



CITY OF INGLEWOOD

Office of the Mayor



Inglewood Mayor James T. Butts, Jr.
State of the City Address
March 15, 2012

Good Afternoon. Thank you for attending my 2nd State of the City Address.

First of all, let me begin by thanking the Chamber President and the entire Inglewood/Airport Area Chamber of Commerce for once again hosting this event. Year in and year out, they do a great job of conducting the luncheon and I want to make sure that I recognize them for their hard work.

Additionally, I also want to recognize some of the important people in attendance upon whose shoulders the future of our city rests. My colleagues on the City Council: District 1 Council Member Michael Stevens, District 2 Council Member Judy Dunlap, District 3 Council Member Eloy Morales, Jr. and District 4 Council Member Ralph Franklin. Please join me in giving them a round of applause. Additionally, I want to also recognize our City Treasurer Wanda Brown and our City Clerk Yvonne Horton. Please give them a round of applause as well. Our City Manager, Artie Fields, and our former City Manager Mark Weinberg, whom I have known for 32 years, are here as well. We have some special guests here today all the way from New York, representatives from the Madison Square Garden Company.

It has been an exhilarating year for me as Mayor of the City of Inglewood. And after a year in this role, I feel people have come to appreciate the fact that I am not a “traditional” politician. I have told people what they “need” to know as opposed to what I believe they “want” to hear. I say what I mean, and I mean what I say. I tell the truth and, after listening to the public and staff, I do what I believe to be in the best interests of the residents and future of the city.

Last year, after 1 month on the job as Mayor, I classified the state of the city as optimistic. This year, I classify the state of the city as “focused on moving forward towards rebuilding and revitalizing.” We are rebuilding our infrastructure; revitalizing our local economy in Inglewood; rebuilding and improving our management and budgetary forecasting systems; and analyzing and rebuilding our core service delivery functions. After a year of studying and deconstructing major City operations to determine where we are and how we got here, I’ve made some observations.

Over the years, City leaders have done some things. However, at times when it came to making some tough decisions, we’ve kicked the can down the road for years in many areas. We’ve failed to take decisive action in critical areas. There have been management failures at the City Administrator and at the department head level. Since I have been in office, and after providing counseling, support and direction to improve performance, we have taken action and will continue take action to hold accountable and/or remove underperforming managers in the employment of the City. For some individuals, skirting today’s problems might be the “easy” thing to do, but, given the challenges that the city faces, it certainly would not be THE RIGHT THING TO DO. From a purely political stand point, it tends to be safer, easy and, in the short run, popular to dodge the tough issues and placate the public; as opposed to doing what needs to be done to strengthen our

city. I have refused to put problems that demand attention today off into the future for someone else to deal with. I just don't operate that way.

Today, as I view the rebuilding and revitalizing state of our city, I remain very optimistic about Inglewood and its future. We have seen some tough times recently, as have cities and states throughout the nation. And, we undoubtedly will have to respond to additional challenges that lie just over the horizon. But I can tell you this; Inglewood is a resilient community. It's resilient, because it's made up of residents and businesspeople like you, who are committed to the city and are poised and ready to participate in the economic resurgence of this city. We are situated less than 1½ miles from the Los Angeles International Airport, and have one of the largest undeveloped contiguous parcels of land in Los Angeles, Orange or Ventura counties.

Our municipal government is populated by a number of smart, hardworking, dedicated employees who want more than to just have a job and come to work, they want to be a part of something bigger than themselves. Like all of us, they are proud of what they do and where they work. They deserve quality, compassionate leadership and to be treated with dignity and respect. They deserve that and they will receive respect while I'm Mayor. It's my responsibility, working with the Council and through the City Manager, to build an effective, forward thinking organization that will provide the environment for business and economic development to thrive. The City must exude a sense of order, stability and safety that attracts and retains middle and upper middle class families.

When I first campaigned for this office, I told residents that I intended to focus on several key areas that included (1) Assessing and improving the condition of our City's infrastructure – it's roadways, water and waste delivery systems, and the like; (2) Improving Public Safety and reducing Crime; (3) Assessing the effectiveness of our Residential Sound Insulation Program; (4) Economic Development, and (5) Stabilizing our financial situation. I am committed to establishing an environment that would attract major retail, entertainment and other commercial anchors to Inglewood to generate local jobs and increase sales tax revenues. This would, in turn, bolster the City's General Fund and allow us to restore services that have been curtailed recently. For our residents, increasing General Fund revenue is important, because it is the source from which we pay core City services like police, fire, recreation, code enforcement, library, tree trimming and services for senior citizens.

