

**ACCOUNTABILITY, TRANSPARENCY AND ACCESS TO PUBLIC
INFORMATION: A CASE STUDY ON THE CITY OF BELL**

By

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ABSTRACT

This case study analyzes the 2010 scandal in the Bell, CA regarding government salaries, property tax rates, and revenue collection practices. With an extensive literature review on transparency, accountability and access to public information, this study compares Bell's administrators' salaries to other cities in LA County. The case study explores tactics used by city administration to facilitate their ability to embezzle more than \$5.6 million in public funds. The research indicated that residents in Bell did not act on their right to public documents that allowed city officials to operate Bell for personal gain. The City currently does not have enough money to cover core services. Recommendations that provide short and long term goals for the City of Bell are explored. The research also indicated that there is a need for a system of checks and balances at all government levels that would help reduce corruption in charter cities. Greater involvement from constituents in government affairs would be the best method to reduce corruption.

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CHAPTER ONE

INTRODUCTION

Background of the Problem

Access to public information has become a significant topic in the last decade. The purpose of access to public information is to provide transparency and allow the public to hold those in government accountable. In just the last decade, controversial events have changed the availability of public records and have made it easier for government administrators to withhold information from the public. Particularly, in California, the City of Bell witnessed corruption by city administrators who did not provide information when asked. In this case City of Bell council members were able to embezzle more than \$5.6 million in public money from one of Los Angeles County's poorest cities. Continuous failure to comply with requests of public information resulted in corruption and taking advantage of the residents of Bell.

Public scrutiny regarding the actions of city administrators gave way to reveal the Bell scandal. In July 2010 the residents of Bell were the center of national attention when the Los Angeles Times, after conducting an analysis of county records, found that the city's top officials were among the highest paid public employees in the country. Each councilmember had a salary of nearly \$100,000 per year. They also found that Bell had the second highest property tax rate among Los Angeles county cities (Christensen, Esquivel & Vives, 2010, para. 6-7).

In 2005, Bell became a charter city through a special election that had low voter turnout. Robert Rizzo, the former city manager, aggressively pushed for the change. As a charter city, Bell became vulnerable to corrupt practices. Rizzo's micromanaging tactics

resulted in unusual and aggressive ways to maximize revenue for the city. He encouraged police officers to write more tickets and impound more cars, laid off workers and contracted out services. He also raised many tax levels that greatly affected residents of Bell. For the last decade, city officials in the City of Bell were defiant in providing full access to city records regarding elections, budgets, city financing and salaries that typically are available for viewing at city halls and in some cases online (Becerra & Vives, 2010, para. 4). Bell city officials used this to continue with the unlawful collection of taxes and fees to its residents.

Statement of the Problem

Public information that is commonly found on many city websites was not made available for easy access in the City of Bell. The problem in Bell is the public's inability to unite as an involved city and to receive the proper public documents regarding city government salaries, budget, resolutions and council meeting agenda. According to California State law, public records have to be made available for viewing that will allow the public an opportunity to monitor the functioning of their government (CPRA, 2004). Administrators of Bell were able to take advantage of the vulnerable city because residents did not demand their rights to public documents.

Methods and Procedures

The purpose of this research paper is to conduct research of a public issue involving the City of Bell scandal that became public in July 2010. Through a review of media, city records, census and other government documents this paper will analyze the structural and organizational issues in Bell that allowed corrupt practices regarding public information to evolve. Through a literature review, the paper will give an extensive description of transparency, accountability, and public access of information that will help link these

measures in relation to public organizations and public rights. The case study methodology will analyze and compare Bell's public information practices with those of other cities in California. This paper will also look at important means of engaging the residents of Bell in its ability to increase public participation, consider alternatives to achieve transparency in the city's operations, and make recommendations.

Importance of the Study

In the City of Bell, the public's inability to become informed in the city's operations allowed public officials to run the city as they pleased. This study will articulate methods that city administrators in Bell used to exploit public funds and will offer a framework for addressing controversies regarding public information in other cities around the country. In today's economy the public cannot allow a situation like Bell to occur. Residents of Bell were conformist when it came to getting answers about levied business license fees and increased property taxes. This study will aid new Bell City administrators, Bell residents and other cities to identify organizational issues that can be avoided.

External stakeholders such as other city officials, residents of neighboring cities and other charter cities may find value in understanding how they can help their community steer away from the practices that happened in Bell. High participation of city residents in city legislation and city operations, in general, is not common. This paper will try to motivate stakeholders to increase their participation in government affairs to hold city officials accountable, in light of the City of Bell issues.

