

Council File No. 10-0139-S2

Subject: Will you sell off the City's Future to Cover Up Failures to Properly Manage the City?, **P3 Council File No. 10-0139-S2**

Original Sent Directly to Recipients via Email

To: Councilmembers Krekorian, La Bonge, Parks, Wesson, Smith, Huizar, Reyes, Zine, Koretz, Alarcon, Perry, Rosendahl, Garcetti, Hahn

Cc: City Controller Wendy Greuel, Adrin Nazarian, Jeanne Min, Jose Cornejo, Mike Hernandez, Charmette Bonpua, Francine Godoy

Mayor Uses City Employees as a Pawn in His Plan to Sell-Off City-Owned Assets without proper Outside Analysis

Honorable LA City Councilmembers:

Instead of proper planning, the Honorable Mayor has decided to be Reactionary and Threaten the City Council with Employee Layoffs (he used the same threat the last two years saying that he would lay off 3,000 employees) and ram his proposal for long-term leases of City-owned parking at a fraction of their value.

Mayor's Threat: http://clkrep.lacity.org/onlinedocs/2010/10-0139-S2_RPT_MAYOR_01-10-11.pdf

From the last paragraph of the Mayor's Letter:

"However, if the Council chooses not to approve a responsible P3 parking agreement, nor approve the budget reductions recommended by the CAD and CLA, I will have no option but to order our City's general managers to effectuate position eliminations - including layoffs - necessary to balance the City's current fiscal year budget."

Why rush this after so many years? What have you been doing during your term in office?

Why hide this information from the public? After-all, the parking lots are owned by the City, not the Mayor.

Why not allow a professional independent audit by an outside government agency of this proposal - Instead of someone with a political or financial conflict of interest?

To move ahead with the proposal by the Mayor under Council File No. 10-0139-S2 would be irresponsible and a dereliction of your fiduciary duty to the taxpayers in the management of public funds and publicly-owned assets.

If you have nothing to hide, then why wouldn't you call for an outside government agency to properly analyze the proposal - You should be willing to stand up and defend your actions to the public?

Please do not repeat the mistakes made in Chicago - Learn from history and do not continue the taxpayer gifts to wealthy corporations while hurting the long-term financial health of the City.

See - "**Chicago Residents Outraged Over Mayor's Sale of Chicago Parking Meters and Lots**": http://www.associatedcontent.com/pop_print.shtml?content_type=article&content_type_id=1866529

Voting for this proposal only serves the short-term political cover-up of past mistakes.

Please act in the best long-term interests of the City and public and vote against this proposal and turn it over to a neutral outside agency for review. Use "best practices" from Cities that have successfully managed, nurtured, and operated their assets in a prudent manner.

Sincerely,

Bob Blue.



Bob Blue <bob.b.blue@gmail.com>

Submittal for Budget & Finance Committee Meeting of Jan 10, 2011, Agenda Item 5, CF No. 10-0139-S2

Bob Blue <bob.b.blue@gmail.com>

Mon, Jan 10, 2011 at 11:01 AM

To: Controller Wendy Greuel <controller.greuel@lacity.org>, Mayor Antonio Villaraigosa <mayor@lacity.org>, larry.frank@lacity.org

Cc: "Zahniser, David" <david.zahniser@latimes.com>, Ron Kaye <ron@ronkayela.com>, Jill Stewart <jstewart@laweekly.com>, dheikes@laweekly.com, Eric Garcetti <Eric.Garcetti@lacity.org>

Honorable Mayor Antonio Villaraigosa and Controller Greuel:

I am forwarding to you, my letter to the Budget & Finance Committee Regarding Council File No. 10-0139-S2 regarding a proposed long-term lease of City-owned parking assets. I believe that after you understand the mistakes made in Chicago, we are on the same page in our desire to protect the City of Los Angeles. My comments are meant to be in a collaborative nature. I urge you to act in the best long-term interests of the City for current and future generations. Once a long-term lease is in-place for City-Owned assets such as parking lots, it is irreversible.

This issue (the idea of long-term leasing of city-owned parking lots and contemplating the same for parking meters) has united diverse stakeholder groups including local residents and business interests in their opposition to such a plan.

I am confident that you will agree that negotiating a long-term lease or sale of City assets under a sole-source, non-competitive bid is not in the best interests of the City and may constitute a gift of public assets/funds to persons/entity that is the recipient of such a contract.

Let's not repeat the mistakes made in Chicago by following the very same course that Mayor Daley drove with the help of Morgan Stanley (see article included in my attached letter to the Budget and Finance Committee).

We all are proud of the City of Los Angeles, its history, and the people who worked hard to see Los Angeles grow and prosper with long-term investments in assets such as the

Harbor, Airport, and DWP.

Our predecessors who had the vision of LA's long-term future knew the importance of these investments and the importance of being good stewards and caretakers of the City treasures. When these assets are maintained and managed well, they will bring in long-term financial stability for Los Angeles to continue to grow in sustainable and healthy way and serve all Angelenos for generations to come.

