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## **Economy & Efficiency Commission**

# **Meeting Minutes**

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### **MINUTES OF THE REGULAR MEETING ECONOMY AND EFFICIENCY COMMISSION**

WEDNESDAY, OCTOBER 2, 1996  
ROOM 830, 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**

Chairman Buerk called the meeting to order at 10 a.m.

#### **II. ATTENDANCE**

##### **COMMISSIONERS PRESENT**

David A. Abel  
Richard D. Barger  
Gunther Buerk  
John Crowley  
David Farrar  
Louise Frankel  
Jonathan Fuhrman  
Christopher W. Hammond  
Jaclyn Tilley Hill  
Michael A. Jimenez  
Chun Lee  
William Petak  
Robert Philibosian  
Julia E. Sylva

##### **COMMISSIONERS EXCUSED**

Robert Glushon  
Carole Ojeda-Kimbrough  
Roman Padilla  
H. Randall Stoke

## **COMMISSIONERS ABSENT**

Fred Balderrama  
Tony Tortorice

Moved, Seconded, and Approved: The Commission members noted above be excused.

Commissioner Crowley commented that he appreciated this process which allows the Commission to know the reasons behind Commissioner absences.

## **III. CONSIDERATION OF MINUTES**

Moved, Seconded, and Approved: The minutes of the September 4, 1996 Commission Meeting be approved.

## **IV. INTRODUCTIONS AND ANNOUNCEMENTS**

Vice-Chair Farrar introduced Ms. Pat Flynn, the consultant on the Real Asset Management Project. Ms. Flynn was present to give the Commission an update on the progress of the 1995 report. Vice-Chair Farrar requested that the Real Asset Management Report be given last.

Commissioner Hill announced that she had been appointed to serve on the Quality and Productivity Commission. Commissioner Abel asked how their mission differs from that of the Economy and Efficiency Commission. Commissioner Hill replied that they work directly with departments to improve specific processes. Chairperson Buerk added that they also have the ability to assist in the financing of these improvements. They have an investment fund that is used to implement department programs. The fund is repaid out of the savings a department realizes from the Quality and Productivity recommendations. They are more involved in the day to day functions of departments. The Economy and Efficiency Commission generally examines issues of policy or those that address county-wide problems.

## **V. OLD BUSINESS**

### **1. Delivery of Municipal Services to Unincorporated Areas**

In Task Force Chairperson Padilla's absence Commissioner Abel reported that the report was referred to the CAO by the Board, and the Task Force presented the report to the CAO.

Mr. Staniforth reported that he is briefing the CAO staff on the report. They will be responding to the Board's direction of reporting back to the Board on the impact of our report.

### **2. Constitutional Revision Commission**

Task Force Co-Chair Abel reported that the Task Force has retained consultants and has had a series of weekly conference calls. They intend to have a report to the Task Force in November and to the entire Commission in December. The Task Force intends to recommend small, manageable action items.

### **3. Natural history Museum**

Task force Chairperson Hill reported that at the last meeting the Chair directed them to meet and respond to the Commission's request that action be taken to further the Commission's recommendations. The task force held a conference call and concluded that appropriate action was being taken and they will meet with the consultant in February, and at that time revisit the issue. In regards to Museum spending its endowment funds, the task force asked Mr. Staniforth to send a letter to Ray Fournier, the Assistant County Counsel. Mr. Fournier has been very involved in, and knowledgeable, in this study. When he returns from his vacation, he will prepare an opinion on the endowment question, and the Task Force will report back to the Commission.

### **5. Department of Health Services**

In Task Force Chairperson Tortorice's absence Mr. Staniforth reported that Task Force Chairperson Tortorice is drafting a letter to Mark Finucane, the Director of DHS. Chairperson Buerk suggested that he and Mr. Staniforth contact Task Force Chairperson Tortorice to get an update on the situation.

### **6. ISD Restructuring / Purchasing Division Review**

Mr. Staniforth reported that he delivered a final draft report to the ISD Task Force this morning. The nature of this report is the status of actions recommended in the Economy and Efficiency's original report. These are actions currently in progress and therefore their status may change. He suggests that due to the administrative nature of the current

report and the rapidly changing information surrounding the actions, the Task Force be given the authority to approve the report. Otherwise the Board will not see the report until the end of November at which time the information included in the report may not be valid. CAO, DHR, and ISD agree on the status as reported in the final draft report.

