



*Solutions for Our City*

# Contents



<i>Preface</i>	
<b>Solutions for Our City</b>	<b>3</b>
<i>Affordable Housing</i>	
<b>Broadening the Dialogue on Housing Affordability</b>	<b>5</b>
<b>Tackling L.A.'s Affordable Housing Issue Requires Accountability, Certainty and Productivity</b>	<b>7</b>
<b>Real Estate Challenges for a Racially Diverse Los Angeles</b>	<b>9</b>
<b>Solutions for our City's Affordable Housing Problem</b>	<b>11</b>
<i>Community</i>	
<b>Commitment to Volunteerism</b>	<b>13</b>
<b>Place-Based Initiatives Can Address Los Angeles' Challenges</b>	<b>15</b>
<b>The War On Graffiti Rages On: One City Fights It On Several Fronts!</b>	<b>17</b>
<i>Education</i>	
<b>New Directions for Education</b>	<b>19</b>
<b>Solutions for Our City</b>	<b>21</b>
<b>L.A.'s Perfect Storm for Educational Reform</b>	<b>23</b>
<b>Focus on Middle School to Address Impending Workforce-Skills Gap</b>	<b>25</b>
<i>Environment</i>	
<b>Green Building is the Right Thing for Los Angeles</b>	<b>27</b>
<b>Adapting L.A. to Fight Climate Change and Protect it from the Consequences</b>	<b>29</b>
<b>By-Product Synergy and Green Brownfields for Greater Los Angeles</b>	<b>31</b>
<b>2025 Los Angeles – A National Example of Sustainable Living</b>	<b>33</b>
<i>Finance</i>	
<b>Helping to Alleviate the Financial Strain of Angelenos</b>	<b>35</b>
<b>Mainstreaming Immigrants: Credit Union Communities Tailor Products and Services to the Financial Needs of Diverse Populations</b>	<b>37</b>
<i>General</i>	
<b>My Solution for Our City</b>	<b>39</b>
<b>The Jobs, Housing and Education Puzzle</b>	<b>41</b>
<b>Can California Sustain a Viable Middle Class?</b>	<b>45</b>
<b>L.A. Ideas</b>	<b>47</b>
<i>Governance</i>	
<b>Common Focus, Combined Efforts Are Necessary for Success in L.A.</b>	<b>49</b>
<b>Smaller is Better</b>	<b>51</b>
<b>Systemic Problems Require Systemic Solutions</b>	<b>53</b>
<b>The Business Perspective: Lax Modernization Grounded By Political Will</b>	<b>55</b>
<i>Healthcare</i>	
<b>Improving the Healthcare Safety Net</b>	<b>57</b>
<b>Utilizing City Land Use Strategies and City Policies to Address Threats to Public Health</b>	<b>59</b>
<b>Use Local Government Leverage to Negotiate Lower Health Costs</b>	<b>61</b>
<i>Market Niches</i>	
<b>Creative Commerce: Los Angeles and the Cultural Economy</b>	<b>63</b>
<i>Traffic</i>	
<b>Community-Based Participatory Sensing of Los Angeles Traffic Conditions</b>	<b>65</b>
<b>How to Improve Los Angeles? Fix the Traffic Problem!</b>	<b>67</b>
<b>Tinseltown Needs Freeways Covered in Diamonds</b>	<b>69</b>
<b>Transit-Oriented Development, a Smart Growth Strategy for Los Angeles</b>	<b>71</b>
<b>Using Walk-Zones to Solve Congestion and Improve Our Communities</b>	<b>73</b>
<b>Solutions for Easing the Traffic Congestion in Los Angeles</b>	<b>75</b>
<i>Youth/Children</i>	
<b>Community-wide Collaborations Benefit Our Kids!</b>	<b>77</b>
<b>Child Care Support to the Working Poor</b>	<b>79</b>





## Solutions for Our City

Edward Leamer, Director, UCLA Anderson Forecast

Having earned its name Los Angeles in 1781, our city was incorporated in 1850. In the ensuing 175 years, wave after wave of immigrants flooded into Southern California. These new Californians built wall-to-wall homes and businesses crowded up against the coast, sprawling farther and farther inland with each passing year.

These immigrants came for what seemed like limitless sunshine, land, job opportunities and personal freedoms. The most important function of state and local governments was literally to pave the way for all those immigrants – build the aqueducts and roads and schools and power plants and sewage systems that would allow ever greater numbers of young people from all over the world happily to pursue their own versions of the California Dream. Otherwise, government, stay out of the way. This is the land of entrepreneurial spirit and personal initiative.

Those of us living in the City of the Angels today still cling to the founding myth of life without limits. But deep inside we realize things have changed. We are reminded of this reality each and every time we try to go from point A to point B in the California conveyance of choice – the ubiquitous automobile. Be assured that earlier immigrants didn't come to California to spend countless hours alone in their automobiles. With or without cell phones, that's a nightmare, not a dream. But that's our reality. Still, we cling to the past. We nostalgically call them freeways when many are no-ways. And we naively pass infrastructure bond measures as if we could build our way out of the troubles we are in.

It's not just travel that is experiencing limits. Everywhere we look today there are new limits that create new problems in search of solutions – air quality, land-use patterns, water, energy, climate, roads, middle-class jobs, educational opportunities, affordable housing, and accessible healthcare to name a few. Even life itself seems limited now that California baby boomers have packed away their tie-dyed

t-shirts, hemp jewelry and water pipes in favor of fashionable golf-wear suited to the retirement communities popping up everywhere.

Our new problems need new solutions. The premise of "Solutions for Our City" is that the best solutions will emerge with the broadest and most-informed public debate. To create this book of solutions, we cast the net widely, asking Angelenos representing every facet of life to offer their solutions in two-page op-ed pieces. We didn't want to hear a litany of problems – we wanted the solutions. What can our local and state government do? What can our businesses and our schools do? What can our families do? What can we as individuals do? And what if we all worked together?

In response to our invitations, we have received 37 creative solutions from 40 distinguished Angelenos. Some of these solutions may seem familiar to some of you, but many will surprise most of you. That is the intent – to unleash the unique entrepreneurial spirit of individual Californians to solve the new problems we face.

These solutions have been arranged into categories and are published in this book distributed at the April 2, 2007 UCLA Anderson Quarterly Forecast conference, attended by many of the solution authors. These solutions serve as the basis for a discussion during that conference which culminates in a keynote address by Mayor Antonio Villaraigosa, thus closing the loop between our citizens and our elected officials.

Of course, a half-day to discuss these solutions is not going miraculously to solve all our problems. The conversation must go on. Toward that end, all of these essays are posted on our website: [www.uclaforecast.com](http://www.uclaforecast.com). This posting will be a living, evolving document, with new solutions posted periodically, and with room for discussion of the solutions proposed. If you have a great idea, or a half-baked idea, please make a visit, and post it there. It could make a difference.





## Broadening the Dialogue on Housing Affordability

Leticia Aguilar, Greater Los Angeles Market President, Bank of America

Beginning last year, Bank of America officially identified housing affordability as its top priority issue in California as a whole, and in all of the state's individual markets, including Los Angeles. That move recognized the fact that the state is facing a true crisis in housing affordability that cuts across all economic and geographic boundaries and is serious enough that, if not successfully addressed, has the potential for bringing California's remarkable economic growth engine grinding to a halt.

According to the California Building Industry Council, the state ranks 49th out of 50 in terms of its home ownership rate, with only 58 percent of Californians able to own a home, compared to 70 percent nationally. And the situation is worse in Southern California than anywhere else. Los Angeles County was the nation's least affordable housing market in 2006, with only 1.9 percent of homes being sold at prices that were affordable to residents earning the county's median income. Orange County was the nation's second least affordable market, at 2.5 percent.

The number of people unable to afford a home has put increased pressure on the rental market as well, resulting in higher rents and occupancy levels and an increase in the homeless population. The California Department of Housing and Community Development estimates that a worker earning the minimum wage would have to have the equivalent of three full-time jobs, just to be able to afford the rent on a medium-priced two-bedroom home. The homeless population of Los Angeles County was estimated to be nearly 90,000 in 2005, with 88 percent unsheltered each night. A new count was conducted by the LA Homeless Services Authority in January 2007, and we're waiting to see the results of that.

The housing affordability crisis has practical ramifications that touch nearly everybody in the Southland. Businesses can't compete for the best employees and our schools and universities can't attract high quality faculty, if people can't

afford to purchase homes. Emergency first-responders like police, firefighters, nurses and ambulance drivers are having to live so far away from where they work that they might not even be able to respond in a timely manner when disaster strikes. Workers are commuting to Los Angeles from as far away as the Inland Empire, which interferes with their family life and responsibilities and contributes significantly to carbon emissions that cause global warming. Ethnic communities have issues to contend with in addition to those faced by the general population. Families worry about how their kids are going to be able to join the financial mainstream when they grow up. And every day, marginal income earners get pushed out of the housing market altogether and join the ever-growing and costly to serve ranks of the homeless.

The housing affordability crisis touches a broad range of Angelenos, and we believe that the key to addressing it successfully is to engage the broadest possible range of stakeholders, so that we can expand the dialogue and bring fresh ideas to the table.

Too often, the discussion about a potential housing opportunity in a market like Los Angeles ends up in a debate between developers and environmentalists. We're working to get business owners, educators, minority advocates, labor representatives and other individuals and organizations that have a stake in creating affordable housing involved, in order to tip the balance in favor of increasing the inventory. We recently sponsored a series of "Growth Dialogues" organized by the California Center for Regional leadership. People from all walks of life participated. Here in Los Angeles, as well as in every market across the state, housing affordability was identified as a top concern. The level of dialogue was broad, inclusive, and focused on the need to increase both the inventory and housing choices, and address factors like entitlements, land use planning, and fees, which are driving up the cost of creating new housing.

It's also critical to engage policy makers at the state and local levels, to keep housing affordability top of mind among those who set priorities for addressing public policy issues, and ensure that it doesn't get "buried" when other issues arise that appear to be more pressing. To that end, we supported the affordable housing bonds in last November's election for both California and Los Angeles. We're also working with government and community leaders both locally and statewide, to find ways to generate community support for development that sometimes becomes stifled by so-called "NIMBYs" –neighborhood opposition from residents who are concerned about possible negative impacts on their quality of life.

Environmental interests must also be considered, in order to avoid what former state Business, Transportation and Housing Department director Sunne McPeake calls "dumb growth." To that end, Bank of America has recently announced a sweeping \$20 billion national commitment to environmental standards and practices that we hope will serve as a model for responsible business practices. These include creating customized financial solutions for commercial real estate clients who are developing and implementing environmentally sustainable designs and creating projects that will qualify for LEED certification, and offering price reductions on mortgages for homes that meet ENERGY STAR specifications.

The housing affordability crisis is likely to get worse before it gets better. Home prices have started to stabilize in California in recent months, but that doesn't mean they have become more affordable. In fact, in Southern California, we're seeing increasing numbers of borrowers who are unable to close their loans because appraisals are coming in lower than

expected. So even though the demand is there and prices have stopped climbing precipitously, people are still having trouble affording homes.

At the lower end of the home buying spectrum, where marginal borrowers had gotten in the door with costly "sub-prime" loans or exotic variable-rate loans that they can no longer afford, we're starting to see a significant rise in delinquency and foreclosure rates. Some borrowers who might have gotten into subprime products because they didn't have a credit history will likely be "rescued" by being able to convert to less costly conventional mortgages now that they have established a repayment track record. On the other hand, some of the major subprime lenders are having trouble moving their product on Wall Street, as investors continue to be wary about the long-term value of the underlying assets. The resulting tightening of credit makes mortgages still more costly for those least able to afford them and pushes still more potential homeowners out of the market.

At the end of the day, the only thing that's going to make housing more affordable is creating more of it. California needs to add approximately 220,000 new housing units each year just to keep up with our population growth. And we haven't hit that mark since 1989. Although it slowed somewhat last year, the net population gain topped 100,000 in each of the two previous years, just for Los Angeles County. So the housing shortfall is particularly acute in the Southland. Clearly we need to change the framework of the discussion in order to avoid falling even further behind. We believe that the best way to do that is to get everybody who has a stake in this issue around the table so we can start talking – and more importantly, listening – to each other.



## Tackling L.A.'s Affordable Housing Issue Requires Accountability, Certainty and Productivity

Colleen Badagliacco, President, California Association Of Realtors®

Most parents tell their kids to “dream big.” In Los Angeles, we have to wonder, do these dreams still include homeownership? Until the local government starts tackling the issue of affordable housing with a healthy dose of accountability, certainty, and productivity, the answer may be no.

It doesn't take much to see that the dream of homeownership has slipped through the fingers of many Angelinos during the last few years. Just 19 percent of residents can afford to purchase an entry-level home in Los Angeles County, and those who do must earn a qualifying income of more than \$101,000. That's \$53,000 more than the median household income of \$48,000. We're not talking about an affordability “gap” anymore—it's an affordability canyon!

Because homeownership is the primary stepping stone to building wealth, all people—including middle-income dwellers, urbanites, and single parents—deserve a mix of housing options. The shortage of affordable housing in Los Angeles impacts so much more than the size of our homes and our commute times. It impacts the quality of our children's education, where we choose to retire, and the other components of our financial portfolios.

Now that the housing market has started to normalize in comparison with the frenetic pace of the last few years, there's no better time to start a dialogue with local government officials about the solutions necessary to help more Angelinos purchase their home. Builders and other members of the real estate industry will have a much better chance of meeting the community's housing need if local barriers that restrain production and drive up costs are eliminated. We can take a giant leap in that direction if local governments—backed by the state—start to approach the issue of affordable housing with the objectives of accountability, certainty, and productivity.

Simply put, local government officials should be held responsible for producing adequate housing in Los Angeles. Accountability starts with new legislation calling for real consequences when a community falls out of compliance with the housing element of its General Plan. For instance, AB 2511 (Jones), “Land Use Housing,” a measure sponsored by the CALIFORNIA ASSOCIATION OF REALTORS® and

signed by Governor Schwarzenegger on Sept. 30, 2006, takes the state in the right direction. The new law makes local governments accountable for affordable housing by requiring them to report their housing production to the state to ensure they can accommodate their share of the regional housing need for the following five years. It also supports those who challenge local governments on the issue of affordable housing by providing judicial relief to plaintiffs who sue a city or county, alleging the government is not in compliance with state law.

This same law adds an element of certainty to the development of affordable housing because it also requires cities and counties to adopt and publish clear and objective development standards, prohibiting changes to those standards after a building application has been completed. Developers should be able to rely on the standards throughout the local government review process and not have the rules arbitrarily changed during the process. Clear rules and clear development standards will streamline the building process and result in an increase in housing inventory throughout the state.

Finally, those who advocate for homeownership must act to break down barriers to the cost of constructing a home. To boost the production of affordable housing, home construction projects should be approved based on merit, and local governments should work with builders by offering meaningful affordable housing incentives that enable the development of the lower-cost housing units. State legislation aiming to do just that has failed to pass in recent years. The push for clear, consistent development standards and legislation that removes unnecessary fees and lower construction costs must continue.

I grew up believing in the American Dream, and I believe today's citizens of Los Angeles can too. We can make it happen by advocating the right of homeownership and supporting local government agencies on their quest to achieve affordable housing goals. Through accountability, certainty, and productivity, adequate housing production in Los Angeles will result, and once again, Angelinos can “dream big.”





## Real Estate Challenges for a Racially Diverse Los Angeles

Philip S. Hart, Executive Director, Urban Land Institute Los Angeles

The Urban Land Institute (ULI) recently updated its mission statement to state that it provides leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. As we move further into the 21st century, the issues of the responsible use of land and creating thriving, sustainable communities are at the core of challenges facing Los Angeles.

Michael E. Porter, the author and professor from the Harvard Business School, has drawn an influential model of neighborhood revitalization that can be applied to Los Angeles' inner-city districts. Its message for places such as Hollywood, East LA, downtown L.A., South LA and the "first-ring" bedroom suburb of Inglewood is that a strategy of gaining a competitive advantage is crucial to becoming strong and vital clusters of social and economic activity. Downtown has made a remarkable comeback in recent years. Similarly, Hollywood has evolved from being viewed as seedy and dangerous to being vital and hip again. East LA is perceived as a distressed neighborhood, but one with immense potential related to the Urban Biomed Research Park planned near County USC Medical Center. South L.A. has been ignored for far too long, but Mayor Antonio Villaraigosa's administration has made this neighborhood a priority. And Inglewood is attempting to turn the corner with its potentially valuable real estate assets after having lost the Los Angeles Lakers to the Staples Center and denying Wal-Mart a place at the table.

Higher density development is one of LA's challenges. We have sprawled out to the limit and are very much an automobile-dependent region. But we are also finding more ways to accommodate our growth with more transit-oriented developments along the MTA Red Line and Gold Line, and

soon the Expo Line. There is more informed discussion and funding patterns for mass transit in the LA region. And the notion of smart growth has become an important urban planning ingredient for the region's future.

For a real estate professional such as myself who comes from a high-density city, these changes are welcome. I lived and worked in Boston for many years and I appreciate the value of compact development, along with viable public transit. I grew up in Denver and now live in L.A., two cities that grew by sprawling out with minimal regard for public transit. Now L.A. is running out of available land. Thus, it is only smart to begin planning and developing in ways that match reality.

I served last year on the Urban Land Institute's New Orleans advisory panel assisting that city with its rebuilding strategies. The city of New Orleans is a classic example of taking a low-density development mentality to the extreme. And the resultant sprawl into wetlands, along with coastal erosion, meant that by the time Hurricane Katrina hit on August 29, 2005, the water was already at the city's gates. Just as urban planning in New Orleans is an unfortunate example of "worst practices," perhaps it is past time to export the lessons learned there to other locales that are struggling with questions of density and sprawl, such as Los Angeles.

In addition to the concern about responsible use of land, we also need to focus on the people using the land. Los Angeles is a very diverse city – we are a mosaic of races, cultures, ethnicities, religions and backgrounds. The city is also a "majority minority city" as black, brown and yellow make up more than half the city. As a sociologist I am versed in the study of human groups. And as an urban planner and developer, I am versed in planning and building facilities,

neighborhoods and cities. It is my hope, as the city matures, that these two disciplines can mesh coherently so that responsible approaches to using the land – and reusing the land – can create physical spaces that help to bring human groups together in functional and productive ways.

In such a diverse city we also need to look at how real estate development can produce wealth and good-paying jobs for communities that have been left behind. My July 2005 Urban Land magazine article “Boston’s Parcel to Parcel Linkage Plan: Guiding Downtown Prosperity to the Needy Neighborhoods” describes such a process in that city. We have two multi-billion dollar mixed-use projects in downtown Los Angeles now emerging over several phases and encompassing several parcels of land. Using this Boston case as a “best practices” example, is it possible that L.A. Live and Grand Avenue can be developed in such a way as to guide prosperity from downtown to needy neighborhoods in Los Angeles? Is it possible to involve minority developers and investors in a much broader way on both these mega-projects? Is it possible to capture some portion of net operating income, refinance or sales proceeds from these projects to create affordable housing in needy L.A. neighborhoods?

These questions are ones I hope that all concerned stakeholders in both the public and private sectors in Los Angeles can address in the near future. For in encouraging the responsible use of land in a way that sustains communities, we also need to figure out how to better mainstream outsiders into the economic life of the city. If Boston can bring together a group of African-American, Asian-American and Latino developers and investors to be central figures in a parcel-to-parcel linkage plan that economically connects a downtown parcel with a neighborhood parcel, then surely Los Angeles, perhaps the most diverse city in the nation, can do the same.

Oh, by the way, the downtown Boston one-million-plus-square-foot office tower, the State Street Financial Center, built as part of this innovative parcel-to-parcel linkage plan was sold in 2004 for the largest amount per square foot of any commercial property in the city’s history. Thus, wealth was created in the minority community, multi-millions of dollars is going to build affordable housing in needy neighborhoods, and the majority developer is very happy. This type of win-win situation should be a mutual goal in Los Angeles for all those engaged in real estate development.



