The Great Recession, Municipal Budget Deficits, and the Death of Redevelopment: 
Shared Service Models a Must for Some

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CALAFCO-U
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Overview
- A Long and Slow Recovery
- Ongoing Structural Deficits
- The Redevelopment Tug-of-War
- Multi-Pronged Approach: Shared Services

"First, let me confirm a rumor. The next round of cuts will go deeper than originally announced."
The Great Recession

A Long and Slow Recovery
Recovery in Government Revenues Will Lag

California Employment

Source: EDD Labor Market Information Division; forecast by LAEDC

2012 Industry Winners & Losers in California

Source: CA EDD Labor Market Information Division, forecast by LAEDC
The Great Recession

San Diego unveils first 'structurally balanced' budget in years

*LA Times, April 12, 2012*

"After a decade of fiscal struggle and political controversy, San Diego appears to be emerging from the worst of its budget woes ahead of other cities that only more recently have confronted the problems of a national recession and spiraling pension costs. The deficit in Los Angeles, for instance, is estimated at $220 million."

Hercules teeters on brink of bankruptcy

*San Francisco Chronicle, April 7, 2012*

"Hercules officials used the dreaded 'B' word last month during a legal battle over a missed bond payment. And although city officials say they have since dodged the immediate threat of bankruptcy, the city's financial problems are far from over."
The Great Recession

The Redevelopment Tug-of-War
Who Wins and Who Loses?

CALIFORNIA'S
Budget Gap

$26 billion budget gap last year...

Jerry ... January 10, 2011

Ken Lee, Rosenow Spevacek
Ransom Package ... June 28, 2011

Bill #1 (ABX1 26): Redevelopment Dies

Unless ...

Bill #2 (ABX1 27): Make Ransom Payment to Stay Alive

Let's sue the State ... July 18, 2011

Uhh ... which door???
The Great Recession

What?!? ... December 29, 2011

Effect on Property Tax Distribution
WITHOUT REDEVELOPMENT

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WITH REDEVELOPMENT

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The Great Recession

Effect on Property Tax Distribution
WITHOUT REDEVELOPMENT

Implications for State Budget
More property tax to schools means less state backfill under Prop. 98
• Long-term financial benefit to State

The State does not get $1.7 billion in ransom payments under ABX1 27
• No short-term fix to help close the State Budget gap

Reallocation of Property Taxes
Multi-Pronged Approach
Shared Service Delivery Models

Multi-pronged strategy ...

Sharing police work, to save bucks, may be studied

*Orange County Register, April 3, 2012*

"Brea, Buena Park, Fullerton and La Habra city councils are being asked by their staffs to green light an $1.8 million study by Citygate Associates to see if there could be savings by sharing some police services or even creating a joint police department. Fullerton and Brea are expecting to save $1.3 million annually from its decision last May to share command staff between their fire departments."