

# SHOULD LAKEWOOD ANNEX TO LONG BEACH?

Recent Study Recommends an Affirmative Answer; \$135,000,000 Project Called World's Largest Planned Housing Development, Immediately Adjoins Long Beach in Unincorporated County Area.

By JOHN B. WENTZ

"WHAT should be done with Lakewood?" is a question which is being repeated in increasing tempo both in Long Beach and in the unincorporated area known as Lakewood, which lies northeast of the main City but is actually an island within the City's tenuous "shoestring strips."

In an attempt to answer this question, a comprehensive and objective study has recently been completed by the author. The conclusion reached was that annexation would be beneficial for both Long Beach and Lakewood. While the specific conditions and facts influencing this conclusion may not match exactly any other locality in the country, the methods used to arrive at the conclusion should be of interest to other municipalities and fringe area residents

facing the complex problem of achieving the proper balance between rural and urban development.

The question of what to do with Lakewood is not new. In fact, it could well have been posed on September 30, 1934, the day on which the seed of the problem was planted by the sale of the first four lots in the new subdivision called "Lakewood Village." This modest beginning carved out only a small portion of the 7,000-acre

The single cross lines indicate the Lakewood area. How the "Shotgun Strip" got its name is clearly shown where Heartwell Park, the barrel of the gun, penetrates Lakewood to reach Long Beach City College and the municipal stadium, which are essentially municipal islands in the unincorporated area. The city of Signal Hill is an "island municipality within the City of Long Beach.



JOHN B. WENTZ

Until January 7 of this year, when he became the first administrative officer for the City of Beverly Hills, John B. Wentz had been administrative assistant to the Long Beach city manager. He served in that post for five years, following service as a Lieutenant in the United States Navy. He is a civil engineering graduate of Iowa State College. While employed in the Long Beach city manager's office, Wentz completed the work for his master's degree in public administration at the University of Southern California, taking night and Saturday classes. This article is based on his master's thesis. In 1948, Wentz was the subject of a featured article in the Saturday Evening Post entitled "City Manager's Assistant" which was part of a series by Post Editor Richard Thorselsen on "Men at Work." Wentz, now 32, is married, has two children, and has been an active leader in Long Beach civic, fraternal and church work.

Montana Ranch which boasted some of the best and most productive agricultural land in the area. Today, just 17 years later, only a few hundred acres of this huge ranch are still in agricultural use, and their days as such are numbered. Where crops once flourished, children now are growing in what seems to be limitless numbers. A current population count is practically impossible, but it long since has passed the 45,000 mark and is well on its way to an estimated ultimate 92,000.

## Essentially Residential

The development prior to and during the recent war years was primarily residential in character. The only major exception to this was the construction of the Douglas Aircraft Company plant, which is located immediately adjacent to the Long Beach Municipal Airport and which was, in fact, promoted by the Long Beach Chamber of Commerce and city government. Two small business districts have developed, and several "intersection" businesses have been established, but, essentially, the character of the area is residential.

The most recent and spectacular development has been undertaken by the Lakewood Park Corporation, which, in 1950, purchased the remaining 3,375 acres of the Montana Land Company holdings and commenced the construction of "The City as New as Tomorrow." Described as the world's largest planned housing develop-



MAP OF LONG BEACH, CALIFORNIA SHOWING LAKEWOOD ANNEXATION STUDY AREA



served by 380 miles of streets and 340 miles of sanitary sewers. Indicative of the modern nature of the development is the fact that each house is equipped with a garbage pulverator. This eliminates the necessity of providing garbage collection service.

The total cost of the project has been estimated at \$135,000,000. The area will be served by parks, playgrounds, schools, and a major shopping center all provided for in the original layout. This shopping center, known as "Lakewood Center," will occupy one-quarter of a square mile. Already two huge stores, Butler Department Store and Hiram's, have opened their doors for business. The May Company will soon follow.

All of this tremendous development is in addition, of course, to the already substantial development in the area. A description of this development must sound distinctly municipal in character. In fact, it is, except for one distinguishing feature—namely, that it has all taken place in unincorporated county territory and shares neither the benefits nor responsibilities of local municipal government.

#### Relation to Long Beach

A glance at the accompanying map will show the relative location of the area considered in the study to the City of Long Beach. It can be seen that it lies entirely, except, for a portion at the very south, within shoestring strips which are a part of the City of Long Beach. Knifing directly through the area is the so-called "Shotgun Strip" which was purchased by

A typical street in the newly developed Lakewood Park area. These houses are in the \$8500-\$11,000 bracket. More than 80 per cent of them have been sold to veterans. Paved streets, curbs and gutters, sidewalks, street lighting, sewers, street signs and tree planting are all of acceptable municipal standards. The two bottom pictures show the vitrified clay sewer laterals being installed and sidewalks laid in Lakewood Park.

the City of Long Beach for water production and park and recreation use. Adjoining this is the new Long Beach municipal stadium and north of that is the Long Beach City College, while the Long Beach police pistol range occupies the triangular portion of ground connected to the city by the southern-most shoestring strip.