## Solutions for our City's Affordable Housing Problem

Antonia Hernández, President & CEO, California Community Foundation

Most people would agree that the lack of affordable housing in Los Angeles is a problem. The viable and sustainable solution to increase the number of affordable homes and rental units is less obvious.

Over two-thirds of families living in Los Angeles cannot afford market rate housing; they would need to earn more than \$100,000 a year to buy a median priced home of \$517,000. This makes buying a home nearly impossible for over 66% of the local population.

Not only is it critical to produce affordable housing, but it is also important to keep it affordable permanently. The California Community Foundation (CCF) has long regarded affordable housing as one of its priority issues and has several initiatives in place to address this growing problem that threatens to derail many of the gains in revitalizing neighborhoods attained over the past few decades.

The foundation builds the capacity of nonprofit housing developers so they can effectively address the needs of the most vulnerable populations, including the disabled, homeless and elderly. Through grantmaking and program-related investments, CCF provides technical assistance, operating support, low-interest loans and guarantees to qualified nonprofit housing developers to build housing, health clinics, charter schools and day-care centers.

CCF is developing a comprehensive, ten-year community building initiative that will engage local residents in neighborhood problem-solving efforts in which affordable housing is one of several components. This initiative takes a holistic approach to neighborhood revitalization by addressing not only housing but also providing access to quality health care, education, artistic and cultural activities, to name a few. We know that neighborhoods are revived through good schools, good jobs, and affordable homes in livable communities.

The foundation has created another new model, the Community Foundation Land Trust (CFLT) to address the housing crisis by developing and maintaining affordable housing units. CFLT purchases land within a target community, works with public and private partners to define development parameters and enters into a long-term lease with a developer to build the housing. Over the course of several years, CFLT guides potential buyers through the purchase, maintenance and eventual sale of the property. By separating ownership of the land from ownership of the home and retaining long-term ownership of the land, CFLT can restrict the resale of the property, allowing homebuyers to benefit from increased home values, while still ensuring that the home remains permanently affordable for future homeowners. CFLT also invests in land to encourage development of affordable rental properties. CFLT is

seeking new ways to expand affordable housing by forming partnerships across public and private sectors and taking on long-term subsidies.

Since its inception and \$4 million in initial investment, CFLT has developed almost 300 homes, entered into partnerships with four local government agencies and secured over \$10 million in loans for site acquisition. Over the next five years, CFLT aims to generate more than \$40 million in capital for future site developments and is currently constructing two new housing sites.

To be sure, opinions on addressing affordable housing vary significantly. “Smart growth” advocates and planners, for instance, urge an increase in density with less parking requirements. On the other hand, neighborhood groups have expressed concern that this may add to traffic congestion and create high-density, low-quality apartments that will overcrowd low-income populations. A land trust’s ability to stay connected to a development for 99 years through the ground lease makes it easy to ensure that buildings are designed to last and are well-maintained. Most importantly, CFLT ensures that homes built with public and private

investment today will remain affordable for another 99 years, making it possible for Los Angeles to add to the inventory of housing rather than replacing lost units each year.

Meanwhile, housing advocates have urged the use of “inclusionary zoning”, a tool that requires that a percentage of all developments be set aside for affordable housing – usually in exchange for higher density or lower parking requirements. However, many market-rate developers are reluctant to enter the convoluted world of affordability agreements and financing tools. CFLT is working with inclusionary developers to purchase the affordable units – making it easy for the developers to concentrate on what they do well while providing affordability throughout our community.

CCF is moving beyond providing financial support to supporting long-term public policy change. The foundation’s support of November’s housing bonds, Proposition H for Los Angeles and Proposition 1C for the State of California was one such foray into translating our work into greater change. CCF will continue to work with business leaders, developers, local government and advocates to come to the table to seek innovative solutions to our housing needs.



## Commitment to Volunteerism

Andrew K. Benton, President, Pepperdine University

Addressing a student convocation not long ago, I shared with them that they had no idea where life would take them, only that it would be far better than they could imagine. That has certainly been true of my life, and countless others.

While growing up in the Midwest, Los Angeles always held a certain mystique for me, but I admit I never set out to live and work in the L.A. area. I would have been content living in the Great Plains practicing law, and with my wife, raising a small family. Life has a way of unfolding in directions that you don't always anticipate though, and I am grateful to be here, in the best place in the world, with the best job in the world.

I have Mr. George Pepperdine to thank. An enterprising Los Angeles businessman, Mr. Pepperdine was like other visionary Angelenos whose footsteps he followed such as Harrison Gray Otis and Edward L. Doheny and Frank Rogers Seaver. Mr. Pepperdine's dream was to found an independent college in Los Angeles in 1937. He envisioned a place with the "highest academic standards, guided by the spiritual and ethical ideals of Christian faith." After 33 years in the city the school relocated to a very unique campus in the foothills of Malibu in Los Angeles County. Pepperdine University opened classes in Malibu in 1972.

Any discussion about solutions to problems Los Angeles faces must include a discussion about the education of our youngest citizens. Every day, approximately 700,000 students attend classes in the L.A. Unified School District and those students represent the future of Los Angeles. Mayor Antonio Villaraigosa knows this well. His vision for Los Angeles Unified, "The Schoolhouse: A Framework to Give Every Child in LAUSD an Excellent Education," is aimed at improving every school in the Los Angeles school district. At a time when the quality of American education is being called into question, few issues are more important than improving our schools.

While our undergraduate Seaver College is based in Malibu, the university has always had a strong presence in the city and always will. Pepperdine's several Los Angeles-area campuses, educating more than half of our total 8,000 enrollment, offers graduate programs through the Graziadio School of Business and Management and the Graduate School of Education and Psychology. Both schools continue to impact Los Angeles in positive ways – preparing new generations of ethical business leaders, teaching students to become teachers, and teachers to become better teachers, administrators, and school superintendents.

At Pepperdine and other select institutions of higher learning, we often cater to some of the best prepared college students in the country. In a typical year, thousands of students with extraordinary records apply to Pepperdine, along with neighboring USC, UCLA, and Loyola-Marymount. Many other fine students begin in the state's community college system, later transferring to four-year colleges where they succeed often beyond their own expectations. That selective universities, public and private, produce successful entrepreneurs and business leaders, leading researchers and scientists, and esteemed lawyers and judges, shouldn't come as a surprise. The exciting prospect is when a university gambles on the unknown and admits someone who does not fit the mold; someone who finds in the educational experience his or her own voice and does something truly amazing by beating the odds.

How does a place such as Los Angeles make good on an ambition to ensure that every child receives an excellent education? How does such a place help not thousands, not even tens of thousands, but hundreds of thousands "find their voice"? How does such a place mitigate issues of child abandonment, malnutrition, joblessness, ethnic and racial tension, drug abuse, and other forms of abuse too horrific to mention? How can we help these students beat the odds?

Such a place may do all this and more only by truly becoming more than just a great city, but, even more, a great community. My thesis, I suppose, is that we will accomplish immeasurably more if we will focus on our common goals and challenges than our sometimes strident differences.

With nearly four million people, Los Angeles is the second most populated city in the United States and covers close to 500 square miles. That might make the phrase “community building” seem out of place. And yet, community building is a viable solution to combating many of the city’s most pressing problems. The more diverse Los Angeles becomes in terms of religious, ethnic, and cultural backgrounds, the more important it is that Angelenos find common ground and work together as a community to achieve common goals – education, family stability, quality health care, public safety, and employment opportunities.

Recalling an earlier time in the 1940s when Los Angeles showed signs of becoming an economic and creative powerhouse, two characteristics were ever present – initiative and volunteerism.

Initiative led to the development of great industries, world-leading technologies, and the rise of Los Angeles as not just one of the nation’s leading cities, but as one of the world’s leading cities. We did that together.

The idea of volunteerism flourished as citizens freely sought ways to give of their time and their fortunes for the greater good -- creating world-class hospitals and schools, and pursuing initiatives to help the physically and mentally challenged; the underprivileged; the needy. We did that together.

One solution for the city today is to encourage a grand renewal of the dual application of the same initiative and volunteerism that has characterized our nation from the beginning. At numerous faith-based schools around the country, education is focused on educating the mind, and

the heart. Such is the case at Pepperdine where there is an emphasis on altruism, an effort that results in two-thirds of the student body engaging with some regularity in volunteer efforts each year. The outreach ranges from helping the homeless deal with legal issues and serving meals at the Union Rescue Mission to volunteering in hospitals and aiding our beleaguered environment.

Alone, few of us feel capable of making a measurable contribution. But, working together in community, under the umbrella of a church organization, a service club, community center, or a university, we can make a difference; we can have a lasting impact. We build what Robert Putnam described as “social capital.” The city of Los Angeles needs to find new ways to involve as many voices as possible, uniting initiative and encouraging volunteerism. Sometimes, great things begin with just one voice.

I once toured a famous church with a small group. We stood in silence, admiring the beautiful artwork and absorbing the peace of that particular sacred space. At first barely audible, one of our fellow travelers started singing Amazing Grace. Alone, his voice was beautiful as the notes of the hymn filled the church. Soon, other voices joined in, creating two- and four-part harmony. That too, was beautiful. An ancient hymn was being sung by what had become an impromptu choir of voices with a result far beyond what any single voice could accomplish. Chills ran up my spine. As beautiful as the solo voice had been, hearing the sound of so many voices singing multiple part harmony, is a memory I will never forget.

When I see more than 1,500 of our students line up on Step Forward Day at Pepperdine, an annual day of giving something back to the communities in which we live and work, I am reminded of the power of community. Harness a greater percentage of the city’s four million residents to tutor children, feed the homeless, and care for the sick and elderly, and there is truly no limit to what can be accomplished.

We are my solution to our city.



## Place-Based Initiatives Can Address Los Angeles' Challenges

Carmel Sella, Community Development Manager, Wells Fargo Bank, Los Angeles Metropolitan Region

Perhaps more than any other American city, Los Angeles is a constellation of neighborhoods. Our sense of identity as Angelenos is often deeply rooted in the communities in which we live, be it Watts or Westwood, Sylmar or San Pedro. Each of Los Angeles' communities are unique, vibrant, and rich in diversity.

Wells Fargo has tackled some of this City's challenges by leveraging the strength of our neighborhoods. We have crafted "place-based initiatives" in which myriad bank resources are channeled for the benefit of specific low- and moderate-income geographic areas. By focusing on a specific place, rather than a specific problem to be solved, Wells Fargo is able to take a holistic approach to a community's challenges. This place-based approach leverages our company's dollars and resources to maximize the support we can provide to help residents achieve their financial goals. We can then offer a variety of needed services, thereby fostering partnerships with community leaders and assuring that solutions to identified problems are consistent with the fabric of the neighborhood.

Over the last five years, Wells Fargo has implemented two place-based initiatives, one in the Northeast San Fernando Valley and the other in the City of Compton. These initiatives address a broad spectrum of issues – banking the unbanked, affordable housing and homeownership, small business

development, workforce development, education and youth leadership, financial education, and commercial revitalization. Our initiatives typically begin by opening a full-service bank branch in an underserved community, one with insufficient banking infrastructure.

Wells Fargo is very proud and encouraged by our accomplishments in these communities. We believe that the concept of addressing a community's challenges through a place-based approach is gaining acceptance in Los Angeles. Other financial institutions have implemented place-based initiatives in other parts of the City. Imagine how much more could be achieved if these and other types of companies came together and worked jointly to invest in specific communities. Imagine a city where major employers – banks, hospitals, universities, and the entertainment industry, to name a few – selected one or two neighborhoods for holistic investment. And imagine further if the private sector and the City of Los Angeles aligned their resources to collaboratively revitalize underserved communities through this approach.

All of us, be it private companies, non-profit organizations, local government, or private investors, have different resources to improve our communities. At Wells Fargo, we're convinced that the best way to see tangible results is to unite all these efforts into a targeted approach that will truly lift up and transform our neighborhoods.





## The War On Graffiti Rages On: One City Fights It On Several Fronts!

Ken Striplin, Assistant City Manager and Rick Gould, Director, Parks, Recreation and Community Services, City of Santa Clarita

In the 20 years since incorporation, the City of Santa Clarita has been known as a desirable community with a low crime rate, excellent schools and a high quality of life. As the City, now encompassing a population of 180,000 continues to grow, Santa Clarita, like many communities in Southern California, has seen a significant rise in the level of graffiti related vandalism.

Santa Clarita embraces a “Zero Tolerance” approach to graffiti and has a goal to remove all graffiti within 24 hours of it being reported. In the first fifteen years following incorporation, Santa Clarita was able to manage the problem of graffiti vandalism through a program that largely relied upon a small group of community volunteers. With minimal assistance from City staff, volunteers were consistently able to respond to and remove more than 90% of all reported graffiti in our community.

In the past two years, reported incidents of graffiti have more than doubled. During the past twelve months, the City has received more than 5,000 calls and an additional 1,000 emails from our residents requesting the removal of graffiti in their neighborhoods. The City now spends in excess of \$500,000 each year to combat graffiti vandalism. Costs associated with graffiti clean up include personnel, equipment and supplies, contractual help and damage to City property such as our transit vehicles. Like every other City engaged in the war on graffiti, the dollars spent truly represent “wasted scarce resources” which could otherwise be used for building more park facilities, expansion of recreation programming or additional roadway maintenance.

In an effort to escalate the City’s battle in the war on graffiti, the City of Santa Clarita made the commitment to increase its efforts on a variety of fronts: community education, technology, outreach/education, surveillance and law enforcement.

One of the most effective tools is a city-funded Sheriff’s graffiti detective. In the last year, he has made over 100 arrests of local graffiti vandals and had a 100% conviction rate! In addition, the detective shut down an entire tagging crew that was responsible for over \$16,000 in damages in and around the City.

The City conducts an Outreach Program for local Elementary, Junior and High School students to educate youth about the repercussions for graffiti vandalism, to inspire them to take pride in their city, and also to inform them about the City’s reward program. This comprehensive outreach program also includes an educational component for parents, informing them about the signs of a “tagger” and what to do if they suspect their child may be a “tagger.”

Teens Against Graffiti (TAG) was created for youth ages 13 to 18 who want to help with graffiti removal in the City. Schools, youth, or church groups, and individuals may participate on the third Saturday of the every month by painting over graffiti. The program is organized and supervised by City staff.

Community meetings are held in graffiti “hot spot” neighborhoods several times a year. Residents and business owners are informed about the hotline, rewards program and how to get involved in graffiti clean-up projects. Businesses are also encouraged to take pro-active steps to prevent graffiti such as by planting vines on walls or installing cameras or graffiti proof surfacing on windows.

The Santa Clarita Community Court defendants are utilized to remove graffiti once a month to fulfill their community service hours. The Santa Clarita Community Court is a community-based diversion program that provides an alternative to the juvenile justice system for first-time, non-violent, juvenile offenders. Juvenile offenders who have committed non-violent petty crimes, such as shoplifting, speeding, and vandalism, are sentenced by a judge to perform community

service, attend diversion classes, and if necessary, pay financial penalties. If they complete the program, their crime does not go on their record.

A custom tracking database is used by all City divisions. City staff from all departments can enter graffiti removal requests, track removal progress, and upload photos into the database. The Sheriff's department is also able to access the graffiti database. This centralized data-base is an important tool for assessing graffiti restitution costs, tracking graffiti trends, arresting graffiti vandals, and tracking removal costs city-wide by each division.

The City purchased surveillance equipment which the Sheriff's Department utilizes in a mobile vehicle that is set up near graffiti hot spots throughout the City to catch graffiti vandals in the act. "Dummy" cameras are also used at various locations to deter graffiti.

Sting operations are conducted by members of the Sheriff's Department and the City's Graffiti Removal Team at local hardware and home improvement stores to ensure compliance with the City's ordinance which requires spray paint and large-tipped markers to be locked up. Stores are cited if they are in violation of the ordinance. Stings are also conducted at the Saugus Swap Meet to ensure that spray paint is locked up and not being sold to minors.

Once a year, organizations and businesses get together to remove graffiti in a massive city-wide graffiti removal effort,

Graffiti Wipe-Out Day. Hundreds of people are grouped into teams to remove graffiti from the washes, bridges and other large areas. The event is a wonderful community event, sponsored by local businesses and real estate agencies.

In 2006, the City's graffiti ordinance was revised to make it easier to enforce graffiti removal on private property. The graffiti must be removed within 7 calendar days from the date of the notice of public nuisance due to existence of graffiti order to abate. If the City abates the nuisance, then the cost of all code enforcement and graffiti removal efforts may be charged against the owner's property in the form of a special assessment or lien.

The City is in the process of developing a new interactive graffiti webpage. The webpage will provide a wealth of information for parents and community members. Once finalized in the Spring of 2007, the database will include: graffiti hotline number and e-Service request link, tips and advice for parents on how to identify if their child may be a tagger, how to volunteer to remove graffiti, a search tool to establish if graffiti is within City boundaries, information about the Rewards program and much more.

In Santa Clarita, the war on graffiti is being won, one block, one neighborhood, one housing tract at a time. Perseverance, action, timely graffiti removal, a committed community, Sheriffs department and City are key to Santa Clarita's success in its war on graffiti.



## New Directions for Education

Terry A. Bonecutter, President and CEO, QueensCare, Los Angeles

As the second largest public school system in the United States, the Los Angeles Unified School District (LAUSD) houses over 750,000 students from the multicultural and multilingual communities in Los Angeles County. Unfortunately, over 52% of the LAUSD students entering Kindergarten are likely to drop out and fail to complete the course of studies required to receive a high school diploma. As a result, the existing school system is inadvertently fostering the development of an underclass of poorly educated residents who find themselves unqualified for decent employment and well-paid work opportunities as more and more unskilled and low-skilled manufacturing jobs leave the region. Additionally, the growth of the number of poorly educated in Los Angeles is being felt in the social, intellectual, economic, and political arenas. Crime is on the rise, gangs are growing, community health is negatively impacted, and numerous publicly supported community benefit programs are required to meet the needs of its poorly educated, underserved, and marginalized citizens.

To meet the challenges presented by an underperforming school system located in a highly diverse, multicultural region, the following recommendations are presented for consideration to promote a better performing public educational system.

- ★ Reengineer the current educational system that is still based in an agrarian, industrial-age mindset to more effectively address the demands of the 21st century and an ever-expanding global economy.
- ★ Transform the educational system from a traditionally structured, rigid, and insular based model into a more open, multidisciplinary, and creative process orientated model. This new model should support the development of a student's international awareness, core knowledge, portable skills, critical thinking, creativity, collaborative social skills, problem solving abilities, etc.
- ★ For those in Kindergarten through fifth grade, focus on a highly structured learning environment that is supported by technology and emphasizes a strong foundation in the core basic skills. Support this with a curriculum that stresses the quality of knowledge learned versus quantity of material presented and memorized.
- ★ For those in the sixth through twelfth grades, develop a highly flexible and fluid learning-environment that is supported by technology and moves beyond a highly compartmentalized and timed teaching/classroom schedule. Allow students the time they need to learn which will be faster for some than for others.
- ★ Train teachers to become "counselors," "agents," "advocates," and "system integrators," who guide and monitor students who participate in a learning environment that promotes high levels of participation in problem solving, group collaboration, cross-disciplinary research, and proficiency in several languages including a very high proficiency in English language skills and reading comprehension.
- ★ Introduce goal specific "contracts" or "agreements" between parents and/or caregivers and the local schools in order to promote strong adult involvement and support for regular dialogue between themselves and their child's teacher. This will foster better overall student progress and ongoing participation in school.
- ★ For those parents and/or caregivers who do not participate in a goal specific "contract" or "agreement," the school system will provide students with a school sponsored "case manager" who will act in a surrogate role for the student and work with their assigned child's teacher. These "case managers" would also facilitate access to services from organizations that collaborate across diverse service

sectors. This will again foster better overall student progress and ongoing participation in school.

- ★ In addition to retooling the system to lower the drop-out rate, schools would also develop models and vehicles that promote the goal of insuring 70% of the high school graduates pursue some form of post-secondary education (e.g., trade schools, community colleges, universities, etc). Additionally, those graduates who come from homes that have incomes under 200% of the Federal Poverty Level would be

provided subsidy opportunities to help fund their post-secondary pursuits.

