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Economy & Efficiency Commission

Meeting Minutes

MINUTES OF THE REGULAR MEETING ECONOMY AND EFFICIENCY COMMISSION

WEDNESDAY, APRIL 6, 1994

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 at 9:45 a.m.

II. ATTENDANCE

COMMISSIONERS PRESENT:

Gunther Buerk
David Farrar
John FitzRandolph
Louise Frankel
Jonathan Fuhrman
John Grande
Carole Ojeda-Kimbrough
Chun Lee
Roman Padilla
Randy Stockwell
Betty Trotter

COMMISSIONERS ABSENT:

Fred Balderrama
Julia Sylva

COMMISSIONERS EXCUSED:

Richard Barger
Judith Brennan
Jack Drown
Alfred Freitag
Robert Philiposian

Daniel Shapiro

Others present: Robert M. Hertzberg, Productivity Commission

Motion, Second and Approve: The Commission members noted above as excused, be approved.

III. CONSIDERATION OF MINUTES

Chairperson Buerk asked for any amendments, corrections or objections to the proposed March 2, 1994 Minutes. It was noted that Commissioner Stockwell was incorrectly listed as absent and should be counted as present.

Motion, Second and Carried: The Minutes of the March 2, 1994 Commission meeting be approved as amended.

IV. INTRODUCTIONS AND ANNOUNCEMENTS

None.

V. OLD BUSINESS

A. Commissions, Board, and Task Forces Evaluation.

Task Force Chairperson Frankel reported that the Task Force Report recommendations were adopted by the Board with one amendment, suggested by the CAO. Ms. Reed recommended that each department head determine and make available, upon request, to the Audit Committee or other interested parties, the amounts of direct and indirect costs included in its annual budget for the committees and commissions under its purview.

Chairperson Buerk inquired if the Task Force has any recommendations in regard to following up. Ms. Frankel recommended that a review be held with the Audit committee in six months. Executive Director Staniforth stated that this item will be placed on the October, 1994 Commission Agenda. Commissioner Frankel said that she would like to see a periodic report come from the Audit Committee to this Commission.

Motion, Second and Carried: That the Audit Committee be asked to provide the Economy and Efficiency Commission with copies of their reports and communications with the other Commissions, Boards and Task Forces; and this Commission perform a review in six months.

B. Unincorporated Areas Budgeting.

Task Force Chairperson Padilla reported that the Task Force met on March 25, 1994. The Task Force is scheduled to meet again on April 26, 1994. He has asked that a draft report be provided one week prior to the next Task Force Meeting.

Commissioner Padilla and Executive Director Staniforth attended a conference on incorporations, annexations and unincorporated service areas held by the UCLA Extension program. A copy of the conference agenda was included in the Commission agenda packet. Commissioner Padilla indicated that the conference was relevant, most informative and useful to the Commission project.

Chairperson Buerk inquired as to the progress being made by ISD, consultants on the project. Commissioner Padilla replied that their rough draft report needs "tightening up."

C. County Budget and Economic Growth.

In the absence of Task Force Chairperson Philibosian, Chairperson Buerk asked Commissioner Fuhrman to report. Commissioner Fuhrman reported that the Task Force met on March 24, 1994. They focused on two areas, tort reform issues and worker& compensation insurance. The objective is to see how the County is moving in these areas under the new law to reduce its exposure and improve claims administration. Vice Chairperson Trotter added that they were also interested in seeing how the permit process program simplification is working.

Chairperson Buerk inquired if the Task Force has looked, or will look, at the proposed County Budget. Commissioner Fuhrman replied that there had been no discussion in this regard. There was general discussion as to how the Task Force might approach this. Chairperson Buerk suggested that examining the budget details may be outside the practical ability of the Task Force, but that the concept is within the scope of the Task Force. There was a consensus that the examination of risk and workers' compensation

management and accountability has to translate into budget savings.

D. Liability and Risk Management.

Task Force Chairperson Lee advised that he had received a draft copy of a report from the Chief Administrative Office and reviewed it with Mr. Staniforth. Mr. Staniforth has forwarded it to the consultants for their review and comment, but has not heard back from them to date. When the consultant's input is received the Task Force will meet again to discuss it. Mr. Staniforth advised that the department's reviews of the draft have to be completed and the CAO report finalized. Then, he has to schedule administrative time for this. The Task Force meeting will be scheduled as soon as practicable.

Commissioner Padilla asked about the status of the audits of the 7 or 8 law firms that bill the County in excess of \$3 million. Mr. Staniforth reported that the Auditor / Controller has put out some instructions and other information, but that he has not yet followed up on this.