CHAPTER TWO

LITERATURE REVIEW

Introduction

Accountability of a public organization's procedures is widely acknowledged in organizational ethics literature as a relevant stakeholder concern. The public perceives elected public officials as individuals who are placed in office to defend and represent the voters. Any devious actions by government officials that do not concern the general well-being of the constituents facilitate judgments on the organization's integrity. Accountability and transparency measures allow the public to analyze an agencies operations and use of public funds. Access to public information is one important aspect of accountability that provides a track record of actions. Public documents show an organization's interests and flaws regarding budgets, elections, financials, and salaries, among others.

Corrupt agencies disregard transparency and accountability methods of operation and circumvent existing laws that are meant to provide the access to public documents. The literature review in this Chapter will sample a variety of publications regarding accountability and transparency measures in public organizations. It will provide a framework of the importance of the issue and familiarize the reader with relevant research and laws that public organizations are required to abide by. This Chapter will establish a link between accountability, transparency, stakeholder theory and access to public information that enables stakeholders to become informed of an agencies operation. Finally, the literature review will be used to review a case study on the City of Bell and the events that allowed those practices regarding public information in Bell to evolve.

Accountability and Transparency in Public Organizations

To understand organizational accountability and transparency it is important to know the relationship between accountability and transparency as principles of governance. These terms serve two different purposes but complement one another smoothly to produce good governance. At its most fundamental level, accountability means having the responsibility to uphold a certain level of performance based on a set of expectations outlined by another party. Today, accountability is generally considered to be comprised of three equally important dimensions: efficiency, quality and effectiveness. The traditional definition of efficiency is the ratio of outputs to inputs, or the shorthand version: the amount of service provided (Frahm and Martin, 2010). It requires public agencies to accept responsibility for the programs they provide as well as face critical assessment by stakeholders. Outcome measures help administrators make decisions on the continuation of programs, resource allocation, and funding needs (Wulczyn, Orlebeke, & Melamid, 2000). Efficiency, in an operational sense, is the successful transformation of strategic thinking into action; accountability comes in the manner in which we use each of these steps to continuously create, improve, and communicate efficiency. Institutional quality is the value whose acquisition or improvement drives all four of the steps (Hubbell, 2007). An example might be that high stakeholder participation in an agency's service anticipates better performance outcomes from the agency. The level of performance being expected by stakeholders affects the quality of services that an agency provides.

According to Lindstedt and Naurin (2005) transparency is the release of information about institutions that is relevant for evaluating those institutions; it is also one of the most important medicines against corruption. When official meetings are open to the public and

the press, when government finances are open to public scrutiny, and when laws and the procedures for making them are open to discussion, then actions of government are accepted by stakeholders. Allowing greater access to public information provides an increased trust of government actions. A major development in democratic theory in the past two decades has been the revival of deliberative democracy, where publicity is a core concept and where openness of debate is considered to have a civilizing effect on political behavior (Naurin, 2007). In essence a democratic society consents the authority given to government and in exchange requires government to provide information on the decisions being made on behalf of the public. Once government makes decisions in secret, accountability to the public decreases and the opportunity for corruption increases. Therefore the need for transparency in government is vital. Transparency also allows stakeholders to verify that their interests are being met. Stakeholder theory suggests that an organization that fulfils its stakeholders' interests will perform better than firms that do not address these groups' interests (Berman, Wicks, Kotha, & Jones, 1999). To hold government accountable for its actions, citizens must know those actions. To that end, they must insist that government act openly and transparently to the greatest extent possible.

Accountability has evolved over the years from the 1960s to the present day. There have been three distinct time periods that brought great momentum to accountability measures practiced today in public agencies. The first took place in the 1960's with the Freedom of Information Act at the federal level. It was signed into law by President Lyndon B. Johnson on July 4, 1966 and went into effect the following year. In this time period, society generally accepted the intrinsic value of government authority. This sense of "righteousness" toward government and a belief in the professional responsibility of civil

servants reduced the perceived need to regularly incorporate accountability into administrative practice ((Frahm and Martin, 2010).

The second period (1970-1990) provided insight into the formulation and development of accountability. During this time, many government agencies received funds for programs and services but were not given proper guidelines to spend the funds. Cost reimbursement was used for contracts and grants, meaning that government and nonprofit agencies were reimbursed for their expenses without regard to performance. Agencies were not evaluated on the numbers of clients served, the quality of the service provided or the numbers of client outcomes achieved. Considerable effort was made to insure compliance with federal laws and regulations so as not to jeopardize funding, but programmatic accountability issues were still largely ignored (Austin, 2002). Additionally, no direct link existed between accountability at the micro level (direct practice) and at the macro level (administrative practice). This situation existed despite the fact that direct practice workers and macro level administrators depended upon each other for information and support and both shared the common goal of working to benefit clients (Martin & Frahm, 2010). By the end of the 1980's, agencies began to see the importance of accountability measures for upper management and began to formulate performance standards on service outputs, quality and outcomes as an overall requirement.