- ★ Finally and to support the 30% of the high-school graduates who choose not to pursue post secondary education, the school system would sponsor various training programs to help those students enter the workforce. These training programs would be conducted through public private partnerships with various public benefit organizations, local businesses, etc. and would be six to eight months long.



## Solutions for Our City

Helen Han, Chief Executive Officer,  
National Association of Women Business Owner-Los Angeles

Workforce development is a critical issue for small business owners. The Los Angeles Chapter of the National Association of Women Business Owners (NAWBO-LA), which represents the interests of more than 335,000 women owned firms in Los Angeles and Long Beach, strongly believes that the essential ingredient to sustainable economic growth is quality education – or more specifically, a quality workforce and educated consumers. As the fastest growing segment of the economy that employ more than 700,000 people and generate over \$113 billion in annual revenues in the region, women entrepreneurs understand that the most important business asset is its workforce. To ensure that Los Angeles is a better place twenty years from now, we must develop a strategy to provide quality education for future generations – thereby improving the quality of life and prosperity of all Angelenos.

The 21st century learner must acquire the high-level skills needed to thrive in the rapidly growing and changing business environment. This means that educational institutions, particularly public education, must completely rethink ways to educate their students to better prepare them for the competitive marketplace. They need an approach to education that emphasizes active learning that promotes critical thinking, decision making and problem solving... but most importantly, they need to teach students to apply their knowledge to the real world. Although we find such innovative learning opportunities in higher education, it is the missing link in the primary and secondary public education curriculum. We believe that we need to harness applied knowledge within the Los Angeles public school system.

The public school system is the optimal vehicle to change how applied learning is disseminated to young minds - given that it already has allocated resources and existing infrastructure. The Los Angeles Unified School District must reexamine ways to impart application-based education to our students to better equip them for the changing demands of the workplace. In order to achieve this objective, LAUSD must partner with both government and the business community to develop and deliver innovative solutions that are dynamic and effective. Los Angeles has been fighting an uphill battle after years of

lagging behind the rest of the country in terms of education and workforce development. Our City cannot compete in the global economy if we do not have an educated workforce that meets the ongoing demand of the marketplace. We believe that a drastic change in the way that education is delivered to our students is the best way to leverage our assets and prepare the next generation of Angelenos.

We propose that changing how education is delivered in Los Angeles can be possible – and even powerful - with a strong and sustaining partnership between LAUSD, local government and the business community. Local government must place application-based education and workforce development as their top priority and support such an initiative through policymaking and increased funding. The business community must provide educational solutions by offering internships and field study programs that will help develop a better prepared workforce – ultimately increasing their bottom line. LAUSD must embrace a culture of innovation and quality improvement that enables the business community to actively participate in setting educational goals and objectives.

For women business owners, the concept of ownership goes beyond self interest. Our success demands that we raise our voice and wield our influence beyond the walls of our individual businesses to take ownership of the shared responsibility of being stewards of a future beyond ourselves. We aspire to become part of the solution to create a better tomorrow for the next generation. As nurturers, employers and concerned citizens, we can actively participate in changing the delivery of public education by offering our businesses as the entrepreneurial training ground that will serve as the fertilizer to grow the next generation of leaders in Los Angeles.

We challenge the public school system, local government and the business community to work together to best leverage existing resources and infrastructure to deliver an application-based educational model that will serve as the catalyst to developing lifelong learners who will stand in the forefront of the knowledge revolution.





## L.A.'s Perfect Storm for Educational Reform

Veronica Melvin, Executive Director, The Alliance for a Better Community

In 2003, a coalition of Latino leaders and researchers produced the Latino Scorecard, a document that identifies and grades key areas impacting the quality of life for Latinos in Los Angeles County. The area of education received a D, which remained unchanged in 2006 when the grades were reassessed. The grade is based on low academic achievement, poor high school completion rates and minimal student preparation for California's four-year universities.

While these numbers are extremely troubling county-wide, they are even more dramatic within the Los Angeles Unified School District (LAUSD), the nation's second largest school district serving some 720,000 K-12 students. Although the District's elementary school scores on standardized tests have increased over the past 6 years, our youngest of students continue to underperform. In 2006, 74% of second graders scored below proficiency in English Language Arts and 50% in Math on the California Standards Test.<sup>i</sup> Learning only becomes more challenging for students as they progress to the secondary education levels as the content and curriculum becomes more difficult. With the majority of students entering high school unprepared, it is no surprise that fewer than 50% of entering LAUSD 9th graders finish high school four years later with more than 34,000 students exiting our education system prematurely, unprepared for life and the competitive workforce. Of those who do graduate, only 22% will complete the minimum coursework needed for admission into a California four-year university<sup>ii</sup>—a disturbing fact given that by 2020, 39% of all jobs in California will require a B.A.<sup>iii</sup>

These troubling educational outcomes demonstrate a chronic problem that not only affect the individual student but carry economic, public and social consequences that impact our society as a whole. A recent study estimates a combined additional lifetime income of more than \$36 billion for California's 2005-06 high school dropouts had they stayed in school.<sup>iv</sup> Furthermore, the state economy would benefit by \$1 billion annually through increased earnings and crime-related savings from a 5% increase in California's male high school

graduation rate<sup>v</sup>—a conceivable figure given that 20% of Los Angeles 16 to 24 year olds are out of school and work at any given time<sup>vi</sup> and that 68% of all state prison inmates have not graduated high school.<sup>vii</sup> The failure of public education to serve our society's needs exemplify a denigration of learning in Los Angeles, a threat to public safety as well as current and future economic loss.

These staggering statistics evidence the dire need for Los Angeles to improve its schools. Recently, several initiatives and reforms have aimed to do so. Since 2000, L.A. voters approved \$19 billion dollars in school construction bonds to build 160 new schools, ending overcrowding and renovating schools that had been neglected since 1978 when Proposition 13 limited school boards' ability to tax. Since 1993, more than 135 charter schools have opened in Los Angeles offering progressive teaching and learning by promoting school site decision-making free of district constraints. In 2005, the Latino and African American communities across Los Angeles surged the district demanding a college preparatory education equitably provided to all students, better preparing them for success in universities, a 21st economy and civic engagement. In response to the dropout crisis and No Child Left Behind's school accountability measures, former Superintendent Roy Romer began the District's internal transition of its large high schools into small learning communities based on career themes to better personalize learning environments and make learning more relevant. Finally, Mayor Antonio Villaraigosa, responding to polls leading up to his 2005 election, which identified education as the primary concern of voters, attempted to gain influence in local education through the passage of AB 1381 and most recently through his Schoolhouse plan.

The myriad of reforms underway within the district represent the ideal climate and components necessary to bring about true transformation in L.A. schools. Los Angeles is witnessing a rise in organic community (parents, students, business and the electorate) awareness and engagement in public education as stakeholders demand better schools;

there is increasing public attention on education as a result of media and civic leaders prioritizing it in their agendas; researchers continue to provide data that evidence troubling trends in local education while providing recommendations and documenting best practices; and most importantly, a number of public and private sources are making funding available to build schools, improve the most troubled schools and invest in progressive teaching and learning. These reforms and others, all in various stages of implementation, are well intentioned and spur incremental positive change. However, the lack of integration among these reforms and the resources associated with each hampers their potential collective positive impact.

Fortunately, there is a new Admiral, actually retired U.S. Navy Admiral, at the helm of Los Angeles Unified. Superintendent David Brewer has been charged with “turning the ship around,” as he has stated on occasion.

An old Chinese proverb may provide Brewer and our other leaders with some direction as they consider how to turn a ship in the midst of a storm.

“If you are planning for a year, sow rice;  
If you are planning for a decade, plant trees;  
If you are planning for a lifetime, educate people.”

There are many stakeholders in L.A. who have the opportunity and obligation to “plan” for our future workforce. Partial and uncoordinated reform will not remedy an outdated educational system. However, comprehensive reform that is anchored to collaborative approaches and aimed at aligning

educational opportunities with industry demands will close both the education and wage gaps, ultimately securing a brighter future for all Angelinos.

To achieve such a collaborative plan that meets L.A.’s social and economic needs, our community’s leadership should be equally as conscientious about who is involved during the planning process as what they are planning for. In addition to having civic, public, private and community leadership map out solutions, it is critical to nourish the participation of parents and students in such a development of education policy. The intricate diversity that exists within the fabric of Los Angeles often poses challenges for local and municipal government but it also provides opportunities to create global solutions that work at the regional level. Having a perfect storm comprised of the availability of resources, innovation, and commitment from stakeholders to improve education, can galvanize the necessary forces to create and inspire change in a city with a rich social and cultural fabric.

Brewer can use tools like the Latino Scorecard as a compass to determine the direction towards positive change. However, he and other leaders must coordinate the diversity of interests across Los Angeles into meaningful collaboration and a strategic alignment of resources. We know that it is not the schools alone that determine the success of our students, but the family supports, community health, public safety, economic vitality, etc. Los Angeles has rough waters ahead of it and safely reaching its destination requires strategic navigation, a comprehensive map and most importantly, all members need to be on board.

<sup>i</sup> DataQuest (California Department of Education). Retrieved March 5, 2007 from <http://dq.cde.ca.gov/dataquest/>.

<sup>ii</sup> DataQuest (California Department of Education). Retrieved March 5, 2007 from <http://dq.cde.ca.gov/dataquest/>.

<sup>iii</sup> Baldassare, Mark & Hanal, Ellen. (2005). *Getting to 2025: Can California Meet the Challenges?* San Francisco: Public Policy of California.

<sup>iv</sup> Alliance for Excellent Education. (2007) *The High Cost of High School Dropouts: What the Nation Pays for Inadequate High Schools*. Washington, DC: Author.

<sup>v</sup> Alliance for Excellent Education. (Aug. 2006) *Saving Futures, Saving Dollars: The Impact of Education on Crime Reduction and Earnings*. Washington, DC: Author.

<sup>vi</sup> Fogg, Neeta & Harrington, Paul. (2004). “One Out of Five” A Report on Out of School & Out of Work Youth in Los Angeles and Long Beach. Boston: Center for Labor Market Studies.

<sup>vii</sup> The Civil Rights Project at Harvard University. (Mar. 2005) *Confronting the Graduation Rate Crisis in California*. p. 11.



## Focus on Middle School to Address Impending Workforce-Skills Gap

Bill Pitkin, Research Director, United Way of Greater Los Angeles

One of the greatest challenges facing Los Angeles and urban regions across the county is ensuring that businesses and employers will have the quality workforce they need for the jobs of the 21st century. Economic, demographic and educational trends are on a collision course that could bode ill for our future economy unless we address them today, and policy makers should start by giving high priority to middle school reforms.

Economic restructuring and globalization have fundamentally altered how firms work and locate and the employment opportunities that are available to city residents. Demand for highly-educated, highly-skilled workers in the state is projected grow significantly over the next two decades to meet the needs of a high-tech and high-end service economy.<sup>1</sup> Outsourcing will extend well beyond manufacturing to all kinds of service jobs; the jobs that will remain in the U.S. will require a creative, flexible, personal-service-oriented workforce of lifelong learners.<sup>2</sup>

Along with these economic shifts, the demographic makeup of the U.S. is changing, with the impending retirement of the highly-educated, highly-skilled “baby boomers” and more diverse youth population. For many parts of the country, the retirement of the baby boomers represents a severe risk to their local economies; in Los Angeles and other parts of California, we fortunately have a relatively young population. In Los Angeles County, there are approximately 800,000 workers who will reach retirement age within the next decade, but there are currently 3 million residents between the ages of 18-39 and another 760,000 who will reach age 18 within 10 years.

The problem, of course, is that even where we have a natural advantage of a young population, the educational system is not adequately preparing students with both the soft and hard skills they need. The U.S. is falling behind many other industrialized nations in student achievement: as Bill Gates

famously remarked, “when I compare our high schools to what I see when I’m traveling abroad, I am terrified for our work force of tomorrow.”

The response of federal policy has largely been to increase educational testing and accountability; but as Princeton Economist and former Vice Chairman of the Federal Reserve Bank Alan Blinder argues, schools will not build “the workforce we will need in the future by drilling kids incessantly with rote preparation for standardized tests in the vain hope that they will perform as well as memory chips.”<sup>3</sup>

We clearly need to reform the educational system to improve achievement but also to prepare young people for the jobs of the future, and middle schools are the perfect place to focus these efforts for two reasons. First, how students do in middle school both academically and socially has great bearing on whether they will stay in school and be successful later in life.<sup>4</sup> Second, there has been a lot of attention to reforms in early and primary education (e.g. universal preschool, early reading) and high schools (e.g. smaller learning communities and school-to-career movements), but precious little with regard to middle schools. Here are a few ideas for ensuring that middle schools provide the educational support necessary for students to move on successfully to high school.

- ★ **Look to extend academic reforms that are having promise in high schools to middle schools and strengthen relationships between middle and high school systems.**

Small learning communities provide more personalized learning environments that can provide the attention and relevant curriculum that will keep middle school students engaged. Coming from smaller elementary schools, sixth graders in large middle schools can easily get lost academically and engage in risky behavior.<sup>5</sup>

Applied, project-based learning in these environments can build the interpersonal and team-building skills so important for the jobs of the 21st century.

★ **Work in partnership with community-based organizations**

In the effort to improve student achievement scores at all costs, schools have slashed many extra-curricular activities and are more closed than ever to working with community organizations. After school and other community programs provide tutoring, supplemental services for families, mentors, and leadership opportunities for young people, all of which are critical to helping middle school students transition to high school with the aspirations to graduate and pursue postsecondary opportunities.<sup>6</sup> School administrators and teachers should work in partnership, not competition, with these groups for the good of students. They could begin with opening up school space for after school programs and activities, and organizing regular meetings and information sharing between teachers and community organization staff.

★ **Broad campaign to make middle schoolers aware of postsecondary options**

With the majority of dropouts happening between 9th and 10th grades, efforts to inform students during high school about why they should stay in school may be too late. Schools, in partnership with community organizations, should incorporate informational campaigns and workshops for middle school students and their families about the courses and preparation they will need to successfully graduate from high school prepared for college and the workforce of today. Universities, community colleges, and employers should be engaged to talk to students about opportunities and what they will need to reach them. Employers are already asking for this type of involvement,<sup>7</sup> it is up to school administrators and policy makers to make it happen.

Focusing these kinds of reform efforts on middle school will reap benefits not only for students; ultimately it will benefit society with a more prepared workforce our economy will need over coming decades.

<sup>1</sup> Ellen Hanak and Mark Baldassare, California 2025: Taking on the Future, Public Policy Institute of California, July 2005, <http://www.ppic.org>; California Business Roundtable and Campaign for College Opportunity, 2006

<sup>2</sup> Alan S. Blinder, "Outsourcing: Bigger Than You Thought," The American Prospect, November 2006, <http://www.prospect.org>

<sup>3</sup> Ibid

<sup>4</sup> Tamera Murdock, et al., "Middle-Grade Predictors of Students' Motivation and Behavior in High School," Journal of Adolescent Research, Vol.15 No. 3.

<sup>5</sup> Patrick Akos, "Extracurricular Participation and the Transition to Middle School," Research in Middle Level Education, Vol. 29, No. 9.

<sup>6</sup> Ibid

<sup>7</sup> Jim Ridings, director of staffing for Parsons Corp., a Pasadena-based engineering firm said, "Soon we'll all be in the education business. We've got to start at the 6th or 7th grade level. They are just not creating enough engineers." In Lisa Girion, "A year of rapid job growth for Southland" Los Angeles Times, March 3, 2007



## Green Building is the Right Thing for Los Angeles

Peter Griffith, Vice Chair, Ernst & Young LLP

Green officially went mainstream in 2007. From a Northern California legislator's proposal that would add \$2,500 to the cost of a gas-guzzling car, to a possible statewide ban on the sale of old-fashioned incandescent bulbs, to Al Gore accepting an Academy Award for a documentary on climate change, this is the year that the sustainability movement shakes off its image of hemp journals and even Texas utilities embrace sun and wind power.

It's natural that Los Angeles would lead this charge, and that green building should take center stage here. Once dismissed as too expensive, green building has become a necessity as more residents, lenders and even investors push for sustainability. Moreover, green principles are fast becoming synonymous with solid, cost-efficient operating principles. But it's cities like San Francisco, New York and Chicago that are fostering the trend, fast-tracking developments that meet green standards; and even smaller cities like Buffalo, N.Y. are looking at ways to encourage going green.

The poster child for green building is Las Vegas, although when you think of Las Vegas, green building probably doesn't come to mind. The city has two Leadership in Energy and Environmental Design (LEED)<sup>1</sup> certification incentive programs: one for new construction and one for renovations of existing buildings. Buildings that are certified by the U.S. Green Building Council can qualify for significant state tax incentives. Property tax abatements of up to 50 percent for ten years and a sales tax exemption for materials used in new construction are feeding Las Vegas' green building frenzy. Developers of Silver or above certified buildings are finding that these tax advantages and the subsequent lower operating costs can substantially offset the cost of LEED certification, proving that doing the right thing socially can also be the right choice economically.

How green are these projects? As the Las Vegas Sun recently pointed out<sup>2</sup>, at MGM MIRAGE's CityCenter, wood

accents are made out of old barns from across the U.S., stone was taken from a torn-down retaining wall in England, and construction materials were recycled from the building that formerly stood on the property. That's in addition to the energy-efficient windows, carpet made of recycled materials, garden roofs, and reclaimed water.

Nevada was the first state to give significant tax incentives for energy-efficient building. California faces the same issues Nevada does: a fast-growing population and challenges in developing the infrastructure to support it. Using energy, water, landfill and sewer resources more efficiently—which is what LEED is all about—is a way to sustain economic growth while delaying or postponing investment in additional infrastructure.

If new construction in Los Angeles doesn't meet LEED standards, there's an increasing risk—one certain to accelerate in the next twenty years—that the project will become obsolete. In a recent survey done by Green Builder Media and Imre Communications, more than half of the 250 residential builders surveyed said buyers are willing to pay up to 25% extra for environmentally friendly homes, which is especially meaningful in our high-priced energy market and our health-conscious community. The reality is that most cutting-edge developments in the years ahead will look to exceed LEED—not just meet it.

The concept of sustainability is easy for the public to understand and embrace, but incentives from the public sector have to be there to pull the majority of the development community along. Take, for example, the \$2,000 per house tax credit available to homebuilders using energy-efficient appliances and windows. For many small builders, the credit can be more of an administrative headache than it is worth because the economics just aren't there. Incentives are imperative, but require careful thought and planning to gain maximum impact.

Incentives for Los Angeles to consider are:

- ★ Requiring new public buildings to meet LEED Silver standards
- ★ Fast-tracking the permit process for environmentally friendly new construction that will be certified as green
- ★ Providing a property tax abatement, based on LEED certification

- ★ Providing sales and use tax abatements on construction materials for green projects

The challenges facing Los Angeles are water, energy, infrastructure and landfill. Encouraging and promoting green new construction and environmentally friendly renovations not only helps us to meet these challenges head on, but helps us preserve our future. In his book *Cradle to Cradle*, William McDonough commented, "Imagine what a world of prosperity and health in the future will look like, and begin designing for it now." Let's imagine that world in Los Angeles.

---

<sup>1</sup> LEED (Leadership in Energy and Environmental Design) is a set of standards created by the U.S. Green Building Council to recognize commercial, industrial and high rise residential building design that promotes sustainability by conserving resources, reducing waste, and maximizing operating efficiencies. Ernst & Young's team of LEED-accredited professionals assists owners, developers, architects, engineers and contractors to identify and document green technologies, audit that they're being properly implemented during construction, and apply for one of several (Certified, Silver, Gold, Platinum) LEED certification categories.

<sup>2</sup> "CityCenter One Big Green Machine," Las Vegas Sun, 22 January 2007.