Moved. Seconded and Approved: Authorize the ISD Restructuring Task Force to approve the report and forward it to the Board.

Mr. Staniforth stated that the second item of the ISD report was a recommendation that the Auditor- Controller and the CAO develop a policy on county wide billing and cost recovery. That Task Force delivered a draft report to the Task Force. Some of their recommendations are inconsistent with positions that the Commission has previously taken. Specifically, they recommend that, in some cases, a full cost recovery should not be used. If the Commission wants to respond to that recommendation they should do so in a timely manner. A final date for response comments was not given.

Commissioner Fuhrman asked if there is specific financial criteria to support the instances where full cost recovery is not implemented. Mr. Staniforth replied their policy is to implement full cost recovery under special circumstances, not as a general procedure.

Commissioner Frankel inquired how the full cost recovery issue affects their ability to be competitive with outside services. Mr. Staniforth replied that, for example, system wide debt service may not be transferred when part of a function of a service is transferred to another department. Thus, costs to the remaining departments will be increased to cover debt service payments. Chairperson Buerk stated that there needs to be overall policy (decided by ISD) where all the fixed costs are charged to the services they provide This may be an area for further investigation

Commissioner Fuhrman suggested taking no action. Chairperson Buerk disagreed due to the fact that it was in conflict with our previous policy. Commissioner Frankel suggested indicating to the Board by footnote that this was in contradiction to our past policy. Chairperson Buerk agreed.

#### **7. Department of Human Resources / Department of Health Services**

Mr. Staniforth reported that we are still waiting for these departments to contact us with information on the strategy that the Board directed them to develop

Commissioner Crowley asked if there was a standard procedure for follow-ups. Chairperson Buerk replied that there is no standard because the follow up on each project is different and requires different procedures. Four or five years ago the Commission did not conduct follow-ups. Commissioner Frankel's Strategies Task Force was the first to conduct a follow-up and it was realized as an integral part of the Commissions work.

#### **8. Department of Public Social Services (DPSS)**

Task Force Chairperson Petak reported that the project has remained on hold. An acting department head will function in the absence of Ms. Bayer. The legislative analyst report was sent to the Task Force members. There will be a Task Force meeting to discuss the analyst's report.

Commissioner Fuhrman inquired as to the scope of the project. Commissioner Petak replied that has not been decided. Supervisor Antonovich initiated the project and then placed it on hold until a scope could be determined. Chairperson Buerk added that the task force should decide on a charge and bring it to the full Commission. Commissioner Petak requested that the department head be invited at speak to the next Commission meeting.

Commissioner Hammond requested to be appointed to the Task Force. Chairperson Buerk agreed and appointed him.

#### **4. Real Asset Management**

Task Force Chairperson Farrar reported that a draft written report had been prepared for the Board. This report is a progress report of the CAO's actions on the Economy and Efficiency Commission's recommendations. He asked Ms. Flynn to explain to the Commission the findings of that report and requested that the Task Force be given the authority to finalize the report and forward it to the Board. Although this is basically a progress report, Task Force Chairperson Farrar asked for the Commission's guidance in recommending the formation of a joint committee comprised of members of the four Commissions currently working on real asset management projects: Economy and Efficiency Commission, Quality and Productivity Commission, Local Government Services Commission, and Real Estate Commission. He requested that discussion be held after Ms. Flynn's report.

Ms. Flynn reported that out of the 26 recommendations the Commission made to the Board in February, only one was not accepted. This recommendation focused on a "rent charge-back system", and was not implemented because the CAO's office felt it would be difficult to implement and would not be productive. In addressing these issues, the CAO's

office has:

- 1) Adopted art Asset Management Mission Statement consistent with State and City mission statements
  - a) allows for better coordination of shared facilities, and
  - b) encompasses more than real assets.
- 2) Consolidated asset management functions within the CAO's office.
- 3) Is in the process of appointing a Director of Asset Management.
- 4) Has integrated databases, called the GIS, which are tied to the Assessor's mapping program. The GIS incorporates, not only real asset management data, but all data from agencies under the jurisdiction of the Board.

Ms. Flynn considers the later to be the most significant step in the management of real assets. This system is also beneficial to the city, because it shows where all government property is in Los Angeles County. The GIS is also compatible with The Thomas Brothers' Maps. Commissioner Crowley asked if there was proprietary interest in the database. Ms. Flynn replied that she was not aware if the County would be selling the database information, but Orange County and County of Riverside are selling information from similar databases.

