

## **EDITORIAL, LOS ANGELES TIMES**

### **Dept. of Waste and Power**

July 16, 2004

It was bad enough to learn in April that the Los Angeles Department of Water and Power, a public monopoly with no discernible need for a public relations campaign, was shelling out \$3 million a year to a PR company that charged \$50 to \$100 just to leave a telephone message. Now nine former Fleishman-Hillard employees allege that, in addition to the firm doing unnecessary and overpriced work, some of the billings were bogus.

The employees said they and others falsified time sheets or "made up stuff" under pressure from executives in the international firm's Los Angeles office, according to a story in Thursday's Times by staff writers Ralph Frammolino and Ted Rohrlich, who reviewed more than 1,000 invoices.

An attorney retained by Fleishman called the allegations "unfounded." Determining that will be up to Los Angeles County Dist. Atty. Steve Cooley, who says he will open a criminal inquiry.

It won't be the only investigation casting a cloud over City Hall. Federal investigators served subpoenas at Fleishman's St. Louis headquarters as part of a probe into allegations that officials in Mayor James K. Hahn's administration used city contracts to reward campaign contributors. Douglas R. Dowie, who ran Fleishman's Los Angeles office until April, has been a major Hahn political donor, and his firm has been a source of — and landing spot for — mayoral hires. No one has been charged in the pay-to-play investigations, and Fleishman has not been named as a target.

Audits by City Controller Laura Chick — apparently the only Los Angeles official who actually looks at a bill before whipping out the taxpayers' wallet — prompted the pay-to-play investigations. It was also Chick who first raised questions about Fleishman's DWP contract in April when she refused to pay an invoice, citing questionable charges.

City Hall needs more Laura Chicks. Pay-to-play and fraud allegations aside, there was no reason for the DWP to employ an outside PR agency. It has an in-house PR staff of 23 — and a captive customer base that isn't exactly going to cancel water and electricity service because it doesn't like the local monopoly.

There were ample reasons to question the firm's billings — \$150 to \$425 an hour to scan newspapers, for example, and \$850 for a two-hour business lunch (and that was without the cost of the meal). Frank Salas, the DWP's acting general manager, who's listed on the contract as the administrator in charge, told The Times that he left it to his staff to review and sign off on the firm's monthly invoices. If lack of oversight alone is not reason enough for Hahn to fire Salas, surely the revelation that Salas asked Fleishman to hire a family friend, then overturned an audit questioning nearly \$300,000 in disputed bills,

should seal the decision.

Neighborhood councils just revolted against a proposed DWP rate hike. They are going to want to know how Fleishman-Hillard got such a sweet deal — and what's going on elsewhere in city government that no one knows about.