The City of Inglewood, like your particular businesses, must have its financial house in order so that we may properly and systematically address pressing issues. Unfortunately, the state of the city as I and Mr. Weinberg inherited it in 2011 was somewhat like a car in desperate need of an overhaul that could not be taken off the road while repairs are done. Core services have to be delivered all year long. Under the leadership of our former interim City Manager Mr. Mark Weinberg and our current City Manager, Mr. Artie Fields, and the cooperation and sacrifice of our magnificent City employees, we made it through the 2010-2011 fiscal year and have trimmed what was once a \$17 million dollar structural deficit down to about \$860,000 in this year's budget! While this is a tremendous achievement, our goal is to completely eliminate this year's remaining deficit by October.

We are managing Inglewood in a more corporate/professional and less political manner now. Let me give you an example in terms that any business person, and most people, but not all Council people, can understand. How long do you think your business would continue to exist if your costs associated with providing a product or service kept rising, but you never passed through any of those increased costs in the price you charged for that product or service and you subsidized those losses through your capital reserves for your business operation? Depending on your capitalization;

one year, two years, maybe three? Well, since 2003, we've been running a Water service and Waste Water removal business that artificially kept fees level while the costs of providing the service continued to rise for more than eight years!

That's the situation that the City found itself in recently when we had to make a tough decision to significantly adjust our water and sewer rates. Rates had not been raised since 2003, even though the cost of living in Los Angeles County increased 23 percent and the cost of the water we purchase from the West Basin Municipal Water District increased 35 percent in the last four years. Add to the equation the fact that our total capital improvements for the entire system are estimated to contain \$116 million in overdue deferred maintenance. And this is for a system that, on average, is more than 50 years old.

An independent water and sewer rate study confirmed staff's analysis that the existing rate structure was unable to sustain the ongoing operation and maintenance of the water and sewer system. Believe me, after the first public hearing, I would have loved to defer rate increases due to their, how do I put this, unpopularity. However, it is our duty as your elected representatives to DO WHAT IS RIGHT to ensure that your families and businesses have access to safe, clean and pure drinking water and that when you go to flush your toilet, waste is removed from your house or business.

Before the approval of the rate increase, over the past year, water operations were losing an average of \$338,000 per month! This equated to an annual deficit of over \$4 million! The deficit has been subsidized by exhausting reserves that should have been dedicated to system capital renewal and retained as cash flow for water purchases. Those reserves would have been exhausted by July, just in time for our July/August water purchase. Not investing in our water and sewer system would unquestionably have had catastrophic consequences, in the near future. The first increase was effective March 7th and the second increase goes into effect at the beginning of the 2012-2013 fiscal year. The proposed water rate increases for the water used by a typical household (15 Hundred Cubic Feet per month, or about 11,220 gallons per month) are approximately **28% (\$14.00) immediately** and **12% (\$6.60) the beginning of 2012 - 2013**. The new tiered rate system charges low-volume residential users less than high-volume commercial users.

We are not the only city grappling with the decision to increase water rates. The cities of Los Angeles and Redondo Beach are dealing with this as well. In February, the City of Los Angeles approved an increase of 14% for residential and 12% for commercial customers. Cumulatively, rates in the City of Los Angeles have increased 70% since 2003.

According to an administrative report, the City of Redondo Beach's water and sewer consultant found that the city would have to raise fees by approximately 125 percent over the next three years to comply with federal and state mandates and reduce the risk of spills that could threaten residents' health, result in costly repairs and fines, and damage the city's reputation. Nationally, the United States needs to spend more than \$1 trillion between now and 2035 to upgrade its aging water system, if pipes are to be replaced at the end of their useful lives. After the fund builds reserves, we will be able to replace 3.5 miles of pipelines annually and float a bond to fund the Phase 1 replacement process of the 15 million gallon Morningside water reservoir.

