

RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS, AND NEIGHBORHOODS COMMITTEE REPORT relative to governance reform of the Los Angeles Department of Water and Power (LADWP).

Recommendations for Council action:

1. REQUEST the City Attorney, with the assistance of the Chief Legislative Analyst (CLA), the City Administrative Officer (CAO) and the Chair of the Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee, to prepare the necessary election ordinance and resolution to place a ballot measure before the voters at the November 8, 2016 General Elections that would amend the City Charter to reform the governance and management of the LADWP, and that the ballot measure include the following elements:
 - a. Increase the size of the Board of Water and Power Commissioners (Board) to seven members no sooner than July 1, 2017 and no later than August 15, 2017.
 - b. Change the length of terms of the members of the Board to three-year staggered terms no sooner than July 1, 2017 and no later than August 15, 2017; and, authorize that the transition to the new Board is to be established by ordinance.
 - c. Provide that no Board member can have been a registered lobbyist with the City of Los Angeles for any LADWP-related activities for the 12 months prior to appointment.
 - d. Require Board members to meet the requirements of Charter Section 501(d) Qualifications and 501(e) Diversity.
 - e. Require Board members to have experience in one or more of the following areas: (1) utility management, (2) water and power policy and operations, (3) environmental policy, (4) business/finance, (5) labor relations, (6) consumer advocacy, or (7) neighborhood councils/community organizations.
 - f. Authorize the Council to establish by ordinance a stipend for Board members.
 - g. Require that Board members may be removed by the Mayor, with the concurrence of the Council by majority vote, or by the Council by a three-fourths vote, but only after written notice of the grounds on which removal is sought and an opportunity for the affected Board member to reply.
 - h. Establish a process for the appointment of the LADWP General Manager similar to the process set forth in Section 575(a) of the Charter for the Chief of Police as further described here. Require that the recruitment and selection of qualified candidates for the position of General Manager shall be administered by the General Manager of the Personnel Department, in cooperation with the Board, through a system of open competition based on professionally accepted recruitment and selection standards. The General Manager of the Personnel Department shall refer a group of up to six

highly qualified candidates to the Board, which shall then provide a list of a maximum of three recommended candidates, in ranked order, to the Mayor for review and for appointment of one of them as the General Manager. At the request of the Mayor, the Board shall provide the Mayor with an additional list of up to three candidates, in ranked order, from the group of candidates previously provided by the General Manager of the Personnel Department. The Mayor's appointee shall be subject to confirmation by the Council. Should the Council fail to confirm the appointee, and if any additional candidates remain, the Mayor may request and receive from the Board the name of one additional candidate, who will be selected from the group of candidates previously provided by the General Manager of the Personnel Department. The Mayor may appoint that candidate or one of the candidates on the list or lists previously provided to the Mayor by the Board, subject to Council confirmation.

- i. Create an LADWP Analyst Office to provide policy and fiscal analysis under the direction of the Board. The Executive Officer of the LADWP Analyst Office will report directly to the Board and be a civil service-exempt position. With respect to the LADWP Analyst Office, authorize the Board to: (1) establish a budget, (2) hire and set salary for an Executive Officer position, and (3) authorize the Executive Officer to hire employees sufficient to staff the Office.
- j. Increase the minimum budget of the Office of Public Accountability (OPA) to 0.05 percent of the LADWP's annual revenues generated solely from the sale of water and electric energy for the previous fiscal year.
- k. Provide that the Executive Director/Ratepayer Advocate of the OPA may be appointed to a second five-year term by the City Council, with Mayor approval, and without the necessity of convening a new Citizens Committee for appointment.
- l. Provide the Board with the authority, subject to only Charter Section 245 or as otherwise specifically provided in the Charter, over decisions concerning: (1) the granting of franchises, concessions, permits, licenses and the approval of leases, (2) the approval of power contracts as provided in the Charter, (3) the use of competitive sealed proposal methods for design-build contracts as further provided by ordinance, and (4) the approval of long-term contracts as further provided by ordinance.
- m. Require the LADWP, beginning on January 1, 2020, and for every four years thereafter, to prepare and present a four-year strategic investment and revenue requirement plan (Plan) for approval by the City Council and Mayor. This Plan will include any discussion on potential rates and the rate setting process, as well as modify the existing rate setting process as described in Charter Section 676(a). Once final approval of the Plan has been given by the Council and the Mayor, all policies, projects, programs, and associated revenue requirements within the parameters of the adopted Plan, including the ability to adjust rates, and as may further be provided by ordinance, shall only require Board approval unless otherwise provided for by the Charter. All policies, projects, programs, revenue requests, or base rate setting that exceeds the adopted Plan, not including the day-to-day operations, operational emergencies, or new state and federal laws and regulations, as may be further defined by ordinance and unless otherwise provided by the Charter, shall require

