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Economy & Efficiency Commission Meeting Minutes

MINUTES OF THE REGULAR MEETING ECONOMY AND EFFICIENCY COMMISSION

WEDNESDAY, JULY 10, 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 began the meeting 9:50 a. m as a committee-as-a-whole. A quorum was achieved at 10:15 a.m. and the meeting was officially called to order.

II. ATTENDANCE

COMMISSIONERS PRESENT

David A. Abel
Fred Balderrama
John Crowley
Gunther Buerk
Harry Cooper
Louise Frankel
Jaclyn Tilley Hill
Michael A. Jimenez
Chun Lee
Carole Ojeda-Kimbrough
Robert Philiposian
Tony Tortorice

COMMISSIONERS EXCUSED

Richard D. Barger
David Farrar
Jonathan Fuhrman
Robert Glushon
Roman Padilla

William Petak

H. Randall Stoke

Julia E. Sylva

COMMISSIONERS ABSENT

Albert Vera

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

III. CONSIDERATION OF MINUTES

Moved, Seconded, and Approved: The minutes of the June 5, 1996 Commission Meeting be approved.

IV. INTRODUCTIONS AND ANNOUNCEMENTS

Mr. Staniforth announced that Dr. Gil Siegel was present to assist in any discussion of the Unincorporated Areas report.

V. OLD BUSINESS

Chairperson Buerk requested that the first item on the agenda, the motion to approve the Unincorporated Areas report, be tabled until a quorum was achieved.

1. Real Asset Management

In Task Force Chairperson Farrar's absence, Mr. Staniforth reported that Commissioner Farrar has scheduled a meeting with Sharon Yonashiro for July 18th to discuss the progress the CAO has made on asset management. A progress report will be given at the next Commission meeting.

Chairperson Buerk mentioned the award from the National Association of County Information Officers that the Real Asset Management report had recently received. Commissioner Frankel stated her enthusiasm over the several awards the Commission had received in the past few weeks. Commissioner Frankel lead the Commission in thanking Mr. Staniforth for his hard work on the reports.

2. Delivery of Municipal Services to Unincorporated Areas

Chairperson Buerk stated that a quorum had been achieved and they would now discuss the report that was up for approval. Chairperson Buerk stated that Task Force Chairperson Padilla was unable to attend the meeting today however, the Commission had conducted significant discussion on this report at previous meetings. He asked Commissioner Crowley to give a brief overview of the report. Commissioner Crowley stated that the task force had met since the last meeting to consider and incorporate items that had surfaced from the Commission's discussion of the report. The Task Force unanimously approved the report. Commissioner Crowley suggested that we now have a motion to approve the report.

Commissioner Hill complimented the Task Force on incorporating the ideas and suggestions of other Commissioners into this report. She hopes the timeliness of this report will raise the level of awareness about the difficulties that unincorporated areas encounter.

Moved, Seconded and Approved: That the Commission approve the report entitled "Accountability and Municipal Service Delivery to Unincorporated Areas."

Commissioner Crowley stated that the Constitutional Revision Commission nearing a completion of its report. This report supposedly addresses the role of counties in the state constitution. He suggests that when the report is published, this Commission take a look at the recommendations dealing with the role of counties. He believes that the Los Angeles County government is in many ways a metropolitan government that is capable of addressing regional services. The County could save money, in addition to creating revenues by serving the single service districts and independent cities. Opportunities exist in centralization of forensic services, arson services, laboratory services, etc.. Commissioner Crowley encouraged the notion that this Commission address the topic of Los Angeles County providing regional services.

Chairperson Buerk asked if he means that some services currently provided by local governments, vary and change from one jurisdiction to another, and these services should be centralized and become regional services. Commissioner

Crowley replied that he would not limit this discussion to "local" governments. An example is, there is a state water pollution district that has taken no action toward curing toxicity in the water sources. He felt that the Commission needs to explore areas where there is a potential for a better quality of service at a lower cost by centralizing regional services.

Commissioner Abel added the Constitutional Revision Commission has spurred discussions throughout the state. This report is a comprehensive look at services and many other areas this Commission has explored. He believes that this Commission should do a separate and focused study on the issues raised in the forthcoming report. He asked whether this needs to be a Board directed action or can it be a project that originates from within the Commission.

Commissioner Frankel stated that in descriptions of county government in California, it is always defined as an extension of the State. She hopes this study will find new ways to allow counties to be autonomous. This would allow taxes and monies to be distributed in a fairer manner.

Commissioner Tortorice asked Commissioner Abel if he wanted to conduct a review of the Constitutional Revision Commission's report, in the context of how it relates to Los Angeles County, and to agree or disagree with the recommendations. Commissioner Abel stated that would be a good starting point. This could be done as a Commission action, or the Commission could encourage the Board to direct the Commission to examine this report. There is a statewide focus on the issues in this report and that is why action should be taken now.

