals TMDL Funding Formula (Exhibit D).
8. L.A council approves plan to cut city services, 761 jobs, Los Angeles Times, May 18, 2010.
9. **Burbank, Glendale and Pasadena may join forces to save money**, Los Angeles Times, May 18, 2010.
10. **Monrovia considering job cuts to close deficit**," Pasadena Star News, June 2, 2010.
11. **Montebello's budget crisis getting worse,** Los Angeles Wave, May 14, 2010.
12. Survey of Local Government Finances.
13. **Consumer spending stalled in April, U.S. figures show,** Los Angeles Times, May 30, 2010.
14. Economic Forecast, California State University Long Beach, Pages 4-5.

15. **U.S. Job Rate Edges Up Despite Declines in 34 States,** Wall Street Journal, May 22, 2010.
16. **Budget fear rises as tax flow drops. Revenue plunges as budget deadline nears"** Los Angeles Times, May 4, 2010.
17. **Cities wait for their bailout. Hard times may get even harder for municipalities"** Los Angeles Times, April 25, 2010.
18. **University of the Pacific forecasts a slow state recovery due to job losses,"** Sacramento Bee, April 23, 2010.

Exhibits
For the Review of the Socio-Economic and Environmental Justice Factors Of the Bacteria TMDL for the Los Angeles River, June 1, 2010

Exhibit A – Socio-Economic Factors and Environmental Justice Impacts of the Metals TMDL for the Los Angeles River, Gateway Cities Council of Governments, August 23, 2004.

Exhibit B – History of Unemployment LA River Watershed Cities, April 2000 to April 2010.

Exhibit C – Survey of Budget Impacts of Implementation of the Los Angeles River Bacteria TMDL, John Hunter Associates, June 1, 2010.

Exhibit D – LA River Metals TMDL Estimated Copper WER/Lead Recalculation Allocations for 40 Identified Cities, LA County & Caltrans, FY 2010-2011 to FY 2012-2013.

Exhibit E – LA River Bacteria TMDL Implementation Plan Watershed Cost Estimates, May 11, 2010.

Exhibit F – Estimated Population of the 88 Cities in the County of Los Angeles, Chief Executive Office, County of Los Angeles, January 2010, California Department of Finance Estimates.

Exhibit G – Review of Newspaper Articles – Local , California, and National Economy, April 2010-June 2010.

EXHIBIT A

Socio-Economic Factors and Environmental Justice Impacts of the Metals TMDL for the Los Angeles River, Gateway Cities Council of Governments, August 23, 2004.

SOCIO-ECONOMIC FACTORS AND ENVIRONMENTAL JUSTICE IMPACTS OF THE METALS TMDL FOR THE LOS ANGELES RIVER

AUGUST 23, 2004

GATEWAY CITIES
COUNCIL OF GOVERNMENTS

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SOCIO-ECONOMIC FACTORS AND
ENVIRONMENTAL JUSTICE IMPACTS
OF THE
METALS TMDL FOR THE LOS ANGLES RIVER
AUGUST 23, 2004

SUMMARY

The Regional Board did not consider environmental justice issues in developing the Metals TMDL for the Los Angeles River, July 9, 2004, (TMDL), including a discussion of a variety of impacts on minority communities in the watershed, including significant differences with the other watersheds in Los Angeles County. These socio-economic issues confronting the Los Angeles River watershed include high poverty and unemployment rates, low educational levels, high levels of renters and the high numbers of households who pay more than 50% of their income in rent. The Metals TMDL and CEQA checklist failed to disclose these issues and propose mitigation measures.

At the very basic level, the Regional Board did not identify opportunities (such as grants, loans, etc) to assist these disadvantaged communities and local government in complying with the costly programs outlined in TMDL. The Regional Board's own estimates of TMDL compliance are over $1.41 billion for the watershed. The true costs are likely to be much higher.

The Metals TMDL did not include meaningful public outreach to the various ethnic and limited-English speaking groups in the Los Angeles River Watershed. The Regional Board did not provide information to limited-English-speaking communities, nor take into account the number of limited-education level households in the watershed. The Regional Board failed to follow common sense environmental justice principals in order to inform the citizens living in the watershed of the programs and impacts of the TMDL.

Summary Conclusions

- The environmental analysis for the Metals TMDL for the Los Angeles River failed to disclose that the watershed has higher poverty rates (over 936,320 persons are living in poverty in the watershed), lower household incomes (watershed households make $4,481 less than county households) and the higher percentage unemployment levels (at 5.3% unemployment rate, over 237,440 persons are unemployed in the watershed).

- The TMDL failed to disclose that a higher number of persons with "no education" (over 268,800 persons) live in the watershed. There are also 824,320 persons living in the watershed with only high school educations. These residents have not received "full access and fair treatment" under the TMDL. The TMDL is a highly technical document and not easily understood. The Regional Board did not draft easily understood documents and information handouts. The Regional Board should be required to prepare an easily understood TMDL and functional equivalent environmental document.

- The review did not explore the impact of compliance costs of the TMDL on household incomes in these economically disadvantaged communities. The TMDL did not propose any mitigation measures for very-low and low-income households.

- The environmental analysis did not document the several, large ethic groups, including Central and South Americans and others. There was no specific documentation on the special needs in these communities, including language abilities. The Regional Board did not include a specific outreach program to these communities in order to assure "full access, full protection and fair treatment" called for in State's draft Environmental Justice program, Title VI, Civil Rights Act of 1964 and Government Code Section 11135. Over 246,000 residents in the watershed speak no English.

- The TMDL did not explore the impact of the TMDL's Implementation Plan on geographic areas and the location of high-density residential neighborhoods. Many of these high-density neighborhoods are located in the poorest communities, immediately adjacent to the Los Angeles River. These factors may preclude or make cost-prohibitive the structural BMPs called for in the Implementation Plan, especially those that require removal of residences for construction of storm water treatment devices.

- The TMDL will most likely reduce the amount of funds available for programs that assist the poor and disadvantaged in the watershed. The housing crisis will be exacerbated in the watershed, which is already suffering from 30.5% overcrowding. Cities will be forced to divert funds from housing programs to TMDL compliance. Cities may be forced to implement new storm water fees, which will fall disproportionately on those least able to afford them - including the unemployed and those devoting over 50% of their income to housing – 22.3% of renters.

- The watershed area is impacted by some of the worst air pollution in the County. The NRDC reported that 1.8 tons per day of heavy particulate matter rains down on the southern portion of the watershed from ships,

trains, trucks and port related operations. Residents in the southern portions of the watershed have cancer rates of over 1,200 persons per million, as compared to 800 per million in the northern portion of the watershed. This distinction is important, since through "aerial deposition" of pollutants – like lead, copper and zinc – are falling in the poorest areas of the watershed. Many of these pollutants are generated by the port related activities – out of direct control of the watershed's residents.

The watershed crosses over a significant portion of the Gateway Cities region – including the cities of Bell, Bell Gardens, Commerce, Compton, Cudahy, Downey, Huntington Park, Long Beach, Lynwood, Maywood, Montebello, Pico Rivera, Paramount, Signal Hill, South Gate, Vernon and unincorporated areas of Los Angeles County. Information from the Gateway Cities COG generally supports and verifies the validity of the 2000 Census information presented below.

Background on Environmental Review Related to Environmental Justice

The Secretary of Resources has certified the Basin/208 Planning program of the Regional Water Quality Control Board to be exempt from the preparation of an environmental impact report under Section 15251 of the Public Resources Code. However, the Regional and State Boards are subject to other provisions of CEQA when considering the impacts of the Metals TMDL, such as the policy of avoiding significant adverse effect on the environment where feasible (Section 15250). This includes a disclosure by the Regional and State Boards of the impacts on land use and planning, loss of housing units, impacts on public services and recreational facilities and the impacts on utilities and service systems.

The State and Regional Boards are also guided by relevant sections of the California Environmental Quality Act (CEQA) in reviewing the reasonable range of environmental, economic, housing, government services, technical, population and geographic impacts that would result from the implementation of the Metals TMDL.

Consideration of the Impacts of New Regulations, Pollution Control Equipment, Performance Standards and Treatment Requirements

Section 15187 of the Guidelines for CEQA requires environmental review of new rules and regulations of the State and regional water boards, when they require the "installation of pollution control equipment, establishing a performance standard, or establishing a treatment requirement." Section 15187 requires that the Board perform an "environmental analysis of the reasonably foreseeable

methods by which compliance with that rule or regulation will be achieved." The Board must also consider "reasonably foreseeable mitigation measures relating to those impacts" and "reasonably foreseeable alternative means of compliance with the rule or regulation, which would avoid or eliminate the identified impacts."

Section 15187 anticipates that a "range of environmental, economic, technical factors, population and geographic areas" be considered when the Regional Board adopts a new rule or regulation:

"The environmental analysis shall take into account a reasonable range of environmental, economic, and technical factors, population and geographic areas, and specific sites. The agency may utilize numerical ranges and averages where specific data is not available, but is not required to, nor should it, engage in speculation or conjecture." Section 15187(3d)

State of California – Draft Environmental Justice Policies

The State of California promulgated a draft "Environmental Justice Strategy" in April of 2004 for public review. This EJ Strategy was developed as an outgrowth of concerns by the Legislature that State agencies are not taking into consideration environmental justice issues when setting new regulations. The EJ Strategy was developed through an Interagency Working Group, including Cal/EPA, which oversees the State Water Resources Control Board and Los Angeles Regional Water Quality Control Board. Even though these policies are in a draft form, they represent over two years of work by the various State agencies on environmental justice and policies. They are most current thinking on environmental justice issues facing the State of California.

Section 71113 of the Public Resources Code established the and Inter Agency working group in 2002 to develop environmental justice policies, including addressing any gaps in existing programs that impede the achievement of environmental justice. After two years of meetings, the working group circulated a Draft Proposal on April 23, 2004, which recognized the importance of making "environmental justice a tangible and consistent part of how Cal/EPA performs its regulatory functions." (Page 2, California Environmental Protection Agency Interagency Working Group on Environmental Justice, April 23, 2004 - Draft)

The Draft includes the following:

Cal/EPA Environmental Justice Vision

"All Californians regardless of race, culture, or income, enjoy the same degree of protection from environmental and health hazards and equal access to fair treatment in our decision making process." (Page 3, ibid)

Cal/EPA Environmental Justice Mission

"To accord the highest respect and value to every individual and community, Cal/EPA and its Boards, Departments, and Officers (BDO) shall conduct their public health and environmental protection programs, policies and activities in a manner that is designed to promote equality and afford fair treatment, full access and full protection to all Californians; including low income and minority populations." (Page 3, ibid)

"Cal/EPA Environmental Justice Goals

Goal 1: *Ensure meaningful public participation and promote community-capacity building to allow communities to be effective participants in environmental decision-making processes.*

Goal 2: *Integrate environmental justice into the development, adoption, implementation and enforcement of environmental laws, regulations and policies.*

Goal 3: *Improve research and data collection to promote and address environmental justice related to the health and environmental of communities of color and low-income policies.*

Goal 4: *Ensure effective cross-media coordination and accountability in addressing environmental justice issues." (Page 3, ibid)*

The Metals TMDL for the Los Angeles River has failed to insure meaningful public information to limited-English Speaking communities, which comprise a significant percentage of the watershed.

Review of the Demographics and Socio-Economics of the Watershed

Household Incomes and Poverty Levels

The 2004 Los Angeles County Affordable Housing Rates are based on the number of persons in a household. They are divided into several categories – including extremely low income, very low, lower, median and moderate-income levels.

Income Level	1 Person Household	2 Person Household	4 Person Household
Extremely Low (30% of Median)	$12,500	$14,300	$17,850
Very Low (50% of Median)	$20,850	$23,800	$29,750
Lower (80% of Median)	$33,300	$38,100	$47,600
Median	$38,550	$44,100	$55,100
Moderate (120% of Median)	$46,250	$52,900	$66,100

Median Household Income in the Watershed

The median household income is significantly lower in the watershed area, as compared to Los Angeles County. The median income was $37,708, a full $4,481 less than the County median of $42,189. This raises issues of how will these less affluent households afford the added costs of compliance with the TMDL. We also note that there is a large difference in income levels in the watershed, with a more affluent population living in the northeast section of urbanized portion of the watershed.

Persons Living in Poverty in the Watershed

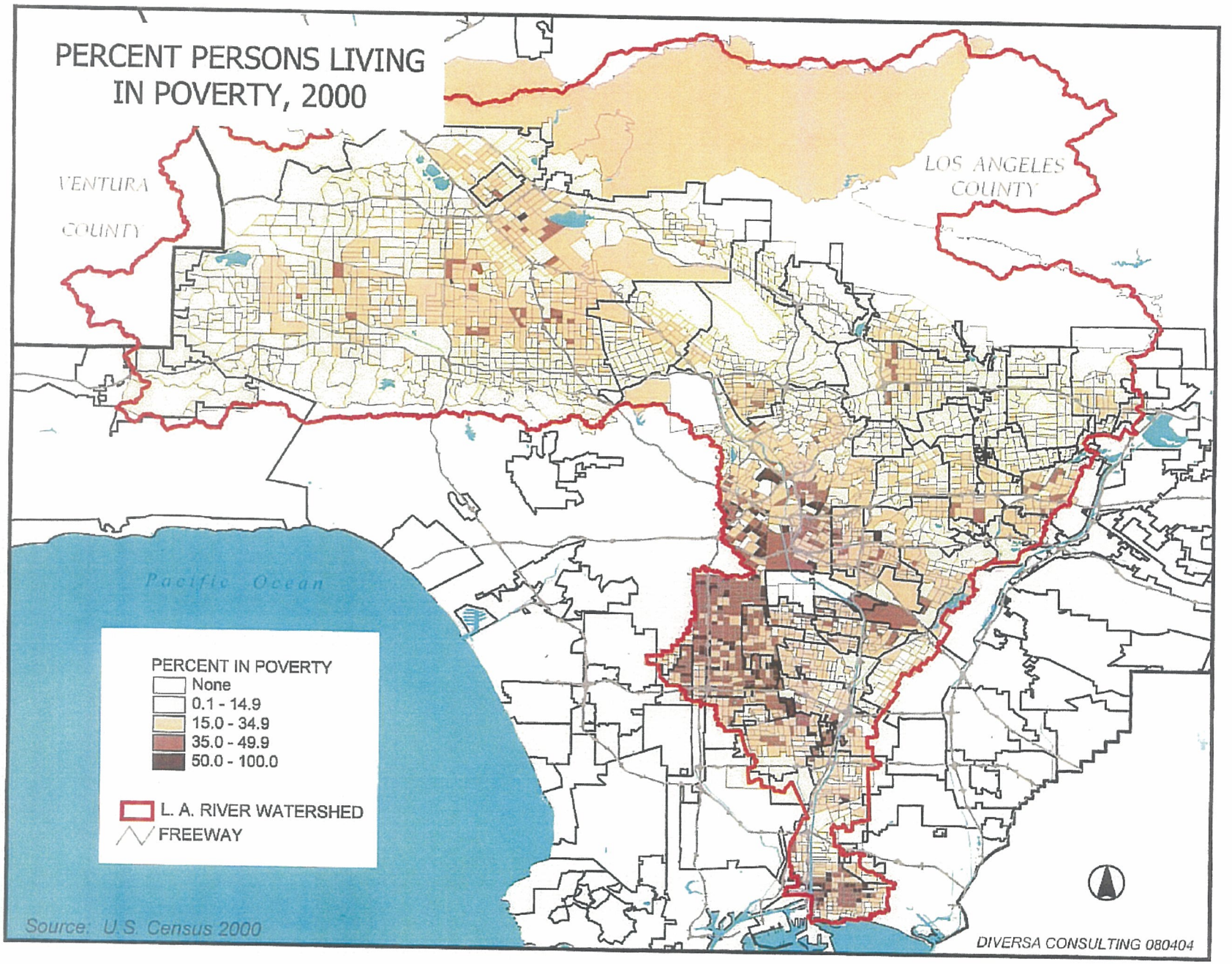
The percentage of persons in the watershed living in poverty is a full 3% points higher than Los Angeles County as a whole. The Census – 2000 revealed that 20.9% of the persons in the watershed (936,320) were living in poverty, as compared with the County total of 17.9%. This raises the issue of the costs of compliance with the TMDL to persons living in poverty.

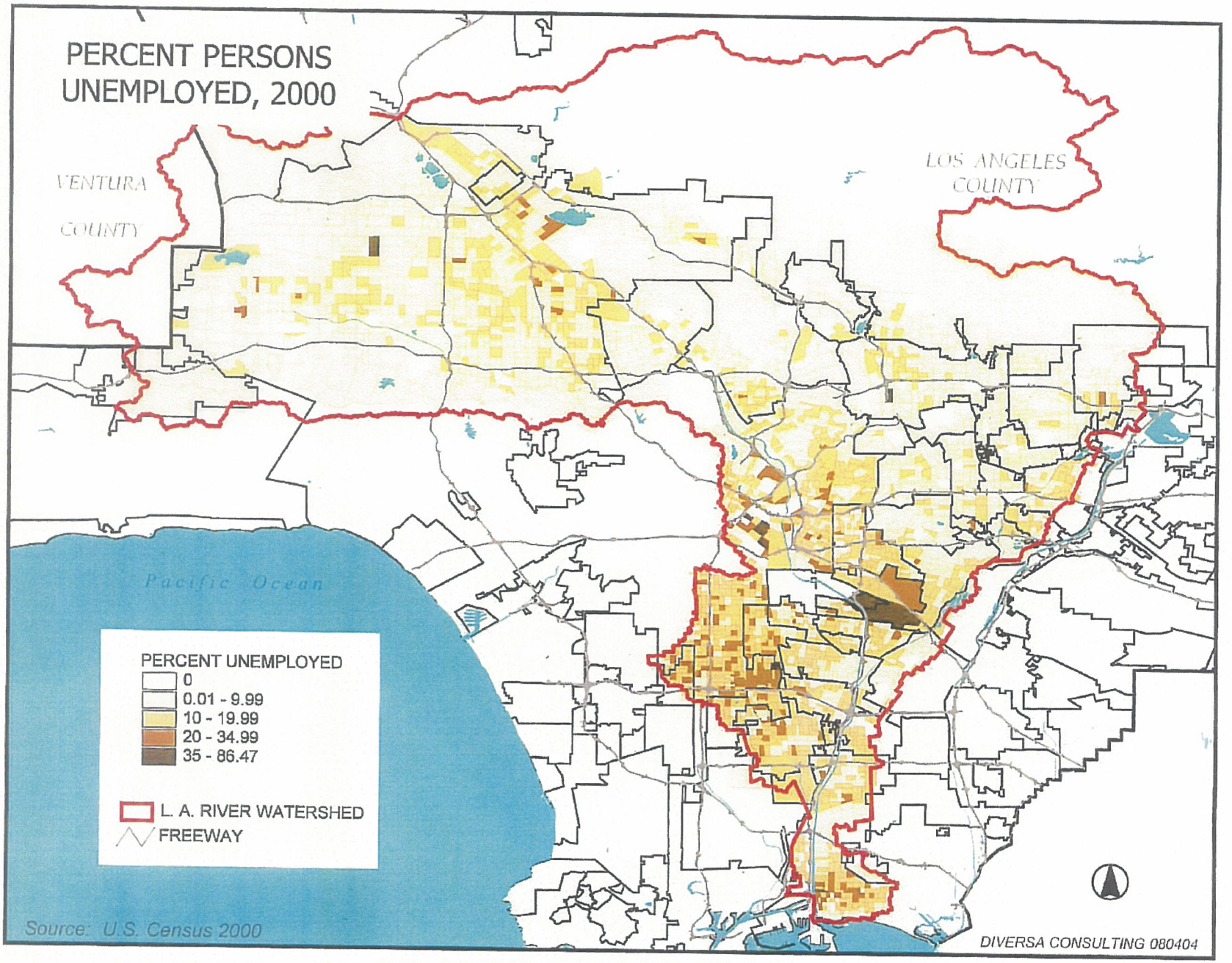
DEMOGRAPHIC COMPARISON OF LOS ANGELES COUNTY & LOS ANGELES RIVER WATERSHED*

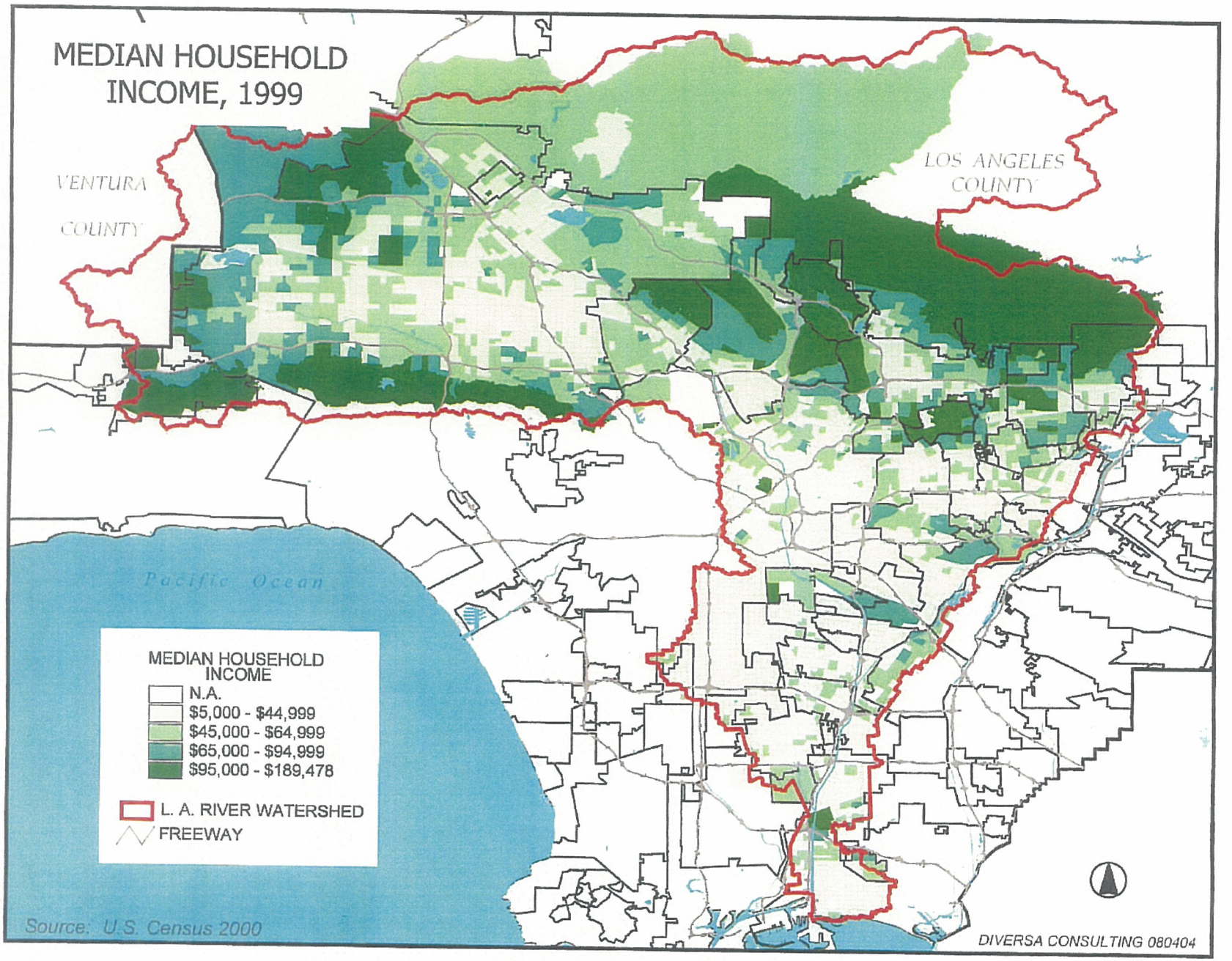
SOCIO-ECONOMIC INDICATOR	LOS ANGELES CO.	L.A. RIVER WATERSHED
POPULATION	9,519,338	4,484,165
HOUSING UNITS	3,270,909	1,455,718
POPULATION DENSITY	3.13 Persons/Acre	8.82 Persons/Acre
HOUSING DENSITY	1.08 Units/Acre	2.86 Units/Acre
AVERAGE FAMILY SIZE	3.61 Persons/Family	3.75 Persons/Family
AVERAGE HOUSEHOLD SIZE	2.98 Persons/Household	3.33 Persons/Household
MEDIAN AGE	32.0 Years	31.4 Years
RENTER HOUSEHOLDS	46.9%	52.4%
PERCENT AGE 0 - 17 YEARS	27.9%	29.5%
RENTERS PAYING 50% OR MORE OF INCOME IN RENT	21.7%	22.3%
PERSONS LIVING IN POVERTY	17.9%	20.9%
POPULATION 25-YEARS & OVER WITH:		
NO EDUCATION	4.6%	6.0%
HIGH SCHOOL DIPLOMA ONLY	18.8%	18.4%
HOUSING UNITS BUILT 1950 OR BEFORE	25.1%	28.8%
PERSONS UNEMPLOYED	5.0%	5.3%
PERSONS LIVING IN RENTAL UNITS	49.8%	54.7%
RENTERS LIVING IN OVERCROWDED UNITS	22.0%	26.1%
OWNERS LIVING IN OVERCROWDED UNITS	7.4%	4.4%
PERSONS AGE 17 - 64 YEARS "NO ENGLISH"	4.1%	5.5%
MEDIAN HOUSEHOLD INCOME (1999)	$42,189	$37,708
MEDIAN VALUE OF OWNER-OCCUPIED HOUSING UNITS (2000)	$201,400	$169,600

