

June 6, 2016

Honorable Eric Garcetti, Mayor
City of Los Angeles

Honorable Herb Wesson, Council President
and Members of the Los Angeles City Council
200 N. Spring Street, Room 340
Los Angeles, CA 90012

CC: City Controller Ron Galperin

RE: LADWP Reform Rules Committee Proposal - Oppose Department Independence and Civil Service proposals

Dear Mayor and City Councilmembers:

The LADWP reform proposal as passed by the Rules Committee contains several problematic proposals that undermine democratic control over our public utility that could lead to privatization and undermine accountability, transparency, ratemaking, and DWP's badly needed transition to sustainable water and energy.

We are very concerned that the proposed language below paves the way for privatization of the public's utility, which could lead to less transparency, less accountability, and unjustified rate hikes. This measure would take LADWP in the wrong direction at a time when greater transparency, accountability, and public oversight are needed.

The proposed section, titled Department Independence, section l, proposes to remove Mayor and City Council control over the following crucial aspects:

- 1) *"the granting of franchises, concessions, permits, and licenses, and the approval of leases"*
- 2) *"the approval of power contracts"*
- 3) *"the use of competitive sealed proposal methods for design-build contracts."*
- 4) *"the approval of long-term contracts as further provided by ordinance."*

This language would allow the Board to privatize and outsource parts of the utility without council and mayoral oversight, leading to less accountability, undermining public employees, and potentially leading to higher costs for ratepayers. Privatization contracts have been shown to increase costs and decrease accountability and services for ratepayers in dozens of cities across the country.

In addition, this language could undermine badly needed efforts to improve the ways in which LADWP sources its power. Porter Ranch residents and surrounding communities in the San Fernando Valley suffered tremendously from the gas blowout in the Aliso Canyon Storage Facility that lasted 112 days. Now deemed the largest gas blowout in U.S. history, it

displaced 15,000 people in the Valley due to health concerns, which are still ongoing, and negatively impacted local businesses and the economy. The massive release of methane could also have unknown and devastating effects on the climate. The city's continued use of natural gas comes at great risk to Los Angeles residents and the environment. In order to make the necessary transition to 100% renewable energy by the year 2035, public oversight and involvement in power contracts considered by DWP is vital. Democratic representation and involvement is critical to secure our institutions evolve and to hold elected officials accountable when they do not respond to voter interests. This entire section should be removed from the reform proposal.

In addition, the proposed rate-setting reforms are also flawed. Section "m" not only proposes the Mayor and Council approve a 4 year strategic investment and revenue requirement plan, it gives the DWP Board full authority after the fact to change the policies, projects, programs, associated revenues, and rates without obligations for DWP management to report to the Council or the public on progress within the plan. True reform would demonstrate that DWP is effectively meeting the policy goals set by the Mayor and City Council and spending ratepayer money in an appropriate and responsible manner.

On civil service, the recommendation proposes that the DWP board may "waive" civil service for DWP employees and instead deal with matters now handled by the City's Personnel Department through internal DWP collective bargaining. Waiving civil service protections for a significant number of City employees is not smart reform and effectively privatizes and places DWP jobs off limits to employees of other City departments – both managers and rank-and-file – who now use promotional opportunities to benefit the City by deploying their expertise across all City departments.

Moreover under this "waiver" employees in other City departments who would be directly affected by such DWP collective bargaining, their unions, department heads, and the CAO would have no role. Steps can and should be taken to improve the Civil Service system without waiving or eliminating objective transparent standards in hiring, promotions and seniority.

If the public has learned anything about DWP over the last several years – it's that decision making without proper oversight often results in unaccounted for and wasted resources. For instance, the still unaccounted for \$40 million spent on training and safety left a veil of distrust over DWP management. In addition, the years of over-billing due to a poorly-vetted billing software led to the waste of millions of dollars in legal fees.

The Mayor and City Council must not abdicate their oversight role, which is critical to protecting consumers, ratepayers, and meeting our City's infrastructure goals. The best way to make necessary changes is through more city council oversight and coordination among city departments, not less.

Sincerely,

Brenna Norton, Senior Organizer



June 6, 2016

Councilmember Herb Wesson, Chair
Rules, Elections & Intergovernmental Relations Committee Los Angeles City Council
200 North Spring Street, Room 340
Los Angeles, California 90012

CC: Mayor Eric Garcetti
Los Angeles City Council City Controller Ron Galperin

**SUBJECT: DEPARTMENT OF WATER AND POWER - GOVERNANCE REFORM
(FUENTES - WESSON - O'FARRELL; C.F. 16-0093)**

Dear Committee Members:

Thank you for the opportunity to comment on Councilmember Fuentes' motion to restructure the Los Angeles Department of Water and Power's (DWP) governance. On behalf of low-income renters and nonprofits operating low-income apartments in the city of Los Angeles, the [California Housing Partnership Corporation](#) (CHPC)¹ and the [Southern California Association of Non-Profit Housing](#) (SCANPH)² support aspects of the charter reform effort that would increase DWP's operational efficiency and ability to better serve Angelinos. With respect to the recommendations outlined in the seven-page Recommendations handout provided at the Rules Committee Special Meeting of June 2, 2016, we strongly support recommendations #22 and #23. The following are comments to strengthen the overall recommendations:

CHARTER RECOMMENDATIONS

Recommendation # 1: Board Structure

- e. Require Board members to have experience in one or more of the following areas:
- **ADD** "low-income housing management and policy"

NON-CHARTER RECOMMENDATIONS

Recommendation # 21:

- **EDIT** "...and low income seniors with respect to electricity and water rates and low income discount rate programs."

¹ In California, CHPC is co-leader of [Energy Efficiency For All](#) (EEFA), a national initiative dedicated to improving energy efficiency in low-income multifamily housing.

² SCANPH is a member association that supports and advocates for the development of affordable housing representing 200 member nonprofit affordable housing developer/owners in the DWP service area.

Recommendation # 22:

- ***EDIT*** "...not limited by geographical location, household income, or type of housing tenure (i.e. Renter)."

Add Recommendation # 24:

REQUEST the DWP, with assistance of the CLA and the CAO, to report back on the potential of creating a Low Income Oversight Board (LIOB) that would advise DWP on efforts to serve the low income customer market and increase accountability. (Recommendation #24 would support recommendation #23.)

Thank you for your consideration.

Sincerely,

California Housing Partnership Corporation
Southern California Association of NonProfit Housing