Finally, the third time period (1990- present) saw the evolution of accountability in public administration to the form most widely used today. The 1990's altered the nature of accountability at all government levels (federal, state and local). Performance measures became a standard operating policy for funding, contracts and grants. Several major public policy changes advanced performance accountability including, (1) the Government

Performance & Results Act; (2) the National Performance Review; (3) managed care; and 4) the Government Accounting Standards Board (GASB) service efforts and accomplishments (SEA) reporting initiative (Martin & Frahm, 2010). In 2009, President Obama proposed a review of all federal programs that would eliminate those that do not demonstrate both financial and programmatic accountability. He also appointed the federal government's first Chief Performance Officer that would analyze an organization's performance data that affect improvements and innovations (Obama, 2009).

Goal: Accountability through Access to Public Information

Objective: To reduce the likelihood that government agencies use corrupt practices.

Public information of government agencies helps strengthen government-citizen relations. Legislation that allows public scrutiny of government actions contributes to increased trust in government. Holding agencies accountable for their actions through legislation helps lessen misuse of public funds and addresses controversies regarding public information in cities around the country. With today's economy, the public must hold government to the highest level of scrutiny. A high level of participation by citizens on legislation and in public organization's operations, in general, is not common. Motivating stakeholders to increase their participation in government and to act on their right to government information will increase their understanding of how they are affected by government decision-making. The next section of this Chapter will help to understand public information acts and gain knowledge on the public's rights to government documents and its processes.

Accountability through Public Information Acts

Freedom of Information Act

According to the U.S. Department of Justice, the U.S. Freedom of Information Act (US-FOIA) is a law ensuring public access to U.S. government records. FOIA carries a presumption of disclosure; the burden is on the government - not the public - to substantiate why information may not be released. Upon written request, agencies of the United States government are required to disclose those records, unless they can be lawfully withheld from disclosure under one of nine specific exemptions in the FOIA. This right of access is ultimately enforceable in federal court. Access to information requires sound legislation, clear institutional mechanisms for its application, and independent oversight institutions and the judiciary for enforcement. Finally, it also depends on the citizens knowing and understanding their “right to know” -- and being willing and able to act upon it (Schenkelaars and Ahmad, 2006).

California Public Records Act 2004

According to California State law, public records have to be made available for viewing that will allow the public an opportunity to monitor the functioning of their government (CPRA, 2004). The California Public Records Act (CPRA) was initiated to give both city administrators and the public guidelines in handling and accessing public documents. The CPRA provides a general balancing test where an agency can withhold records from disclosure if it can establish that the public interest in nondisclosure clearly outweighs the public interest in disclosure (CPRA, 2004). The CPRA contains two disclosure exemptions. The first is based on the recognition of an individual’s right to privacy. Related exemptions may include the following areas: national security, private company data, and

legal proceedings. The second form of exemption deals with government efficiency. The government might need to perform its assigned function in a discretionary matter while efficiently carrying out proceedings that may include maintaining confidentiality of investigation records, official information, records relating to pending litigation, and preliminary notes or memoranda. If a record contains exempt information, the agency generally must segregate or redact the exempt information and disclose the remainder of the record (CPRA, 2004).

Ralph M. Brown Public Meeting Act in California

The Ralph M. Brown Public Meeting Act, also known as the Brown Act, deals with accountability of local government through public involvement. The Brown Act was officially passed through California State Legislature in 1953 that guaranteed the public's right to attend and participate in meetings of local legislative bodies (Attorney General, 2003).

Stakeholder Theory and Case Study on City of Bell

Implementation of accountability and transparency measures in government agencies are useful if there is oversight by the public. Public involvement has both advantages and disadvantages to administrative decision making. According to Kinney (2008), not all public officials see direct public involvement as a positive development. Some are uneasy about directly involving citizens because it creates uncertainty about their own responsibilities. They wonder how citizen involvement will affect their ability to plan and strategize, manage resources, and be held accountable. Other public officials welcome direct citizen involvement as a tool that can help them do a better job at producing results citizens need and want. Rather than having to rely only on their own assumptions about what the public wants,

managers can find out what real live citizens say, and plan accordingly. They believe involving citizens can make themselves as managers, as well as government as a whole, more accountable.

Managers must develop relationships, inspire their stakeholders, and create communities where everyone strives to give their best to deliver the value the organization promises. The City of Bell created a national controversy regarding accountability and transparency of the city's financial situation. Public information that is commonly found on many city websites and at City Hall was not made available for easy access to residents. Residents and business owners in the City of Bell did not act on their rights to public information nor did the city allow public access to such documents. This allowed corrupt administrators to take advantage of residents of Bell. Stakeholder theory research has assisted many organizations to understand and thus identify the rationality and effectiveness of ethical leadership. The City of Bell case will serve as a reminder to other cities in the country of the importance of applying performance measures for the purpose of accountability and transparency of operations.