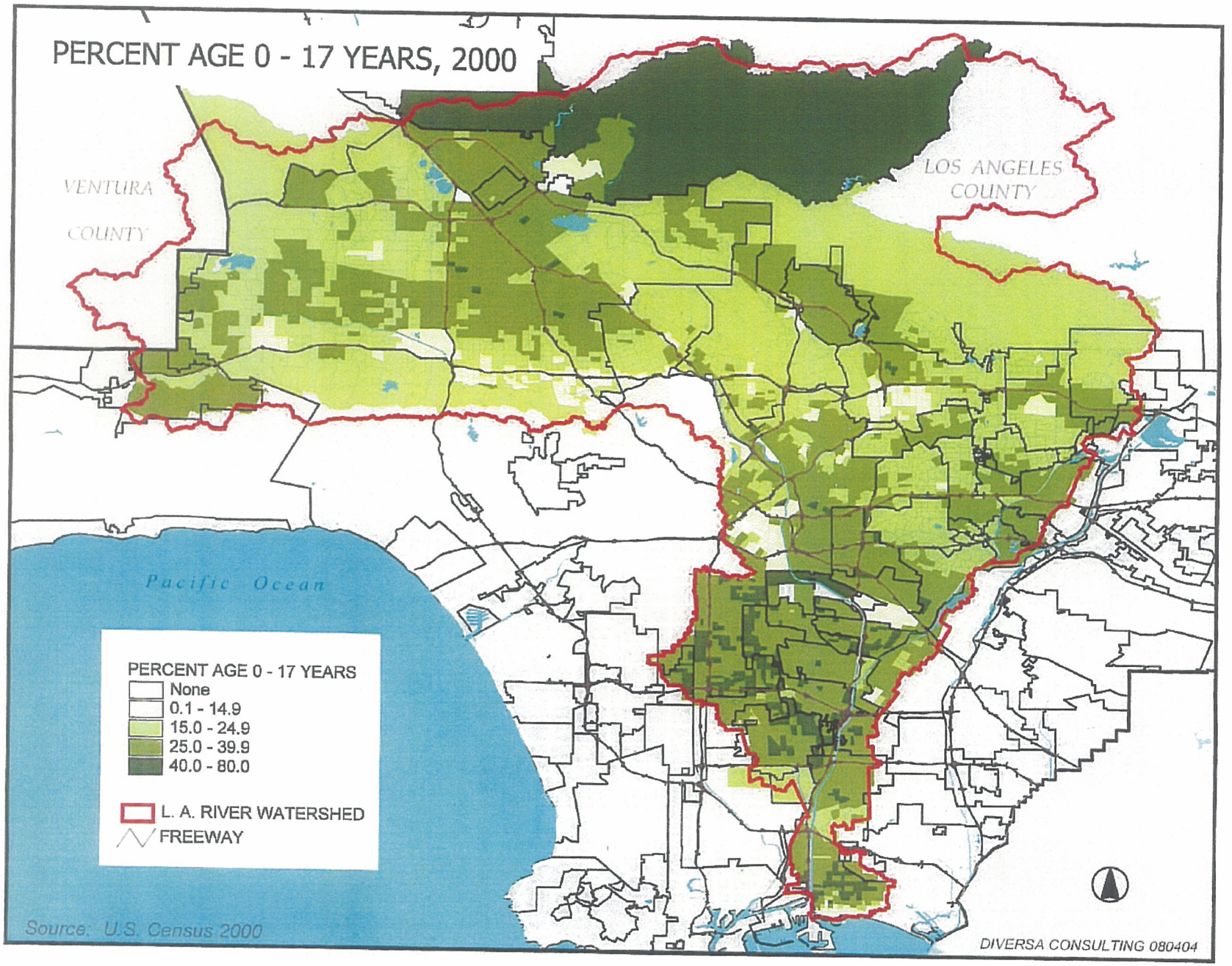
RACE/ETHNICITY	LOS ANGELES CO.	L.A. RIVER WATERSHED
HISPANIC/LATINO	44.6%	51.6%
WHITE	31.1%	25.5%
BLACK	9.5%	8.4%
AMERICAN INDIAN/ALASKAN NATIVE	0.3%	0.2%
ASIAN	11.8%	11.6%
NATIVE HAWAIIAN/OTHER PACIFIC ISLANDER	0.2%	0.2%
OTHER	0.2%	0.2%
TWO OR MORE RACES	2.3%	2.3%
TOTAL	100.0%	100.0%

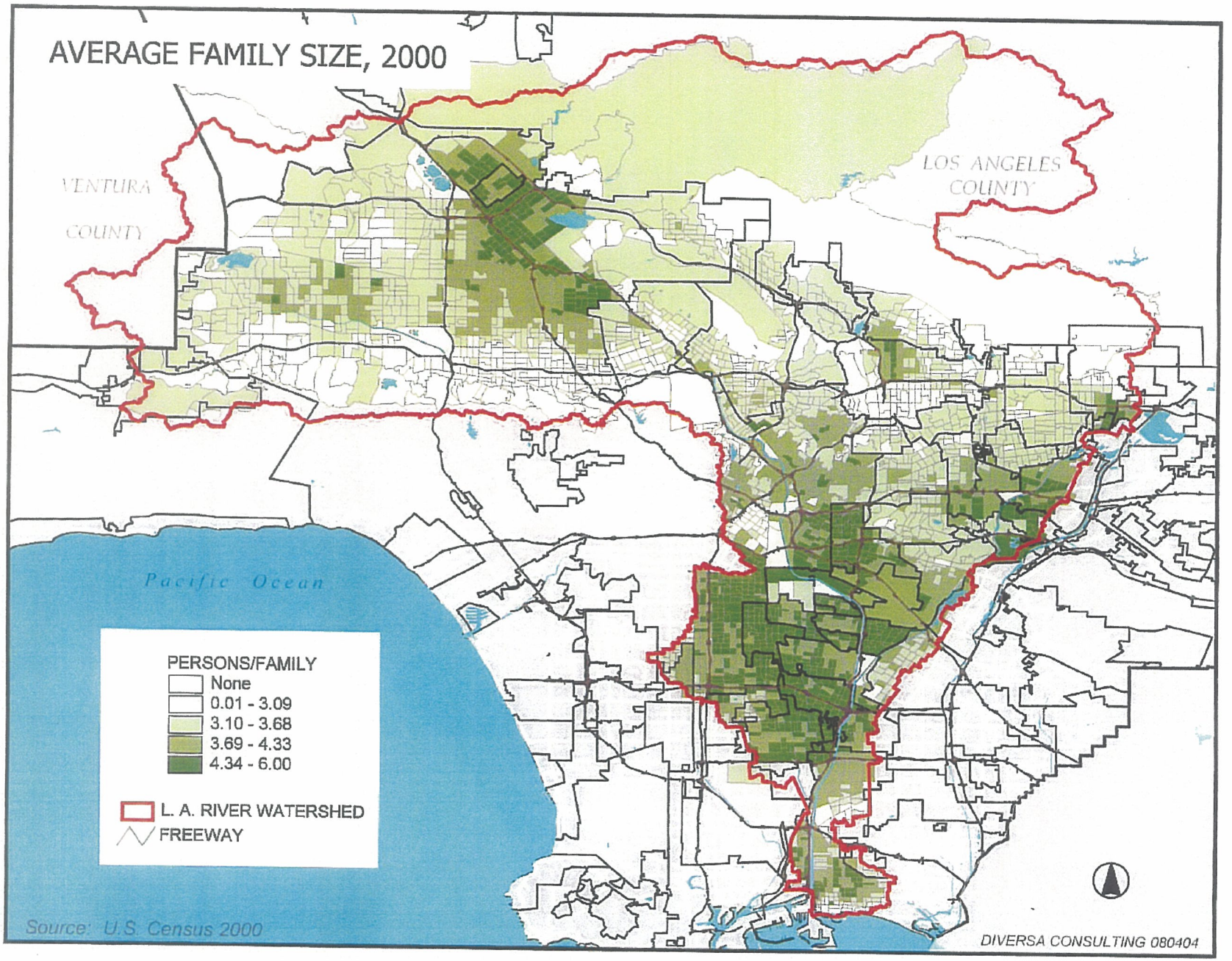
*Los Angeles River Watershed data determined by best fit of Census Block Groups & Census Blocks to GIS Watershed boundary.

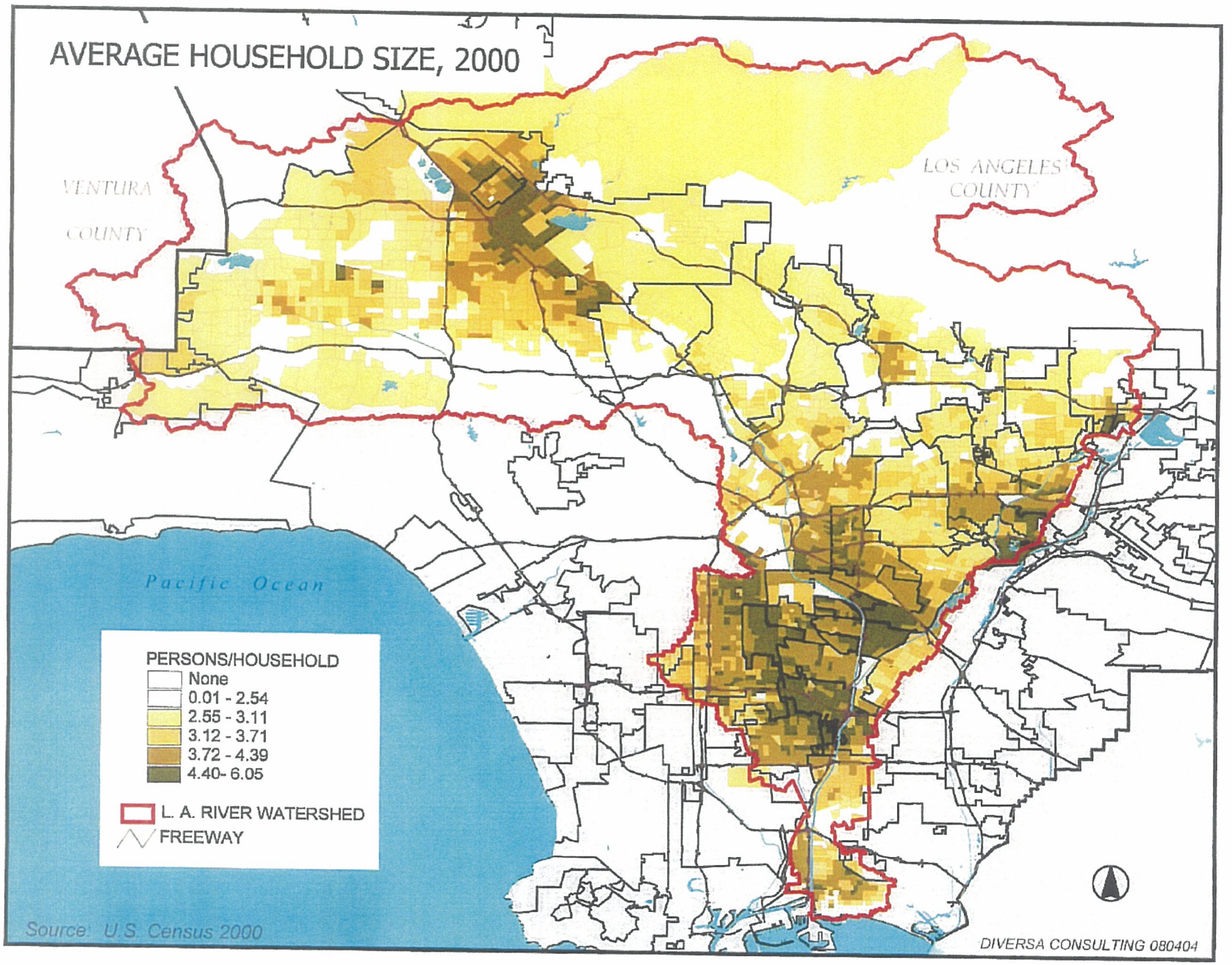

PERCENT PERSONS LIVING IN POVERTY, 2000
VENTURA COUNTY
LOS ANGELES COUNTY
Pacific Ocean
PERCENT IN POVERTY
None
0.1 - 14.9
15.0 - 34.9
35.0 - 49.9
50.0 - 100.0
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404

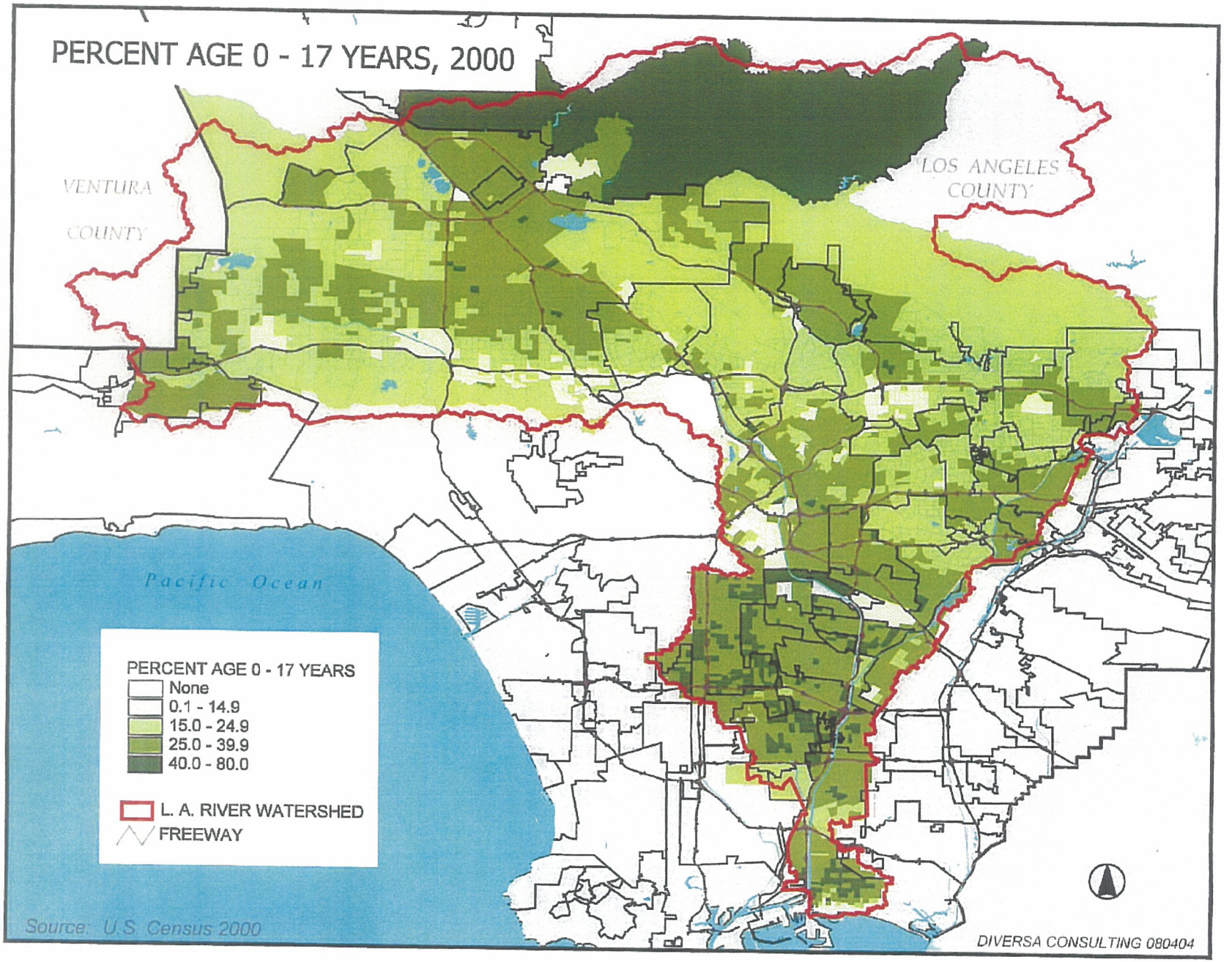

PERCENT PERSONS UNEMPLOYED, 2000
VENTURA COUNTY
LOS ANGELES COUNTY
Pacific Ocean
PERCENT UNEMPLOYED
0
0.01 - 9.99
10 - 19.99
20 - 34.99
35 - 86.47
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404

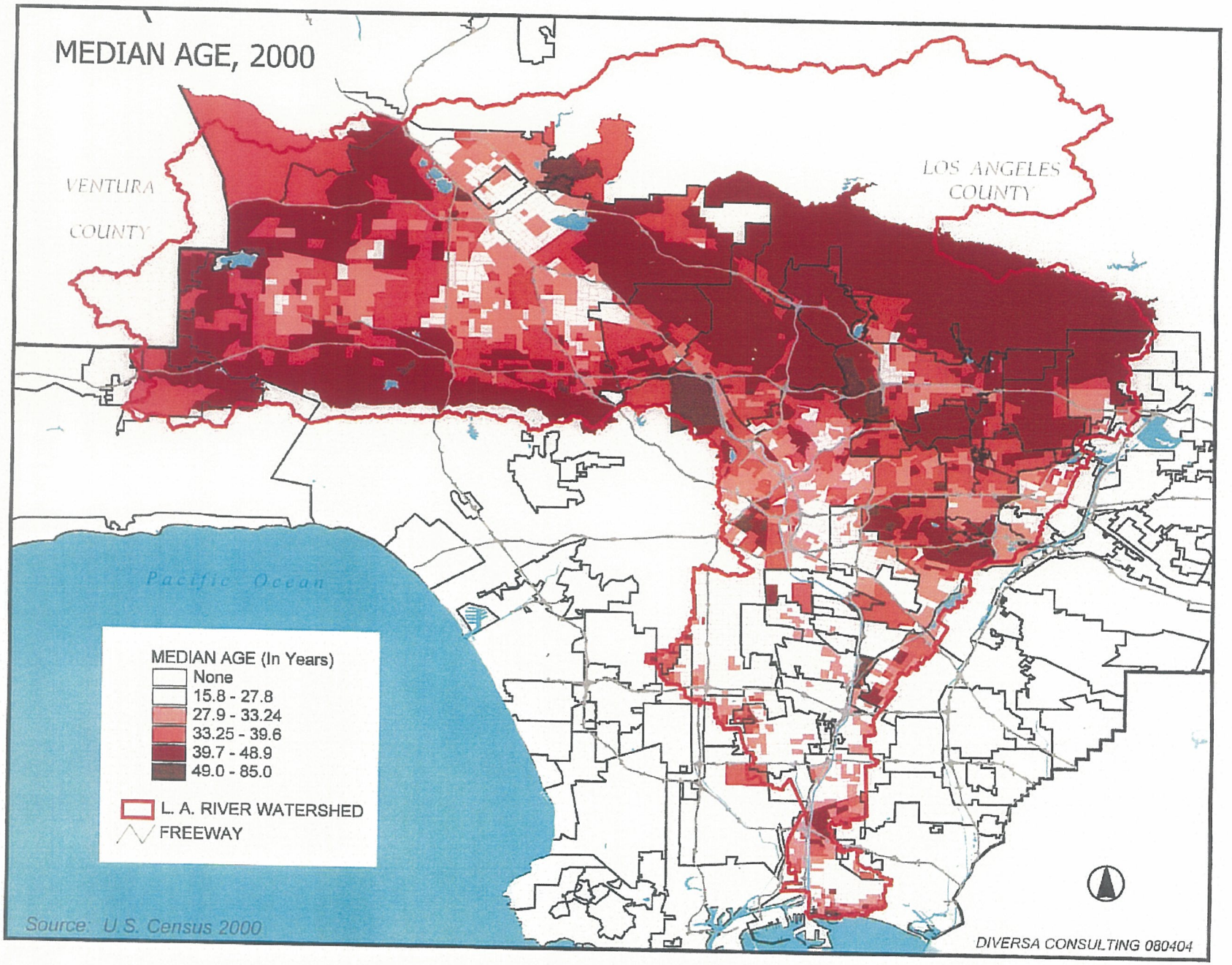

MEDIAN HOUSEHOLD INCOME, 1999
VENTURA COUNTY
LOS ANGELES COUNTY
Pacific Ocean
MEDIAN HOUSEHOLD INCOME
N.A.
$5,000 - $44,999
$45,000 - $64,999
$65,000 - $94,999
$95,000 - $189,478
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404

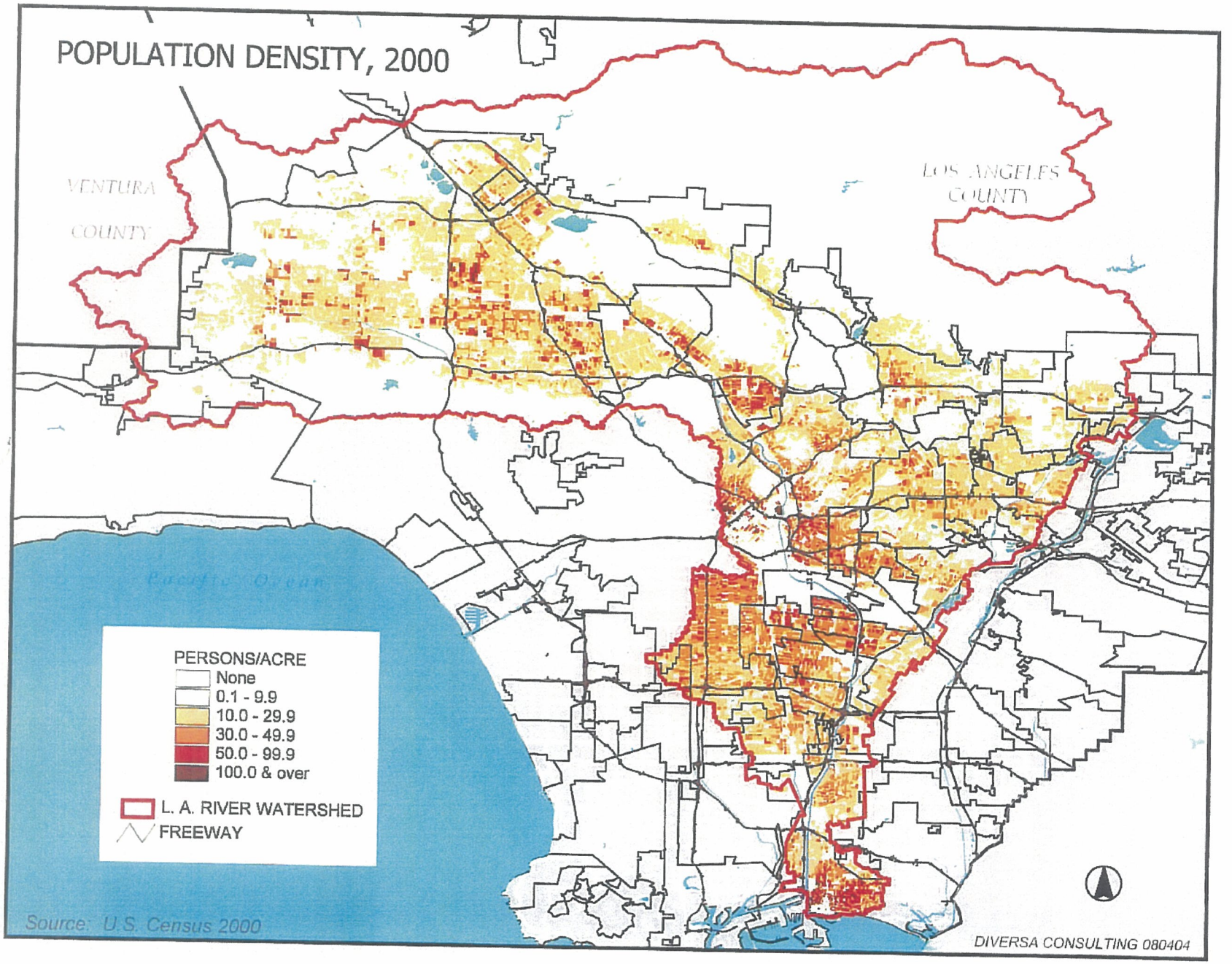

PERCENT AGE 0 - 17 YEARS, 2000
VENTURA COUNTY
LOS ANGELES COUNTY
Pacific Ocean
PERCENT AGE 0 - 17 YEARS
None
0.1 - 14.9
15.0 - 24.9
25.0 - 39.9
40.0 - 80.0
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404

