The City of Los Angeles Trojan Horse and your local street

By Russell W. Snyder

In the movie "The Odyssey," one of the most memorable scenes is that of how Greek warriors built a hollow wooden horse as a gift to rival Trojans, who brought it into their walled city to put it on display. In the dead of night Greek warriors who had hidden inside the peace offering slipped out and routed the slumbering Trojans. The term "Trojan Horse" is forever attached to this very clever bit of deception.

If you live in the City of Los Angeles, there's another Trojan Horse that will appear on the ballot on Nov. 3 in the form of benign-sounding changes to the dusty city charter. But beneath the legalese is a nefarious attempt by city bureaucrats to deceive voters and taxpayers over a money-losing city-owned asphalt plant, which is contributing to the city's staggering budget deficit, and diverting attention away from a more damning truth: the city really isn't fixing streets anymore.

How did we get here?

Exhibit A is the city's asphalt plant on Olympic Boulevard known as Asphalt Plant 1 (Plant 2 is located in Sun Valley and is defunct). The city has produced asphalt for its own uses at the site since the 1940s, and the Bureau of Street Services every year puts out glowing reports of how many potholes the city fills each year. But complex manufacturing facilities like asphalt plants need constant upgrades to meet modern standards of efficiency and environmental controls. The city's neglected plant was not up to standard, so city leaders determined a massive upgrade was called for. Mayor Eric Garcetti held a gala grand opening in 2017 and touted in a press release that the plant was state-of-the-art and boasted added capacity to save the city money. This came despite concerns raised at the time by the City Controller that the costs of upgrading the plant were spiraling out of control.

Fast-forward to today and the plant is woefully underutilized, and the city has greatly reduced its street repair budget, further making the plant a white elephant. Recently Rose Karagezyan, Division Manager for the city's Bureau of Street Services, told the Los Angeles City Council Budget & Finance Committee last November that "at this point we have not done any resurfacing projects." Incredulous, Councilman Bob Blumenthal said, "Could you repeat that? You said you've done no resurfacing yet?" When she confirmed that sad fact, Blumenthal lamented the city's "head-in-the-sand strategy" with regard to road repairs.

Not to worry, however. Rather than actually fix the roads, some clever bureaucrats came up with the idea of selling asphalt from the city-owned plant to the private market. By some readings of municipal law, this would be illegal, so a city charter language change is being put forward. The language removes the restriction against government-subsidized competition to the private sector, even though the asphalt produced from the plant is unlikely to meet exacting standards required by entities such as the Federal Aviation Administration or the local Greenbook of public works specifications.

At this juncture it should be noted that the City and County of San Francisco went down this same path with their own city-owned asphalt plant. A landmark report issued by the San Francisco Department of Public Works in 2006 determined it would be fiscally irresponsible for the city to continue to operate an asphalt plant when cheaper asphalt was readily available nearby by private operators, with much higher quality and much lower prices.

"The Plant will not be able to turn a profit, or even break even, with tonnage production at projected levels of street resurfacing funding," the San Francisco DPW report concluded, noting that "procuring asphalt from private producers would save the City funds."

San Francisco, under the reform-minded Newsom administration, decided to get out of the asphalt business for good and never looked back.

Why the City of Los Angeles persists in operating an inefficient and money-losing asphalt plant is a mystery. And, according to the watchdog Construction Industry Force Account Council, it may violate state public contracting law.

Yes, the city is facing a dire budget crisis, and no single action will solve it. However, there is a clear move that could save the city many millions of dollars a year: getting out of the asphalt business altogether. It could sell the plant, and purchase cheaper and higher quality asphalt from many asphalt producers in the vicinity that already serve a robust public and private market. If the San Francisco experience is any guide, this would save Los Angeles truckloads of money.

City voters should recognize the charter amendment for what it is – a not-so-clever attempt to bring forward its own “Trojan Horse” to mask a bloated and inefficient business the city really has no business being in.

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