

In praise of Lake Forest

Unlike its state and federal peers, this government is cost-effective

By REED ROYALTY

Unlike the bankrupt state and federal governments, county, city, and special district governments provide essential, unglamorous services that taxpayers generally don't mind paying for. They provide police and fire protection, libraries, streets, lighting, sidewalks and parks. They put crooks in jail, pick up the garbage, and operate water and sanitation systems.

And when there's a local government that provides such useful services efficiently, the Orange County Taxpayers Association (OCTax) wants to give it proper recognition. There is such a local government: the city of Lake Forest. In 2000, OCTax reviewed the city's management practices. Among the laudable things we found at that time:

Lake Forest has no stately, columned, costly city hall. It operates from an ordinary office building.

Lake Forest saves taxpayers' money by contracting with private firms and other governmental agencies to provide services. In 2000, the city paid the Sheriff's Department \$6.8 million per year for law enforcement (\$8.6 million in 2003), less than the cost of a standalone city police department. Other contract services are fire protection, recreation, legal, building and safety, planning, engineering, park maintenance, trash collection, surveying and street maintenance.

Lake Forest spends less than its income. Its general fund in the year 2000 had an \$8.5 million cushion for emergencies, equivalent to 56 percent of the city's annual budget.

A new OCTax review shows Lake Forest is still withstanding the seemingly inevitable pressure to grow government and staff.

The city still operates from leased office space. Nothing fancy. If you've been there, you will forgive the city for looking for other leased quarters. Since 2000, Lake Forest has grown from 10 square miles to 16, and its population from 56,000 to 77,000. The number of full-time employees has grown from 33 to 53 - still only one employee per 1,453 residents. Some other cities have much higher ratios of employees to residents.

Lake Forest's annual budget is \$26.2 million, or \$340 per resident, less than the average for O.C. cities. Lake Forest continues to spend less than its income, and its cushion for emergencies has grown to \$18.4 million, or about 70 percent of the operating budget. The city grants pay increases according to performance; unlike many other governmental jurisdictions, such as Orange County, it gives no automatic annual pay increases and bonuses merely for meeting job requirements.

Lake Forest also has the lowest workers' compensation costs of all cities in the California Joint Powers Insurance Authority, which includes over 100 public agencies. That is largely because the city contracts out many higher-risk positions, such as maintenance and road-repair workers. The contracts indemnify the city against claims by contract employees who are injured while working in the city.

This contracting allows adjustments in work force due to changes in workload. For example, Lake Forest adds or deletes building inspectors as needed, without hiring or laying off workers. And contracting for street-sweeping, road maintenance and other field services eliminates the need for acquiring, building and operating a public works yard.

The city has also partnered with the county to build community rooms at two public libraries. The rooms accommodate community classes and programs, while minimizing costs to taxpayers.

Lake Forest, which was founded in 1991, cannot be compared fairly to Orange County's larger and older cities. They have unusual budget items that swell their receipts and expenditures: federal grants, big redevelopment programs, enterprise funds, city-owned utilities and resort facilities. Also, urban problems that afflict older cities are only beginning to be felt in young Lake Forest.

Nonetheless, other cities could learn from Lake Forest's example and become more businesslike, unbureaucratic and taxpayer-friendly.