



## Meeting Report for Sept, 19, 2011

by Joe Vitti

Valley VOTE Board members, community leaders, and concerned citizens convened on September 19, 2011 at Galpin Ford to hear from our featured speaker, Los Angeles mayoral candidate **Austin Beutner**.

Austin Beutner - First Deputy Mayor and Interim General Manager of the L.A. DWP



Mr. Beutner has a unique background in both the public and private sector. ( see Brief Bio) Working for \$1 a year, he accepted the position of First Deputy Mayor in January 2010 offered to him by Mayor Villaraigosa. His goal was "to do more with less" to help solve the city's economic challenges. His primary role at City Hall was to change the business culture of the city where growth and job creation were the top priorities.

With the Mayor's approval Mr. Beutner was then confirmed on April 20, 2010, in addition to his position as First Deputy Mayor, by the L.A. City Council as the Interim General Manager of the LA Department of Water and Power. He reviewed and cut ~ \$260 million from the DWP's budget. He accepted no salary for the position. His long term goal at the DWP was to end it's over reliance on fossil

fuels. His short term focus was on finding a new General Manager for the DWP with the leadership goals and vision to help the department become the best utility in the United States. His final selection of Ron Nichols as the new DWP Chief has been an outstanding choice.

Austin explained "Ron Nichols possesses the skills to lead the Department to meet the many challenges the business will face in years to come while maintaining a commitment to providing safe, reliable and affordable power and water to the City. Ron's extensive industry background, leadership experience and familiarity with the state's regulatory structure make him well-suited to lead the organization." Even the toughest critics of the DWP organization admit that Nichols is doing a fine job.

### ***"What I decided was to find a way to give back to my community"***

Austin explained to the audience. "A few years ago, mountain biking in the Santa Monica Mountains, I fell and broke my neck. It took me about 9 months to do what I used to do and it gave me plenty of time to reflect on what I might do next. What I decided was to find a way to give back to my community. I was offered a post to go to Washington to run the TARP program, the Bank bail out program, but I decided not to do that. They wanted me to become President of the San Francisco Federal Reserve Bank and I decided that hanging out with a bunch of Ph.D. Economists was not for me. I found an opportunity to work with my own city."

So he spent about 15 months as first Deputy Mayor, overseeing 13 different departments, everything from housing and homeless, to planning, permitting, the utility, airport, port, and pieces in between. What Austin found, in the most simple terms, was a city of public servants who had forgotten that they were to serve the needs of their constituents. Public servants are to serve the public. The only constituents who have a voice are those with a high priced lobbyist who go downtown and beg for favors. The culture at City Hall has to be changed.

**BYD Auto Co., Ltd**

Austin - " I stumbled across a company called BYD my first week in the city. BYD is from China. Best known for the fact that Warren Buffet owns about 10% of the company." Austin walked into a meeting at which the BYD representatives had be shown the 12" stack of L.A. City rules, regulations and policies. The BYD reps indicated that LA was out of the running for their new headquarters location and they were considering Raleigh, Durham, maybe San Jose. Austin asks the following question of the BYD reps. **"What can we do to help you ?"** The BYD reps reply **"nobody knows us."** Austin then presented the following advantages that the city of Los Angeles could provide to help them sell their electric motorized cars.

1. We will put your car in the middle of the Los Angeles Airport. 60 million people come in and out every year. They will see your car up close.
2. The Mayor hosts an Oscar party every year. We will get Brad Pitt to drive your BYD car to the party and we will get the picture in *People* magazine.
3. Since you need electrical charging infrastructure for the cars you sell we will have the LA-DWP install within 7 days of the purchase of the vehicle a charging station in the buyer's home.

Go downtown to 18th and Figueroa and you will see a building under construction. That will be BYD headquarters. Austin points out "They are coming not because we drowned them in incentives. We cannot win the race to the bottom. **They are coming because we showed we cared, we could listen, we could understand the needs of the private sector employer and use the resources the community has to make us successful."**

## **Getting the "12 to 2" program to work for the business community**

Austin - "Anybody whose tried to invest in a building or open a restaurant in Los Angeles knows it takes twice as long as anywhere else in the country. So I looked around and said what we should do. Two years ago the Mayor, the Controller, the President of the City Council announced to much fanfare the **12-2 program**. This program was to speed up entitlements reform in the city from the **12** City departments involved in permitting to work like **2**. So I call a meeting, inviting everyone working on 12 -2 to attend and nobody shows up. I realize the conference room is empty because **nobody is working on the program**. The program was announced **two years ago**, on morning talk shows, in both newspapers, on the evening news. As far as those elected officials were concerned it was a success. We are on the news, but nothing had happened. **We changed things**. We changed the head of one of the departments. We convinced the other the departments that this work needs to be done. **In less than 6 months we cut in half the time it takes to permit a restaurant**. No new slogans, no new ordinances, no press conferences. **We got people in place to do the work"**

