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Rail Yard Project Spurs More Controversy

By Brian Simon

Los Angeles Metropolitan Transit Authority (MTA or Metro) officials have unequivocally denied a report in last week's *The Argonaut* newspaper that the agency had officially chosen an El Segundo site over one in Westchester to build a rail maintenance facility for its proposed Crenshaw Transit Corridor Project. In the November 12 article, writer Gary Walker quoted project manager Roderick Diaz as saying, "We've decided to move forward with the El Segundo option...we are not likely to proceed with the Westchester option."

But when asked about the alleged statement, Diaz responded, "There is no site that is chosen. The El Segundo site is not chosen. The *Argonaut* attribution is incorrect." MTA media relations representative Jose Ubaldo added that "Roderick Diaz was misquoted and out of context."

As detailed in a *Herald* story several weeks ago, the Crenshaw project aims to provide transportation linkages between the South Bay, Los Angeles International Airport, the Crenshaw Corridor and the Exposition Line which connects to Downtown Los Angeles, Culver City and Santa Monica. MTA's environmental impact study/report considers either a 12-mile bus rapid transit option or an 8.5-mile light rail transit route, with both ending in or around El Segundo. To service the vehicle fleet, MTA identified two potential bus or rail yard locations—one in El Segundo adjacent to the Plaza El Segundo retail center near Rosecrans Avenue and Sepulveda Boulevard and the other in Westchester near Manchester Boulevard and Florence Avenue.

Diaz did confirm that Westchester is indeed off the table, citing the site's proximity to residential neighborhoods and backlash related to the potential closure of a community cultural venue as chief reasons for the decision. And while he admitted that El Segundo is still an option, he said that MTA is "taking a step back" and will broaden its search. "We're looking at two or three sites in the LAX area and may need to open sites further north in the corridor where we connect to," he said.

Diaz also confirmed that MTA staffers had recommended the light rail alternative over the bus option. The agency's planning and program committee met yesterday to discuss the matter before the board makes a final decision on December 10. Asked why light rail won out over bus, Diaz pointed to the former's "higher speed and higher ridership" as well as its ability to leverage a connection to the Green Line, have rail serve the airport more directly, and be more consistent with local economic land development objectives. Referring to the light rail alternative, a representative from Second District County Supervisor Mark Ridley-Thomas's office was quoted in *The Argonaut* as stating that "the \$1.76 billion investment is long overdue and will provide congestion relief, improve air quality and serve as an economic catalyst."

If that economic catalyst includes building a maintenance facility near Rosecrans and Sepulveda, it will apparently be over the dead body of El Segundo. Talk of a rail yard in

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Business License Tax Increase Considered for April Ballot

By Brian Simon

El Segundo City Council members hope to persuade local businesses and ultimately voters to give their blessing to a business license tax increase on the premise the move will help maintain the community's high level of public safety services. During a special Council meeting last Thursday afternoon, El Segundo Finance Director Deborah Cullen and revenue consultant Doug Kitchen from MuniServices, Inc. outlined the reasons why business license tax indexing can stave off potential service losses in the future.

While other El Segundo general fund revenue sources have indexes (automatic cost of living adjustments over time to account for inflation), business license taxes (BLT) have not for the past 16 years. As a result, what was the City's number one revenue source in 1992 is now number three and dropping. Comprising 43 percent of general fund revenues 16 years ago, today's BLT portion is down to 15 percent and will, according to Kitchen, slide even further if nothing is done.

In looking at how to fairly assess the index, Kitchen's firm outlined several options ranging from a fixed percentage hike to a base rate adjustment. The Council agreed in principle to a rolling 10-year average that ties into total public safety costs for all cities in Los Angeles County. The 10-year average ensures there won't be any unusual year-to-year spikes, while allowing BLT to sustain a stable growth ratio relative to public safety costs. Why use public safety as the measuring stick? As explained during the presentation, this is the highest line item for the City of El Segundo, taking up 55 percent of total budget expenditures. Historically, public safety costs have grown at a much faster rate (around six percent annually for County cities and the state as a whole) than the general consumer price index.

BLT revenues subsidized 92 percent of local public safety costs in 1991. Today, that number has dropped to just 27 percent and will continue to decline over the next 10 years to as low as 12 percent, according to Kitchen. "This is shifting liability in additional taxes or

lack of services away from the business community and onto the residential community," he explained. "You either decrease services as revenues go down or you shift the way the tax burden is collected." Kitchen added that most communities faced with a similar challenge would opt to reduce services, but he didn't think El Segundo would want to go that route.

Though the Council will informally canvas local businesses about the matter, in the end El Segundo voters must approve any tax increase by a simple majority. Before that can happen, four-fifths of the Council will have to agree to put the measure on the April 2010 municipal election ballot. In accordance with state law, no one on the Council or any City staff will be allowed to campaign for or against the measure.

While the Council members seemed to

concur about indexing the BLT, unified support for another option was not as clear: a phased reduction of business sales tax credits. Currently, the City offers a 50 percent tax credit in which the sales tax generated in one year by a company can be used to offset up to 100 percent of its BLT liability in any given year. To plug in actual numbers, total sales/use tax credits in El Segundo for fiscal year 2008/09 offset BLT by \$2.1 million. Of this total, \$668,000 covered 50 companies' entire BLT liability, meaning they paid zero BLT.

But in compiling the data, Kitchen found that indexing BLT alone will not totally stop the financial bleeding but merely lessen the severity of the drop. Reducing the sales tax credit from 50 to 25 percent (phased down incrementally over a three-year period) would allow BLT's portion of public safety costs

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Chamber Honors Mayors, Top Citizen, Community Betterment Award Winner

By Brian Simon

Last Thursday during its annual fall event hosted by Mattel, Inc., the El Segundo Chamber of Commerce honored Mayor Kelly McDowell and six former local mayors while also announcing the 2009/10 Citizen of the Year and Community Betterment Award winners. Joining McDowell at what has become known as the "Mayor's Mixer" were past El Segundo leaders Floyd Carr, Jr., Sandra Jacobs, Carl Jacobson (who currently sits on the City Council), Gordon Stephens and Dick Van Vranken. The Chamber also recognized the late Jack Siadek,

who passed away earlier this month at the age of 68. He served as Mayor during the 1980s.

Meanwhile, 2009/10 Citizen of the Year honors went to 21-year local resident and long-time champion for local schools Jayne Pimlott. In addition to serving as PTA president at each of the El Segundo Unified School District sites over the years, Pimlott's resume also includes stints as PTA Council president, CFO of the El Segundo Educational Foundation, chair of the School Bond Measures and

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