



CITY OF BELL

November 15, 2010

CITY OF BELL COMMUNITY REPORT: THE FIRST 100 DAYS

Dear City of Bell Resident:

As you are aware, I was appointed to the position of Interim Chief Administrative Officer (CAO) for the City of Bell on July 23, 2010, to bring about much needed reform in response to the alleged corrupt practices of the former City of Bell administration.

Within the First 100 Days of this New Administration and under the policy direction of the City of Bell City Council, we have implemented best practices and “good government” measures that have moved the City forward and brought about transparent governance in a number of important areas including the following:

- Secured State Controller John Chiang’s assistance in conducting an independent audit of the City of Bell (Attachment A);
- Secured Supervisor Gloria Molina’s assistance with a fiscal review of the City of Bell by the Los Angeles County Auditor-Controller (Attachment B);
- Contracted with the Los Angeles County Registrar Recorder to conduct March 2011 City Council and recall elections (See Attachment C);
- Appointed a new Interim City Attorney, James Casso of Meyers Nave (Attachment D);
- Issued a subpoena for personal records from Robert Rizzo for City records from his personal email account (Attachment E);
- Advocated for the successful adoption of Assembly Bill 900 before a bipartisan Legislature, the Bell Property Owners Tax Rebate (Attachment F);
- Reduced the Pension Tax Rate paid by Bell property owners (Attachment G);
- Reduced the salaries of City Council members and key city employees by 90% (Attachment H);
- Eliminated the supplemental retirement benefit packages;
- Developed a new bilingual City Clerk Web site providing online Council Agendas, Council Minutes, as well as a request form for public records;
- Posted City employee salaries on the City’s website;
- Lowered the fee for the cost of obtaining public records (Attachment I);
- Terminated the illegal loan program established by the former administration and demanded immediate payback of loans from City employees (Attachment J);
- Achieved a savings of over \$3.4 million by reducing, retiring, terminating or accepting resignations from the Executive and Administrative Management (individuals previously identified as having salaries not commensurate with area comparison or experience);

- Eliminated the 100% CalPERS Supplemental Retirement funding by the City of Bell;
- Terminated Municipal Management Company contract to manage the City-owned Bell and Florence Village Mobile Home Parks (Attachment K);
- Terminated and phased out the City of Bell/City of Maywood Contract for Municipal General Services (Attachment L);
- Extended the Public Works Department's office hours to overlap with that of the Planning Department allowing constituent's greater access to public services;
- Lowered the high rental rates of residents at both City-owned mobile home parks (Attachment M);
- Proposed an income-contingent affordable housing program for both City-owned mobile home parks (Aforementioned Attachment M);
- Lowered the rental rate prospective mobile home buyers would inherit from mobile home owners at both City-owned mobile home parks (Aforementioned Attachment M); and
- Committed to maintaining rental rates at both City-owned mobile home parks without an increase through 2011-2012 Fiscal Year (Aforementioned Attachment M).

These reform measures have been made with two goals in mind; the first of which is restoring the City's fiscal viability while the second is working towards rebuilding the public's trust in the City's operations. My mandate as the Interim CAO is to continue to establish transparency in all aspects of our local government.

On a separate note, during the First 100 Days of this New Administration, I have received numerous questions from Bell residents, as well as the community-at-large, about the City's management. I would like to take this opportunity to respond to a few of the most frequently asked questions. My responses are outlined as follows:

1. "INTERIM CAO AND INTERIM CITY ATTORNEY: How long will the Interim CAO and Interim City Attorney represent the City of Bell?"

As the Interim CAO, I was tasked with providing the City of Bell my crisis management skills at a most critical juncture in its history. At the time of my appointment, my role was clearly established as a provisional service until the time the City of Bell City Council could secure a permanent CAO replacement. Many have questioned my tenure as Interim CAO, I would like to clearly state that I will serve in this capacity until a new City Council is established or until the Bell City Council is no longer in need of my services.