## Adapting L.A. to Fight Climate Change and Protect it from the Consequences

Andy Lipkis, Founder and President, TreePeople

Deep in the ground below Los Angeles sits a secure high tech facility. From this room, thousands of emergency workers and medical personnel, and their vehicles and rescue equipment can be deployed and controlled. The facility requires a crack team of highly trained representatives from each city agency, supported by continually updated intelligence as it monitors progress and allocates or relocates resources to situations of higher need. Team members collaborate to hold an integrated picture of the city, connecting the dots to protect the public and minimize damage. Welcome to the city's Emergency Command Center. It operates when there is an immanent threat of flood, earthquake or civil unrest.

Nearly every day of the year, the center is dark and dormant. But perhaps it shouldn't be. Los Angeles faces a quiet, growing, daily disaster that causes injury, pain, loss of life and economic damage to thousands of residents and businesses. The impact is felt far beyond the city limits, threatening the health and safety of millions of people around the world.

Given the urgency, it's imperative that we mobilize the city's resources to protect the population from this unfolding disaster. Although many agencies and organizations are addressing these issues, they're doing so in uncoordinated silos, wasting time, energy and resources. Worse, their uncoordinated efforts often conflict.

The culprit responsible for this quiet disaster is our resource use. Simply put, we've become one of the largest sources of global warming on the planet. Our warm, dry climate pushes us to air condition our buildings and import our water. Pumping it over the mountains into the LA basin is the largest single use of electricity in California. And then there is the energy we use to power our vehicles.

Burning energy produces global warming gases and air pollution. While global warming may seem remote, air pollution is immediate and leads to respiratory and lung diseases, and other problems that diminish our health,

productivity, and quality of life.

A misunderstanding of the city's environment exacerbates the problem. For example, roughly half the water we need each year rains down onto a city which is 2/3 asphalt, concrete or buildings. We send nearly all this water to the ocean, causing drought, pollution, and flooding problems. In summer, that unshaded hardscape raises city temperatures as much as 10 degrees, increasing photochemical smog and pushing us to use more energy for cooling. The tree-deficient landscape undoubtedly is a factor in the Centers for Disease Control's declaration of melanoma as increasingly the most common form of cancer in America.

Today there is no person, no agency, no system, no structure at any level of government—or in the community—whose job is to monitor and manage our city ecosystem. With an integrated management approach, we could save precious time and utilize the billions of dollars currently wasted for implementing solutions.

Let's look at water. The LA DWP spends nearly \$1 billion every year on water. The LA County Department of Public Works spends roughly \$500 million disposing of 85% of our rainfall, which as stated above, could meet half our annual demand. We may be spending a half billion dollars a year to throw away a half billion dollars worth of rainfall.

The good news is that these problems are reversible. The correct approach, contrary to the climate change naysayers, could not only reduce our global warming impact, but improve our economy and quality of life.

There are two things to do:

1. We must reorganize our infrastructure management, from fragmented to integrated, just like the Emergency Command Center.

2. We must shift our priority from outmoded brown and gray technology to green, and figure out how to invest in human capital and natural capital to meet our water needs and reduce our energy demands.

This means understanding Los Angeles as a living ecosystem and working with nature to rehabilitate its ability to protect us and meet our needs.

Consider the power of trees and forests. The root zone under a large native oak includes fallen leaves, twigs, compost, mulch, humus, and the permeable soil that is home to millions of organisms. Those elements work together as a giant sponge that can filter out pollutants and treat up to 57,000 gallons of rainfall in a 12-inch flash flood, using it to recharge the ground water. Take that tree away, and you get a flood, pollution, soil erosion and diminished local water supply.

Ten years ago, TreePeople brought together a team of economists, engineers, and building and landscape architects and an array of government agencies to determine the feasibility of adapting the LA landscape with a combination of trees, and technologies that mimic them ... cisterns, bio-swales, and gray water systems. The premise was that we waste so much money in dis-integrated infrastructure management, that there would be enough to create an integrated ecosystem. The multi-year study and demonstration projects yielded potential results such as cutting water importation by half, solving our flooding and

stormwater pollution problem, dramatically reducing energy used for cooling, improving air quality and creating up to 50,000 new jobs.

This promise triggered more demonstrations, feasibility studies and initial action including retrofitting homes, schools, parks and an entire sub-watershed. It led to LA's first integrated plan for water, recently adopted by the city council. The city and county have each formed Watershed Management agencies and begun regional integrated planning. Voters have passed billions of dollars in new bonds that require integrated, multi-purpose projects. Now we need—and have in Mayor Villaraigosa--the leadership and vision to lead Los Angeles in a new kind of Olympian effort.

Imagine managing Los Angeles as one living watershed ecosystem. Imagine the impact of strategically planting enough trees and tree mimicking technologies to create functioning community forests in every neighborhood of Los Angeles. Imagine the amount of water and energy saved and jobs created if we adapted and properly managed the entire city landscape.

Imagine if every day, a crack team of our best and brightest people, supported by ongoing feeds of intelligence and data, collaborated to monitor conditions and deploy resources, people, programs, and equipment to heal our city and communities by eliminating the sources of the damage, disease and destruction. Perhaps its time to stop imagining and begin acting.



## By-Product Synergy and Green Brownfields for Greater Los Angeles

Andrew Mangan, Executive Director, US Business Council for Sustainable Development

The Greater Los Angeles area could benefit from two inclusive, collaborative programs developed by the United States Business Council for Sustainable Development. One is an industrial ecology process called By-Product Synergy that is helping companies and cities cut emissions and energy use, reduce hazardous and other waste, and create new revenues. The other is a Green Brownfields process that offers a way of resurrecting disused industrial sites as ecological uplift zones providing benefit to all involved.

### BY-PRODUCT SYNERGY

The underlying concept behind By-Product Synergy (BPS) is that everything in the Earth's natural ecosystems is used by some member of it, so nothing is wasted. Therefore, the BPS philosophy is to create a diversified industrial ecosystem that relies on cooperation among the actors involved. Industrial plants and city departments find ways to use each other's waste material as resources to minimize the amount of virgin material and energy they consume, as well as the waste and emissions they produce.

Through effective, safe collaboration, the process strengthens regional economies, reduces pollution, cuts energy use and greenhouse gas emissions, and creates additional revenue streams for participating companies. Program staff collects information from participating organizations on their waste streams, inputs of raw materials, transportation, energy use and other factors. They then facilitate interaction between participating engineers and business managers to find opportunities, share ideas, and connect the dots.

For instance, a Gulf Coast project involving 40 Dow Chemical facilities uncovered synergies that would reuse 155 million pounds of waste products each year and provide annual energy savings of \$15 million. It also estimated CO2 emission reductions of 108 million pounds per year, according to a case study by the US Department of Energy, which co-funded the project.

By-Product Synergy is currently being implemented in Chicago and Kansas City, and is being developed in several other cities around the United States. In the United Kingdom, the national government established a program in 2005 funded through Parliament that is producing the best results of any environmental program being funded.

With raw materials prices escalating rapidly, by-product synergy is a practical survival strategy for the years to come. Manufacturers devalue millions of dollars of inventory every year as waste – even the leanest manufacturing process does not eliminate the problems of yield loss or occasional off-specification product. Instead of total loss and disposal of these resources, by-product synergy solutions can identify new uses and can naturally lead to business savings.

### GREEN BROWNFIELDS

Inactive industrial sites and other "brownfield" properties would be transformed into productive green space for the people of Greater Los Angeles under the Green Brownfields initiative developed by the United States Business Council for Sustainable Development.

Brownfield sites are properties that are underutilized and difficult to develop because of contamination concerns. These sites, many of which are located near rivers and coastal estuaries, nonetheless can have significant ecological potential. And while brownfield reclamation is not new – there is plenty of activity throughout the nation in returning brownfields to commerce – the new concept that this project offers is the use of market forces to accomplish ecological outcomes as opposed to a new strip center or apartment complex. This approach offers unique opportunities for public benefit and for the landowner. The council works with local, state and national agencies, as well as non-profit groups, to identify and implement market-based strategies to revitalize those properties as productive ecosystems. For instance, the initiative might receive financial support from a company that is required to recreate a wetland or from a flood district that needs to set aside land for flood retention.

The Green Brownfields Initiative would compliment and extend existing efforts across the region to convert rivers and other waterways to floodway parks. It would do so with a combination of public funds, foundation grants, and support from private owners of selected brownfield sites.

The Los Angeles region is an ideal setting for a project that has the potential to be widely replicated across the country. As one of the nation's most industrially active regions, it is blessed with a robust economy that produces a wide array of goods. An inevitable legacy of this industrial success is a sizeable inventory of brownfields. By converting some of these sites to green space, the initiative will enhance the quality of life in this region.



## 2025 Los Angeles – A National Example of Sustainable Living

Chris Wolfe, President, Americans for Energy Independence, Studio City

Today, Los Angeles is seriously behind the curve when it comes to a clean living environment and in building a sustainable society. Two examples that impact every city dweller, visitor and tourist are traffic congestion and air pollution. These two problems are closely linked and are a result of poor urban planning (sprawl) and a continued reliance on inefficient and polluting automotive transportation.

Due to the size and commercial importance of Los Angeles to California and to our nation, we are in a unique position to not only set an example, but to drive the adoption of innovative solutions to these problems.

Los Angeles can lead the way in lowering traffic congestion by seriously investing in functional mass transit and modifying building codes to be friendlier to higher density housing. We can build a more energy efficient and cleaner city by requiring bio-fuel usage, adopting state-of-the-art building efficiency codes and requiring solar electric and solar water heating installations on all new residential development.

### Solutions to Traffic Congestion:

- ★ Eliminate carpool lanes as these have been proven as ineffective incentives and could quickly ease current traffic burdens.
- ★ Add numerous new subway lines (re-engineer) to our woefully inadequate subway system. Add direct feeds to the airport and express trains from outlying areas to the airport and high density work areas. Consider Tokyo, Paris or London as good examples.
- ★ Convert carpool lanes into metro/subway (BART-style) mass transit alleys.

- ★ Promote/subsidize higher density residential development in around concentrated business areas and near new metro lane extensions.
- ★ Pressure state and national leaders to increase 30 year old CAFE standards for automotive fuel efficiency and retain or increase incentives for people to move to smaller more fuel efficient vehicles – improves parking, lane visibility, and reduces pollution.
- ★ Promote the use of automotive/vehicle sharing pools – eliminating the need for people to own a car all together or reduce the need to own a truck or van.
- ★ Mandate that truck (class 3-8) delivery and pickup operations occur between the hours of 9pm and 4am – greatly improves traffic flows, eliminates excessive idling, reduces pollution and improves productivity.

### Solutions to Air Pollution:

- ★ Implement many of the suggestions for improving traffic congestion and good progress will be made on reducing air pollution as well.
- ★ Promote/mandate state-of-the-art energy efficient building requirements for all new commercial and residential developments.
- ★ Phase in a requirement to use bio-diesel in all commercial diesel powered vehicles (e.g. trucks, buses, construction equipment) that operate within city limits. This can be phased in over a period of 15 years, starting with 2% and graduating to 80%

– according to a UC Davis study, this would reduce particulate and cancer causing pollutants.

- ★ Work with neighboring cities (e.g. Long Beach) and migrate all local maritime (port) and rail yard diesel vehicles to bio-diesel.
- ★ Mandate that all lawn services companies must use either manual or electric mowers and only electric blowers for residential yard work – most yards in LA can easily be handled without gasoline powered equipment.
- ★ Assess the impact of mandating “native-scape” landscaping to eliminate the need for excessive lawn care and watering.
- ★ Promote/subsidize/mandate solar electric and solar water heating for all new homes within LA city

jurisdiction – this equates to about a 5% cost adder to home prices and leverages the state’s 1 million solar home initiative.

- ★ Mandate that all automobiles that are paid for by the city or where use is reimbursed by the city be hybrid vehicles or achieve more than 30 MPG – our elected officials and city employees must lead by example.

In business, one usually starts with a few goals in mind and then identifies the strategies and tactics needed to make progress against these goals. As a resident of Los Angeles, my hope is that significantly reducing traffic congestion and improving our air quality would be two of this city’s most critical objectives over the next two decades. In pursuing these goals we can make our city’s roads safer, make our environment healthier and create a world-class sustainable metropolis.



## Helping to Alleviate the Financial Strain of Angelenos

Bill Cheney, CEO, California and Nevada Credit Union Leagues

The City of Los Angeles, while a great city, faces many challenges. A key problem facing Los Angeles and its citizens is overall affordability, including the high cost of credit. Over 40 percent of the mortgage holders and renters in the Los Angeles area are spending more than one-third of their household incomes on homeownership costs or rent. In a time when access to financial services and credit is taken for granted by many, there are thousands of people in Los Angeles who either lack access to credit or are struggling to afford what credit they have secured, which in turn limits their ability to accumulate wealth and help the City to thrive. Additionally, limited access to financial services has forced many individuals to use high cost financial alternatives, including those who engage in predatory practices.

Credit unions are a solution for Angelenos struggling with affordability and the high cost of credit. As not-for-profit cooperatives, credit unions generally provide financial services to members through lower loan rates, higher saving rates, and lower fees than for-profit banking institutions. Credit unions can make more of a difference to the social and economic health of the people in Los Angeles, but they need the help and support of the City.

To play a more active role in ensuring its citizens have access to consumer-friendly financial products and services, the City can support current efforts to allow credit unions to serve low-income designated areas wherein the residents have the greatest need for affordable credit products and are most likely to be vulnerable to 'fringe' providers – check cashers and payday lenders. That support can come in the form of advocating for credit unions at the local, state, and national level as well as providing development grants to credit unions and investments/deposits in credit unions in Los Angeles' low-income areas to ease the financial difficulties associated with serving distressed neighborhoods.

The City should also seek out partnerships with local Los Angeles credit unions to implement programs for citizens

receiving aid payments to receive their disbursements via direct deposit, thus introducing them to credit union services. By funding credit union individual development account (IDA) programs, the City could help citizens accumulate savings for business ventures or educational efforts to break the poverty cycle.

The City can also help Angelenos avoid financial distress by promoting financial literacy programs. Many credit unions offer financial education to their members and local communities to help break the cycle of payday loans. To play a more active role in financial education outreach efforts, the City can provide grants to credit unions to be used to develop and host financial workshops as well as encourage those with the greatest need to attend such workshops by hosting and promoting these events.

Working with the Los Angeles School District, the City can effect real change by introducing its future leaders to credit unions by bringing financial literacy curriculum into its schools. Credit unions can be a key component to such an initiative by providing their expertise in the classrooms. Educating young people early on will help to ensure their financial success with credit and affordability.

The Credit Union National Association (CUNA) estimates that California credit unions provided over \$1.3 billion in direct financial benefits to the state's 9.8 million credit union members during the twelve months ending June 2006. Individuals conducting most of their financial business with California credit unions save over \$140 annually in credit costs, return on savings, and fees:

- ★ California credit unions offer more affordable credit products compared to the state's banking institutions, charging an average 2.07 percent less on a 60-month new auto loan, 2.39 percent less on a 48-month used auto loan, and 2.04 percent less on a classic credit card.

- ★ Affordability is further promoted by credit unions through richer returns on savings products. California credit unions pay an average 0.27 percent more on regular savings, 0.57 percent more on money market accounts, and 0.41 percent more on retirement accounts than the state's banking institutions.
- ★ Affordability is further enhanced by credit unions' reduced fees. A credit card late payment fee is \$14 less at an average California credit union as compared to a California bank while the average California credit union member will save almost \$2,000 on his/her mortgage closing costs as opposed to a bank customer.

Credit union members are not the only consumers that gain from the existence of credit unions. By creating competition in the marketplace, credit unions make financial services more affordable to all consumers, which in turn helps keep bank fees and interest rates in check. But, the greatest benefits are enjoyed by those residents who belong to their local credit unions.

Looking ahead, the City's involvement and attention to affordable credit, financial education, and partnerships with credit unions will help ensure that Los Angeles is a thriving community, with opportunities for all of its citizens now and far into the future.



## Mainstreaming Immigrants: Credit Union Communities Tailor Products and Services to the Financial Needs of Diverse Populations

Steve Punch, CEO, First City Credit Union

Mainstreaming immigrants into the financial and electronic payments systems most consumers enjoy is a difficult and lengthy process that, in many cases, can be measured in generations. Research reveals that immigrants to this country often mistrust formal financial institutions, so they conduct their business with community “cash and carry” providers recommended to them by their peers. This practice often leads to more exploitive and expensive choices from less trustworthy sources.

Credit unions play an important role in providing affordable financial services to vulnerable consumers of modest means.

As cooperatively held financial institutions, credit unions have for many years in this county formed and operated around communities of association, employment and geography. This unique construction of purpose and ownership has been instrumental in bettering the lives of countless consumers. Serving churches, neighborhoods, private and public employers, and associations ranging from labor unions to ethnic advocacy groups, credit unions are the epitome of home-grown businesses.

Owned and governed by their members, credit unions have simply one mission: to serve their members’ financial needs while providing excellent value and outstanding service. Over the years, millions of underprivileged consumers of modest means have counted on credit unions to help them meet their financial goals. During the course of their lifetimes, many of those consumers saved money when they could afford to, financed automobiles and educations, and ultimately achieved the American dream of home ownership. Today, America’s credit union movement is proud to claim many middle class consumers among their millions of members.

Arguably there are few, if any, underserved consumer financial services segments remaining in Los Angeles. National providers offer credit cards to almost everyone and check cashing outlets provide services ranging from currency handling and funds transfers to payday loans. Commercial banks in recent years have begun focusing on consumers, and are aggressively building profit centers for consumer products and services. It is also well-known that some product and service providers prey on less sophisticated and less qualified consumers. Credit card companies often have acceleration clauses in their agreements that allow them to change the interest rate applied to more than double the initial rate if a consumer is as little as a week late with a payment. Payday lenders through fee tactics can impose costs for the money borrowed well in excess of 200% annually.

Credit unions, on the other hand, have a long history and well-deserved reputation for providing honest value and ethical service to all consumers. In essence, the cooperative structure of credit unions ensures that products and services are well priced and that service is compassionate and responsible.

As is the case with any business, credit unions evolve with their members. Some credit unions with unique opportunities within their membership have been offering a limited menu of commercial loans and services. While considered small transactions by larger commercial banks, these efforts to serve entrepreneurial members help grow and develop our local communities by providing jobs and a source of affordable financing.

As cooperatives, credit unions also find opportunities to leverage their smaller size by cooperating with each other. Over the years, California credit unions have formed an ATM

network that now counts more than 25,000 ATMs nationally, a shared branch network that makes thousands of branches available to members throughout the nation, and our trade association, the California Credit Union League, pioneered a partnership agreement with officials in Mexico years ago to provide low-cost funds transfers. These approaches to providing credit union communities with wide-scale delivery capabilities at competitive costs helps to facilitate the rapid adaptability Los Angeles' increasingly diverse marketplace requires.

Credit unions continue to stand ready to provide the products and services needed to serve Los Angeles County consumers and small businesses. Their uniqueness in the financial services marketplace is a benefit to all consumers, but their presence is especially beneficial to those consumers who need a trusted advocate to bring them into the financial mainstream.



## My Solution for Our City

Sheldon Cohn, CEO, Budget Finance Company

First of all, since I run a relatively small business in the city (40 employees), and have never sat on a City board or commission, I don't see the following as real "solutions", but rather suggestions of things to look into and possible ways of looking at them. I was born in L.A. and have spent my entire life here with the exception of 2 years of my college education. I graduated from UCLA, Loyola Law School and then the UCLA Anderson School of Management.

**Traffic:** I support Mayor Villaraigosa's efforts (if he's still trying to do it) to resurrect the Red Line along Exposition Boulevard. Much of the right-of-way seems to still be intact. The Westsiders will whine, but it'll be great once it's in. Everyone on the West Side talks about how L.A. used to be so great with the Red Car. Now it's time to "Walk the Talk". Believe me; they'll be proud of it once it's in.

I was never a fan of the subway because of the cost. I voted for surface rail way back when it was put to the voters. However, the Mayor seems to believe that it can work to have a subway under Wilshire Boulevard all the way to the beach. That would be great if it's really feasible. The beach is a major asset of the city and more people should be able to access it without having to drive there (the coast highway is always jammed on a summer weekend).

