

# **EAST LOS ANGELES COMPREHENSIVE FISCAL ANALYSIS**

Review Report

**PROPOSED EAST LOS ANGELES CITY  
INCORPORATION (LOS ANGELES COUNTY)**



**JOHN CHIANG**  
California State Controller

December 2011



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California State Controller

December 15, 2011

Paul A. Novak, AICP  
Executive Officer  
Local Agency Formation Commission  
for the County of Los Angeles  
80 South Lake Avenue, Suite 870  
Pasadena, CA 91101

Dear Mr. Novak:

The State Controller's Office has completed a review of the questions raised by the proponents of the incorporation of the East Los Angeles area regarding the comprehensive fiscal analysis prepared by your commission for the proposed East Los Angeles incorporation. The results of our review are presented in the attached report.

The objective of our review is to opine on the accuracy and reliability of the information, methodologies, and the documentation used in the Comprehensive Fiscal Analysis. Our review was based on analysis using known and exiting past data as prescribed by Government Code section 56801 and the Governor's Office of Planning and Research's "A Guide to the LAFCO Process for Incorporations."

The cost of our review is approximately \$39,840 and our invoice will be forthcoming.

Upon request, my staff is available to meet with you to discuss the details of our review and findings.

If you have any questions, please contact Steven Mar, Chief, Local Government Audits Bureau, at (916) 324-1696.

Sincerely,

*Original signed by*

**JEFFREY V. BROWNFIELD**  
Chief, Division of Audits

JVB/wm

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# Executive Summary

## Background

A proposal was presented to the Local Agency Formation Commission for the County of Los Angeles (LAFCO) for the reorganization of the East Los Angeles area of Los Angeles County. The proposed reorganization was for the incorporation of the East Los Angeles area as a new city.

The Executive Officer of LAFCO, through a contract with a consultant, prepared a comprehensive fiscal analysis (CFA) for the proposed incorporation, in accordance with the requirements of Government Code section 56800. The Public Review CFA was revised and published September 7, 2011 (Revision 1).

Government Code section 56801 allows any interested party to ask LAFCO to request that the State Controller's Office (SCO) review specified elements of the CFA with regard to the accuracy and reliability of the information, methodologies, and documentation used in the analysis. Within 45 days of receiving a request, the SCO is required to issue a report to the Executive Officer of LAFCO.

On October 17, 2011, the East Los Angeles Residents Association (ELARA), the principal proponents, submitted a request to LAFCO that the SCO review eight issues related to the accuracy of data in the CFA. Subsequently, on November 1, 2011, the proponents asked the SCO to limit its review to four of the eight issues identified in the original request.

The proponents' request to LAFCO for the SCO to review eight issues relative to the CFA is included as an Attachment to this report. In accordance with the proponents' subsequent request, we limited the scope of our review to four issues (proponents' issues 1, 4, 6, and 7).

**Issue 1:** CFA overstated contract city law enforcement costs by \$2.3 million because it relied on a very small sample of other comparable cities to establish contract cities' law enforcement costs.

**Issue 2:** CFA understated franchise fee revenue by \$2.3 million because the new city would be in a position to negotiate a franchise agreement with its utility providers such as the garbage hauler. The proponents asserted that the new city could request to dissolve the Belvedere Garbage Disposal District and then directly negotiate a franchise agreement with its future solid waste hauler.

**Issue 3:** CFA ignored grant revenues but not grant-funded expenditures, which resulted in an understatement of estimated grant revenues by approximately \$4 million.

**Issue 4:** CFA understated utility user tax revenue by \$1.7 million by failing to include non-residential land-line telephones.

## Summary of Review Findings

The Appendix to this report contains a schedule showing the SCO's calculation of the projected budget deficit of the proposed new city for its first and second years of operation. The schedule was calculated based on the estimated revenues and expenditures as identified in the CFA and the proponents' proposed adjustments. The applicable base year was Fiscal Year (FY) 2009-10. We also have included increased Sheriff costs based on our evaluation of the Sheriff costs in the CFA.

Our findings with respect to each of the issues identified by the proponents are provided below:

**Issue 1:** *CFA overstated contract city law enforcement costs by \$2.3 million because it relied on a very small sample of other comparable cities to establish contract cities' law enforcement costs.*

The SCO concludes that the CFA's estimated law enforcement costs for the proposed city is unreliable. While the CFA and the proponents both used comparison cities to determine their estimated law enforcement costs for the proposed city, the SCO does not believe this is the appropriate methodology for determining estimated law enforcement costs, as there are numerous unquantifiable factors that could affect comparability. Based on data provided by the Los Angeles County Sheriff's Office, the CFA's cost estimate may have been understated by \$10.1 million plus another \$6.8 million in first-year start-up costs instead of overstated by \$2.3 million as the proponents have asserted.

**Issue 2:** *CFA understated franchise fee revenue by \$2.3 million because the new city would be in a position to negotiate a franchise agreement with its utility and service providers such as the garbage hauler. The proponents asserted that the new city could dissolve the Belvedere Garbage Disposal District and then directly negotiate a franchise agreement with its future solid waste hauler.*

The SCO concludes that the CFA's methodology of excluding the solid waste franchise fee from the CFA is reasonable because the county does not currently collect such fees and there is uncertainty as to the amount, if any, to be collected by the new city. Moreover the proponents' estimate of \$2.3 million in additional franchise tax fees was based on the collection history of other cities, which does not necessarily reflect the amount to be collected by the proposed new city.

**Issue 3:** *CFA ignored grant revenues but not grant-funded expenditures which resulted in an understatement of estimated grant revenues by approximately \$4 million.*

The SCO concludes that the CFA properly excluded grant revenues in accordance with "A Guide to the LAFCO Process for Incorporations" published by the Governor's Office of Planning and Research (OPR). There is no evidence to support the proponents' suggestion that expenditures associated with grant revenues had been included in the CFA except for Proposition 172 (for public safety) monies that the proposed city is not eligible to receive.

**Issue 4:** *CFA understated utility user tax revenue by \$1.7 million by failing to include non-residential land-line telephones.*

The SCO concludes that the CFA failed to include estimates from all revenue sources that are subject to the utility users' tax, including non-residential landlines. The omission is due to the inability to obtain accurate and reliable data from the utility company. The proponents' estimate of \$1.7 million in additional utility users' tax does not necessarily reflect the amount to be collected by the new city.

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

December 15, 2011

# Review Findings

**ISSUE 1—  
Overstated contract city  
law enforcement costs  
(\$2.3 million)  
(proponents' Issue 1)**

The proponents, in their request to the Local Agency Formation Commission for the County of Los Angeles (LAFCO), stated:

ELARA requests that the State Controller review the CFA's comparison city estimating methodology, data, and findings related to the proposed city's law enforcement costs.

The proponents believe that the proposed city's law enforcement costs were overstated in the CFA by \$2.3 million and raised the following concerns in their request to LAFCO:

The CFA estimate for East Los Angeles amounts to \$166 per capita, which is overstated compared with the average of \$150. (For the sample used in the CFA.)

The East Los Angeles Residents Association (ELARA) further notes:

The CFA relies on a very small sample to establish contract cities' law enforcement costs, particularly when it excludes Santa Clarita.

## SCO's Analysis and Response to Issue 1 (Proponents' Issue 1)

The State Controller's Office (SCO) concludes that the CFA is unreliable in determining law enforcement costs for the proposed city. While the CFA and the proponents both used comparison cities to determine their estimated law enforcement costs, the use of comparable cities' law enforcement costs to project the proposed city's law enforcement costs is highly subjective, as is choosing comparable cities. Even though cities can have similar populations, locations, and services, each city or proposed city is unique and can contract for different law enforcement services. Some of the different services that can be contracted for and currently are provided in East Los Angeles are Community Oriented Policing Services (COPS Bureau), vandalism enforcement, and Crime Impact Team (CIT), among others.

