

# DWP Reform: Not So Fast

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## LA WATCHDOG

**LA WATCHDOG**--On Friday, Councilmember Felipe Fuentes "introduced a motion calling for a 2016 ballot measure to reform and restructure" our Department of Water and Power.

There are three major proposals, including the establishment of a full time, professional Board of Commissioners to set rates and oversee the operations, finances, and management of the Department without the oversight or approval of the City Council "unless the City Council asserts jurisdiction."

DWP would also establish its own Personnel Department that would be responsible for the hiring and firing of its 9,000 employees without being burdened by the civil service rules and the City's cumbersome bureaucracy.

The third proposal would cap the annual Transfer Fee to City Hall from the Department's Power System at its 2010, pre-Proposition 26 level of \$221 million, an amount equal to about 6% of revenues. In 2015, the 8% Transfer Fee was \$266 million is projected to increase to \$327 million in 2020.

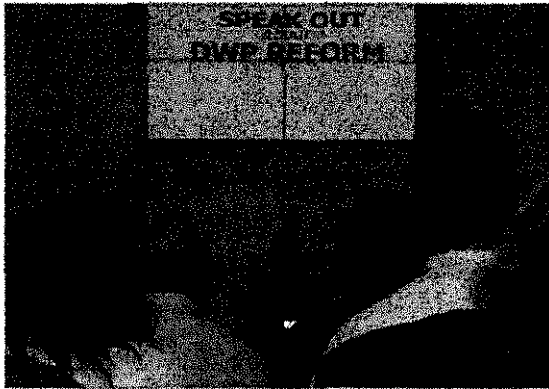
While these proposals are long overdue, they are not ready for prime time. Rather, these proposals are "a great place to start the conversation" as there needs to be a "robust public discussion and debate before any charter proposal gets put on the ballot."

While the idea of a more autonomous, full time, professional Board of Commissioners is appealing, it is not a silver bullet. Rather, it may add a layer of bureaucracy that may be counter-productive if the proper ground rules are not established and followed by the politically appointed commissioners who may want to micro manage the Department.

There are numerous other questions, including how the Commissioners are selected or removed, their qualifications, and how to prevent the Board from going "rogue" by raising our rates to astronomical levels.

The new Personnel Department will need to respect the DWP's existing labor agreements. But personnel policies should also allow the Department to increase the number of exempt positions, make lateral hires to key positions areas such as information technology and procurement, and permit greater outsourcing, especially as it relates to local solar power, the repair of the water mains, and the power supply reliability program.

The idea of capping the annual Transfer Fee to City Hall may appear to be a huge concession by the City. It would not result in any additional investment in the Department, but would lower our rates by over 1%.



However, the real story is that there is a high probability that the courts will declare that the 8% Transfer Fee is an illegal "disguised" tax that violates Proposition 26 as alleged by the plaintiffs in a class action lawsuit (*Eck v. City of Los Angeles*).

In any case, this new \$221 million Transfer Tax would require voter approval, an unlikely event unless the City reforms its budget and financial policies by also placing on the ballot a measure that requires the City to Live Within its Means.

Before proceeding with Fuentes' proposals, the Herb Wesson led City Council should approve the proposed increases in our water and power rates that have been blessed by the Ratepayers Advocate so that they can become effective as of April 1, 2016.

The Council should also follow the recommendation of Navigant, the well regarded consulting firm retained by the Ratepayers Advocate to review the rate increases, to form a DWP Governance Committee to review and analyze Fuentes' proposals.

Ratepayers must be given a significant role in this committee as they are not only the people paying the bills, but whose votes will be required to approve any ballot measures, including the new Transfer Tax. This will be an opportunity for the City to earn the confidence of the Ratepayers, who, at this point in time, do not trust City Hall when it involves DWP and their wallets.

Without our meaningful participation and buy-in, Ratepayers and the voters will reject any ballot measures that require a new tax, just like we did in 2013 when 55% of the voters rejected Proposition A, the permanent half cent increase in our sales tax.

***(Jack Humphreville writes LA Watchdog for CityWatch. He is the President of the DWP Advocacy Committee and a member of the Greater Wilshire Neighborhood Council. Humphreville is the publisher of the Recycler Classifieds -- [www.recycler.com](http://www.recycler.com). He can be reached at: [lajack@gmail.com](mailto:lajack@gmail.com))***

**-CW**

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