

EDITORIAL, LOS ANGELES TIMES

Alice in DWP-Land

April 14, 2004

What do the "pay-to-play" investigations swirling around Los Angeles' City Hall have to do with ordinary folks? Neighborhood councils last month started connecting the dots — all the way to taxpayers' wallets.

The city Department of Water and Power was on the brink of pushing through an 18% hike in water bills when the newly organized citizens' groups, established to give residents more say in local government, revolted. Their complaints prompted the City Council to put off approving the increase (which officials say may be scaled back to a still-hefty 11%) until a review of the utility's finances answers questions about why it has money to burn on Rose Bowl Parade floats, big pay raises and — this is where the dots come in — a \$3-million-a-year contract with public relations giant Fleishman-Hillard.

County and federal prosecutors are investigating allegations that officials in Mayor James K. Hahn's administration used city contracts to reward campaign contributors. Fleishman-Hillard has been a major Hahn political donor as well as a source of — and landing spot for — mayoral hires. The company has won more than \$23 million in contracts in recent years with the DWP, the city airports department and the Port of Los Angeles, the three departments under scrutiny in the investigations.

The U.S. attorney's office recently served a subpoena at the firm's St. Louis headquarters, demanding all e-mails between company executives and city officials. The mayor's office and Fleishman-Hillard representatives deny any wrongdoing.

Hahn, who has already amassed \$1.3 million to campaign for reelection next year, appeared before the city Ethics Commission on Tuesday preaching political fundraising reforms. Perhaps his ideas would have more credibility if he could explain to city voters why his political donors end up with city contracts even while cash-strapped city departments cut services and ask for rate hikes.

City Controller Laura Chick, whose earlier probe into airport contracting sparked the county and federal investigations, complained that recent bills from Fleishman-Hillard didn't specify what services had been provided and included such questionable charges as \$50 to \$100 for quarter-hour periods in which Fleishman-Hillard left phone messages or sent e-mails.

Even aside from questions of legality, no one seems able to explain just what the pricey, outside firm offers that the DWP's in-house PR staff can't, or even why a public monopoly requires so much image-spiffing. (Do they think customers are going to cancel water and electricity?) DWP Board President Dominick Rubalcava followed the dots all the way through the looking glass, telling *The Times* that the contract would help the utility communicate with ratepayers on the importance of the rate hike.

Just wait till neighborhood councils hear that one.