Contrary to the proponents' assertion that the CFA's cost estimate was too high, our review found the law enforcement costs for the proposed city potentially could be significantly higher than the estimated amount in the CFA. The CFA estimated law enforcement costs at \$21.1 million based on a comparison of a small sample of cities that currently contract with the Los Angeles County Sheriff's Office. According to the CFA, this represents approximately a 30% reduction in sworn officers per capita and assumes the Sheriff would contract for this amount. This assumption has not been validated by officials from the Los Angeles County Sheriff's Office. Moreover, this estimate does not include nearly \$6.8 million in estimated start-up costs in the first year of the contract.

Our review of this item and a conversation with Sheriff's Office staff disclosed that the Sheriff's Office spent more than \$36 million in the base year to provide law enforcement services in the proposed city. This amount does not include California Highway Patrol costs for traffic enforcement. The Sheriff Office's analysis for contract law enforcement

services estimated enforcement costs at \$31.2 million for the proposed city and does include traffic costs, but not parking costs. The \$31.2 million estimate was based on including the proposed cities' actual law enforcement costs in the Sheriff's contract cost model, which has a cost sharing component. This cost sharing component shares some law enforcement costs among all contract cities and actually reduced law enforcement costs in the proposed city.

Government Code section 56800(a)(1) states, in part:

When determining costs, the executive officer shall include all direct and indirect costs associated with the current provision of existing services in the affected territory. These costs shall reflect the actual or estimated costs at which the existing level of service could be contracted by the proposed city following an incorporation, if the city elects to do so . . . the executive officer shall also review how the costs of any existing services compare to the costs of services provided in cities with similar populations and similar geographic size that provide a similar level and range of services and shall make a reasonable determination of the costs expected to be borne by the newly incorporated city.

If the proposed city was incorporated, the city could possibly negotiate a law enforcement contract with the Sheriff's Office at a reduced service level. The Sheriff has explained to the SCO that the \$31.2 million was estimated to provide the current level of service. The Sheriff's Office further explained to the SCO that any reduction in law enforcement costs would result in a lower level of service. Sheriff's Office staff further stated that the Sheriff's Office will not abandon any city or county resident. However, any contract at a significantly reduced rate would have to be agreed upon by the Sheriff and the County Board of Supervisors, as officer safety is always a concern of the Sheriff.

**ISSUE 2—  
CFA understated  
franchise fee revenue  
(\$2.3 million)  
(proponents' Issue 4)**

The proponents, in their request to LAFCO, stated:

ELARA requests that the State Controller review the CFA franchise fee estimates.

The proponents believe that \$2.3 million in franchise fee revenue is missing from the CFA and raised the following concerns in their request to LAFCO:

The CFA estimated franchise fee revenue based on County-reported data; similar to its utility user tax estimates, the County's estimates were missing a substantial amount of revenue based on validity testing with comparable cities. The CFA estimated \$1.3 million in franchise fee revenue is presently generated in East Los Angeles. That amounts to \$11 per capita. By comparison, franchise fees generated \$29 per capita in the CFA comparison cities, and even more in other cities with a similarly low job concentration like East Los Angeles, as shown in Table 3.5. Hence, there is \$2.3 million in missing revenue from this source.

ELARA further notes:

The proposed city would negotiate franchise agreements with its utility providers, including the solid waste hauler, during the transition period, and would be expected to negotiate reasonable terms like other cities and have reasonable success in collecting the fees from utility providers.

It should be noted that the County does not currently charge a solid waste franchise fee in the proposed city, and stated that it does not do so because the garbage hauler is presently contracted through a County-dependent special district, the Belvedere Garbage Disposal District (BGDD). ELARA has proposed that LAFCO dissolve BGDD and merge it into the new city. The county has voiced no objection to that. Hence, the new city would be in a position to negotiate a franchise agreement with its future hauler.

SCO's Analysis and Response to Issue 2 (Proponents' Issue 4)

The SCO found the exclusion of the solid waste franchise fee from the CFA is reasonable because the county currently does not collect a solid waste franchise fee. The CFA should reflect revenues currently collected within the proposed incorporation area.

“A Guide to the LAFCO Process for Incorporations,” published by the Governor’s Office of Planning and Research (OPR Guide) states, in part (page 23):

In the data request letter, the affected agencies should be asked to verify . . . revenues associated with the provision of service(s) to the proposed incorporation area. This information is used to establish the base year . . . revenues.

The use of comparable cities’ revenue to project a proposed city’s revenue is highly subjective, as is choosing comparable cities. Even though cities can have similar populations, locations, and services, each city or proposed city is unique. Cities have different fee and tax mixes based on their needs and services.

Subject to any existing agreements, the proposed city could negotiate franchise agreements for all applicable services. For example, at the same time the proposed incorporation was voted on, LAFCO could propose the dissolution of the Belvedere Garbage Disposal District. The new city would then be able to contract with a garbage hauler of its choosing and charge a solid waste franchise fee for the proposed city. This would create new/additional franchise fee revenues for the proposed city but the revenues would not be available until existing contracts expire or terminate, which may require more than one year to complete.

**ISSUE 3—  
CFA ignored grant  
revenues but not  
grant-funded  
expenditures (\$4 million)  
(proponents' Issue 6)**

The proponents, in their request to LAFCO, stated:

ELARA requests that the State Controller review the CFA assumptions regarding exclusion of formula grants from the new city's revenue sources for conformity with Government Code §56800(a)(1).

The proponents raised the following concern:

The CFA excluded formula grants, such as Community Development Block Grants (CDBG), Justice Assistance Grant, Local Law Enforcement Block Grant, and COPS under the justification that "cities rarely, if ever, rely on these funding sources to fund recurring operational costs," and that such revenues are unreliable and declining (CFA p. 156).

ELARA estimates that CDBG would have generated \$3.4 million in revenues in FY 09-10, based on analysis of the funding formula, allocations in that year, 2000 Census data in East Los Angeles, and analysis of comparison cities. CDBG rules allow cities to use 15 percent of the funds to finance code enforcement services (a general fund service) and the remainder for capital projects. The remainder of these funds would help finance capital needs in the proposed city's road and transit funds. Also, ELARA analyzed grant sources that the comparison Sheriff contract cities received, and found \$4.97 per capita in grant revenues that were explicitly used to finance Sheriff costs; that would equate to \$0.6 million in missing revenues for the new city. It is clearly biased and erroneous for the CFA to include costs that are financed by grants, but to exclude the revenue source

SCO's Analysis and Response to Issue 3 (proponents' Issue 6)

The SCO found the CFA preparer's methodology resulted in an accurate and reliable estimate of costs and revenues.

The SCO concludes that the CFA appropriately excluded grant revenues and expenditures associated with grant revenues, as suggested in "A Guide to the LAFCO Process for Incorporations," published by the Governor's Office of Planning and Research (OPR). The OPR Guide, on page 27, states:

When determining base year costs, LAFCO must include all direct and indirect costs associated with the current provision of existing services in the proposed incorporation boundary. These costs should reflect the actual or estimated costs at which the existing level of services could be provided by the proposed city and should include any general fund expenditures necessary to support or subsidize a fee-supported service if the costs of providing the service are not fully recovered through fees.

The OPR Guide further states that special revenues used to cover costs such as federal grants and CDBG grants are excluded from base-year costs. Further, the proponents' claim that other cities have survived by grants is not germane because grants are to be excluded from the CFA.

In addition, the preparer of the CFA and the LAFCO Executive Director determined the exclusion of grant revenues was appropriate. Government Code section 56800(a)(1) gives the Executive Officer the discretion to include relevant revenue.

We questioned the LAFCO Executive Officer and the CFA preparer about the inclusion of grant expenditures in the CFA. The preparer stated that to the best of his ability and knowledge, grant expenditures were excluded from the CFA. Also the Executive Officer was not aware of any grant expenditures in the CFA. We further discussed the matter with the county's Executive Office and they also claimed that grant expenditures and revenues were excluded except for Proposition 172 (for public safety) monies that the proposed city is not eligible to receive.

The CFA preparer's methodology resulted in an accurate and reliable estimate of costs and revenues.