**Public Safety:** Los Angeles is the most under-policed large city in the nation based upon the ratio of officers to residents. I believe Chief Bratton is doing a great job, but he needs more officers. I think those are coming, but maybe not enough. I once proposed to Mayor Hahn and then Mayor Riordan a program to "Adopt a Cop", where businesses could pay the salary of a police officer on an annual basis (at that time, it

was \$100,000 per officer per year, all in). I still think it might be a good idea.

**Housing:** The city needs to grow "up" not "out". Traffic is too much of an issue to continue having workers live in the outskirts and drive more than 20 minutes to work each day. It affects the quality of their lives too much. We need to find away to allow the private sector to build housing that is appropriate for the median wage earner to live in and still be close to work. I once tried to build an apartment building in Koreatown, but the low income requirement at the time made it economically unfeasible. I assume there are programs in place that can make it work, but it's hard for a smaller developer to figure it out. People are moving to this city in ever-increasing numbers. We can't (and don't want to) stop it, but it has to be managed and planned for.

**Education:** I'm really no expert on this because my kids are in private school. From what I read, the biggest stresses on the system seem to be English literacy and support at home. Because of the size of the city and pace of immigration, we'll always have people who don't speak English in the system. I assume there's a separate "track" for them, but maybe their entire school day should be spent learning the language, instead of trying to teach them Math or Science in a language they can't understand. Once they're proficient in English, teach them the rest of the subjects. It seems as though there is a substantial number of kids whose home lives are unstable, which means that they don't have the support for getting to school on time, getting their homework done and other things that will help them succeed at school and later in life. To the extent that we can offer counseling to those households on how do accomplish these few important tasks, it may help the parents manage the kids' educations.





## The Jobs, Housing and Education Puzzle

Philip S. Hart, Executive Director, Urban Land Institute (ULI) Los Angeles

Los Angeles in 2007 is competing with itself in relationship to land uses that can create manufacturing jobs, housing, and new public schools. An industrial use policy is currently being debated within the city as is an inclusionary zoning ordinance as it relates to affordable housing. At the same time, the Los Angeles Unified School District (LAUSD) is a little less than halfway through a new school construction program that is to build 145 new schools throughout the city.

Within this context, the puzzle related to producing good-paying jobs, quality affordable housing, and new schools where quality education is being delivered, is begging for a solution around which a consensus can be formed. Los Angeles is a big city in terms of both population and land area, but it remains to be seen whether the requisite acreage exists to adequately solve this jobs, housing and education puzzle.

On the jobs side, according to LAEDC chief economist Jack Kyser there is heavy demand for industrial space in both the county at large and the Central area of the city. According to Grubb & Ellis in the fourth quarter of 2006, the Central area of LA County industrial vacancy rate was .9 percent. In downtown LA the industrial vacancy rate was 1.4 percent. LA County's industrial vacancy rate was 1.5 percent, the tightest such market in the nation. Kyser advocates for an upgrade of the industrial areas in downtown LA by focusing on a wide variety of modern manufacturing activities, such as technology, environmental technology, biomedical, and quick-turn and/or high quality manufacturing. Kyser also suggests the development of a university industrial park in the industrial areas east of USC. He also recognizes the need for job training and child care for workers in the area so they can indeed enjoy a career ladder, rather than a dead end job.

Carol Schatz, CEO of the Central City Assn. of Los Angeles thinks the city's recommendation to restrict development of downtown industrial land could prove costly to the local

economy. Schatz believes that this industrial land has more productive uses in providing mixed-use developments that foster entrepreneurs and creative professionals, who can operate alongside viable industrial uses. She feels this new mixed-use environment, which includes small businesses coupled with housing, is serving Los Angeles well.

District 9 City Councilwoman Jan Perry echoes Schatz as she asserts that the city has the opportunity to create mixed-use developments that would provide better-paying jobs and more housing at all income levels. Perry argues that the city could develop downtown zoning and design guidelines that allow for mixed-use projects that combine low-or-no impact industrial uses with residential uses. Finally, Councilwoman Perry continues to remind us that her District contains a large portion of the city's industrial land, and that industrial jobs have been declining for decades for reasons that have little to do with zoning.

As this discussion regarding industrial land use goes on, there is also serious discussion about housing production and the need for affordable and workforce housing within the city. The inclusionary zoning ordinance has called out the need for market rate developments to contain at least 15 percent affordable units. Some housing developers have consented to this requirement, while others have resisted. Some have chosen in-lieu payments whereby affordable housing is then created off-site rather than being mixed within a market rate residential community. Housing affordability has become an important issue in the city as the booming housing market over the past decade has created both a crisis and an opportunity for the city.

The housing boom has triggered a crisis of affordability. As demand outruns supply, house prices and apartment rents are rising above what many Los Angeles residents can afford. This affordability crisis is widening the gap between income and racial groups and worsening the tensions among them. Yet, the same surging housing market that precipitated an

affordability crisis also increases the city's tax revenues and other resources.

What is housing affordability? Affordability expresses the challenge each household faces in balancing the costs of its actual or potential housing, on the one hand, and its nonhousing expenditures, on the other, within the constraints of its income. In Britain and the United States, affordability is often expressed in terms of "affordable housing." But affordability is not a characteristic of housing, rather it is a relationship between housing and people. For some people, all housing is affordable, no matter how expensive it is; for others, no housing is affordable unless it is free. "Affordable" housing can have meaning and utility only if three essential questions are answered:

- ★ Affordable to whom?
- ★ On what standard of affordability?
- ★ For how long?

Perhaps a more accurate term would be "below-market housing," which properly denotes identifiable segments of the housing stock, without making any unjustifiable claim of affordability.

Concurrent to the industrial use and inclusionary zoning debates, the LAUSD is busily negotiating for sites throughout the city in order to build new schools in its \$19.3 billion new school construction and modernization program, the largest in the nation's history. Sites that have housed industrial uses are now planned as school sites. Sites that could have been used to produce housing are now destined to become school sites.

When the dust settles after the verbiage and shovels have been put to rest, what will the land uses in Los Angeles look like relative to jobs, housing and education? Will the city have good paying new economy industrial jobs with clear career paths? Will the housing supply match the demand, and in the process address the housing affordability and workforce housing issues? If the LAUSD gobbles up the sites necessary to build out its requisite number of new schools, where will its graduates work? Can a mixed-use development strategy indeed work which combines industrial and residential uses, school and residential uses, and are there best practices examples of such combinations?

In this trilogy of manufacturing jobs, housing, and new schools, it seems as if the jobs part of the puzzle is being squeezed out. However, if an appropriate balance is not achieved between these three pieces of the puzzle, then a relevant question is "Where are the jobs for the graduates of the city's public schools coming from and how will they pay for their housing?" This suggests a solution that recognizes the need to retain, attract and create manufacturing jobs is essential. Given the 1.4 percent industrial vacancy rate in downtown LA, it seems clear that currently the city is doing something right in this regard. Now the city needs to focus on attracting and creating new economy industrial jobs in the technology sectors as suggested by Jack Kyser. Simultaneously, the city needs to be more proactive in producing housing at all price points, and in particular to address the housing affordability issue. Further, a careful balance needs to be achieved between building new schools and not taking sites out of commission for such schools that can otherwise be viable job creation and residential sites.

In East Los Angeles the city has a wonderful opportunity to reinvent nearly 1,000 acres near the County-USC Hospital for a mixed-use urban business and industrial park that is anchored by the biomedical industry. This potential new town in town can combine residential, retail, commercial, public school, open space, and commercial and university biomedical uses that can uplift this distressed neighborhood as well as this entire section of the city. This project has been hampered by lack of consensus and cooperation between the city, county and USC. The window of opportunity for the city and county to grasp the biotech ring is slipping and affirmative action in this regard needs to be taken immediately. Such a proactive approach on this project would go a long way in addressing a solution to the jobs, housing and education puzzle now confounding the city.

A good best practices case study is described in my September 2006 Urban Land magazine article "Incubating Inner City Biotech." At this 75-acre urban business and industrial park located in Boston's inner city Roxbury neighborhood, over the past twenty years a mixed-use community of high technology, university and commercial biotechnology, office, retail, industrial, public utility, public school, textile manufacturing, hotel, and residential uses has emerged from vacant lots and abandoned industrial buildings in a longstanding industrial zone of the city. This case study



points out the vast potential for something similar on a much larger scale at the 1,000 acre site in East Los Angeles.

A bit closer to home in relationship to a mixed-use residential, retail, and public school project in a transit oriented development context, the Urban Partners project at Wilshire and Vermont above the MTA Red Line station can be instructive. On this 7-acre site, the MTA and LAUSD collaborated on a project that includes a middle school to be built on 1.5 acres. This school is more reminiscent of a Manhattan vertical rather than horizontal development that will co-exist with new residential and retail uses as well as a transit stop. Given that the LAUSD has at least 80 new schools to build over the next several years, the innovative use of land in a mixed-use context at Wilshire and Vermont can be a piece of the puzzle.

The Urban Land Institute (ULI) has as its mission to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. Whether

talking about Los Angeles, or cities throughout the world, jobs, housing and education are three critical pieces of the puzzle that create and sustain thriving communities.

In addition to the responsible use of land, we in the City of Angeles also need to focus on the people using the land. Los Angeles is a very diverse city – we are a mosaic of races, cultures, ethnicities, and religions. The city is also a ‘majority minority city’ as black, brown and yellow make up more than half its population. It is my hope as the city addresses the jobs, housing, and education puzzle that responsible approaches to using the land – and reusing the land – can create physical spaces that provide good paying jobs, quality affordable housing, and superior education and training for the 21st century and beyond.

But time is wasting, and the city’s stakeholders need to get cracking on a solution to the jobs, housing and education puzzle before it really becomes a major crisis as well as a lost opportunity.





## Can California Sustain a Viable Middle Class?

Julia A. Stewart, President & CEO, IHOP Corporation

Last year the Brookings Institute generated national headlines when it all but pronounced the middle class in America dead on arrival. Pessimists contend that the gap between rich and poor is widening with the middle class getting squeezed; middle class being defined as 80 to 120 percent of the median income nationally, which in California would put a family's annual income between \$40,000 to \$100,000.

Often cited is the spiraling cost of home ownership, the ever increasing push out of central city cores and suburbs into farther and more remote communities with poor public transportation available. Also touted are the heavier burdens of higher gas prices, health insurance and other household expenses.

The Brookings study depicted Los Angeles as the most hollowed-out metropolitan area in the country over the past three decades where the share of poor neighborhoods was up 10 percent, rich neighborhoods up 14 percent and middle-income areas down by 24 percent.

Rapid population growth in cities such as Los Angeles combined with rigid geographic and legal restraints on construction forced limits on the supply of affordable housing.

In Los Angeles, for example, the population grew by 11 percent between 1990 and 2002, but the number of housing units increased by just five percent. And growth won't stop with the California Department of Finance projecting that Latinos alone will account for 39.1 percent of California's population by 2020, becoming the single largest ethnic group in the state.

But do Brookings and other studies tell the whole story? The decline of middle-income neighborhoods may also be a consequence of increased economic opportunity and residential mobility, especially for upper-income minorities, where middle-income families have gotten wealthier because of rising home values and investments and simply

chosen to move to better neighborhoods, especially among minorities.

Now evidence points to a growing and vibrant middle class in California which stands unique among other states for its ethnic diversity and vitality. Growth in immigration brings a vibrancy and sense of entrepreneurship fueling growth in small businesses and investment in capital formation.

Chief among the factors pushing new growth in middle-income families is education. Education is the stepping stone into higher economic success, where the coin of the realm in a knowledge-based economy is now brains and desire, not brawn and complacency. The future of California is now linked to the educational success of those climbing the economic ladder.

Data from the California Department of Finance indicates that although California continues to add jobs, there is a growing gap between high skill, high paying jobs and low skill, lower paying jobs. Part of this squeeze results from the increasing loss of lower skill, higher paying jobs commonly associated with manufacturing and the aerospace sector, but is also reflective of fundamental changes in our economy as we move to a knowledge-based economy spurred by the tech and Internet boom.

Studies have shown that increased education correlates strongly with attainment of white-collar careers. For example, of Latinos who completed high school, 19 percent will hold a white-collar job, increasing to 60 percent for those who obtain a bachelor's degree or higher.

The restaurant industry, the largest private employer in the country, has generated 15 straight years of new job growth according to the National Restaurant Association (NRA); last year alone adding a full percentage point of new jobs above the national average. In California, the NRA estimates our industry will experience 15.4 percent job growth over the next

10 years. Those jobs hold the promise of providing economic stability and support for those seeking an education.

These forces led IHOP to make changes in our own business, where we became a more thoughtful and strategic company to participate in and benefit from these socio-economic shifts. We focused on becoming a better community partner aimed at making a difference. We improved relations with our franchisees, and we sought out creative, bright, smart people who think outside the box to drive our business.

IHOP takes great pride in being part of this industry, and we take even greater pride in our commitment to our employees. With our Richard K. Herzer scholarship program, we focus on providing educational opportunities for IHOP Corp. employees and employees of our franchisees. This group, and their immediate families, is eligible to receive scholarships for secondary education.

What is even more significant is how our industry is often the stepping stone to management and ownership opportunities where three out of five owners of restaurants are women or minorities, and three out of four food service managers have household incomes of \$50,000 or more.

As business leaders and elected officials, we must develop ways to help foster growth by investing in our human capital and tapping into executive brain power for solutions. We must build training and mentoring programs to give our employees, especially young minority employees, an educational jumpstart and steer them towards successful occupational or academic careers in college.

We must recognize that with the rapid growth in Latinos, significant numbers of African Americans may become increasingly disenfranchised, especially among the young who do not necessarily view education as the pathway to eventual success.

To that end, the private sector must make deeper commitments to education beyond simply making contributions or buying computers for classrooms. We must create a culture of learning, whether it is in how we train employees, mentor or tutor them in job skills, we must grow in them the same desire

to learn and educate themselves they will need in pursuing a college career.

Our industry has traditionally been a leader in providing educational opportunities and serving as an economic support for many young people beginning or continuing their higher education. This same emphasis and supportive environment should permeate all sectors of our economy.

We must make educational opportunities more easily available and accessible be it through scholarships or preserving seniority when employees take an educational leave because education creates desire and economic growth with new ideas, new businesses and new job creation.

And government must follow the same blueprint for success by investing in creating and supporting more helpful environments for economic and educational success. Some ideas worthy of consideration offered by experts include developing community-specific plans built on local opportunities and goals and using economic development, redevelopment and job training funds for these strategies and making land use decisions through zoning and permits supporting growth of a sustainable economy, while providing for efficient transportation, affordable housing and mixed use growth.

Just as our company cannot function without the adequate infrastructure and support to make our franchisees and employees successful, our economy as a whole cannot without the same thoughtful support from government, government and community leaders.

With almost 100 IHOP restaurants in Los Angeles alone, our presence in the community puts us on the frontlines in providing an initial point of entry for first-time workers. We place a premium on providing opportunity, and believe soundly in enabling our workers to gain academic support for educational freedom.

And only through more profound public/private partnerships focused on these same goals can we ensure the preservation and growth in our middle-class.



## L.A. Ideas

Michael Storper, Professor, UCLA School of Public Affairs

### Densification

The main problem with LA's urban process is how to achieve densification, in a way that is compatible with mobility, and without generating too much political opposition .

- a) the main boulevards are the principal opportunities for densification.
- b) they provide opportunities for "connecting tissue" in a city where emphasis has been placed on many little "centers," but not the connections between them;
- c) to do this, they need physical improvement concepts over long stretches of them – including streetscape (sidewalks, plantings, median plantings, and possibly construction of bicycle and transit lanes that are separate from traffic lanes) – and where the identity of long boulevards would link different neighborhoods.
- d) they can be financed by boulevard improvement corporations, something like business improvement districts, but in this case over long stretches of the major boulevards
- e) the densification can be residential and/or mixed use – something like 3-4 stories.
- f) there is a problem with parcel assembly. But it is not as big as many claim it is. Optimal scale for densification developments need not be the mega-developments that are currently preferred...for example, the median size is something now about 60-70 units (quite big), whereas it can be eco-

nomically done in 10-15 unit buildings....requiring smaller parcels and less problems of assembly.

- g) but there will need to be some financial incentives for this, probably involving ratios of parcel size to built surfaces, and reducing some heavy infrastructure requirements (such as how many parking spaces, etc) for smaller projects.
- h) design standards are crucial to making densification acceptable – setbacks, streetscape and overall quality of the building.
- i) integrating transit stops with improved boulevards is critical – my colleagues have shown that "designed" transit stops attract those reluctant to use transit, and they need to be close to home, feel protected and sheltered.

### Governance.

The second main problem in LA is its political institutions. There are numerous reforms to be achieved, but there is one big one: LA County 's Board of Supervisors is not capable of governing LA County. There needs to be a real legislature for LA County, which has the population of many large states and medium-sized countries; this will provide the basis for coalition building which currently does not exist. In addition, the executive branch of the county needs reform and rebuilding. I can't provide a blueprint for this, this is the general idea.





## Common Focus, Combined Efforts Are Necessary for Success in L.A.

Anthony J. Buzzelli, National Managing Partner, U.S. Regions & Markets,  
Deloitte & Touche USA LLP

While reflecting on the problems facing our city, I'm struck at how fortunate we are to have a generous business community that is concerned about civic and social improvements. We also have a mayor who is superb at reaching out to the appropriate constituencies for support. We're witnessing numerous efforts by the public, private and voluntary sectors to address a myriad of needs in our communities.

Unfortunately, therein lies the problem. We are aligned in our intention to do good. But our actual efforts are not – resulting in inefficiency and too many “one-off” attempts to tackle problems such as too many high school dropouts and not enough workers prepared for our information economy.

It is time for LA to take a page from other regions big and small and fix the structural defect in its leadership pyramid. At the top we've got an enlightened City Hall. And at the points you will find a well-intentioned Chamber of Commerce and superb universities. But to help inform policy and bring clout to a short list of executable solutions, let's create what I might call the “LA Coalition.” It could be the plank of the pyramid that strengthens all of our efforts.

Consisting of elected leaders, business executives and subject matter specialists from our vast voluntary sector, this organization would have an expressed interest in the strategic future of our region. Its most important currency would be its social capital in building relationships among our business and civic leaders that ultimately are good for our community.

This organization would be the central source of information on who is doing what, and how those efforts align to the overall objectives of our community: an improved education system, workforce development, job creation, better housing and a stronger overall economy.

Other cities have had similar challenges and made great strides. In Pittsburgh, economic development efforts were disjointed until the work of the Allegheny Conference on Community Development in the 1980s. This group helps coalesce public and private sector partners to stimulate economic growth and enhance the quality of life in southwestern Pennsylvania. Today, Pittsburgh has successfully transitioned itself from manufacturing to a service economy and retrained its blue collar workforce.

Similarly, New York City's business and civic leaders have achieved success in helping City Hall push for education reform. This group, called the New York Partnership, is one of the reasons the city is universally recognized as a much better place to work and live compared to 15 years ago.

Even Detroit is taking fresh steps to organize and focus its considerable business resources. Recently, four founding sponsors – including my organization, Deloitte & Touche USA LLP – launched the first nonprofit membership group dedicated to promoting and supporting the state's global leadership in the automotive industry. The group, called MICHauto, is the first to concentrate only on the automotive industry in Michigan. Due to global competition, the city

is pulling its business resources together to improve communication, collaboration and creativity to maintain the city and state's leadership role in this industry.

In Los Angeles, we need to work in a similar fashion to close the gap between policy development and execution. Our volunteer and social service organizations are the capstones, but to be fully effective they require an entity comprising government and businesses to tap the intellectual, human and financial capital required for real progress.