CHAPTER THREE

METHODOLOGY

Case Study Research

Case study research provides in-depth research to the development of a particular issue over a period of time. A case study gives the reader an understanding behind a problem and allows them to formulate their own conclusion to the matter. Case studies offer a critical analysis of a complex issue and can strengthen what is already known through previous research. In the end, case studies infer about possible alternatives and solutions.

The purpose of a case study is to investigate a problem that readers can understand. The case study should provide enough information and background details that a reader can use to come up with a proposed solution. A key characteristic of case study research is its ability to allow researchers to focus on complex situations while taking the context of the situation into account. The researcher will identify the key concepts of the problem and will allow the reader to formulate their own opinion about the situation. Writing a case study can be compared to writing a detective story. A well-written case study will keep readers engaged and interested in the situation.

Case study research is only appropriate in certain situations. According to Yin (2003), there is no formula that will determine if case study research is the best method but case study research is best applied when the research addresses descriptive or explanatory questions such as, what happened, how, and why? A case study will help understand a complex social phenomenon. It is also good for describing a situation or phenomenon occurring in the present, where in-depth description is useful and where the researcher does not need to manipulate events (2008). Doing a case study requires an organization of

different components. According to Yin (2003), the case study design must have five components: the research question(s), its propositions, its unit(s) of analysis, a determination of how the data are linked to the propositions and criteria to interpret the findings. Once a case study has been completed the findings on the issue can be used to formulate solutions or possible alternatives.

Case study research has advantages and disadvantages. According to Woodside (2010, pp. 2-3) the usefulness of case study research lies in the fact that it encourages research methods that help measure thinking over an ongoing period, such as multiple interviews. It can also be a useful method when the unit of analysis, or the subject under consideration, is a collective entity such as an organization or a community. Case studies are real accounts of an issue that allow the reader to get a snapshot of real life. Another advantage of case study research is the ability to offer particularity of an issue and diversity in terms of methods of data collection and analytical techniques. An in-depth investigation can help identify culprits of the issue and hold them accountable for their actions. If the cause of the issue can be explained through qualitative methods of research and there is evidence of wrongdoing, then case study research is the best methodology for the research.

The disadvantages of case study research are that insufficient information can lead to inappropriate results. Researchers are often criticized for making generalized conclusions that are dependant on a single case. This criticism is greater when the case uses qualitative methods of research such as direct observations. There is the belief that when a researcher observes a specimen closely, the specimen is likely to change their behavior.

A second disadvantage is verification biases regarding the issue. According to Flyvbjerg (2006), the bias toward verification is general, but the alleged deficiency of the

case study and other qualitative methods is that they ostensibly allow more room for the researcher's subjective and arbitrary judgment than other methods: They are often seen as less rigorous than are quantitative, hypothetic-deductive methods.

Case study research is the most appropriate methodology to analyze the issues in the City of Bell. The events that led to the scandal publicized in July 2010 depict the early stages of a corrupt administrative body in Bell. This case study will explore the key characteristics of Bell that made national attention. The case will begin by providing a detailed description of the City of Bell and the city's main operations. The case will then analyze the background of Bell and provide a comparison to other cities in LA County. The main points this case will explore will be in regards to salaries of public officials, property tax rates, business licensing fees, and code enforcement by the Bell City Police Department. This case study will help provide clarity to the transparency and accountability issues that City of Bell officials created.

CHAPTER FOUR

CASE STUDY: CITY OF BELL

City of Bell: Background

According to the City of Bell website, the city was incorporated on November 7, 1927 and founded by James George Bell. He was among the settlers that arrived between 1870 and 1890. James Bell acquired about 360 acres of land and began the city's development as a small farming and cattle community. Today the City of Bell is a small city in Los Angeles County with a population of roughly 39,000 people. The City of Bell is 2.50 square miles with nearly 14,185 inhabitants per square mile (LA Almanac, 2006).

The majority of Bell residents are from the working class with an annual income less than \$30,000 a year. According to the 2009 Census data roughly 47 percent of the residents are foreign born and 27 percent of the population in Bell is under the poverty line made up mostly of Latinos, many of them undocumented. Between 2005-2009, statistics show that 44 percent of people 25 years and over had at least graduated from high school and 4 percent had a bachelor's degree or higher. Fifty-six percent were dropouts; they were not enrolled in school and had not graduated from high school (US Census Bureau, 2005-2009).

