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Economy & Efficiency Commission

Meeting Minutes

MINUTES OF THE REGULAR MEETING ECONOMY AND EFFICIENCY COMMISSION

WEDNESDAY, MAY 1, 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

Co-Chairman David Farrar called the meeting to order at 9:40 a.m. and announced that Chairman Buerk had been delayed and requested that the meeting be started without him.

II. ATTENDANCE

COMMISSIONERS PRESENT

David A. Abel
Richard D. Barger
Gunther Buerk
Harry Cooper
John Crowley
Louise Frankel
Rob Glushon
Michael A. Jimenez
Chun Lee
Roman Padilla
William Petak
H. Randall Stoke
Julia E. Sylva
Tony Tortorice

COMMISSIONERS EXCUSED

Fred Balderrama
David Farrar
Jaclyn Tilley Hill

Robert Philibosian
Albert Vera

COMMISSIONERS ABSENT

Jonathan Fuhrman
Carole Ojeda-Kimbrough

A discussion of the attendance policy and procedures ensued with Chairman Buerk requesting that Commissioners who anticipate being absent from meetings notify staff of the reason. This will assist staff in preparing the attendance report which is required for Commission approval. Chairman Buerk requested that staff send a memo to all Commissioners asking that a reason be given when requesting an excused absence.

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

III. CONSIDERATION OF MINUTES

Moved, Seconded and Approved: The minutes of the April 3, 1996 Commission Meeting be approved.

IV. INTRODUCTIONS AND ANNOUNCEMENTS

1. Chairman Buerk introduced four new Commissioners:

Harry Cooper - Appointed by Supervisor Antonovich
David A. Abel - Appointed by Supervisor Yaroslavsky
Michael A. Jimenez - Appointed by Supervisor Yaroslavsky
Rob Glushon - Appointed by Supervisor Yaroslavsky

Each Commissioner described his background.

2. Chairman Buerk, as a result of Betty Trotter's departure from the Commission, announced that he had asked Commissioner Farrar to assume the position of Vice- Chair and that Commissioner Farrar had accepted.

3. Commissioner Frankel announced that she recommends that the Commission have a luncheon to honor Betty Trotter following next month's Commission meeting on Wednesday, June 5. After general agreement by Commission members, staff was directed to make the appropriate arrangements for the luncheon.

V. OLD BUSINESS

1. Delivery of Municipal Services to Unincorporated Areas

Task Force Chairman Padilla reported that the project is coming to an end. Last week the Task Force met with Sally Reed and others including Auditor-Controller Al Sasaki. Ms. Reed highlighted her concerns along with support for some of the concepts presented. Commissioner Padilla related that most of the feedback received by the Task Force from departments was positive. He indicated that the Task Force had received comments from the Sheriffs Department and that these were generally positive. He said that the Sheriff reported that they have been grappling with the same issues raised by this study. They did have some concerns resulting from the cost models they have with contract cities.

Commissioner Padilla summarized the overall response to the study as having been well received. He also stated that the Task Force is making its final review of the study.

2. Real Asset Management

Mr. Staniforth reported that comments from the Chief Administrative Officer on recommendation #15 of the Real Asset Report have been received by the Task Force. The Task Force will be giving further consideration to this issue.

3. Natural History Museum

Commissioner Stoke expressed his concern that the Museum continues in the use of County funds for operations rather than using funding from its endowment. This matter has been before the Board but there is concern as to whether it was fully considered. It takes two board members for the Board to reconsider this issue. Mr. Staniforth reminded the Commission that it has been tasked to do a follow-up study on the Museum.

Commissioner Stoke pointed out that there are provisions in the contract between the County and the Museum under which the contract can be renegotiated. Action on this issue must be taken promptly if this issue is going to be

addressed under these provisions.

Chairman Buerk indicated that the Task Force and Commission should emphasize the point that the Museum maintains most of its portfolio in Berkshire Hathaway stock. While this stock has shown significant appreciation in value it does not pay dividends. Chairman Buerk briefly summarized the key points as:

- The Museum has the majority of its funds in one stock
- There is a reopening provision in the county contract with the Museum if the county is in financial need.

Chairman Buerk stated he will appoint a new chair of this Task Force. The Task Force should consider developing a revised plan. It should ensure that it brings the appropriate issues to focus to get implementation of the study's recommendations. He also indicated that the Task Force needs to determine the level of savings that can be achieved.