Sincerely,

Robert Blue

----- Forwarded message -----

From: **Bob Blue** <bob.b.blue@gmail.com>

Date: Mon, Jan 10, 2011 at 9:28 AM

Subject: Submittal for Budget & Finance Committee Meeting of Jan 10, 2011, Agenda Item 5, CF No. 10-0139-S2

To: erika.pulst@lacity.org

Cc: Ziggy Kruse <ziggykruse2005@yahoo.com>, councilmember.parks@lacity.org, Councilman Greig Smith <councilmember.smith@lacity.org>, "councilman.rosendahl@lacity.org" <Councilman.Rosendahl@lacity.org>, paul.koretz@lacity.org

Budget & Finance Committee

John Ferraro Council Chamber - City Hall - Room 340

200 N Spring St, Los Angeles, CA 90012

Sent Via Email

Erika Pulst - Legislative Assistant

Dear Ms. Pulst,

Please include the following 3-page letter (PDF formatted file) for submission to the Budget and Finance Committee and the Council File No. 10-0139-S2.

Also please note that the time of the submittal is approximately 9:30 AM and prior to the meeting of the committee for Jan. 10, 2011.

Sincerely,

Robert Blue



LTR to BUDGET AND FINANCE COMMITTEE, 01-10-2011, Agenda 5, CF 10-0139-S2.pdf
250K

Robert Blue
Los Angeles Resident
Email: bob.b.blue@gmail.com

BUDGET AND FINANCE COMMITTEE
JOHN FERRARO COUNCIL CHAMBER - CITY HALL - ROOM 340
200 NORTH SPRING STREET, LOS ANGELES, CA 90012

Meeting Date: January 10, 2011

Agenda Item No: 5

Council File No: 10-0139-S2

Description: City Administrative Officer and Chief Legislative Analyst joint report relative to an alternative plan to the concession agreement for a public-private partnership (P3) with respect to the City's parking structures.

Sent Via Email

Honorable Councilmembers Bernard Parks (Chair), Greig Smith, Bill Rosendahl, Jose Huizar, Paul Koretz:

I would respectfully urge all Councilmembers to reconsider any long-term/lease (which is an equivalent of a sale) of City-Owned assets, especially when the discussion is not transparent:

1. An honest/ethical government starts with openness and transparency. Any decision should be fully vetted and any elected official who votes in favor of a decision should be open to public review/scrutiny.
2. Follow prudent financial practices: Don't use long-term assets to solve short-term budget problems especially when the present value of such a transaction will only address a 6-month period of budget deficit.
3. Look at past practices and use "lessons learned" from other big Cities such as Chicago. In addition to not really getting any "bang for the buck" vis-à-vis tax payers in this current proposal, a private operator would likely up the parking rates and hurt small businesses which are teetering on their very survival in this tough economy:
http://www.associatedcontent.com/article/1866529/chicago_residents_outraged_over_mayors.html

Sincerely,

Robert Blue

Robert Blue, Vice President, Hollywood-Highlands Democratic Club

[Close Window](#)[Click here to print](#) or select **File** then **Print** from your browser.

Chicago Residents Outraged Over Mayor's Sale of Chicago Parking Meters and Lots

Bring 28 Quarters for Two Hours of Parking in the Loop

By **Connie Wilson**

Remember the name William Blair and the firm name Morgan Stanley when you're plugging 28 quarters into a meter in the Chicago Loop for 2 hours of parking, because those are the culprits who have put the people of Chicago in the position of staging a rebellion against the sale of the city of Chicago's parking lots (in 2006) and meters (36,000 of them, in February) to private contractors.

Let me explain.

Like all cities, Chicago is cash-strapped, and it seems, according to Ben Joravsky and Mick Dumke's article ("The Insiders") in the June 18, 2009 *Chicago Reader* that we may have William Blair to thank---or blame---for the fact that in the city of Chicago, since Mayor Daley inked a deal leasing the city's parking meters to a private company for 75 years on February 13, 2009 for the sum of \$1.2 billion upfront, "parking rates have doubled, mislabeled and malfunctioning meters have led to citations, and response from LAZ Parking, the firm contracted to run the system, has been less than acceptable." (LAZ Parking is a firm formed by **Morgan Stanley**, the purchasers, to handle the meters for the next quarter century).

And was this sale of the city's parking meters a good deal for the cash-strapped city of Chicago?

According to Joravsky and Dumke's "The Insiders" June 18, 2009 article, "Inspector General David Hoffman's office ran a study, announced on June 1st, and concluded that the city may have leased the meters for \$974 million less than they were worth." (Joravsky and Dumke, "The Insiders" in *TheChicago Reader*, June 18, 2009 p. 22).

So, whose big bright idea was it to sell the city's parking meters to the Morgan Stanley group in the first place? The answer that Joravsky and Dumke provide on page 20 of their expose goes like this: **"And there's one more thing: William Blair & Company originated the idea for the transaction."**

That's right: the very same William Blair who received 0.375% of the payout (\$4.3 million). The very same William Blair who was the "outside expert" that Mayor Daley commissioned to analyze whether it would be a good idea to sell the parking meters (36,000 of them, which were sold on February 13, 2009, according to Jon Helkevitch in the Friday, March 20th, 2009 *Chicago Tribune*.) (Archives.Chicagotribune.com ch-parking-meters-20-March20).