Bell City government is composed of a city manager, a mayor, vice mayor and three council members. From 2005 to 2010 the city manager's salary ranged from \$600,000 to \$800,000 per year. Former Bell City council members that were elected into office to improve the quality of life in the community received almost \$100,000 a year. The salary increases were allowed through a vote approved change in government. In 2005 the City of Bell went from being a general law city to become a charter city. Fewer than 400 people voted in the special election that made Bell a charter city. Voters overwhelmingly approved

the measure, 336-54, which did not mention the salary increases. According to the League of California Cities, a charter city governs itself. Charter cities have supreme authority over “municipal affairs.” The charter city provision of the State Constitution, commonly referred to as the “home-rule” provision, is based on the principle that a city, rather than the state, is in the best position to know what it needs and how to satisfy those needs. The home-rule provision allows charter cities to conduct their own business and control their own affairs (LCC, 2011). A charter city such as Bell is independent of County or State supervision. According to the California Constitution Article 11 section 5 there are four categories that describe municipal affairs that charter cities have supreme authority over. The four categories are 1) regulation of the “city police force”; 2) “sub government in all or part of a city”; 3) “conduct of city elections”; and 4) “the manner in which municipal officers [are] elected. This legislative change that was implemented in 2005 gave Bell City officials more flexibility.

Public Safety in Bell has not been a huge concern for Bell residents. According to the Department of Justice, the police department is composed of 31 officers and 13 civilians. The chances of becoming a crime victim in Bell are 1 in 78 compared to the state average of 1 in 28. In 2009 the generated revenues from impounded cars in Bell was \$1,048,679 and in 2010 it lowered to \$644,018 (Watanabe, 2010). For a city with a population less than 40,000 police officers were able to create revenue for the city by heavily patrolling the streets. County controller Watanabe is estimating current revenue to lower to \$176,000 by eliminating the city’s questionable past practices.

There are 9,363 housing units within Bell city limits. From these housing units, only 9,038 are actually occupied and only 2,478 are owner-occupied. The median home value in

Bell is roughly \$354,400 (US Census, 2009). The City of Bell is among the top ranked cities to pay high tax property rates in LA County. County tax records show that out of 88 LA County cities, Bell ranked 2nd in property tax rates ahead of wealthy cities like Beverly Hills. In comparison to the top 15 highest valued cities in Los Angeles County, Bell's property tax rate ranks above all. Table 3.1 shows the highest tax rate for the assessed value of homes in each city. It does not account for direct assessments for services such as lighting, sewage, refuse and others charged by cities. All LA county property owners pay 1% general property tax, along with special or direct assessments levied by their municipalities. The countywide average of all tax rates is 1.16% or \$11.60 for every \$1,000 of assessed value (LA County Assessor, 2010).

Table 4.1 LA County Cities: Property tax % Comparison

City	Rank	Median Income	Population	Class	Property tax%
Industry	1	\$66,616	803	Charter	1.926277
Bell	2	\$40,556	38,867	Charter	1.553634
Compton	3	\$43,157	99,769	Charter	1.531274
San Fernando	4	\$54,068	25,366	General Law	1.463421
El Monte	5	\$44,415	126,464	General Law	1.397056
Huntington Park	6	\$39,185	64,219	General Law	1.389221
Palmdale	7	\$63,317	152,622	Charter	1.386055
Los Angeles	13	\$48,610	4,094,764	Charter	1.220441
Carson	17	\$70,645	98,047	General Law	1.179221
Vernon	21	\$81,279	96	Charter	1.179221
West Hollywood	22	\$52,855	37,805	General Law	1.179221
Santa Clarita	24	\$88,987	177,641	General Law	1.150565
Pasadena	29	\$62,825	151,576	Charter	1.135666
Long Beach	43	\$50,985	494,709	Charter	1.114851
Santa Monica	45	\$69,013	92,703	Charter	1.113924
Malibu	55	\$138,215	13,765	General Law	1.10202
Beverly Hills	63	\$96,312	36,224	General Law	1.087422
Calabasas	68	\$126,178	23,788	General Law	1.081784
El Segundo	73	\$83,925	17,049	General Law	1.075655
Torrance	74	\$76,866	149,717	Charter	1.075651
Redondo Beach	75	\$92,263	68,105	Charter	1.074358
Glendale	76	\$57,112	207,902	Charter	1.07399
Burbank	77	\$64,416	108,469	Charter	1.071625
Manhattan Beach	79	\$136,481	36,773	General Law	1.059263

Table 4.1 Source: Property tax rates, County of Los Angeles Auditor-Controller Tax Division, Fiscal Year 2009-2010; | Household income, U.S. Census 2000 [data for city of Los Angeles is based on 2008 estimates.] | Population, Department of Finance 2010 estimate

Since its incorporation, the City is now home to many businesses, small industries, schools, churches and community organizations. Local government provides valuable services to all its residents, including graffiti removal, street maintenance, tree maintenance, fire control, animal care and control, bus stop repair, and yard sale permits. Bell has a tax base economy that generates enormous amounts of revenue for the small city. In the last 6 years the city has experienced increased fees to its licenses and services. An audit released by state Controller John Chiang additionally found that the city nearly doubled taxes for sewer, trash, recycling and lighting districts in 2007 without voter approval. In particular, business license fees tripled since 2005. This increase in fees has caused many small mom and popshops to go out of business (LA Times, 2010).