E. Real Property Management.

In the absence of Task Force Chairperson Shapiro, Commissioner Farrar reported that the Task Force met and reviewed the previous reports of the Commission. Then they reviewed the initial response of the CAO's office. It appears that the Steering Committee had held a meeting, but have not continued any further. He noted that the Assistant CAO who is charged with real property management will be present later in the meeting to make a presentation to the Commission.

Commissioner Farrar called attention to the fact, per the 1992 Commission report, the County leases approximately 34,000,000 square feet of property. This is the equivalent of all the high rise buildings in downtown Los Angeles. It is an indication of the magnitude of the potential savings. The Task Force would like to review a representative, high profile piece of the whole to ascertain the magnitude of the problem. A letter to the CAO's office was drafted requesting a schedule of all leases in excess of 50,000 square feet, which will expire or renew within the next 5 years.

Commissioner Stockwell added, that the past work of the Task Force redirected the focus of the study to the management of real property. It was also suggested that the County initiate a program of charging rent to departments to increase their awareness of these costs. In the current economic environment there is an opportunity for the County to review its occupancy costs. He also observed that the Commission report did not deal with long term development contracts. This is an area that should probably be reviewed.

Productivity Commission Representative Hertzberg advised that the City of Los Angeles has a computerized inventory of every lease and every piece of real estate.

The Commission took a five minute break.

VI. PRESENTATION

Executive Director Staniforth introduced Ms. Sharon Yonashiro, Assistant County Administrator.

Ms. Yonashiro introduced Mr. Les Detweiler of her staff

Ms. Yonashiro passed out copies of two summaries of data prepared in response to the Task Force request for information. The first, covers leases over 50,000 square feet as requested by the Real Asset Management Task Force. The second, covers Revenue Projection/Asset Development. (See Attachments). She observed that the parameters provided by the Commission Task Force on leased assets generated only 8 sites. If the square footage were dropped to 40,000 and the lease term changed to up to 10 years, the list would be considerably larger.

Ms. Yonashiro asked that the presentation be a dialog between herself and the Commissioners on areas of specific interest to the Commission.

She was asked if she had seen the 1991 Commission Report. Ms. Yonashiro responded that she had seen it but had not studied it. Commissioner Stockwell advised that at the time of this report a number of departments either owned or leased property, but there was no central inventory of real estate available. Neither was there a method of charging County Departments rent for owned properties, When the Board accepted the Commission recommendations, the County was tasked with developing an inventory of real assets and begin charging rent to the departments. He asked what progress has been made in these areas.

Ms. Yonashiro responded that there is not a central inventory, but that nearly all the information is available in two or three departments. The only weakness in the inventory may be in listings of "odd lot parcels." The internal Services Department has a good handle on buildings. The Parks Department maintains an inventory

of all of their properties. The Public Works Department has a "conglomeration" of properties for which they maintain an inventory. These three probably represent 99% of the real assets of the County.

Chairperson Buerk indicated that the Commission is concerned with all assets of value which may be used appropriate to their value, or sold. Ms. Yonoshiro advised that 95% of the Parks land is acquired under conditions which require that it be maintained for park purposes either through bonded financing or donations where ownership may revert if not used for the specified purpose.

Public Works has taken limited steps to seek opportunities to derive revenue from some of their properties along flood control channels. She asserted that they have a good handle on the primary assets of the County where there is some development potential.

Chairperson Buerk stated that the Commission believes that there is a considerable amount of miscellaneous property owned by the County. Individual parcels may not have much value, but overall they may represent a valuable asset. He recognized that these parcels are hard to keep track of, and difficult to value. He inquired as to how often the data base is continually updated. Ms. Yonoshiro replied that the Auditor/Controller places value on County properties annually, but that this value may not be placed at current market.

The Commission inquired as to the practice of charging departments rent for County owned property. Ms. Yonoshiro responded that the administration has done some things that may not be exactly what the Commission recommended, but they are in line with the concepts suggested. The majority of the County's high profile, visible assets, such as recent vintage County buildings, are financed. These buildings have annual costs associated with them and these costs are distributed to the departments. County facilities owned, free and clear, are not being charged to departments.

Chairperson Buerk reiterated that one of the main recommendations of the Commission was that this practice be changed. It is unfair, and those who are not charged rent have no incentives to reduce their space requirements or move elsewhere with lower rent. Ms. Yonoshiro responded that the goal of making departments sensitive to space cost requirements has been 95% achieved by distributing costs in the majority of properties that are financed, rather than owned outright. Most of the owned property has unique and special uses, such as the honor farm and some of the hospitals. She admitted that there has been mixed success in making departments "space conscious."