Public safety and law enforcement are another critical area of constant concern for the both businesses and residents. Last year, to close the \$17 million expenditures to revenue gap of the City's General Fund, it was recommended that 8 police officers be laid-off. This was not an easy

recommendation, but was necessary in order to close the deficit without decimating other City services. I went to Washington D.C. to meet with Federal legislators and agencies regarding issues impacting the City. Last year, I was joined on this trip by Councilmember's Franklin and Morales. One of our major objectives was to solicit funding for our police department.

Now, in case you hadn't heard, the Federal government is having some money issues of its own right now, so they're not exactly giving away money these days. But, I am pleased to report that, through our efforts, we were able to secure a \$3 million police retention grant that provides \$1 million in funding for those police officer positions for each the next 3 years. We've also received federal funding to hire part-time civilian staff to reactivate the Cold Case Homicide Unit and increase staffing in the Juvenile Crimes Unit. Additionally, we received a Buffer Protection Grant to construct the backbone of a wireless citywide video surveillance system.

In 2011, Inglewood experienced an overall 3% **decrease** in crimes reported. This included a **35% decrease in homicides; a 10% decrease in robberies and a 9% decrease in burglaries.** **Our overall crime rate is the lowest it's been since the 1970's.** In the last year, due to redeployments and superior management of police resources, **police overtime was cut by 54%.** I want to give recognition to Chief Jacqueline Seabrooks, Captains Mark Fronterotta, Martin Sissac and Marie DiBernardo and the men and women of the Inglewood Police Department. We're also implementing civil gang injunctions as another tool that can be used to further suppress and eliminate gang activity in the city.

Additionally, from a purely traffic related perspective; it's getting safer to drive along the streets of Inglewood. We can thank the police department's Traffic Section and the Motorcycle Enforcement Unit for a 12% reduction in traffic collisions in Inglewood. I'm sure that the 6% increase in citations issued may have had something to do with that 12% decrease, so, word to the wise, slow down when you're driving through Inglewood.

As you can see, we're proactively taking measures, to keep the city safe, improve the quality of life in the community, and get our financial house in order by reducing expenses charged to the General Fund. One of the keys to getting control of our finances is to have a clear understanding of where we are fiscally and what the future holds as far as the City's budget is concerned. With this in mind, the City recently engaged an outside consultant to assist us in the development of a 5-year financial forecast based on prior revenue and expenditure trends matched against histograms of national and state economic trends. This will allow us to more accurately plan financially and develop scientific expectations of our revenues and expenditures as it relates to the General Fund. This forecast will be a useful tool in providing the Council modeling data which will serve as a basis for making future decisions about the City's operational plans which are expressed in our annual budgets.

Many residents have benefited from improvements gained under the City's Residential Sound Insulation (RSI) Program. This program is one of the top City priorities and of great concern to residents. The City Manager, at my request, directed a complete review of the program which has been completed. Our goal is to improve how we deliver these services to residents in order to provide the public with an assurance that their homes will be insulated in as short a period of time as available funding will permit. Although we provided sound insulation treatment to 288 residential units last year and received \$10 million in Federal grant funds, it is crucial that we effectively and efficiently operate our sound insulation program to maximize the number of eligible homes that are insulated.

The review indicated that, while Inglewood has one of the most ambitious residential sound insulation programs in the country, over the years we have fallen short in timely follow-up reporting required to maintain our stream of grant funding. We have engaged a consultant with an impressive track record of managing a successful RSI program to assist the City. As late as Monday of this week, I met with members of the Board of Airport Commissioners to open dialogue regarding the change in City leadership and practices to seek their support as it relates to restoring our eligibility to grant fund disbursement from Los Angeles World Airports.

As you may have heard, a recent court decision by the California Supreme Court affirmed action taken by the Governor, which has resulted in the dissolution of redevelopment agencies throughout California. This includes the former Inglewood Redevelopment Agency. Fortunately, we were closely monitoring this situation and took steps that we believe safeguards funds designated for a variety of projects from the former Agency. Some of these projects include the construction of a new Senior Citizen Facility, Hollywood Park Development project, planning for reconstruction of Century Boulevard, various housing projects, and the rehabilitation loan to assist in the renovation of the Forum, to name a few.