The Bell Scandal

Through the description of Bell's background many questions arise. The first and foremost question that many ask is how a small city, such as Bell was able to support the high salaries of its government officials and why no one said anything before now? City officials certainly took advantage of the low involvement residents in Bell have on government affairs. City officials raised fees and ran the city as they pleased to benefit themselves. The corruption in Bell began to be a more prominent issue starting in 2005 when Former City Manager Robert Rizzo pushed for a special election that turned City of Bell into a charter city. This legislative change made Bell vulnerable to corrupt practices. Once Bell became a charter city, government officials gained the flexibility to raise many tax levels that greatly affected the residents of Bell.

Salaries of Public officials

In 2005, fewer than 400 voters cast ballots in a special election that made it easy for city council members to dramatically boost their own salaries. In that election, more than half the votes cast, were absentee ballots, the method of voting most susceptible to fraud (Watanabe, 2010). This change in legislation got rid of transparency and accountability measures that city officials were required to abide by. Once Bell became a charter city, Bell officials were exempt from state salary limits. The State Constitution gives charterer cities autonomy over setting the salaries of public officials. Bell officials used this to their advantage.

Robert Rizzo became Bell's City Manager in 1993. In his first year in office, his starting salary was \$78,000. Once Bell became a charter city Rizzo's salary jumped from \$250,000 in 2002 to \$442,000 in 2005. By 2010 Rizzo was making nearly \$800,000 per year (Goffard, 2011, para.33-34). Other city officials also made generous amounts in salary. According to salaries reported by the California State Controller's office (2009) the assistant city manager made \$342,989, the Chief of Police made \$457,002 and four of the five council members in 2010 were making \$97,000 a year. The salaries are unreasonably high for any small or large city. The following table compares the salaries of the City of Bell with three other LA County cities with comparable population figures.

Table 4.2 Government Salaries: Bell vs. Surrounding LA County cities

City Population Calendar Year	City of Bell 2009	Culver City 2009	West Hollywood 2009	Beverly Hills 2009
<u>Salaries:</u>				
City Manager	\$787,637	\$190,929	\$157,620	\$275,000
Assist. City Manager	\$342,989	\$99,879	\$181,351	\$176,412
Chief of Police/Fire	\$457,002	\$143,486	\$148,274	\$184,356
Council member	\$8,076	\$5,821.00	\$4,799.00	\$9,500.00
Council member	\$96,999	\$5,821.00	\$4,799.00	\$9,500.00
Council member	\$96,999	\$5,821.00	\$4,799.00	\$9,500.00
Council member	\$96,999	\$5,821.00	\$4,799.00	\$9,500.00
Council member	\$96,999	\$5,821.00	\$4,799.00	\$9,500.00

Sources: California State Controller's Office

By comparing the salaries of Bell officials to other city officials in LA County, it is clear that Bell officials were making substantially higher salaries for the position they held. Cost of living in each city might vary, but compensation is relatively proportionate to the same position elsewhere. Beverly Hills is the outlier when comparing the salaries because of its high cost of living. Among the four cities, Bell and Culver are the only charter cities.

High Property Tax Rates

The small working-class in Bell not only pay some of its officials the highest municipal salaries in the state, but its residents pay the highest property tax rates of all but one of Los Angeles County's 88 cities (LA County Assessor, 2010). According to Wendy Watanabe, Los Angeles County's auditor-controller, taxpayers in Bell pay as much as 1.55 percent of their home's assessed value in taxes. The average property tax rate in LA County is 1.16. Considering that Beverly Hills has a higher per-capita income than Bell, the rate at the Hills is only 1.08, which is lower than the county average. These percentages mean a lot

when comparing what Bell residents pay versus what other cities in LA County would pay. For example, an owner of a home in Bell has an assessed value of \$400,000 that owner paid about \$6,200 in annual property taxes. The owner of the same house in Malibu, whose rate is 1.10%, would pay just \$4,400. Since 2007, the city of Bell appears to have overcharged residents by up to \$2.9 million, according to state Controller John Chiang.