Again, my view is that a fourth kind of capital is needed – social capital. By reinforcing intra-Los Angeles County relationships, we can minimize the turf issues and misunderstandings that too often prevent alignment of purpose and conviction. We have so many issues to address in our city. For example, there is a critical need to resolve the problems in our education system. Today, according to figures I've seen, our dropout rate in our high schools is 40

percent or more. I say, why not raise the graduation rate to at least 70 percent? But before we can effectively tackle these problems, we must understand and align our “supply chain” of help – including the private sector and nonprofits. And as we effectively mobilize, we may find overlapping efforts and resources that could be used more effectively elsewhere, especially in the nonprofit ranks. Shrinking the non-profit sector and freeing up qualified professionals to be hired in the private sector could help address our labor shortage.

I believe the desire to up our game exists among our private and public sector leaders. Our next step is to bring these leaders together and build our social capital, agree on our short-term and long-term areas of concentration, lean out our operating groups and funnel our resources accordingly. Through the power of our combined efforts, we can achieve tremendous things and help set Los Angeles in the right direction for years to come.



## Smaller is Better

Peter Gordon, Professor, University of Southern California

Most people's complaints about life in Los Angeles involve the quality of services that they get from government, be it the roads, the schools, crime control, etc. The tonic for inept or dysfunctional government is not another round of "reform" but real competition.

Markets succeed when sellers compete. The same applies to governments. This means that when neighborhoods want to secede from the larger city, they should be able to do so. In many cases, a credible threat of secession would be enough to keep the politicians in line. This means more democracy as well as greater efficiency in the public sphere.

In 2002, after much wrangling in Sacramento, San Fernando Valley voters were finally allowed to vote on whether they wanted to secede from the City of Los Angeles. A slight majority of them did vote to secede but they were overruled by the anti-secession vote in the rest of the city. Opponents argued that SFV residents should stay and support their fellow LA citizens via their taxes sent to City Hall. But that this sort of redistribution is funneled through the LA bureaucracy, where it simply feeds the beast. Better to starve the beast. Never mind that there are no examples of politicized redistribution programs "solving" anything. In fact, they often make things worse.

University of Maryland Professor Robert Nelson has suggested that all neighborhoods get the right to the secession-privatization option. He has noted the post-1970 migration to private communities, that now house more than 50-million Americans. These people have voted with their feet. They have opted for more local government functions that are privatized and real home-rule. Inevitably, there

is still politics but it is closer to home and less likely to be hijacked by interest groups. Give residents of established older neighborhoods the same opportunities.

Compare that to what we have in Los Angeles, with gerrymandered districts, high rates of re-election of incumbents, influential and generous lobbyist insiders, and low voter turnout. Real neighborhood empowerment means not more town hall meetings and the limited reform that created our neighborhood councils, but real devolution of power, authority and tax dollars. Residents would be much more attached to parks, roads, schools and services that they actually owned and controlled. Many who have moved to the suburbs might also take a second look at the inner city.

These notions are the opposite of the popular idea of regional or metropolitan governance. It is odd that many people routinely expect that consolidation means greater efficiencies, e.g., economies of scale. Contrary to all evidence, they ignore the associated diseconomies of scale. There were 67,355 school districts in the U.S. in 1952. There were 13,506 districts serving many more students in 2002. Can anyone argue that any scale economies were achieved? By most measures school quality is down and the diseconomies of greater bureaucratization must get some of the blame.

There will surely be situations when small local governments have occasion to form coalitions or joint-powers agreements with nearby cities or neighborhoods. They can always do so, on an as-needed basis. Many already do. This is much better than a standing bureaucracy that simply institutionalizes the ineptness and abuse that we now live with.





## Systemic Problems Require Systemic Solutions

Blair H. Taylor, President and CEO, Los Angeles Urban League

**Systemic Problems:** Solving the civil and social rights issues facing African Americans continues to be complex and difficult. After many decades of public policy and economic efforts, stubborn problems still plague the African American community. In the “State of Black Los Angeles” (SBLA) report published jointly by LAUL and the United Way of Greater Los Angeles, African Americans score the lowest “equity index” (a measure of the conditions for African Americans and other minorities relative to Caucasians in Los Angeles) of any minority population. They have the lowest median income and the highest poverty rates - double those of whites in L.A. and a full four percentage points higher than the next highest population, Latinos. African Americans also have the lowest life expectancy and the highest homicide rates. Even after the significant gains of Affirmative Action and other policies, the SBLA, written in 2005, reads as though it could have described the conditions for African Americans in 1965.

**Systemic Solutions:** The Los Angeles Urban League is leveraging its 86 years of advocacy in Southern California to launch a bold new Strategic Plan that is designed to develop solutions to systemic problems in a systemic manner. In 2006, the LAUL, with the help of the Bridgespan Group and Bain Consulting, developed a unique Plan with three foci: Advocacy, Leadership, and Neighborhood Change.

LAUL has a rich history of African American advocacy, which is continuing under the Plan at the city, county, and state level. The League is developing a focused proactive agenda of issues that are central to the community. And as part of the advocacy strategy, LAUL is working to develop a coalition of partners and is continuing to cultivate strong relationships with political leaders to help drive the agenda forward. LAUL is also leveraging its strength of leadership development and is continuing to create leaders in the community by building and supporting a network of new and emerging leaders. Continued leadership development is required for both the advocacy strategy and in changing neighborhoods, for it is these leaders who will help drive the

advocacy agenda and neighborhood initiatives forward. The major change in LAUL’s strategy is aligning its advocacy, leadership, and other programs to build sustainable, replicable systemic models to change neighborhoods. LAUL has identified a single community, the Park Mesa Heights neighborhood surrounding Crenshaw High School, where the preconditions for revitalization are favorable for a place-based Neighborhood Initiative. LAUL is now aligning its significant efforts, and those of partners, to address a comprehensive set of interrelated needs of that community and to track changes over time.

Our systemic change model focuses on simultaneously improving education, employment, safety, health, and housing, outputs, outcomes, and impact within the neighborhood. This requires strong social systems and the high expectations of every stakeholder involved.

In education, LAUL is working throughout the academic and social life of a student, from pre-K through high school, to foster a rigorous experience in the schools, relationships with caring adults, and a connection with relevant career options, and a positive peer culture. For the younger students, this is primarily taking the form of working with the schools to identify and partially fund (as necessary) curricular reform programs, engaging parents by sharing best practices that help them support their children, connecting students with positive adult role models, and, where lacking, providing or brokering after school programs that give kids a positive social experience and keep them out of gangs.

LAUL’s employment strategy leverages and builds on its current employment programs at its WorkSource Centers, establishes new relationships with employers, and leverages the LAUL Youth Opportunity program in an effort to reduce unemployment and poverty rates in the neighborhood by 50%. To do this, LAUL is supplementing and extending its current programs in four areas: outreach and intake, training, job placement and post placement support.

The safety strategy is executed by engaging the community in the safety solution, addressing gangs, re-integrating ex-offenders, and school safety. To do this, LAUL is hosting a quarterly series of community safety meetings, surfacing community concerns and identifying ways the community can assist with safety efforts. The Los Angeles Police Department is supporting the effort by dedicating a team of officers to the area (through Safer Cities II – a massive crime intervention and prevention initiative). Officers are reaching out to the community and engaging in proactive enforcement tactics that help to get the worst offenders off of the streets. The City Attorney’s office is supporting safety by working to assign a Deputy City Attorney as a School-based Prosecutor at Crenshaw High School to help increase parent involvement and help prepare the climate of CHS for school reform, while the Department of Public Works will engage to beautify the streets and alleys in the neighborhood.

In health, LAUL is working with partners to reduce the number of families in crisis and to support long-term healthy outcomes for residents. This includes piloting a multi-systemic therapy program with the County for those families most in jeopardy (indicated by domestic violence, drug use, chronic unemployment, etc.). For other residents, the emphasis is on better lifestyle choices, such as healthy eating habits and exercise, which will help decrease the incidents of many chronic diseases and obesity.

Finally, for housing, LAUL is working with Operation Hope and others to ensure that current homeowners are able to stay in their homes and that more residents will be able to afford both homeownership and rental costs. Programs to support this include credit counseling, home buying education courses and improved access to capital. Particular attention is being given to the impact of the ability of residents to own homes as revitalization improves property values.

The viability of this solution is that it allows the improved management of the economies of scale, scope, and structure needed to successfully implement neighborhood change. The scale of change is the geography of a 70-block neighborhood of 10,000 residents, which is a reasonable unit of change scaled between the macro level of cities and the micro levels of individuals and families. The scope of change is the concurrent management of five standard-of-living domains and the identification of 1) the appropriate number and type of metrics facilitating sustainable neighborhood change; and, 2) stakeholder-accountable risk-sharing partners with core competencies well-matched with the metrics. The structure of change is the social and knowledge network that is fully-connected system across all the domains, stakeholders, and partners, driven by the high expectations intrinsic to the metrics embedded in the model.



## The Business Perspective: Lax Modernization Grounded By Political Will

Gary L. Toebben, President & CEO, Los Angeles Area Chamber of Commerce

Weather delays at major airports throughout the nation have made national news this winter. Unfortunately, we have a larger problem at the Los Angeles International Airport regardless of sunny skies.

It has been nearly a quarter century since the last major modernization of LAX. In preparation for the 1984 Olympics, the Tom Bradley International Terminal, Terminal 1, Parking Structures 1, 3 and 4 and the second level roadway were all constructed.

Following the bold sprint for the Olympics, LAX has since been stuck in the starting blocks for more than two decades. As a result, local businesses and residents not only dread the physical age and lack of amenities at LAX but they are also faced with less flight selection. Why? Because travelers from around the world who once used LAX as their business and tourism gateway to the United States now choose to fly into other cities. These cities wisely invested in their airports while LAX remained stagnant, with efforts to modernize mired in protests by local residents and financial disagreements with tenants.

The numbers tell the story of LAX's decline. Passenger traffic at the airport fell 1 percent during 2006 and is down 9.3 percent since Sept. 11. Conversely, passenger travel at airports across the country is up 4 percent and worldwide airline travel is up 10 percent since Sept. 11. LAX served 6 million less passengers last year than it did in 2000, with the number of flights down from an average of 2,146 per day to 1,800 per day. A few have opted for our smaller regional airports, while the vast majority of travelers have chosen to bypass L.A. entirely. That equates to millions of dollars in lost tourism, business and jobs.

Not only is LAX old and outdated, the airport now faces a situation where it may not be able to serve the new class of global airplanes being manufactured by Boeing and Airbus.

To accommodate these airplanes, LAX needs taller gates, more space between gates, and more space between the runways and taxiways. LAX-owned land is available to make these improvements, but local residents have so far successfully blocked any substantive effort to modernize.

Let's be clear, modernizing LAX will not create more noise or pollution for neighbors. It will allow LAX to accommodate the new generation of environmentally friendly aircraft that generate far less noise and pollution than their predecessors. Updating gates and terminals will reduce the time planes idle on the runway and passengers spend waiting in their seats. This much needed progress is being held up.

When I traveled with Mayor Antonio Villaraigosa to Asia last fall, our entire delegation was impressed with the quality of the region's international airports. It became clear that the world was passing LAX by. The trip furthered our commitment to making sure that the L.A. region remain the business capital of the Pacific Rim and LAX the premier gateway to the United States.

Other U.S. cities developed their political will to move forward. San Francisco, Las Vegas, Chicago and New York are racing to modernize their airports and benefit from our regional inaction. If we allow small constituencies to deprive millions of Southern Californians the international gateway airport necessary to being a global financial center, we will have done a great disservice to our entire community, resulting in lost jobs, tourism and business.

LAX is not the only airport in our region. Developing a regional airport system that includes Ontario and Palmdale is an important component to modernization. But L.A.'s quality of life and future as an international destination is inexorably tied to LAX. We must align our local politics with the vision to be America's number one global city in the 21st century. We cannot afford any more false starts. It's time to sprint again.

And that's The Business Perspective.





## Improving the Healthcare Safety Net

Terry A. Bonecutter, President and CEO, QueensCare, Los Angeles

In comparison to most other countries that spend less per capita on healthcare, the United States has poorer health outcomes and a lower life expectancy. Although 16% of its gross domestic product is spent on healthcare, America's system is complex, cumbersome, inefficient, fragmented, and unraveling. The countless reasons for this state-of-affairs is beyond the scope of this presentation, however, some key contributing factors worth mentioning include the following:

- ★ The current delivery system is predicated on the assumption that healthcare is a “privilege” versus a “right” of every citizen.
- ★ The multitude of private and public health insurance plans has created a system that suffers high administrative costs for both the insurers and medical providers.
- ★ The reimbursement system does not generally support prevention and wellness programs. As a result, the majority of money is spent on high-cost, care delivery mechanisms for those who are sick.
- ★ The escalating cost of health insurance has netted a health insurance crisis in America where almost 47 million residents lack health insurance.
- ★ Within this national framework, the city and county of Los Angeles add the following dimensions to its stressed healthcare system:
- ★ Los Angeles is located in the epicenter of the health insurance crisis in America. Of the more than 10 million residents in Los Angeles County, over 3 million have no health insurance and almost 2 million lack adequate insurance. Most of these are low-income and modest-income residents living in the various multicultural neighborhoods in the region.
- ★ Los Angeles is also one of the major American portals for the influx of new immigrants moving to the United States. As such, it is significantly impacted by the needs of a rapidly growing population that contains a high percentage of newly arrived immigrants who are unfamiliar with the American healthcare system.

To more effectively address the growing problem of the uninsured and underinsured, and successfully meet the needs of the newly arrived multicultural, multilingual residents, improvements are necessary in order to provide a better delivery system and support a healthier community. In an attempt to address this problem and over the past decade, several public agencies and private organizations have presented proposals for large-scale sweeping changes in the state and national healthcare delivery systems. Unfortunately and due to a wide-range of factors, significant changes have not materialized. In light of this reality, this author suggests that Los Angeles leadership work towards the implementation of a process that focuses on incremental improvements in the local healthcare delivery system and incorporates a strong educational component to raise public awareness about the need for change. Additionally and at the national level, it is recommended that they encourage the investigation of a single-payer-system mechanism along with the concept of universal healthcare for all Americans.

These changes would work toward a significant redesign of the local healthcare delivery system. The existing system needs a transformation from an underperforming conglomerate of independent entities into a system in which all the participants acknowledge their dependence upon and influence on every other entity in the system. This can be achieved by the development of new partnerships and expansion of existing ones.

A good example of an already existing program is the Los Angeles County Department of Health's Public-Private

Partnership Program. For those with incomes under 133% of the Federal Poverty Level, Los Angeles County has developed partnerships with community health centers to help alleviate the increasing stress on its already overtaxed delivery system. By providing financial support to existing primary care centers, this Public-Private Partnership Program has begun to advance the safety net for the low-income uninsured, promote easier access to primary care, and help improve the delivery system. This is a good start and lays a solid foundation for a more integrated system that has the potential to reduce the cost of safety net care and promote better overall public health.

Therefore and in alignment with this Public-Private Partnership program, the following recommendations are presented for consideration and to promote a better performing and more cost-effective local public health system.

- ★ For those uninsured, underinsured, and newly arrived multicultural, multilingual residents who frequently use public and private hospital emergency rooms for non-emergency services, establish and assign a local community clinic as their medical home to foster preventative care and provide basic primary care services.
- ★ Fully integrate healthcare case management services into the delivery system at the local community clinics, which serve as medical homes. Additionally, a healthcare case manager would be provided for all uninsured individuals in Los Angeles County who suffer from chronic diseases and/or need ongoing healthcare management services. This service would be provided by well-trained, culturally and linguistically competent, community health workers (“Promotores”) who serve the communities they come from and are trained by well-regarded agencies like the Esperanza Community Housing Corporation.
- ★ Utilize the healthcare case managers as “agents” and “system integrators.” As such, they would help coordinate the full spectrum of healthcare services and be the point of contact to insure an effective continuum of care. In addition, they would also facilitate access to services from organizations that collaborate across diverse service sectors. This would include the coordination and integration of prevention and wellness training, primary care, specialty care, hospital and home care, social services, family services, etc.
- ★ Support the medical home and healthcare case management system by electronically linking community health centers to key specialists and local public and private hospitals in order to establish an electronic patient health record for seamless movement across the continuum of care. This can be achieved by building upon the current collaboration between Los Angeles County USC Medical Center and five local, community health centers that has developed an interlinked, electronic health records system which could be replicated throughout Los Angeles County.
- ★ To promote this new initiative, which emphasizes prevention and primary care to reduce costs associated with high-end and specialty care, the political will is required to redistribute funding and produce a more cost-efficient system that yields better positive health outcomes.



## Utilizing City Land Use Strategies and City Policies to Address Threats to Public Health

E. Richard Brown, Director, UCLA Center for Health Policy Research, and Professor, UCLA School of Public Health

The health of residents of the City of Los Angeles must be of paramount concern. Obesity has been shown to be a major contributing factor in several diseases, such as diabetes and heart disease. The rate of obesity is particularly alarming among low income residents of Los Angeles. Reducing or preventing obesity will improve the quality of life of adults and children. Straightforward methods have been found to be effective in reducing obesity, including:

- ★ Increasing physical activity
- ★ Increasing access to and encouraging consumption of healthy foods
- ★ Decreasing consumption of unhealthy foods
- ★ These methods depend on more than just the efforts of an individual. Dramatic changes to the environment are essential to their success. Los Angeles can adopt strategies that will facilitate these methods by using its zoning codes. The primary purpose of zoning laws is the protection of public health; zoning may therefore be an effective tool for addressing obesity as a public health threat.
- ★ Because fast food has been identified as a major factor in obesity, efforts should be made to limit the number of fast food outlets, particularly in areas that already are saturated with them. Several other cities have used zoning to restrict fast food, including:
  - ★ Banning fast food and drive ins – Concord, Mass; Carlsbad, CA; Newport, RI
  - ★ Prohibiting fast food restaurants in certain areas – San Francisco, CA ; Davis, CA;
  - ★ Limiting the number of fast food restaurants – Berkeley, CA
- ★ Regulating density by limiting proximity or distance – Westwood area of Los Angeles; Bainbridge, Wash; Warner, NH
- ★ Regulating proximity of fast food to other uses – Detroit, Mich; Arden Hills, Minn
- ★ Contrasted with the proliferation of fast food outlets is the shortage of grocery stores and supermarkets offering fresh fruit, vegetables and meats that are of good quality at reasonable prices. This is a serious problem in low income areas of Los Angeles, where access to healthy food options are severely limited. To increase the number of grocery stores in these areas, the city could identify vacant or surplus land that could be developed for grocery stores. City resources could also be earmarked to fund incentive programs and provide technical assistance for small businesses, encouraging small corner stores or liquor stores to convert to grocery stores.
- ★ Zoning and other land use tools can also be used to achieve healthier communities, and encourage healthy activities that could reduce obesity, such as walking from home to work or to shop. In addition to impacting obesity these strategies are likely to yield additional health benefits by decreasing the use of cars, resulting in less traffic and less pollution. These land use tools include:
  - ★ Transit Oriented Development (TOD) – Land use planning that encourages housing and retail development near transit stops to increase walking and the use of public transportation.
  - ★ “Joint Use” of public facilities, such as schools and parks, to increase access to physical activity resources.

- ★ Health Impact Assessments (HIA) – a process that requires city agencies to determine the positive or negative effects land use policies or development projects would have on the health of a particular community prior to approval. HIA should be considered early in the design and decision-making phases of a project in order to promote healthy lifestyles and facilitate healthy choices, such as good nutrition and increased physical activity. HIA could be used to encourage open space (which promotes physical activity) and healthy eating (grocery stores) and to limit or discourage unhealthy food outlets (fast food outlets). HIA's could also be used to limit advertising, such as billboards for unhealthy food choices.
- ★ Recreation Element – could be added as a part of the General Plan framework to ensure that land use strategies that promote health are prioritized; these features could include recreation areas, parks, bike paths, jogging trails, open space.

- ★ Recreation Requirements – L.A. Community Redevelopment Agency could incorporate a recreation space requirement to each redevelopment project (in the same manner that a public art component is required).

As a public institution, the city should model good practices to demonstrate how everyone has a role in the reduction of obesity. The city can ensure that its employees, contractors, vendors and subcontractors increase healthy eating and physical activity by requiring that healthy food be served at city venues, and that time and opportunity for recreation is incorporated into city contracts. Moreover, the city can limit or ban unhealthy foods and drinks in vending machines on city property and sites receiving city funds.