- 5) The County is considering the real asset management decisions in a more comprehensive manner. Lease rates have been renegotiated and some are decreasing.

An example of their new strategy is the new mental health facility. Renovating the existing facility (including renting a temporary space during the renovation) was estimated to be around \$9 to \$10 million dollars. They instead found another facility on the market with a "turn key" ("turn key" means the space is immediately ready for use) price of \$3 S million.

Ms Flynn reiterated that the GIS is a very important first step but there are other steps that must be taken to supplement this system, including:

- 1) Identification of service areas. The system needs to identify jurisdictional boundaries of different departments. This will assist in assuring the client base is served effectively.
- 2) Working with other public agencies downtown to explore other service areas and shared facilities.
- 3) The development of a comprehensive real asset management plan.

Commissioner Hill stated that she had seen a presentation by Sharon Yonashiro's office and was concerned to learn that the GIS system does not indicate what department is using which space. Ms. Flynn replied there are three aspects: the content, the tool and the strategic input. The content is there, the tool is being built, the strategic decision making part has not been implemented yet. Chairperson Buerk inquired if that was part of the Commission's recommendations. Ms. Flynn replied yes, but it was a long term objective. There were seven long term recommendations which have been initiated but not completed. Ms. Flynn stressed the importance of conducting CAO progress reports.

Commissioner Abel suggested combining the City Asset Manager and the County Asset Manager into one position. This would be consistent with recommendations by the CCRC. Task Force Chairperson Farrar replied that there is a

beginning awareness that there are several governments in the same space. The Civic Center Authority is the beginning of a consolidation, but, at this point, the Commission has not recommend that one individual be manager for both the City and County.

Task Force Chairperson Farrar requested that the Commission give the Task Force the authority to take the written report, which is consistent with Ms. Flynn's presentation, to the Board. In addition, the letter would recommend the formation of a committee comprised of individuals from the aforementioned Commissions that are also interested in the County's asset management This will insure that the CAO is not pulled in four different directions Task Force Chairperson Farrar asked the Commission if this should be a formal or informal effort in coordinating the committee Currently, the only Commission that has not been approached about joining this joint committee is the Quality and Productivity Commission.

Chairperson Buerk suggested that the Commission encourage Task Force Chairperson Farrar to take an informal approach to contact the other commissions' task force chairs to discuss the best way to approach this matter Task Force Chairperson Farrar requested that Commissioner Hill speak to the individual from the Quality and Productivity Commission and have him/her contact him.

Commissioner Fuhrman suggested that an individual from the CAO's office also be asked to meet with the committee Task Force Chairperson Farrar agreed.

Local Government Services Commissioner Davis agreed that the joint committee is a good way to approach this project.

Moved, Seconded and Approved Authorize the Real Asset Management Task Force to approve the progress report and forward it to the Board.

**VI. DISCUSSION** - A discussion with Mr. Ronald Deaton, Chief Legislative Analyst, City of Los Angeles, on issues involving: *Local Government's Response to the Recommendations of the California Constitution Revision Commission*

Commissioner Jimenez introduced Mr. Ronald Deaton and stated that he and Commissioner Abel, members of the Constitution Revision Task Force, felt it would be beneficial to get the City's perspective on the recommendations of the CCRC.

Mr. Deaton stated that he has followed the process of constitutional revision from its inception. Counties and cities that were able to implement the charter changes benefited from the home rule aspect, and from the ability to raise taxes locally and to define local objectives. He believes that local government issues can not be resolved with out examining the school/property tax component. The CCRC recommended an amendment to the constitution for 25% of property taxes go to the schools.

Orange County has implemented many of the CCRC recommendations, but that is a more homogenous environment when compared to Los Angeles County. The populations and communities here vary greatly. For example, the City of Los Angeles has its own water, power, police, airport, etc. Other cities contract out for most of theses services. The challenge for Los Angeles is two fold: how to divide the services and then how do you divide the tax monies Three examples:

1. Motor vehicle Tax is divided by population.
2. State Property Tax is divided by "state law" Currently the formula is the average amount of property tax you had three years before 1978 In Los Angeles, 25% of that tax goes to the City, 25% to the County and 50% to the schools in a variety of fashions However, in El Segundo, perhaps only 1% goes to them, possibly none, because they had no property tax in 1978.
3. Sales Tax (estimates) Compton gets \$50 per capita Long Beach gets \$65 per capita, and Torrance gets \$350 per capita These are all point of sale at 1%.