Business Licensing Fees

The City of Bell gave way to a dishonest “Bell Fee Program” that targeted small business and property owners (Esquivel & Lopez, 2010, para.8). An investigation by state auditors showed that there did not appear to be any city guidelines explaining why certain businesses were targeted or how officials calculated how much to charge. These small business owners earned relatively low incomes and made payments in fear that their small businesses would be closed down by the city for non-payment. Many small business owners resented the tax increases year after year and began to question them. One “new-and-used” clothing store owner went to Bell City Hall and tried to ask about the fees over the last few years but said that she and other business owners were just blown off by city officials (Christensen et al., 2010, para. 11). For the last decade, officials in the City of Bell were defiant in providing full access to city records regarding elections, budgets, city financing and salaries that typically are available for viewing at city halls and in some cases online (Becerra & Vives, 2010, para. 4). Bell city officials used this as a way to continue with the unlawful collection of taxes and fees to its residents.

Police Baseball Game

In the last decade Rizzo’s micromanaging tactics resulted in unusual and aggressive ways to maximize revenue for the city. Rizzo encouraged police officers to write more

tickets and impound more cars. He also laid off workers and contracted out services. The Bell City Police Department has been accused of violating the civil rights of residents through improper code enforcement activities in order to raise revenue for the city. The Department of Justice began investigations about a car towing scam that allegedly targeted vehicles of young Hispanic men as part of a money-raising scheme. The investigation has led to the discovery of a memo in the files of the Bell Police Department that outlines a game in which the arrests, ticketing, and impounding of cars was a competition among officers (Gottlieb, 2011).

The memo is titled, "Bell Police Department Baseball Game," and assigns "singles," "doubles," "triples" and "home runs" to progressively more serious infractions. The severity of infraction begins with parking tickets and ends with more serious offenses such as felony arrests. Police officers were reprimanded for not playing the game and were seen as "Non performers" who were then "sent for minor league rehab stint."

Police officers were also forced to meet quotas. Part of the investigation focused on claims by some police officers that the department had quotas for issuing tickets and impounding cars. Officers said that these quotas were part of a money-raising scheme that the police chief, along with other city officials, used to fund their high salaries. According to the memo, officers that did not perform or did not meet their goals were given a one-day suspension for violating the police department's honor system.

The Department of Justice has made the memo available to the public as proof that Bell officials encouraged officers to violate the civil rights of residents through improper code enforcement. The violation has enticed suggestions from some officials to shift the responsibility of public safety to LA County and to close the Bell police department. The

memo and the alleged game will play a role in the continuing debate over the future of Bell's police department. The memo is evidence to prosecutors against Robert Rizzo, along with other city officials, that he did not act in the public's best interest, but rather his own.

Analysis of Stakeholder Involvement

Organizational issues in the City of Bell prohibited access to public information that allowed city officials to cover up their corrupt operations. The most important organizational issue that affected the City of Bell was transparency. City administrators were able to maintain the illegal operation of the city a secret by circumventing existing laws that were meant to provide access to public documents. Access to public information is an important aspect of transparency because it provides the public a track record of an organization's actions. It also shows the organizations interests and flaws regarding budgets, elections, financials, and salaries, among others. Simply having transparency in an organization is not enough. Stakeholder's involvement in an agencies operation is vital to hold those in office accountable. Analyzing the involvement of stakeholders in the City of Bell will provide an understanding to the development of the Bell City scandal.

Government agencies did not hold city officials in Bell accountable for the changes reported to the State of California. In 2007, State Controller John Chiang sent out a letter to Bell City officials that asked questions regarding the high property tax rate increases. The letter did not indicate a proposed audit nor did it provide a request to justify those high tax levels. The direct involvement of state government became more prominent after the Los Angeles Times widely reported their findings regarding the high salaries in July 2010. In September 2010 the U.S. Department of Justice launched an investigation into possible civil rights violations in Bell; State Attorney General Jerry Brown filed a lawsuit accusing eight

city officials of concealing their lucrative compensation and plotting to enrich themselves; and State Controller John Chiang estimated that Bell wrongly collected more than \$5.6 million in local taxes (Knoll, 2010). There was also no oversight by members of the Bell City Council, most of whom received additional compensation and loans as a result of actions authorized by former City Manager Rizzo. The California Public Employees Retirement System (CalPERS) also acted after The Times asked officials about allegations that Bell had used disability pensions and workers' compensation settlements to boost payments to police chiefs. Under this environment, fraud, abuse, waste and misappropriation of public funds became prominent in Bell.

Residents and business owners in the City of Bell did not act on their rights to public information nor did the city allow public access to such documents. Many small business owners resented the business fee increases and were not provided the documentation to justify the increases. City of Bell residents were not involved in city government and regardless of the high property tax rates, didn't unite to question city governance. Those residents that requested documents and questioned increases were given falsified documentation and were lied to. According to Bell City clerk, former City Manager Robert Rizzo forced the city clerk to falsify salary information when a resident filed a public records request in 2008. Rizzo told her to greatly underreport the salaries of council members and his own salary. The resident received documentation stating that council members were only paid \$8,000 a year (Gottlieb & Knoll, 2011). This allowed corrupt administrators to take advantage of the vulnerable city.

