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CVA leaders analyze budget

Some want healthier reserve; others pushing for more marketing efforts

BY MONICA TORLINE
The Desert Sun

City managers Friday discussed balancing plans to spend money generating more leads for local hotels with building up reserve funds in 2009 for the Palm Springs Desert Resort Communities Convention and Visitors Authority.

The agency's \$9.9 million operating budget for 2009 goes before the agen-

cy's governing boards next week for approval.

It includes:

- \$318,000 less in transient occupancy tax contributions from member cities.

- \$4.9 million in new revenue from the business improvement district and voluntary contributions from Palm Desert resorts and hotels.

- \$2.3 million more in spending for

marketing programs.

- \$450,000 to create six new positions, including three in-market sales representatives.

- \$829,000 allocated to restricted reserves that would bring the agency's total to \$1.29 million at the end of 2009.

Indian Wells City Manager Greg Johnson expressed concern with spending more on marketing without shoring up reserves further before 2010, when member cities will decrease their TOT contributions by 75 percent.

"I know the hotels will spend it all if

they can," he said, referring to the increase in programming. "I thought ... we were going to leave the organization healthy."

"I thought we were talking millions (left in reserves)."

Jermain Presnell-Lowe, chief financial officer for the CVA, said the reserve fund will nearly triple from the \$470,000 it has at the end of 2008.

Current policy requires the CVA to maintain reserves of at least 10 percent of the TOT contributions it receives, she said.

Robert Enriquez, senior vice pres-
Please see CVA, E2

General Motors making big cuts

BY DAN STRUMPF
The Associated Press

NEW YORK — General Motors Corp. said Friday it will temporarily close 20 factories across North America and make sweeping cuts to its vehicle production as it tries to adjust to dramatically weaker automobile demand.

GM said it will cut 250,000 vehicles from its production schedule for the first quarter of 2009, which includes a cut of 60,000 vehicles announced last week. Normal production would be around 750,000 cars and trucks for the quarter, spokesman Tony Sapienza said.

Many plants will be shut down for the whole month of January, he said, and all told, the factories will be closed for 30 percent of the quarter.

"We're adjusting pretty dramatically," spokesman Chris Lee said.

The move affects most of GM's plants in the U.S., Canada and Mexico. During the shutdowns, employees will be temporarily laid off and receive a portion of their normal pay from the company. They can also apply for state unemployment benefits, Lee said.

GM and nearly all automakers who sell in the U.S. are mired in the worst sales slump in 26 years. GM reported its sales in the U.S. plunged 41 percent in November and are down 22 percent for the first 11 months of the year compared with the same period last year.

Cash-strapped GM is seeking government loans to stay in operation beyond the end of the year. The White House said Friday it may tap into its \$700 billion Wall Street bailout fund to help GM and Chrysler stay in business after the Senate blocked a measure to provide \$14 billion in immediate loans.

The measure failed in dramatic fashion late Thursday after Senate Republicans balked at passing the bill without more wage and benefit concessions from autoworkers.

Lee said Friday's production cuts are unrelated to the rescue's failure and had already been planned.

The entire auto industry has been making massive production cuts recently as it adjusts to the reality of lower automobile demand. Earlier Friday, Honda Motor Co. said it was cutting production in North America by 119,000 vehicles for its fiscal year ending March 31.

That brings Honda's expected production for its fiscal year to 1.3 million units, a spokesman said.

Auto demand in the U.S., and increasingly around the world, has been hobbled due to the declining economy and the credit squeeze.

Irate auto workers

Angry United Auto Workers and senators who torpedoed the auto industry bailout bill erupted into full-fledged name-calling Friday. **E2**



A store advertises that it's going out of business Wednesday in New York. Consumers cut back on spending at retail stores for a record fifth straight month in November, another sign the recession that is already the longest in a quarter-century will translate into a dismal holiday shopping season. **MARK LENNIHAN THE ASSOCIATED PRESS**

Economic fears increase

'Everything is going wrong in the fourth quarter' says economist Mark Zandi

BY MARTIN CRUTSINGER
The Associated Press

WASHINGTON — Signs that the recession will be long and severe mounted Friday with a fresh round of bad economic news, including plunging sales from manufacturers to stores and falling prices that raise fears of dangerous deflation.