Commissioner Farrar asked how a department head may be motivated to look at space requirement alternatives. Ms. Yonoshiro responded that this may depend on the manner in which the department is funded. Those departments that are heavily funded by subventions from state and federal sources of revenue must go through a complex process of claiming and receiving reimbursement, etc. If a department's (under a lease) space requirements diminish for any reason, it is difficult to revise excess space under the lease conditions. However, if a department is able to arrange for lower cost space, the department budget may be augmented by the amount of savings. There is also an understanding between the departments, CAO and ISD. If one agency gives up space it may be allocated to another agency to match its needs.

Chairperson Buerk asked for Ms. Yonoshiro to comment on the current activities of the Steering Committee that was established. She replied that she believes that it was formed, but that it is not operational at this time.

Commissioner Frankel, cited the process that eventually resulted in the Public Works Department establishing its headquarters in an existing building in Alhambra. She inquired as to the criteria used for determining what facilities are suitable for a departments needs, and how the facilities are acquired. Ms. Yonoshiro described the process in detail for the acquisition and use of the Sears property in Alhambra by Public Works. She also described the process for the Children's Court.

Commissioner Padilla asked if she could advise how the County goes about setting its Capital Budget in regard to servicing the unincorporated areas. Ms. Yonoshiro responded that this is not a centrally administered program, i.e., it is at the discretion of a department to identify those needs and make recommendations to the Board on how to address them.

Chairperson Buerk asked Ms. Yonoshiro to describe how the County handles Parks (other than regional parks) in areas which incorporate. She expressed her belief that when an area incorporates or annexes to a city, that the County turns it over the city. In the unincorporated areas the need for municipal type parks is left to the discretion of the department head to identify and recommend to the Board.

Commissioner Fuhrman asked for a clarification of the lists provided today by Ms. Yonoshiro. She reiterated that this list is very short due to the parameters identified by the Task Force inquiry, and that if longer term leases and spaces smaller than 50,000 square feet were included the list would be much longer. She

continued, saying that in the 1980's there were significant advantages to the County for entering into longer term leases for its space needs. She advised that there is a County Committee on Real Estate Management. ISD provides staff to this Committee.

Commissioner Stockwell expressed the thinking of the Task Force in setting these parameters. They took the view of taking advantage of opportunities to renegotiate some of the leases, and effecting significant savings. Ms. Yonoshiro replied that the data may be generated by computer in just about any form desired. The CAO is willing to have ISD provide any information the Commission may require. Commissioner Stockwell expressed an interest in having the Task Force members meet with her to discuss other more detailed information at a later date. Additionally, he asked if there is any managerial oversight which determines when it may be advantageous to renegotiate leases. Ms. Yonoshiro responded that she is not aware of any such initiative at this time, but that she believes that with the impending budget reductions, there will likely be more of this kind of activity.

Commissioner Fuhrman asked if there is any effort toward consolidating County operations in the downtown area and taking advantage of mass transit improvements. She responded that the direction is toward dispersing away from downtown. This was given impetus in the threat of a fine by SCAQMD if the County did not take steps to get employees out of the downtown area.

Productivity Commission Representative Hertzberg stated that he did not agree that there were any incentives for County managers to reduce use of space, or cost of space. Further, he said that there are instead, circumstances which encourage retaining, or increasing space requirements.

Commissioner Ojeda-Kimbrough raised a concern about the statements made regarding the SCAQMD threat of fines, when the objective of their Rule 15 is to increase the ridership of each vehicle. Further, all the mass transit projects are being geared toward the downtown area. Ms. Yonoshiro responded that the Counts thrust is to reduce the number of vehicle trips. This is why there has been the dispersing of facilities through out the county. They have also reduced number of days of operation, and extended hours of operation each day.

Summarizing the discussion, Chairperson Buerk reiterated the Commission's concerns about the lack of implementation of its recommendations. He also thanked Ms. Yonoshiro for coming to speak with the Commission after only a short period of time in her present assignment. Ms. Yonoshiro responded that she was confident that the CAO would be turning her attention to matters like these once she is through the budget process with the Board. This is evidenced by the fact that things are being done differently than they were 10, or even 5 years ago.