**ISSUE 4—  
Understated utility user  
tax revenue (\$1.7 million)  
(proponents' Issue 7)**

The proponents, in their request to LAFCO, stated:

ELARA requests that the State Controller review the CFA assumptions regarding exclusion of non-residential land lines from the estimates of utility users' tax revenue.

The proponents further note:

The CFA estimated that utility users tax generate \$5.0 million in revenue in East Los Angeles during FY 09-10 (CFA pp. 45, 67). The estimate was based on incomplete and inaccurate data provided by the County and Southern California Edison. The CFA subsequently identified a better data source for the electric tax base, and partially corrected the County's estimate of telephone tax base which had not included landlines. The CFA author has acknowledged that telephone landlines for non-residential customers (which include the significant public sector presence in East Los Angeles) were not included in the estimate. Based on analysis of comparison cities with a similar base for their utility taxes, there is \$1.7 million in missing revenue.

SCO's Analysis and Response to Issue 4 (proponents' Issue 7)

The SCO concludes that the CFA failed to include estimates from all revenue sources that are subject to the utility users' tax, including non-residential land-lines. During our review we noted that AT&T land-line data was missing from the CFA.

An AT&T representative, in an e-mail, stated that because of AT&T's database design it would be too costly for AT&T to provide the proposed East Los Angeles utility users' tax information. It is our understanding that the CFA preparer did not apply alternate procedures to estimate the tax.

The proponents allude to the significant public sector presence in East Los Angeles, thereby implying that the Utility Users' Tax (UUT) from the public sector is not accounted for. It is our understanding that the county ordinance for UUT excludes non-profit organizations and government entities.

To the extent that the CFA has excluded the UUT from eligible land-lines, the CFA is unreliable. However, the proponents' estimate of \$1.7 million additional revenues from the UUT from non-residential land-lines does not necessary reflect the amount to be collected by the proposed new city.

## Appendix— Pro Forma Computations Using Proponents' Estimated Amounts

| Revised Deficit Computation, Years 1 and 2 Only |                     |                        |
|---|---------------------|------------------------|
|   | Proponents          | SCO                    |
| <b>Year 1</b>                                   |                     |                        |
| Total revenues (CFA Table 1)                    | \$ 39,679,779       | \$ 39,679,779          |
| Total expenditures (CFA Table 1)                | 49,447,076          | 49,447,076             |
| <b>Deficit (CFA Table 1)</b>                    | <b>(9,767,297)</b>  | <b>(9,767,297)</b>     |
| Proposed adjustments:                           |                     |                        |
| Franchise fees                                  | 2,300,000           | -                      |
| Grant revenues                                  | 4,000,000           | -                      |
| Utility users' tax                              | 1,700,000           | -                      |
| Decreased/(increased) Sheriff's Office costs    | 2,300,000           | (10,078,476)           |
| Sheriff's Office start-up costs                 | -                   | (6,779,732)            |
| Total proposed adjustments                      | 10,300,000          | (16,858,208)           |
| <b>Year 1 revised surplus/(deficit)</b>         | <b>\$ 532,703</b>   | <b>\$ (26,625,505)</b> |
| <b>Year 2</b>                                   |                     |                        |
| Total revenues (CFA Table 1)                    | \$ 39,146,362       | \$ 39,146,362          |
| Total expenditures (CFA Table 1)                | 49,298,490          | 49,298,490             |
| <b>Deficit (CFA Table 1)</b>                    | <b>(10,152,128)</b> | <b>(10,152,128)</b>    |
| Proposed adjustments:                           |                     |                        |
| Franchise fees                                  | 2,300,000           | -                      |
| Grant revenues                                  | 4,000,000           | -                      |
| Utility users' tax                              | 1,700,000           | -                      |
| Decreased/(increased) Sheriff's Office costs    | 2,300,000           | (10,078,476)           |
| Total proposed adjustments                      | 10,300,000          | (10,078,476)           |
| <b>Year 2 revised surplus/(deficit)</b>         | <b>\$ 147,872</b>   | <b>\$ (20,230,604)</b> |

<sup>1</sup> Grant revenues are not allowable per the OPR Guide. If grant revenues were to be allowed, the Community Development Block Grant of \$3.4 million proposed by the proponents would be limited to 15% of the grant or \$510,000 for general purposes. The remainder would have to be spent on capital projects. Adding in the additional \$600,000 in grants the proponents proposed, would raise the total grant revenues to approximately \$1.1 million.

<sup>2</sup> The utility users' tax amount should have been included; however, the county did not have sufficient information to calculate this amount.

**Attachment—  
ELARA Request for State Controller Office  
Review of East Los Angeles CFA**

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NOTE: Page 10 of the request has not been included here due to the confidential nature of the information contained on that page.

# ELARA Request for State Controller Office Review of East Los Angeles CFA

## Overstated Contract City Law Enforcement Costs (\$2.3 million)

REQUEST #1: ELARA requests that the State Controller review the CFA’s comparison city estimating methodology, data, and findings related to the proposed city’s law enforcement costs.

The CFA estimated the proposed city’s law enforcement cost would be \$21.1 million, based on review of four comparison cities – Carson, Compton, Lancaster and Norwalk (CFA pp. 34-5, 98). Two additional cities—Commerce and Santa Clarita—had been analyzed but were excluded from the estimating averages used in the CFA analysis because Commerce has such a high job-housing ratio as to not be comparable and Santa Clarita had a relatively low crime rate. Nonetheless, Compton was retained in the CFA sample even though its crime rate is substantially higher than in East Los Angeles (Table 5) and the Compton budget was not available for analyzing additional costs. The CFA reported that it established the \$21.1 million cost after assuming sworn staffing levels in East Los Angeles that were comparable to the average of the contract cities (CFA pp. 35, 98). As shown in Table 1, the CFA assumed a sworn staffing level (0.74 per 1,000 residents) higher than the average of the four “comparable” cities (0.67 per 1,000), and non-sworn staffing substantially higher than the average.

|  | Sworn Officers | Non-Sworn | Residents | Sworn per 1,000 Residents | Non-Sworn per 1,000 Residents |
|--|----------------|-----------|-----------|---------------------------|-------------------------------|
| Carson                                 | 67.6           | 0         | 91,714    | 0.74                      | 0.00                          |
| Compton (1)                            | 81.3           | 4         | 96,455    | 0.84                      | 0.04                          |
| Lancaster                              | 106.9          | 0         | 156,633   | 0.68                      | 0.00                          |
| Norwalk                                | 42.6           | 0         | 105,549   | 0.40                      | 0.00                          |
| Santa Clarita (2)                      | 80.1           | 3         | 176,320   | 0.45                      | 0.02                          |
| Average (5 cities)                     |                |           |           | 0.62                      | 0.01                          |
| Average (exc. Santa Clarita)           |                |           |           | 0.67                      | 0.01                          |
| Average (exc. Compton & Santa Clarita) |                |           |           | 0.61                      | 0.00                          |
| East LA (CFA)                          | 93.4           | 19        | 126,496   | 0.74                      | 0.15                          |

Notes: (1) Compton's crime rate is significantly higher than East LA and the other comparison cities.  
(2) Santa Clarita's crime rate is somewhat lower than East LA and the other comparison cities.

