



**Meeting Report for November 16, 2009**  
**By Richard Bort and Joe Vitti**

**Valley VOTE** Board members, community leaders, and concerned citizens convened on November 16, 2009 at **Galpin Ford** to hear presentations from City Controller Wendy Greuel, Jarrod Degonia, District Director for Assemblyman Cameron Smyth, and Valley VOTE committee members.

## Wendy Greuel

Wendy Greuel became the L.A. City Controller on July 1, 2009, replacing Laura Chick. Greuel had been the incumbent City Council Member representing Council District #2 (East Valley area) for the previous seven years. Prior to that she was involved in government at both the local and national levels, and she has developed a reputation for developing sound public policy and for getting things done. She is a lifelong resident of the San Fernando Valley.

Ms. Greuel has spoken to Valley VOTE a number of times since 2003, however this is her first visit to Valley VOTE since leaving her post as a Council Member. She outlined the major functional areas of the Controller's Office and discussed her plans and hopes for the office.

The Controller's Office has three major divisions and a staff of 190:

Audit (staff: 20) – This division conducts operational, performance, and forensic audits of most city departments.

Financial Advisory (staff: 20) – This division produces the city's financial statements.

Accounts Payable (staff: 150) – This division pays most of the city's vendor bills and acts as a financial watchdog to make sure that expenditures are appropriate and within budget.

The Controller's Office staffing is extremely tight, she noted, because some 30 (of the 190) have given notice of retirement, some under the proposed plan to reduce the size of the city's bureaucracy.

Greuel, who formerly claimed the title of "Pothole Queen," expressed her new mantra: "I want to be known as the City Controller who gets things done." Greuel told us she is following up on Laura Chick's audits to monitor compliance with her recommendations and completing five or six audits begun under Ms. Chick. Greuel said that when she makes a public report on a new audit result she wants the department's general manager to stand by her side and commit to implementing the changes recommended in the audit. That personal commitment of the GM is important, she said, because it sends a strong signal to the entire staff of the GM's department. Her strategy is to have the GMs partner with her to get things done.

The Controller's Office has the capacity to perform about 25 audits per year, and it has started several new audits since she took office last July 1. Some audits will require special expertise to conduct, in which case outside firms will be engaged.

The "Waste, Fraud, and Abuse Unit" has already uncovered a publicized situation in which a waste hauler overcharged the city by \$1 million. She has turned this over to the City Attorney for collection. She attributed the problem to the contractor taking advantage of a poorly drawn contract, but she would not place the blame for the faulty contract.

Another audit involves examining the situation regarding the backlog of rape kits. She indicated that this isn't a fraudulent situation but rather is an operational challenge because of the need for special expertise to analyze the rape kits, and FBI rules that apply whenever an outside organization is used to examine the kits.

Greuel is working to make certain city departments are more efficient, especially the L.A. Convention Center, which has been losing money for many years. She said that the intermittent operations of the convention center prevent continuous staffing, so she is taking a two-pronged approach: (1) she is trying to drive change in the convention center's pricing to attract functions (and revenues) during traditionally quiet periods; and (2) she may try to change the city's administrative code to allow greater flexibility in staffing in order to avoid paying considerable overtime when the convention center is in use.

Other items on Greuel's agenda include: pension reform; wiser and more effective expenditures; improving the charter-mandated IEA audits, the most recent of which was rather cursory and not even read by Council

members; reduction of the number of toll-free phone lines and shifting that call volume to the city's "311" line, as well as reduction of many unused telephone lines; study of usage of city-owned vehicles; and "green audits" to monitor the city's progress toward the goal of increasing "green power" to 20 percent by 2010.

**Wendy Greuel clearly expressed her support for a DWP Rate Payers Advocate, and said that she would not object if that function were added to the Controller's Office, although she was clear that she was not seeking it. However she did indicate there may be some synergistic benefits if it were administratively placed in her department.** During the Q&A it was pointed out by Joe Vitti that former City Controller Laura Chick, was the only elected city hall official that publicly supported the defeat of Measure B, the Solar program, in the recent election. It was very narrowly defeated and with her help saved the ratepayers of L.A. an estimated 2 billion dollars in future power costs.

Of the three pending motions, to create an Ombudsman (Huissier), an Inspector General (G. Smith), and a Ratepayer Advocate (Garcetti), she said that they all had many similarities and that it will be necessary to clearly define the roles and responsibilities of the office regardless of what it is called and where it is lodged. The most important thing, she noted, is that the RPA (or whatever it is eventually called) must be independent of any political or economic influence. She acknowledged that there is presently considerable distrust of the city's governance and an RPA would help resolve this at the DWP, which touches every resident and business in the city.

In closing Greuel said that she has more ideas for change than resources, but she will continue to drive hard for audits and to make process changes in the city's operations.