approval by the Council and Mayor. Furthermore, authorize the Council to establish by ordinance the timelines, procedures, and requirements of the four-year Plan.

- n. Authorize the Council to request informational reports, for review only, regarding any actions or pending actions of the Board or the LADWP.
 - o. Provide that all actions of the Board regarding contracts of less than an amount set by ordinance will not be subject to Charter Section 245 unless otherwise provided by the Charter.
 - p. The salary setting authority may waive administration of all or part of the civil service standards provided in Article X of the Charter for LADWP employees, pursuant to a legally binding memorandum of understanding (MOU) developed through collective bargaining. Such waivers shall require a determination by the salary setting authority that the provisions of the MOU maintain merit system standards that provide for merit based hiring, merit based retention and discharge, Equal Employment Opportunity compliance, and protection from coercion for partisan political purposes. All merit system standards waivers shall be subject to periodic audit, approval, or revocation by the salary setting authority subject to any meet and confer process required by law. Council may by ordinance designate the Board as the salary setting authority for LADWP employees.
 - q. Require the LADWP to implement a monthly billing cycle no later than January 1, 2020.
- 2. REQUEST the City Attorney, upon adoption of this ballot measure by the voters, to prepare and present a draft ordinance setting a two-thousand dollar (\$2,000) per month stipend, indexed to the relevant Consumer Price Index, for members of the Board.
 - 3. REQUEST the City Attorney, upon adoption of this ballot measure by the voters, to prepare and present a draft ordinance to establish the schedule for the transition to the new Board and staggered terms of Board members.
 - 4. REQUEST the City Attorney to prepare and present a draft ordinance that provides for the Board to set compensation, and adjust annually, for the General Manager, subject to consent by the Executive Employee Relations Committee (EERC).
 - 5. REQUEST the City Attorney, in consultation with the OPA and the LADWP, to prepare and present a draft ordinance that provides the OPA access to all appropriate and necessary documents of the LADWP as allowable by law and respects the current authority and roles of the Board and the OPA.
 - 6. INSTRUCT the CAO and the CLA, with the assistance of the City Attorney, OPA, and the LADWP, to report on the role of the OPA and recommend any potential changes to the role of the OPA that could be further defined by ordinance.
 - 7. REQUEST the OPA, with assistance from the CAO, upon adoption of this ballot measure by the voters, to prepare a hiring plan and a request for additional civil service-exempt positions.

