
Economy & Efficiency Commission Meeting Minutes

MINUTES OF THE ECONOMY AND EFFICIENCY COMMISSION

WEDNESDAY, FEBRUARY 3, 1993
KENNETH HAHN HALL OF ADMINISTRATION
500 West Temple St., Los Angeles, CA 90012

Editorial Note: Agenda sections may be taken out of order at the discretion of the chair. Any reordering of sections is reflected in the presentation of these minutes.

I. CALL TO ORDER

Chairperson Buerk called the meeting to order.

II. APPROVAL OF COMMISSIONER'S ABSENCES

COMMISSIONERS PRESENT:

Gunther Buerk, Chair
Betty Trotter, Vice-Chair
George Ackerman
Fred Balderrama
Richards Barger
Judith Brennan
Jack Drown
David W. Farrar
Louise Frankel
Dr. Alfred Freitag
Jon Fuhrman
Dr. Mike Gomez
Chun Lee
Roman Padilla
Carol Ojeda-Kimbrough
Daniel Shapiro

COMMISSIONERS EXCUSED:

Marshall Chuang
Robert Philibosian

Randy Stockwell
Efrem Zimbalist, III

III. INTRODUCTIONS

Chairperson Buerk introduced and welcomed David W. Farrar, a new Commissioner appointed by Supervisor Burke.

Commissioner Farrar introduced himself. He is a real estate attorney with Jones, Day, Reavis and Pogue. He mentioned some of his current projects which concern issues similar to those that the Commission is studying.

IV. CONSIDERATION OF MINUTES

January 6, 1993 Commission Meeting

Commissioner Buerk asked if there were any amendments or objections to the January minutes. There were none.

Resolved that the Commission approve the minutes of the January Commission meeting.

Motion was seconded, voted, and approved.

V. OLD BUSINESS

DEPARTMENT OF HEALTH SERVICES STUDY STATUS

Commissioner Zimbalist, chair of the Task Force was out of town, so Mr. Staniforth gave an update. At the Board Meeting on January 26, an agenda item concerning funding of three projects of the Commission was discussed. The requirement for funding the DHS study was deleted. Supervisor Molina made a motion to delete funding due to the changing circumstances since the project was requested in April 1992. She felt the money requested for the project would be more appropriately spent on patient services. Some questions arose concerning letters from Arroyo Seco and Deloitte & Touche, two consulting firms.

Chairperson Buerk asked about the timeframe of notifying the two firms in regards to the Task Force's selection of a consultant for the DHS Study.

Mr. Staniforth summarized the milestones in the decision making process. The Commission did not make a decision on selecting a contractor until the January 6, 1993 Commission meeting. The firms were notified of the Commission's decision on January 7, 1993 by letter.

Commission Drown asked why Supervisor Molina felt that the study was less cogent today than in April 1992, when the study was requested since the study was to investigate the largest single expenditure of the County, the Department of Health Services. In times of budgetary crises, this agency needs to be studied.

Commissioner Frankel stated that this situation is indicative of the operations of the County. The County government is a government by crises. The Supervisors responded to crises last April. These crises have passed, and the Supervisors have moved on to other priorities.

Chairperson Buerk reminded the Commission that they operate in a governmental environment. The demands of this environment change from day to day and this has an effect on the decisions of the Board. The Commission should focus on its own operations. Recently the Commission had changed the mode of operations as a result of the Sunset Review and studies are going to outside consultants. The time frame of initiating these studies is extremely long. The Commission needs to examine this and look at alternatives in approaching future studies. This will be discussed in the Executive Committee and by the full Commission at a later date.

Commission Fuhrman stated that the Commission itself could still look into OHS by conducting interviews themselves. This does take a significant commitment of time and effort.

Chairperson Buerk stated the Commission is not staffed to handle that type of work at this time. The present staff structure was created very consciously during the Sunset Review. Staff is to administer the Commission communications and supervise outside consultants. If the Task Force feels that is

worthwhile to resurrect the study in the same form or some other form, they would need to convince three Supervisors to fund this project. Only a small study could be done in-house. The Chair asked the Task Force to decide if it wants to continue, or have some other resolution to this matter.

