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L.A.'s 'job czar' boasts a broad portfolio at City Hall

Former investment banker Austin Beutner wields power on many levels in an administration struggling with a budget crisis. Having such broad faith in an outsider is a shift for the mayor.

By Phil Willon

April 16, 2010

The Wall Street millionaire tapped by Los Angeles Mayor Antonio Villaraigosa to be the city's "job czar" has, in just three months, turned into a kind of behind-the-scenes fixer for an administration singed by an escalating budget crisis and political upheaval over a hike in utility bills. advertisement

Austin Beutner, wiry and even-tempered, has oversight of 13 city agencies; is shepherding an essential piece of the mayor's financial rescue plan for L.A.; and in the next few days is expected to temporarily take the helm of a Department of Water and Power in disarray.

"There's not been one time that he's come in here and I said, 'No, I don't want to do that,' " Villaraigosa said. "What he brings is a can-do, no-nonsense approach to making L.A. more business-friendly."

Such broad faith in an outsider is a shift for Villaraigosa, who had a history of surrounding himself with political loyalists and longtime friends. Those natural reflexes have been tempered by a realization that his legacy as mayor rests greatly on the financial well-being of Angelenos, and criticism that he failed to pay enough attention to the economy in his first term.

Beutner "understands basic economics," said Carol Schatz, president of the Central City Assn., a downtown-based business organization. "It sounds like such a silly thing, but we think that's been lacking at City Hall."

Beutner's path from private business to City Hall started on a steep dirt trail in the Santa Monica Mountains in 2007, when he went flying over the handlebars of his mountain bike at about 30 mph. With a broken neck and lacerated liver, he spent a night recovering in the UCLA trauma center, listening in as doctors and nurses scrambled to save others. The experience, he said, caused him to confront his life "almost like Scrooge."

Beutner, 50, had spent more than two decades scaling the high-stakes, carnivorous world of investment banking. He traveled the globe, helped launch a lucrative private equity firm and was wealthy enough to buy the Pacific Palisades estate that Tom Cruise and Nicole Kidman once called home.

"I think the accident led him to have an epiphany, and that epiphany was that he was put on this earth for a reason other than to be richer and richer," said Richard Fisher, a longtime friend and president of the Federal Reserve Bank of Dallas.

During his long recovery, Beutner said, he was content to spend his days driving his four kids to and from

school and doing charity work.

Two of Villaraigosa's closest advisors, Chief of Staff Jeff Carr and Chief Deputy Mayor Jay Carson, recruited Beutner after they met him at an informal economic round table at the home of former Mayor Richard Riordan in late 2009.

Villaraigosa's team saw Beutner as the West Coast version of David L. Doctoroff, the private equity executive who served as New York Mayor Michael Bloomberg's economic development deputy and was credited with injecting new life into some of the city's most depressed neighborhoods.

In financial circles, Beutner also was known as a major player. He became the youngest partner ever in the powerhouse private equity firm Blackstone Group; worked for the Clinton administration to help develop private investment in post-communist Russia; and co-founded the boutique private equity company Evercore Partners with Roger Altman, who served as Commerce secretary under President Clinton.

Beutner lobbied Villaraigosa to back the recently approved tax break for Internet firms, despite concerns from some budget advisors, and now is responsible for a deal seen as critical to L.A.'s solvency in 2010-11: auctioning off 10 city parking garages to private investors to raise up to \$200 million.

Beutner is pushing to reform the appeals process for business tax disputes and put together a regional bid to be included in Google's experimental high-speed broadband network, which has drawn bids from hundreds of municipalities.

Beutner requires all his staff to make five cold calls a week to firms both in and outside the city to see if they need help navigating city bureaucracy and ask how L.A. can better serve them.

To lure Chinese electric car manufacturer BYD Co. to Los Angeles, Beutner set up personal meetings with the mayor and hosted a dinner for executives at his home. The company is exploring Southern California as a possible site for a U.S. headquarters.

The city is also engaged in preliminary discussions with the electric car company Coda, a start-up enterprise based in Santa Monica, about housing a division in L.A.

Beutner declines to discuss any of the pending deals, perhaps a remnant of his years working in a private equity market that functions largely out of public view.

"The results will speak for themselves," he said. "I sort of have a practice, which is that there is no need to talk about what you might do. You'd rather talk about what you've done."

Beutner reports directly to the mayor, and the two meet at least once a week. Working for \$1 a year, he also possesses a financial and political freedom that is unique in the Villaraigosa administration.

He is a registered independent and has never contributed to a Villaraigosa campaign. During the presidential election, he gave money to Rudolph Giuliani and Hillary Clinton. In 2008, he and his wife contributed \$114,000 to President Obama's Victory Fund. In June, he gave \$5,000 to Republican gubernatorial candidate Meg Whitman.

"He's very thoughtful, has a good sense of humor and is quite diligent. He's not at all like the brash image people have of Wall Street," said Jim Lawrence, former chief executive of Unilever.

No matter how respected Beutner may be among his Wall Street brethren, however, working as an investment

banker does not equate to public service, said Steven Davidoff, author of the 2009 book "Gods at War: Shotgun Takeovers, Government by Deal, and the Private Equity Implosion."

"My take-away from this is that he's a connected, smart financial person," Davidoff said. "He comes from a private equity firm. They buy and sell companies. People lose their jobs sometimes, and sometimes private equity founders get rich in the process."

Beutner, who was considering a job at the U.S. Treasury Department but decided to stay in L.A., said the key to his success was hard work, not anyone's misfortune.

"My mom's a schoolteacher, and my dad came to this country on a boat, so certainly my path to Wall Street was not gilded with lilies," he said. "My first boss had been in the Navy and, boy, as far as I knew I might as well have been in the Navy. I worked like a dog."

Assuming control of the DWP, the largest municipal utility in the nation, would test the financial and corporate instincts that proved so valuable to Beutner's past success.

City Hall has been aboil the last two weeks over a Villaraigosa-backed proposal to increase electricity rates, which the mayor and DWP executives said are necessary to pay for the fluctuating price of coal and Villaraigosa's ambitious renewable energy agenda.

Despite lingering ill will, the mayor and City Council members reached a compromise this week. Both sides have reacted to the public spectacle, calling for increased transparency and fiscal reforms at the \$6-billion-a-year utility.

Those would fall to Beutner one way or another. Along with temporarily taking over as general manager of the DWP, he has been charged by the mayor with finding a permanent chief.

"If anyone can do it, it's him," Villaraigosa said.

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