Finally, the Mayor can become an outspoken advocate - using his "bully pulpit" to promote healthy eating and physical activity. Not only would individual residents of the city benefit from efforts to reduce obesity, but the entire city's economic health and vitality improve dramatically when opportunities for recreation and healthy eating improve.



## Use Local Government Leverage to Negotiate Lower Health Costs

Daniel J.B. Mitchell, Ho-su Wu Professor, UCLA Anderson Graduate School of Management and UCLA School of Public Affairs

The cost of providing health care to employees is a major issue for public and private employers alike. There is currently much interest and the national and state levels in finding feasible methods of providing universal health care. However, the plans proposed are inherently complex and may not come into operation for some time. And even if a system of universal health care is developed, it is likely to be based in part on continued – if not expanded - employer coverage. The high cost of health care may not be resolved by providing universal coverage. Indeed, with more people accessing the system, costs could rise.

There are over 400,000 local employees in LA County, most of whom receive health insurance from their employment. (Cities, including LA, school districts, community college districts, vector control districts, water districts, MTA, and LA County itself are all providers of health insurance coverage.) There are only a few health insurers that sell health insurance in LA County: Blue Cross, Kaiser, PacificCare, etc. Yet, because of the balkanization of public health insurance provision - typically even within the various employers there are numerous separate collective bargaining units as well as units of nonunion managers and other - there is little leverage these govt. authorities have in negotiating health insurance rates with carriers.

If these governmental entities got together and negotiated rates collectively with the major carriers, they would get better

deals than they do now. The improved negotiating position would not “solve” the general problem of rising health costs. But on the margin it would help. Right now, there really is no negotiation on health insurance premiums for many of these balkanized public units. Basically, the carriers simply announce what the cost is going to be.

Of course, inducing the levels of local government to work together - or even coordinating the units within each public entity - would be a challenge. Cooperation and coordination does not require, however, that there be one plan for all local government employees. Blue Cross, Kaiser, and the others offer menus of alternative plans and some governments are more generous than others. But there could be a negotiation for a basic plan and then the various local entities could modify the core plan at the margin with elements such as co-pays and deductibles.

Over time, if local governments were successful in obtaining better rates for the coverage they provide, other employers – nonprofit and for-profit – might be invited to join the pool. There is precedent for such a development. In New York City in the 1940s, the City fostered development of the Health Insurance Plan (HIP) for its own municipal employees. Eventually nonprofits and other private employers joined in as subscribers, producing one of the major early HMOs on the east coast. Perhaps the City of LA could produce a comparable innovation six decades later.





## Creative Commerce: Los Angeles and the Cultural Economy

Elizabeth Currid, Assistant Professor, University of Southern California

As one might recall, just this past September, Banksy, the internationally known guerrilla graffiti artist decided to show in an abandoned warehouse in downtown Los Angeles – not, it should be noted, in Chelsea, New York City’s world-renowned art district. When I visited the show one hot Sunday afternoon, the line to get in was over a quarter-mile long and the warehouse was filled with visiting New Yorkers dying to get a piece of the action. Within the three and a half days that the exhibition was open, over 50,000 people visited and every piece in the show was sold. (Some pieces were selling for well over \$200,000)

Los Angeles’ creativity is big business. The city has long been one of the global centers of cultural production, generating billions of dollars and thousands of jobs in creative industries ranging from film to fashion to auto design and cuisine. As a just released Los Angeles Economic Development Corporation study reports, creative industries in Los Angeles County generate \$127.6 billion in revenue, and hundreds of thousands of jobs. Film, TV and music firms alone provide 422,300 jobs and \$152.7 billion in economic impact, while fashion generates 265,200 jobs and \$72.3 billion. Visual and performing arts generate 54,000 jobs and \$20.4 in revenue. The list goes on. Los Angeles has benefited tremendously from its unique position as a highly profitable cultural juggernaut. In other words, in Los Angeles it’s not just art for art’s sake.

Not only does Los Angeles’ creativity generate billions of dollars and thousands of thousands of jobs, but it is also the key to the city’s competitive advantage over other places. Research I have conducted shows that Los Angeles’ greatest strength is in cultural industries: The city is over three times more concentrated in cultural industries than other metropolitan regions. Within art and culture, the city’s greatest strength is in fashion, film and media – all over four times more concentrated in Los Angeles than in other cities. In other words, what makes Los Angeles distinct from other metropolitan areas, and where the city has a unique advantage over other cities is in art and culture. Culture matters to Los Angeles for not only its aesthetic and symbolic value but its significant economic contribution.

Part of Los Angeles’ success has much to do with its finesse at distributing its culture to the global mass market. It is the ability of its media industry to distribute the city’s film, art, music and culture through vast and diverse channels that sells the place and the product that is Los Angeles. It is no surprise then, that Los Angeles’ media occupations are almost as robust as its cultural ones: Agents and business managers are over seven times more concentrated in Los Angeles than other metros, while media and communication workers are twice as concentrated here than anywhere. Here, in the nexus of culture and media is where we see Los Angeles at its best. Here is where we arrive at why Los Angeles is not only good at producing culture, but producing world-renowned culture.

Yet, despite Los Angeles’ great advantage in creativity, the obvious significance of the cultural economy has been only partially recognized for its social and economic impact on the region. Only recently, have scholars and practitioners alike started to recognize and quantify the economic contribution of art and culture to the metropolitan economy.

Further, anyone following Los Angeles news knows that the city’s competitive advantage in cultural production is not set in stone. Many a newspaper article alarmingly reports on runaway film production taking off to Canada and the industry’s continual cuts in jobs and movie budgets. When Tom Cruise’s contract with Paramount pictures was not renewed, experts agreed that Sumner Redstone, chairman of Viacom and CBS, was making economic decisions that trumped creative ones. Or put another way, despite the ceaseless production of movies in Los Angeles, the city does not hold the only trophy as it appears that there are plenty of competitors nipping at its heels.

Capitalizing upon Los Angeles’ advantages in creativity, along with preventing the city’s advantage from slipping requires more than just the numbers, charts and statistics that prove the importance of art and culture. Understanding Los Angeles’ creative economy also requires understanding the social, economic and geographic characteristics of why and how creativity happens in Los Angeles, and building effective

public policy around these dynamics. Below I outline several of the most important characteristics of the creative economy and the role of public policy:

Art and culture works together. The vast array of cultural industries that Los Angeles' possesses, while seemingly disparate often work together, overlapping in labor pools, resources and in their ability to attract and retain the best and the brightest human capital. These industries are a lure both for cultural labor pools and also those who want to have access to the diverse cultural options and amenities that the city possesses (e.g. financial and professional industries). Such a highly sophisticated network system reinforces Los Angeles' dominance in artistic and cultural production, making it a global leader in creativity. Public policy should address these networks through creating tax incentives and housing subsidies that address the broader cultural economy (as well as those that target specific industries and neighborhoods).

The cultural economy has become increasingly professionalized. The notion of the starving artist getting a moment of revelation that catapults him to success is antiquated. Today's creative workers have MFAs and high-powered internships. Universities like USC and UCLA offer not only degrees and technical skills but also the social networks necessary for survival in the creative economy. Funding and resources for art institutions and universities, providing funding for student fellowships, and creating more arts teaching in public schools are several ways the city can help link talented artists, designers and musicians with the degrees and connections they need to succeed.

The cultural economy requires density of creativity. Los Angeles (like New York) has an ongoing paradoxical relationship between the artist and the city. Artists are often the first to move into blighted neighborhoods, transforming them from dangerous to edgy to trendy, and in turn housing prices and cost-of-living soars, thus pushing out the very creative people who improved the neighborhood. The city needs to provide subsidized housing, studio space and rent control for its creative workers. Part of what I have found in my research on creative workers is that density is intrinsic to the efficiency and distribution of creativity. It is through dense neighborhoods of galleries, artists, recording studios that cultural workers trade ideas, get jobs, meet editors, curators and so forth, and advance their careers. Through zoning, subsidized housing and support for cultural institutions, the city can facilitate the types of dense culturally-rich neighborhoods and art districts that support the creative economy.

Different culture happens in different places. Film in studio city, art in Culver City, fashion in downtown, the most effective policy towards art and culture should be less carpet bombing and more neighborhood-targeted, directing specific policies and support to particular industries in the city's unique neighborhoods.

Creativity matters to Los Angeles, and Los Angeles matters to creativity. Harnessing and optimizing the city's cultural economy first begins with understanding how it works and then directing policies towards cultivating the very places and people that define cultural Los Angeles.



## Community-Based Participatory Sensing of Los Angeles Traffic Conditions

Jeff Burke, Deborah Estrin, Bill Kaiser, Greg Pottie, UCLA HS-SEAS, CENS

The difficulty and unpredictability of automobile transportation in Los Angeles take a serious toll on many people's personal and work lives, the health and welfare of our communities, as well as our environment and economy. Many solutions have been envisioned at all scales. Some involve massive infrastructure, others behavioral change of L.A. commuters through tolls or incentives; none are a panacea.

The proliferation of location-enabled mobile phones that will emerge into the commercial market over the next few years offers an additional important tool for civic participation in assessing and improving Los Angeles traffic congestion. Many now receive real-time traffic information on their mobile handsets through various internet services. These same devices could also contribute microscale traffic information to enable new city-wide services.

For example, imagine opt-in programs that invited citizens to start a software application on their GPS-enabled phone before they started driving. Using an approach developed at UCLA, the software would anonymously contribute position and velocity of the vehicle to a citywide system, providing fine-grained traffic information that complements existing static sensing systems employed by ATSAC and CALDOT. This data could be used to extend Internet-based traffic information services to areas where sensors are not deployed, and provide direct route-planning feedback to commercial software.

System design should be focused on citizen participation in assessing and improving traffic, by making the anonymized data available for anyone to create web 'mashups', providing weekly or monthly travel summaries to individuals, estimating personal environmental impact, suggesting specific public transportation alternatives for each vehicle's regular routes, etc. A multilingual Los Angeles City web portal and online community could act as a starting point for participation and

access to services and data. All of this could be done without additional citywide sensing hardware, and would become increasingly accurate as mobile handset upgrades make it possible for more citizens to contribute.

Such a system could use the data gathered to provide crisis management and emergency route planning support. The crane collapse in West Los Angeles on February 2, 2007, led to closures of the 405 and 101 freeways and unprecedented congestion that separated parents from their children and employees from their places of work. It also led to traffic accidents and increased air pollution. A participatory traffic monitoring system such as that envisioned here could provide bypass route information to those trapped in canyon roads or the vast number of surface streets that are not supported by traffic sensing instrumentation.

Participatory traffic monitoring via GPS-enabled mobile devices:

- ★ Generates more traffic information for city planners;
- ★ Increases awareness of personal contribution to traffic congestion;
- ★ Enables automatic recommendation of alternate routes or specific public transportation solutions customized to individuals' needs;
- ★ Triggers the growth of an online community that shares commuting experience with actual data, enabling all citizens to participate in more time- and energy-efficient commuting experiences;
- ★ Supports route planning and information distribution in crisis management.





## How to Improve Los Angeles? Fix the Traffic Problem!

Bob Combs, EMBA 2006, UCLA Anderson School of Management

### MR≠MC

One of the realities of life in Southern California today is that a large number of people live great distances from where they work. In historical terms, this is a relatively new phenomenon. Throughout most of the history of civilization, life revolved around a small town or village. One can see the echo of this paradigm by driving through Europe and encountering an endless series of villages, each having a town center with the residents working in or on the outskirts of the village.

Fast-forwarding to the present day and place, we find an enormous social experiment in which a large proportion of Southern California resident's now live great distances from their workplace. This distance gap is compounded by a lack of adequate public transportation. It is commonplace to commute by car more than one hour each way. Living far from the workplace has a number of negative consequences including the following:

- ★ Significantly strained system of freeways, roads, and infrastructure
- ★ Reduced time with children and/or spouse leading to all sorts of social ills
- ★ Increased environmental pollution, use of fossil fuels, and dependence on foreign oil
- ★ Significant decrease in leisure time and quality of life

What's the motivation to live so far from work?

One way to answer this question is through the economic notion of "marginal analysis", the process of considering small changes in a decision and determining whether a given change will improve the ultimate objective. We know that a well-run business will always continue to produce more of a successful product until the point whereby the marginal revenue contributed by the product equals the marginal cost of the product. Therefore, the traffic situation in Los Angeles will continue to worsen until the point where the Marginal

Revenue = Marginal Cost, or until the point where the costs of a long commute exceed the benefit. To understand the equation more fully, we need to tease apart the component parts of this marginal revenue and marginal cost:

Imagine the following equation:  $DMR [M(+)+A+C+S] = DMC [R+M(-)+F+Q]$

Where the variables are explained as follows:

Components of Distance Marginal Revenue (DMR):

- ★ M(+): Money benefit: fewer dollars expended for housing; may be able to buy instead of rent; expectation of equity appreciation
- ★ A: Area: more square feet of living space
- ★ C: Crime Reduction: Living far from the City may result in reduced crime
- ★ S: School system: Living far from the City can provide better school system choices

Note: The components of DMR tend to be more tangible and shorter-term gains

Components of Distance Marginal Cost (DMC):

- ★ R: Increased risk: traffic accident i.e. Falling asleep while driving or while talking on cell phone
- ★ M (-): Money impact: Increased costs: Greater fuel costs
- ★ F: Children and family impact: Less time with spouse and/or children; Impaired child rearing; day care/pre-school in lieu of a parent; reduced intact family units; more "latchkey" children who lack supervision, turn to drugs and gangs.
- ★ Q: Quality of life impact: Less personal or free time to enjoy life

Note: The components of DMC tend to be more intangible and longer-term gains

I am hypothesizing that the natural tendency of most people is to emphasize shorter term and more tangible gains over longer term and/or more intangible gains. This means that when doing the mental  $MR=MC$  distance calculation that we all do in our heads, many of us are inadvertently skewed towards the Marginal Revenue side of the equation, since the Marginal Costs can be more subtle but ultimately much more critical. Few of us ever look back upon life and wish we had made more money; remorse more often results from lost opportunities such as reduced time with a child or spouse, and the marginalization of life experiences that result from daily long commutes.

So what's the solution to this dilemma? Building a massive public transportation system at this late juncture is unlikely at best. We need to increase the marginal cost of living far from work and/or decrease the marginal revenue of driving long distances in order to shift people closer to work. We want to pull or exaggerate the equation variables in the direction that yields results.

The following are two potential strategies to pursue:

- 1) Develop a communication campaign that helps people more fully understand the Distance Marginal Cost involved in the equation so that the calculation will be less skewed towards the Distance Marginal Revenue. An example of this is a public service spot contrasting the temptations available to a 'latchkey' child with a parent-supervised child and helping people think twice about ways to achieve this goal.
- 2) Focus legislative efforts and tax incentives on the components that will increase the DMC and decrease the DMR. As an example, we could increase the DMC by using a variable insurance premium with costs apportioned based upon distance from work. This methodology would likely also better reflect the actual increased risk of driving longer distances.

These two strategies will ultimately decrease the distance demand. We know from queuing theory that, as a system approached 100% utilization, the wait time rises exponentially. Even shaving a few percentage points off of the demand for freeways would likely have a significant positive effect on infrastructure utilization.



## Tinseltown Needs Freeways Covered in Diamonds

Seth Jacobson, Executive Director, Green Coast Foundation

If freeways are our regional arteries, then Los Angeles has the diet of a long-haul trucker in the 1950's. Our freeway congestion is the worst in the country. It hobbles the economic vitality of our region, poisons us with toxic air pollution, and drives our cars to drink more foreign oil.

This increased fuel consumption in traffic may be our region's silent killer. Californians import about 20% of our oil directly from Saudi Arabia and Iraq. Chaos in the Middle East may soon disrupt this flow of fuel from the Persian Gulf to Los Angeles, generating price shocks that would send our local economy into cardiac arrest.

Still our elected officials want to super-size our highways and encourage our gluttony for Vehicle Miles Traveled. The California Transportation Commission recently approved \$4.5 billion in infrastructure bond allocations for statewide road improvements. Our politicians successfully lobbied for \$1.2 billion to expand Los Angeles County's highways. These earmarks will fund three local projects, including \$730 million to build a High Occupancy Vehicle (HOV) lane along the 405 Freeway at the Sepulveda Pass.

But the truth is that even the entire \$4.5 billion would not remedy Los Angeles's congestion crisis. Traffic analysts say that simply adding lanes will not solve the problem. By the time the expansions are finished in 2012, more single-passenger vehicles will simply feast on these new lanes to capacity. The core problem is that Los Angeles has too many people commuting alone in cars – more than any other city in the nation.

So we do not need to build more freeway lanes in Los Angeles. Instead we should do more with the freeways that we already have. Empty passenger seats are essentially slack in our freeway system. California should mandate the use of these seats. During rush hours, all freeway lanes in Los Angeles County should be designated HOV lanes, free for only commuters who carpool to work.

By executive order, the Governor should instruct Caltrans to deem the freeways in Los Angeles County to be "HOV-ways"

from 7am to 7pm, Monday through Friday. Only passenger vehicles with at least two riders, buses, commercial vehicles, government cars, and certain HOV-decaled vehicles would be permitted. Penalties for HOV violations would remain the same. The CHP would continue to provide enforcement, with waivers for emergency medical use.

Commuters would have several options, including:

- 1) Carpooling
- 2) Using public transportation
- 3) Telecommuting
- 4) Using surface streets
- 5) Driving alone during off hours

The policy would have immediate regional benefits for all Angelenos:

- 1) Reduced Congestion
- 2) Reduced Air Pollution
- 3) Reduced Reliance on Foreign Oil
- 4) Reduced Greenhouse Gas Emissions
- 5) Greater Supply-Chain Mobility

Caltrans says that HOV lanes save commuters one minute for each mile that they drive during rush hours. A thirty-mile commute saves thirty minutes each way. What would you do with an extra hour every day?

Yes, this policy will disrupt the lives of commuters and business owners. Workers may change jobs. Business owners may need to offer vanpools or other solutions for employees. Some citizens may be furious that their taxes will support freeways that they cannot drive alone whenever they want. Despite these costs, the benefits for all Angelenos from reduced freeway traffic will be far greater.

Our freeway arteries do not need widening. They need an emergency infusion of statins: the Governor should establish a one-year demonstration project, beginning January 1, 2008. That timeframe would give Angelenos one year to adjust our commutes effectively. With flowing arteries, Los Angeles will become a stronger city.





## Transit-Oriented Development, a Smart Growth Strategy for Los Angeles

Nurit Katz, Director, UCLA Sustainable Resource Center

Many of the problems we experience day to day here in Los Angeles, including traffic and poor air quality, have been linked to sprawl, the low-density and automobile-dependent type of development that the region is known for. The Los Angeles metropolitan area has the worst pediatric asthma rates in the nation, according to the National Institute of Environmental Health Sciences. LA also has some of the longest commute times in the nation, according to the US census. Estimates of the cost of congestion vary, with some as high as \$20 billion statewide, but there is no doubt that we are wasting fuel and losing productivity. As LA continues to grow, more and more leaders are recognizing the need for new development strategies and smarter growth. According to projections by the Southern California Association of Governments (SCAG), LA County can expect to grow to more than 12 million residents by the year 2025. Unless our growth patterns change, this increase also means increased vehicle miles traveled (VMT), resulting in more congestion, lost productivity, and worsened air quality. Fortunately, there are many promising solutions for managing this growth that also address these environmental and health problems. Transit-oriented development is one strategy that has multifaceted economic, environmental, and social benefits.

Transit-oriented development, or TOD, is a transportation-related land use strategy. It is not just traditional suburban development that is adjacent to transit. TOD is characterized by higher density, mixed-use development (retail and residential), and pedestrian-friendly design. A recent statewide study commissioned by the California Department of Transportation (Caltrans), found that TOD not only improves access to transit facilities and increases ridership, but also produces a variety of other local and regional benefits by encouraging more compact and infill development.