The CFA estimate for East Los Angeles amounts to \$166 per capita, which is overstated compared with the average of \$150. The CFA relies on a very small sample to establish contract cities’ law enforcement costs, particularly when it excludes Santa Clarita. Given that Compton should be excluded due to its high crime rate, there are only three cities left in the sample. ELARA analyzed the budgets of four additional cities with comparable crime rates and job-housing ratios—Bellflower, Lynwood, Palmdale and Pico Rivera—to determine per capita costs in a larger sample (see Table 5). The average per capita cost across the seven cities—Carson, Lancaster, Norwalk and the four ELARA cities—was \$148 per capita, as shown in Table 2. Based on ELARA’s analysis, the proposed city’s law enforcement costs were overstated in the CFA by \$2.3 million.

|                        | Sheriff Contract Cost | Other City Costs (1) | Sheriff Per Cap | Other Per Cap | Total Per Cap |
|------------------------|-----------------------|----------------------|-----------------|---------------|---------------|
| Carson                 | \$13,506,118          | \$3,413,965          | \$147           | \$37          | \$184         |
| Compton (2)            | \$17,085,345          | NA                   | \$177           | NA            | NA            |
| Lancaster              | \$21,470,000          | \$2,706,402          | \$137           | \$17          | \$154         |
| Norwalk                | \$8,957,340           | \$2,824,480          | \$85            | \$27          | \$112         |
| Santa Clarita          | \$17,084,587          | \$1,806,714          | \$97            | \$10          | \$107         |
| Bellflower             | \$8,020,122           | \$2,084,218          | \$105           | \$27          | \$132         |
| Lynwood                | \$8,421,356           | \$1,157,430          | \$121           | \$17          | \$137         |
| Palmdale               | \$17,850,444          | \$2,819,746          | \$117           | \$18          | \$135         |
| Pico Rivera            | \$10,227,177          | \$1,103,485          | \$162           | \$18          | \$180         |
| Average (3 CFA cities) |                       |                      | \$123           | \$27          | \$150         |
| Average (7 cities)     |                       |                      | \$125           | \$23          | \$148         |
| East LA (CFA)          | \$21,051,955          | \$0                  | \$166           | \$0           | \$166         |

Notes: (1) ELARA excluded code enforcement, animal control and transit guards from other city safety costs. Carson's other costs shown in this Table (unlike the CFA) exclude code enforcement, as those costs are reported elsewhere in the CFA. (2) Compton's budget was not available.

### Unsubstantiated Impacts on Law Enforcement Service Levels

REQUEST #2: ELARA requests that the State Controller comment on the evidence presented in the CFA that service levels would actually decline if the proposed city pays for law enforcement at rates equivalent to those in comparable cities contracting with the Sheriff.

The CFA found that East Los Angeles would face a reduction in law enforcement service levels as a result of its estimated contract cost of \$21.1 million by comparison with existing service levels (CFA pp. 5, 36). The CFA implies that response times might be one half-minute longer due to a reduction in staffing levels. ELARA did not identify any evidence in the CFA that service levels would indeed decline.

By way of background, the County had reported to ELARA that its FY 06-07 costs for serving East Los Angeles were \$24.3 million,<sup>1</sup> but reported those costs had risen to \$36.4 million in FY 09-10 for purposes of the CFA. The County declined to provide ELARA an overview of service costs and levels over the last five years.<sup>2</sup> While costs of policing our community reportedly rose 48 percent in four years, there has been no evidence presented that said cost and staff inflation has resulted in changes in response times or crime rates.

<sup>1</sup> County of Los Angeles Chief Administrative Office, *East Los Angeles Revenue and Expenditure Data*, Attachment XII, June 19, 2007.

<sup>2</sup> County of Los Angeles Chief Executive Office, *Response to East Los Angeles Residents Association Correspondence regarding the Proposed Incorporation of East Los Angeles*, October 4, 2011, Attachment I, p. 1.

### **CFA Transfer of Library Subsidy Disregards Comparison Cities (\$4.5 million)**

REQUEST #3: ELARA requests that the State Controller review the CFA assumptions, analysis and findings with respect to transfer of the County general fund library subsidy of \$4.5 million to the proposed city (CFA pp. 32-3).

The CFA transferred \$4.5 million in library costs to the proposed city. This represents the County's estimate of the operating deficit at the four libraries located in East Los Angeles. Property tax, special tax, and operating revenues cover the remainder of costs at the East Los Angeles libraries. At the Sept. 14, 2011 LAFCO hearing, the CFA author explained that the subsidy would be required by the County Library to sustain current service levels after incorporation, and that otherwise the County would reduce library schedules from 6-7 days weekly to 4-5 days weekly. The CFA states that the County would reduce service levels by 65 percent (CFA pp. 33, 228) if the proposed city does not pay the subsidy.

The CFA assumes the cost and service responsibility would transfer to the new city with no corollary transfer of funding contrary to the mandate of California Government Code §56815, et seq. The CFA transferred subsidy does not account for costs in comparable cities. Government Code §56800(a)(1) requires that the CFA look at both actual County costs for the existing level of service and costs in comparable cities, and make a reasonable determination of the costs expected to be borne by the new city.

Fifty of the 88 cities in the County receive library services from the County Library System. Of those, four cities generate enough revenue to cover library operating costs and three cities have no library. The remainder of the cities' library services is subsidized by the County General Fund. In fact, the County General Fund subsidizes on average 33 percent of library costs in the cities as a whole.<sup>3</sup> None of the cities make significant contributions to library operating costs. Montebello and Norwalk are beneficiaries of the largest County General Fund subsidies.

The County keeps most branch libraries in the unincorporated areas (such as Anthony Quinn, City Terrace and El Camino Real libraries in East Los Angeles) open six days per week with a total of 44 weekly hours open, and certain larger libraries in the unincorporated areas (such as East Los Angeles library) open 6-6 ½ days per week for extended hours. The majority of the County-operated libraries in the cities are open only four days per week with a total of 40 weekly hours open; although some libraries in wealthier cities are run on more favorable schedules (such as 5-6 days per week open but with 35-40 hours weekly total in cities like Agoura Hills and Malibu).<sup>4</sup> None of the cities has a library open 7 days per week.

Based on analysis of library locations and schedules in adjacent areas, ELARA believes that the libraries in East Los Angeles are presently serving territory outside the proposed city boundaries and that the proposed city should not be responsible for subsidizing a regional library hub that was created by the County.

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<sup>3</sup> County of Los Angeles Public Library, *2008-09 Property Tax and Operating Cost by City*, Nov. 20, 2009 (attached). The document identifies property taxes, special taxes, city contributions and costs by city. The calculation accounts for operating revenues, such as fines, (actuals identified in the County Budget) and excludes the City of Santa Clarita (because it withdrew from the County system and now operates its own libraries). The County provided a copy of its library operating statement for FY 2009-10, but it does not contain information on property tax, special tax or city contribution revenues.

<sup>4</sup> The County of Los Angeles Public Library website lists operating schedules by library.

## Understated Franchise Fee Revenue (\$2.3 million)

REQUEST #4: ELARA requests that the State Controller review the CFA franchise fee estimates (CFA pp. 44-5, 67).

The CFA estimated franchise fee revenue based on County-reported data; similar to its utility user tax estimates, the County's estimates were missing a substantial amount of revenue based on validity testing with comparable cities. The CFA estimated \$1.3 million in franchise fee revenue is presently generated in East Los Angeles. That amounts to \$11 per capita. By comparison, franchise fees generated \$29 per capita in the CFA comparison cities, and even more in other cities with a similarly low job concentration like East Los Angeles, as shown in Table 3.<sup>5</sup> Hence, there is \$2.3 million in missing revenue from this source.

In ELARA's view, it is irrelevant whether the CFA underestimate is due to County data errors or to poor revenue recovery under the County's existing franchise agreements. The proposed city would negotiate franchise agreements with its utility providers, including the solid waste hauler, during the transition period, and would be expected to negotiate reasonable terms like other cities and have reasonable success in collecting the fees from utility providers.