### Jarrold Degonia

Jarrold Degonia has been the District Director for California Assembly Member Cameron Smyth for the 38th Assembly District since 2006. Prior to that, since 1999, he had been involved in the clean-up activities at Rocketdyne's (now Boeing Company) Santa Susana Field Lab in the Simi Hills west of the L.A. City boundary in the San Fernando Valley. Jarrold has worked with the community, regulatory entities, property owners, and local governments to gather support for legislation to form the Santa Susana State Park at the former testing facility site. Valley VOTE has supported the Santa Susana State Park legislation, AB 102, sponsored by Cameron Smyth, since March 2008.

Mr. Degonia stressed that his remarks are his own and do not necessarily reflect the views of Assemblyman Smyth, as Degonia's experience with this cleanup project predates his association with Smyth.

The Santa Susana Field Laboratory (SSFL) dates back to the 1940s when the federal government tested rockets, missiles, munitions, and nuclear research there. In 1989, the U.S. Department of Energy (DOE) found chemical and radioactive contamination on the 2,800 acre site, and in 1995 the DOE and Environmental Protection Agency (EPA) declared it a "Superfund" site. This required the site to be cleaned up to standards deemed by the EPA to be "protective." Rocketdyne, which operated the SSFL, was deemed to be the polluter and became responsible for cleaning up the site. Rocketdyne was subsequently acquired by the Boeing Company, which assumed Rocketdyne's responsibility for the cleanup.

After some years of bickering, the state legislature passed SB 990 (Kuehl), which ordered the California "Department of Toxic Substances Control to compel a responsible party or parties to take or pay for appropriate removal or remediation action, as prescribed, necessary to protect public health and safety and the environment at the [SSFL] site in Ventura County."

Apparently, however, SB 990 set a cleanup standard higher than that of the Superfund's standard and Boeing recently filed suit in federal court essentially to invalidate the higher standards of SB 990 in favor of the Superfund standards.

Mr. Degonia discussed the politics of the situation, and hinted that the activists who are involved in the dispute may have a financial interest in prolonging the debate rather than settling it and getting on with the cleanup and development of the state park under Smyth's legislation.

### Valley VOTE Committee Reports

#### Housing- Vic Viereck

Vic Viereck reported that Chris Alan, of developer Dasher-Lawless, has unveiled plans for two Victory Boulevard developments in Valley Glen worth nearly \$400 million that would revitalize the mid-San Fernando

Valley area with new commercial, residential, and retail space over the next several years. The projects – replete with Italian-inspired walkways, fountains, and a trolley – are expected to cover 16 acres on the north side of the boulevard between Ethel and Atoll avenues, marking the largest development in the community to date. Alan enlisted designer Richard Sawyer, who also designed developer Rick Caruso's popular open-air malls The Grove and The Commons, for the Victory Boulevard project. The \$85 million project will include 124 luxury condominiums and 114,000 square feet of retail space on 4.2 acres.

For the second project, The Plaza, Alan said the original plans include a business-class hotel and a movie theater on the 12.2-acre lot. But the development comes amid a citywide outcry over a growing shortage of affordable housing and Alan's first project – which razed five rent-controlled apartment buildings – will not include any so called affordable units. Alan's project will replace 72 apartments, which rented for about \$900 a month, with condos that were originally expected to sell for \$450,000 to \$600,000. "This (was) a blighted piece of property that was gang-infested," Alan said.

#### **L.A. DWP's Strategic Plan - Richard Bort**

Richard Bort reported on the many shortcomings of the September 29, 2009 draft of the DWP's proposed Strategic Plan. The 183-page Power Point document, available on the DWP's website, was prepared by the Huron Consulting Group as a guide for a strategic planning workshop for the Board of Water and Power Commissioners. The document indicates that Huron Consulting received feedback from a wide range of constituencies. The strategic plan is very much a work in progress. Bort noted that this amateurish "Strategic Plan Workshop" document probably was taken from somebody's workbook on how to create a strategic plan, but it completely omits the traditional approach of evaluating the organization's strengths, weaknesses, opportunities, and threats (the well-known "SWOT" approach to strategic planning). "The DWP should be embarrassed," Bort said, "that it hasn't even had a Mission Statement; rather, it attempts to create a Mission Statement here, based on feedback from stakeholders."

Nowhere, however, is the goal discussed of providing water and power to its customers in a clean, efficient, and low cost manner. Instead, the document focuses on eight key issues in 105 pages including: New Priority – Environmental compliance and stability; Employees; Customer service; External relations; Financial; Security; Sustainable supply; Infrastructure

The document does get into some strategic issues in the "Financial" section, where it states its goals with respect to maintaining cost and rate competitiveness. And amazingly, on page 127 it calls for creation of a rate payer advocacy office!