Dr. Siegel stated that all counties appear to be treated the same and they have many differences. The "different class cities" pattern that existed in California may be needed for counties, if there is to be more effective regional government.

Chairperson Buerk stated that this discussion relates to the new direction of The Economic and Budget Development Task and requested Commissioner Philibosian to report on the progress.

3. Economic and Budget Development

Task Force Chairperson Philibosian reported that, at this time, they are still in the process of gathering the information needed to design a workplan. Chairperson Buerk asked that a task force meeting be held and a workplan be developed before the next meeting. The staff could then be directed to get the appropriate information. Task Force Chairperson Philibosian agreed that this was possible.

Commissioner Jimenez expressed his interest in being on the task force. Commissioner Crowley also expressed his interest in being on the task force. Chairperson Buerk stated that at present, Commissioner Fuhrman, Commissioner Farrar, Commissioner Abel, Commissioner Barger, and Commissioner Hill were on the task force. It is important to keep task forces at a manageable number. Commissioner Abel suggested that since this is an issue that will raise tremendous interest within the Commission, it may be appropriate to split the task force into two separate task forces that are able to focus on different aspects of the issue. This would allow for greater Commissioner participation and expand the resources of the task force. Chairperson Buerk asked that the task force decide if they need to split into two committees that examine two distinct issues. Presently, Chairperson Buerk is interested in a workplan by the next meeting.

Chairperson Buerk asked Mr. Staniforth what information has been gathered for the task force. Staniforth replied that he had spoken with the CAO, and they have not undertaken any study on this matter. Today's speaker, Tyler McCauley, Assistant Auditor Controller, will discuss the philosophical issue of responsibility without authority.

Chairperson Buerk requested that the task force should not rely heavily on Mr. Staniforth for the writing of this report. Instead, they should consider hiring consultants to do the bulk of the work. He feels that, due to the importance and timeliness of this subject, the Commission can go to the Board for the funds to hire consultants.

Commissioner Hill suggested their might also be an opportunity for funds through the Quality and Productivity Commission. Commissioner Frankel stated that the Commissioners also need to be personally involved in the process of interviewing and information gathering.

Commissioner Crowley stated that it would be helpful to know which other organizations are conducting studies on this topic. Commissioner Abel said that he already has that information and will send it to the staff.

4. Natural History Museum

Mr. Staniforth reported that the Commission has received a memo from the Auditor-Controller, requesting a response on recommendation 37 of the report. This is the recommendation that directs the commission to conduct a follow up of the museum. Currently, there is no Task Force Chairperson so this request has been forwarded to Chairperson Buerk.

Chairperson Buerk asked the implementation status of the recommendations. Mr. Staniforth replied that of the 37 recommendations, 30 were accepted by the Board and 7 were addressed and rejected. Commissioner Hill added that we did counter on the issues they did not adopt, but it was difficult to convince them of the problems with their diversification in the investment fund. The Commission's problems are not with the success of Berkshire Hathaway, but with the policy of fiduciary responsibility and the lack of diversification. Chairperson Buerk added that our complaint is that there is no distribution of dividends and they are only realized when the stock is sold. The Commission is trying to protect the County's interest.

At this point in the meeting, Chairperson Buerk suggested that the other task force reports be given after the presentation.

VI. PRESENTATION - Tyler McCauley Assistant Auditor Controller Topic: *Organizational Authority versus Responsibility within Los Angeles County*

Mr. McCauley stated that the majority of problems dealing with authority versus responsibility exist within the courts and elected officials (the Sheriff, the District Attorney, and the Assessor).

Currently, there are big changes happening in the courts. There is a bill (AB2553) that may pass today that would radically change funding to the courts. It would give the County a cap on what it could spend on courts. The County would send to the State a block of funding and the State would then pass the funds on to the courts to spend as they see fit. This would relieve the County of any responsibility if the courts go over budget. The County will fund \$300M, but no more.

Chairperson Buerk asked if this was just for Los Angeles County. Mr. McCauley replied that it is statewide. Chairperson Buerk asked how the costs for each county were determined. Mr. McCauley stated that it is based on the 94-95 fiscal year, currently it is not adjusted for inflation, which is good for the county, but unfavorable to the courts.

Commissioner Frankel asked what would happen if there was a need for money and the State would not assist. Mr. McCauley replied that is unclear, but it would not be the County's problem.

Commissioner Crowley asked if the Board considers the difference between operating and capital funding. Mr. McCauley replied that the funds would be for operating expenditures, the County would still be in charge of running the buildings. However, most of the buildings are being refurbished with court fines. Commissioner Crowley stated that he asked this because if the courts demand more space, a capital investment, the County would be required to provide them with more space.

Chairperson Buerk asked if the bill had already passed the assembly or the senate. Mr. McCauley said that it is pending in both.

Mr. McCauley stated that there have been many problems between the Board and the Sheriff, regarding opening of jails, etc.. The Board wants the jails open but they do not have the authority to direct the Sheriff in the allocation of funds. This is the same situation with the D.A. and the Assessor.