PENSION FOLLOW-ON STATUS

Commissioner Freitag reported that funding for the study was approved for Frank Smith, Esq., as independent counsel and W. F. Corroon as an actuarial consultant. These consultants will meet with the Task Force within the next two weeks. Commissioner Freitag reviewed the Board requests that called for a follow-on study. There are seven phases of the project to meet the Board's request.

Mr. Staniforth summarized the phases of the study. Corroon is going to revisit the recommendations in their first report and offer options to address these recommendations. These options will be sent to Mr. Smith for legal opinion on their ramifications. Alternatives will be offered for cafeteria style benefits, and they will be studied for their legality. At that time, a final report will be submitted after task force review. Mr. Smith will also offer the Board options with respect to deferred compensation issues. The cost for legal opinion is \$25,000, and Corroon work will not exceed \$57,500.

Commissioner Fuhrman stated that the CAO's office was proposing a contract with LACERA to administer the deferred compensation for 1991, adding deferred compensation into the pension rights of managers in 1991. LACERA could do that most economically. The County had no recourse but to honor these contracts, even though the Board had no right to enter into these contracts. Should the Commission make a recommendation, following independent legal counsel opinion, stating that it is an open issue whether the County has to honor those promises to include deferred compensation?

Mr. Staniforth stated that there was an action by the Board which was deferred until the Commission comes forward with their report.

Commissioner Shapiro stated that County Counsel has a conflict of interest because they will be impacted by the decision. The Commission should make the recommendation to County Counsel that this be referred to the Attorney General.

Chairperson Buerk had stated this conflict of interest when the report was presented to the Board. He was distressed to see these opinions continue from County Counsel.

Resolved that: a letter be sent to the Board to request that any question regarding the pension system, in which County Counsel has or may have a conflict of interest, that the Board seek opinion from another agency that does not present a conflict of interest.

Motion was seconded, voted, and approved.

LIABILITY AND RISK MANAGEMENT STUDY STATUS

Commissioner Lee reported that on January 26, funding was approved for the Risk Management study. The study began on January 27, 1993. The consultants are holding interviews with RIMA and County Counsel. The contract was in the Auditor- Controller's office for his signature. The contract is with McGladrey & Pullen for \$87,060. They will be considering different ways to reduce the County's liability and the cost of risk management programs, focusing on programs, the administrators, RIMA and County Counsel.

Commissioner Barger spoke about the rising attorney fees over the last ten years. Attorney's fees accelerated dramatically at the time when the Board and County Counsel got involved with picking counsel.

Commissioner Shapiro suggested that one of the recommendations of the study should be to engage an auditor to review law firms' billing practices who contract with the County to handle these types of cases.

Chairperson Buerk asked that the Task Force consider addressing this in their study.

Commissioner Fuhrman asked that the full Commission have input on the study before it is completed.

PROPOSITION A\ CONTRACTING STATUS

Commissioner Trotter gave an update on a letter from the Executive Office concerning

recommendations from the Commission's Public Access report. The letter indicated specific examples of the Commission's recommendations that were initiated by the Board.

Concerning Proposition A, she reported that Mr. Staniforth is putting together the notes from the Task Force meeting for a presentation before the full Commission. It reviews the final presentation from the CAO in response to the April motion on Contracting. That recommendation was accepted by the Board with one exception. The CAO's draft was shortened considerably and comments specifically on the Board's original motion. It is hoped that the Task Force's comments will be available by the next Commission meeting.

PRODUCTIVITY COMMISSION

Dr. Waddell stated that the Productivity Commission has not met since the last Economy and Efficiency Commission meeting. The next meeting is February 8, so there was no news to report.

VI. PRESENTATION

Chairperson Buerk introduced Mr. Fred Ramirez, Director of Fiscal Services of the Sheriff's Department and Mr. Henry Avalo, Mr. Ramirez's budget officer. Mr. Ramirez brought a summary of the Sheriff's budget. The budget is \$1,169,000,000, much of which goes to salaries and employee benefits. Services and supplies cost \$161,000,000 with a large part of that figure going to custody facilities.

The Contract Cities Program is a large revenue producer. The Department receives \$387,000,000 in total revenue, mostly from the contract cities program, in field operations. \$83 million dollars in budget curtailments took place in the 1992/1993 budget in two phases. Mr. Ramirez specified where these curtailments took place and the effect of those cuts.