As for the Interim City Attorney, James Casso, of Meyers Nave, his legal expertise and service to the City of Bell is also provisional until the time of my departure. At which point, the City of Bell City Council can identify new legal representation, if they so choose, or continue with his services.

2. "BELL POLICE DEPARTMENT: What has been done to reduce the high salaries and illegal pay raises given to the nine targeted Bell Police Officers that participated in an illegal attempt to establish a joint police authority under the former Administration?"

The salaries of the Bell Police Officers that were illegally compensated to participate in the establishment of the joint police authority under the former Administration have been reduced and all attempts to establish an alternate police authority have ceased (Attachment N).

3. “RESERVES: How much money did the City of Bell have in its total reserves at the end of the Fiscal Year 2007-2008? Fiscal Year 2008-2009? How much money does it currently have in its total reserves? What are the projected reserves for the end of Fiscal Year 2010-11? Will there be a decline? If so, why?”

At the close of Fiscal Year 2007-2008, the City of Bell had \$3.6 million in liquid assets. At the close of Fiscal Year 2008-2009 the City had \$5 million in liquid assets. Absent a final audit, the City’s Fiscal Year 2009-2010 liquid assets are estimated at \$5 million. As for Fiscal Year 2010-2011, it is premature to provide projections.

In an effort to bring further transparency and clarity to the City’s fiscal status, we have invited Los Angeles County Supervisor Gloria Molina and the Los Angeles County Auditor-Controller to review the City’s finances (Aforementioned Attachment B).

Currently, the County Auditor-Controller is conducting an ongoing in-depth financial review of the City of Bell. Upon completion, they will report back to the Los Angeles County Board of Supervisors with their findings. This assessment will be done at no cost to the City of Bell. Coupled with the State Controller’s audit, the County Auditor-Controller’s document will serve as a sound road map to guide the City of Bell’s budget for the next fiscal year.

3. “BOND DEFAULT: It is reported that at the year’s end, the City of Bell may default on a \$35 million bond for the City-owned property near Bandini and Atlantic Boulevards. Please explain the circumstances. Has the City’s credit rating declined? If so, why? What is being done to prevent a default and restore the City’s credit rating?”

The City of Bell is working diligently with Dexia, a private bank and bondholder (holds \$35 million in bonds), to resolve the outstanding debt issue for the property on Bandini and Atlantic Boulevard in the City of Bell. We are currently negotiating a final resolution with Dexia.

As for the City’s credit rating, its recent decline is directly correlated to the recent media attention that has focused on the fiscal practices of the prior administration. While restricted revenue streams secure a majority of the City’s bond repayment obligations, Wall Street has opted to react to media attention rather than financial data. Nonetheless, the City looks forward to making payments on its various bonds in an effort to reassure the credit rating agencies of the City’s credit worthiness.

4. “DEFENSE FEES: Will the City of Bell pay for the legal defense of those public officials charged in the District Attorney’s criminal lawsuit or that of the Attorney General?”

The City of Bell does NOT intend to pay for the defense of the public officials charged in either the Attorney General or District Attorney’s lawsuits. However, we anticipate that one or all of those defendants may seek a court order requiring the City to pay, especially with regard to the lawsuit filed by the Attorney General. Please be assured that the City will vigorously OPPOSE any motion seeking payment of legal fees by any of the defendants.

5. “LOAN PROGRAM: Please list all Bell employees who received loans from the City, the loan amount, if the loan has been repaid, and if there is an outstanding balance. Please indicate who authorized the loan program”.

The former loan program was created and implemented by Mr. Robert Rizzo, subject to his discretion and sole and exclusive authority. It was never approved by the City Council. The City has already collected full payment from most current employees and from all former employees and current or

former Council members. For those loans that are still outstanding, the City has demanded immediate and full payment. The attached document identified as "Administrative Agreements" (Aforementioned Attachment J) identifies City employees who were granted City loans by the former CAO.