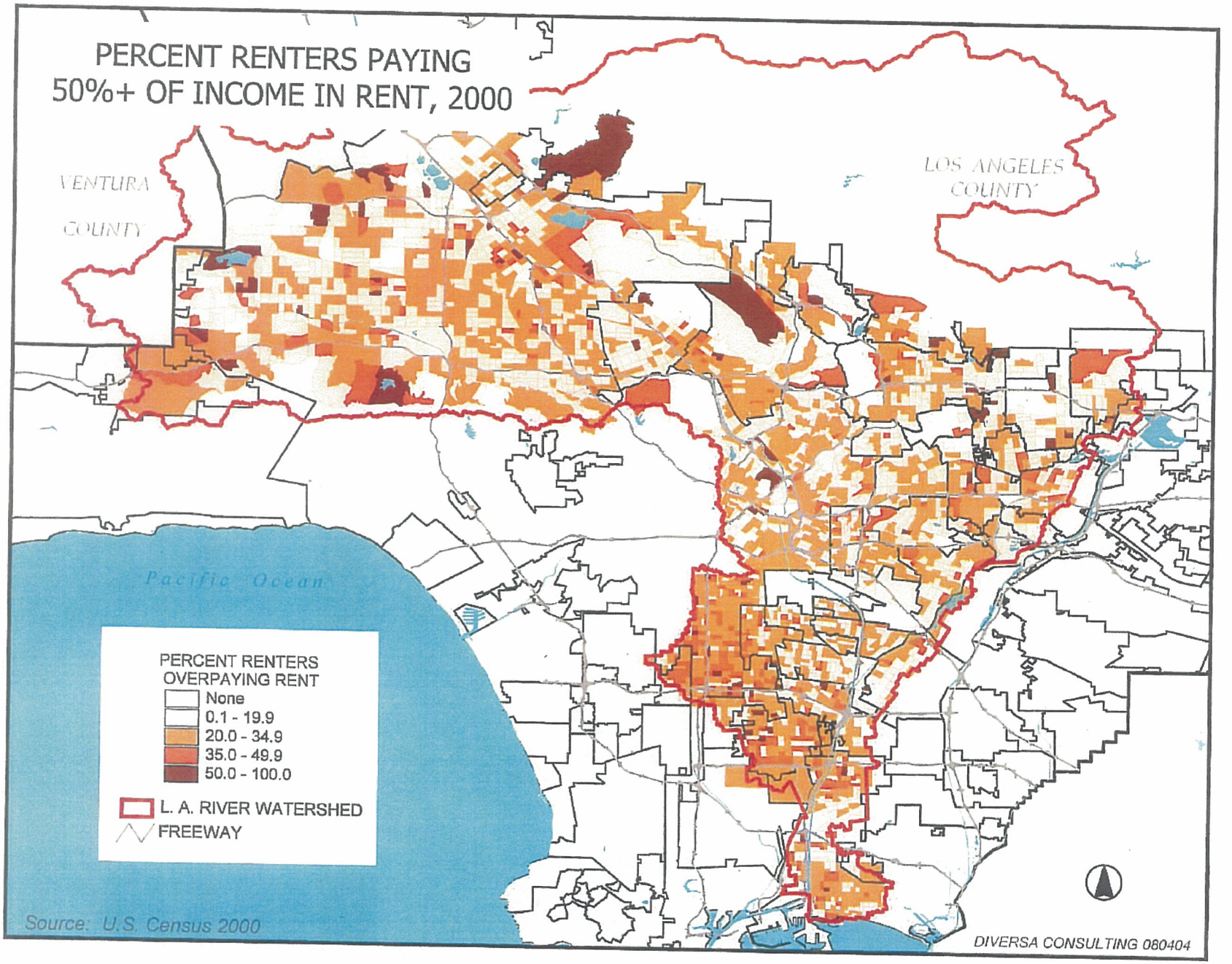

AVERAGE FAMILY SIZE, 2000
VENTURA COUNTY
LOS ANGELES COUNTY
Pacific Ocean
PERSONS/FAMILY
None
0.01 - 3.09
3.10 - 3.68
3.69 - 4.33
4.34 - 6.00
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404


AVERAGE HOUSEHOLD SIZE, 2000
VENTURA COUNTY
LOS ANGELES COUNTY
Pacific Ocean
PERSONS/HOUSEHOLD
None
0.01 - 2.54
2.55 - 3.11
3.12 - 3.71
3.72 - 4.39
4.40- 6.05
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404


PERCENT AGE 0 - 17 YEARS, 2000
VENTURA COUNTY
LOS ANGELES COUNTY
Pacific Ocean
PERCENT AGE 0 - 17 YEARS
None
0.1 - 14.9
15.0 - 24.9
25.0 - 39.9
40.0 - 80.0
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404


MEDIAN AGE, 2000
VENTURA COUNTY
LOS ANGELES COUNTY
Pacific Ocean
MEDIAN AGE (In Years)
None
15.8 - 27.8
27.9 - 33.24
33.25 - 39.6
39.7 - 48.9
49.0 - 85.0
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404


POPULATION DENSITY, 2000
VENTURA COUNTY
LOS ANGELES COUNTY
Pacific Ocean
PERSONS/ACRE
None
0.1 - 9.9
10.0 - 29.9
30.0 - 49.9
50.0 - 99.9
100.0 & over
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404


PERCENT RENTERS PAYING
50%+ OF INCOME IN RENT, 2000
VENTURA COUNTY
LOS ANGELES COUNTY
Pacific Ocean
PERCENT RENTERS OVERPAYING RENT
None
0.1 - 19.9
20.0 - 34.9
35.0 - 49.9
50.0 - 100.0
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404

Persons Unemployed in the Watershed

The unemployment rates in the watershed area are higher than in Los Angeles County as a whole - standing at 5.5% in 2000. Over 237,440 persons are unemployed in the watershed. The issue of how the watershed will afford compliance with the TMDL is a significant issue left unresolved in the TMDL documents and CEQA checklist. This further demonstrates the need for a complete functional equivalent environmental document, including addressing environmental justice issues.

Renter Households in the Watershed

The majority of households in the watershed are renters – 54.7%. This compares to 49.8% of households in Los Angeles County. More watershed renters are likely to be paying 50% or more of their income for their rents than in Los Angeles County – 22.3% to 21.7%. This again raises the issue of how the costs of the TMDL compliance will affect very-low and low income resident and the failure of the existing TMDL documents to address this issue.

Age of Housing Units in the Watershed

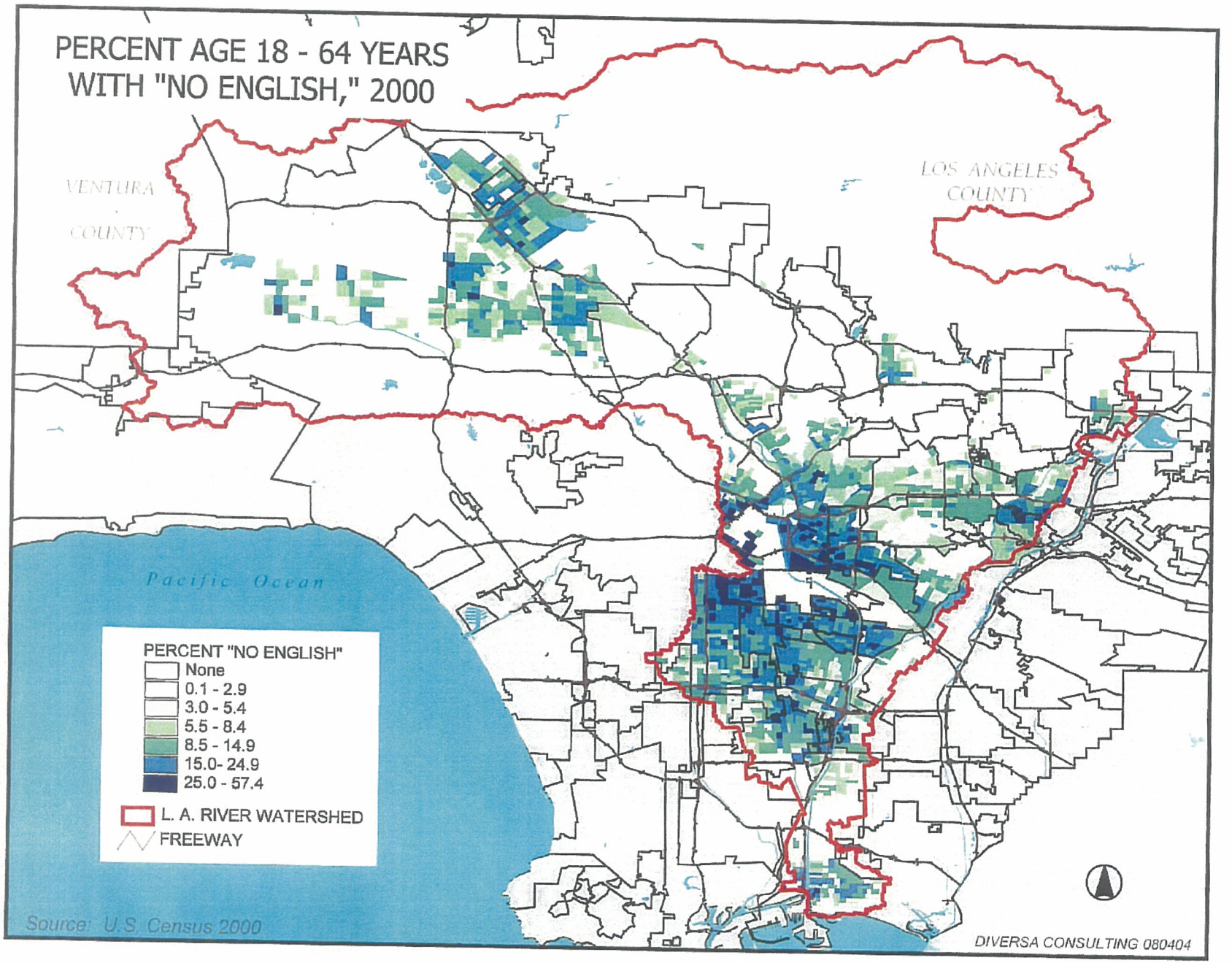
A significant number of the watershed's units were constructed prior to 1950 – 28.8%. This compares to 25.1% in the County.

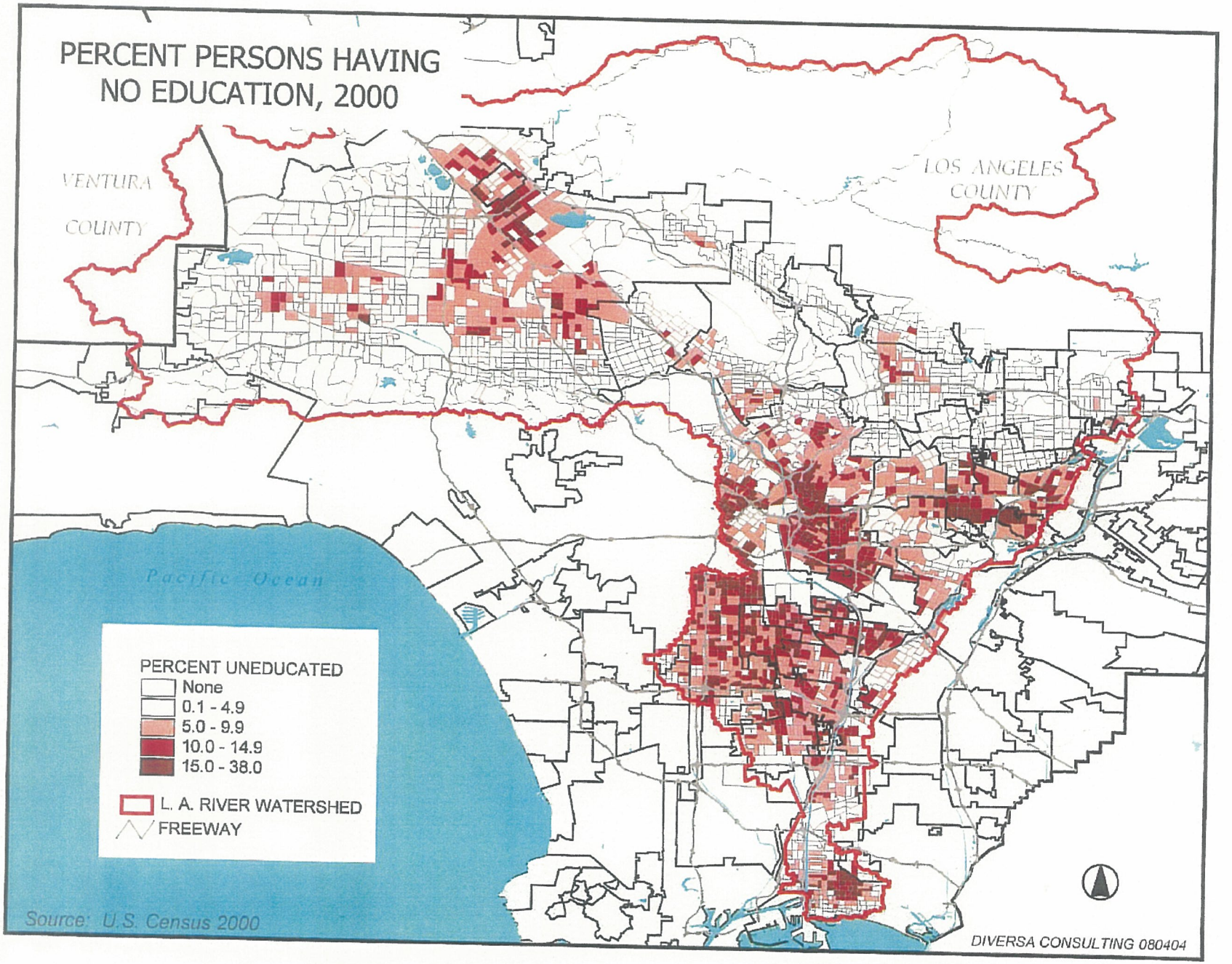
Overcrowded Units in the Watershed

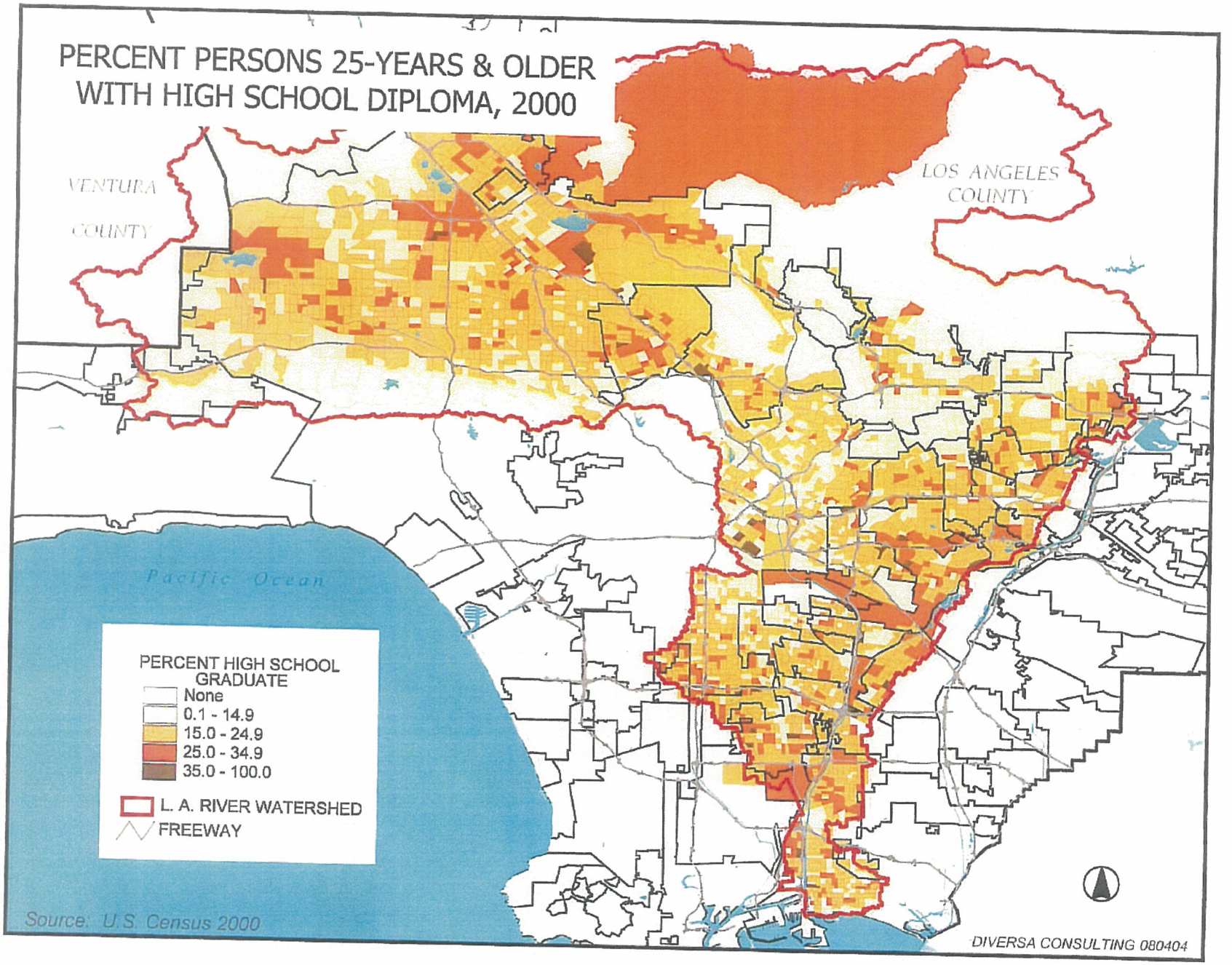
More renters and owners in the watershed are living in overcrowded units. 30.5% of the residents in the watershed are living in overcrowded conditions, as compared with 29.4% in the County. 26.1% of the renters in the watershed are living in overcrowded conditions, as compared to 22.0% countywide.

Percent Persons Having No Education & Percent of Persons Having a High School Education in the Watershed

There are a significant number of persons in the watershed area that have no education. This is due to the high number of immigrant families in the watershed, as compared to Los Angeles County as a whole. The population over the age of 25 with no education is 6.0%, a full 1.5% higher than Los Angeles County as a whole. Over 268,800 persons living in the watershed have no education according to the U.S. Census. Over 824,320 persons in the watershed have only a high school diploma.


PERCENT AGE 18 - 64 YEARS
WITH "NO ENGLISH," 2000
VENTURA
COUNTY
LOS ANGELES
COUNTY
Pacific Ocean
PERCENT "NO ENGLISH"
None
0.1 - 2.9
3.0 - 5.4
5.5 - 8.4
8.5 - 14.9
15.0- 24.9
25.0 - 57.4
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404


PERCENT PERSONS HAVING NO EDUCATION, 2000
VENTURA COUNTY
LOS ANGELES COUNTY
Pacific Ocean
PERCENT UNEDUCATED
None
0.1 - 4.9
5.0 - 9.9
10.0 - 14.9
15.0 - 38.0
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404


PERCENT PERSONS 25-YEARS & OLDER WITH HIGH SCHOOL DIPLOMA, 2000
VENTURA COUNTY
LOS ANGELES COUNTY
Pacific Ocean
PERCENT HIGH SCHOOL GRADUATE
None
0.1 - 14.9
15.0 - 24.9
25.0 - 34.9
35.0 - 100.0
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404

The Gateway Cities COG and the Gateway Cities Partnership completed a study *"The Education Gap in the Gateway Cities Region" (May 10, 2002)*. The study was completed with the assistance of the University of Southern California Center for Economic Development, School of Policy, Planning, and Development. The study is included by reference in this report by reference.

As discussed earlier in this report, the Gateway Cities is a significant subset of the Los Angeles River watershed and is representative of the other disadvantaged portions of the watershed. *"The Education Gap in the Gateway Cities Region"* found:

- The majority of high school students are Hispanic in origin, accounting for 61% of all students enrolled in high school.

- General performance levels of the high schools are in decline. Based on the Academic Performance Index (API) scores, out the 180 high schools in the county, the Gateway Cities Region has just 3 schools within the top 50. **The majority of the high schools do not even fall within the top half of the rankings.**

- A predominantly Hispanic student population and a diverse immigrant base contributes to a large population of English Learners (EL) students who have been determined to lack the clearly defined English language skills of listening comprehension, speaking, reading and writing necessary to succeed in the school's regular instructional programs. The percentage share of EL students enrolled in the Gateway Cities Region exceeds both county and state figures.

- The percentage share of EL students enrolled in the Gateway Cities Region exceeds both county and state figures.

- The high school dropout rate is a cause for serious concern. For example, the Compton and Los Angeles school districts have 53% attrition rates, more than double the state average. Such high attrition rates contribute to the region's overall lack of educational attainment and skills base, eventually affecting the economic vitality of the area.

- 11 out of 100 students enrolled in 12th grade dropped our or failed before completing their high school education in the Gateway Cities Region.

The lack of basic education levels in the watershed raises a significant issue on the comprehension of the general public of the Metals TMDL for the Los Angeles River. The TMDL is written to the comprehension level where post high school educational level is required. The science and waste load calculation portions of the TMDL require a college degree. We could find no easily understandable information provided by the Regional Board to explain the impact of the TMDL for persons with a high school education or no education. We could find no Spanish translations of the TMDL, nor translations into various Asian languages, including Chinese dialects.

Persons Age 17-64 Years "No English"

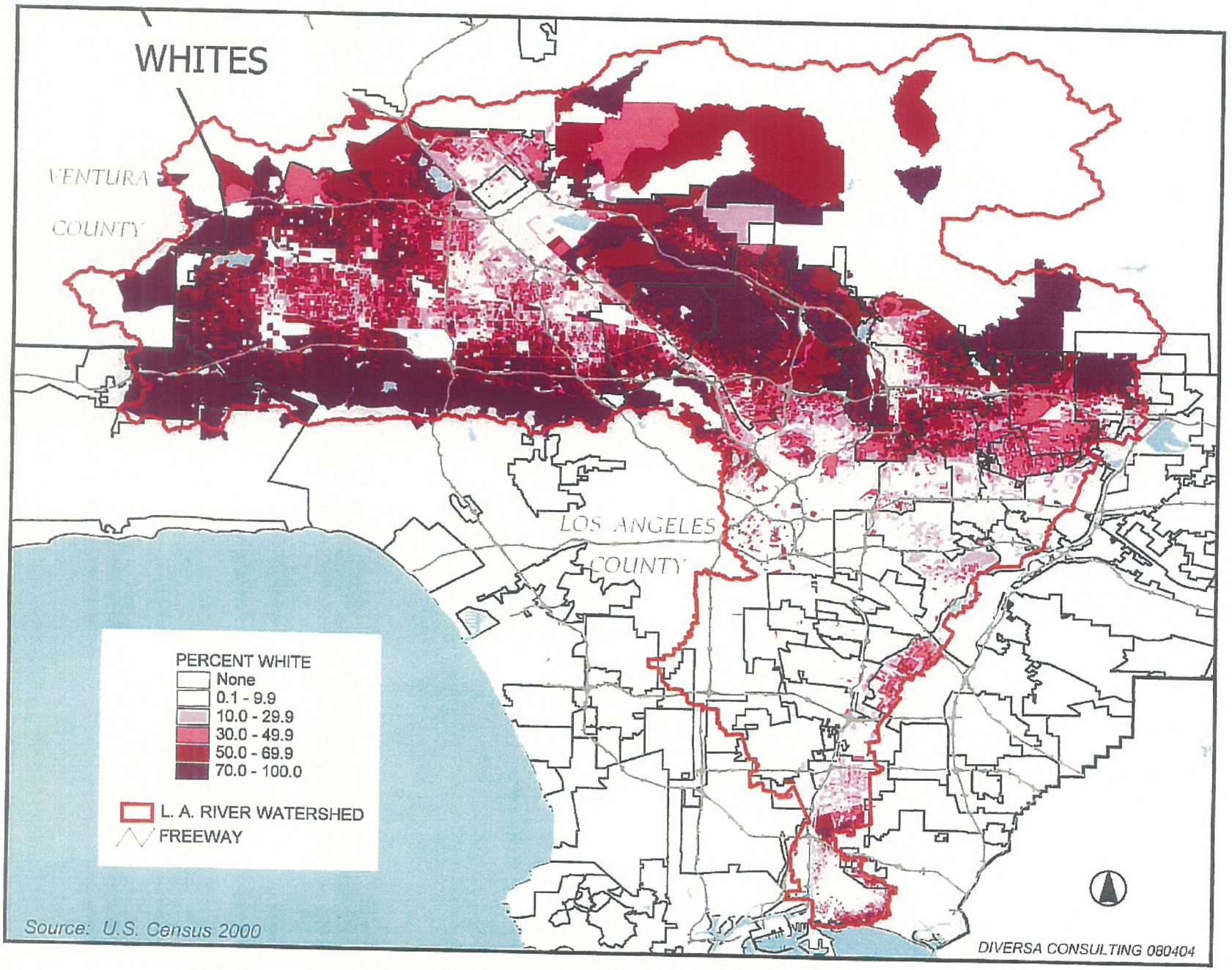
A significant portion of the watershed's residents (ages 17-64) does not speak or read English. Over 246,000 persons fit into this category (5.5% of the watershed). This is significantly higher than Los Angeles County as a whole (4.4% of the countywide population).

