

Budget Review Committee Report to City Council

**Eliot Finkel, City Treasurer
June 2, 2009**

Summary

- **Purpose of the committee**
- **Who we are**
- **What we did**
- **What we found**
- **Recommendations**

Purpose of the Committee

- **Promote transparency with respect to the Beverly Hills budget process.**
- **Bring a group of residents with extensive business and City backgrounds together to review the budget.**
- **Report findings and recommendations.**

Who We Are

- **Edward Brown, Former Beverly Hills Mayor and Real Estate Developer**
- **Eliot Finkel, City Treasurer and founder of Eliot Finkel Investment Counsel, LLC**
- **Abner D. Goldstine, Senior Vice President of Capital Research and Management Co.**
- **Offer Nissenbaum, Managing Director, The Peninsula Beverly Hills**
- **Kathy Reims, Former Planning Commissioner**
- **Richard S. Rosenzweig, Executive Vice President of Playboy Enterprises**
- **Joan Seidel, Former City Treasurer and President of Morton Seidel & Co. Inc.**

What We Did

- **Six meetings for a total of 12 hours.**
- **Reviewed:**
 - **2008/2009 budget**
 - **2009/2010 budget proposals**
 - **2009/2010 reductions**
 - **Reports and materials presented to Council.**
- **Received presentations on budget reductions from department heads.**

What We Found

- **The program budgeting process appears comprehensive and sound.**
- **Accounting system is outdated.**
- **All departments have made budget reductions.**
- **There should be greater clarity regarding the process for determining budget reduction targets.**
- **The roll of Internal Service Fund charges and associated reductions should be clearer.**

What We Found (continued)

- **Beverly Hills has not dealt with a recession like this during our lifetimes.**
- **The City needs to adapt to an environment wherein budget increases are not assumed to be the norm and budget reductions are not a novelty.**
 - Employees and unions need to become more flexible.
 - The increasing burden of the pension system needs to be addressed.
 - Comparisons between cities needs to be more transparent.
 - Beverly Hills may be the best City to work in. We need not assume we must pay more than other cities to attract competent personnel, particularly in this economy.
 - Residents need to adjust their expectations accordingly.
- **Long-term financial sustainability needs to receive greater priority.**

What We Found (continued)

- **Revenue less predictable than usual due to deep recession.**
 - Our high-end hotels may be harder hit than earlier estimates. TOT revenues could disappoint.
 - Potential secondary effects on restaurants and retail sales as well.
- **The use of consultants seems excessive. \$25 million for 2008-2009.**
- **Overtime costs seem excessive. \$7.4 million for 2008-2009.**

Recommendations

- **Charge for annual commercial and residential fire inspections.**
 - already addressed by Council.
- **Examine other potential sources of revenue**
 - Elevator inspections.
 - Trimming trees that overhang alleys.
 - Police impound lot for vehicles.
- **Negotiate reduction to existing contracts, a common practice in this business environment. The City might extend contracts as an incentive.**
 - Utopia Entertainment
- **Reduce School District Joint Power Agreement in line with other budget reductions.**

Recommendations (continued)

- **Revisit use of staff as opposed to outside contractors for functions such as residential waste collection.**
 - No major contracts or renewals without competitive bids.
 - Minimize outside training and development.
- **Centralize functions where appropriate.**
 - Purchasing and control of supplies.
 - Laundry service.
- **Study more cost efficient use of employees.**
 - Cross department training to reduce overtime.
 - Eliminate overtime associated with training.
 - Cadets for police reports whenever possible.
 - Fire department has 3 secretaries.
 - City hall has two greeters on first floor.
 - 16 weeks to review police applicants.

Recommendations (continued)

- **Place priority on revenue generating staff**
 - Parking, business tax enforcement.
- **Capital projects should be minimized in current environment and prioritized for economic recovery.**
- **Energy savings.**
 - LED lighting in parking facilities and other city buildings.
 - Motion sensing light switches.
 - Electric/hybrid vehicles.
- **Review use of City provided vehicles for staff.**
- **Freeze/eliminate sister city programs.**
- **Minimize travel during current economic environment.**

Recommendations (continued)

- **Freeze hiring.**
- **Independent selection of department auditors and review of results.**
- **Combine commissions/reduce number of commission meetings during slow periods to save staff time and expense.**
- **Promote community outreach to build understanding / buy-in for potential tax increases needed to raise revenue.**
 - **Utility taxes.**
 - **Storm water enterprise fund.**
 - **Real Estate transfer tax.**
 - **Measure P items.**