VII. NEW BUSINESS

A. Review of Current Jury System Management.

Vice Chairperson Trotter reviewed her proposal for a Commission Study of Jury Notification and Term of Service in Los Angeles County. A copy of her proposal was included in the agenda materials. She explained that this proposal is the result of complaints which were highlighted in the Bill Bovarsky column in the Los Angeles Times. She advised that she has been serving on The Judicial Council Standing Advisory Committee on Judgeship Needs. While working on this committee she has learned that the Jury System is not operated in other places as it is in Los Angeles. Orange County is operating in a different manner and has saved \$450,000 in its first attempt. There are people working inside the system making improvements. Changes can also be made from the efforts of those outside the system.

Commissioner Padilla asked if the Judges will have to adhere to any changes that the Commission may recommend. Chairperson Buerk observed that the effective link between the County and the Courts is funding, thus there is some justification of dealing with the issue. Commissioner Trotter explained that the system can be improved from the standpoint of business. They are negatively impacted by the time taken away from the job by jury service. Commissioner Frankel related her experience with a change that was made that resulted in spreading out the days of obligated service over an indefinite period time, which was a great inconvenience. Commissioner Ojeda-Kimbrough observed that when jurors are paid the \$50 for the 10 days of obligatory service, the cost of producing a check may prove significant relative to the amount paid. In those cases where it is appropriate it may be more efficient to issue a check to a company for total jury income to an individual working for that company, thereby consolidating payments. It was suggested that Supervisor Molina be contacted to get her views on this issue, as she has recently had jury duty.

Commissioner Padilla advised that the County conducts audits of Court administration and the Audit Committee reviews those audits. The Audit Committee then sends recommendations to the Judges. He questioned what leverage the Commission may have over this issue.

Chairperson Buerk suggested that such a study may be relevant if first, it produces a way to save the County

some money. The Board could then take up the matter with the Courts. Further, if the Commission comes up with some good ideas, legislators may become involved. The Commission study may have use as a basis for revised legislation. He asked that Commissioner Trotter first, provide the Commission with an idea of the potential results of such a study. Second, he asked for both an estimate of the cost to the Commission, and a work plan.

Vice Chairperson Trotter responded that her proposal provided a work plan and that it would not entail much more than what is set forth. Further, the report should be completed within six months.

Commissioner Grande suggested that it will be imperative that Ms. Juanita Blankenship, the Jury System Director, be interviewed.

Motion, Seconded and Carried: That a Task Force be established to examine Jury Service in Los Angeles County.

B. Status of Executive Director's Contract.

The Board took up the Commission's recommendations at their meeting of April 5, 1994 and approved the Contract, modified to an increase in compensation of five percent.

C. Civil Service Reforms.

Commissioner Fuhrman stated that Sacramento County has proposed Charter amendments to replace Civil Service language in the Charter with language referring to a Merit Personnel System. Other amendments would expand the number of management employees exempt from tenure, and the opportunity for contracting services. It was first proposed for the June, 1994 ballot, but it has now been rescheduled for the November, 1994 ballot. Commissioner Fuhrman suggested that at this point, no Commission action is necessary. Rather, it should be monitored over the summer, and if in the fall the Sacramento Board of Supervisors does place it on the ballot in November, the Commission obtain copies of the ballot information then.

D. Additional Contracting-out in County Counsel's Office.

Commissioner Fuhrman requested that this topic be placed on the next Commission Agenda for consideration of establishing another Task Force.

E. Discussion of Grand Jury recommendations concerning the District Attorney.

Commissioner Grande suggested that the topic be amended to Grand Jury recommendations concerning cost containment in prosecution of fraudulent accident and workers' compensation claims in Los Angeles County. He then requested that the matter be carried over to next month's Commission agenda.

VIII. PUBLIC COMMENT

Productivity Commission Representative Hertzberg advised that he had spoken to the appropriate people regarding the computerization of the Courts processes. He also has some information on their Real Assets management study and the courts. Chairperson Buerk stated that this Commission is interested in keeping informed of the work of the Productivity Commission.

Commissioner Hertzberg reported that on July 27, 1993 the Board assigned the Productivity Commission the task of examining the proposed consolidation of the Beaches and Harbors Department and the Parks and Recreation Department. The Board asked for a response within two weeks, and the Commission complied. One outcome of this report was a recommendation that there be a new department that manages the assets of the County. In February, 1994 the Board asked the CAO's office, in conjunction with the Productivity Commission, to proceed to study County Assets and ways in which revenues may be increased and costs be decreased. The Board asked for a report by May 24, 1994. A Task Force has just been appointed and is in the information gathering stages. He advised that he will continue to keep the Economy and Efficiency Commission apprised of their progress.

