

Business Journal Recommends 'No' On Long Beach Measure D

■ By **GEORGE ECONOMIDES**
Publisher's Perspective

Our number one economic engine and supplier of jobs – good paying jobs – is at risk. Measure D on the November 2 Long Beach ballot is the reason.

As we suggested in our September 14 issue story, for voters Measure D may simply come down to: Who do you trust?

After more than 35 years of following the actions of the Long Beach City Council, and an equal number of years of staying informed and tuned-in to the activities at the Port of Long Beach, this writer has a pretty good understanding of each operation.

We believe it is vital that the port, through its citizen committee – the Long Beach Board of Harbor Commissioners – maintain its independence. Measure D encroaches upon that independence and opens the door for future raids. We encourage residents to vote “no” on Measure D.

The more money the city council takes from the port and the more control the city council has over the port, the less effective and the less competitive our port will be. And port clients, other ports and financial analysts are watching.

Kurt Forsgren, an analyst who covers the port at Standard & Poors, told writer Randall Jensen in a September 27 story for *The Bond Buyer*, the daily newspaper of public finance, “Certainly any change in that policy that allows (the City Council) to transfer revenues from port to the city, which dramatically alters that arrangement, is something we certainly find concerning from a credit standpoint.”

City officials say that little will change with Measure D. On the surface it looks minimal, but don't buy it. If it's not that important, then why is there so much fear in the community? Why has the so-called “leading” business association in town, the chamber of commerce, been quiet? This should be a no-brainer for a group calling itself a chamber of commerce. Industry people who we know are firmly against it, won't speak out for fear of reprisal. Former harbor commissioners won't talk because they don't want to lose city business. These examples should all be red flags to voters.

While the Business Journal may lose some advertisers (friends of City Hall) because of this position, we have to do what is right, what is in the best interests of this city and its people today and for the future, and because we believe strongly that the current system of checks and balances is the most effective.

The port has a solid history of being a well run, forward thinking, innovative and environmentally sensitive operation that has maintained it as a leader among ports throughout the world. It reinvests its money to improve its operations and to stay on top of technological advancements within the industry. It is a model of how a successful private sector business should be operated.

Much of this success is a credit to voters long ago who realized that the harbor should be an operation independent of daily city control and oversight, and that an arms-length relationship is the best method to ensuring long-term viability of the port. After all, mayors and councilmembers come and go, but the port is and has been the top economic engine of the city for decades – and can remain that way if it isn't tinkered with by a handful of people who won't be in office too much longer.

So why mess with a good thing? Why push for changes when it seems only the mayor, seven councilmembers and a few others at City Hall want it? Where is the ground swell of support from voters for our elected officials to do something? The answer, of course, is that it's all about money.

As we pointed out in the September 14 story, the port has transferred \$160 million in cash to the city since 1995. On top of picking up payments on the Aquarium debt, the convention center expansion, the development of Cesar Chavez Park, Fourth of July fireworks and many, many other items, it also donated \$1.5 million to 275 nonprofits, the arts and other local groups since January 2008. Add to that another \$230 million in payment for “city services,” surely at inflated costs. Whenever the city has come asking for money for specific needs, harbor commissioners have said okay – and there's no reason for that to change. But elected officials, at least those in office now, want more – more money and more control.

There's something very wrong with this picture.

Which brings us back to trust. The city, due to actions of the current and past city councils, has consistently spent money as if it was growing on trees. Until financial conditions became desperate, as they are now, councilmembers were afraid to take on the unions or the very expensive pension issue – turning a deaf ear to those of us cautioning them years ago that pensions would bankrupt this city. For years they budgeted for hundreds of employee positions that they knew were not going to be filled, thus inflating General Fund expenses, then using the “salary savings” for pay increases. For years they allowed double-digit pay increases. Ten years ago, the then-city manager gave each councilmember \$150,000 to spend as they wished, and they took it. Even after the voters slashed the utility users tax in half (from 10 percent to 5 percent – the average in the county and state remains around 3 percent), councilmembers still didn't get it. They continued to spend. They have failed in their fiduciary responsibilities to the citizens and businesspeople of Long Beach.

Today, councilmembers are unwilling to reduce their own council staffs, but are willing to cut police and firefighter positions.

So who do you trust? ■