As for the loan made to Mr. Randy Sopp, the Interim City Attorney's office is finalizing a stipulated judgment to be filed in the Superior Court that requires payment with interest.

6. (A) "COMPENSATION: Please provide compensation for all City of Bell employees."

The City of Bell worked diligently with the California State Controller John Chiang to comply with the newly developed requirement to post all compensation on line utilizing the newly developed guidelines provided by the Controller's Office. The State Controller's data includes the W-2 earnings of all City of Bell employees, irrespective of salary (Attachment O)

(B) "COMPENSATION: Please provide compensation for the public officials included in the Attorney General's lawsuit paid in the last three years"

The current and former "public officials" included in the Attorney General's lawsuit include:

- George Cole
- Randy Adams
- Victor Bello
- Oscar Hernandez
- Teresa Jacobo
- George Mirabal
- Robert Rizzo
- Angela Spaccia

The document identified as "Salaries and Reportable Compensation, Calendar Years 2007-2009" (Attachment P) highlights the compensation paid to the aforementioned individuals including wages and deferred compensation during the last three years.

7. (A) "FORMER CITY ATTORNEY: Please list all compensation paid to the prior City Attorney, Edward Lee of Best, Best and Krieger in each of the last three years."

The attached document identified as "Paid Invoice History by Vendor" (Attachment Q) identifies all payments made to the former city attorney Edward Lee of Best, Best and Krieger.

(B) "INTERIM CHIEF ADMINISTRATIVE OFFICER (CAO): Please list all compensation charged by, or paid monthly, to Mr. Pedro Carrillo, Bell Interim CAO, and his firm Urban Associates, since he became Interim CAO."

The Interim CAO agreed to contract with the City of Bell WITHOUT ANY benefits such as those typically afforded to the position including health, pension, deferred compensation, vision, dental, supplemental retirement, car allowance, gas allowance, and/or travel allowance.

The attached document identified as "Vendor Name: Urban Associates Inc" (Attachment R) provides a detailed listing of the payments made to Urban Associates since being appointed as Interim Chief Administrative Officer.

8. "SUPPLEMENTAL RETIREMENT PLAN: Please list the names and position of the 41 people referred to in the Los Angeles Times, who received supplemental pension plans and what the City is doing to correct this abuse?"

The attached document identified as "Miscellaneous Employees Supplemental Retirement Plan" (Attachment S) references those individuals eligible for the supplemental pension plan. We have eliminated the practice administratively, and no longer offer this plan to any individual at the City of Bell.

9. "JOB DESCRIPTIONS: Please provide job descriptions for all City of Bell personnel."

The previous administration did not have specific job descriptions for City employees, but instead relied on verbal direction from the former CAO. In a reform effort, we are currently working on compiling and updating job descriptions for all City employees as well as constructing an organizational chart to assist constituents in directing their questions to the proper authority. We will make this information available to the public via the City website when completed.

10. "MEASURE A: What's going on with the Sports Complex on Florence and Walker? Is that project still under way? If so, how is the City paying for it?"

At this time, the construction of a Sports Complex has been put on hold. Funds for the Sports Complex are set-aside in a restricted account. Those funds are proceeds from the 2003 Measure A General Obligation Bond issue.

11. "EMPLOYMENT TERMINATIONS: Are the following individuals still employed or under contract with the City? If so, has their salary been reduced?"

- Eric Egenna, Director of General Services has been released from his duties.
- Lourdes Garcia, Director of Administrative Services, has had a reduction in her salary.
- Annette Peretz, Director of Community Services, has retired.
- Luis Ramirez, Deputy Engineer has retired.
- Ricardo Gonzales, Business Development Coordinator, has been released from his duties.
- Dennis Tarango, D&J Engineering, has been released from his duties as the Director of Planning. In addition, D&J Engineering has been permanently released from all contractual obligations with the City of Bell.

* Please note that no former City employee has received any type of severance or termination compensation from the City as a result of their change in employment status.