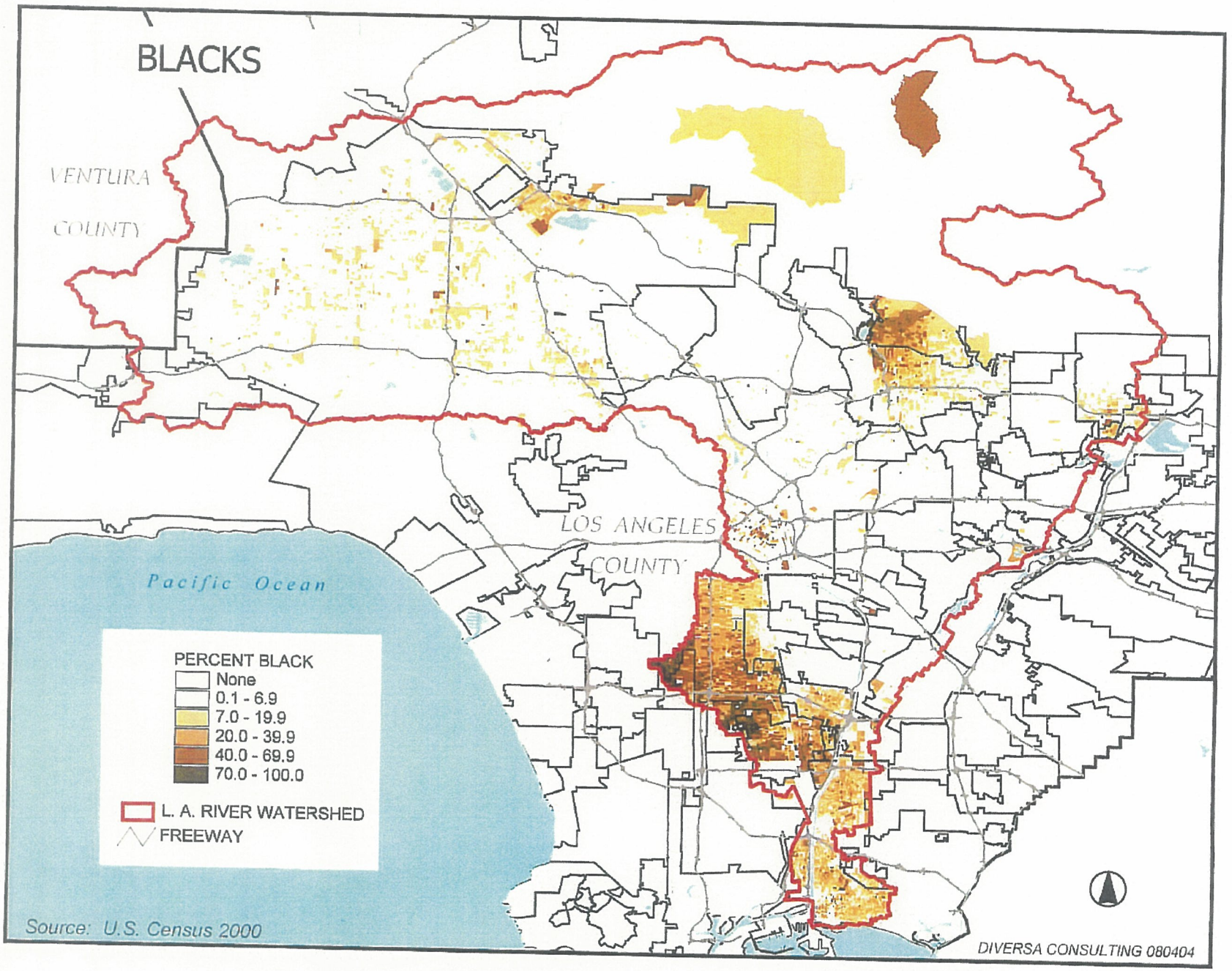
Hispanic, Black, Asian & White Populations

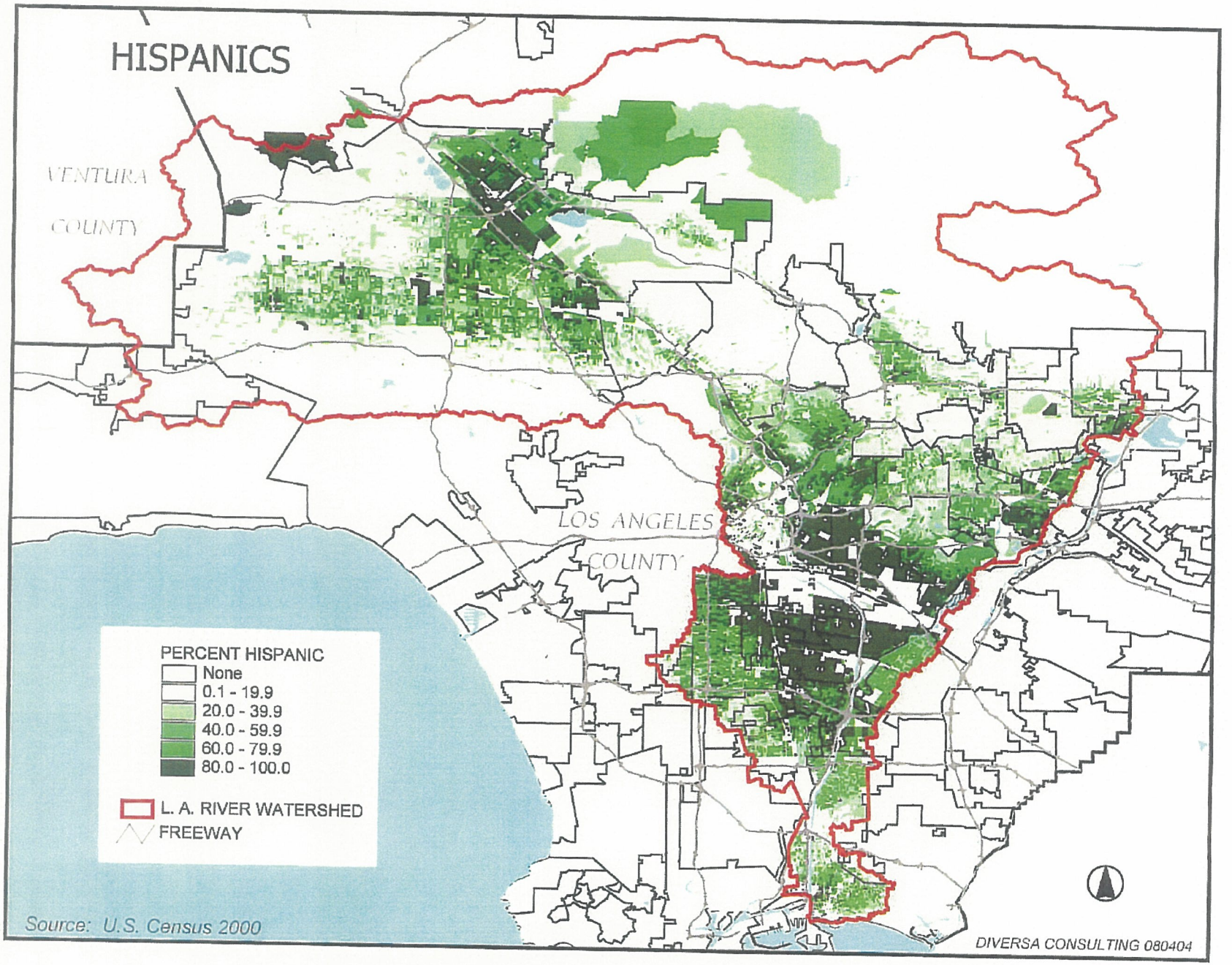
The watershed is heavily Hispanic/Latino. These groups represent 51.6% of the entire watershed, while this groups constitutes only 44.6% of Los Angeles County. The watershed has a significant Asian population – estimated at 519,000 persons in 2000. The ethnic and income distributions in the watershed are very uneven. The more affluent and white populations are living primarily in the northern portion of the watershed, in the foothill communities. Hispanics are clustered near the Los Angeles River in the southeast section of the watershed and in the central portions of the San Fernando Valley.

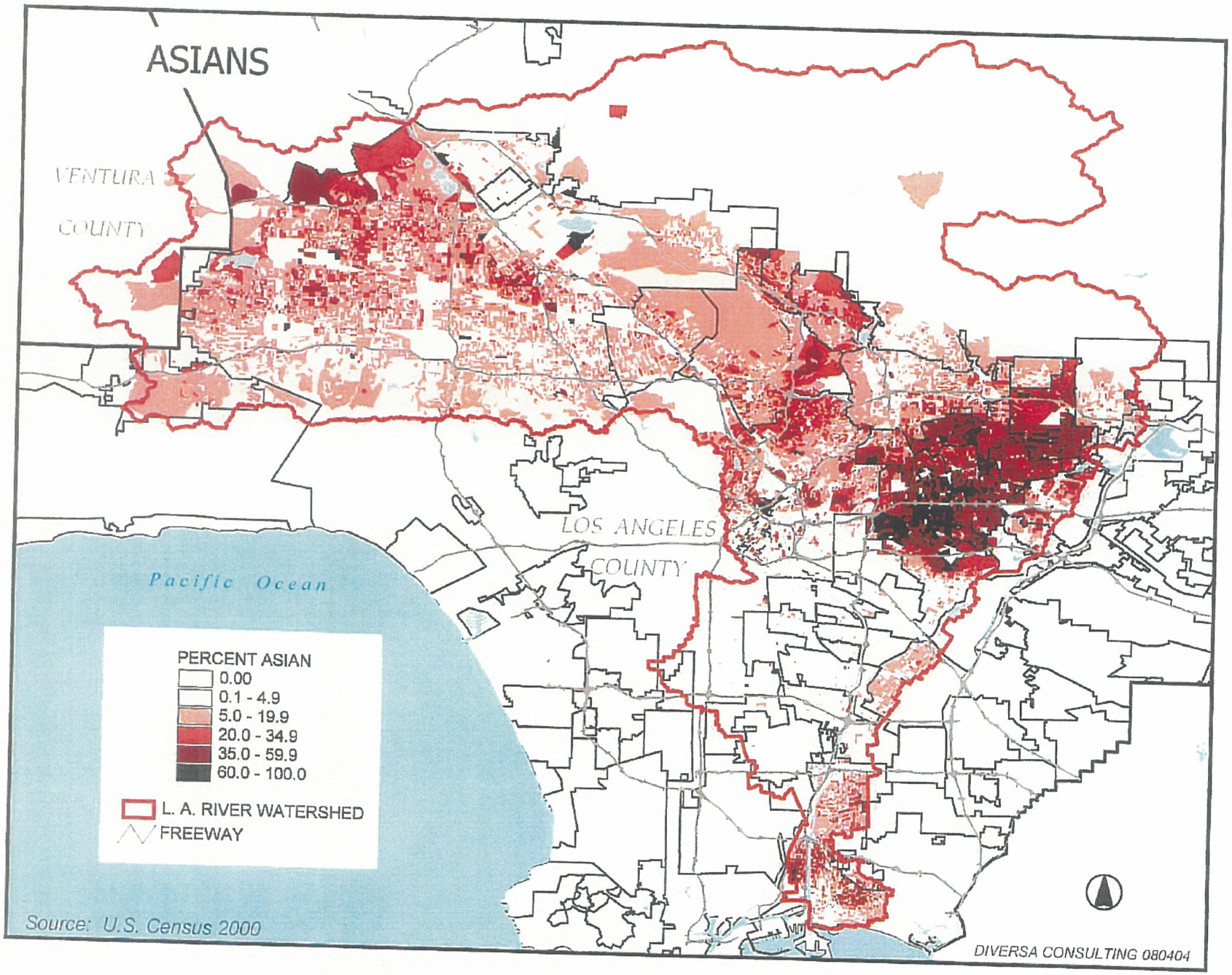
The southern section of the watershed also suffers from the worst air quality. The South Coast Air Quality Management District (AQMD) conducted extensive testing of the metals and other toxics in air pollution in the Multiple Air Toxics Exposure Study, MATES II, in 1998-99. The study was undertaken by the AQMD as part of their environmental justice program. The Study documented that major portions of the southern watershed suffer from extremely high levels of air pollution – including particulate matter – related to the twin ports of Los Angeles and Long Beach. These air quality problems are studied in more detail in the report prepared by Richard Watson & Associates on Aerial Deposition in the Los Angeles River Watershed (August 2004).

In *"Harboring Pollution, The Dirty Truth about U.S. Ports"* (March 2004), the National Resources Defense Council reports that 1.8 tons per day of particulate matter rains down on significant portions of the watershed from ships, trains, trucks and port related activities. NRDC reported that ocean going ships emit

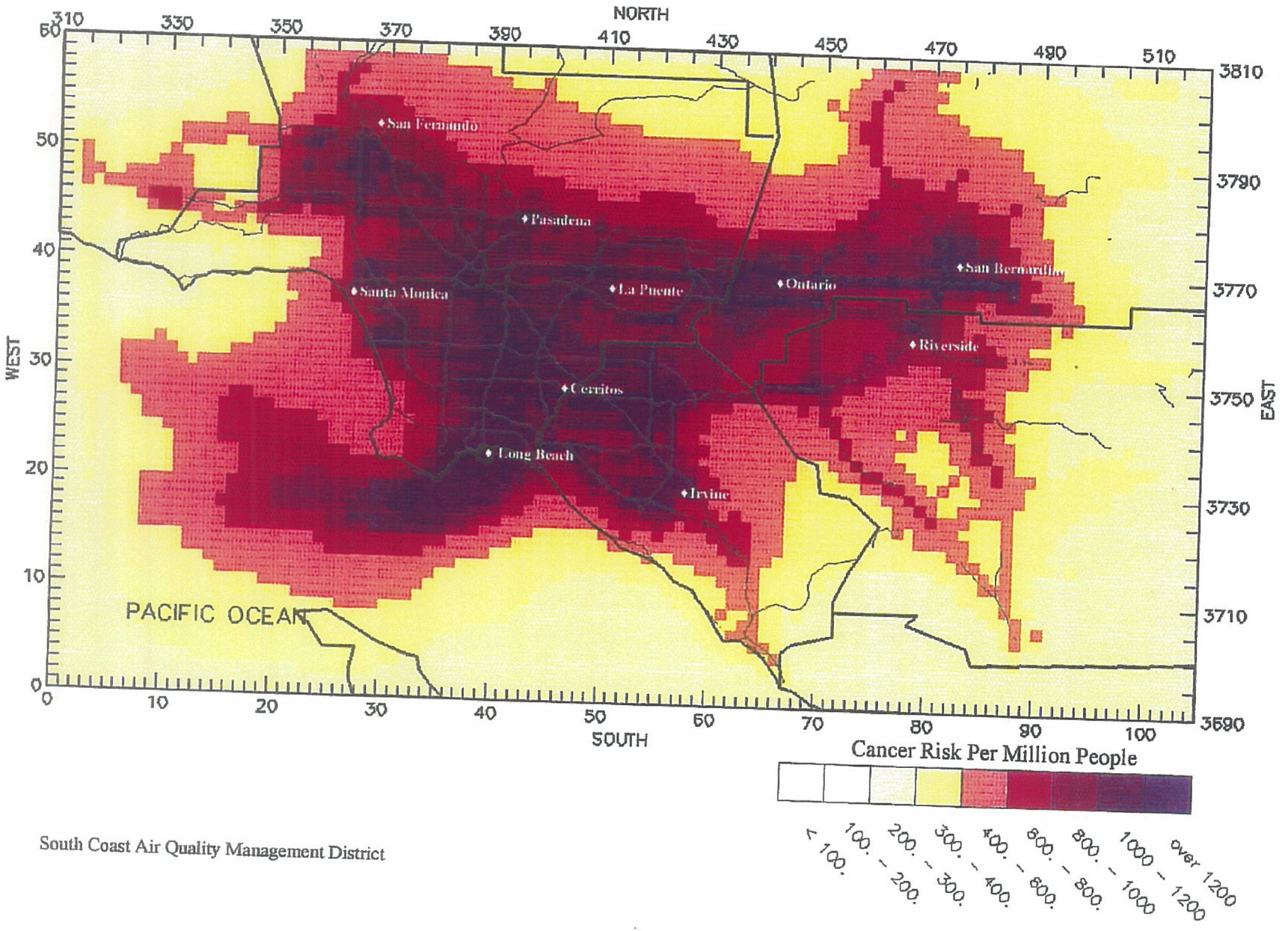

WHITES
VENTURA COUNTY
LOS ANGELES COUNTY
PERCENT WHITE
None
0.1 - 9.9
10.0 - 29.9
30.0 - 49.9
50.0 - 69.9
70.0 - 100.0
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404


BLACKS
VENTURA
COUNTY
LOS ANGELES
COUNTY
Pacific Ocean
PERCENT BLACK
None
0.1 - 6.9
7.0 - 19.9
20.0 - 39.9
40.0 - 69.9
70.0 - 100.0
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404


HISPANICS
VENTURA
COUNTY
LOS ANGELES
COUNTY
PERCENT HISPANIC
None
0.1 - 19.9
20.0 - 39.9
40.0 - 59.9
60.0 - 79.9
80.0 - 100.0
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404


ASIANS
VENTURA COUNTY
LOS ANGELES COUNTY
Pacific Ocean
PERCENT ASIAN
0.00
0.1 - 4.9
5.0 - 19.9
20.0 - 34.9
35.0 - 59.9
60.0 - 100.0
L. A. RIVER WATERSHED
FREEWAY
Source: U.S. Census 2000
DIVERSA CONSULTING 080404

Model Estimated Risk From All Emission Sources



South Coast Air Quality Management District

many more times more smog-forming pollutants than all of the power plants in Southern California combined.

There was no discussion in the TMDL or CEQA checklist that the TMDL is assigning to the residents in these economically disadvantaged communities, metal waste load allocations derived from the pollution generated from aerial deposition.

Methodology – 2000

This study relied upon the Los Angeles River Watershed GIS map, as supplied by the Lower Los Angeles and San Gabriel Rivers and Mountains Conservancy. This map was overlaid with 2000 Census Information, at the tract level. The exact boundaries of the watershed do not correspond perfectly, so the original mapping instructions were to find the center of the watershed in each Census Tract. Individual tracts were then added or subtracted to the final base map in order to better represent the watershed area. Mapping for the Ventura County portions of the watershed were not included, since the urbanized portion of the watershed is 0.02 square miles (the City of Simi Valley). The approximate population in the watershed is estimated at 4,484,165 persons. One- percent of the watershed's population is estimated at 44,800 for purposes of this report.

REFERENCES

An Air Toxics Control Plan for the Next Ten Years, March 2000, South Coast Air Quality Management District.

Analysis of the Implementation Plan for the Draft TMDL for Metals in the Los Angeles River and Tributaries, August 2004, Richard Watson & Associates

Harboring Pollution, The Dirty Truth about U.S. Port, March 2004, National Resources Defense Council

Aerial Deposition Factors in the Los Angeles River Watershed, March 2004 RWA Associates

Interagency Working Group on Environmental Justice, Working Group on Environmental Justice, April 23, 2004, Cal/EPA

Los Angeles County Affordability Rates – 2004 – Los Angeles County Community Development Department

Regional Housing Needs Assessment, Southern California Association of Governments (SCAG), November 2002

Subregional Housing Implementation Strategy, July 2003 – Gateway Cities Council of Governments

The Education Gap in the Gateway Cities Region, May 2004, Gateway Cities Council of Governments and Gateway Cities Partnership

U.S. Census – 2000 – Census Data

REPORT PREPARATION

Ken Farfsing - Mr. Farfsing authored this report as the Chair of the City Manager's Steering Committee for the Gateway Cities Council of Governments. He holds a master's in urban planning degree from the University of Southern California and a bachelor's degree in history from the University of California – Berkeley.

Mr. Farfsing has 25 years experience in local government, including as director of housing, community and economic development for two communities – the City of La Verne and the City of Downey. He has 13 years experience in city management – serving as city managers for the City of South Pasadena and City of Signal Hill.

He also chairs the League of California Cities – Water Quality Committee – for the city manager's department. Mr. Farfsing has spoken and written extensively on storm water issues facing the Los Angeles Region. He was invited to speak before the United State House of Representative, Subcommittee on Water Resources and the Environment. His congressional presentation was entitled "The Clean Water Act, A Local Government Perspective," June 19, 2003.

Jack Humphries – Dr. Humphries provided the U.S. Census analysis, including the mapping. He is a consultant to the Gateway Cities Council of Governments, specializing in planning, demographic and mapping services for local government and non-profit agencies. Dr. Humphries received his doctorate in geography from Northwestern University. He holds a bachelor's degree in geography from Miami University, Oxford, Ohio.

Dr. Humphries was the Advanced Planning Officer for the City of Long Beach, from July 1992 to July of 2002. His previous planning experience included Deputy Planning Director for the City of Lake Worth, Florida and Principal Planner for the City of West Palm Beach.

He has taught courses in cartography, urban geography, population geography, and economic geography at the National University of Singapore,

the University of New Orleans and Vassar College. He is a member of the Urban and Regional Information Systems Association.

EXHIBIT B

History of Unemployment LA River Watershed Cities, April 2000 to April 2010

History of Unemployment
LA River Watershed Cities
April 2000 to April 2010

City	April 2000	April 2010	Difference
Alhambra	4.4%	11.3%	+6.9%
Arcadia	2.7%	6.8%	+4.1%
Bell	7.0%	15.7%	+8.7%
Bell Gardens	8.5%	18.8%	+10.3%
Bradbury	2.3%	7.1%	+4.8%
Burbank	4.1%	9.7%	+5.6%
Calabasas	2.2%	5.5%	+3.3%
Carson	5.2%	12.0%	+6.8%
Commerce	9.6%	22.2%	+12.6%
Compton	9.2%	20.1%	+10.9%
Cudahy	7.3%	16.5%	+9.2%
Downey	4.1%	9.6%	+5.5%
Duarte	3.3%	8.4%	+5.1%
El Monte	6.5%	14.7%	+8.2%
Glendale	4.5%	10.4%	+5.9%
Hidden Hills	1.2%	3.9%	+2.7%
Huntington Park	7.9%	19.3%	+11.4%
Irwindale	5.0%	12.4%	+7.4%
La Canada Flintridge	1.8%	4.7%	+2.9%
Long Beach	5.7%	13.1%	+7.4%
Los Angeles	5.7%	13.2%	+7.5%
Lynwood	8.4%	18.7%	+10.3%
Maywood	7.7%	17.2%	+9.5%
Monrovia	4.5%	10.5%	+6.0%
Montebello	5.8%	13.3%	+7.9%
Monterey Park	3.8%	9.1%	+5.3%
Paramount	7.7%	17.3%	+9.6%
Pasadena	3.9%	9.1%	+5.2%
Pico Rivera	4.8%	11.1%	+6.3%
Rosemead	4.5%	10.5%	+6.0%
San Fernando	5.0%	12.2%	+7.2%
San Gabriel	4.2%	9.8%	+5.6%
San Marino	2.2%	5.5%	+3.3%
Sierra Madre	1.4%	3.6%	+2.2%
Signal Hill	3.8%	9.5%	+5.7%
South El Monte	6.3%	15.1%	+8.8%
South Gate	6.7%	15.2%	+8.5%
South Pasadena	2.5%	6.0%	+4.5%
Temple City	3.3%	7.8%	+4.5%
Vernon	N/A	N/A	N/A

History of Unemployment
LA River Watershed Cities
April 2000 to April 2010

Location	April 2000	April 2010	Difference
Los Angeles County	5.2%	11.9%	6.7%
State of California	5.0%	12.3%	7.3%
United States	4.1%	9.9%	5.8%

EXHIBIT C

Survey of Budget Impacts of Implementation of the Los Angeles River Bacteria TMDL,

John Hunter Associates,

June 1, 2010

LOS ANGELES RIVER



WATERSHED MANAGEMENT COMMITTEE

ALHAMBRA
ARCADIA
BELL
BELL GARDENS
BURBANK
COMMERCE
COMPTON
CUDAHY
EL MONTE
GLENDALE
HIDDEN HILLS
HUNTINGTON PARK
LA CANADA FLINTRIDGE
LOS ANGELES COUNTY
LOS ANGELES COUNTY –
FLOOD CONTROL DISTRICT
LOS ANGELES – CITY
LYNWOOD
MAYWOOD
MONROVIA
MONTEBELLO
MONTEREY PARK
PARAMOUNT
PASADENA
PICO RIVERA
ROSEMEAD
SAN FERNANDO
SAN GABRIEL
SAN MARINO
SIERRA MADRE
SIGNAL HILL
SOUTH EL MONTE
SOUTH GATE
SOUTH PASADENA
TEMPLE CITY
VERNON

TMDL AFFILIATED AGENCIES:
BRADBURY
CALABASAS
CARSON
DOWNEY
DUARTE
IRWINDALE
LAKEWOOD
LONG BEACH
PICO RIVERA

Budget Impact Survey Bacteria TMDL

June 1, 2010

Prepared on behalf of the cities listed on the following tables and charts.