## **Mechanics Training Program**

Beutner pointed out again that every **"constituent "**in the city should be treated as a **"customer."** So he asked everybody on his staff, including himself, to talk to various private sector employers on a daily basis to find out what challenges they were facing that the city could possibly help them with. Austin choose to speak to auto dealerships. The big issue for the auto executives was finding **trained entry level people** who wanted a career in the auto industry. After several meetings with Community College heads and the Auto dealers a program was successfully implemented. The auto sales calls started in November. By February, the new program was in the changed college curriculum. The first class started in March and they graduated in May. **Trainees today are at Felix Chevrolet, Galpin, Shamous Group downtown**. No additional funds were needed from Sacramento.

## **Business Gross Receipt Tax**

Austin - "One of the most obvious things we need to fix is our gross receipt tax. In Los Angeles every business pays a piece of the top line to the City. It's not a good thing. It's not competitive. It's why business leaves Los Angeles. It's why business does not want to move to Los Angeles." Beutner contacted Jim Ellis, the Dean at USC business School and Frank Gillian, the director at UCLA Policy school. He called the Governor and got the members of the city council to work on the gross receipts tax issue. In about 6 weeks time a business tax holiday plan was implemented. It resulted in 250 jobs from Gentzler to downtown, 110 jobs from Blackline Software to Woodland Hills, 800 jobs from Google to Venice, Beverly Hills BMW to the city of Los Angeles. This is first new car dealership opened in 25 years in the city. *(The Business Tax Advisory Committee created by the City Council has called for the elimination of the city's gross receipts tax phased in over a five year period. Valley VOTE has supported this position since 2003)*

## **Microsoft Convention**

Austin heard that Microsoft had not made up their mind on whether to go to Houston or Los Angeles for their Convention. Austin immediately called Steve Ballmer the head of Microsoft and convinced him L.A. is the place. Microsoft had a very successful event and city benefited financially from their visit to L.A.

## **Austin's Brief Bio.**

His soft spoken demeanor is not what you would expect for a mayoral candidate. His background includes a very successful career on Wall Street starting in 1982. A tour of public service for the Clinton Administration involving working in Russia with Vladimir Putin. He left public service when his wife became pregnant with their first child. He has 4 children today with the oldest at 15. He and his wife have lived in Los Angeles for the past ten years.

Austin began his private career with Smith Barney in 1982 and helped establish Smith Barney's Merchant Banking group. In 1989 he became the youngest partner at the Blackstone Group, one of the world's leading investment and advisory firms. He was responsible for overseeing investments in Mexico and other countries and advising leading businesses around the world. In 1994 to 1996 he worked for the United States- State Department. Following the collapse of the Soviet Union he led the effort to help the struggling Russian government in their transition to a market economy.

In 1996, Beutner co-founded the investment banking firm Evercore Partners with former Deputy Secretary Roger Altman. As President and CoChief executive Officer Beutner helped build Evercore into a leading firm with offices in New York, Los Angeles, San Francisco, Boston, Huston, London, Mexico City and Monterey. Evercore provides advisory services to clients on significant mergers, acquisitions, divestitures, restructuring and other corporate transactions. Beutner currently serves as Chairman of the Board of Trustees for the California Institute of the Arts; Chairman of the Board of the California Governor's Council on Physical fitness and Sports.

Austin was born in New York and raised in Grand Rapids Michigan. He attended Dartmouth College earning a degree in Economics in 1982.

**As Austin says "and by most measures I've had a pretty charmed life"**

We were very pleased to have Mr. Beutner take time out of his very hectic campaign schedule to visit us at Valley VOTE.

The next regular monthly meeting of Valley VOTE will be on Monday, November 21 , 2011 at Galpin Ford.

*Valley VOTE Mission Statement*

*Valley VOTE, a diverse coalition of San Fernando Valley residents, businesspeople, educators, community activists, and organizations, is committed to exploring and fostering the implementation of programs that empower the people of the San Fernando Valley and the City of Los Angeles, to improve local governance, education and public participation on policy matters.*