It should be noted that the County does not currently charge a solid waste franchise fee in the proposed city, and stated that it does not do so because the garbage hauler is presently contracted through a County-dependent special district, the Belvedere Garbage Disposal District (BGDD). ELARA has proposed that LAFCO dissolve BGDD and merge it into the new city. The County has voiced no objection to that. Hence, the new city would be in a position to negotiate a franchise agreement with its future hauler.

|                                  | Franchise Fees per Capita FY 10 | Jobs per Home |
|----------------------------------|---------------------------------|---------------|
| <b>East Los Angeles</b>          |                                 |               |
| Hearing CFA                      | \$ 10.51                        | 0.72          |
| ELARA Comments                   | \$ 28.80                        | 0.72          |
| <b>CFA Comparison Cities</b>     | \$ 28.80                        | 1.00          |
| Baldwin Park                     | \$ 27.19                        | 1.01          |
| El Monte                         | \$ 17.40                        | 1.28          |
| Hawthorne                        | \$ 58.55                        | 0.72          |
| Inglewood                        | \$ 26.35                        | 0.90          |
| Lancaster                        | \$ 17.05                        | 1.00          |
| Norwalk                          | \$ 14.21                        | 0.91          |
| Pomona                           | \$ 39.89                        | 1.36          |
| South Gate                       | \$ 29.78                        | 0.84          |
| <b>Similar Job-Housing Ratio</b> | \$ 33.18                        | 0.73          |
| Hawthorne                        | \$ 58.55                        | 0.72          |
| South Gate                       | \$ 29.78                        | 0.84          |
| Bellflower                       | \$ 18.43                        | 0.67          |
| Palmdale                         | \$ 25.97                        | 0.71          |

<sup>5</sup> Franchise fee revenues for CFA comparison cities are listed in CFA Table B-1. Franchise fee revenues for each California city are available at <http://www.californiacityfinance.com/Franchises09p.xlsx>.

### **CFA Failed to Provide Impact of Abbreviated Transition Period (\$3.9 million)**

REQUEST #5: ELARA requests that the State Controller comment on the appropriateness of the CFA failing to provide fiscal viability findings under terms proposed by ELARA, specifically the length of the transition period.

The CFA assumed that the transition period (first year of operation) would be 12 months in length. Abbreviated transition periods are relatively common for new California cities (e.g., Rancho Cordova, Elk Grove, Wildomar).<sup>6</sup> Due to the high costs of County-provided services and lower costs that the proposed city is expected to achieve, reducing the length of the transition period and thereby the size of the transition period loan repayments is in the proposed city's interest. Reducing the length of the transition period from 12 to 7 months would have a positive fiscal impact on the proposed city's general fund of \$2.7 million in addition to impacts on the road fund (\$0.9 million) and transit fund (\$0.3 million) during the critical early years of cityhood.

ELARA suggested in its comments submitted on the Public Review Draft CFA that the transition period be shortened to seven months; however, that was disregarded by LAFCO and the CFA author who simply claimed that would not be prudent (CFA p. 189). Of course, the decision on whether to shorten the transition period would be made by the LAFCO Commission rather than the CFA author; however, the CFA author failed to provide information in the CFA on how such policy affects fiscal viability. From ELARA's perspective, for LAFCO's staff and consultant to ignore a relative common practice of LAFCOs granting abbreviated transition periods and the significant impact on the proposed city's costs is prejudicial to a finding of fiscal viability.

### **CFA Ignored Grant Revenues but not Grant-Funded Expenditures (\$4.0 million)**

REQUEST #6: ELARA requests that the State Controller review the CFA assumptions regarding exclusion of formula grants from the new city's revenue sources for conformity with Government Code §56800(a)(1).

The CFA excluded formula grants, such as Community Development Block Grants, Justice Assistance Grant, Local Law Enforcement Block Grant, and COPS under the justification that "cities rarely, if ever, rely on these funding sources to fund recurring operational costs," and that such revenues are unreliable and declining (CFA p. 156).

ELARA estimates that CDBG would have generated \$3.4 million in revenues in FY 09-10, based on analysis of the funding formula, allocations in that year, 2000 Census data in East Los Angeles, and analysis of comparison cities. CDBG rules allow cities to use 15 percent of the funds to finance code enforcement services (a general fund service) and the remainder for capital projects. The remainder of these funds would help finance capital needs in the proposed city's road and transit funds. Also, ELARA analyzed grant sources that the comparison Sheriff contract cities received, and found \$4.97 per capita in grant revenues that were explicitly used to finance Sheriff costs; that would equate to \$0.6 million in missing revenues for the new city. It is clearly biased and erroneous for the CFA to include costs that are financed by grants, but to exclude the revenue source.

Government Code §56800(a)(1) requires that the CFA focus on a particular base year to help prevent this type of bias. The base year for the CFA was FY 09-10, several years into a deep recession, when revenues from various tax sources were at a low. Other cities survived in part through grants. In the CFA, the proposed city's tax revenue estimates are at a recessionary low, its law enforcement costs are based on comparison cities which financed some of those costs through grants, and yet it receives no credit for predictable, formula-driven grants.

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<sup>6</sup> [http://www.calafco.org/docs/inc-studies/Summary\\_of\\_Recent\\_Incopr\\_Terms&Conditions.pdf](http://www.calafco.org/docs/inc-studies/Summary_of_Recent_Incopr_Terms&Conditions.pdf)

### CFA Understated Utility Users Tax Revenue (\$1.7 million)

REQUEST #7: ELARA requests that the State Controller review the CFA assumptions regarding exclusion of non-residential land lines from the estimates of utility users tax revenue.

The CFA estimated that utility users tax generate \$5.0 million in revenue in East Los Angeles during FY 09-10 (CFA pp. 45, 67). The estimate was based on incomplete and inaccurate data provided by the County<sup>7</sup> and Southern California Edison. The CFA subsequently identified a better data source for the electric tax base, and partially corrected the County's estimate of telephone tax base which had not included landlines. The CFA author has acknowledged that telephone landlines for non-residential customers (which include the significant public sector presence in East Los Angeles) were not included in the estimate. Based on analysis of comparison cities with a similar base for their utility taxes, there is \$1.7 million in missing revenue, as shown in Table 4.

|                           | Utility Tax Rate | Residents | Revenue FY 08-09 | Implicit Tax Base | Implicit Tax Base per Cap |
|---------------------------|------------------|-----------|------------------|-------------------|---------------------------|
| Arcadia                   | 5.00%            | 56,547    | \$5,128,782      | \$102,575,640     | \$1,814                   |
| Bellflower                | 5.00%            | 77,194    | \$4,118,981      | \$82,379,620      | \$1,067                   |
| El Monte                  | 6.75%            | 126,308   | \$8,477,622      | \$125,594,400     | \$994                     |
| La Verne                  | 6.00%            | 33,981    | \$3,379,051      | \$56,317,517      | \$1,657                   |
| Norwalk                   | 5.50%            | 109,567   | \$6,023,038      | \$109,509,782     | \$999                     |
| Paramount                 | 3.00%            | 57,874    | \$2,252,103      | \$75,070,100      | \$1,297                   |
| Median                    |                  |           |                  |                   | \$1,182                   |
| East LA-CFA               | 4.50%            | 126,496   | \$5,007,286      | \$111,273,022     | \$880                     |
| East LA-Comp Base         | 4.50%            | 126,496   | \$6,729,194      | \$149,537,653     | \$1,182                   |
| Estimated Missing Revenue |                  |           | \$1,721,908      |                   |                           |

Sources: California Local Government Finance Almanac; East LA Hearing CFA

### CFA excluded Revenue Neutrality Payments

REQUEST #8: ELARA requests that the State Controller review the CFA assumptions and findings with respect to revenue neutrality payments associated with compliance with Government Code §56815 (CFA pp. 39, 189).

Although the CFA estimated that incorporation of East Los Angeles would have a positive fiscal impact on the County of \$26 million annually, the CFA did not provide that any portion of that be credited to the new city. The law requires a similar exchange of revenue and responsibility for service delivery. The County presently spends \$17 million in Proposition 172 funds to support service levels in East Los Angeles. The CFA assumes that service responsibility would transfer to the new city without the associated revenue (or an equivalent credit on the new city's contract law enforcement cost). Instead, that cost has been identified with no corollary transfer of funding contrary to California Government Code §56815 mandates. This amounts to a shortfall of \$17 million in law enforcement funding.

<sup>7</sup> County of Los Angeles Chief Executive Office, *East Los Angeles Revenue and Expenditure Data*, Attachment II, March 1, 2011. The County had estimated only \$2.8 million in revenue from this source.