Los Angeles County and The County Flood Control District are not participants in this study.

Survey of the Budget Impacts of Implementation of the Los Angeles River Bacteria TMDL Findings

On May 12, 2010 Forty Two Cities in the LA River Watershed were surveyed regarding the Implementation of the LA River Bacteria TMDL. 26% of the cities responded to the survey which yielded the following information:

86% of responding Cities will be relying on the General Fund to fund the costs associated with implementing the LAR Bacteria TMDL.
90% of the responding cites have a deficit in their General Fund.
95% said that the deficit is impacting programs and services in some capacity examples include:

- 86% of Cities have had budget and program reductions
- 50% have implemented a hiring freeze
- 25% have implemented employee layoffs and 10% are considering it
- Others have had to reduce programs, lower program budgets, and implement early retirement, fee increases, furloughs and more.

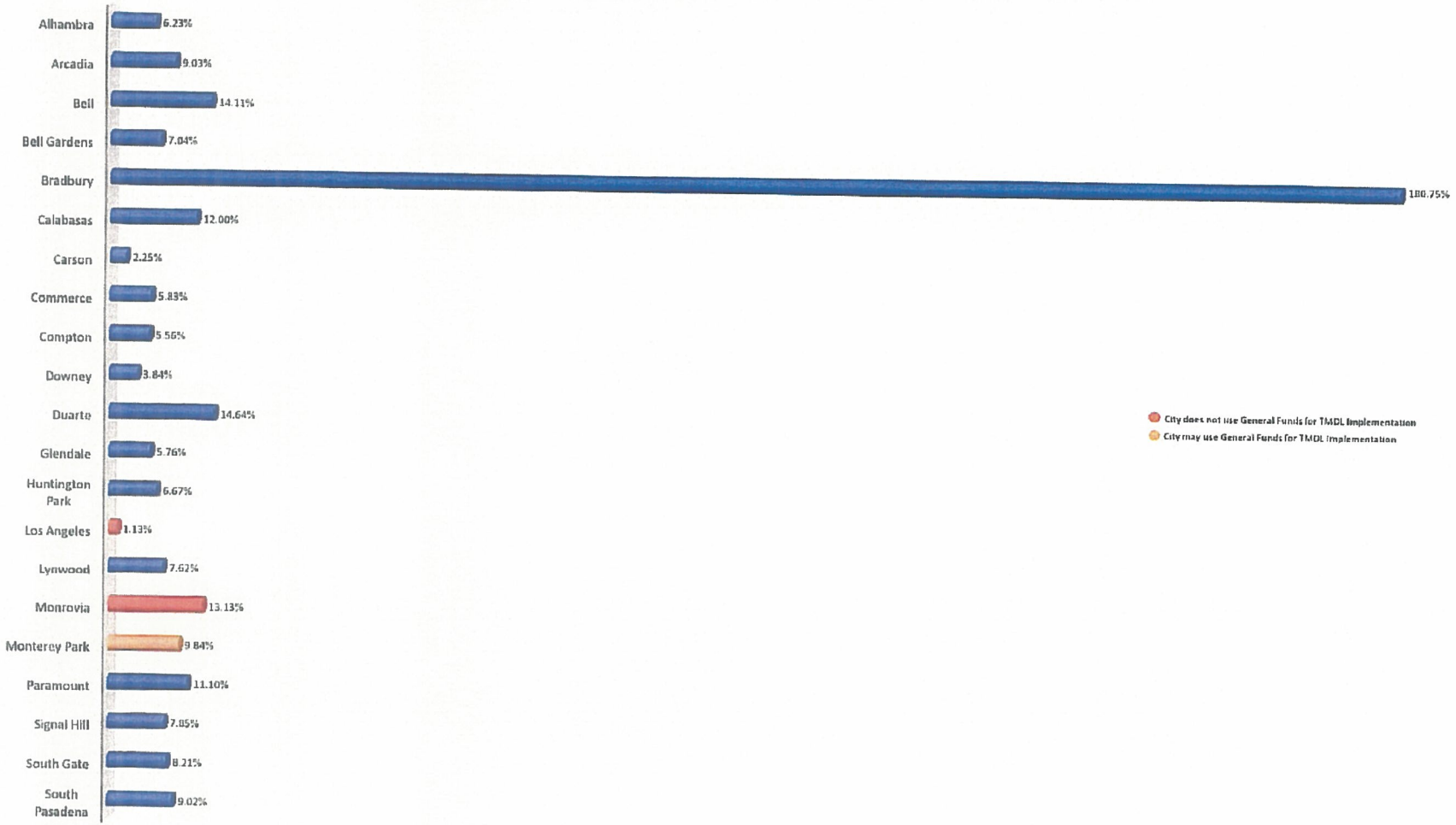
65% reported that Implementation costs will be at least **7%** of the General Fund Budget

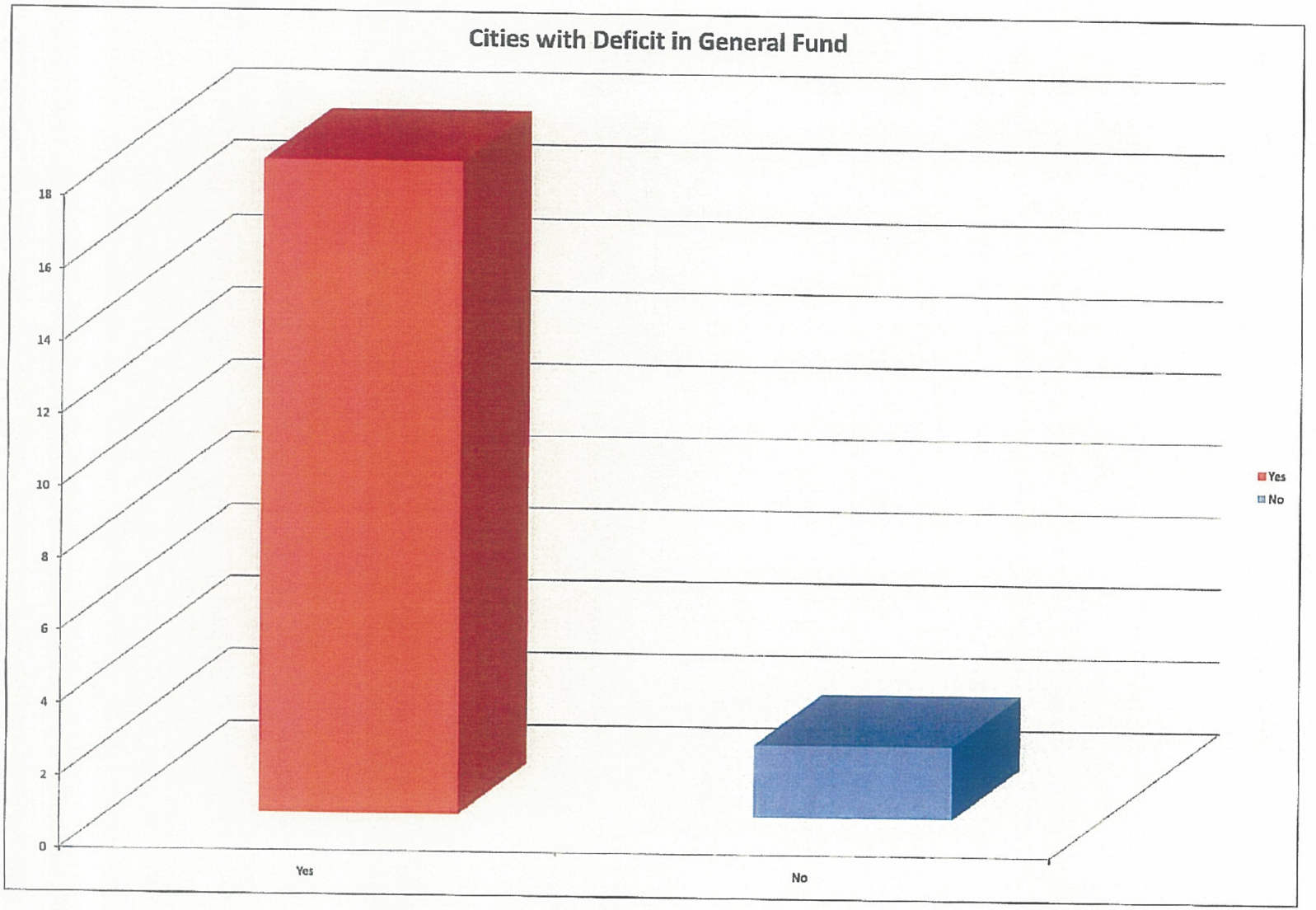
The average cost to implement the Bacteria TMDL is:	$ 2,838,668.05 [1]
The average City's General Fund Budget is:	$ 39,713,282.50 [2]
The average deficit amount is:	$ 4,027,320.00 [3]
The average TMDL implementation cost percent of the General Fund is:	8.41% [4]
The average General Fund Deficit percentage is:	8.0%

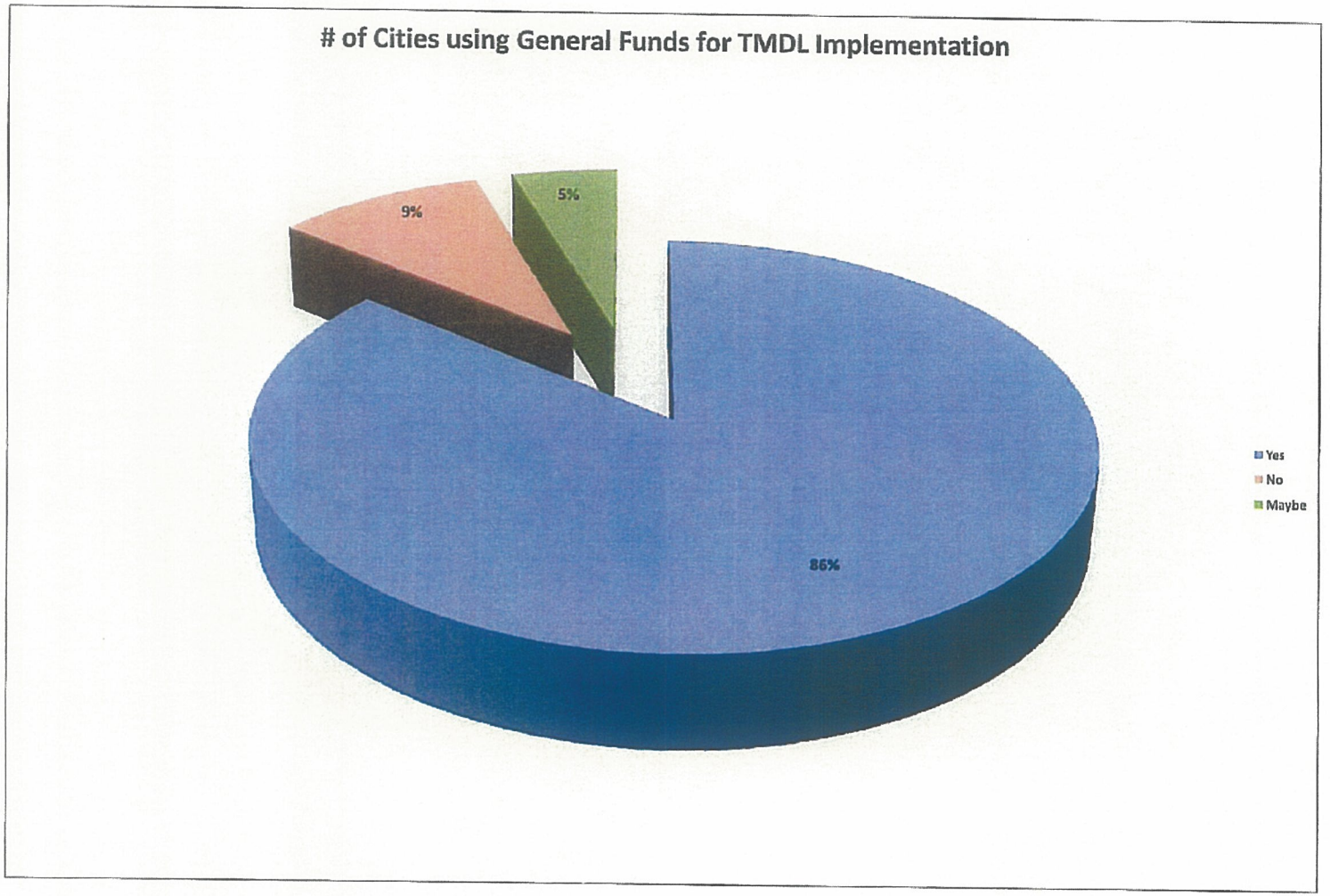
The largest impact to the General Fund will be from the City of Bradbury. The Costs to Implement the TMDL are **180% higher** than their total General Fund Amount!

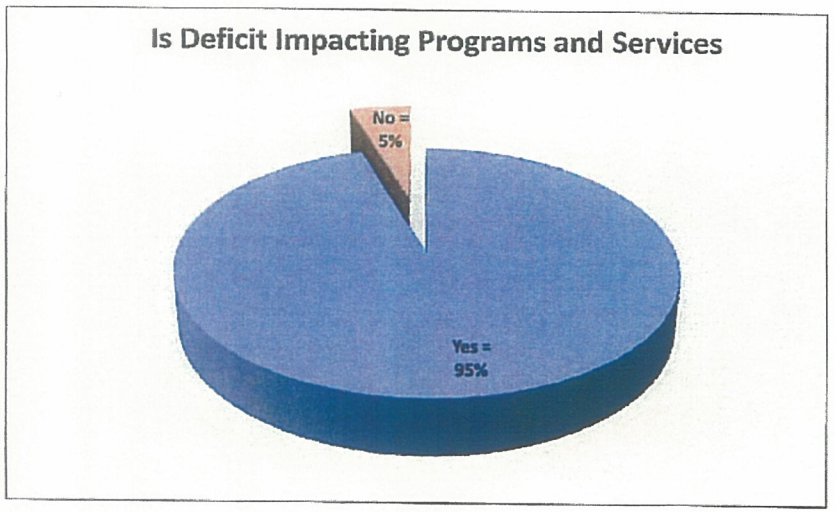
[1] Excludes City of Los Angeles
[2] Excludes City of Los Angeles
[3] Excludes City of Los Angeles
[4] Excludes City of Bradbury

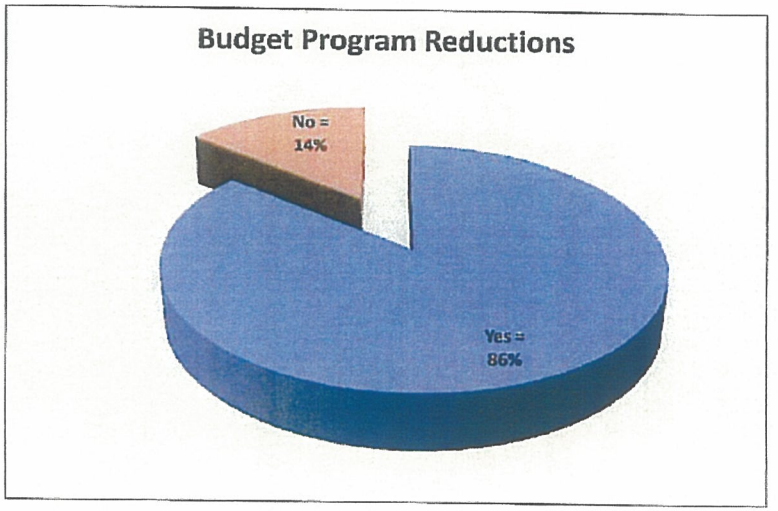
TMDL Implementation Costs Percentage of General Fund

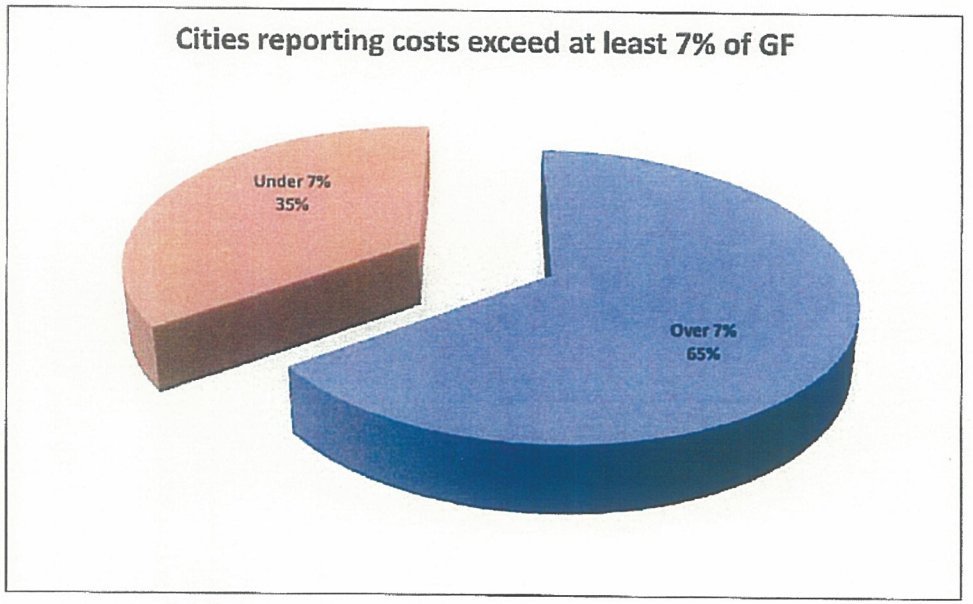



Cities with Deficit in General Fund
18
16
14
12
10
8
6
4
2
0
Yes
No
Yes
No


# of Cities using General Funds for TMDL Implementation
9%
5%
86%
Yes
No
Maybe


Is Deficit Impacting Programs and Services
No = 5%
Yes = 95%


Budget Program Reductions
No = 14%
Yes = 86%


Cities reporting costs exceed at least 7% of GF
Under 7% 35%
Over 7% 65%

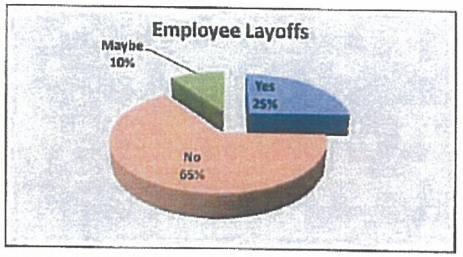
Bacteria TMDL Survey Results Raw Data

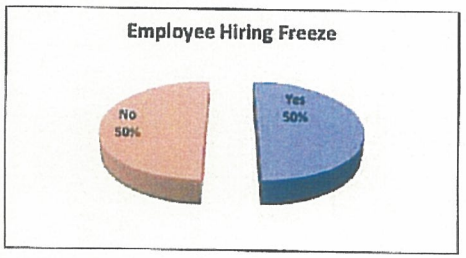
City Name	Title	Will GF be used for TMDL implementation?	If N What are other funding sources	Is GF in deficit Y/N	Deficit amount	% deficit amount	Is the GF deficit having negative results? Y/N	City Annual TMDL Implementation Costs	City's GF Budget	TMDL % Impact to GF budget	Notes
South Pasadena	Deputy Public Works Dir.	Y	N/A	N	$ -	0.0%	N	$ 2,024,040.00	$ 22,436,089.00	9.02%	
South Gate	Director of Finance	Y	N/A	Y	$ 3,500,000.00	9.0%	Y	$ 3,120,000.00	$ 38,000,000.00	8.21%	
Signal Hill	Dir. Of Public Works	Y	N/A	Y	$ 1,960,000.00	11.05%	Y	$ 1,390,000.00	$ 17,700,000.00	7.85%	
Paramount	Asst. Dir. Of Public Works	Y	N/A	Y	$ 232,050.00	1.13%	Y	$ 2,274,499.00	$ 20,483,700.00	11.10%	
Monterey Park	Principal Mgmt Analyst	Maybe	Waste Mgmt Fees	Y	$ 4,000,000.00	11.6%	Y	$ 3,188,264.00	$ 32,395,552.00	9.84%	
Monrovia	Senior Management Analyst	N	City currently relies on a Storm Drain Fee generating approx $280,000/yr. Funding source for TMDL costs are currently undetermined. Options such as: grant funding, bond financing, & increase of stormwater fee will be explored	Y	$ 1,000,000.00	3%	Y	$ 3,925,841.00	$ 29,900,000.00	13.13%	Equivalency: 1/2 Fire OR 1/2 Police Departments OR Community Services + Recreation & Sports + Library + Wilderness Preserve Mgmt + Canyon Park + Neighborhood Education Programs + Graffiti Removal OR Streets Maint + Sewer Maint + Waste Mgmt + Park Maint + Facilities Maint OR Water Service Maint
Lynwood	Environmental Specialist	Y	None	Y	$ 2,800,000.00	20.0%	Y	$ 2,400,000.00	$ 31,500,000.00	7.62%	
Los Angeles	Environmental Engineer	N	Currently LA is relying on its Stormwater Pollution Abatement Fund (SPAF) and Proposition O bond program to fund stormwater projects. However a proposed or new bond program will be required to fund the TMDL	Y	$ 200,000,000.00	2.0%	Y	$ 79,000,000.00	$ 7,000,000,000.00	1.13%	City of Los Angeles General Fund is not generally used for TMDL compliance
Huntington Park	City Engineer	Y	N/A	Y	$ 2,000,000.00	7.1%	Y	$ 1,913,948.00	$ 28,700,000.00	6.67%	
Glendale	Senior Env. Program Specialist	Y	N/A	Y	$ 8,000,000.00	5.0%	Y	$ 9,500,000.00	$ 165,000,000.00	5.76%	
Duarte	Engineering Division Manager	Y	N/A	Y	$ 548,200.00	4.7%	Y	$ 1,713,030.00	$ 11,700,000.00	14.64%	
Downey	Principal Civil Engineer/Water Resources Control Specialist	Y	Any available grant funds	Y	$ 3,000,000.00	2.0%	Y	$ 2,687,803.00	$ 68,673,179.00	3.84%	Last year borrowing funds from the state was $2,000,000 This TMDL expenditure is comparable to EMT services, Finance & IT, or PW Engineering & Parks Maint. ** NOTE - less than 1/2 of the City is in the LAWR**
Compton	Asst. City Manager	Y	N/A	Y	$ 10,000,000.00	20.0%	Y	$ 3,446,980.00	$ 62,000,000.00	5.56%	
Commerce	Environmental Services Mgr	Y	N/A	Y	$ 3,400,000.00	14.6%	Y	$ 2,885,510.00	$ 49,500,000.00	5.83%	
Carson	Storm Water Quality Programs Manager	Y	The City will compete for grant funds when available	Y	$ 9,000,000.00	13.3%	Y	$ 1,322,203.00	$ 58,609,200.00	2.25%	
Calabasas	Environmental Services Mgr	Y	None	Y	$ 3,000,000.00	15.0%	Y	$ 2,700,000.00	$ 22,500,000.00	12.00%	
Bradbury	City Manager	Y	N/A	Y	$ 125,000.00	0.0%	Y	$ 1,465,322.00	$ 810,677.00	180.75%	Bradbury is also in the San Gabriel River
Bell Gardens	PW Manager	Y	Used Oil Funds, Waste Mgmt funds	Y	$ 1,200,000.00	5.0%	Y	$ 1,760,000.00	$ 25,000,000.00	7.04%	This will represent and Extreme financial burden. The City does not have available funding for this project. Mandatory funding will result in the elimination or reduction of vital programs and staff. For example TMDL annual costs represent the City's total community services department budget allocation
Bell	Director of Administrative Services	Y	N/A	Y	500,000 - 1,000,000	4% - 8%	Y	$ 1,834,131.00	$ 13,000,000.00	14.11%	
Arcadia	Management Aide	Y	N/A	N	N/A	N/A	Y	$ 4,100,000.00	$ 45,400,000.00	9.03%	
Alhambra	Deputy Director of Utilities	Y	N/A	Y	N/A	N/A	Y	$ 3,171,750.00	$ 50,897,253.00	6.23%	

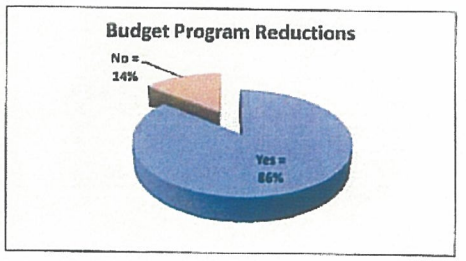
General Fund Deficit Implications

City Name	Budget and Program reductions	Employee Hiring Freeze	# of positions frozen	Employee Furloughs	Employee Layoffs	# Laid Off	Pay Cuts	Other
Alhambra	y							
Arcadia	n							The City has had to make budget and program reductions in order to balance the budget
Bell	y							
Bell Gardens	y							Revenues have decreased approximately 20% - 25%
Bradbury	n							
Calabasas	y	X	N/A					State unfunded mandates are raising the deficit
Carson	y	X	39	Maybe	Maybe		Maybe	Summer Youth Employment Program has been eliminated. All special events, cultural arts and tree trimming programs have been eliminated.I Parks and Rec will reduce services. Possibles include: reducing contract services with LA Sheriff, thus reducing the number of deputies in city, eliminatine one bus route and many other programs and services reductions.
Commerce	y	X	6	N	Maybe		Maybe	City facilities are closed one day per week and increased and new fees have been instituted.
Compton	y							
Duarte	y	X	3		1			One position eliminated
Downey	y	X	25					
Glendale	y	X	100	Maybe				City's Capital Improvement Program has been nearly eliminated; no raises in 2 years, and possible furloughs starting 7/1/2010
Huntington Park	y	X						
Lynwood	y	X	40		X	6	X	Eliminated 40 vacant positions
Los Angeles	y	X	ALL (except Fire/Police)	X	X		X	761 Layoffs expected
Monrovia	y	X	Unknown but 1 in NPDES so far	X	X	9		Police Furloughs; no bonuses, or increases for some groups and general employees contribution to retirement; increased; Golden Handshakes
Monterey Park	y	X	8	X	X	15	X	Early retirement/ Position Elimination
Paramount	y							
South Gate	y				X		X	Pay Cuts implemented 7/1/09
Signal Hill	y	X	n/a				X	reduced capital improvement projects and maintenance
South Pasadena	n							
Yes =	18	9						
no =	3	9	10	15	13	18	14	

Layoffs	
yes	5
no	13
maybe	2







Survey of the Budget Impacts of
Implementation of the Los Angeles River Bacteria TMDL

May 2010

Brief Background and Purpose of the Survey

It has been difficult for Los Angeles River Watershed Cities to quantify the fiscal impacts of TMDLs. This is due in part to the incomplete implementation suggestions provided by the Regional Board. The initial dry-weather implementation cost for this bacteria TMDL were more fully developed by CREST, but were poorly defined. The estimates of the wet-weather cost were considerably larger, but even less well defined.