So, who is William Blair, exactly, other than the scion of William Blair & Company? Well, for one thing, he's a member of Mayor Daley's inner circle of good buddies who form a sort of "kitchen cabinet" that regularly goes out 3 times a week. He's the very same William Blair who was hired in June of 2007 (according to Joravsky and Dumke), a good 4 months before Michael Sneed of the *Chicago Sun Times* first made public the plan to privatize the city's parking meters. He's the very same William Blair whose company was *also* instrumental in leasing the city's downtown parking garages in 2006 for 99 years to a partnership led by Morgan Stanley, in return for \$2.2 million for work on that deal. He's the very same William Blair who donated \$104,500 (according, again, to Joravsky and Dumke's article) to Mayor Daley's wife Maggie's favorite charity, *AfterSchool Matters*, a charity she founded and runs. He's the very same William Blair whose chairman, Edgar D. Jannotta, now serves on the board of directors of AON, which Patrick Ryan retired from last year so that he might serve as chairman and CEO of Chicago's Olympic bid committee.

Why did the city sell the parking meters so cheap?

The reason, says this City Inspector General June 1st report, was that "William Blair's calculations of the system's value were all done from the perspective of an investor," not from the perspective of the seller. The Blair figures were based on what an investor might be willing and able to pay for the meters, not their actual value to the city. Attorney General Lisa Madigan announced at the end of May that she was launching an investigation into the "transaction and implementation of the parking meter deal" (Joravsky & Dumke, p. 17)--- and the Inspector General's office (David Hoffman) reported "The City should have conducted this analysis so that its decision about whether to lease the parking meter system now---and if so, under what terms---could be made in the most informed fashion possible. The failure to conduct this analysis strongly suggests that the decision had already been made that the City was going to lease the meters for the best available price on the market." (Joravsky and Dumke article "The Insiders," *Chicago Reader*, June 18, 2009, p.22).

So, what has this parking fiasco meant to the residents of the city of Chicago?

Takeaways

- It now takes 28 quarters to secure 2 hours of parking in Chicago's Loop...and it's getting worse

For openers, according to a Friday, March 20, 2009 article by Jon Helkevitch in the *Chicago Tribune* (archives.*chicagotribune.com* ch-parking-meters-20-mar20):

- 1) There was a fourfold increase in parking rates at meters in Chicago this year.
- 2) Those attempting to park are being deluged with tickets, as the meters don't work or are not emptied faithfully enough. After all, you now have to drag along 28 quarters for just 2 hours in the Loop! The meters were not built to handle all that change, and they are frequently not emptied often enough, so that they are either broken or jammed.
- 3) If you want to park in the Wells Street area, meters have escalated from \$1 for 2 hours to \$2 for 2 hours.
- 4) If you want to park in the central business district, be prepared to shell out 16 quarters for 2 hours of parking. Business is down in that area, as a result, and one of those businessmen who spoke to the *Tribune* and said so is Dan O'Donnell, owner of Armitage Hardware and Building Supply at 925 West Armitage.
- 5) Parking in city neighborhoods is now 8 quarters for 2 hours. However, sometimes the meters aren't accurately marked. According to the *Tribune* article, meter #279089 in the 1800 block of Clybourne Avenue, which was supposed to give a person parking their car 15 minutes for a quarter gave only 7 minutes for that quarter. And that, of course, would lead to a ticket for the person parking the car who mistakenly believed the labels on the meters, according to the Helkevitch *Tribune* article (March 20, 2009).

The parking meter situation, coupled with the 10.25% highest-in-the-land city sales tax, has Chicago residents boiling mad. As Carol Marin, political blogger for the Chicago *Sun Times* said in her article "Chicago Parking Meter Rebellion" (blogs.suntimes.com/marin) on June 20, 2009, in referring to "the city's long and dubious history of rewarding the politically connected with lucrative opportunities," raising the parking fees, blanketing cars with tickets and eliminating free weekend parking (fees are now payable 24/7, whereas, previously, there was free Sunday parking, at least), "In 1979, lousy snow removal sparked a voter rebellion and booted a Mayor. Could parking meters by the new snow?"

Long-time Chicago Mayor Daley said, during a press conference held on June 2nd, the day after being slammed by City Inspector General David Hoffman regarding the "dubious" (Hoffman's term) deal, "My chief of staff detailed---detailed!--- why we think this is a very, very responsible agreement. As Mayor, it is my job to be responsible."

[Hear! Hear! Your Honor! So, let's see some responsibility coming the way of Chicago residents, for a change, and not just payback for your political cronies.]

More resources

- June 18, 2009, Chicago Reader article "The Insiders" (pp. 17-25) by Ben Joravsky and Mick Dumke; Chicago Tribune article "Chicago Parking Meters: Changes Leave Drivers Angry, Confused," March 20, 2009, archives.chicagotribune.com ch-parking-meters-20-mar20; blogs.suntimes.com/marin, "Chicago Parking Meter Rebellion" by Carol Marin; www.reuters.com/article, "Chicago Leases Parking Meters for \$1.6 Billion."