Since the discovery of the corrupt practices in Bell the State of California has done audits, financial summaries and law suits have been files against those administrators

involved in the scandal. Today Robert Rizzo will stand trial on 50 counts of misappropriation of public funds, conflict of interest, and falsification of public records. The state audit on Bell found that Rizzo loaned himself \$2 million in unauthorized loans of public money. This abuse of power has made Bell City residents more united. Bell residents have cautioned the new city government that they will not allow history to repeat itself.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS, CONCLUSION

Summary

The City of Bell is a small city in Los Angeles County with a population of roughly 39,000 people. In 2005, 336 yes votes turned Bell from a general law city into a charter city. This change gave city administrators the flexibility to run the city as they pleased. The areas most affected by this legislative change were salaries of public administrators, property taxes, business license fees and procedures used to maximize revenue for the city. No transparency of government actions existed in Bell. Public information that is commonly found on many city websites was not made available for easy access in the City of Bell. The California Public Records Act (CPRA) was initiated to give both city administrators and the public guidelines in handling and accessing public documents. Residents and business owners in the City of Bell did not act on their rights to public information nor did the city allow public access to such documents. The public's inability to become informed in the city's operations allowed public officials to run the city as they pleased. City administrators were able to misuse and embezzle \$5.6 million in public funds.

This case study tries to answer the two most relevant questions regarding the City of Bell scandal. The first question asks how a small city like Bell was able to support the high salaries of public officials, the high property tax rates and the high business licensing fees. The second question asks how this abuse was not caught sooner. The simplest answers to these questions are fraud, misuse of public funds and no accountability measures of city government. It is unfortunate the events that happened in Bell but transparency and accountability measures would have helped catch the corruption sooner.

Recommendations

Today the city faces a deficit as their expenses exceed their revenues by \$2.2 million if the city continues to provide all the current services. The City of Bell does not have enough money to cover all their expenses. City government will have to make difficult decisions regarding their services. Wendy L. Watanabe, LA County Auditor-controller, has made several recommendations to help city of Bell.

- ❖ The city might have to cut expenses by:
 - Reducing costs across the board i.e., reducing salaries and employee benefits, reducing services or supplies
 - Providing only core services
 - Contracting for some city services
- ❖ City of Bell will have to build up cash reserves over time. i.e., a rainy day fund
- ❖ City of Bell will need to evaluate other ways to bring in additional revenue (e.g., do more to attract businesses, leases, etc.)

In addition to Watanabe's recommendations, the City of Bell also needs long-term goals. With today's economy, the public must hold government to the highest level of scrutiny. Citizens of Bell and cities across the country need to become more involved in city government. The public involvement in government decision-making will help keep those in office accountable for their actions. There should also be accountability measures at all levels of government. This would allow a system of checks and balances that will help catch changes that negatively affect the public. It was unacceptable that since 2005, City of Bell officials were not audited regarding their administration of Bell. This lenient oversight of local city government by the State of California allowed the corrupt practices in Bell to evolve.

Conclusion

In general, as citizens it is our duty to make sure elected officials are managing a city in accordance to municipal laws. County and state laws do not govern charter cities, like Bell, so it is more-so on the public to scrutinize every decision made by city council. An involved citizenry provides innovative ideas on how the city should grow. Involvement also helps add the public's interest on future services or resources the city can provide. It forces administrators to resolve issues regarding adequate housing, job growth, transportation, and the environment. In a perfect world, citizens would act on their moral obligation to become involved in public meetings, operations and elections; making corruption in government unheard-of.

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Appendix



CSU Bakersfield

Academic Affairs

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Date: 25 May 2011

To: Sarai Jacinto, Public Policy and Administration Student

cc: Paul Newberry, IRB Chair
Chandra Commuri, Public Policy and Administration Department

From: Steve Suter, Research Ethics Review Coordinator

Subject: Protocol 11-108: Not Human Subjects Research

Thank you for bringing your protocol, "**Accountability, Transparency and Access to Public Information: A Case Study on the City of Bell**" to the attention of the IRB/HSR. On the form "*Is My Project Human Subjects Research?*" you indicated the following:

I want to interview, survey, systematically observe, or collect other data from human subjects, for example, students in the educational setting. **NO**

I want to access data about specific persons that have already been collected by others [such as test scores or demographic information]. Those data can be linked to specific persons [regardless of whether I will link data and persons in my research or reveal anyone's identities]. **NO**

Given this, your proposed project will not constitute human subjects research. Therefore, it does not fall within the purview of the CSUB IRB/HSR. Good luck with your project.

If you have any questions, or there are any changes that might bring these activities within the purview of the IRB/HSR, please notify me immediately at 654-2373. Thank you.

Steve Suter, University Research Ethics Review Coordinator