The following survey information is requested in order to determine the financial impacts of this TMDL. The results could be used to educate the Regional Board, elected officials and key Board staff to the economic and fiscal problems facing the watershed communities.

The survey is simple and will only take a few minutes to complete. We have attached a watershed cost allocation breakdowns, to be used in completing the survey. Please send your completed survey to John Hunter, LARWMC Chair at jhunter@jlha.net or fax (562) 802-2297.

LA River Bacteria TMDL Implementation Survey

City Name _____

Person Completing Survey _____

Position _____

E-Mail Address/Phone Number _____

I. TMDL Funding

a. Will your City be relying on the General Fund to fund the costs associated with implementing the LAR Bacteria TMDL? ☐ Yes ☐ No.

b. If other than General Fund, what other the funding source (s) will you use?

II. General Fund Budget Condition (FY2009-2010)

a. Is your City's General Fund in a deficit position? ☐ Yes ☐ No

b. If Yes, what is the projected amount of the General Fund Deficit? _____

c. If yes, what is the percentage deficit amount? _____%

d. If yes, is the General Fund deficit resulting in any of the following (Please check):

☐ Budget and Program Reductions?
☐ Employee Hiring Freeze? If, so how many position are frozen?____
☐ Employee Furloughs?
☐ Employee Layoffs? If so, how many? _____
☐ Pay cuts?
Other Impacts:_____

III. Projected– LA River Bacteria TMDL Implementation Costs

a. Using the attached charts, what is your City's annual cost for TMDL implementation relying on the Regional Board's costs estimate of $5.4 billion? _____

What is your City's total General Fund Budget for FY2009-2010? $_____

b. Impacts of the TMDL on your City's FY2009-2010 General Fund Budget

GF Budget $_____ divided by TMDL Annual Costs $_____

Percentage Impact to FY2009-2010 GF Budget =

Survey Notes:

CREST LA River Bacteria TMDL Implementation Plan

The City of Los Angeles was concerned about the lack of science and engineering behind the proposed Bacteria TMDL for the Los Angeles River. The City funded the most comprehensive examination of the dry-weather conditions in any urban river and proposed three alternative

solutions (the CREST effort). One of the implementation plans for dry-weather runoff is known as the "Conventional Strategy" or an outfall based bacterial load reduction strategy. The CREST team indentified 280 outfalls in the mainstream of the Los Angeles River and 330 outfalls in the tributaries flowing during the dry-season. The CREST plan assumes that 20% of the dry-weather outfalls into the Los Angeles River and its tributaries would require diversion to the local sewer system or to infiltration areas.

If approved for dry-weather, the Conventional Strategy would divert 56 outfalls in the mainstream over a 30 year period of time. The CREST dry-weather plan would divert 66 outfalls in the tributaries. The CREST team developed a dry-weather cost estimate, assuming that sewer lines would be within 300 feet of the outfalls and that dry-weather flows of 0.15 cfs could be accommodated without sewer upgrades. It was also assumed that utilities and land were readily available. The CREST team relied upon recent project costs to estimate $1.7 million would be necessary per outfall for dry-weather alone.

Cost Estimate of Dry-Weather Compliance

The CREST team then developed the total dry-weather costs of the program over the 30 year period, without inflation and with an inflation factor of 3%.

CREST Estimated Dry-Weather Costs (without inflation) - $588,000,000
CREST Estimated Dry-Weather Costs (with 3% inflation) - $1,112,000,000

Cost Estimates for Wet Weather and Dry-Weather Compliance

The Regional Board staff has included an extrapolated total compliance cost for the LA River Bacteria TMDL of $5.4 billion (See Pages 75-76 of the TMDL staff report), based on a general estimated implementation plan cost for the Bacteria TMDL for the Ballona Creek Watershed.

In order to determine a magnitude for each City of the total LA River Bacteria TMDL costs we developed a watershed funding formula that replicated the adopted LA River Metals TMDL funding formula for the Coordinated Monitoring Plan and the Special Studies currently in use by the watershed cities, Los Angeles County and Caltrans.

EXHIBIT D

LA River Metals TMDL Estimated Copper WER/Lead Recalculation Allocations for 40 Identified Cities, LA County & Caltrans, FY 2010-2011 to FY 2012-2013

EXHIBIT B - Estimated Copper WER/Lead Recalculation Cost Allocations for 40 TMDL Identified Cities, LA County & Caltrans*

City	Watershed Area sq miles	Watershed Area Percentage	FY 2010-1 Apportionment** Base Rate	FY 2010-1 Apportionment** Area	FY 2010-1 Invoice Amount	FY 2011-2 Apportionment** Base Rate	FY 2011-2 Apportionment** Area	FY 2011-2 Invoice Amount	FY 2012-3 Apportionment** Base Rate	FY 2012-3 Apportionment** Area	FY 2012-3 Invoice Amount	Total Estimated Costs per Agreement Term
Alhambra	7.6	1.22583%	$6,017	$11,654	$17,672	$4,316	$8,358	$12,674	$492	$953	$1,445	$31,790.92
Arcadia	10.93	1.76293%	$6,017	$16,761	$22,778	$4,316	$12,021	$16,336	$492	$1,371	$1,863	$40,977.31
Bell	2.74	0.44194%	$6,017	$4,202	$10,219	$4,316	$3,013	$7,329	$492	$344	$836	$18,383.77
Bell Gardens	2.48	0.40001%	$6,017	$3,803	$9,820	$4,316	$2,728	$7,043	$492	$311	$803	$17,666.51
Bradbury	1.4	0.22581%	$6,017	$2,147	$8,164	$4,316	$1,540	$5,855	$492	$176	$668	$14,687.14
Burbank	17.35	2.79843%	$6,017	$26,606	$32,623	$4,316	$19,082	$23,397	$492	$2,176	$2,668	$58,687.99
Caltrans	11.24	1.81293%	$6,017	$17,236	$23,253	$4,316	$12,362	$16,677	$492	$1,410	$1,902	$41,832.50
Calabasas	5.58	0.90001%	$6,017	$8,557	$14,574	$4,316	$6,137	$10,453	$492	$700	$1,192	$26,218.40
Carson	0.88	0.14194%	$6,017	$1,349	$7,367	$4,316	$968	$5,283	$492	$110	$602	$13,252.63
Commerce	6.56	1.05808%	$6,017	$10,059	$16,077	$4,316	$7,215	$11,530	$492	$823	$1,315	$28,921.90
Compton	8.6	1.38712%	$6,017	$13,188	$19,205	$4,316	$9,458	$13,774	$492	$1,079	$1,571	$34,549.60
Cudahy	1.12	0.18065%	$6,017	$1,717	$7,735	$4,316	$1,232	$5,547	$492	$140	$633	$13,914.71
Downey	5.66	0.91292%	$6,017	$8,679	$14,697	$4,316	$6,225	$10,540	$492	$710	$1,202	$26,439.09
Duarte	2.3	0.37097%	$6,017	$3,527	$9,544	$4,316	$2,530	$6,845	$492	$288	$781	$17,169.95
El Monte	6.97	1.12421%	$6,017	$10,688	$16,705	$4,316	$7,666	$11,981	$492	$874	$1,366	$30,052.96
Glendale	30.62	4.93879%	$6,017	$46,955	$52,972	$4,316	$33,676	$37,992	$492	$3,840	$4,332	$95,295.60
Hidden Hills	1.57	0.25323%	$6,017	$2,408	$8,425	$4,316	$1,727	$6,042	$492	$197	$689	$15,156.12
Huntington Park	3.03	0.48872%	$6,017	$4,646	$10,664	$4,316	$3,332	$7,648	$492	$380	$872	$19,183.78
Irwindale	1.89	0.30484%	$6,017	$2,898	$8,916	$4,316	$2,079	$6,394	$492	$237	$729	$16,038.89
La Canada Flintridge	8.57	1.38228%	$6,017	$13,142	$19,159	$4,316	$9,425	$13,741	$492	$1,075	$1,567	$34,466.84
Long Beach	16.66	2.68714%	$6,017	$25,547	$31,565	$4,316	$18,323	$22,638	$492	$2,089	$2,581	$56,784.51
Los Angeles	281.44	45.39428%	***	***	***	$4,316	$135,722	$140,038	$492	$35,296	$35,788	$175,826.06
Lynwood	4.85	0.78227%	$6,017	$7,437	$13,455	$4,316	$5,334	$9,650	$492	$608	$1,100	$24,204.57
Maywood	1.18	0.19033%	$6,017	$1,809	$7,827	$4,316	$1,298	$5,613	$492	$148	$640	$14,080.24
Monrovia	10.34	1.66777%	$6,017	$15,856	$21,873	$4,316	$11,372	$15,688	$492	$1,297	$1,789	$39,349.69
Montebello	8.36	1.34841%	$6,017	$12,820	$18,837	$4,316	$9,194	$13,510	$492	$1,048	$1,541	$33,887.51
Monterey Park	7.66	1.23550%	$6,017	$11,746	$17,764	$4,316	$8,424	$12,740	$492	$961	$1,453	$31,956.44
Paramount	4.34	0.70001%	$6,017	$6,655	$12,672	$4,316	$4,773	$9,089	$492	$544	$1,036	$22,797.65
Pasadena	22.7	3.66135%	$6,017	$34,810	$40,827	$4,316	$24,966	$29,281	$492	$2,847	$3,339	$73,446.90
Pico Rivera	3.12	0.50323%	$6,017	$4,784	$10,802	$4,316	$3,431	$7,747	$492	$391	$883	$19,432.06
Rosemead	5.14	0.82905%	$6,017	$7,882	$13,899	$4,316	$5,653	$9,969	$492	$645	$1,137	$25,004.58
San Fernando	2.41	0.38872%	$6,017	$3,696	$9,713	$4,316	$2,651	$6,966	$492	$302	$794	$17,473.40
San Gabriel	4.12	0.66453%	$6,017	$6,318	$12,335	$4,316	$4,531	$8,847	$492	$517	$1,009	$22,190.74
San Marino	3.76	0.60646%	$6,017	$5,766	$11,783	$4,316	$4,135	$8,451	$492	$472	$964	$21,197.61
Sierra Madre	2.99	0.48227%	$6,017	$4,585	$10,602	$4,316	$3,288	$7,604	$492	$375	$867	$19,073.44
Signal Hill	1.13	0.18226%	$6,017	$1,733	$7,750	$4,316	$1,243	$5,558	$492	$142	$634	$13,942.30
South El Monte	2.09	0.33710%	$6,017	$3,205	$9,222	$4,316	$2,299	$6,614	$492	$262	$754	$16,590.63
South Gate	7.48	1.20647%	$6,017	$11,470	$17,488	$4,316	$8,227	$12,542	$492	$938	$1,430	$31,459.88
South Pasadena	3.43	0.55323%	$6,017	$5,260	$11,277	$4,316	$3,772	$8,088	$492	$430	$922	$20,287.25
Temple City	4.01	0.64678%	$6,017	$6,149	$12,166	$4,316	$4,410	$8,726	$492	$503	$995	$21,887.28
Vernon	5.08	0.81937%	$6,017	$7,790	$13,807	$4,316	$5,587	$9,903	$492	$637	$1,129	$24,839.06
LA County Unincorp.	80.61	13.00182%	$6,017	$123,612	$129,629	$4,316	$88,655	$92,971	$492	$10,109	$10,602	$233,201.71
Total	619.99	100.0000%	$246,708	$519,153	$765,861	$181,256	$508,060	$689,316	$20,669	$77,754	$98,423	$1,553,600.00

WER Development =	$611,400.00
Estimated Study Cost=	$2,165,000.00

* Based on total costs of $2,165,000, which includes administrative, management, and oversight, but and no CPI adjustment.

** 21% and 79% of allocation from base and area apportionments respectively.

*** City of Los Angeles is credited $437,594 in the first year and $173,806 in the second year, in repayment of $611,400 WER Development costs..

EXHIBIT E
LA River Bacteria TMDL Implementation Plan Watershed Cost Estimates,
May 11, 2010

LAR Bacteria TMDL Implementation Plan Watershed [2] Cost Estimate May 11, 2010			
City	Watershed Area sq miles	Percentage	Estimated Annual Costs for 25 Year Implementation Period [1] $216,000,000
Alhambra	7.60	1.22583%	$3,171,750
Arcadia	10.93	1.76293%	$4,088,267
Bell	2.74	0.44194%	$1,834,131
Bell Gardens	2.48	0.40001%	$1,762,571
Bradbury	1.40	0.22581%	$1,465,322
Burbank	17.35	2.79843%	$5,855,245
Caltrans	11.24	1.81293%	$4,173,588
Calabasas	5.58	0.90001%	$2,615,785
Carson	0.88	0.14194%	$1,322,203
Commerce	6.56	1.05808%	$2,885,510
Compton	8.60	1.38712%	$3,446,980
Cudahy	1.12	0.18065%	$1,388,258
Downey	5.66	0.91292%	$2,637,803
Duarte	2.30	0.37097%	$1,713,030
El Monte	6.97	1.12421%	$2,998,355
Glendale	30.62	4.93879%	$9,507,550
Hidden Hills	1.57	0.25323%	$1,512,111
Huntington Park	3.03	0.48872%	$1,913,948
Irwindale	1.89	0.30484%	$1,600,185
La Canada Flintridge	8.57	1.38228%	$3,438,723
Long Beach	16.66	2.68714%	$5,665,336
Los Angeles	281.44	45.39428%	$78,540,800
Lynwood	4.85	0.78227%	$2,414,867
Maywood	1.18	0.19033%	$1,404,772
Monrovia	10.34	1.66777%	$3,925,881
Montebello	8.36	1.34841%	$3,380,925
Monterey Park	7.66	1.23550%	$3,188,264
Paramount	4.34	0.70001%	$2,274,499
Pasadena	22.70	3.66135%	$7,327,727
Pico Rivera	3.12	0.50323%	$1,938,718
Rosemead	5.14	0.82905%	$2,494,683
San Fernando	2.41	0.38872%	$1,743,305
San Gabriel	4.12	0.66453%	$2,213,949
San Marino	3.76	0.60646%	$2,114,866
Sierra Madre	2.99	0.48227%	$1,902,938
Signal Hill	1.13	0.18226%	$1,391,010
South El Monte	2.09	0.33710%	$1,655,231
South Gate	7.48	1.20647%	$3,138,722
South Pasadena	3.43	0.55323%	$2,024,040
Temple City	4.01	0.64678%	$2,183,673
Vernon	5.08	0.81937%	$2,478,170
LA County Unincorp.	80.61	13.00182%	$23,266,310
Total	619.99	100.0000%	$216,000,000

[1] Draft LAR MTMDL Staff Report page 76. $5.4 Billion over 25 years. No inflation/bond/construction cost adjustment

[2] Assumes Shared Watershed Costs Allocated 21% base and 79% area. Other IP options could dramatically change

Exhibit D

EXHIBIT F

Estimated Population of the 88 Cities in the County of Los Angeles

Chief Executive Office

County of Los Angeles

January 2010

California Department of Finance Estimates

Enriching Lives
lacounty.gov

Total Population
County of Los Angeles
10,441,080

Total Population
Unincorporated Areas
County of Los Angeles
1,095,276

Los Angeles County makes up about 27 percent of the state's population.

Estimated Population of the 88 Cities in the County of Los Angeles

Cities	Population	Cities	Population
Agoura Hills	23,387	Lancaster	145,875
Alhambra	89,501	Lawndale	33,641
Arcadia	56,719	Lomita	21,015
Artesia	17,608	Long Beach	494,709
Avalon	3,559	Los Angeles	4,094,764
Azusa	49,207	Lynwood	73,295
Baldwin Park	81,604	Malibu	13,765
Bell	38,867	Manhattan Beach	36,773
Bellflower	77,312	Maywood	30,034
Bell Gardens	47,002	Monrovia	39,984
Beverly Hills	36,224	Montebello	65,781
Bradbury	963	Monterey Park	65,027
Burbank	108,469	Norwalk	109,817
Calabasas	23,788	Palmdale	152,622
Carson	98,047	Palos Verdes Estates	14,085
Cerritos	54,946	Paramount	57,989
Claremont	37,608	Pasadena	151,576
Commerce	13,581	Pico Rivera	66,967
Compton	99,769	Pomona	163,683
Covina	49,622	Rancho Palos Verdes	42,893
Cudahy	26,029	Redondo Beach	68,105
Culver City	40,722	Rolling Hills	1,974
Diamond Bar	61,019	Rolling Hills Estates	8,157
Downey	113,715	Rosemead	57,756
Duarte	23,124	San Dimas	36,946
El Monte	126,464	San Fernando	25,366
El Segundo	17,049	San Gabriel	42,984
Gardena	61,927	San Marino	13,415
Glendale	207,902	Santa Clarita	177,641
Glendora	52,830	Santa Fe Springs	17,929
Hawaiian Gardens	15,884	Santa Monica	92,703
Hawthorne	90,145	Sierra Madre	11,099
Hermosa Beach	19,599	Signal Hill	11,465
Hidden Hills	2,025	South El Monte	22,627
Huntington Park	64,219	South Gate	101,914
Industry	803	South Pasadena	25,881
Inglewood	119,053	Temple City	35,892
Irwindale	1,717	Torrance	149,717
La Canada Flintridge	21,261	Vernon	96
La Habra Heights	6,161	Walnut	32,659
La Mirada	50,015	West Covina	112,890
La Puente	43,355	West Hollywood	37,805
La Verne	34,051	Westlake Village	8,872
Lakewood	83,636	Whittier	87,128

Public Affairs, Chief Executive Office
County of Los Angeles
Room 358, Kenneth Hahn Hall of Administration
Phone (213) 974-1311
REV. 5/10 lc

Source: California Department of Finance, January 2010

EXHIBIT G
Review of Newspaper Articles
Local, California, and National Economy
Los Angeles River Bacteria TMDL
April – June 2010

Review of Newspaper Articles
Local, California and National Economy
Los Angeles River Bacteria TMDL
April - June 2010

"Monrovia considering job cuts to close deficit" Pasadena Star News, June 2, 2010

"A projected $1.1 million budget deficit for the coming fiscal year could force the city to eliminate eight jobs, officials said Tuesday. Monrovia cut 22 jobs last year to close an even larger deficit of $2.6 million. If the City Council approves a package of proposed cost-cutting measures next month, its work force will have dwindled by 11 percent since last July, City Manager Scott Ochoa, said."

"Mayor Mary Ann Lutz said the only way for Monrovia to save money is though job cuts. "We can't cut anything else," she said. "We're at a point where we're already at bare minimum... Ochoa said bleak economic conditions continue to limit Monrovia's income. Sales tax revenue had dropped by about $2 million or 25 percent, over the last three years, he said."

"Consumer spending stalled in April, U.S figure show" Los Angeles Times, May 30, 2010

"The flat level for consumer spending was the weakest showing in seven months according to the Commerce Department report. Personal income rose 0.4% in line with expectations but not fast enough to help generate real growth...Nigel Gault, an economist at IHS Global Insight, said employment would be key to supporting income growth in the coming months."

"The April job report showed 15.3 million people remained out of work. Economists say it will take at least five years for the economy to regain the nearly 8 million jobs wiped out during the recession. In the meantime, more people are holding on to their money. The saving rate rose 3.8% in April...Consumer spending is closely watched because it accounts for 70% of total U.S. economic activity. The unchanged level of spending came after a 0.6% rise in March. It was also flat despite a 0.4% rise in April retail sales"

"U.S. Jobless Rate Edges Up Despite Declines in 34 States" Wall Street Journal, May 22, 2010

"The jobless rate in 34 states and Washington D.C. fell in April compared with the prior month, even as the nationwide rate ticked up to 9.9%, the Labor Department said Friday...Nevada, California and Rhode Island were also among the states with the highest unemployment rates...

While the latest state data confirm that the labor market is improving across a broad swath of the country, there is still a long way to go before employment returns to prerecession levels."

"L.A. council approved plan to cut city services, 761 job" Los Angeles Times, May 18, 2010

"A divided Los Angeles City Council voted Monday to move ahead with plans to eliminate 761 positions while continuing to seek concession from the unions that represented thousands of city employees. On an 11-4 vote, the council pressed forward with an array of cuts, eliminating dozens of child-care positions, reducing library hours and drastically scaling back the number trees that will be trimmed."

Burbank, Glendale and Pasadena may join forces to save money" Los Angeles Times, May 18, 2010

"Faced with multimillion dollar budget deficits brought on be declining revenues and escalating employee costs, Burbank, Glendale and Pasadena are considering consolidating a wide range of services and programs to save money... Burbank officials have proposed freezing vacant positions, cutting public services and raising some services rates to close a projected $5.8 million budget gap for fiscal 2010-2011. Officials there have grappled with budget reductions in six of the last eight years as revenues continue to lag behind the rising costs of salaries and benefits. Revenue from sales tax has also fallen the last two years. Compounding the headache, the state recently took $16 million from the Burbank Redevelopment Agency and may take $3 million more next year."

"In Glendale, officials are looking for $3 million in employee salary and benefit concessions as part of a strategy to deal with a projected budget $8.1 million budget deficit. The upcoming budget represents the third consecutive year that city leaders have had to plug a significant shortfall".

"An in Pasadena, officials are anticipating a $5.7 million gap, which could prolong a hiring freeze and furloughs and possibly lead to layoffs. "

"Montebello's budget crisis getting worse" Los Angeles Wave, May 14, 2010

"Residents had the opportunity to attend a special City Council meeting Saturday where they learned more about the economic crisis the city currently faces. While most residents were

aware that the city was in trouble financially and faces a tough road ahead, the depth of the situation was made even more dire when interim City Administrator Randy Narramore informed the audience that the current budget shortfall is $4 million, $1 million more than previously estimated."

"According to Narramore, the city has already taken corrective action including laying off 26 employees, seven retirements, 10-hour per month general employee furlough, a reorganization of the police department, contract reductions and fire department management agreement... However, much more must be done and quickly, according to Narramore. "While I have take a number of corrective steps which will held with the budget situation, these actions are not nearly enough to fix the problem," Narramore said. "Additional major decisions must be made in the immediate future."

"Option put on the table for discussion include a 10 percent across the board reduction in salaries, exploring the possibility of selling city assets, a utility user fee for public safety, further reductions in the workforce, a reduction in city services, an adjustment of city fees, adoption of a facility usage/rental fee policy and more economic development projects."

"Budget fear rises as tax flow drops. Revenue plunges as budget deadline nears" Los Angeles Times, May 4, 2010

"The State got 30% less than it expected last month leaving a tough choice for lawmakers. State tax collections plummeted unexpectedly in April, wiping out months of steady gains that legislators hoped would ease their budget troubles and restore California's economy faster than experts predicted. Revenue for April, the biggest revenue month because it is when most Californians pay their taxes, lagged projections by nearly 30% - roughly $3 billion, according to state officials."

"It's hard to imagine how we're going to balance the budget without doing more severe damage to the economy," said Sen. Denise Moreno Ducheny (D-San Diego), who chairs the Senate's budget committee."

"Folks were starting to be pretty optimistic that we were going to be able to bounce our way back from a big chunk of the problem, "said Michael Cohen, a deputy in the state's non-partisan Legislative Analyst's Office. He said that the state's economy, though on the mend, has been sending "all sorts of mixed messages." Corporations announced higher profits, but the state's stubborn unemployment rate reached a new high in March of 12.6%. Without jobs, Californians are now paying few taxes and buying few goods, which depresses sales taxes."