Table 5 - Population, Jobs-Housing Ratio, Poverty and Crime Rates by City, Los Angeles County

|   | CA Department of Finance<br>Population Estimates |         |          | Census<br>Population | SCAG RTP 2008 Projections |                       |              |                           | ACS 2007-9 (1) |                 | California Crimes, 2009 (2) |                          |                           |
|---|--|---------|----------|----------------------|---------------------------|-----------------------|--------------|---------------------------|----------------|-----------------|-----------------------------|--------------------------|---------------------------|
|   | Jan-09   | Jan-10  | Avg 2009 | 2010                 | Population<br>2010        | Housing Units<br>2010 | Jobs<br>2010 | Jobs-<br>Housing<br>Ratio | %<br>Latino    | Poverty<br>Rate | Total<br>Crime<br>Rate      | Violent<br>Crime<br>Rate | Property<br>Crime<br>Rate |
|   |  |         |          |                      |                           |                       |              |                           |                |                 |                             |                          |                           |
| <b>East Los Angeles</b>                         |  |         | 126,496  | 126,496              | 140,098                   | 32,462                | 23,307       | 0.72                      | 98%            | 24%             | 2,574                       | 867                      | 1,275                     |
| <b>Comparison Cities</b>                        |  |         |          |                      |                           |                       |              |                           |                |                 |                             |                          |                           |
| <b>CFA General</b>                              |  |         |          |                      |                           |                       |              |                           |                |                 |                             |                          |                           |
| Baldwin Park                                    | 75,666   | 75,490  | 75,578   | 75,390               | 82,767                    | 17,630                | 17,870       | 1.01                      | 82%            | 16%             | 2,609                       | 390                      | 1,491                     |
| El Monte  | 114,434  | 113,740 | 114,087  | 113,475              | 130,412                   | 28,871                | 36,880       | 1.28                      | 70%            | 21%             | 3,099                       | 628                      | 1,713                     |
| Hawthorne                                       | 84,465   | 84,360  | 84,413   | 84,293               | 94,042                    | 29,143                | 20,866       | 0.72                      | 52%            | 16%             | 3,336                       | 829                      | 1,702                     |
| Inglewood                                       | 110,164  | 109,831 | 109,998  | 109,673              | 118,466                   | 37,205                | 33,599       | 0.90                      | 48%            | 17%             | 3,715                       | 945                      | 1,715                     |
| Lancaster                                       | 153,613  | 155,920 | 154,767  | 156,633              | 160,650                   | 49,331                | 49,280       | 1.00                      | 38%            | 20%             | 2,929                       | 631                      | 1,487                     |
| Norwalk   | 105,330  | 105,529 | 105,430  | 105,549              | 111,889                   | 27,257                | 24,679       | 0.91                      | 70%            | 10%             | 2,495                       | 433                      | 1,379                     |
| Pomona  | 149,935  | 149,311 | 149,623  | 149,058              | 170,229                   | 40,694                | 55,546       | 1.36                      | 72%            | 16%             | 3,436                       | 647                      | 1,782                     |
| South Gate                                      | 95,741   | 94,502  | 95,122   | 94,396               | 105,178                   | 23,960                | 20,013       | 0.84                      | 95%            | 19%             | 3,338                       | 595                      | 1,945                     |
| <b>CFA Sheriff Contract Cities</b>              |  |         |          |                      |                           |                       |              |                           |                |                 |                             |                          |                           |
| Carson  | 92,198   | 91,799  | 91,999   | 91,714               | 101,507                   | 26,677                | 52,616       | 1.97                      | 38%            | 7%              | 3,107                       | 543                      | 1,633                     |
| Commerce  | 12,825   | 12,830  | 12,828   | 12,823               | 13,524                    | 3,360                 | 48,772       | 14.52                     |                |                 | 9,526                       | 1,481                    | 5,597                     |
| Compton   | 96,096   | 96,444  | 96,270   | 96,455               | 99,522                    | 22,577                | 30,893       | 1.37                      | 65%            | 23%             | 4,777                       | 1,513                    | 2,253                     |
| Lancaster                                       | 153,613  | 155,920 | 154,767  | 156,633              | 160,650                   | 49,331                | 49,280       | 1.00                      | 38%            | 20%             | 2,929                       | 631                      | 1,487                     |
| Norwalk   | 105,330  | 105,529 | 105,430  | 105,549              | 111,889                   | 27,257                | 24,679       | 0.91                      | 70%            | 10%             | 2,495                       | 433                      | 1,379                     |
| Santa Clarita                                   | 175,103  | 176,056 | 175,580  | 176,320              | 181,974                   | 59,086                | 62,227       | 1.05                      | 30%            | 8%              | 2,012                       | 243                      | 1,023                     |
| <b>Other Comparable Sheriff Contract Cities</b> |  |         |          |                      |                           |                       |              |                           |                |                 |                             |                          |                           |
| Bellflower                                      | 76,220   | 76,531  | 76,376   | 76,616               | 79,656                    | 24,097                | 16,176       | 0.67                      | 51%            | 11%             | 3,161                       | 731                      | 1,806                     |
| Lakewood  | 80,004   | 80,066  | 80,035   | 80,048               | 84,060                    | 27,264                | 17,606       | 0.65                      | 30%            | 5%              | 3,117                       | 457                      | 1,534                     |
| Palmdale  | 150,682  | 152,473 | 151,578  | 152,750              | 182,663                   | 49,143                | 35,059       | 0.71                      | 54%            | 17%             | 2,932                       | 540                      | 1,471                     |
| Pico Rivera                                     | 63,095   | 62,997  | 63,046   | 62,942               | 68,427                    | 17,005                | 16,336       | 0.96                      | 91%            | 9%              | 2,531                       | 341                      | 1,342                     |
| <b>Less Comparable Cities</b>                   |  |         |          |                      |                           |                       |              |                           |                |                 |                             |                          |                           |
| <b>Sheriff Contract Cities</b>                  |  |         |          |                      |                           |                       |              |                           |                |                 |                             |                          |                           |
| Agoura Hills                                    | 20,569   | 20,398  | 20,484   | 20,330               | 23,347                    | 7,486                 | 11,942       | 1.60                      | 9%             | 3%              | 1,665                       | 132                      | 1,025                     |
| Artesia   | 16,508   | 16,514  | 16,511   | 16,522               | 17,534                    | 4,607                 | 5,975        | 1.30                      |                |                 | 2,059                       | 297                      | 1,217                     |
| Avalon  | 3,674  | 3,719   | 3,697    | 3,728                | 3,637                     | 1,253                 | 2,868        | 2.29                      |                |                 | 3,165                       | 703                      | 1,569                     |
| Bradbury  | 1,017  | 1,039   | 1,028    | 1,048                | 993                       | 317                   | 247          | 0.78                      |                |                 | 973                         | -                        | 681                       |
| Calabasas                                       | 22,989   | 23,053  | 23,021   | 23,058               | 23,750                    | 8,355                 | 15,240       | 1.82                      | 4%             | 7%              | 1,364                       | 87                       | 812                       |
| Carson  | 92,198   | 91,799  | 91,999   | 91,714               | 101,507                   | 26,677                | 52,616       | 1.97                      | 38%            | 7%              | 3,107                       | 543                      | 1,633                     |
| Cerritos  | 49,479   | 49,176  | 49,328   | 49,041               | 55,184                    | 15,700                | 37,063       | 2.36                      | 11%            | 6%              | 3,748                       | 164                      | 2,037                     |
| Cudahy  | 23,826   | 23,846  | 23,836   | 23,805               | 26,558                    | 5,685                 | 3,475        | 0.61                      | 97%            | 23%             | 2,735                       | 629                      | 1,238                     |
| Diamond Bar                                     | 55,379   | 55,654  | 55,517   | 55,544               | 61,041                    | 18,377                | 15,809       | 0.86                      | 19%            | 3%              | 1,767                       | 155                      | 1,070                     |
| Duarte  | 21,409   | 21,345  | 21,377   | 21,321               | 23,221                    | 6,898                 | 6,873        | 1.00                      | 41%            | 6%              | 2,624                       | 374                      | 1,408                     |
| Hawaiian Gardens                                | 14,393   | 14,287  | 14,340   | 14,254               | 16,189                    | 3,664                 | 2,876        | 0.78                      |                |                 | 2,141                       | 551                      | 1,095                     |
| Hidden Hills                                    | 1,862  | 1,863   | 1,863    | 1,856                | 2,042                     | 600                   | 25           | 0.04                      |                |                 | 1,128                       | 107                      | 805                       |
| Industry  | 512  | 486     | 499      | 219                  | 807                       | 121                   | 85,529       | 706.85                    |                |                 | 299,800                     | 16,633                   | 159,519                   |
| La Canada Flintridge                            | 20,249   | 20,266  | 20,258   | 20,246               | 21,575                    | 6,970                 | 9,503        | 1.36                      |                |                 | 2,049                       | 104                      | 1,190                     |
| La Habra Heights                                | 5,398  | 5,347   | 5,373    | 5,325                | 6,241                     | 1,983                 | 789          | 0.40                      |                |                 | 1,266                       | 93                       | 949                       |
| La Mirada                                       | 48,434   | 48,528  | 48,481   | 48,527               | 51,772                    | 15,355                | 19,649       | 1.28                      | 39%            | 5%              | 1,555                       | 165                      | 916                       |
| La Puente                                       | 39,990   | 39,879  | 39,935   | 39,816               | 44,923                    | 9,770                 | 8,172        | 0.84                      | 88%            | 11%             | 2,028                       | 453                      | 1,127                     |
| Lawndale  | 32,684   | 32,761  | 32,723   | 32,769               | 34,477                    | 9,818                 | 5,779        | 0.59                      | 60%            | 11%             | 2,044                       | 529                      | 1,140                     |
| Lomita  | 20,236   | 20,260  | 20,248   | 20,256               | 21,303                    | 8,203                 | 4,783        | 0.58                      | 36%            | 7%              | 2,390                       | 494                      | 1,126                     |