In addition to these physical relationships, there are a number of other factors which tie the Lakewood area to the Long Beach community. Probably one of the most important is the fact that the entire area, except for that portion north of Camerino street, is in the Long Beach Unified School District. This means that Lakewood's school problems are now shared by Long Beach citizens, who recently went to the polls and voted a \$19,800,000 bond issue, essentially to provide new schools for the Lakewood area. Lakewood streets bear house numbers keyed into the Long Beach numbering system, and the area has a Long Beach post office designation. Stores and professional people consider Lakewood as a part of their service area and make no distinction between it and Long Beach. Social ties, in the older developed area particularly, are strong to the Mother city, and church and club groups draw their members from Lake-

wood and Long Beach without discrimination. The Lakewood area is a part of the Long Beach community chest and Red Cross organizations. In fact, it is not uncommon to encounter a resident in this area who honestly does not realize that he does not live within the Long Beach City limits.

#### Community Individuality

This does not mean that there does not exist a strong sense of community individuality in the settled Lakewood area. Many persons are, obviously, content, even proud, of their relative independence from the Mother city and rather resent the inference that they are a part of the Long Beach sphere of influence. This attitude, however, is diminishing.

The social make-up and characteristics of the new inhabitants of the Lakewood Park development are difficult to generalize upon at the present time. It is obvious from the large number of persons recently established in this new area that they did not all come from Long Beach. Therefore, they have few former ties to the community and are, at the present time, so busy getting settled, planting lawns, and furnishing their new homes that they, as yet, have had little time for community activities or interest.

This large unincorporated area of county territory is currently provided with a number of municipal-type services by the County of Los Angeles, some out of funds raised by special district levies, but some, to the dismay of city officials generally, out of county general tax funds, over 80% of which come from incorporated city areas.



The Lakewood area, therefore, stands out as a prime example of tax inequity which the temporarily sidetracked League of Cities-sponsored AB 3217 is calculated to cure.

There are, of course, three courses of action which the Lakewood area might follow. It could either retain its status quo as an unincorporated county area, incorporate as a new city of the sixth class, or annex to Long Beach. Each of these three courses of action has been studied to determine the advantages and disadvantages both to Lakewood and Long Beach.

Because of the inherent disinterest possessed by most citizens in civic affairs up to the point at which their own pocket-book, family convenience, or other phase of individual activity becomes involved, the natural course for the Lakewood area to follow is to remain as it is, an unincorporated portion of county territory. This will be altered only when sufficient costs, inconveniences, or service lacks combine to jar the average citizen into action.

#### Below Long Beach Standards

While status quo will, undoubtedly, prevail for some period of time, it does not offer a satisfactory permanent solu-

tion. A serious water shortage will probably face the area in the future. The private company serving Lakewood does not at the present time have access to Colorado river water. The ability of the area to become a member of the Metropolitan Water District is doubtful in light of the policy of the board of directors to date unless the new scheme of placing water in the underground formation by flooding it over the spreading grounds of the Los Angeles County Flood Control District above the Whittier Narrows becomes a reality. This plan faces many legal entanglements, and, in any event, the cost of water acquired in such a manner would be passed on to the consumer by the private utility.

Present municipal-type services are substandard by comparison with those offered in adjoining Long Beach. The pressure for increased service will be continuous

upon the county board of supervisors, which is reluctant to take much affirmative action in light of the general city-county relationships controversy now existent. Police protection might be stepped up slightly and possibly some additional facilities, such as fire stations and libraries, might be built. In any event, district taxes can do nothing but increase. Certainly legislation similar to AB 3217 will eventually be passed by the State Legislature and services now rendered out of county general fund monies placed on a district tax basis. As these unrelated and relatively uncoordinated districts multiply, their combined tax rates must soon surpass the total city, county, school and other tax rates, applied to the City of Long Beach. At this point, action would become imminent. It may well be that the move on the part of the League of California Cities to put a stop to city subsidization of municipal services to county areas will be the deciding factor in proving the undesirability of attempting to preserve the status quo of the area.

