



Chief Executive Office.

COUNTY OF LOS ANGELES

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CHIEF EXECUTIVE OFFICER

Fesia A. Davenport

July 19, 2024

SENATE

The Honorable Anna Caballero
Chair, Senate Appropriations Committee
State Capitol, Room 412
Sacramento, CA 95814

RE: AB 2986 (W. Carrillo), as amended July 3, 2024 – OPPOSE
County of Los Angeles: East Los Angeles: Report
Hearing set for August 5, 2024, in Senate Appropriations
Committee

Dear Senator Caballero,

I am writing to you as the County of Los Angeles' (County) Chief Executive Officer to provide additional information regarding the County's opposition to AB 2986 (Carrillo). As recently amended, this bill would impose a new mandate requiring the County to conduct research and submit reports to the Legislature on the following items, no later than March 1, 2025:

- 1) The feasibility of forming a municipal advisory council, a local town council, or a coordinating council that could represent the comprehensive interests of the entire East Los Angeles community including an analysis of East Los Angeles' fiscal viability as a city or special district. (Projected County cost: \$5.1 million)
- 2) The services and investments for each of the [28] unincorporated communities in the County with a population of over 10,000 in collaboration with all relevant departments and special districts. (Projected County cost: \$8.6 million)

If approved, the obligations mandated by this bill would result in roughly \$14 million in County costs to complete and submit the required reports. The County's conservative cost estimate reflects the floor and not the ceiling of costs related to completing these comprehensive reports.



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This conservative estimate includes the level of resources used to complete similar Comprehensive Financial Reports in the past (costs have been adjusted to account for current, 2023-24, salary and overhead hourly rates). For each County department, estimates were made regarding the number of hours and appropriate staffing needed for data gathering and analysis. Among other things, County staff and consultants will need to assess and analyze service delivery costs for unincorporated East LA; evaluate current revenue streams (e.g., property taxes, other taxes, and fees) to fund services; and analyze the fiscal implications for the County in the event of East LA's incorporation or special district.

AB 2986 represents the fifth attempt to incorporate East Los Angeles. Two attempts were rejected by voters; a third attempt did not garner enough community support to qualify for the ballot; and the Local Agency Formation Commission for the County of Los Angeles denied the most recent attempt in 2012 because its Comprehensive Financial Report determined that the proposed City of East Los Angeles would face a \$19 million budget deficit in its first year of cityhood due to an inability to generate sufficient revenue.

Protecting the fiscal strength of the County while ensuring the County's finite resources are used to the optimal benefit of its residents is among my top priorities. Given the 2012 Comprehensive Financial Report showing the proposed City of East Los Angeles would be substantially "in the red" on day one, and in light of the State's current cuts to County services, the County's limited resources should be available to support our residents and not tied up in yet another study.

For these reasons, the County remains opposed to AB 2986.

Respectfully,



FESIA A. DAVENPORT
Chief Executive Officer