



DAVID E. RYU
COUNCILMEMBER, 4TH DISTRICT

Date: 6/2/16
Submitted in Rules Committee
Council File No: 16-0093
Item No.: 1
~~RE:~~ Communication
from Council member
David Ryu

June 2, 2016

Rules Committee
City Council President and Chair, Herb Wesson
200 N. Spring Street
Los Angeles, CA 90012

RE: CF 16-0093 Department of Water and Power (DWP) Governance Reform

Dear Rules Committee,

Thank you for hosting the public Council presentation and discussion on Tuesday, May 17th and for your continued work to generate a dialogue on reform.

I am confident as we move forward with DWP governance reform that the City can achieve an appropriate, effective and equitable structure that carries our utility well into the 21st century. We owe it to the ratepayers to fix our ailing water and power infrastructure and part of that solution is making sure we have a well-run and efficient utility so that issues like the billing system fiasco and consistent infrastructure disruptions do not happen. In my district, deferred maintenance has caused real hardship. Under Appian Way a water main burst, destabilizing the street and causing a mudslide that wiped out two of our residents' homes, and in Runyon Canyon Park years of deferred maintenance and dozens of leaks along the trunk line have led to a four-month closure to repair the pipe. I am also concerned about the drastic effects of interruptions in service to businesses that causes real economic hardship.

What I have heard from my constituents time and again is that we need more independence, accountability, transparency and better service delivery from DWP. Many of the measures being discussed support those principles. I support expanding the Board of Commissioners, adding fixed terms and ensuring expertise of Board members, creating more independence in contracting and a regularized process to determine rates; but in particular I want to highlight a few critical elements that need to be part of today's reform discussion.

Support for Board and Office of Public Accountability

Two of the primary tools/agencies used for customers and neighborhood advocates to access information are the Board of LADWP Commissioners and the Office of Public Accountability. These two agencies must be funded and staffed appropriately to be able to develop well-integrated research for decisions before the Board and City.

The Board should receive enhanced staff to assist in decision-making, similar to the support provided to departments and the City Council by the City's CAO. The Office of Public Accountability (OPA) should remain independent of the Board, however, the OPA's role needs to be clarified and greater financial support needs to be allocated in order to allow for more robust review and discussion.

A part-time board must have access to strong staff reports to make good, independent policy decisions. The OPA, like the Controller, can be requested by the Board to look into issues but should always retain its authority to review topics driven by customer concerns.

Hiring and Civil Service

LADWP needs flexibility in hiring, management and termination of employees to provide cost effective and efficient service. Civil service rules such as seniority credits should be re-examined as part of collective bargaining. DWP should be allowed a reasonable number of additional exempt positions (Charter Section 1001), and other restrictive clauses should be reconsidered and removed. The Personnel Department must be held accountable to allow for flexibility in hiring, and the DWP must have the authority to run the water and power systems effectively and efficiently. If we are going to hold them more accountable, we need to give them the tools to succeed.

Revenue Transfer

We are currently in litigation on the transfer limiting the public discussion, but I want to make clear that this is a critical part of long-term reform.

The transfer is viewed by many customers and residents as arbitrary. However, the fact remains that all utilities, public or private, pay some type of funding to their local governments. The City of Burbank, for example, imposes a tax on users of certain utilities, including electricity and gas, and transfer to the tune of seven percent and the City of Glendale recently approved a 10.2 percent transfer from the electric utility's

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operating fund. The issue is that the transfer should not be solely connected to rates creating the appearance of a conflict of interest. As we move forward we need to continue to look at ways to make the transfer more transparent and fair.

Thank you for your efforts to include all neighborhoods in this important and timely discussion on reform. Please continue to include input from every corner of the City to build consensus on reforming LADWP, better serve our residents and restore trust in how we deliver city services.

Please contact Nick Greif of my staff at nicholas.greif@lacity.org or 213.473.7004 with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "D. E. Ryu". The signature is fluid and cursive, with a large initial "D" and a stylized "Ryu".

David E. Ryu
Councilmember