Spanking New City Piles Up Reserves

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Lakewood, Calif.

Lakewood has entered its first year as California's largest brand new city with an unappropriated balance in the treasury of $205,000.

This rosy fiscal situation furnishes an illustration of the benefits derivable from what its youthful Mayor, Angelo M. Iacoboni, calls "postwar democracy in action" — meaning specifically Lakewood's government-by-contract plan.

Just about everything that concerns this town is young. The average age of its new city council is 32. Out of a population topping 71,000, it has at least 30,000 children. And it only became a city in March of the present year.

Low Tax Rate

What is attracting widespread interest, however, is the fact that its youthful city fathers have devised a form of government that keeps overhead to a minimum, and imposes a low, 30-cent tax rate partly as a means of accumulating reserves and partly because everybody agrees that paying city taxes helps keep citizens alert. Actually, it could get along without them.

Lakewood sprang from spinach fields after World War II as a typical Los Angeles County tract development. Young people particularly found it inviting. They began to consider that if they were to incorporate as a city, they would have access to about $600,000 in state subventions which they couldn't get otherwise.

They organized. They argued out the question whether it would be more advantageous to get annexed to adjacent Long Beach. An older portion of the area did. To care for the 24,000 who thus joined up, Long Beach added $541,163 to its annual budget and 72 people to the payroll. Lakewood's budget—for three times the population—is $650,000, and it started out with two full-time employees.

How could it do this? Mainly by contracting with Los Angeles County to provide services which the county was already equipped to render the numerous unincorporated areas in this region.

Others Interested

As a result, other similar communities throughout California which have not yet incorporated—many because of the large capital investment they thought would be required—are considering the "Lakewood Plan." Altadena, Temple City, Downey, Puente, in the south, and such places as Bay City in the San Francisco area, are studying it thoughtfully.

It is not just the financial inducement that attracts them, evidently. Their people realize the advantages of being closer to government than they are when they must rely on a county board of supervisors heavily pressed by wide responsibilities. And they note the tremendous civic drive that characterizes the Lakewood community.

For instance, the first night the City Council met, to adopt initial city ordinances, there was so much citizen interest in the discussions that the session lasted until five in the morning.

Cost-Plus Contract

Mayor Iacoboni points out that whereas the usual new city has to start out to set up its own fire, police, road, sewer, engineering, and other departments, Lakewood immediately had access to the superior services available in county government. It contracted for these on a cost-plus basis, including a county requirement of an added 15 per cent to cover administrative overhead

The workability of the plan, of course, depends on the fact that California's urbanized counties, largely because of rapid growth in unincorporated areas, are particularly well set up to provide city services. And under California law, any new city is eligible for its per capita share of state income from certain specific sources.

This year, for instance, Lakewood is collecting $327,310 as its share of state taxes on auto licenses; $208,240 from state gasoline taxes; and $34,000 from county gas tax funds. Then it has other sources of revenue besides its own $100,059 from local property taxes; it gets $12,000 from business licenses, $22,000 from franchise taxes, and so on.

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