Even with all of the challenges confronting California cities, including Inglewood, there are indicators of a bright future for Inglewood. We continue to provide essential core services to the community and there is citywide progress on a number of fronts. For example, we've used federal funds to upgrade the energy efficiency of the Rogers Park Recreational Facility, retrofit lighting along Market Street, improve turn lanes at the intersection of Crenshaw and Century Boulevards, we will have provided new playground equipment at all of our City parks by the end of the current fiscal year, still serve over 35,000 meals to seniors in Inglewood Hawthorne, Lennox, and parts of Ladera; provide graffiti cleanup services, provide street and alleyway improvements. We operate a first rate regional library system that has been selected as one of just ten libraries nationwide to host a traveling exhibition that focuses on local earth sciences. I am proud to say we have been asked to play a role in resettlement of the space shuttle Endeavour as it's transported through Inglewood to its new home at the California Science Center in Exposition Park. Inglewood will be a part of national history.

Yes, there are many positive things going on in our city. And this year, as opposed to my first state of the city speech last year, I can speak more extensively about a project that has the real potential to revive excitement and vitality in Inglewood. This project is the proposal by The Madison Square Garden Company, or, as they're commonly called, MSG, to purchase The Forum and spend in excess of \$50 million dollars to renovate it for use as a premier venue for concerts and entertainment.

This deal, when completed, will bring long-term economic benefits to Inglewood. Economic analysis and forecasts indicate that the project will result in \$34 million in General Fund Revenues and \$25 million incrementally in property taxes over the next 30 years. The agreement will also include performance guarantees. It's estimated that there will be 328 full-time jobs during the construction phase and 260 full-time jobs annually after opening. The negotiations include a quarter-million dollar commitment by MSG to support local hiring initiatives. We will be allowed to host a variety of community events at the new Forum rent free.

In order to make the deal economically viable, the City provided financial support to MSG in the form of an \$18 million commercial rehabilitation loan. This is a deal still in progress. It is my belief that it will conclude successfully. A revitalized Forum will have a dramatic impact on the quality of development proposals received for the Hollywood Park Tomorrow site across the street. This

represents 238 acres of open space, the largest amount of open land between here and Irwindale. I hear all the time requests from residents for more upscale venues to shop, eat and for entertainment and recreation. This venture can be our anchor for the new Inglewood.

Some people complain that an \$18 million subsidy is too much; however. I feel it was a wise move. I want to reiterate the point that the loan is funded by the former Redevelopment Agency, which was abolished by the Governor and California Legislature. If these funds were not committed, as we did long ago, they would be sent back to the State. In accordance with the original intent of the Redevelopment Program, we are using these funds to revitalize and serve as a catalyst for economic development. In order for MSG to receive the loan, MSG must first purchase the Forum and expend at least \$50 million in the rehabilitation of the Forum. The loan will be for a period of ten years. At the end of the loan year five, \$9 million of the loan will be forgiven. At the end of the loan years six through ten, the remaining balance (plus accrued interest at three percent per annum) will be forgiven in 20 percent increments annually. Therefore, if the Forum remains operating for the duration of the term of the entire loan, the loan is forgiven at the end of year ten.

In closing, I want to talk about three things I've learned after one year as Mayor. I've learned that it's easier to criticize leaders than it is to lead and boldly seek solutions to problems that seem unsolvable. I've learned that it's easier to curse the darkness than it is to light a candle. And finally, I've learned that honeymoons actually do not last forever.

There are a number of people, some unfortunately on the City Council, that delight in repeatedly condemning the real and imagined mistakes of the past and stoking the despair of cynicism and mistrust. They use this as a platform to destabilize confidence in government, elected officials and in the capability of City staff. They seek to empower themselves politically by tearing down those that would stand up to the future and attempt to reclaim our place as one of the most desirable cities in the South Bay. To the critics, I want to read a quote from former President Theodore Roosevelt and one from Dr. Martin Luther King, Jr.

Theodore Roosevelt

"It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat."

Dr. Martin Luther King, Jr.

"There comes a time when one must take the position that is neither safe nor politic nor popular, but he must do it because conscience tells him it is right. It is easy to publicly exhibit courage and integrity when things are going well, but in adversity, those qualities are often absent."

Thank you.

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