#### **LAWA - Denny Schneider**

Denny Schneider could not attend the meeting but Joe Vitti reported Denny's remarks to the attendees. LAX averted a major disaster on the "fixed" southern runway complex when a landing aircraft missed one on the ground by several feet. The FAA's pronouncement that the centerline taxiway precludes this was wrong. Runway status lights minimize these errors but the FAA guessed wrong on where to place them. Meanwhile the north complex, which the FAA is pushing hard to change, is operating safely.

Several upgrade projects, such as the Tom Bradley West expansion of the number of international gates and a new Central Utilities Plant to provide adequate power, air conditioning, and heating for LAX, are in progress along with fixes to baggage handling systems.

Many more of projects, "green lighted" four years ago by the "Settlement Agreement" remain stalled. The Consolidated Rental Car facility could dramatically improve LAX traveler experience by removing thousands of buses from the Central Terminal Area.

Van Nuys Airport – The creation of an FAA Federal Part 161 regulation request to limit aircraft at VNY is still in process. The Part 161 study by HMMH Company will justify rejection of all stage 2 (i.e., noisy) aircraft. Bob Hope Airport had objected to any reduction of aircraft coming to Van Nuys in the past, but has softened its stance since its own Part 161 to ban all nighttime flights was rejected by the FAA. Approval of a facilitator for a new VNY-Community Noise Roundtable was also approved.

#### **DWP Up Date and the City Budget – Jack Humphreville**

During the week of October 12, two City Council motions were introduced supporting the formation of a Rate Payers Advocate to oversee the DWP. Eight Council members signed the motions and three more, including both CD 2 candidates, have endorsed the Rate Payers Advocate proposal; but it has NOT been endorsed by Councilmen LaBonge, Cardenas, Wesson, or Rosendahl at this time.

Another major DWP issue involves the development of In-Basin Solar Power. Jack noted that given the lack of solar power experience in DWP's management and its notoriously inefficient IBEW construction work crews, an exclusive deal to have only DWP employees construct the solar power facilities will end up costing rate payers an estimated \$1 billion to \$2 billion MORE than if the work were bid out. "All work on the In-Basin Solar Power Plan should be bid," remarked Humphreville. He noted further that this excess cost will more than double when interest costs, the 8% power transfer to the City's General Fund, and the 10% City Utility Tax are factored into our rates.

Switching to the **City's Budget Deficit**, he noted that the current year's budget is running a deficit of about \$400 million. Even with the implementation of the pension-raiding Early Retirement Incentive Plan (e-RIP) and the financially questionable deferral of police overtime, the deficit still will be about \$100 million. The city's operating deficit is further compounded by \$15 billion of unfunded pensions and deferred maintenance. Moreover, there is no "sustainable funding" in the budget for repair, maintenance, and improvement of our already deteriorating infrastructure such as roads, sidewalks, sewers, storm water drains, parks, buildings, and computer systems. Furthermore, he noted that the budget for next year is an even bigger disaster, with the deficit projected at \$500 million, assuming you believe City Hall's estimates and that this year's budget is balanced with no deficit carried over to next year.

L.A.'s fiscal situation is reminiscent of New York City in 1975, Jack said "The solution then was creation of the Municipal Assistance Corporation consisting of private citizens who made sure that NYC balanced its budget and acted in a financially prudent manner. We need a Los Angeles Municipal Assistance Corporation!"

#### **Transportation - Bart Reed**

Bart Reed, Executive Director of the Transit Coalition, brought to Valley VOTE's attention the not-well-publicized fact that Governor Schwarzenegger recently and quietly shifted funding from the immediate need for rail safety to the long-range High-speed Rail Authority intercity service. Instead of federal grant moneys going to implement the "positive train control" systems, the funding will go to the long-term high-speed rail project despite the obvious need to enhance commuter rail safety after last year's horrific MetroLink disaster in Chatsworth that claimed 25 lives. Reed urged Valley VOTE members to fill out post cards addressed to Senator Feinstein, Governor Schwarzenegger, and State Assembly Committee Chair Lowenthal and State Senate Committee Chair Eng protesting the governor's action.

---

#### **Next Meeting**

We will not be meeting in December. The next regular monthly meeting of Valley VOTE will be on **Monday, January 18, 2010. Los Angeles. City Attorney Carmen Trutanich** will be our featured speaker.

#### **Valley VOTE Mission Statement**

Valley VOTE, a diverse coalition of San Fernando Valley residents, businesspeople, educators, community activists, and organizations, is committed to exploring and fostering the implementation of programs that empower the people of the San Fernando Valley and the City of Los Angeles, to improve local governance, education and public participation on policy matters.

*Please forward this Email to interested individuals and organizations. If you would like to be removed from our distribution list please send an Email to [javittisr@cs.com](mailto:javittisr@cs.com)*