Mr. McCauley brought up the subject of MOEs and their relation to this issue. Maintenance of Efforts (MOEs) are the amounts that the State tells the County how much it can minimally spend for services such as: the Sheriff's, the Assessor's, Mental Health, Department of Health Services. This is also an aspect of responsibility/authority because the County can't make budgetary cuts below the MOEs.

Mr. McCauley opened the floor up for questions.

Chairperson Buerk stated that he believes the reason why elected officials are having difficult working problems out with the Board is due to the limitation on property taxes increase. Before property taxes were limited, the officials made their budgets, submitted them to the Board, the Board then based the property taxes on the costs of required services. Chairperson Buerk asked which mandate funds the Sheriff's Department. Mr. McCauley replied Proposition 172, the sales tax fund. Chairperson Buerk asked if that mandate had any qualifications on where the money should be spent. Mr. McCauley replied that this money was identified for public safety services. The Board defined that as the Sheriff and the District Attorney.

Commissioner Abel asked Mr. McCauley if he thought that the unintended consequences of Proposition 13, and other similar measures, had resulted in the major loss of local political control. Mr. McCauley agreed. Commissioner Abel stated that he feels the consequences of that loss, and what it has done to our political dynamic, have not been explored. Much of the frustration with government today is related to the fact that government is so "shackled" that it is impossible for it to be responsive to need. In the name of fiscal conservatism and prudence we have lost our balance. Mr. McCauley stated that these problems didn't begin to surface, in relation to Prop 13, until 1992 when the State wanted its money back from the bailout. The State took nearly a billion dollars from the County in two years. The

funds were taken out of the Board's Discretionary Fund which is where the funds for the Sheriff's Dept, etc. come from. The Sheriff's funds equal one quarter of the Discretionary Fund and that is why there is so much attention focused on him. The local control over funds was lost when this happened.

Commissioner Tortorice asked if Mr. McCauley had an opportunity to review the draft of the California Constitution Revision. Mr. McCauley said no. Commissioner Tortorice stated that there are certain portions that deal with the overall problem of state and federal mandates and the delivery mechanism. He agrees with Commissioner Abel's suggestion to review the Constitutional Revision Commission's report.

Commissioner Frankel stated that she hopes the revision committee addresses clarifying the autonomy of the County. Chairperson Buerk agreed. Is there a need for separate elected officials, i.e. the Sheriff, if they are not given full responsibility and authority for their budgets? Another issue is, the complications of funds and responsibilities for the Department of Health Services. Mr. McCauley believes that DHS is also headed towards block funding which necessitates efficiency of funds.

Chairperson Buerk stated that currently we have three different types of social services: federal, state, and county. Each of these has to be accounted for differently. He asked Mr. McCauley if he had any ideas how this might be improved. Mr. McCauley replied that there are further complications, because the immigration and homeless problem become local problems, but the local government has no control. The funding base for general relief should be statewide. The federal and state are primarily dealt with as one entity. A block grant for social services would be detrimental.

Chairperson Buerk stated that it is the responsibility of the Commission to look at areas of County government and see what can be changed or improved. Maybe some of the mandates that dictate spending and responsibility should be abolished and the County can set its own standards. There needs to be a balance between responsibility and authority.

Commissioner Frankel pointed out an example from North Carolina. There is a division in the legislature that allows counties to hold elections on certain controversial issues and to decide county by county on these issues. A specific example is that of liquor. Some counties are completely dry, others are not. The township can be "wet" and the unincorporated areas of the county can be "dry". The liquor stores are monitored by the state and put in only where the state allows. Chairperson Buerk stated that this refers back to the comment made earlier regarding the need for different types of counties that have more authority to set local rules.

V. OLD BUSINESS (continued)

5. Department of Health Services

Task Force Chairperson Tortorice reported that he had received a letter from Mark Finucane asking for an extension in responding to the task force until July 31st. Chairperson Buerk suggested that we wait another month for a response and if there is an additional delay, then we should report to the Board.

6. Internal Services (JSD) Restructuring

Mr. Staniforth reported he is continuing with the follow-up but has nothing new to report at this time.

7. Department of Public Social Services (DPSS)

Mr. Staniforth reported that we are currently waiting for direction from Supervisor Antonovich. Chairperson Buerk stated that this task force will be in limbo until that time. Mr. Staniforth agreed to write a memo to the Supervisors stating our position.

Commissioner Hill said that Mr. Eddy Tanaka was never contacted for any information for the Rose Report. He went to great lengths to find out their resources but was unable to do so. Also, the Los Angeles Times did not publish the full report, only selected excerpts. This left a very one-sided impression.

VII. NEW BUSINESS

There was no new business

VIII. ADJOURNMENT

On a motion from the floor, Chairman Buerk adjourned the meeting at 11:30 a.m.

Respectfully Submitted,



Bruce J. Staniforth
Executive Director

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