Incorporation, while it would probably be financially possible if the lives of the residents virtually depended upon it, does not seem to present a really adequate solution to the problem. While it would prob-

Top aerial photo, taken November 8, 1951, shows a portion of Lakewood Center, shopping heart of the 17,500 home development. When complete Lakewood Center will comprise some 80 stores and specialty shops and provide off-street free parking for some 9000 cars at one time. A service tunnel 3300 feet long, runs beneath the main shopping mall. The two smaller pictures are views of this tunnel which services all stores in the primary area, thus keeping heavy traffic from cluttering the shopping center. (Gornatt air view.)



made of revenue which could be derived from the Lakewood area by Long Beach should annexation occur. Table No. 1 indicates both present and ultimate annual revenue estimates, ultimate meaning at that time when the area has been completely developed.

The above figures are based on an estimated present net assessed valuation of \$39,377,290 after deduction of veterans' exemptions. This figure, based on today's values, should eventually become \$79,882,280.

The cost of serving the new area should it annex was developed through the joint efforts of many city department heads. Both capital and current operating expenses were taken into consideration. Table No. 2 indicates the estimated increase which would have to be made in the city's annual

budget were services to be extended to Lakewood.

The figures in the tables, of course, assume the continuation of the present value of the dollar. While this is probably destined to change, the proportionate increase due to annexation would not be affected. The major portion of the annual budget increase would be required to pay salaries to additional employees. It has been estimated that 239 new employees would have to be added to expand services to the presently developed area. This compares quite favorably, however, with the 350 to 400 employees normally maintained by the average city of 45,000 population. This point in itself indicates one of the reasons why annexation to Long Beach would be more economical than attempting to organize an independent city in the area.

Table No. 3 indicates estimated capital expenditures necessary to facilitate service to the area.

Of the \$3,140,000 capital expenditures estimated, \$937,000 could be programmed over a three-year period to serve immediate needs. The additional \$2,203,000 could be programmed over a number of years as the ultimate development is achieved.

The net increase required in the annual budget of Long Beach were Lakewood to annex in the immediate future has been estimated at \$125,892. This figure would be reduced to approximately \$79,744 following full development of the area. Actually, these figures are not at all staggering considering the size of the area involved and the fact that the current operating budget for the general Long Beach city government is over \$17,000,000 an-

**TABLE I  
PROBABLE ANNUAL REVENUE FROM  
LAKEWOOD SHOULD IT ANNEX TO  
CITY OF LONG BEACH**

Revenue Source	Probable Revenue	
	Present	Ultimate
Property Tax	\$393,773	\$798,823
Subventions and grants	370,138	734,942
Utility franchise payments	23,529	30,994
Business and professional license fees	15,481	19,554
Building fees	28,000	28,000
Fines and forfeitures	60,000	120,000
Animal Shelter activities	12,492	26,460
Garbage sales	7,150	8,580
Health Department activities	2,945	3,903
Engineering Departments permits	4,000	6,000
Weed removal charges	12,000	0
Library fines	2,500	5,000
<b>TOTAL</b>	<b>\$931,108</b>	<b>\$1,782,256</b>

**TABLE II  
ESTIMATED ANNUAL COST OF PROVIDING  
SERVICES TO LAKEWOOD AREA**

Service or Cost Item	Probable Cost	
	Present	Ultimate
Fire	\$ 90,000	\$ 135,000
Police	250,000	480,000
Juvenile	30,000	60,000
Health	48,000	100,000
Library	27,000	54,000
Animal regulation	15,000	25,000
Recreation	64,000	82,000
Structural maintenance and painting	6,000	12,000
Street maintenance	90,000	120,000
Refuse collection and disposal	156,000	284,000
Sewer maintenance	33,000	66,000
Park maintenance	32,000	48,000
Street lighting	90,000	130,000
Compensation Insurance	20,000	40,000
Pensions	58,000	116,000
Miscellaneous governmental services	75,000	110,000
<b>TOTAL</b>	<b>\$1,084,000</b>	<b>\$1,862,000</b>