The City is interested in charter reform, but the ramifications are unclear. Charter cities have the ability to change their charter but general law cities are required to follow state law Cities are difficult to define. Counties are easier to define they are basically an arm of the state government.

Commissioner Frankel asked if the Los Angeles City's charter needs to be reformed and why Mr. Deaton replied that in 1970 the Edelman proposal failed, but over the past 25 years almost all the major recommendations within that proposal have gone before the electorate and passed. His theory is, if you put (example) 17 recommendations before the electorate and you have one recommendation that each individual is opposed to, the group operates from a common ground and will oppose you. However, if you bring these recommendations, one at a time, before the same group, the recommendations have a better opportunity for passage. There are areas of the charter that can be improved. Recently, the City methodically examined the purchasing area through the entire charter, and where there were dollars or dates

that were absolute, they changed them to be established by ordinance. This makes the document more flexible. In April, they will have proposals relating to the transfer of funds which can also be accomplished through ordinances. Changes are also being made in bond issues and the Department of Water and Power.

Commissioner Frankel asked if bond issues for specific issues, such as 911 and Earthquake Retrofitting, are being used for their intended purposes. Mr. Deaton replied that funds for 911 are being spent on their intended purposes in the Police Department. In regards to the retrofitting, the funds are there accruing interests, while decisions on how to fix bridges, etc. are being finalized.

Chairperson Buerk stated that he perceives the City's response to the CCRC's recommendations are primarily from a fiscal point of view. He asked if that was correct and if there are other CCRC recommendations that would affect the role of city government. Mr. Deaton replied that CCRC proposed the ability to change be provided in the Constitution. Once that is done, there are two basic issues to address 1) What is this new organization going to do 2) and how is it going to be funded. If it is limited to city services, cities throughout the County who enjoy steady revenues would not vote for an organization that will decrease their services for the greater good. Since Los Angeles County is not as homogenous as Orange County or the Bay Area are, the ability to change is made difficult.

Commissioner Abel asked Mr. Deaton to elaborate on the need to attempt change in local government. Mr. Deaton replied that many years ago the City established a sales tax. The State applied a sales tax throughout the State and would not allow the City to tax over 1%. The State did the similar thing to the cigarette tax but ended up taking over the entire tax. The City had a tax on certain financial institutions and the State made that illegal and replaced it with a program that lasted only one year. It is almost impossible to make fiscal plans because the State has the authority to intervene whenever they wish.

From a citizen point of view, there are jurisdictional problems. For example in Fountain Valley the CAO offered Price Club a million dollars to move half a mile out of Santa Ana into Fountain Valley, in order to collect sales tax revenues. This, in affect, "stole" money from Santa Ana and the County of Orange.

## **VII. NEW BUSINESS**

### **1. Civil Service**

Commissioner Fuhrman asked the Commission to consider exploring the general issue of Civil Service, including the administration and the basic concept of Civil Service. The Civil Service structure has presented challenges for the County over the past few years in the light of downsizing, etc. and also presents challenges in moving the County to a more private sector mode of management. He does not see this as an immediate topic, but rather an issue the Commission could take its time examining the how and why of Civil Service. He recognizes that this is a "hot" topic, but there are questions of whether or not the Civil Service System serves the County.

Commissioner Hill agreed that it was an interesting topic and, in her experience with the Grand Jury, she had witnessed the difficulties of terminating inefficient workers in all levels.

Commissioner Petak asked Commissioner Fuhrman to specify what he hoped to accomplish. Commissioner Fuhrman replied that, as he understands it, Civil Service is covered under the County Charter. It is within the County's jurisdiction to affect. Does it serve a continuing purpose? Much of the workforce is now represented by unions that do what the Civil Service was set up to do. Is Civil Service redundant or is it necessary and not applied well?

Chairperson Buerk asked what is the alternative - more unions? Would this benefit the County more than the current system? Also, where would the funding for a consultant come from? Commissioner Fuhrman replied that there might not be a need for an outside consultant. The Commission is not under a timeline and a task force could examine these philosophical questions slowly. Chairperson Buerk stated that the funds would be needed to examine the financial ramifications.

Commissioner Petak suggested that Commissioner Fuhrman and others who are interested, write a purpose statement with goals that the Commission can examine.

