



LAURA CHICK

The Los Angeles City Controller on the city's shady contracting process and why Hahn hasn't done any

By [Bobbi Murray](#)

The term "accountant" is a metaphor for the gray and unglamorous, the bean counter, but that description doesn't fit L.A.'s chief accountant, City Controller Laura Chick. The blunt-spoken and energetic Chick was elected in 2001 after two four-year terms on the City Council, and just as a change in the city charter expanded the powers of her office. While her predecessors (including the current mayor, James Hahn) monitored city departments' fiscal health, the new charter allows Chick to do audits on how well they are spending our money.

She has churned out over 80 audits that have discomfited many in City Hall, connecting the dots to show big-money city departments making backroom deals, or seeming to award lucrative contracts based on the bidders' political contributions. Her investigations into airport and port contracting practices have led to criminal investigations and fanned the whiff of scandal in the direction of Mayor Hahn. At the Port of Los Angeles, for instance, she found that a Dutch shipping company called P&O was passed over for a huge contract because the mayor favored someone else, despite being the best bidder and having an environmentally friendly proposal to idle their ships on electric power. Up for re-election in the spring elections, Chick's high profile has led many to speculate about a future run for mayor. CityBeat spoke with her in a sunny third floor office replete with abacuses in City Hall East.

CityBeat: What the heck is an audit?

Laura Chick: I'm the taxpayer watchdog. I'm trying to improve city services, to open up the city's books to more public awareness, and to eliminate waste and fraud where we find it. The new charter gave a very important new power to this office - the mandate to do performance audits: How are we doing and how can we do it better?

Some people have been coming to me and saying, "Can't you be a kinder and gentler controller?" These are all people I know who have been supporters but who are all close with the mayor. But audits are meant to find things that can be improved or changed. Audits aren't meant to analyze in order to praise.

What caught your eye about the airport and port departments that has led to criminal investigations?

I came into this office with the sense that there were problems about the contracting process. It made sense to look at the three top departments awarding contracts. The other one would be public works - I'm almost done with an audit of public works. We were looking at how money is handed out from the three departments to the private sector.

That's always an interesting question.

Yeah. It was the culmination of what we had seen in DWP and the port and finally the airport that caused the visit to Steve Cooley's office, where we handed over materials on the airport. It is very much showing that there is potential wrongdoing, and it's not really our area of expertise to do a full-blown investigation. In the airport it just reached new proportions. We had people coming out of the woodwork - employees, former employees, companies that were doing business, companies that wanted to do business - all telling the auditors about problems.

What kind of problems?

Problems about how contracts were awarded. Problems with the commission. The audit found that when staff awarded the lower-priced contracts, they followed procedures. When it went to the big ones and went to the commission, the procedures flew out the window - lots of secret meetings, lots of commissioners sitting in on the process where they shouldn't have been. An atmosphere ripe for abuse and fraud: at least a perception of pay-to-play, that if you wanted to get a lucrative contract, you needed to be a campaign contributor.

Your audit found that the Community Redevelopment Agency failed to keep track of real estate transactions. Development is the biggest money business in town ...

Always has been in L.A. We did three audits of the CRA, basically looking at their loan portfolio, and really we came out with a very negative verdict. The CRA is supposed to be generating new jobs and affordable housing, and especially in blighted neighborhoods. Only the CRA never went back and checked to see if they were doing that. Also, the deal should have been structured that if they're making a profit, we get our money back and we get it back faster. We've got something called the Metropolitan Lofts, it's a Forest City development and now they're doing Metropolitan phase two. Phase two is a privately funded project, but the city is giving the developer the land.

Is that the one at 11th and Flower where the CRA said that they bought it at \$5 million, but your audit found out it was \$8 million?

We have developers fighting to get their foot in the door to build housing projects downtown. Fighting! Private sector banks are fighting to loan money to housing projects. Why are we giving land away? CRA is supposed to do that when development can't happen in an area.

How much money are we talking about?

Millions! Lots of millions. I think the land that we're giving on that Metropolitan project - I think that it was many millions. But the whole portfolio - was it \$180 million? [Her office later confirmed it as \$498 million - Ed.]

So, Forest City Properties donates \$44,000 to city officials - \$11,000 to Hahn

They've actually contributed to me.

And then the city council approved the plan. They got the parcel for a song.

That's right. This is how it happens now: Developers will approach a council office, and say, "Boy, have I got a deal for you! Look at this project I want to do in your area. Convince a council office to approach the CRA and say, 'Do it.'"

Who would take the leadership on the CRA? Who would give it a vision?

I called on the council and mayor to hold public hearings, to re-examine the governance of the CRA. Those hearings haven't happened. But can a part-time, unpaid, volunteer, non-expert board of citizen activists effectively manage what we think is a \$180-million loan portfolio? In the past, when Jackie [Goldberg] and Mark Ridley Thomas and I were on the council, there were discussions about the council taking over the governance of the CRA.

It's up to the mayor to make them make the changes?

This is the crux of my anger, frustration, disappointment, with Mayor Hahn. Because I always conceptualized my job as being the first lieutenant for a mayor, and that I would hand off audits that provide a roadmap on what needs to change. There's problems in the awarding of contracts - the mayor could have fixed it with one phone call. He chose not to. Because the status quo was not only acceptable to Mayor Hahn, it was beneficial to him.

One could have a perception that you've got a personal or political beef with Mayor Hahn.

Like I want to be mayor? But I'm running for controller.

You're a very high-profile controller. So it might make people think you would want to run for mayor.

Yeah, but not against Hahn. It's not personal. It's professional. I was talking about it, but I was angry and I was frustrated. But I would never run for mayor because I'm angry at the incumbent. When I took back my endorsement from him, that was a big deal to do that. It's not something I took lightly. I just think he's fallen down on the job.

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