**TABLE III  
ESTIMATED CAPITAL EXPENDITURES  
NECESSARY TO FACILITATE SERVICE  
TO AREA**

Facility or equipment	Probable Cost		
	To serve present needs		Additional to serve ultimate need
	First year	Within next two years	
<b>Vehicular equipment</b>			
15 rubbish trucks	\$ 60,000	\$	\$ 60,000
3 garbage trucks	12,000		
18 misc. trucks	72,000		72,000
7 pickups	\$ 17,500	\$	\$ 17,500
16 passenger cars	27,000		27,000
1 bookmobile	6,000		
3 motorcycles	4,500		4,500
1 fire pumper	22,000		22,000
1 power mower	1,000		
<b>Buildings:</b>			
Animal shelter (1/5th cost of new shelter)		20,000	
Fire Station		70,000	
Police substation (1/5th cost of new building)		70,000	
Branch library		100,000	100,000
<b>Miscellaneous facilities:</b>			
Park areas			75,000
Recreation facilities and buildings		50,000	200,000
Traffic signals	25,000		25,000
Major streets			500,000
Storm drains		200,000	800,000
Sewer construction		50,000	200,000
Street lighting		100,000	100,000
Library books	30,000		
<b>TOTAL</b>	<b>\$277,000</b>	<b>\$660,000</b>	<b>\$2,203,000</b>
<b>GRAND TOTAL</b>		<b>\$3,140,000</b>	





vide local political representation now lacking, the tax base of the area is such that it would forever be destined to provide only minimum services to its citizens.

#### The Lakewood Tax Picture

While it is generally agreed that in California a minimum of \$600 assessed valuation per capita is necessary if a municipality is successfully to provide basic minimum services, this assumes a normal balance between residential and commercial property values. Lakewood, however, is, in spite of the recent business development, still predominantly residential in character. It has been estimated that the average assessed valuation per capita in the original Lakewood Village is \$812. In the newer areas this figure is closer to \$650 or \$700. While this seems to indicate that ad valorem tax revenues would be at least normal, it does not recognize the fact that income from such sources as sales taxes, business license fees, franchise fees, etc., would be below average. In any event, we are talking about minimum-type services which would be considerably below those of neighboring Long Beach. To make the comparison even less desirable, one has

This aerial view shows the municipal stadium and the recreation facilities of Long Beach City College. These are located in the "Shotgun Strip" which is entirely surrounded by Lakewood. They are used indiscriminately by Long Beach city and Lakewood residents, many of whom do not know that they are not residents and taxpayers of the City of Long Beach. (William A. Garnett photo.)

only to realize that the tax rate necessary to provide these minimum services would probably be between \$1.20 to \$1.40 per \$100 of assessed value, based on the current experience of other California cities of comparable size. The current rate in Long Beach is \$.95.

To study the advisability of incorporation, a sample area was selected in the older section where special service districts have generally stabilized and actual assessed values were available. The population of the sample area is 5,500. Based on 1950 tax rates of municipalities of comparable size, this area, should it incorporate, could expect to have a city tax

Pictures, left (Kopac photo) was taken in March, 1950, and the right view (Garnett photo) was flown December 20, 1951, showing approximately the same area as indicated by the tanks in the lower left-hand corner. The comparison views demonstrate the spectacular growth of Lakewood.

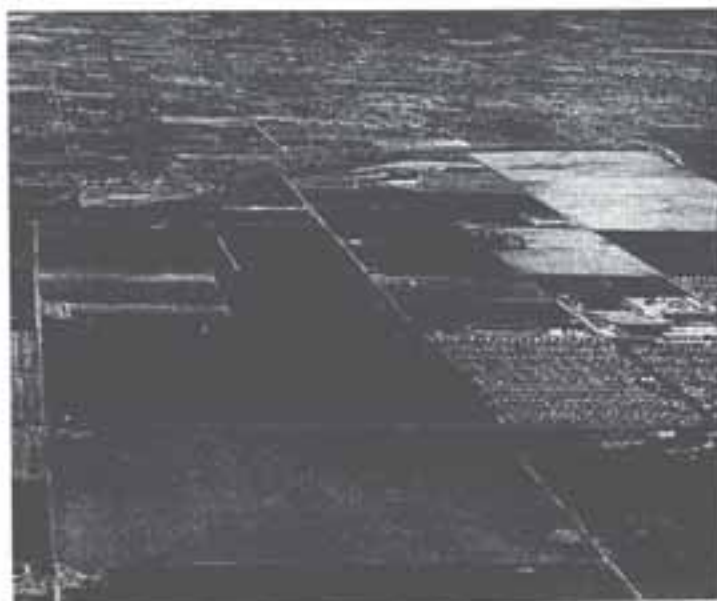
districts, and other purposes within the area, based on 1950 rates, would be \$4,7924. The total city and county tax rate would then be \$6.0124, and if in some manner the municipality could become a member of the Metropolitan Water District, the rate would become \$6.3224. The 1950 combined county and Long Beach tax rate was, however, only \$6.1024.

Another approach to the problem has been suggested—namely, that all of the present special service districts might be allowed to continue their functions and that the new municipality would provide only general governmental services. It can safely be assumed under such an approach that all of the area would eventually be served by the same type and number of districts. Based on 1950 rates, the total of all of the district rates and the county rate which would probably be levied on the whole area would be \$6.1610. If the new city were able to subsist on a tax rate of say \$.60 (half of that to be expected) the combined city and county rate would be \$6.7610, and this still includes no Metropolitan Water District tax.

