REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 7, 2014

CAO File No.
Council File No. 14-1112
Council District: All

To: The City Council

From: Miguel A. Santana, City Administrative Officer

Reference: Motion Requesting Report Back on JTI/JSI (Council File 14-1112)

SUBJECT: AGREEMENT ON THE JOINT SAFETY INSTITUTE (JSI) AND JOINT TRAINING INSTITUTE (JTI) TRUSTS

SUMMARY

Pursuant the City Council's action of August 12, 2014 and direction from the Mayor, the City Attorney and this Office have negotiated a proposed settlement agreement with the International Brotherhood of Electrical Workers (IBEW) Local 18, the Department of Water and Power, the Trustees of the Joint Safety Institute and Joint Training Institute Trusts, collectively referred to as the Trusts, and the City Controller. The agreement will resolve the majority of the litigation and unfair practices filed related to the Trusts and the funding of the Trusts. The agreement will also serves as Council's response to the September 30, 2014 letter submitted by the City Controller, acting under Charter Section 262, wherein he raised objections to the payment of fiscal year 2104-15 funds to the Trusts. (A copy of the Controller's letter is attached.)

By approving this agreement, Council is neither sustaining nor overruling the Controller's objections but rather is establishing terms and conditions under which the funds may be paid to the Trusts. Paramount perquisites to the payment of the funds is that the Trusts demonstrate functionality and request and cooperate with the Controller and my office in the conduct of any audit and performance and operations evolution of the Trusts.

The negotiated agreement is substantively consistent with the Council's action with one exception. The litigation involving the Controller's right to audit the Trusts (Brian D'Arcy v. Ron Galperin) will continue so as to allow for judicial clarification on the principles at issue in that matter. All other trusts-related litigation, unfair practice claims or referrals to arbitration will be withdrawn with each party bearing its own costs and expenses.

The Department of Water and Power Board of Commissioners have approved the terms of the proposed settlement which relate to DWP's operations. Upon your Council's approval and execution of the agreement by all parties, the settlement agreement will be made public. Staff from the City Attorney's Office and I will be at the Council meeting to provide a report of the proposed settlement agreement's terms and conditions and respond to any questions.

FISCAL IMPACT

The proposed settlement will have no impact to the General Fund. Based on the terms of the settlement, the DWP will submit payments to the Trusts pursuant the Memorandum of Understanding with IBEW Local 18.

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City of Los Angeles

RON GALPERIN
CONTROLLER

September 30, 2014

Honorable Members of the Los Angeles City Council

Dear Honorable Members:

Re: CHARTER-MANDATED OBJECTIONS TO INVOICE NO. 070114 ("INVOICE") FROM DWP FOR PAYMENT TO JOINT SAFETY INSTITUTE ("JSI") DWP JOINT TRAINING INSTITUTE ("JTI") (COLLECTIVELY, THE "TRUSTS")

Pursuant to Los Angeles City Charter Section 262, the Office of the Controller is withholding the above-referenced Invoice for payment to the Trusts made upon the Treasury of the City by the DWP. Charter Section 262 requires the Controller to withhold approval of any demand if a question exists as to whether the payment is improper, illegal or unauthorized. Questions exist regarding payment of Invoice No. 070114 because, to date, I have been denied access to the records and personnel of the Trusts necessary to conduct the due diligence regarding the Invoice, including an audit. Additionally, the Trusts' failure to seat trustees selected by the City has resulted in a lack of functional management, limiting the fiscal oversight of the Trusts.

Charter Section 262 vests the Council with the authority to consider objections raised by the Controller concerning a payment demand. Through Council's motion of August 12, 2014 (CF 14-1112), Council has indicated that it will sustain my objections to the payment of the Invoice, and set forth parameters for the payment thereof. If the Council approves the execution of an agreement by the City in accord with the Motion, the Controller will welcome the opportunity to bring transparency to the Trusts' operations.

Thank you for your consideration and attention to this matter.

Sincerely,

Ron Galperin
City Controller

cc: Honorable Los Angeles City Mayor Eric Garcetti