|   | CA Department of Finance<br>Population Estimates |           |           | Census<br>Population | SCAG RTP 2008 Projections |                       |              |                           | ACS 2007-9 (1) |                 | California Crimes, 2009 (2) |                          |                           |
|---|--|-----------|-----------|----------------------|---------------------------|-----------------------|--------------|---------------------------|----------------|-----------------|-----------------------------|--------------------------|---------------------------|
|   | Jan-09   | Jan-10    | Avg 2009  | 2010                 | Population<br>2010        | Housing Units<br>2010 | Jobs<br>2010 | Jobs-<br>Housing<br>Ratio | %<br>Latino    | Poverty<br>Rate | Total<br>Crime<br>Rate      | Violent<br>Crime<br>Rate | Property<br>Crime<br>Rate |
|   |  |           |           |                      |                           |                       |              |                           |                |                 |                             |                          |                           |
| Lynwood   | 69,766   | 69,786    | 69,776    | 69,772               | 73,874                    | 14,469                | 13,378       | 0.92                      | 85%            | 18%             | 2,977                       | 923                      | 1,691                     |
| Malibu  | 12,672   | 12,659    | 12,666    | 12,645               | 14,402                    | 5,554                 | 9,099        | 1.64                      |                |                 | 2,416                       | 197                      | 1,713                     |
| Maywood   | 27,551   | 27,442    | 27,497    | 27,395               | 29,783                    | 6,500                 | 3,794        | 0.58                      | 98%            | 22%             | 2,258                       | 549                      | 1,182                     |
| Paramount   | 54,201   | 54,126    | 54,164    | 54,098               | 60,128                    | 14,362                | 18,544       | 1.29                      | 80%            | 19%             | 3,800                       | 718                      | 2,273                     |
| Rancho Palos Verdes                               | 41,537   | 41,654    | 41,596    | 41,643               | 43,192                    | 15,396                | 6,406        | 0.42                      | 9%             | 4%              | 1,036                       | 101                      | 647                       |
| Rolling Hills                                     | 1,868  | 1,867     | 1,868     | 1,860                | 1,985                     | 658                   | 490          | 0.74                      |                |                 | 589                         | 107                      | 321                       |
| Rolling Hills Estates                             | 8,036  | 8,064     | 8,050     | 8,067                | 8,336                     | 2,978                 | 3,897        | 1.31                      |                |                 | 2,124                       | 174                      | 1,292                     |
| Rosemead  | 53,877   | 53,844    | 53,861    | 53,764               | 58,240                    | 14,537                | 16,658       | 1.15                      | 35%            | 14%             | 2,479                       | 457                      | 1,335                     |
| San Dimas   | 33,596   | 33,434    | 33,515    | 33,371               | 37,481                    | 12,567                | 17,650       | 1.40                      | 27%            | 7%              | 2,664                       | 310                      | 1,429                     |
| South El Monte                                    | 20,326   | 20,171    | 20,249    | 20,116               | 22,785                    | 4,759                 | 16,335       | 3.43                      | 84%            | 20%             | 3,798                       | 741                      | 1,990                     |
| Temple City                                       | 35,284   | 35,516    | 35,400    | 35,558               | 36,098                    | 11,760                | 6,779        | 0.58                      | 17%            | 7%              | 1,446                       | 158                      | 966                       |
| Walnut  | 29,285   | 29,222    | 29,254    | 29,172               | 32,353                    | 8,609                 | 9,169        | 1.07                      | 17%            | 5%              | 1,709                       | 147                      | 1,043                     |
| West Hollywood                                    | 34,462   | 34,481    | 34,472    | 34,399               | 38,223                    | 23,718                | 32,185       | 1.36                      | 12%            | 14%             | 5,489                       | 946                      | 2,811                     |
| Westlake Village                                  | 8,292  | 8,277     | 8,285     | 8,270                | 9,058                     | 3,335                 | 9,545        | 2.86                      |                |                 | 1,774                       | 60                       | 1,086                     |
| <b>Cities with Independent Police Departments</b> |  |           |           |                      |                           |                       |              |                           |                |                 |                             |                          |                           |
| Alhambra  | 83,221   | 83,220    | 83,221    | 83,089               | 90,813                    | 29,727                | 30,222       | 1.02                      | 36%            | 13%             | 2,555                       | 298                      | 1,242                     |
| Arcadia   | 55,975   | 56,304    | 56,140    | 56,364               | 58,158                    | 20,084                | 27,128       | 1.35                      | 12%            | 8%              | 3,119                       | 205                      | 1,537                     |
| Azusa   | 46,227   | 46,382    | 46,305    | 46,361               | 49,174                    | 13,213                | 18,478       | 1.40                      |                |                 | 3,172                       | 529                      | 1,624                     |
| Bell  | 35,630   | 35,538    | 35,584    | 35,477               | 39,147                    | 9,043                 | 9,051        | 1.00                      | 92%            | 23%             | 2,057                       | 523                      | 947                       |
| Bell Gardens                                      | 42,288   | 42,176    | 42,232    | 42,072               | 46,567                    | 9,475                 | 8,075        | 0.85                      | 96%            | 24%             | 2,451                       | 483                      | 1,504                     |
| Beverly Hills                                     | 34,084   | 34,136    | 34,110    | 34,109               | 36,433                    | 15,389                | 58,068       | 3.77                      | 5%             | 6%              | 3,855                       | 237                      | 2,345                     |
| Burbank   | 103,116  | 103,363   | 103,240   | 103,340              | 112,103                   | 44,130                | 96,688       | 2.19                      | 24%            | 7%              | 2,842                       | 245                      | 1,325                     |
| Claremont   | 35,259   | 34,930    | 35,095    | 34,926               | 37,356                    | 11,873                | 18,530       | 1.56                      | 18%            | 6%              | 2,505                       | 211                      | 1,345                     |
| Covina  | 47,726   | 47,793    | 47,760    | 47,796               | 50,732                    | 16,502                | 21,936       | 1.33                      | 50%            | 9%              | 3,926                       | 354                      | 1,832                     |
| Culver  | 38,874   | 38,896    | 38,885    | 38,883               | 41,081                    | 16,902                | 45,631       | 2.70                      |                |                 | 4,076                       | 478                      | 1,880                     |
| Downey  | 111,254  | 111,690   | 111,472   | 111,772              | 115,973                   | 34,767                | 40,580       | 1.17                      | 71%            | 11%             | 3,605                       | 398                      | 2,060                     |
| El Segundo  | 16,581   | 16,650    | 16,616    | 16,654               | 17,268                    | 7,182                 | 55,146       | 7.68                      |                |                 | 4,550                       | 217                      | 2,973                     |
| Gardena   | 58,834   | 58,854    | 58,844    | 58,829               | 62,452                    | 20,817                | 30,847       | 1.48                      | 38%            | 16%             | 3,287                       | 647                      | 1,755                     |
| Glendale  | 192,253  | 191,954   | 192,104   | 191,719              | 210,950                   | 74,058                | 94,591       | 1.28                      | 17%            | 14%             | 2,118                       | 157                      | 1,029                     |
| Glendora  | 49,840   | 50,100    | 49,970    | 50,073               | 53,598                    | 17,291                | 19,015       | 1.10                      | 29%            | 5%              | 2,678                       | 116                      | 1,205                     |
| Hermosa Beach                                     | 19,312   | 19,477    | 19,395    | 19,506               | 19,584                    | 9,491                 | 7,061        | 0.74                      |                |                 | 4,125                       | 428                      | 2,026                     |
| Huntington Park                                   | 59,014   | 58,241    | 58,628    | 58,114               | 67,062                    | 15,486                | 16,600       | 1.07                      | 97%            | 25%             | 4,890                       | 931                      | 2,516                     |
| Irwindale   | 1,461  | 1,429     | 1,445     | 1,422                | 1,774                     | 407                   | 13,622       | 33.47                     |                |                 | 16,747                      | 1,522                    | 11,488                    |
| La Verne  | 31,234   | 31,120    | 31,177    | 31,063               | 34,227                    | 11,509                | 9,553        | 0.83                      | 31%            | 7%              | 2,418                       | 176                      | 1,084                     |
| Long Beach  | 462,211  | 462,685   | 462,448   | 462,257              | 503,251                   | 169,739               | 185,938      | 1.10                      | 40%            | 19%             | 3,441                       | 684                      | 1,714                     |
| Los Angeles                                       | 3,781,951  | 3,794,586 | 3,788,269 | 3,792,621            | 4,057,484                 | 1,366,985             | 1,820,092    | 1.33                      | 48%            | 19%             | 3,165                       | 635                      | 1,654                     |
| Manhattan Beach                                   | 35,147   | 35,168    | 35,158    | 35,135               | 36,905                    | 14,968                | 18,954       | 1.27                      | 9%             | 3%              | 2,827                       | 168                      | 1,442                     |
| Monrovia  | 36,407   | 36,659    | 36,533    | 36,590               | 39,763                    | 13,862                | 18,075       | 1.30                      | 37%            | 9%              | 3,219                       | 293                      | 1,363                     |
| Montebello  | 62,463   | 62,471    | 62,467    | 62,500               | 65,728                    | 19,165                | 26,079       | 1.36                      | 80%            | 16%             | 3,174                       | 314                      | 1,867                     |
| Monterey Park                                     | 60,441   | 60,349    | 60,395    | 60,269               | 68,636                    | 20,411                | 30,943       | 1.52                      | 28%            | 13%             | 1,845                       | 242                      | 1,061                     |
| Palos Verdes Estates                              | 13,421   | 13,444    | 13,433    | 13,438               | 14,175                    | 5,068                 | 3,560        | 0.70                      |                |                 | 767                         | 52                       | 476                       |
| Pasadena  | 136,502  | 136,912   | 136,707   | 137,122              | 149,854                   | 55,606                | 119,968      | 2.16                      | 33%            | 13%             | 3,412                       | 353                      | 1,630                     |
| Redondo Beach                                     | 66,162   | 66,716    | 66,439    | 66,748               | 68,095                    | 23,350                | 30,586       | 1.04                      | 15%            | 6%              | 2,661                       | 300                      | 1,245                     |