4. Department of Health Services

Commissioner Tortorice said there isn't anything new to report. He stated that a follow-up on the reengineering study is planned.

5. Department of Human Resources

Mr. Staniforth stated that, as a result of a Commission report addressing the issue of Department of Human Resources (DHR) taking over some Human Resources functions of the Department of Health Services (DHS), the Board of Supervisors directed DHS & DHR to conduct a pilot study. The Board also directed that the DHR coordinate with the Commission before any action is taken. The Commission is to submit a report to the Board that will consider impacts of this pilot project.

Chairman Buerk suggested that: --

- There should be no duplication between the departments and
- The Human Resource Department be responsible for policy matters and functions while operations remain within the operating departments.

6. Internal Services (ISD) Restructuring

Mr. Staniforth reported that work is progressing to follow up on the ISD Restructuring Report. In addition, the Commission was directed to do a management review of the Purchasing Division of the ISD as a separate project. This project is also underway.

7. Department of Public Social Services (DPSS)

Commissioner Petak indicated that the Task Force requires additional clarification before doing more work on defining the scope of this study. When this information has been received, the Task Force will focus on developing a proposed work plan. The genesis of this study may have been a report that was completed more than twenty years ago.

A meeting will be scheduled with the Task Force to develop a work plan and get a cost estimate so the Commission can report back to the Board. It was emphasized that the next step would be to identify funding.

Mr. Tyler McCauley, of the Auditor-Controller, was queried about his office's auditing of DPSS. He indicated that audits are an ongoing process. These documents will be made available to the Commission.

VI. PRESENTATION - Mr. Tyler McCauley, Mr. Ian Clark, and Mr. Robert Smythe from the Office of the Auditor-Controller Topic: *Countywide Billing and Cost Recovery Task Force*

Mr. Staniforth introduced Mr. Tyler McCauley, Mr. Ian Clark, and Mr. Robert Smythe from the Auditor-Controller's Office. He explained that the presentation was especially relevant because of issues related to the ISD Restructuring Report given at last month's Commission meeting. The primary concerns for the original efforts were:

- The CAO Report on ISD Restructuring Study
- The Economy and Efficiency Commissions' Review of the CAO Proposed ISD Restructuring Proposals, and,
- ISD Reports on Billing Issues

It was pointed out that intergovernmental billing is a significant function both in terms of cost recovery as well as the resources devoted to the billing processes. Interdepartmental billing is an important consideration for Los Angeles County as it is the means to accumulate from cost accounting systems those amounts that can be billed to third party payers such as the State and federal governments. The cost accounting systems also provide valuable information to

management on the efficiency of County department operations.

The Auditor-Controller wants to build integrity into the billing processes to reduce the use of departmental resources devoted to analyzing interdepartmental billings and to ensure appropriate cost accounting and recovery of costs.

Listed below are the five subcommittees that have been established to address the billing policy issues being reviewed by the CAO, Auditor-Controller, ISD and Administrative Deputies representatives:

- Billing, Net County Cost (NCC)
- Budgeting
- Service Level
- Standards/Policies
- Subvention/Countywide Cost Allocation Plan (CCAP)

After analyzing the concerns and issues the goals of the Task Force were stated as a desire to:

- Rethink the entire process of billing and cost recovery.
- Design an ideal process incorporating the best public and private sector practices.
- Analyze the issues, develop options and recommend solutions / actions.
- Determine cost / benefits of current practices.

To determine how other public and private agencies dealt with the billing issues, the Auditor obtained a survey by El Dorado County and interviewed other public and private agencies. The information gathered indicates that not much billing is being done overall. Cost recovery issues are not a significant concern in the private sector. Mr. Smythe pointed out that the billing that does take place is primarily for discretionary services such as Data Processing.

The Auditor responded to a number of questions raised by the Commission members relating to their experiences in auditing in the Department of Public Social Services (DPSS). Much of the discussion centered on the impact of block grants on DPSS. It was agreed copies of Auditor-Controller reports on DPSS for the last two years would be sent to Mr. Staniforth.

VII. NEW BUSINESS

No new business was discussed.

VIII. ADJOURNMENT

On a motion from the floor Chairman Buerk adjourned the meeting at 11:55 a.m.

Respectfully Submitted,



Bruce J. Staniforth
Executive Director

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