Examining existing TOD projects, Caltrans found a variety of benefits including, reduced rates of VMT, reduced air pollution and energy consumption rates, conservation of resource lands and open space, increase in households' disposable income, economic development, increased affordable housing, increase of pedestrian activity, and decrease in local infrastructure costs. Caltrans also identified barriers and challenges to TOD implementation including difficulty in obtaining financing and local zoning that isn't transit friendly.

The number of TOD projects is increasing across the state and the nation. The City of Los Angeles has recognized the importance of TOD and has begun to address some of the barriers to implementation. Livable Places, an organization whose mission is to advance affordable vibrant healthy Southern California communities through advocacy, innovation, and building, has identified a number of existing policies that encourage TOD in Los Angeles. These policies include density bonuses and parking requirement reductions near transit. Jaime De La Vega, the Mayor's transportation deputy, said in a September Daily News article titled "Transit Villages for LA?", "The goal is to produce urban villages with high-quality developments that would encourage pedestrian and transit-oriented design." According to the article, the Mayor is calling for rezoning of parcels to better facilitate TOD construction, and MTA and city executives are looking at relaxing rules that keep building heights at a minimum and decreasing requirements for parking spaces. Livable Places recommends additional policies such as Location Efficient Mortgages, a new type of mortgage that rewards households with lower transportation expenses, and property tax abatements for developers of higher-density, mixed-use, residential developments.

There are many opportunities for transit-oriented development in Los Angeles, along existing Metro rail lines, including the Gold Line, Red Line, and Blue Line and the new Exposition light rail line. TOD can also be used in coordination with bus lines, such as the Orange Line in the San Fernando Valley, and other rapid bus lines. Successful TOD requires reliable transit, and complementary strategies such as priority bus lanes would strengthen the City's efforts. Successful transit-oriented development also requires early planning and

communication between diverse stakeholders, including transit agencies, neighbors and community members, transit riders, local, state, and federal government, developers, and lenders. The public, private, and citizen sectors all have an active role to play in creating a more livable Los Angeles. Working together to increase mixed-use and transit-oriented development in Los Angeles will bring us closer to the Mayor's dream of making Los Angeles the "cleanest and greenest big city in America."



## Using Walk-Zones to Solve Congestion and Improve Our Communities

Jonathan Sears, Partner, Cox Castle & Nicholson LLP

As an Angeleno, I am well rooted in our driving culture. However, in my childhood, our area freeways were uncrowded, gasoline was cheap and street parking abundant. A Sunday drive to the beach was actually a pleasurable family experience and most drivers were patient and courteous. So we all loved our cars.

Nowadays, the world has changed dramatically. High gas prices, congestion and lack of affordable housing, among other things, leave many of us trapped in long daily commutes. For many of us, living closer to where we work or shop is simply not possible and efficient mass transit is not available. So we need to look for other solutions.

So why not try something different? How can we get people out of their cars, while at the same time promoting efficient development, shorter commute times, access to affordable housing, more parks and recreation facilities, efficient mass transit, and the reduction of emissions? I am not an urban planner, but I see all those things being accomplished through the creation of walk-zones.

The idea is simply to designate areas of the city where the use of passenger cars is prohibited. People living, working or shopping in a walk-zone area would have to park their cars in municipal parking structures and walk or take shuttles to their home or other destination.

What would be the benefits of walk-zones? If you take time to think about it, the potential impacts are astounding. Emissions, congestion, gas bills and commute times would

be meaningfully reduced because people living in walk-zones would use their cars less often. Traffic congestion would not exist within the zones, because there would be no cars used inside, only shuttles, freight vehicles and vehicles providing municipal services.

As destination points, walk-zones would also be natural hubs for subway stations or other mass transit, creating a more efficient mass transit system that would promote greater ridership and reduce congestion outside the zones and on the freeways. So traffic congestion would be reduced citywide.

Walk-zones would also encourage more efficient real estate and infrastructure development. Without cars and the attendant traffic and parking problems, higher density housing could be constructed within the zones to help solve problems of urban sprawl and affordable housing. Retail and commercial uses could also be developed to serve the local resident and working population. Neighborhood shops and grocery stores would make a comeback.

Walk-zones would also improve neighborhoods and standards of living as less money is spent on street maintenance and more on improving municipal services. Some of the existing streets themselves could be converted into other uses like greenbelts, parks and recreational facilities that better serve their communities and beautify the neighborhoods. Police could patrol on foot or by bicycle reducing vehicle costs and increasing community based policing. Consequently, crime could be reduced.

Even physical and mental health would be improved. Walk-zones would promote walking and, if redevelopment increased parks and recreational facilities, many other types of exercise. Less traffic congestion and better commute times also translate into less stress and better mental health.

The list of potential benefits goes on and on. Perhaps the most important benefit would be the effect on the communities themselves. Walk-zones could have the effect of creating urban villages where people living and working in an area would naturally interact more and have stronger ties to the community. Stronger citizen involvement would lead to better and safer communities.

The next logical question to ask is where to start. Areas that already have natural shopping districts, commercial zones and mass transportation hubs would perhaps be the best initial candidates. Once the idea has caught on, thought could be given to the next generation of areas that could be developed or redeveloped into walk-zones. However, ultimately this decision must be left to city and regional planners and the political process. Hopefully, city officials will engage in lively public debate about creating walk-zones and through this debate communities will be encouraged to participate and promote themselves as candidates based on their relative merits.

---

\*The views expressed in this essay are mine alone and do not necessarily reflect the views of Cox Castle & Nicholson LLP or any of my partners or colleagues. No statement in this essay is to be construed as legal, tax, business or investment advice.



## Solutions for Easing the Traffic Congestion in Los Angeles

James C. Wisda, Senior Vice-president, Business Development and Planning, Pardee Homes

### ZONING AND PLANNING

Ultimately, the cause of the traffic needs to be addressed and the long-term solution is in the hands of the City of Los Angeles and the surrounding cities. The current Los Angeles County master plans and zoning encourage low-density development and suburban sprawl, and these exacerbate the traffic problem. If you build housing in Santa Clarita for downtown Los Angeles workers, then they have to travel 30 miles each way each day.

So the long-term solution is to change the master plans and zoning around the current traffic corridors, even in the face of local resident opposition. Zoning within ½ mile of any subway stop and any high-volume bus stop should encourage higher density residential development as well as more commercial and office development. And in these locations, every commercial and office development should include a residential component.

I just visited Hong Kong and at every train stop there was high density employment and residential development. Very few people needed to own automobiles. When I flew back into Los Angeles it was apparent that along Wilshire Boulevard there is a tremendous opportunity for higher density employment and residential developments. The same situation is available along every major traffic corridor in Los Angeles County.

### FREEWAYS

Control Caltrans' work schedule by placing time limits on their work permits. Require Caltrans to complete each freeway in a specified time. For example, the widening 405 freeway has been under construction for several years. First, the construction-induced bottleneck was in the South Bay and it has worked its way almost to Westwood because Caltrans uses minimal crews and only works on a section at a time. They seem to do this at all freeways. Why doesn't the City or County require them to submit a complete improvement plan and a short time table so they have dedicate more resources to one freeway at a time?

Why are hybrid cars allowed to use carpool lanes? Carpool lanes were built to induce people to drive fewer cars to reduce congestion and emissions. These lanes were paid for from gasoline taxes. It makes no sense to give special access to single-occupant vehicles that pay the least amount of taxes, but whose owners can afford to pay extra for the car and extra for the sticker.

No new taxes for freeway usage because they do not work. We just had a de facto tax through the oil price increase and it did not reduce freeway traffic. The tax will only hurt the poorer workers who have to travel the freeways to get to their jobs.

### SHOOT THE TRAFFIC ENGINEERS

All traffic engineers add an extra margin of safety to the published standards for traffic signal design that already includes a safety margin.

The streets are not congested the intersections are congested. If we can take one-half of one wasted second out of each traffic signal cycle, we can add thousands of hours driving time.

Why do the traffic signals stay red when there is no one coming in any of the other three directions?

Why can't we make a left turn at the end of the cycle after the left turn indicator turns red, but the rest of the signal remains green? It would allow one to two additional cars to turn left each cycle.

Why not establish a traffic hotline to let the City and County know when a certain traffic signal is not adjusted properly. For example, Sepulveda Boulevard northbound from the South Bay moves along nicely each morning until it reaches 77th Street, where it can take ten minutes and six or seven traffic signal cycles to travel from Manchester Boulevard through 77th Street because of the length of the signals. At the same time, the cross traffic on 77th Street is rarely backed

up for more than one cycle. In the past, I tried to notify the City traffic department, but I was unable to talk to anyone.

#### GET RID OF THE NASCAR MENTALITY

These suggestions are designed to reduce the NASCAR mentality our drivers have adopted and to reduce the number of traffic accidents that exacerbate the congestion.

Hire more traffic officers and CHP to write tickets and change the mentality from "NASCAR I am racing you" to "Let's all get there in one piece together in the fastest possible time". Ticket speeders, weavers, and slow drivers. Each traffic officer should be able to pay for his/her salary by writing tickets. At the same time, additional parking officers and tow trucks can keep the No Parking areas clear during rush hour.

Why not set the traffic signals to allow traffic to proceed at a certain speed without hitting a red light for at least one mile? The synchronization could be variable to change with the morning or evening traffic flow. However, to make the system really work, the speed needs to be posted so everyone would know that it makes no sense to speed and weave.

#### GET PEOPLE OUT OF CARS

It makes no sense to build subways in Los Angeles. We live in an area with earthquakes, highly expansive soils, and high water tables. Therefore, the cost of building a subway line is prohibitive, and the maintenance problems

are astronomical. In addition, Los Angeles is so spread out that virtually thousands of subway lines would be needed to serve the needs of the City properly.

Use the subway money to buy buses. Use the subway maintenance money to subsidize the buses. The LA City buses cost too much. For example, on Santa Monica Boulevard the LA and Santa Monica buses compete for riders from Santa Monica to UCLA. The Santa Monica buses are full, more frequent, and much less expensive. The LA City buses are almost empty. We can almost afford to give free rides on the LA City buses instead of building billion dollar tunnels and paying the interest on those billions of dollars annually. Thousands of new bus lines can be added to serve all the communities in LA County.

The recent addition of longer bus routes with fewer stops is a great step in the right direction, and should be supported and expanded.

Change the building codes to restrict the number of garage spaces in each new dwelling. Make it so expensive and onerous to own a car that people use the public transportation. Why should houses in the suburbs be allowed to have four cars on their property and add to the congestion when most of the in-city dwellings have two car garages? Intentionally creating a parking nightmare like San Francisco will lead to better use of public transportation.



## Community-Wide Collaborations Benefit Our Kids!

Mayor Marsha McLean and Ken Pulskamp, City Manager, City of Santa Clarita

When Santa Clarita officially became a city on December 15, 1987, it was the largest area every to incorporate in the history of California. For Santa Clarita, doing things differently from the onset actually set the stage for this young City. Since incorporation, Santa Clarita has thrived on some of its unconventional, non-bureaucratic innovations that have resulted in an award-winning city.

Like other California cities, Santa Clarita has its share of problems and issues. The difference is in how this 20-year old City chooses to deal with them that have brought home national accolades like America's Promise, which named Santa Clarita as one of its top 100 best communities for youth in the U.S. in 2007.

Collaboration. You can't succeed without it. By becoming involved and integrated with a myriad of organizations, non-profits, government agencies and neighborhood groups, residents and businesses, the City of Santa Clarita has been successful in "Investing in Our Youth." The premise is simple. By expending more time, money and energy on "the front end," with quality youth programs, after school programs, and building more parks and recreational facilities, Santa Clarita is actually preventing some of the need to spend more money on the back end, such as with prisons, probation, youth camps, law enforcement and "fixing" youth crimes such as graffiti and vandalism.

What this looks like are policies and practices for the City to spend more money, time and talent on parks, recreation and community services than on law enforcement; a unique concept for a city. Some outgrowths of this policy and practice include "joint use agreements" with the school districts, the Boys and Girls Clubs and the YMCA to create more recreational opportunities for youth. It includes a "top down" method of management and leadership that has led to Santa Clarita city staff being creative and proactive to get things done, and having a bias for action to make it happen.

In just 20 years, Santa Clarita has constructed or improved 17 City parks, including the crown jewel, the 80-acre Central Park. The City has constructed the 20-acre Santa Clarita Sports Complex on the east side of town, inclusive of an activities center, a gymnasium, the Aquatics Center and a skatepark. Plans are underway this year to expand the Sports Complex to include outdoor basketball courts, a larger skatepark, a hockey rink and a dog park. Last year, the City opened a new, state-of-the-art Community Center in the heart of Old Town Newhall, which boasts membership of over 3,000. The City has constructed 34 miles of off-street trails for enjoyment of the great outdoors, and partnered to bring over 3,000 acres of open space land into public ownership. Since cityhood, Santa Clarita has consistently ranked in the top five safest cities in the country for a city of its size. This healthy lifestyle approach extends to the City's many programs, like "Healthy Santa Clarita," which provide residents with hundreds of organized sports activities for youth and adults, dance, exercise, boxing, martial arts and other fun things to do, all aimed at improving the fitness level of local families.

Santa Clarita's citizen Anti Gang Task Force, founded in 1991 by the City and the Sheriff's Department, helps youth stay out of or disassociate with gangs through in-school intervention programs. These programs build self esteem, give direction and develop life skills in youth; in addition to raising awareness on preventative measures and gang related issues. It is comprised of community members, school personnel, law enforcement and volunteers.

The multi-collaborative Blue Ribbon Task Force was formed in 2000 by the Santa Clarita City Council in response to parental concerns for unhealthy teen behaviors identified in the community. The Task Force helps to educate the community and teens about teen alcohol, drug and tobacco use. It includes community based organizations, parents, youth, educators, law enforcement, businesses and City staff. Issues are proactively addressed and featured in an

annual community forum attended by hundreds of teens and parents. The Blue Ribbon Task Force developed the “kNOw MORE” campaign to raise community awareness of the high level of teenage speeding and alcohol related traffic collisions, advocating for and designing a community memorial dedicated to youth who died in traffic accidents. The award-winning Youth Grove Memorial at the City’s Central park stands today as a teaching tool for youth. The Visions in Progress (VIP) was created in 2002 and is an assembly of teens from different high schools working together as a unified community voice. Visions in Progress provides an avenue for input and action from teens on teen related activities, issues and decisions. The group encourages youth to be advocates on issues that affect their schools and community. Some issues they’ve tackled include curfew and healthy lifestyles.

Since 1989, the City sponsored Youth in Government program has provided training and internship curriculum to area teens. It educates youth on how their City government operates and provides them with an opportunity to participate and learn how to be active in their community and in their government. Teens participate in a mock city council meeting and six week internships in the subject area of their choice.

The City of Santa Clarita’s Human Relations Forum is one of the best in Los Angeles County. Comprised of residents, business and school leaders, parents, students and city staff, the mission of the Santa Clarita Valley Human Relations Forum is to encourage, assist, and empower our community to eliminate all forms of discrimination, and to promote understanding and appreciation of human differences. Started in 1994, the Human Relations Forum has worked to promote positive human relations and acceptance of all people in every aspect of community life with programs like: Operation Us, developed and presented by high school students which addresses race relations and prejudice in the community. The high school students facilitate interactive assemblies

held for sixth grade students. The goal is to break racial and cultural barriers that exist and develop understanding among the diverse student population in Santa Clarita. The program has reached over 8,000 students since its inception in 2003; Person of Kindness and Character Counts in Santa Clarita, which recognizes youth, adults, families, and businesses in the community who have demonstrated acts of kindness and good character. Nominees receive a letter of recognition and a window decal or bumper sticker stating, “I practice Random Acts of Kindness in Santa Clarita.” The overall goal of the Human Relations Forum is to make Santa Clarita a place where all people can live and work peacefully with a better understanding of each other and the value of diversity.

The City’s new Community Court program is aimed at providing a choice to Santa Clarita youth offenders to participate in a program that rehabilitates them and helps them to make a real change in the direction of their future. The Santa Clarita Community Court provides first-time, non-violent, juvenile offenders with an alternative to the County juvenile justice system and the possibility of a clean slate. The community-based diversion program works to help youth realize every choice has a consequence and ensures community service time is completed within the City. By working to reach out to local troubled youth after their first offense and persuade them not to commit a crime again, the City is enabling offenders with positive tools to make good life choices, and thus the City hopes to influence each participant’s life in a positive way. The goal of the Community Court is a central part of the Investing in our Youth philosophy to prevent future crime by addressing human issues and public safety problems locally when they occur, or before they become major.

Santa Clarita is a model for Investing in Youth and providing the necessary infrastructure, programs and leadership to assure that the next generation grows up strong and ready to accept the challenges of their world.



## Child Care Support to the Working Poor

Michael Olenick, Ph.D., President & CEO, Child Care Resource Center

The Child Care Resource Center is a non-profit agency that serves parents looking for child care and provides child care funding so that low income working parents and parents moving off of welfare can go to work. We operate in the northern end of Los Angeles County serving the San Fernando Valley including Glendale, Burbank as well as the Santa Clarita and Antelope Valleys.

I'm not sure that I have a solution for the city that is city specific but I do want to describe a situation that inhibits parent's ability to work. Last year CCRC received around \$70 million to support Welfare to Work families but only \$8 million to support those families whose family income is less than 75% of the state median income. Since the demand for those \$8 million dollars greatly exceeds supply, there are numerous families who never receive assistance in paying for their childcare. They then have to use a large portion of their income to pay for childcare. In an effort to minimize their costs they are often forced to use childcare that is substandard.

This means that their children may not be safe or receive the type of social and cognitive stimulation that will enable them to be ready for school.

There has been some movement in the last two years to create a Universal Preschool movement. However, this movement has focused on part-day part-year programming, which minimally helps working families who need full-day full-year affordable quality programming. Ultimately, the children suffer, the families suffer, and the economy suffers.

The city could advocate for increased alternative payment dollars so that more working poor families could utilize licensed childcare. The city could also advocate with the First 5 Commission and the Los Angeles Universal Preschool (LAUP) to create more wrap around childcare so that low-income working parents could take advantage of Universal Preschool by having full day programs.



## UCLAAnderson

# FORECAST

The UCLA Anderson Forecast, one of the most widely watched and often-cited economic outlooks for California and the nation, is no stranger to accurate forecasts. The forecasting team is credited as the first major U.S. economic forecasting group to declare the recession of 2001. The team was also unique in predicting both the seriousness of the early-1990s downturn in California, and the strength of the state's rebound since 1993.

Founded in 1952, the UCLA Anderson Forecast is one of the most widely watched and often-cited economic outlooks for California and the nation. Award-winning for its accuracy, the UCLA Anderson Forecast often breaks with consensus in its quarterly forecast reports, which feature projections for major economic indicators, including inflation, interest rates, job growth and gross domestic product growth.

## UCLAAnderson

School of Management

UCLA Anderson School of Management is perennially ranked among the top-tier business schools in the world. Award-winning faculty renowned for their research and teaching, highly selective admissions, successful alumni and world-class facilities combine to provide an extraordinary learning environment. UCLA Anderson students are part of a culture that values individual vision, intellectual discipline and a sense of teamwork and collegiality.

Established in 1935, UCLA Anderson School of Management provides management education to more than 1,400 students enrolled in MBA and doctoral programs, and some 2,000 executives and managers enrolled annually in executive education programs. Recognizing that the school offers unparalleled expertise in management education, the world's business community turns to UCLA Anderson School of Management as a center of influence for the ideas, innovations, strategies and talent that will shape the future.

UCLA Anderson Forecast  
110 Westwood Plaza  
Gold Hall, Suite B302  
Los Angeles, CA 90095

Tel: 310.825.1623  
Fax: 310.206.9940

For more information on this report, call 310.825.1623, send an email to [forecast@anderson.ucla.edu](mailto:forecast@anderson.ucla.edu), or visit our website at [www.uclaforecast.com](http://www.uclaforecast.com).

Copyright © 2007 UCLA Anderson Forecast. All rights reserved.

**uniqueapproach**  
**criticalanswers**

**Accurate.**