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Question of Conflicts

Neighborhood Council Talks a Lot, Tells Little

The Downtown Neighborhood Council (DNC) is speaking up on an increasing number of issues and projects in its territory but has yet to require any public disclosure of information regarding potential conflicts of interest for the group's 27-member board of directors.

The DNC is not alone among neighborhood councils in its lack of such disclosures and is not yet legally required by to make such filings. The DNC is free, however, to develop its own set of rules on the matter.

Meanwhile, the current situation holds the potential to grow into a credibility gap between the DNC board and constituents

"They want to weigh in and give the City Council their opinions on everything, but nobody knows what might be in it for any of the DNC board members," said one Downtown business owner who requested anonymity. "How do we know what they own, or what business contacts they may have that could benefit from their actions?"

Such questions have a top city official suggesting voluntary steps to ease concerns.

"If it were my council, I would probably go ahead and make some rules on conflicts of interest," said Greg Nelson, general manager of the Department of Neighborhood Empowerment (DONE), the city agency that oversees neighborhood councils.

"Maybe the neighborhood councils won't be going that extra step until some of these concerns are in a public light and people say it's wrong [to have no conflict of interest disclosures]," Nelson told the Garment & Citizen. "But I could also

easily see any neighborhood council board getting together and saying ‘We may just be taking advisory actions—but if you own property or own a business that stands to benefit, you should tell us that.’”

DNC president Doug Wance said the group is currently working on a standard of conduct for board members and committee members. He said the matter of disclosures had not come up, but added that it could be incorporated into the standard of conduct.

“This has not been an issue that’s presented itself to us,” said Wance. “It hasn’t been a priority among all the rest of the work we’re doing to establish committees and come up with a standard of conduct and everything else.”

Reasons for concern over public perceptions of the board and committee members were on when at the May 13th meeting of the DNC’s board. The body voted to endorse a list of transportation-related projects proposed for various parts of Downtown, all of which involved public funds. The endorsement came with a commitment by the board of directors to provide letters of support to city officials and agencies, and to have members offer testimony on behalf of the projects.

Michael Gagin, a lobbyist for the Downtown firm of Rose & Kindel—and co-chair of the DNC’s Transportation & Public Works Committee—made a presentation recommending endorsement of the projects.

(Gagin himself is not an elected member of the DNC board. The DNC appoints board members and non-board members as co-chairs of its various committees as a way to increase community participation).

Among the projects presented were two in the Fashion District that seek public funding. Gagin, meanwhile, was recently retained to represent the Fashion District Business Improvement District (BID) in its effort to win a five-year renewal (see related story, page 1).

Gagin happens to be a unique case in regard to the DNC—a leader of the group’s founding efforts who won the respect of nearly all of the participants in a long and often-difficult formation process. Gagin told the *Garment & Citizen* that

he declined to run for the board of directors because his position with Rose & Kindel would likely mean a steady stream of conflicts of interest. The lack of any legal requirement for disclosure applied to Gagin as a non-board member committee co-chair, the same as it currently applies to board members. Gagin added that he was retained by the Fashion District BID after the Transportation and Public Works Committee had decided to recommend the projects in the Fashion District for approval. He added that the timing of meetings had him making the presentation to the board after signing on for the work on behalf of the BID.

Gagin said the timing of his committee work—and the fact that he was making a recommendation to an advisory body—initially left him unconcerned about a conflict of interest. But he added that he would address any potential perceptions of conflicts in the future by recusing himself—or temporarily stepping aside—from committee work where such questions might arise.

“I don’t think myself or anyone else should render advice if there is even any perception [of a potential conflict of interest] based on a reasonable conclusion,” Gagin said. “I guess in this case there could be a reasonable conclusion, and in the future I would recuse myself in such cases.”

Current rules governing board-member disclosures for individual neighborhood councils follow the regulations for employees of the Department of Neighborhood Empowerment (DONE), the city agency that oversees the councils. But those rules apply to Neighborhood Councils only when they begin receiving any of the \$50,000 that the City of Los Angeles has committed to help cover the operating costs of each of the 100 or so councils that have been approved throughout the city so far.

The DNC has not yet received any funding from the city, so it is not legally required to file any disclosures from board members.

(The DONE standard was adopted after the Los Angeles City Council decided some general standard was needed to avoid an excessive workload that would

crop up if it had to formally approve each of the Neighborhood Councils' disclosure policies).