The widening economic troubles did put a lid on inflation. But they raised concerns about the opposite threat — the potential for a bout of deflation that could drag down incomes, clobber home prices even more and shrink corporate profits.

"Everything is going wrong in the fourth quarter," said Mark Zandi, chief economist at Moody's Economy.com. "We have collapses in consumer spending, housing and now invest-

ment. Business is just shutting down."

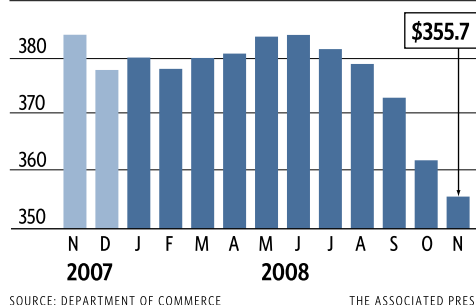
The new batch of data showed retail sales fell by 1.8 percent in October, marking a record fifth straight monthly decline. The weakness was led by another sharp drop in auto sales — the worst sales month for automakers in 26 years.

After an auto bailout collapsed in Congress on Thursday night, the White House offered a partial reprieve on Friday for the Detroit Three, pledging temporary help to avoid a "disorderly bankruptcy" for one or more of them.

Treasury Department officials were discussing with the automakers what form that support would take. That gave Wall Street a lift, with the Dow Jones industrials rising about 65 points to close just under 8,630.

Retail sales drop

Total monthly retail sales, *seasonally adjusted*
\$390 billion



SOURCE: DEPARTMENT OF COMMERCE THE ASSOCIATED PRESS

Please see SALES, E2

BUSINESS BRIEFS

palm springs

Packaging event slated

Hotels, restaurants, retailers and any other business looking to reach visitors are invited to a "Packaging Powwow" from 2 to 4 p.m. Wednesday at the Palm Springs Convention Center.

The event will begin with a 15-minute presentation by a hotel and an attraction on how to package together services and experiences. The remaining time will be allotted for people to meet other partners and put together packages.

It will be a trade-show format, and businesses that respond will have a table to showcase their product.

The Palm Springs Convention Center is at 277 N. Avenida Caballeros.

Contact Louisa Gehring at 778-8415 for reservations or more information.

coachella valley

Pool safety deadline nears

As the Dec. 19 deadline nears to comply with a new federal pool safety law, Coachella-based Teserra said it is stepping up efforts to get public pools and spas retrofitted with new drain covers to prevent entrapment and possible drowning.

The Virginia Graeme Baker Pool and Safety Act is named after the 7-year-old granddaughter of former Secretary of State James Baker who drowned after drain suction in a hot tub did not allow her to swim back to the surface.

Teserra, at 86-100 Avenida 54, has noted that only licensed pool contractors can install the regulated drain covers for approval by the local health department.

To get more information on the law from Teserra representatives: 340-9000.

Stocks up after news of auto plan

BY SARA LEPRO AND TIM PARADIS
The Associated Press

NEW YORK — Wall Street set aside fears that the U.S. auto industry would soon collapse after the Treasury Department said it was prepared to funnel cash to the nation's Big Three automakers. Stocks pulled off sharp losses, and edged higher in late afternoon.

The Dow Jones industrial average was down more than 200 at the open, but all the major indicators began to regain ground when the White House and the Treasury announced they were considering diverting money from the Wall Street rescue fund to stave off bankruptcy filings among the U.S. carmakers.

"Things are looking a little bit brighter after they made those announcements," said Anthony Conroy, managing director and head trader for BNY ConvergeX Group. "Anytime there's indecision, that indecision breeds volatility. And that's what we were seeing."

Stocks fell sharply in the early going



DAVID KARP THE ASSOCIATED PRESS

Rudy Mass (center), managing director NYSE Operations, works the post where General Motors stock is traded on the floor of the New York Stock Exchange on Friday.

after a \$14 billion rescue package for the automakers was derailed in the Senate late Thursday when the United Auto Workers refused to meet Republican demands for big wage cuts. Lawmakers have called on the Bush

administration to use a portion of the \$700 billion financial rescue to help the car companies.

General Motors Corp. and Chrysler LLC have said they could run out of **Please see STOCKS, E2**