8. REQUEST the City Attorney, in consultation with the Board, to report back on the role of the Board in the oversight of litigation pertaining to the LADWP and recommend any potential changes to oversight that could be strengthened through ordinance, while maintaining representation of the LADWP by the City Attorney.
9. INSTRUCT and REQUEST as appropriate the CAO, the CLA, the Personnel Department, and the LADWP, to jointly report within 60 days with a plan to address the hiring needs of the LADWP. The plan shall include the necessary resources, subject to Board approval of budgetary allocations, including all direct and indirect costs, and a draft Memorandum of Agreement, that includes specific performance metrics. The performance metrics shall include, but not be limited to: the time to establish eligible lists, time to complete background reviews, time to complete medical examinations, and standards for completion by the LADWP of its obligations pursuant to the examining process.
10. REQUEST the EERC to issue bargaining instructions to the LADWP, with the assistance of the CAO and the Personnel Department, to commence negotiations with all bargaining units at the LADWP to amend existing MOUs or develop Letters of Agreement to expedite the current hiring and promotion practices at the utility.
11. REQUEST the City Attorney to prepare and present a draft ordinance that increases the authority of the General Manager to approve contracts, without Board approval, from the current maximum of \$150,000 dollars set forth in the Los Angeles Administrative Code (LAAC) Section 10.1.1(c) to a new maximum of \$5 million dollars. All actions regarding contracts in excess of \$5 million dollars will require Board approval. All contracts less than a certain amount (e.g. \$15 million dollars) will not be subject to Charter Section 245.
12. REQUEST the City Attorney to prepare and present a draft ordinance that requires quarterly reporting to the Board and the Council with respect to contracts pending, approved, or terminated by the General Manager or the Board, as well as the status of contracting out requests that are subject to Charter Section 1022. This ordinance will also require an annual listing of all contracts awarded by the LADWP on its website within 60 days of the end of each calendar year.
13. REQUEST the City Attorney to prepare and present a draft ordinance that increases authority for the Board to enter into contracts without the Council's affirmative approval from the current maximum of three years as set forth in LAAC Section 10.5 to a maximum term of five years. This ordinance will also provide the Board contracting authority up to 10 years, without Council approval, for specialized construction equipment or software that is offered by one vendor. All other contracts greater than a five-year term will require Mayor and Council approval unless otherwise provided by the Charter or by ordinance.
14. REQUEST the City Attorney, upon adoption of this ballot measure by the voters, to prepare and present a draft ordinance that eliminates the requirement that power contracts and design-build contracts be approved by ordinance.
15. REQUEST the City Attorney to prepare and present a draft ordinance to amend LAAC Section 10.15(f) to allow the LADWP to engage in Request for Proposals/Competitive Negotiation for the purchase of specialized equipment, using price and other evaluation

factors.

16. REQUEST the City Attorney, with the assistance of the LADWP, CAO, and CLA, upon adoption of this ballot measure by the voters, to prepare and present a draft ordinance that establishes the timelines, procedures, and requirements of the four-year strategic investment and revenue requirement plan.
17. REQUEST the Mayor to exempt the LADWP from the Mayor's Executive Directive 4, or modify and revise that Executive Directive in consultation with the CAO and the LADWP, to meet the objectives of these recommendations.
18. INSTRUCT the CAO, with the assistance of the CLA and the LADWP, to report on options that would allow the Board to assume all collective bargaining responsibilities with regard to the LADWP bargaining units.
19. REQUEST the City Attorney to report to Council on any updates regarding outstanding litigation with regard to the Power Revenue Transfer, including options to modify the Transfer, or otherwise resolve the litigation.
20. REQUEST the LADWP, with the assistance of the Board of Public Works, the Bureau of Sanitation, the CLA, and the CAO, to initiate a study and report with an analysis on creating a fully integrated water group.
21. REQUEST the LADWP, with the assistance of the City Attorney, the CLA, and the CAO, to report on potential options to reduce the financial liability of the Department of Recreation and Parks, non-profit entities that provide publicly accessible open space, and low-income seniors with respect to electricity and water rates.
22. REQUEST the LADWP, with the assistance of the CLA and the CAO, to report on options and recommendations that will help to ensure access to clean energy solutions which are equitable, and participation in which is not limited by geographical location nor household income.
23. REQUEST the LADWP, with the assistance of the CLA and the CAO, to report on the potential of creating an executive-level position that would ensure that the interests of the underserved low-income customer market segment are addressed across all LADWP programs.
24. AUTHORIZE the City Attorney, with the assistance of the CLA, CAO, and the Chair of the Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee, to make any technical modifications and/or legal corrections to the draft election ordinance, draft resolution, draft ordinance requests, and any other related actions listed above in order to further the objectives as described in these recommendations.

