

PVP Watch Newsletter - September 28, 2007

To Our Friends & Supporters:

PVP Watch encourages RPV voters to:

Vote YES on Measure D

Vote NO on Measure C

Election Season

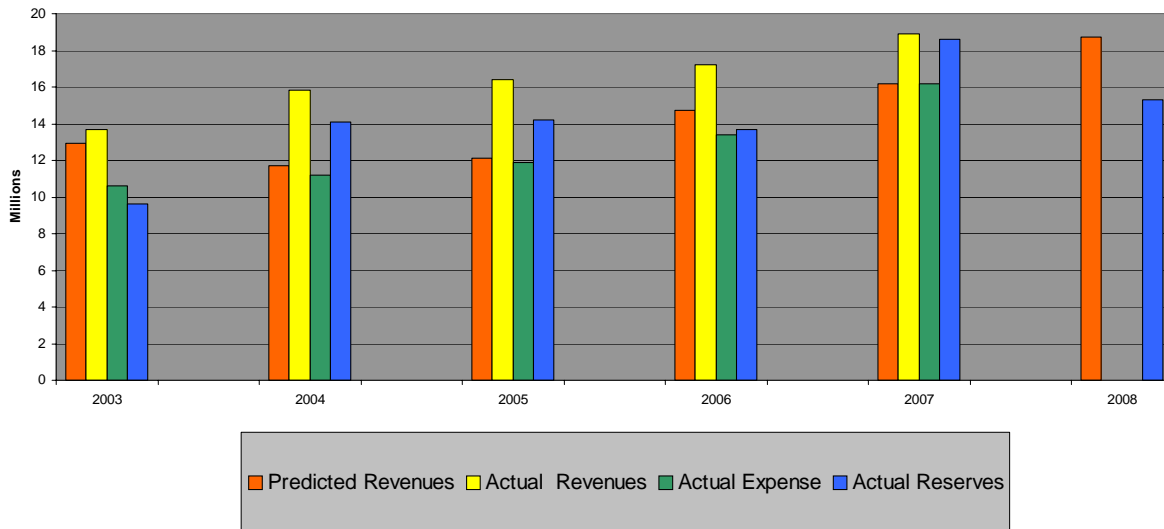
This year, there are two very important elections on the Peninsula; The PVPUSD (Palos Verdes Peninsula Unified School; District) Board of Education and the RPV City Council. During the next few weeks PVP Watch will be making endorsements and commenting on our views of candidates and measures.

This Newsletter will comment regarding the RPV Storm Drain User Fee:

First of all, it has been demonstrated in previous PVP Watch Newsletters that the Storm Drain User Fee is NOT NEEDED. While most agree that some repairs are required, the reality is that the majority of the RPV Council do not seem to understand financial budgeting and complex project management. At issue is "The Model". RPV Staff have constructed a model that indicates financial income will decline. Analyzing historical trends (chart below), there is no supportable logic to arrive at that conclusion. An interesting fact is that RPV Councilman Peter Gardiner who understands financial modeling (having been a Professor at USC for many years) is now questioning the accuracy of the "model". In an e-mail dated June 28th, 2007, Dr. Gardiner seems to support the conclusion that RPV has ample funds to maintain Storm Drains. The issue is Responsible Fiscal Management.

Below is a Bar Chart depicting projected revenues, actual revenues and expenses since 2003. Actual revenues have always been significantly greater than projected revenues. Actual expense increased in 2007 as the Council went over budget by approximately \$1,500,000 - poor fiscal management or perhaps a desire to reduce reserves. Actual expense is historically less than actual revenues. Although it is early in the 2008 fiscal period, there is no reason to believe that trend lines will change. Another financial issue is that the RPV General Fund has received approximately \$25,000,000 more than it has spent during the past seven (7) years. The City has different accounts wherein funds can be safely placed and not reported as General Fund Reserves.

RPV Revenues Vs Expense & Actual Reserves



Recommended General Reserves amount is 50% of annual budget or ~\$8,000,000. Assuming funds are spent wisely & appropriately, there are sufficient known funds for at least several years of Storm Drain maintenance. In addition, it is logical that good Fiscal Management should produce close to \$1,000,000 annually for Storm Drain maintenance. Currently ignored by City Hall and excluded from revenue sources is the Terranea Resort. Current projections are that Terranea will becoming "on line" in mid 2009. Some tax revenues will be begin to flow to RPV by 2010 just two years away. RPV should be working to enhance, not hinder Terranea construction. This will then provide financing alternatives.

Recently RPV Public Works Director, Jim Bell made a presentation to the CHOA (Council of Home Owner Associations). Following is the link to the RPV Web Site, go to the middle column and the presentation is underneath the picture.

www.palosverdes.com/rpv/water_quality_flood_protection/index.cfm

The presentation is, at best, disingenuous. More scare tactics generated by the Council and City Hall staff. An interesting side comment is that City "employees" are prohibited from participating in any effort to influence taxpayer voting. The presentation included slides that depict the need for the User Fee and suggests that the User Fee equates to a cup of Starbucks coffee (slide 42) per week. Folks, that is "selling" the program. The presentation includes a number of pictures from 2005. Most of the damage occurred because of the McCarrell Canyon catch basin overflow. What the pictures do not show is that McCarrell Canyon catch basin was a known problem and the Council including Tom Long, Doug Stern & Steve Wolowicz did nothing to avert the issue. There were ample reserves in RPV bank accounts that could have been used to mitigate this problem.

The Council likes to remind residents of the Western Avenue sinkhole problem. What they do not report is that the Western Avenue problems were a CalTrans problem and that FEMA reimbursed RPV approximately \$750,000 for RPV's unnecessary expense in the Council's rush to spend for a problem that was not an RPV issue. City Hall has these funds in one of their unreported / controlled accounts and has not transferred these funds into General Reserves as *FEMA may ask for return of the \$ 750,000 some day*. Does this make sense to anyone?

Prior to the November 2003 election it was then Public Works Director, Dean Allison's, intent to survey all Storm Drains to determine which were the worst and to prioritize repair. It seems that plan was abandoned when (perhaps the reason) Mr. Allison resigned. As City Hall will not respond to requests to see Storm Drain analysis results nor to review any "Plan" to repair whatever deficiencies that may need repair, we must conclude there is NO PLAN.

Bell does report that 42 drains have been relined. That's good. Bell also reports that the 2007 program (not clear when 2007 program begins or ends) will repair 25 Storm Drains at a budgeted cost of \$500,000. This equates to an average cost of \$20,000 each. More good news as initial cost projections were \$50,000 each.

At issue, why not go faster, funds are available? Is it because the plan to survey and prioritize Storm Drain repairs was abandoned? How can repairs be prioritized if an overall analysis has never been completed?

For the past four (4) years, Councilmen Tom Long & Doug Stern have been vigorously supporting the notion that RPV is but a poor city and that Storm Drain User Fee / Tax is critical. The most logical assumptions for their positions are that, while undoubtedly both are able attorneys, their experience is litigation not financial nor project management. Also they both seem to have other priorities and to prefer to spend on special interest "Wants" rather than resident "Needs".

Subscribers

The PVP Watch e-mail list continues to grow. Friends & Supporters forward e-mail addresses of your friends and neighbors. For those who wish their addresses removed, please send notice to info@pvpwatch.com

PVP Watch strives to bring current issues to www.pvpwatch.com. Those who have topics of community interest are encouraged to bring those issues to PVP Watch.

The Editorial Committee