

40% of Pet Project Funds Going to Salary Accounts

Some council members are hoarding money intended to go toward needs in their districts.

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Two years ago, Los Angeles City Council members voted to give themselves \$4 million a year to spend on pet projects in their districts, arguing that they needed a consistent source of money to help pay for graffiti cleanup, tree planting and other programs to spruce up neighborhoods.

But since July 2001, the council members have transferred more than 40% of those community improvement funds into their office salary accounts, according to city records.

The move does not allow the council members to increase their own salaries, which are set by law at \$139,476, but it has allowed them to pay for staff raises and additional hiring. Some council members have simply let the funds accumulate, increasing their salary accounts by nearly half a million dollars, about half the total budget for each council office.

City Controller Laura Chick said she was astounded at the way the money has been used and at the lack of oversight for spending it.

"These dollars are not being spent with any plan or criteria or evaluation that's shared openly with the public," Chick said. "These are, from every respect, slush accounts that advantage the incumbent."

For years, council members have received \$20,000 a year to spend on neighborhood projects. Two years ago, the council voted to give themselves an additional \$250,000 per year, doled out at the discretion of each of the 15 council members.

The city does not publicize the existence of the money, and often community organizations have learned of its availability only after appealing to a council office for assistance on a project.

Of the \$6.2 million the council members have tapped from the two accounts since July 2001, \$3.5 million went directly to neighborhood programs and activities, while \$2.7 million was transferred to the council offices' salary accounts, according to documents obtained from the city clerk and the city controller, which routinely processes city checks.

Most of the transfers happened at the end of the last fiscal year in June, when council members had unspent money in their community improvement accounts.

Council members defended their use of the money, saying it has allowed them to beef up their field staffs and help worthwhile neighborhood groups without being stymied by the city bureaucracy.

"If all city money ran this efficiently, without overhead, we'd be better off," said Councilman Eric Garcetti. "This is stuff that goes directly into the community, with no middleman."

Robert Stern, president of the Center for Governmental Studies, a Los Angeles-based nonprofit organization that advocates for government accountability, called that argument "a lame excuse," noting that the City Council has authority over the city's spending. Stern said he is troubled by the lack of transparency in the use of the money.

"Certainly, it could be abused," he said. "I'm sure most of these expenditures are legitimate. That's not the point. The point is they should go through a process on this, and people should know how they spend the money."

Money Not Budgeted

For the second year in a row, Mayor James K. Hahn has not provided money for the community improvement funds in his budget proposal, saying the city's tight finances make it difficult to fund discretionary programs. Several council members said they would try to restore the account this month as they review the mayor's proposed budget, just as they did last year.

"It's just really been helpful to have that money to direct to causes that improve the quality of life in the 15th District," said Councilwoman Janice Hahn, the mayor's sister, who has given nearly \$150,000 of her discretionary account to the Los Angeles Harbor-Watts Economic Development Corp., a nonprofit that works to bring new businesses to the area.

Mayor Hahn would not say whether he would veto the community improvement account if the council reinstates it. He suggested, however, that if the council wants to fund more community programs, it should do so through the neighborhood councils.

"If we're going to have some money available for worthy community efforts, that ought to be something that's in consultation with the neighborhood councils, rather than just picking somebody," the mayor said. "This ought to be something that is opened up."

The community improvement funds, also known as general city purpose funds, first garnered public attention this spring, when a group that received money from Councilman Nick Pacheco's account was linked to a political committee supporting his reelection. The councilman and the two groups denied any wrongdoing.

Few Limits on Spending

According to city guidelines, the \$270,000 each council office receives annually is intended for "community activities that promote the image of the city and serve a public purpose."

Suggested activities include community festivals, Neighborhood Watch programs and street beautification. The funds cannot be used for political or religious activities, but there are no other limits on how the money can be spent.

To distribute the money, a council member simply has to submit a one-page form explaining the purpose of the expenditure to the city clerk's office, which administers the two accounts. Groups that receive more than \$5,000 must go through the city contracting process and provide information about insurance and compliance with the city's living wage ordinance.

Spending records show that many council offices gave multiple donations to the same group in the amount of \$5,000 or less, allowing them to avoid the contract requirements.

