CITY OF LOS ANGELES

CALIFORNIA

HOLLY L. WOLCOTT
City Clerk

When making inquiries relative to this matter, please refer to the Council File No.

ERIC GARCETTI
MAYOR

Office of the
CITY CLERK

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SHANNON HOPPES
Council and Public Services Division

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August 22, 2014

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 14-1112, at its meeting held August 13, 2014.

City Clerk
wrq

14-1112
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MOTION

BUDGET & FINANCE

This City Council adopted a comprehensive settlement with the International Brotherhood of Electrical Workers (IBEW) Local 18 which resulted in a new Memoranda of Understanding (MOU) with the IBEW; settlement of a lawsuit regarding pension reciprocity between the Department of Water and Power Retirement Plan (WPERP) and the Los Angeles City Employees' Retirement System (LACERS); and a new pension tier for a new employees hired after January 1, 2014. The combined savings for the entire settlement agreement was established by the City Administrator Officer to be worth $456 million over the 4 year term of the contract and $5.2 billion over 30 years.

Included in the MOU was the continued funding of the independent Joint Safety Institute (JSI) and Joint Training Institute (JTI). The MOU establishes the funding of the Trust be based on a fraction of JSI at 10 cents per hour worked by an IBEW member and the JTI at 15 cents per hour worked by an IBEW member.

During the last year, the Trusts have been subject to significant controversy, resulting in multiple lawsuits filed and unfair labor practice claims made. At the heart of the controversy is the need for transparency and the full accounting of the funds transmitted to the Trusts, management's right on who represents the City's interests on the Trusts and the continued future funding of the Trusts pursuant to the MOU.

While the DWP proceeded with the funding of the Trusts for fiscal year 2014-15, pursuant to the MOU, the City Controller announced that "out of good conscience" did not feel comfortable releasing funds to the Trusts. According to the City Attorney, under the Charter, the ultimate decision on the transfer of the funds is made by the City Council.

We therefore move that the Council authorize the Controller to release the funds to the Trusts pursuant to the MOU only when the final conditions are met:

1. Management trustees include the DWP General Manager and other DWP managers or supervisor appointed at her sole discretion.

2. The Trusts begin to meet regularly, adopt an annual budget, authorize timely payment of expenditures pursuant to the adopted budget.

3. The Trust Boards request the Controller and the CAO to conduct Fiscal and Performance Audits for fiscal years 2009-2010, 2010-2011, 2011-12, 2012-13 and 2013-14.

4. The Controller's and the CAO's auditors have unfettered access to all Trust documents necessary to conduct the Audits including, but not limited to bank statements.

5. Due to a pending District Attorney investigation, documents selected at the sole discretion of the Controller and the CAO will remain in the possession of the District Attorney.

6. The Controller and CAO auditors will be permitted to interview any current or former Trustees, staff, or officers to the Trusts or vendors. Interviews will take place at the JSI-JTI premises or at a location mutually agreed upon by the Management and Labor Trustees in consultation with the interviewees.

7. The Audits will be submitted at a public meeting of the DWP Board of Commissioners and the City Council.

8. Fiscal Year 2014-15 payments to the Trusts will be made to an escrow account established by the Trusts and will not be spent for a period of 120 days.

9. Funds will not be expended should the Controller or CAO Audits show any indication of illegality or if there is any violation of the Agreement, including but not limited to denying the auditors timely and unfettered access to all documents and interviews needed to conduct the Audits.

10. The Trusts commit to annual audits by an auditor mutually agreed upon by the Labor and Management Trustees

11. The Trusts commit to annual reports to the DWP and the Council detailing the Trusts' finances, activities and efforts to achieve the goals and objectives set in the Trust Agreements.

12. All trusts-related litigation, unfair practice claims or referrals to arbitration are withdrawn, with each side preserving its respective positions and arguments and bearing its own costs and expenses, except as provided in the Agreement.

13. A dispute resolution process be established to avoid further litigation and to facilitate problem-solving.

PRESENTED BY:

HERB J. WESSON, JR.
Councilmember, 10th District

PAUL KREKORIAN
Councilmember, 2nd District

FELIPE FUENTES
Councilmember, 7th District

BOB BLUMENFIELD
Councilmember, 3rd District

MITCH O'FARRELL
Councilmember, 13th District

ADOPTED
*as amended
AUG 13 2014
See attached Motion
LOS ANGELES CITY COUNCIL

ORIGINAL

SECONDED BY:

AUG 12 2014

MOTION

I HEREBY MOVE that Council ADOPT the following recommendation relative to the release of funds to the Joint Safety Institute and Joint Training Institute Trusts (Item No. 40, Council file No. 14-1112), SUBJECT TO THE APPROVAL OF THE MAYOR:

INSTRUCT the City Administrative Officer, in consultation with the City Attorney, to negotiate with all involved parties to resolve the litigation entitled Brian D'Arcy et al v. Ron Galperin, in his capacity as the Controller of the City of Los Angeles, and City of Los Angeles v. Brian D'Arcy et al., under terms that would include allowing for the release of the Trust funds, contingent upon the conditions outlined in Motion (WESSON - KREKORIAN - FUENTES - BLUMENFIELD - O'FARRELL - LABONGE - BUSCAINO).

PRESENTED BY_____
HERB WESSON
Councilmember, 10th District

SECONDED BY_____
TOM LABONGE
Councilmember, 4th District

August 13, 2014

CF 14-1112

ADOPTED

AUG 13 2014

LOS ANGELES CITY COUNCIL