|                  | CA Department of Finance<br>Population Estimates |         |          | Census<br>Population | SCAG RTP 2008 Projections |                       |              |                           | ACS 2007-9 (1) |                 | California Crimes, 2009 (2) |                          |                           |
|------------------|--|---------|----------|----------------------|---------------------------|-----------------------|--------------|---------------------------|----------------|-----------------|-----------------------------|--------------------------|---------------------------|
|                  | Jan-09   | Jan-10  | Avg 2009 | 2010                 | Population<br>2010        | Housing Units<br>2010 | Jobs<br>2010 | Jobs-<br>Housing<br>Ratio | %<br>Latino    | Poverty<br>Rate | Total<br>Crime<br>Rate      | Violent<br>Crime<br>Rate | Property<br>Crime<br>Rate |
| San Fernando     | 23,680   | 23,671  | 23,676   | 23,645               | 25,452                    | 5,975                 | 15,204       | 2.54                      | 92%            | 17%             | 1,998                       | 380                      | 1,081                     |
| San Gabriel      | 39,798   | 39,774  | 39,786   | 39,718               | 42,500                    | 12,831                | 14,497       | 1.13                      | 25%            | 12%             | 1,790                       | 380                      | 847                       |
| San Marino       | 13,107   | 13,150  | 13,129   | 13,147               | 13,623                    | 4,283                 | 4,894        | 1.14                      |                |                 | 1,264                       | 69                       | 777                       |
| Santa Fe Springs | 16,177   | 16,206  | 16,192   | 16,223               | 18,778                    | 5,253                 | 50,416       | 9.60                      |                |                 | 7,652                       | 809                      | 4,002                     |
| Santa Monica     | 89,295   | 89,494  | 89,395   | 89,736               | 91,335                    | 46,088                | 101,871      | 2.21                      | 13%            | 11%             | 4,221                       | 440                      | 1,453                     |
| Sierra Madre     | 10,881   | 10,917  | 10,899   | 10,917               | 11,063                    | 4,803                 | 3,445        | 0.72                      |                |                 | 1,376                       | 92                       | 807                       |
| Signal Hill      | 10,988   | 11,016  | 11,002   | 11,016               | 11,405                    | 4,183                 | 12,085       | 2.89                      |                |                 | 4,372                       | 482                      | 2,181                     |
| South Pasadena   | 25,486   | 25,596  | 25,541   | 25,619               | 25,899                    | 10,656                | 9,225        | 0.87                      | 17%            | 6%              | 1,977                       | 117                      | 1,096                     |
| Torrance         | 144,702  | 145,392 | 145,047  | 145,438              | 150,393                   | 56,409                | 107,277      | 1.90                      | 17%            | 7%              | 2,168                       | 179                      | 1,032                     |
| Vernon           | 111  | 114     | 113      | 112                  | 95                        | 25                    | 39,483       | 1,579.3                   |                |                 | 309,333                     | 43,556                   | 199,111                   |
| West Covina      | 106,231  | 106,189 | 106,210  | 106,098              | 115,338                   | 32,910                | 28,138       | 0.85                      | 54%            | 10%             | 3,391                       | 297                      | 1,850                     |
| Whittier         | 84,841   | 85,293  | 85,067   | 85,331               | 87,689                    | 28,603                | 31,731       | 1.11                      | 65%            | 8%              | 2,875                       | 396                      | 1,292                     |

Sources: California Department of Finance (population estimates), Census Bureau (2010 population, 2007-9 poverty rates and percent Latino), Southern California Association of Governments' Regional Transportation Plan (jobs-housing ratio), California Attorney General (Part I crimes), and County Sheriff (crimes in East LA).

Notes: (1) Poverty rates and percent Latino tabulated from American Community Survey data and represents a 2007-9 average by city. Statistics were unavailable for smaller cities due to inadequate sample size.  
(2) Violent Part I crimes include homicide, rape, robbery and aggravated assault. Part I property crimes include burglary, auto theft, and larceny (over \$400).

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