"Slide continues. Labor statistics show job losses have grip on area." Pasadena Star-News. April 27, 2010

"In March the state's jobless rate hit a post-Great Depression high of 12.6 percent, up from 12.5 percent the previous month and well above the year-ago rate of 10.6%. On Monday, the bureau reported that 150,800 nonfarm payroll jobs were lost between March of last year and March of 2010 in the Los Angeles-Long Beach – Santa Ana Metropolitan area, which encompasses Los Angeles and Orange counties."

"I think that we're looking at gradual declines in unemployment but it'll still be high," said Nancy D. Sidhu, chief economist with the Los Angeles County Economic Development Corp. "It's going to stay in double digits this year and probably next year."

"Cities wait for their bailout. Hard times may get even harder for municipalities" Los Angeles Times, April 25, 2010

"Cities – while facing increased demands for services – have seen their tax revenues continue to decline because of persistent high unemployment, home foreclosures and reduced state aid. Municipal finances are not expected to bottom out until next year, according to the analysts at the National League of Cities."

" Even in a recovering economy, there is often a lag before heavily property-tax-dependent cities fell the full effect of lower property values. "

"Bailout fatigue and Washington's own budget problems are formidable challenges. "Everybody as every level has to understand we need to tighten up a little bit – or maybe a lot," said Republican Rep. Howard P. "Buck" McKeon, a former Santa Clarita mayor."

"University of Pacific forecasts a slow state recovery due to job losses" Sacramento Bee, April 23, 2010

"How does a "slow five-year recovery" sound?"

"That's what's in store for much of California, according to an economic forecast to be released today by the University of the Pacific."

"Although job growth has resumed in much of the state in the past few months, it hasn't put much of a dent in the unemployment rolls. The state has lost so many jobs – about 1.4 million – that it will take until 2014 to return payrolls to their 2007, pre-recession levels."

Monrovia considering job cuts to close deficit

By **Nathan McIntire** Staff Writer

MONROVIA — A projected $1.1 million budget deficit for the coming fiscal year could force the city to eliminate eight jobs, officials said Tuesday.

Monrovia cut 22 jobs last year to close an even larger deficit of $2.6 million. If the City Council approves a package of proposed cost-cutting measures next month, its work force will have dwindled by 11 percent since last July, City Manager Scott Ochoa said.

Mayor Mary Ann Lutz said the only way for Monrovia to save money is through job cuts.

"We can't cut anything else," she said. "We're at a point where we're already at bare minimum."

The jobs will be eliminated through a combination of early retirement incentives and attrition. No layoffs will be necessary.

Ochoa said bleak economic conditions

BUDGET A5

BUDGET

From A1

continue to limit Monrovia's income. Sales tax revenue has dropped by about $2 million, or 25 percent, over the last three years, he said.

Most of the proposed job cuts focus on managerial positions, including the directors of the human resources and community development departments.

The position of deputy city manager, held by city spokesman Dick Singer, also will be eliminated.

Singer, who makes about $111,000 in salary, said he supports the move and had planned to retire soon anyway.

"It's a necessary move," he said. "Obviously we don't have the money to continue as we're doing."

The city must pay out about $575,000 in pension incentives to eliminate the jobs. Monrovia would save about $550,000 this fiscal year and about $740,000 annually once the plan has been enacted, Ochoa said.

Additional money needed to fill the budget gap will come from a reduction in overtime pay for non-public safety employees and by putting off replacement of city-owned cars and trucks.

Monrovia also will contribute $200,000 to its $4.8 million in reserves instead of the planned $400,000.

"We won't be putting as much money away, but we're not taking any out," Ochoa said.

Lutz conceded that the job losses will lead to a noticeable reduction in city services.

She said many services — from landscaping of city property to fixing potholes — will take much longer to be completed.

Pasadena Star News 6-2-10



SPENCER PLATT Getty Images

NOT STOPPING: Pedestrians pass by Tiffany & Co. in New York. Consumer spending is closely watched because it accounts for 70% of U.S. economic activity.

Consumer spending stalled in April, U.S. figures show

Report is the weakest in seven months. Incomes inch up amid sluggish job growth.

ASSOCIATED PRESS

Consumers don't appear confident enough in the economy to open their wallets more freely.

Their spending stalled in April, government figures show. Without stronger job creation and higher pay, people are less likely to increase their spending in the months ahead and invigorate the recovery.

The flat level for consumer spending was the weakest showing in seven months, according to a Commerce Department report. Personal incomes rose 0.4%, in line with expectations but not fast enough to help generate real growth.

Falling gasoline prices and cheaper utility bills could make people feel better about spending more over the summer. So could historically low mortgage rates, which would lead more people to refinance and leave them with more disposable income.

But Nigel Gault, an economist at IHS Global Insight, said employment would be key to supporting income growth in coming months.

"The consumer needs sustainable income support, so employment reports including next Friday's will be key signals of just how robust consumption will be over the rest of 2010," Gault said.

Economists are looking for 503,000 jobs to be added in May, an improvement from April's 290,000 increase, which was the biggest one-month rise in four years.

The May surge is expected to include a sizable number of temporary census workers hired by the government.

Still, the April jobs report showed that 15.3 million people remained out of work. Economists say it will take at least five years for the economy to regain the nearly 8 million jobs wiped out during the recession.

In the meantime, more people are holding on to their money. The savings rate rose 3.6% in April.

People are feeling a need to rebuild savings and reduce their debt loads, and this will dampen consumer spending in coming months, said Sal Guatieri, an economist at BMO Capital Markets. But this will be offset somewhat by rising employment gains.

"Although consumers stalled in April, earlier strength and improving labor markets suggest they are merely down and not out," Guatieri said.

Consumer spending is closely watched because it accounts for 70% of total U.S. economic activity.

The unchanged level of spending came after a 0.6% rise in March. It also was flat despite a 0.4% rise in April retail sales.

An early Easter holiday this year and attractive incentives offered by automakers contributed to the March increase.

U.S. Jobless Rate Edges Up Despite Declines in 34 States

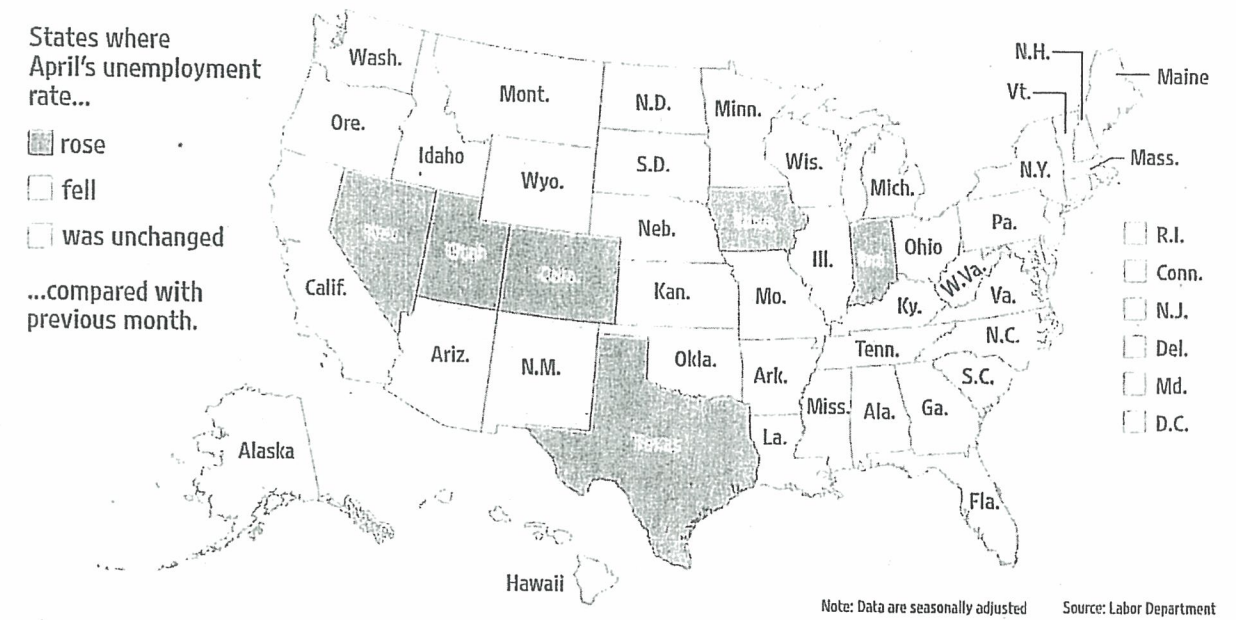
By Sara Murray

The jobless rate in 34 states and Washington, D.C., fell in April compared with the prior month, even as the nationwide unemployment rate ticked up to 9.9%, the Labor Department said Friday. Meanwhile, six states saw unemployment rate increases, while the rate was unchanged in 10 others.

Michigan's jobless rate, at 14%, was the highest in the U.S., though it nudged down a tenth of a percentage point from a month earlier. Nevada, California and Rhode Island were also among the states with the highest unemployment rates. At the other end of the spectrum, North Dakota and South Dakota had the lowest rates at 3.8% and 4.7%, respectively.

Even more states tracked gains in payrolls in April. Nonfarm payrolls increased in 38 states as well as Washington, D.C., while they dropped in 12 states from the month before. Ohio added the largest number of jobs, 37,300, followed by Pennsylvania with 34,000 new jobs and New York with 32,700. The biggest decreases in employment occurred in Maine, Rhode Island and Colorado.

While the latest state data confirm that the labor market is improving across a broad swath of the country, there is still a long way to go before employment returns to prerecession levels. The vast majority of states—38 of them—as well as Washington, D.C., still have higher unemployment rates this April than they did a year earlier.



Note: Data are seasonally adjusted Source: Labor Department

Los Angeles Times, May 18, 2010

L.A. council approves plan to cut city services, 761 jobs

Tree trimming and library hours will be reduced. Fees rise for pets and parking fines.

DAVID ZAHNISER AND PHIL WILLON

A divided Los Angeles City Council voted Monday to move ahead with plans to eliminate 761 positions while continuing to seek concessions from the unions that represent thousands of city employees.

On an 11-4 vote, the council pressed forward with an array of cuts, eliminating dozens of child-care positions, reducing library hours and drastically scaling back the number of trees that will be trimmed.

The job cuts are scheduled to go into effect in the fiscal year that starts July 1. The council also approved between 16 and 26 furlough days over the next year for certain civilian employees.

The four who opposed the cuts were council members Richard Alarcon, Jose Huizar, Janice Hahn and Herb Wesson. Alarcon said he would continue pushing to avoid layoffs by searching for other money, such as $20 million from the Department of Water and Power.

Over the course of a 10-hour meeting, the council rejected a last-minute request from Mayor Antonio Villaraigosa to delay a vote while the city's budget team continues to negotiate with the Coalition of L.A. City Unions, which represents 22,000 public employees. That request baffled some council members, who thought that the mayor had been seeking to trim the workforce.

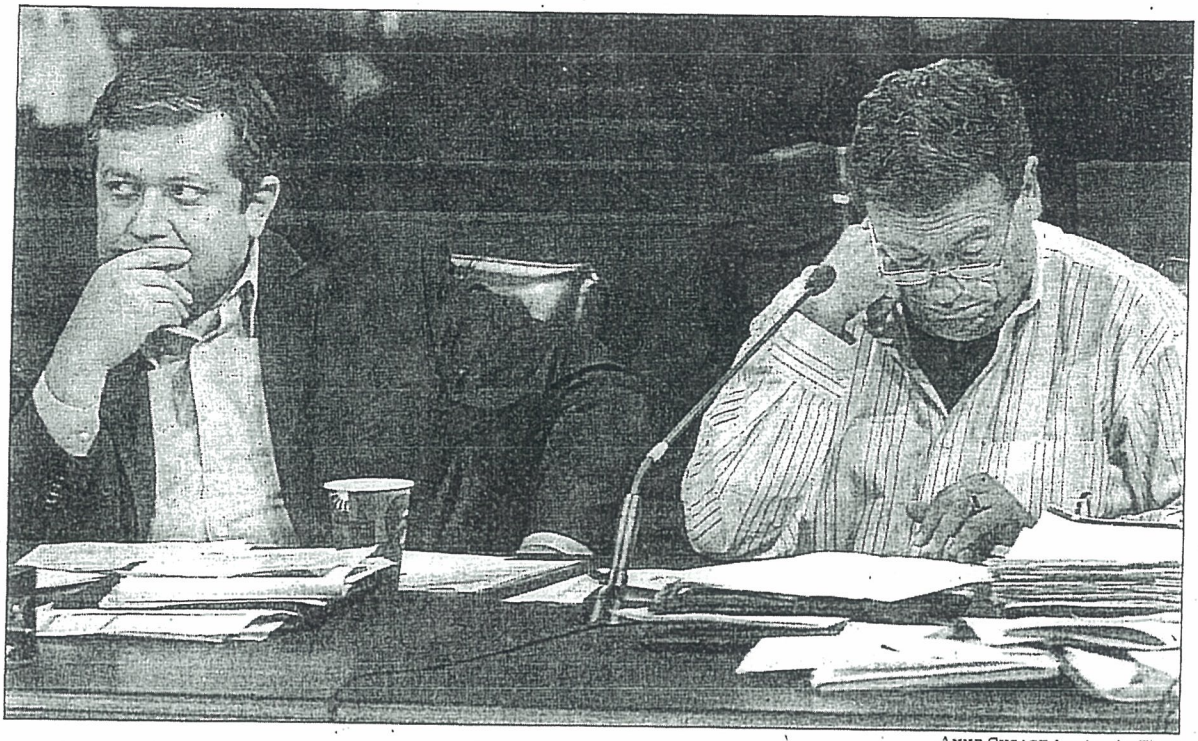
"I can't understand what mayor we're talking to sometimes," said Councilman Greig Smith. "One day he says, 'Let's do it.' The next day he says, 'Let's not do it.'"

Garcetti said the vote would help Villaraigosa with his negotiations. "We saw last year that when we all delayed, we paid the price," he added.

Although the council brushed aside the mayor's request, Villaraigosa's deputy chief of staff, Matt Szabo, predicted that the mayor and the council would "end up at the same place."

"He is going to work as

[See Cuts, AA5]



ANNE CUSACK Los Angeles Times

DELIBERATIONS: City Administrative Officer Miguel Santana, left, and Chief Legislative Analyst Gerry Miller listen as the L.A. City Council votes on budget motions. Lawmakers moved ahead with an array of cuts.

Union concessions sought

[**Cuts,** from AA1]
hard as he can between now and July with our partners in labor to try to achieve those concessions to reduce the number of layoffs," he said. The city is seeking increased contributions to healthcare and retirement benefits from union employees.

Opponents of the cuts tried to circumvent the vote by adjourning the meeting ahead of schedule. That proposal failed on a 9-6 vote. Alarcon, Huizar, Hahn, Wesson and council members Paul Koretz and Paul Krekorian voted in favor of adjournment.

The city's employee unions tried unsuccessfully to secure passage of an alternative budget backed by Wesson, which called for zero layoffs and furloughs.

"We always knew it would be difficult" to obtain the votes, said Bob Schoonover, president of Service Employees International Union, Local 721.

Although Wesson's proposal went down to defeat, the council backed his suggestion that a tax on billboards be placed on the November ballot. That initiative passed unanimously.

The $6.7-billion budget was approved on a 13-1 vote, with Alarcon opposed. As part of that fiscal plan, the council backed away from some of the planned reductions. It rejected closing an animal shelter in the San Fernando Valley, and it preserved $1.3 million that was scheduled for elimination from the mayor's anti-gang program.

Councilman Tony Cardenas found money to pay for those two programs by submitting a plan to increase the cost of parking tickets by $5. Parking tickets currently range from $45 to $80.

The Coalition of L.A. City Unions had spent the past month lobbying against job cuts, warning that such a move would prove costly because it would trigger a package of raises for those workers who remain. In exchange for getting the union to put off pay hikes last year, city negotiators agreed to grant $32.3 million in raises if any of its members were laid off next year.

The plan for balancing the budget produced deep divisions among the council's 15 members.

The budget hawks who have pushed most aggressively for cuts were council members Bernard C. Parks, Smith, Jan Perry and Dennis Zine. At the other end of the fiscal spectrum were Koretz, Alarcon, Hahn and Huizar.

Villaraigosa and the council have already agreed to reduce the size of the city's payroll by giving early-retirement to 2,400 workers, laying off 100 employees and transferring more than 300 workers to agencies unaffected by the budget crisis.

The council also backed a series of fee hikes, including an additional $5 for animal licenses and $15 for late parking fines.

Monday's budget votes left the vast majority of Villaraigosa's budget intact. Untouched was his plan to continue hiring enough officers at the Los Angeles Police Department to replace those who resign or retire.

The council decided to rely, at least tentatively, on his plan for deriving tens of millions from a plan to lease 10 public parking garages. Although Villaraigosa pinned his hopes on generating $53 million for the budget from that initiative, the money would not arrive until Oct. 1 at the earliest.

If that money does not materialize, the council would need to reduce the payroll by an additional 1,000 positions, officials said.

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Los Angeles Times, May 18, 2010

Burbank, Glendale and Pasadena may join forces to save money

Cities may share some police and technology services and jointly purchase supplies.

CHRISTOPHER CADELAGO

Faced with multimillion-dollar budget deficits brought on by declining revenues and escalating employee costs, Burbank, Glendale and Pasadena are considering consolidating a wide range of services and programs to save money.

Early discussions have focused on joint police dispatches, technology services and joining together to buy supplies from paper clips to brake pads. Long-term ideas include a bus service linking the three cities.

The goal is to pull inspiration out of desperation, officials said, as they try to weather the recession.

The ideas are in their infancy, but officials stress that they won't be easy because regionalizing services probably will lead to staff reductions.

"I think we have tremendous relationships with Burbank and Pasadena and in the past we've had a number of areas where we've cooperated effectively," Glendale City Manager Jim Starbird said. "There can be more areas, though. And in these times of budget pressure, there is enough critical mass to get over some of the organizational resistance that might arise."

Though each city faces unique budget challenges, the common thread is a gaping shortfall that must be filled by the start of the new fiscal year July 1.

Burbank officials have proposed freezing vacant positions, cutting public services and raising some service rates to close a projected $5.8-million budget gap for fiscal 2010-2011.

Officials there have grappled with budget reductions in six of the last eight years as revenues continue to lag behind the rising cost of salaries and benefits. Revenue from sales tax has also fallen over the last two years.

Compounding the headache, the state recently took $16 million from the Burbank Redevelopment Agency, and may take $3 million more next year.

In Glendale, officials are looking for $3 million in employee salary and benefit concessions as part of a strategy to deal with a projected $8.1-million deficit. The upcoming budget represents the third consecutive year that city leaders have had to plug a significant shortfall.

Glendale's Redevelopment Agency was forced to turn over $11 million to the state this week, and may have to give up $2 million more.

And in Pasadena, officials are anticipating a $5.7-million gap, which could prolong a hiring freeze and furloughs and possibly lead to layoffs.

Pasadena's loss of redevelopment funds over the two-year period is about $12 million, in effect cutting reserves in half, officials said.

"In times like this, when you're really pressed to the wall, it's either look for these kinds of economies or frankly watching your service levels continue to diminish," Starbird said.

"You have to look at the impacts on labor, budget savings, service levels, and then look at the amount of brain damage you have to go through to actually pull this off," said Burbank City Manager Mike Flad. "When you are dealing with 80% of your budget being labor, efficiency means less people."

The cities plan to start by examining consolidation of services for maintenance and animal shelters, and purchasing supplies such as chain saws and bullets.

"I think we're just all looking for the new normal," said Julie Gutierrez, Pasadena's assistant city manager. "And that really has to do with us looking at using more regional programs and services, and transportation really lends itself to that."

The three cities already work together as stakeholders in Bob Hope Airport. They also share a stake in the Magnolia Power Project in Burbank, adding to annual savings accrued through membership in the Southern California Public Power Authority.

Despite the possible economic benefits of consolidation, city officials acknowledged that they could face some opposition in their respective constituencies.

"Each of us have different commitments to the quality of service depending on the quality of service we're providing," Flad said. "For instance, Burbank might have higher standards for quality of service at its animal shelter, or vice versa."

In Pasadena, libraries are partially funded by a parcel tax, so it has more money per capita and a higher expectation for library service.

"The cities that have a higher level of service in a given area may not want to see that degraded, even if it means saving money," Flad said.

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Los Angeles Wave

Print this article

Montebello's budget crisis getting worse

Originally printed at http://www.wavenewspapers.com/news/local/east-edition/02436794.html

MONTEBELLO — Residents had the opportunity to attend a special City Council meeting Saturday where they learned more about the economic crisis the city currently faces. While most residents were aware that the city was in trouble financially and faces a tough road ahead, the depth of the situation was made even more dire when interim City Administrator Randy Narramore informed the audience that the current budget shortfall is $4 million, $1 million more than previously estimated.

According to Mayor Bill Molinari the current crisis is a combination of many factors including a decline in sales tax revenue, which he estimated as being down 25 percent, and state funds earmarked for the city being confiscated at the state level due to the state's own budget shortfall.

Other factors include the decline in revenue from red light cameras, fees associated with police workers' compensation cases, police and fire department overtime and an increase of 6.5 percent in the Public Employee Retirement System.

New City Councilwoman Christina Cortez said she was "shocked by the numbers being presented" and wanted to know on who's watch did the city go astray.

City Councilman Frank Gomez said the city needs to look both long and short term for solutions and "everyone is going to hurt a little bit" as we try and fix the situation. He asked if the city had been mismanaged the past 25 years.

According to Narramore, the city has already taken corrective action including laying off 26 city employees, seven retirements, a 10-hour per month general employee furlough, a reorganization of the police department, contract reductions and a fire department management agreement.

"I want to thank the fire management group for working with us and their agreement to pay 9 percent of their [retirement] fees and relinquish reimbursement for meals and gym fees," he said.

However, much more must be done and quickly, according to Narramore. "While I have taken a number of corrective steps which will help with the budget situation, these actions are not nearly enough to fix the problem," Narramore said. "Additional major decisions must be made in the immediate future."

Options put on the table for discussion included a 10 percent across the board reduction in salaries, exploring the possibility of selling city assets, a utility user fee for public safety, further reductions in the workforce, a reduction in city services, an adjustment of city fees, adoption of a facility usage/rental fee policy and more economic development projects.

City Councilman Art Barajas said the city must bring in new business as a source of revenue. He also wanted to look at overtime issues and renegotiation of the Quiet Cannon contract, among others.

In terms of economic development, Narramore said an Olive Garden restaurant would be opening in the fall and plans for a new market are under way, along with other potential revenue-generating projects.

"While I am very excited about possible economic development opportunities the city of Montebello has, these projects take time and the financial benefits we will receive will not be in the immediate future," Narramore said.

Molinari said he would like to see the establishment of an advisory committee made of local business members.

He concluded the meeting by telling residents that we are not on a "sinking ship" and if we all row together, Montebello will emerge as strong and vital as ever.

"Marketing Montebello is a top priority," he said. "We are a city with great potential."

"I will continue to keep the City Council abreast of the city's financial situation and as well as continue to bring forward outstanding opportunities for them to consider," Narramore said.

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California Finances Looking Up, But Budget Gaps Likely for Years

By Stu Woo

For the first time since the economy crumpled, there are signs that California's finances are beginning to recover.

California's budget, racked by the crash of the financial and housing markets, will likely remain in the red for several years. But the state's tax revenue, spurred by a rise in exports, beat projections for the fourth consecutive month in March, the state controller reported this month. Year-to-date revenue is ahead of estimates by $2.3 billion, or 4.1%. Revenue collections are running 2% above last year for the same period.

A raft of Silicon Valley companies in recent weeks have announced jumps in profit and plans to increase hiring, both developments that promise to benefit California's revenue from corporate and personal-income taxes.

These are the first signs that California's finances have bottomed and are on the rebound, economists say.

If the revenue flow continues at the current rate, California would end up with about $3 billion more than initially expected when the fiscal year ends June 30.

In the short term, that would spare schools and other government services from some cuts. In the longer term, it would put California's revenue on track to reach pre-recession levels in two or three years, if the state's history of recovering from economic slumps is a guide.

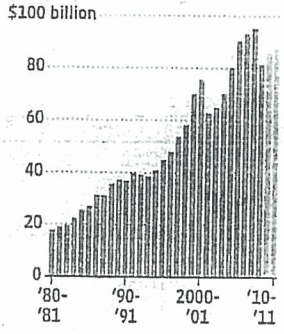
Increasing revenue means that California will need to make fewer of the deep cuts to education and other social services that have prompted protests around the state. The nation's most-populous state had to close a cumulative $60 billion budget shortfall last year largely because the recession sent California's revenue—which more than other states relies on personal-income taxes—plummeting.

"The recent news is good," said state Controller John Chiang. But he warned that the state's fiscal situation would remain challenging for the foreseeable future, and that an uptick in revenue alone wouldn't close the budget gaps. "We're still in a deep hole," he said.

