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City of Los Angeles Financial Shell Game: Two Departments under Siege – Los Angeles
Public Library (aka Library Department) and Recreation & Parks Department

During the Global Financial Crisis (GFC) of 2008, many municipalities in the United States were under pressure because property tax receipts had shrunk due to lower home values. In the U.S. most cities and counties are funded through property tax that is paid yearly in semi-annual payments based on the previous years assessed value. Some states were hit harder with lower assessed values than others. The news media would say the real estate bubble had burst and many thought California would dodge the housing downturn but it did not (Calbreath, 2008). With rising unemployment and lower housing values many cities and counties in California had to put up with lower tax receipts which would impact local agency budgets.

In the City of Los Angeles, Mayor Antonio Villaraigosa, decided to make changes on how the city funded some departments. Beginning in FY 2008-2009, the Mayor required all independently funded departments to start repaying the city's general fund back for some of their operating costs (LA Budget, 2008-09). These operating costs included utilities, custodial costs, building maintenance, fuel, and fleet costs. The payback of these costs began in an incremental step process with the amount increasing every year. Both the Los Angeles Public Library (LAPL) and Recreation and Parks Department (RPD) were required to undergo this payback process.

According to the City Charter of Los Angeles in 2015, the RPD has 3.25% of the property tax receipts per year and the LAPL 3% (City Charter, 2015). All the income is dependent upon the property values in Los Angeles holding and, in the case of the RPD, they have some income streams that are not dependent upon property tax. Those income streams are golf green fees, pool admission fees, museum fees, and other recreation associated type fees. Again, as long as the economy is going well those fees will be doing well as then the community has disposable income to spend.

This paper will look at how Mayor Villaraigosa downsized two departments and what the choices did to the very distinct departments. How did the departments react? How did the local community react? Did the paying for the general fund out of the LAPL and RPD budgets have a negative or positive impact on the departments? Did anyone outside of the city figure out what was going on?

References

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