#### Financial Aspect of Annexation

The chief advantage of incorporation would be the creation of an improved system of local political representation, while the chief disadvantage would be the permanent limitation to minimum services forced upon the area. Incorporation would tend to create a breach between Lakewood and Long Beach and would increase the problem of effective coordination of governmental functions. The orderly growth and development of Long Beach would be stymied. Long Beach citizens would, undoubtedly, react against spending any more money for park and school development inside the new municipality.

While the intangible results of annexation are probably the most important to a city planner or student of government, the financial aspect is the first normally considered by the lay public. Accordingly, this has been examined quite carefully both from the standpoint of Long Beach and Lakewood. A careful estimate has been







This street is typical of the older portion of Lakewood which was developed prior to 1950. The first lots off the 7000 acre ranch were sold in 1924.

nually. This does not include the self-supporting harbor, water and gas departments. The cost of growth, therefore, would be less for Long Beach than for most cities of like size. Although the area is predominantly residential in character, it is relatively well developed compared to the low grade fringe areas surrounding many cities. While it can not easily carry itself as an independent operation, it would not be a material drain upon a going concern such as Long Beach.

#### Savings to Home Owner

No single answer can be given to the questions: "What will it mean to me; do I save money or do I pay more?" prevalent in the minds of Lakewood residents. This is due to the fact that the area is covered by a multitude of code areas, each with a separate total tax rate. Reductions in fire insurance cost, electricity rates, and gas rates would, however, result in a uniform saving throughout the area. While water rates in the area are somewhat less at the present time than Long Beach rates, this differential seems destined to disappear. The following tabulation indicates the probable annual saving to the average residential home consisting of property assessed at \$2,500 and having a market value of about \$8,350:

Insurance .....	\$— 4.20
Water .....	+ 3.72
Electricity .....	— 6.00
Gas .....	—10.00
	<hr/>
	\$—17.03

Not all of these differences would be immediately felt upon annexation. Only the insurance and electricity costs would be immediately reduced. The above changes in gas and water rates would occur only when the present privately-owned systems are bought out by the municipality. An appeal by the private gas company for a substantial rate increase now pending before the State Public Utilities Commission would, if granted, result in even greater

saving at the time the city gas department took over the system. A complex tabulation, too lengthy to reproduce here, indicates that the net annual saving or cost from utility rates and taxes to the average residential property owner would vary from a cost of \$14.84 to a saving of \$19.81 at the present time and from a saving of \$6.99 to \$41.64 ultimately. This points out the fact that neither the saving nor cost would be material enough to in themselves warrant annexation or opposition to annexation. The deciding factor, of course, is that tremendously increased service and municipal facilities would be made available.

#### Savings to Business Property

The effect of annexation upon commercial properties is even more marked, however. A hypothetical example of an average-sized self-service market was selected for study. Electricity and gas costs and fire

Everything is up-to-date in Lakewood. Here, just before Christmas, thousands of children and thousands of their young parents await the arrival of Santa Claus in Lakewood Center by helicopter.



savings which would result to such a business upon annexation has been estimated at \$480.17 at the present time and at \$1,784.43 eventually.

Because of the financial benefit ultimately to be derived, the material increase in municipal services possible and the creation of improved local political representation, annexation without a doubt would benefit Lakewood. While the advantages of annexation are not financial in nature to Long Beach, the cost of such an undertaking has been pointed out as negligible, and it would be a sound investment in community planning and development. In fact, the value of being able to develop a comprehensive plan for the entire present sphere of influence for the city is of incalculable value. The proper balance in residential, industrial, and recreational areas can be maintained only by annexation. The city's bus lines can be maintained under the city's Bureau of Franchises and thus prevented from escaping to the distant jurisdiction of the State Public Utilities Commission only if annexation is undertaken. The area can be unified for effective state and federal political purposes only through annexation. All of these benefits are, again, intangible but of extreme value to Long Beach and well worth the cost and effort of undertaking the task of providing municipal government to a group of people one-fifth as large as the present city.

The final value of the subject will not, of course, be determined for some time yet. Suffice it to say that presentation of the results to the city council and to various civic groups both in the city and in Lakewood has provoked a great amount of discussion. For the first time the availability of complete facts has focused attention upon the existence of this community problem in need of solution. Study groups both inside and outside of the city are now making their own analyses, and it is probable that within several years at the very least the issue will have crystallized sufficiently to result in action.