In providing services to the unincorporated areas, the County is divided into three field operation regions. Each region has a varying amount of unincorporated area. For budgeting purposes, all unincorporated areas are budgeted in law enforcement. A consolidated model is created. Every patrol car that goes to an unincorporated area or to a contract area, has an incremental added cost of deputies, clerical costs, dispatching, and supplies. When looking at contract versus unincorporated patrol positions in consolidated field stations, contract positions are 48.42% of the budget, and unincorporated patrol positions comprise 51.8% of the budget. The numbers vary a great deal area to area in terms of demand for service.

Commissioner Shapiro asked about the ratios of the Sheriff's Department versus Los Angeles Police Department in terms of the number of officers doing patrol to total personnel.

Mr. Ramirez stated that out of 6000 personnel, 2000 do patrol. The other personnel may not be doing patrol per se, but are involved with specialized units, such as gang units. In the LAPD, the ratios are lower because everything is done in task forces. When there is a gang problem, they send specialized personnel. At any one time there were 200 officers on patrol out of 9000 officers. This is due to a completely different structure and approach.

Chairperson Buerk asked about the structure of the Sheriff's Department and funding. The Sheriff depends on the Board for money. What is the interaction that takes place between the Sheriff and the Board?

Mr. Ramirez responded that the Board gives the Sheriff money. The Sheriff has discretion to use that money anyway he sees fit which, is mandated by state law. The money is usually broken down into custody and the law enforcement. The Department adheres to the budget that has been approved.

The Department was given a directive that the net curtailment was going to be \$58 million dollars. That directive comes from the CAO. The Sheriff then gives direction on how to allocate the funds. Each division of the Sheriff's department identifies what they can cut. The final cuts are submitted to the chiefs for approval. It goes to the Sheriff for final approval and then to the Board. The Sheriff's overall approach is to refrain from cutting patrols.

Commissioner Padilla asked about the Sheriff's risk exposure and liability costs incurred from lawsuits.

Mr. Ramirez stated that the risk and liability fund is \$16.5 million dollars, with over half of that amount going to payout. That number is expected to increase next year. That comes out of the Sheriff's budget,

so it must come from some cost savings elsewhere.

Chairperson Buerk asked for a comment on what would happen if all contract cities decided to have their own police department.

Mr. Ramirez stated that the Sheriff's department is looking at that now. There are some cities that may regionalize their own service. Patrol service could be provided cheaper by this means. The Sheriff's Department would still patrol the unincorporated areas. They would also be custodian to those sent to jail.

Chairperson Buerk asked about the Gonzalez Act. Is the amount that the Sheriff's Department charges contract cities for services adequate to cover costs?

Mr. Ramirez stated that in 1970 when the act became law they charged \$250,000 per patrol car. The act led the way for saying that you can charge the net incremental cost of each unit you add. This method does recover a substantial part of the costs, and is a step in the right direction.

Chairperson Buerk asked how feasible it would be to provide patrol services to little pockets of unincorporated areas.

Mr. Ramirez cited examples such as Universal Studios, which is far from the West Hollywood Station where that situation already exists today. In the next twenty years, there will not be much unincorporated area, like Orange County, presently.

Commissioner Brennan excused herself from the Commission meeting.

VII. NEW BUSINESS

Commissioner Ackerman followed up on his presentation of the Grand Jury last month with a report. He met with last year's Grand Jury, and with the California and Los Angeles County Grand Jury Associations, with the idea of creating an implementation review committee. San Diego changed their charter to have an implementation review committee that follows through on the implementations of the Grand Jury of the preceding year. He provided some materials to be handed out to the Commissioners. He asked that the Commission read these handouts and consider his proposal to establish an implementation committee. He hopes to write to the Executive Officer, Mr. Monteilh, requesting an official response to the recommendations of last year's Grand Jury. With the help of the Commission, Commissioner Ackerman proposes having three members of last years' Grand Jury, and three from the current Grand Jury as an implementation committee to review the responses from the Executive Office.

VIII. PUBLIC COMMENT

Mr. Nicholas T. Conway of Arroyo Seco and Associates and Mr. Bruce Frerer of Deloitte and Touche presented comments concerning the Commission's contracting process for the Department of Health Services Audit. Both men recounted events surrounding the contracting selection process and expressed displeasure with the process used by the Commission.

IX. ADJOURNMENT

Respectfully Submitted,



Bruce J. Staniforth
Executive Director

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