

If City Hall Fails to Earn Back the Public's Trust, DWP Reform is Doomed

Jack Humphreville

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LA WATCHDOG--The primary goal of the ballot measure to reform and restructure the governance of our Department of Water and Power is to have the voters of the City of Los Angeles approve a new \$221 million DWP Transfer Tax on Ratepayers in the November Presidential election.

This new tax will replace the current 8% Transfer Fee that will most likely be tossed out by the courts because it is a clear violation of Proposition 26 (The Supermajority Vote to Pass New Taxes and Fees) that was approved by California voters in November of 2010.

The new ballot measure will also free the City of any obligation to repay the \$1.5 billion that it illegally collected over the last six years from DWP and its Ratepayers since the passage of Proposition 26.

Unfortunately, the spendthrifts at City Hall are addicted to the 8% Transfer Fee. This year, it generated \$267 million and is expected to provide \$291 million to the City's coffers next year, money that is needed to balance its smoke and mirrors budget.

The City also cannot afford the \$150 million a year hit that will be needed to service the \$1.5 billion Judgment Obligation Bond that would finance the repayment of the illegal transfers since the passage of Proposition 26.

But if we approve the ballot measure authorizing the new DWP Transfer Tax of \$221 million, what do we get in return?

Our Elected Elite and their cronies will argue that Ratepayers will be “saving” \$70 million, the difference between the 2017 projected transfer of \$291 million and the new level of \$221 million, the amount that the City received in 2010 prior to Proposition 26.

They will also tell us that they are reforming DWP by establishing a more independent Board of Commissioners and overhauling the hiring and contracting process which will result in a more efficient and transparent Department.

But these reforms are Management 101 that should have been implemented years ago instead of continuing to kick the can down the road.

To EARN our support, the City needs to reform its budgetary process by placing on the ballot for our approval or rejection a charter amendment that requires the City to “Live Within Its Means.”

There are six elements to this charter amendment.

First, the City would be required to develop and adhere to a Five Year Financial Plan, an everyday practice for organizations with annual revenues in excess of \$8 billion and more than 30,000 employees.

Second, the City would be mandated to pass two year balanced budgets based on Generally Accepted Accounting Principles. This is similar to the LA 2020 Commission’s recommendation to adopt a “Truth in Budgeting” ordinance, a proposal that was buried in the bowels of City Hall.

Third, the City would be required to benchmark the efficiency of its operations, similar to the process being used at DWP at the direction of the Mayor and the City Council.

Fourth, the City would be required to fully fund its two underfunded pension plans over the next twenty years. This would also involve following up on the two ignored recommendations of the LA 2020 Commission to establish a “Commission on Retirement Security” and to review the Investment Rate Assumption used by the City’s two pension plans.

Fifth, the City would develop and implement a twenty year plan to repair and maintain our streets, sidewalks, parks, buildings, and the rest of our failing infrastructure.

Finally, the City would create an independent “Office of Transparency and Accountability,” another LA 2020 Commission recommendation that never saw the light of day, to oversee the City’s finances and operations.

More than likely, Mayor Garcetti and the Herb Wesson led City Council will dismiss this common sense “Live Within its Means” charter amendment that will increase the transparency and accountability of the City’s precarious finances and inefficient operations.

But without real reform, Angelenos will vote NO on this tax increase, just like we did in 2013 when we rejected Proposition A, the permanent half cent increase in our sales tax.

Will Mayor Eric Garcetti, City Council President Herb Wesson, and the rest of the City Council continue to kick the can down the road, playing a game of chicken that threatens the voters with the bankruptcy of the City? Or will City Hall finally decide to clean up its act and agree to “Live Within Its Means.”

Stay tuned for lots of hot air from the barnyard known as City Hall.

(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. He can be reached at: lajack@gmail.com) -cw

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