Councilman Jack Weiss has proposed new measures to regulate the spending and oversight of the money, such as treating cumulative donations of more than \$5,000 to one group as a contract. He also proposed that council offices report annually on how they have used the money.

"We need to give the public greater assurance that these sorts of possible abuses don't occur in the future," Weiss said.

By the end of February, the council members had spent \$3.5 million directly on neighborhood programs and organizations since the inception of the community improvement fund in July 2001. The money went to a variety of projects, reflecting the disparate needs in each district and the personal interests of the council members.

Former Councilman Joel Wachs, an art lover, gave \$140,000 to local museums to provide art programs in 26 elementary schools in his Valley district. Councilman Ed Reyes provided \$12,000 to refurbish a community theater in Pico Union that runs an after-school program. Councilman Dennis Zine gave \$10,000 to the Valley Youth Conference, which runs athletic programs for youth, and another \$5,000 to the Valley Cultural Center to help put on a free Fourth of July concert at Warner Park.

Councilman Hal Bernson gave \$70,000 to the American Film Institute to help fund a scholarship in the name of his late daughter, Holleigh, who was studying directing there when she was killed in a car accident in 1995. Bernson said the donation was appropriate, comparing it with giving money to the Los Angeles Philharmonic or the Hollywood Bowl.

"It's a nonprofit organization, so it's perfectly legal," he said. The film institute "falls within the purview of the community of Los Angeles and the area, and we certainly have students from all over the city, including our district, that attend there."

The council members who spent the most money represent the districts with a large share of residents living below the poverty level. Pacheco, whose 14th District includes Boyle Heights and other Eastside communities, distributed more than \$450,000 of his community improvement funds in the last two years. Councilwoman Jan Perry spent nearly that much on programs in the 9th District, which includes downtown and parts of South Los Angeles.

Having the fund has "been extremely valuable," said Perry, who used a large share of the money to help defray the funeral costs of homicide victims. "I have really appreciated the ability to get people over a hump."

Robert Owens, executive director of a South Los Angeles after-school program for children who live in the Imperial Courts and Jordan Downs housing projects, said the \$15,000 the program received last May from former Councilman Mark Ridley-Thomas was invaluable.

"It helped us so much," said Owens, who said he paid for field trips, a computer lab and snacks for the 100 children who participate in the program, which is run by the Kedren Community Health Center.

Of the \$2.7 million that was transferred to salary accounts, \$1 million moved during one of the City Council's closing sessions last June, the end of the fiscal year.

Council members said they rolled the funds over to retain the money, since unspent money in the general city purpose accounts would revert to the city's reserve fund at the end of the year. Some neighborhood activists who did not know that the money even existed expressed disappointment.

"Where is the money, and how much of it can we use in Sylmar?" said Charlotte Bedard, president of the Sylmar Chamber of Commerce and co-founder of a local graffiti cleanup program. "There's a lot of things that can be done with it out here."

Weiss transferred more money than any other council member — \$475,000 — into his salary account. He said he has not used it for staff salaries or hiring, but is holding onto the money until he finds appropriate uses for it.

"There hasn't been an overwhelming demand," Weiss said. "I'm just being prudent."

Councilwoman Cindy Miscikowski, who has moved \$410,000 into her salary account, said she is saving the money to assess the needs in her council district, which has new boundaries since the recent redistricting.

"It just takes some time to look at and evaluate the programs," Miscikowski said, adding that she hopes to finance a large project in her district with the money.

Additional Aides Hired

Other council members said they have used the money to hire more staff members. Councilman Alex Padilla said he has used the \$240,000 he transferred to the salary account to help pay for three more staff members in his field offices and to give bonuses to the staff throughout his council office.

"If it allows us to put more people, more time and more energy out into the community to respond to needs, it's consistent" with the goals of the program, Padilla said.

Garcetti, who transferred almost \$212,000 into his salary account during the last two years, said he used the money to hire an additional staff member in his district office and a community organizer and a USC graduate student who created a detailed map of parcels in the 13th District.

He also used part of the fund to boost the salaries of his field staff by 6%.

"The work isn't often particularly glorious and the volume can be staggering," Garcetti said, adding that his district office fields 2,500 constituent concerns weekly. "This keeps good people serving my constituents."