Chairperson Buerk asked what steps are being taken to coordinate between the two Commissions. Commissioner Hertzberg advised that he intends to place their Task Force in contact with the Task Force chaired by Commissioner Shapiro to determine if there is an appropriate way for them to work together. In regard to the computerization of the Courts system, Commissioner Hertzberg advised that the Courts can be divided into six sections. These are: Traffic Court, Small Claims Court, Municipal Court-Criminal, Municipal Court-Civil, Superior Court-Civil, and Superior Court-Criminal.

Traffic Court is in the forefront of this process. Small Claims Court is moving quickly. Superior Court-Civil and Municipal Court-Civil, now have "FAX filing." The Municipal Court-Civil is the model for the others. The Superior and Municipal Courts-Criminal are behind the others.

VIII. ADJOURNMENT

At 12:15 p.m.

Motion, Second and Approve: The meeting be adjourned.

Respectfully Submitted,



Bruce J. Staniforth
Executive Director

ATTACHMENTS

DEPARTMENT	ADDRESS	CITY	LEASE NUMBER	START DATE	EXPIRATION DATE	COMMENTS/ STATUS	LESSOR/ LANDLORD	SQUARE FEET/ PARKING SPACES	OPTION TO RENEW	ANNUAL RENT
Children's Services	425 Shatto Place	Los Angeles	60486	04/03/89	04/02/99		Willard & Muriel Jacobs	51,970	Addn'l 5 years at 95% of FMV on 12 months prior notice	\$843,765.12
Public Social Services	1500 S. Figueroa St. GAIN Program - Region IV	Los Angeles	58361	04/01/88	03/31/98		1500 Figueroa Partnership	52,000	Addn'l 5 years at 95% of FMV	\$953,371.88
Sheriff	12440 E. Imperial Highway Sublease	Norwalk, CA	L-3019	02/07/94	02/06/99		Bechtel Corporation	55,900		\$905,580.00
Public Social Services	10355 Slumber Dr. DPSS & DCS	Santa Fe Springs	56497	02/15/88	02/14/98		Heritage Corp. Center for correspondenc, rent checks; see note	65,568	Addn'l 5 years at 95% of FMV on 180 days prior notice	\$863,608.20
Mental Health	11400 E. Norwalk Blvd. Metropolitan State Hospital	Norwalk, CA	52393	07/01/89	05/31/91	Mo - to - Mo 06-01-91	State of CA, Metropolitan State Hospital	68,725		\$474,202.56
Treasurer & Tax Collector	4821 Gregg Road AKA 9536 Brasher Street	Pico Rivera	19568	01/01/93	12/31/97		Frederick M. Dulien & Marie J. Dulien	75,000	Addn'l 5 years on 60 days notice	\$278,765.64
Superior Court	900 N. Alameda Ave. Juror Parking & Shuttle Service	Los Angeles	65260	09/01/91	08/31/94		Allright Col., Inc.	240,000		\$849,024.00
Parks & Recreation	9651 S. Western	Los Angeles	3853	09/26/60		Yr - to - Yr	Dept. of Water &	94,960		\$100.00

REVENUE PROJECTION ASSET DEVELOPMENT

<u>ACTIVE PROJECTS</u>	<u>TOTAL</u> <u>1993-94</u>	<u>REVENUE</u> <u>POTENTIAL</u>
Civic Center Mall (Pasqua)	12,500	140,000
1st & Broadway (Office Tower)	925,000	1,198,303,000
Long Beach / Signal Hill (Business Center)	810,000	178,630,000
Perez Place (Business Park)	136,000	41,740,000
Pitchess (Business Park)	300,000	1,400,460,629
Pomona Fairgrounds	510,000	15,210,000
Rancho Los Amigos (Ph. 1 & 2 Business Park)	<u>744,000</u>	<u>287,287,750</u>
Sub-Totals	\$3,437,500	\$3,121,771,379
<u>PROJECTS IN PLANNING</u>		
El Pueblo (Historic Rehabilitation)	0	186,000,000
El Pueblo Parking Structure	0	114,000,000
First Street Properties	0	2,819,764,000
Olive View (Business Park)	0	77,000,000
Rancho Los Amigos, Phase III (Business Park)	<u>0</u>	<u>300,000,000</u>
Sub-Totals	\$ 0	\$3,496,764,000
TOTAL REVENUE	\$3,437,500	\$6,618,535,379

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