Economists say there's no guarantee that revenue will continue to exceed estimates. One big question is April tax receipts, which provide California a disproportionate amount of its annual revenue because of tax filings. Daily revenue intake fluctuates widely in April, so it won't be clear until the end of the month how much the state will take in for the full period. Some economists say upbeat returns will likely last a few more months but that the forecast beyond is unclear.

Bigger Returns

California's tax revenues are inching up, ahead of forecasts



Note: Fiscal years ending June 30. Figures for 2009-10 and 2010-11 are forecasts.
Source: State of California

A continued improvement in state revenue will depend on the stock market's performance, because California's coffers depend heavily on personal-income taxes from the wealthy, and on whether home foreclosures subside, helping consumer spending (and sales taxes) to recover, said economist Dan Hamilton of California Lutheran University's Center for Economic Research and Forecasting. Mr. Hamilton has forecast that the stock market will stay flat.

Even in the best-case scenario for revenue, California is expected to face multimillion-dollar budget gaps for several years. Only about half of the new revenue will be available for general budget relief, because under the state's complicated education formula, the other half of it is committed to state schools.

In addition, the state will have to make up some revenue over the next few years because temporary income- and sales-tax increases will expire, federal stimulus funds will cease and some accounting gimmicks cannot be replicated.

California must also repay local governments billions of dollars it borrowed during the budget crisis last year.

"While this is a general reprieve for the state government, I would argue if [lawmakers] think they don't have to do anything now, that's wrong," said Chris Thornberg, principal of Beacon Economics, a Los Angeles forecasting firm. The better-than-expected revenue erases part of the budget shortfall, "but we still have a substantial ways to go."

Still, it appears that the state's finances are finally headed in the right direction. The state's current general-fund budget is $86 billion, and the nonpartisan California Legislative Analyst office has projected that the state faces annual $20 billion shortfalls through the 2014-15 fiscal year, which ends June 30, 2015. The current budget gap, through June 2011, is $19 billion.

In the best plausible case, said state legislative analyst Mac Taylor, California would receive $3 billion more than projected by the end of this fiscal year and, building upon that base, take in $3 billion more than projected for the 2010-2011 fiscal year. Half of that $6 billion would go to education; the other half would go to the budget and reduce the shortfall to $16 billion.

The governor's finance department will release its latest budget-gap projections in mid-May. Legislators will use those estimates to craft a spending plan, which they are to send to Gov. Arnold Schwarzenegger before the next fiscal year starts July 1, though they usually miss the deadline.

"When it gets to 2011, we're expecting rapid growth in California, and because it comes on the heels of several years of deep cutting in expenditures, it should be a year when we don't have another fiscal crisis, though government will be smaller in California," said economist Jerry Nickelsburg of the UCLA Anderson Forecast.

Mr. Nickelsburg added, though, that such a scenario depends on state lawmakers agreeing to lasting budget solutions this year. That is never a given in California's partisan statehouse.

WSJ.com

ONLINE TODAY: Compare state-by-state data on budget gaps, tax revenue and plans to cut back spending at WSJ.com/US. at WSJ.com.

Wall Street Journal 4-26-10

Budget fear rises as tax flow drops

The state got 30% less than it expected last month, leaving tough choices for lawmakers.

SHANE GOLDMACHER
REPORTING FROM SACRAMENTO

State tax collections plummeted unexpectedly in April, wiping out months of steady gains that legislators hoped would ease their budget troubles and restore California's economy faster than experts predicted.

Such hope is now fading fast.

Revenue for April, the biggest revenue month because it is when most Californians pay their taxes, lagged projections by nearly 30% — roughly $3 billion, according to state officials. The drop was steep enough to erase improvements recorded in each of the four previous months.

Economists and finance officials are scurrying to analyze the data to determine what caused the April swoon. Some suspect it sprang from new laws that changed the rhythm of tax payments. It could also reflect the growth in unemployed residents eligible for refunds.

The April collections came almost entirely from personal income taxes. Most corporate and sales taxes have not yet been reported. If they, too, come in below projections, the state's budget problem would grow worse.

The decline sets Sacramento back as next month's deadline for passing a budget approaches.

Lawmakers face a deficit of $18.6 billion — about 20% of general fund spending — with no easy options left for addressing it, as they have already cut state services severely and temporarily raised income, sales and vehicle taxes.

"One pillar of the budget solution just got destroyed, and there's nothing that can happen between now and June that can get back the $3 billion," said Stephen Levy, director of the Center for Continuing Study of the California Economy.

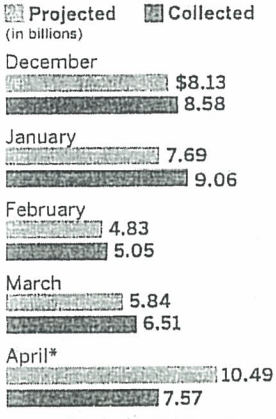
The retraction could mean even deeper cuts in government services — schools, healthcare for the poor and services for the elderly. Lawmakers may also be forced to consider more reductions in funds for public universities, as well as tax hikes.

"It's hard to imagine how

[See Budget, AA5]

Revenue reverse

From December through March, California tax collections outpaced the state Department of Finance's expectations. Fortunes reversed dramatically in April.



*The April projection and revenue numbers reflect only personal income taxes, the largest contributor to state revenues. Other taxes have not yet been reported.

Source: California Department of Finance. Graphics reporting by SHANE GOLDMACHER

Los Angeles Times

Los Angeles Times, May 4, 2010

Revenue plunges as budget deadline nears

[**Budget,** from AA1]
we're going to [balance the budget] without doing more severe damage to the economy," said state Sen. Denise Moreno Ducheny (D-San Diego), who chairs the Senate's budget committee.

For months, the Democrats who dominate the Legislature have hoped they would be able to balance the state's books with the help of an upswing in revenue, delaying any substantial budget cuts.

"Folks were starting to be pretty optimistic that we were going to be able to bounce our way back from a big chunk of the problem," said Michael Cohen, a deputy in the state's nonpartisan Legislative Analyst's Office. Taxes came in above expectations each month from December through March.

"April basically wiped out those" gains, Cohen said.

He said the state's economy, though on the mend, has been sending "all sorts of mixed messages." Corporations announced higher profits, but the state's stubborn unemployment rate reached a new high in March, 12.6%. Without jobs, Californians are paying fewer taxes and buying fewer goods, which depresses sales taxes.

To balance last year's budget, lawmakers tinkered heavily with the state tax code, speeding up the collection of taxes on businesses and individuals. One theory about the April revenue plunge is that those accelerated collections meant some taxes rolled into the Treasury months earlier.

"The more changes that you make, the more unpredictable it is," said Assembly Budget Committee Chairman Bob Blumenfield (D-Woodland Hills).

Another possibility, economists said, is that many Californians were owed larger-than-expected income tax refunds after losing their jobs in 2009.

Whether the revenue drop augurs an especially sluggish recovery is unclear. Fred Silva, a budget analyst with the good-government group California Forward, said the woeful April returns may reflect taxpayer income from the previous year's recession — not an up-to-date snapshot of the economy.

Ted Gibson, a former state economist, said this was not the first time rising revenue has been followed by a plunge. The flow of state tax revenue, he said, is notoriously hard to predict.

He said the jolt earlier in the year merely "gave everybody an excuse to take a timeout on dealing with the budget. Now they are pretty much back to where they were. And unfortunately, very little has been done in the meantime."

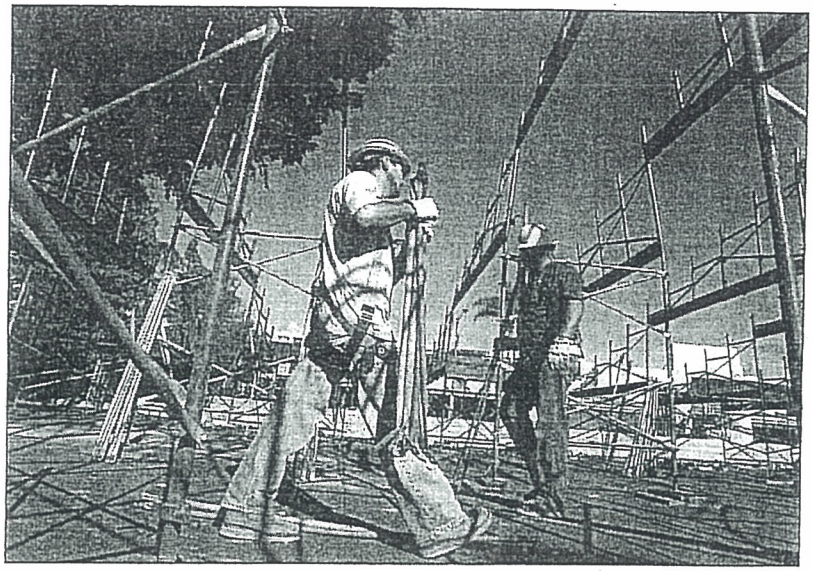
Senate budget committee Vice Chairman Bob Dutton (R-Rancho Cucamonga), who has been critical of Democrats' approach, said, "It's creating a lot of pain the longer you wait to make the necessary changes."

The Legislature's top two Democrats, Senate President Pro Tem Darrell Steinberg (D-Sacramento) and Assembly Speaker John A. Pérez (D-Los Angeles), spent Monday in Washington, pleading for aid from congressional and Obama administration officials. Steinberg said before leaving that their goal was to gather federal commitments for $3 billion to $4 billion.

Gov. Arnold Schwarzenegger is scheduled to update his proposed budget on May 14. The new fiscal year begins July 1.

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Times staff writer Evan Halper contributed to this report.



Sharp Construction workers take down bleachers in Pasadena that were set up for this year's Rose Parade. New figures show that Los Angeles and Orange counties suffered heavy construction losses over the past year.

File photo

Slide continues

Labor statistics show job losses have grip on area

By **Kevin Smith** Staff Writer

If there's one constant to be found in the nation's economic downturn, it's job losses.

We've seen it nationwide, and we've seen it in California. And new numbers from the Bureau of Labor and Statistics reveal we're not getting out of the woods anytime soon.

On Monday, the bureau reported that 150,800 nonfarm payroll jobs were lost between March of last year and March 2010 in the Los Angeles-Long Beach-Santa Ana Metropolitan Statistical Area, which encompasses Los Angeles and Orange counties.

That represented an employment decline of 2.9 percent, well above the nationwide decline of 1.7 percent.

Broken down, the statistical area includes the Los Angeles-Long Beach-Glendale Metropolitan Division (Los Angeles County), which lost 111,100 jobs from March a year ago, and the Santa Ana-Anaheim-Irvine Metropolitan Division (Orange County), which shed 39,700 jobs over the year.

The biggest decline occurred in the construction sector, which lost 37,000 jobs.

Construction employment in the combined two-county region fell 18.4 percent over the year, easily outpacing the nation's loss of 11.3 percent.

Trade, transportation and utilities followed, with 34,600 jobs lost. That represented an employment drop of 3.5 percent compared with the nation's loss of 1.8 percent.

California's job picture has also been tough.

In March the state's jobless rate hit a post-Great Depression high of 12.6 percent, up from 12.5 percent the previous month and well above the year-ago rate of 10.6 percent.

So what will the remainder of 2010 bring?

"I think we're looking at gradual declines in unemployment, but it'll still be high," said Nancy D. Sidhu, chief economist with the Los Angeles County Economic Development Corp. "It's going to stay in double digits this year and probably next year."

Sidhu said the Inland Empire has been especially hard hit.

Using state labor statistics, she said employment in the San Bernardino-Riverside counties area fell 4.5 percent in March from a year earlier.

That was a far bigger decline than occurred in Los Angeles County (down 2.9 percent), Orange County (-2.8 percent) and California as a whole (-3.1 percent).

"It's going to be a slower recovery in the Inland Empire than elsewhere in the state," Sidhu said. "They were, in essence, ground zero for the recession as far as construction and real estate delinquencies. And the collapse in foreign trade really hit them hard out there."

Many businesses have been forced to downsize, cut staffing or even close their doors. Luckily, Russ Bassett Corp. in Whittier isn't one of them.

The business makes "technical furniture" for 9-1-1 call centers and cabinets for the storage of backup computer data and other items.

"We have fared better than a lot of them because of the market that's out there," said Meg Kallvy, the company's controller. "There are still people who have government funding for things like police call centers and anything that has to do with homeland security."

The Bureau of Labor and Statistics report shows that the biggest year-over-year decline in employment occurred in Detroit, where employment dropped 4.7 percent in March from a year earlier.

That was followed by San Francisco (down 3.9 percent) and Chicago (-3.1 percent). Washington posted the smallest annual decline — 0.3 percent.

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Pasadena Star News April 27, 2010

Cities wait for their bailout

Local governments lay off workers and cut services while hoping for federal aid.

RICHARD SIMON
REPORTING FROM WASHINGTON

Colorado Springs is planning to turn off a third of its streetlights, though residents can adopt one for $75. An Ohio judge told residents they might want to arm themselves after the county cut half its sheriff's deputies. Ocean City, Md., is ending its curbside recycling program.

Even though the economy is showing signs of recovery, these remain tough times for cities and counties, and it's likely to get tougher. So local governments want what Wall Street and carmakers got: federal money.

Concerned that a wave of municipal layoffs could set back the nation's economic recovery, congressional Democrats are pushing a $100-billion bill that includes $75 billion in federal aid to help cities and counties preserve jobs.

The bill, which has gained 151 cosponsors in the House, also provides an additional $23 billion to help preserve teachers' jobs. Most of the remainder would go to aid police and fire departments.

"Without help, an ongoing local government fiscal crisis could well undercut the nation's recovery," Riverside Mayor Ronald O. Loveridge, president of the National League of Cities, told a congressional committee recently.

The legislation, introduced last month by Rep. George Miller (D-Martinez), a close ally of House Speaker Nancy Pelosi (D-San Francisco), is gaining support among House Democrats who are eager to reduce stubbornly high unemployment in what is shaping up as a tough midterm election for the party in power.

However, it faces uncer-

[See Cities, A18]

LA Times
4.25.10

Hard times may get even harder for municipalities

[Cities, from A1]

tain prospects in the Senate, where Republicans have sought to block increased spending without cuts, prompting city officials from red states to step up their lobbying.

Although last year's $787-billion economic stimulus package provided money for a wide range of local projects, city employment levels are at their lowest since 1980, Miller said. The National League of Cities calculates that state and local governments will lay off as many as 1.5 million people between 2010 and 2011.

"Though you may see folks coming out of the recession in other sectors, you're seeing the opposite in cities," said Eve O'Toole, a Washington lobbyist for the League of California Cities.

Cities — while facing increased demands for services — have seen their tax revenues continue to decline because of persistent high unemployment, home foreclosures and reduced state aid.

Los Angeles Mayor Antonio Villaraigosa has proposed as many as 750 layoffs — on top of 105 pink slips this year — to help make up for a projected $485-million shortfall. San Jose is looking at reducing its municipal workforce to its lowest level in two decades.

"We're now beginning to see cities cut fire and police services," Loveridge said. "The pain is real."

Municipal finances are not expected to bottom out until next year, according to analysts at the National League of Cities.

Even in a recovering economy, there is often a lag before heavily property-tax-dependent cities feel the full effect of lower property values.

Miller's legislation would provide $75 billion over two years to help cities and counties stave off layoffs, hire back laid-off workers and assist nonprofit groups in preserving jobs that provide public services, such as meals to seniors.

The bill would steer more money to high unemployment areas, which would benefit California, with a 12.6% unemployment rate, among the highest in the country.

Los Angeles would receive $325 million in the first year under the bill, according Miller's staff.

A spokeswoman for Villaraigosa said that the L.A. mayor supported the bill, but that the city wasn't counting on any of the money at this point.

Bailout fatigue and Washington's own budget problems are formidable challenges.

"Everybody at every level has to understand we need to tighten up a little bit — or maybe a lot," said Republican Rep. Howard P. "Buck" McKeon, former Santa Clarita mayor.

Rep. Jerry Lewis (R-Redlands), who represents the Inland Empire, has "consistently opposed these bailout bills because they keep adding to the federal deficit," said his spokesman Jim Specht.

Yet city officials from Republican-held districts are stepping up their efforts to persuade their representatives to support the bill.

"The stark reality is that economic conditions continue to get worse for local governments," Mayor Virginia Madueno of Riverbank in the Central Valley said in a letter to Rep. George Radanovich (R-Mariposa).

The bill also has gained the backing of members of the Congressional Black Caucus, which has pressed the Obama administration and Democratic leaders to do more about the 16.5% unemployment rate among African Americans.

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THE SACRAMENTO BEE sacbee.com

University of Pacific forecasts a slow state recovery due to job losses

More Information

- Interactive map: Track California's wave of lost jobs

By Dale Kasler
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How does a "slow five-year recovery" sound?

That's what's in store for much of California, according to an economic forecast to be released today by the University of the Pacific.

Although he believes the recession ended last fall, UOP economist Jeff Michael said statewide unemployment will remain above 12 percent all year and won't fall into the single digits until 2012. The state's unemployment rate is currently 12.6 percent, the worst since modern record-keeping began in 1976.

Although job growth has resumed in much of the state in the past few months, it hasn't put much of a dent in the unemployment rolls. The state has lost so many jobs – about 1.4 million – that it will take until 2014 to return payrolls to their 2007, pre-recession levels, Michael predicted.

The same is true in the Sacramento area, which has lost nearly 100,000 jobs. Michael said unemployment, currently at 13.1 percent in Sacramento, won't fall to as low as 8 percent until 2015.

In an interview, Michael said his projections seem downbeat when compared to the reports of economic growth, particularly on the national level. But he said Californians have to realize that the state's deep trough in real estate will drag out the recovery.

"You hear all this talk about the economy (hitting) bottom and we're in a recovery, but it's hard to feel that momentum," he said. "It's not much of a recovery now."

Some parts of California are dragging more than others. Michael said Sacramento is hurt by its dependence on state government, which is the region's largest employer and accounts for about 10 percent of its jobs.

On the plus side, the region can expect some job growth starting this fall, with hiring "in full swing by 2012," he wrote.

Other regions still hurting include the East Bay and northern San Joaquin Valley. They're just starting to feel the impact of the recession's single largest layoff, the closure of Toyota's NUMMI factory April 1 in Fremont.

Silicon Valley and Southern California are generally doing better than the rest of the state, he said.

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JUST THE
FACTS

CALIFORNIA'S STATE BUDGET

APRIL 2010

- **CALIFORNIA'S STATE GOVERNMENT IS A ROUGHLY $120 BILLION ENTERPRISE.**
  The governor's proposed budget for 2010–11 calls for $119 billion in state spending. The state budget is organized into funds, the largest of which and the one over which lawmakers have the most discretion is the General Fund ($83 billion). The remainder of state spending comes from special funds dedicated to specific purposes. The largest functional category of state expenditures (more than 30% of the total) is K–12 education, followed by health and human services (25%); higher education (11%); business, transportation, and housing (10%); and corrections (7%).

- **THE STATE'S REVENUES DECLINED SHARPLY DURING THE NATIONAL RECESSION.**
  The General Fund relies on personal income tax, sales tax, and corporate taxes for more than 90% of its revenues—sources very sensitive to fluctuations in the economy. Revenue collections in 2008–09 came in 20% below forecasts due to job losses, declining consumption, and weakness in the housing market. From the onset of the recession in December 2007 through the third quarter of 2009, real per capita revenues declined by more than 10% in California, compared to 4.4% in the nation as a whole.

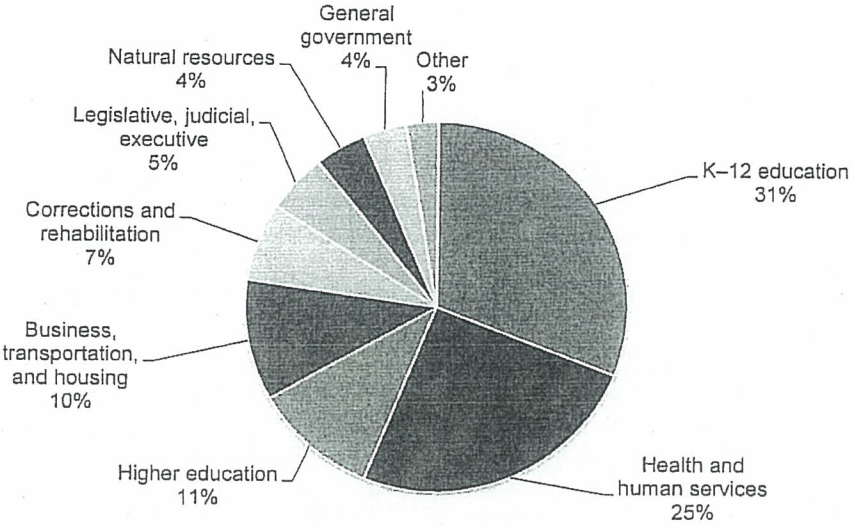
- **DESPITE AN IMPROVING ECONOMY, THE STATE WILL CONTINUE TO GRAPPLE WITH MAJOR BUDGET SHORTFALLS.**
  The governor's budget projected that California would end the current fiscal year with a nearly $7 billion deficit and a cumulative deficit of $19 billion by the end of 2010–11. The Legislative Analyst's Office has pegged the total budget shortfall at closer to $21 billion and has warned that adverse court rulings and other risks could push this figure even higher. In March, the legislature agreed to, and the governor signed, $1.4 billion in budget solutions, thus reducing the earlier deficit projections by the governor and LAO by that amount.

- **THERE ARE NO EASY ANSWERS.**
  The governor has proposed closing California's budget gap through a combination of spending cuts (in health and human services, education, employee compensation, and corrections), obtaining federal funds (for health care, special education, and corrections), and shifting monies from special funds (created for such purposes as early childhood development and mental health care). If federal dollars do not materialize, $7 billion in additional tax measures and program cuts would be triggered.

- **CALIFORNIA'S CASH MANAGEMENT IS EXTREMELY CHALLENGING.**
  Last year, a record number of states (42) were compelled to close mid-year budget gaps through spending cuts and/or by finding additional sources of revenue. California served as the most extreme example, in 2008–09 suspending infrastructure projects, furloughing state employees, and issuing IOUs for only the second time since the Great Depression. All three major credit rating agencies have downgraded California's general obligation debt since July 2009. California's credit rating is the lowest of all 50 states.

- **MORE CHALLENGES LIE ON THE HORIZON.**
  The LAO estimates that annual budget gaps on the order of $20 billion will continue through 2014–15 as temporary tax increases expire, federal stimulus funds dissipate, and the state begins repaying budget-related borrowing. California's ratio of debt service to revenues will climb to 9% in 2013–14 due to declining revenues and major infrastructure bonds approved by the voters in 2006 and 2008. In addition, the state faces at least $100 billion in unfunded pension liabilities and rapidly escalating costs for Medicaid and unfunded retiree health benefits.

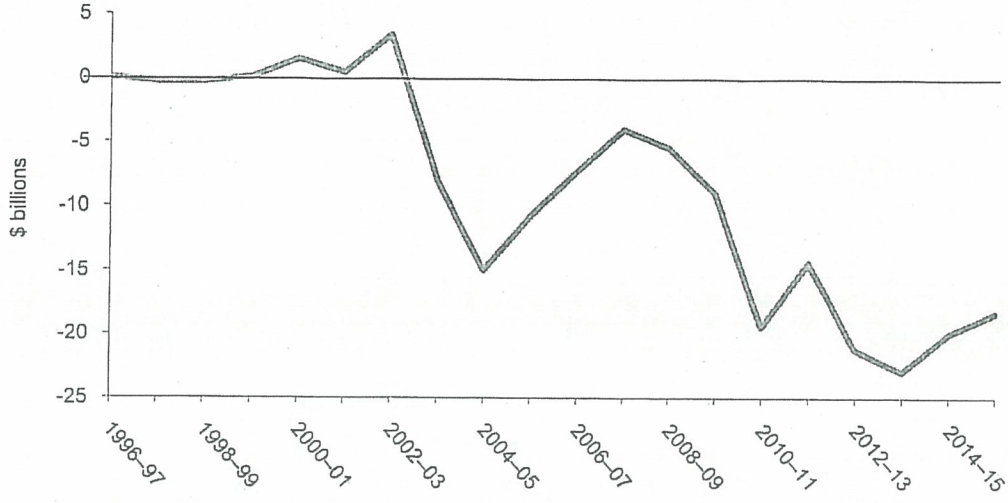
Total State Expenditures, FY 2010–11



Source: *Governor's Budget, FY 2010–11.*

Notes: Total expenditures include selected bond funds. "Other" includes Environmental Protection ($1.47 billion), State Consumer Services ($1.37 billion), and Labor and Workforce Development ($0.44 billion).

Projected Operating Surpluses/Shortfalls at Beginning of Each Budget Cycle



Source: *LAO Fiscal Outlook*, various years.

Notes: Figure is based on LAO 12-month projections made in the November preceding each fiscal year, except for years after FY 2010–11, which are estimates from November 2009. The line in the figure represents the difference between current-law revenues and expenditures, excluding carry-in balances and budget-related borrowing.

Contact: Tracy Gordon