

Slush Fund Alert: Do You Trust the City Council to Act in the Ratepayers' Best Interests?

03 Oct 2014 Written by Jack Humphreville



LA WATCHDOG-On Tuesday, September 30, the Los Angeles City Council approved a preliminary Letter of Agreement to resolve the legal battles between City Controller Ron Galperin and IBEW Union Bo\$\$ d'Arcy over auditing the use of over \$40 million of Ratepayer money that was funneled by our Department of Water and Power to the Joint Safety and Training Institutes since 2000.

This Letter Agreement is now subject to the approval of the politically appointed DWP Board of Commissioners at its meeting on Tuesday, October 7.

While this settlement agreement is designed to increase the transparency of these two nonprofits, the process is hardly transparent as this deal was negotiated behind closed doors without any input or scrutiny from the Ratepayers, the

Ratepayers Advocate, the media, or other interested stakeholders. Furthermore, this Agreement will not be made public until it is signed, sealed, and delivered by our City's political establishment.

But can we trust the City Council to act in our best interest when at least ten of its members have received campaign cash from the **IBEW slush funds**?

Campaign contributions by Union Bo\$\$ d'Arcy have been part of the City's political landscape for decades, including the years when the Joint Safety and Training Institutes were formed to offset the loss of dues revenue in the wake of DWP's buyout program.

Over the years, the IBEW and its affiliates have ponied up almost \$6 million in cash campaign contributions. In addition to the current members on the City Council, past beneficiaries include former Council Members Richard Alarcon, Representative Janice Hahn, wannabe Secretary of State Alex Padilla, Ed Reyes, Bill Rosendahl, Jack Weiss, and Dennis Zine, just to name a few. And this amount does not include cash funneled to the campaign coffers of our elected representatives in Sacramento or the County.



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On August 12, we were given a peek into the basis of a Letter Agreement when Council Herb Wesson and six other Councilmen filed a motion outlining their thirteen point plan under which the City Council would require Controller Galperin to release this year's annual contribution of \$4 million to the two nonprofit institutes.

This plan is a reasonable beginning other than it limits the Fiscal and Performance Audits to only five years and does not allow for independent trustees, only DWP managers and supervisors.

But the devil is in the details of the Letter Agreement, including whether the Controller will have "unfettered access" to any and all documents so he can do a "forensic" audit of the two nonprofits from their inception, a point in time when the IBEW was struggling with the loss of dues revenues associated with the downsizing of DWP's workforce.

But why, after a year since the September 19, 2013 front page expose by Jack Dolan of The Los Angeles Times, did the City Council finally decide to address this festering sore?

For openers, the negative reaction to this \$40 million controversy, coupled with DWP's low polling numbers, forced the City to pull the \$4.5 billion Street Tax from the November ballot since there was no way in hell that this measure would have received the necessary two-thirds approval from the voters.

The dust up between our popular Controller and Union Bo\$\$ d'Arcy is also viewed as a major negative that will impede the proposed multiyear increases in our water and power rates that will be significantly greater than inflation and loaded with environmental pork.

Finally, both the City Council and Union Bo\$\$ d'Arcy have to be concerned about what skeletons might be unearthed if the Controller and the IBEW engage in extensive litigation.

The City Council is in an awkward situation. The Ratepayers are demanding transparency into the use of our \$40 million. But the City Council is beholden to the IBEW's money and as a result is being less than transparent in disclosing its agreement with the IBEW.

The City Council needs to disclose the Letter Agreement and any side letters or deals. If not, the answer to the question, "Do you trust the City Council to act in the best interests of the Ratepayers," will be very simple.

NO!

(Jack Humphreville writes LA Watchdog for CityWatch. He is the President of the DWP Advocacy Committee, The Ratepayer Advocate for the Greater Wilshire Neighborhood Council, and a Neighborhood Council Budget Advocate. Humphreville is the publisher of the Recycler Classifieds -- www.recycler.com. He can be reached at: lajack@gmail.com .)

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