Fiscal Impact Statement: Neither the CAO nor the CLA has completed a financial analysis of this report.

Community Impact Statement: Yes.

For: Bel-Air Beverly Crest Neighborhood Council
Eagle Rock Neighborhood Council
Historic Highland Park Neighborhood Council
Los Feliz Neighborhood Council
For if Amended: Lake Balboa Neighborhood Council
Silver Lake Neighborhood Council
Against Unless Amended: Greater Valley Glen Neighborhood Council
No Position: Harbor Gateway North Neighborhood Council
General Comments: Studio City Neighborhood Council

[The City Council may recess to Closed Session, pursuant to Government Code Section 54957.6, in order to confer with the City Administrative Officer relative to labor negotiations and/or collective bargaining instructions with the American Federation of State, County, and Municipal Employees (AFSCME); California Teamsters (Crossing Guards); Engineers and Architects Association (EAA); Fiscal and Policy Professionals Association; International Longshore and Warehouse Union (ILWU) Local 68 (Port Pilots); International Union of Operating Engineers (IUOE), Local 501 (Plant Equipment Operators); Los Angeles City Attorneys' Association; Los Angeles City Supervisors and Superintendents Association/Laborer's International Union of No. America (LACSSA/LIUNA), Supervisory Blue Collar; Los Angeles County Building and Construction Trades Council (LACBCTC); Los Angeles Professional Managers Association (LAPMA), Management Division; Management Attorneys; Municipal Construction Inspector Association; Service Employees International Union (SEIU), Local 721; Los Angeles Police Protective League (LAPPL); Los Angeles Police Command Officers Association (LAPCOA); United Firefighters of Los Angeles City (UFLAC), Local 112; Los Angeles Fire Dept. Chief Officers Association; Los Angeles Airport Peace Officers Association (LAAPOA); Los Angeles Airport Police Supervisors Association (LAAPSA); Los Angeles Airport Police Command Officers' Association; Los Angeles Port Police Association (LAPPA); Los Angeles Port Police Command Officers Association; DWP Association of Confidential Employees; DWP Dispatchers Association; DWP Management Employees Association; International Brotherhood of Electrical Workers (IBEW), Local 18 (DWP Units); and Service Employees International Union (SEIU), Local 721.]

SUMMARY

At a special meeting held on June 2, 2016, the Rules, Elections, Intergovernmental Relations, and Neighborhood Committee considered several reports and communications relative to governance reform of the Los Angeles Department of Water of Power (LADWP), and proposals for amendments to the City Charter and Los Angeles Administrative Code, in response to Motion (Fuentes - Wesson - O'Farrell).

During discussion of the this matter, the Executive Director and Ratepayer Advocate of the Office of Public Accountability (OPA) provided a presentation to the Committee on recommendations for strengthening the OPA and increasing its efficiency and effectiveness, and the General Manager of the LADWP addressed the Committee and reported on concerns and issues involving contracting, procurement, and hiring. Additionally, the City Administrative Officer discussed options regarding hiring at the LADWP.

The Committee Chair then submitted into the record a set of proposed recommendations developed over the course of several public hearings on this matter. Copies of the recommendations were distributed to all members of the public, LADWP and City staff, and representatives of the City's labor organizations in attendance at the Committee meeting. The Chief Legislative Analyst discussed the recommendations in detail and provided a comparison and analysis to the set of recommendations originally proposed under Motion (Fuentes - Wesson - O'Farrell).

After discussion, and after having provided an opportunity for public comment, the Committee approved the proposed recommendations submitted by the Chair. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS, AND NEIGHBORHOODS
COMMITTEE

A handwritten signature in black ink, appearing to read "Herb Wesson", is written over the committee name.

<u>MEMBER</u>	<u>VOTE</u>
WESSON:	YES
HUIZAR:	YES
HARRIS-DAWSON:	YES

REW
6/2/16
FILE NO. 16-0093

-NOT OFFICIAL UNTIL COUNCIL ACTS-