Commissioner Philibosian questioned the focus of this study. If it is as Commissioner Hill mentioned, the ability to terminate bad employees, there are ways to remove ineffective workers at the state and county levels. Commissioner Frankel is familiar with this area. It is difficult to remove these employees, but the private sector faces the same challenges. However, if the focus is a complete overhaul of the Civil Service that is a massive project. The Commission may instead want to explore removing some top people from Civil Service so there is freedom to impose judgments and implement certain disciplines.

Commissioner Frankel stated that having witnessed both the Civil Service appeals and the Union's methods, she feels

the most important component of any employer/employee situation is solid training for the employee from the supervisor. If the supervisor does not train the employee properly the employee can not under the current system be held accountable for their performance. Any system must have proper supervision and training. One of the problems with the current system is that the measures for monitoring performance are not properly implemented.

Local Government Services Commissioner Davis added that the Commission may also want to examine what happens after a termination ruling by an arbitrator. In the private sector the word of the arbitrator is final, but in Civil Service the employee can appeal that ruling in court. In one instance an employee appealed a termination decision, was reinstated and received 6 months back pay.

Chairperson Buerk suggested that Commissioner Fuhrman come back to the Commission with specifics on scope and funding to determine if their will be action. Commissioner Frankel agreed to work with Commissioner Fuhrman on this issue.

## **2. Local Government Services - Libraries**

Commissioner Petak, the Local Government Services Liaison, reported that the Local Government Services Commission wanted to invite the Economy and Efficiency Commission to participate in their library study. Local Government Services Commissioner Davis stated that their study is a result of the Montjoy Bill which allows, under certain circumstances, local governments to withdraw from the County Library system and take with them the money that is allocated from their taxes to the Library and use those funds for a separate library system. Supervisor Antonovich held a hearing regarding this matter, and there is concern over the complete lack of response and poor service within the County library system. His Commission is interested in participating with the Economy and Efficiency Commission in a joint task force on this matter. They would approach it from the local government aspect and the E&E would approach the issue from the individual citizen aspect as well as reviewing the efficiency of the system. These are areas which are typically under the jurisdiction of the E&E.

Commissioner Barger suggested that Chairperson Buerk send a letter to the Head Librarian stating that we have been asked to look into the matter, thereby applying some pressure to the situation. However, he feels that even though there are aspects of the issue that are within our jurisdiction and the Local Government Services Commissions, that should be the extent of our involvement.

Commissioner Fuhrman stated that he does not feel this is an issue to which the Commission can give the assistance required and he suggested action not be taken. Chairperson Buerk agreed, but added that we would be interested in supporting the Local Government Services study with a letter from this Commission to the Library stating we have been asked to review the situation. Local Government Services Commissioner Davis agreed to draft the letter.

## **3. Amendment to Bylaws of the Commission**

Commissioner Jimenez distributed a proposed amendment to the Commission bylaws. The bylaws require that any amendment be circulated to members of the Commission at the meeting prior to discussion of a particular amendment. This question will be placed on the Commission's November agenda. The amendment is as follows, the strike out sections would be deleted and the shaded areas would be added:

MOVED THAT the Commission revise Section 5, Election Procedures, of its Operating Procedures to reflect the following:

Section 5. Election Procedures Commission officers shall be selected in the following manner:

- A. There shall be no secret ballots or absentee voting (Government Code, 54953)
- B. ~~Candidates shall be nominated from the floor at the election meeting~~  
Candidates shall be nominated by a Committee composed of five Commissioners, one representing each supervisorial district. The committee member representing each supervisorial district shall be selected by the four commissions appointed by that supervisor.
  - 1. Those commissioners serving on the Nominating Committee will be disqualified from becoming a candidate in the election for Chair.
- C. The election will be held by ~~voice vote~~ a show of hands at the election meeting

subject to the following:

1. If one of the candidates receives a majority of all votes cast he/she will be declared the winner.
2. If there are three or more candidates and no one receives a majority of all votes cast, a run-off election between the two candidates with the highest number of votes will be held. If there is a tie of three or more, and lacking any other mutually acceptable means, the top two candidates will be selected by coin toss with the old toss eliminated. The run-off shall be conducted by ~~voice vote~~ a show of hands at the election.

In the event of a tie between the two candidates, and lacking any other mutually acceptable means, the winner will be determined by a toss of a coin.

### **VIII. ADJOURNMENT**

On a motion from the floor, Chairman Buerk adjourned the meeting at 12 10 p m.

Respectfully Submitted,



Bruce J. Staniforth  
Executive Director

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