

L.A. City Council Moves Ahead With \$8.1-billion Budget, Tax Cuts

By DAVID ZAHNISER,
EMILY ALPERT REYES

The Los Angeles City Council approved an \$8.1-billion budget Wednesday, offering modest service increases while taking the first step toward carrying out Mayor Eric Garcetti's four-year plan for cutting business taxes.

Council members voted to draft an ordinance that would scale back the city's top tax rate by \$45 million by 2018, delivering a 16% reduction for such businesses as architects, engineering firms and healthcare companies. Lawmakers plan to review that approach more extensively in coming months.

Garcetti had made business tax cuts a major goal of his new administration. But faced with a \$242-million budget shortfall, he scaled back his ambitions, keeping the first reduction from going into effect until January 2016.

The mayor's go-slow strategy has drawn criticism from Lloyd Greif, chairman of the city's Business Tax Advisory Committee, who said businesses will not come to, stay in or expand in the city unless more is done to address its tax rate. Garcetti's plan "doesn't go far enough, nor fast enough," he said.

Wednesday's decisions paved the way for a procedural budget vote next week.

The mayor's financial plan, unveiled last month, called for additional library hours, building inspectors and sidewalk repairs. Lawmakers have reworked the plan since then, putting in additional money for traffic signals, street medians and equipment and personnel at the Fire Department.

Councilman Bob Blumenfield, who represents part of the west San Fernando Valley, said the increases in city services will be "very modest."

"This is not a growth budget," he said. "This is more of a transitional budget. It's ... putting our fiscal house in order."



Los Angeles City Councilman Paul Krekorian is shown in 2012. (Francine Orr / Los Angeles Times)

Still, one lawmaker portrayed this year's budget deliberations as a welcome contrast with 2010, when a financial crisis led city leaders to push thousands of employees off the payroll.

"We're on our way back," said Councilman Paul Krekorian, who heads the council's Budget and Finance Committee. "And we're on our way back to starting to restore services back to where our constituents deserve them to be."

The new budget would allow the Los Angeles Fire Department to hire around 200 new firefighters in the coming year, compared with the roughly 150 hires budgeted for the current year, Krekorian spokesman Ian Thompson said.

Garcetti said in a statement that the budget focuses on "the most important priorities for our neighborhoods' safety, quality of life and prosperity."

Throughout the deliberations, lawmakers did not bring up the biggest budget question facing City Hall this year: whether to put a half-cent sales tax for road and sidewalk repairs on the Novem-

ber ballot. The deadline for that decision comes this summer.

Whether the budget will stay balanced is far from clear. Garcetti and the council are still in salary negotiations with most of the city's employee unions and are assuming that no raises will be provided. Meanwhile, some on the council fear too little has been allocated for police overtime.

The city's financial plan sets aside \$30 million for overtime at the Los Angeles Police Department, less than half the amount recommended by City Administrative Officer Miguel Santana. Councilman Jose Huizar said he fears the LAPD will hand lawmakers a "huge bill" for overtime partway through the year.

"It's just one of those things we're going to have to carefully monitor," Santana told the council.