As to the specifics on documentation, we are not allowed to disclose personnel issues on an ongoing effort to minimize the City's liabilities.

12. "PROPERTY TAX REBATE: Assembly Bill 900 was signed into law last August, when will property owners receive their rebate check?"

Upon learning of the illegal property tax assessment levied by the former administration per State Controller John Chiang's Audit, the new Bell Administration and the Bell City Council immediately lowered the tax rate to within legal regulations and quickly advocated in the legislature (CA

Assembly & Senate) to redirect the over assessment to Bell property owners through the Bell Property Owners Tax Rebate initiative known as Assembly Bill 900.

On October 19, 2010 the City of Bell paid the County of Los Angeles Auditor-Controller \$2.9 million dollars to reimburse those impacted property owners. Effective November 5, 2010, the Los Angeles County Auditor-Controller began distributing rebates to those impacted Bell property owners that were over assessed property taxes during the three year period from July 1, 2007 through June 30, 2010.

We are very grateful to Assemblyman Kevin De Leon, Assemblyman Elect Ricardo Lara, Senator Ron Calderon, and State Controller John Chiang for their support and participation in securing funds for Bell property owners.

Since the Pension Tax over assessment was brought to light by State Controller Chiang, we have spoken to, and met individually with, over 100 Bell property owners addressing questions related to the over assessment, tax rebates, as well as other tax-related questions. As such, we drafted a bilingual list (English & Spanish) of "Frequently Asked Questions about the Pension Assessment Rebate to Bell Property Owners" (Attachment T) for public distribution. Further, we've added this handout to the City's website for greater access to members of the public.

As outlined in this letter, within the First 100 Days of this Administration, the City of Bell has, and will implement best practices and open government reforms in all aspects of its operations. I invite residents of Bell to work with the City and its new Administration to effectively bring about this much needed change. It is only through the full civic participation of all residents that the City can heal and move forward.

As difficult as it has been to effect change, we believe that our careful but constant move towards permanent resolution of these issues are consistent with the public's desires and with the City of Bell's need to minimize liabilities and meet the challenges we face in the future.

Thank you for your vigilant participation, I look forward to continuing to work with you and all Bell residents.

Sincerely,



PEDRO CARRILLO

Interim Chief Administrative Officer

Attachments include:

- A) "City of Bell Audit Report Administrative and Internal Accounting Controls, July 1, 2008-June 30, 2010" conducted by the California State Controller's John Chiang
- B) Correspondence to Supervisor Gloria Molina from Bell Interim CAO
- C) City of Bell Resolution 2010-28

- D) City of Bell Resolution 2010-24A
- E) City of Bell Resolution 2010-29
- F) August 18, 2010 City of Bell Press Release, "City of Bell Working with Legislative Leaders to Secure Refunds to Taxpayers"
- G) City of Bell Resolution 2010-25
- H) July 26, 2010 City of Bell City Council Meeting Minutes
- I) City of Bell Resolution 2010-27A
- J) Administrative Loans
- K) Correspondence to Municipal Management Company from Bell Interim CAO
- L) September 3, 2010 City of Bell City Council Meeting Minutes, Council Business
- M) Correspondence to Bell and Florence Village Mobile Home Park Residents
- N) Memorandum from former Chief Administrative Officer Robert Rizzo Authorizing Illegal Pay Raises to Police Officers
- O) State Controller's Office – Division of Accounting and Reporting, Local Government Compensation Report for Calendar Year 2009
- P) Salaries and Other Reportable Compensation, Calendar Years 2007-2009
- Q) Paid Invoice History by Vendor for Former City Attorney Edward Lee of Best, Best and Krieger
- R) Vendor Name: Urban Associates Inc. for payment made to Interim CAO, Pedro Carrillo
- S) Miscellaneous Employees Supplemental Retirement Plan
- T) Frequently Asked Questions about the Pension Assessment Rebate to Bell Property Owners

CC:

- A) City of Bell Mayor and Members of the City Council