

# The Post-Scandal City of Bell

A Task for Sisyphus

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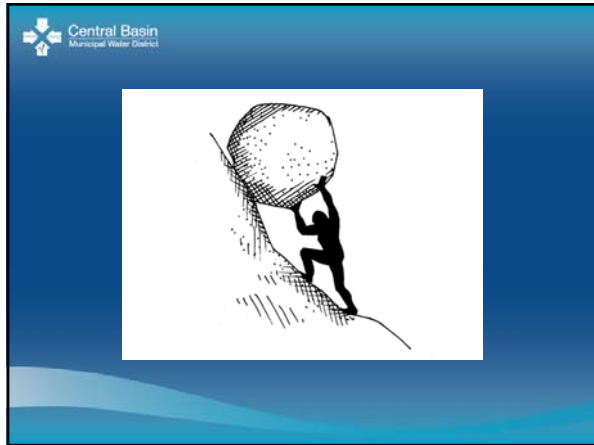
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## Why Take the Job?

- Doug Willmore, City Manager
- Josh Betta, Finance Director

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## Demographics

- What was in place to create success or create barriers to success?
- Community engagement
- Sales tax
- Utility Users Tax
- General Obligation Bonds

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## Challenges

- \$150M in debt
- \$200K in general fund reserves
- 55 lawsuits
- 3 annual audits behind
- Up to 30 months of financial transactions not posted
- Low morale

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## The State Controller's Office Reviews

- Relevance
- Response

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### Financial Remedy or Legal Remedy?

- 55 lawsuits
- New City Attorney
- Claims against auditor, legal counsel
- Land sale

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### Rizzo's Unpunished Crime

- Left City in economic decay
- Squandered "Redevelopment Agency" funding
- Extorted businesses
- Squandered bond money – borrowed \$35M for sports complex that was never built
  - ✓ After refunding, still \$18.6M left to pay

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### Dexia Resolution

- Plan – entitle property to raise value & lower risk to buyer
- Entitled in only 5 months
- Sold to Pacific Industrial for \$29M
- *Less than a year later* - New 23 acre, 500,000 SF industrial development with Fedex as anchor

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*A City Reborn*



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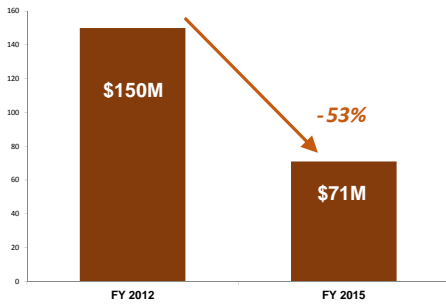
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### Total City & Agency Debt



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### Settlements and a Financial Future

- \$22 million in hand. Overnight wealth at our disposal.
- The “managed structural deficit” of FY 15
- The transition and retreat

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### Bell: 2015

- Financial recovery achieved
  - ✓ Completed 5 annual audits within 25 months
  - ✓ Established new financial controls & practices
- Governance on solid foundation
- Blueprint in place to revitalize Bell

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## A Hopeful Future and Lessons Learned

- Serious challenges remain
  - ✓ CALPERS rates will increase
  - ✓ Tax burden
  - ✓ Structural imbalance
  - ✓ Economic development
- What we could have done differently. Retrospective analysis.

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