

REPORT ON THE
BUSINESS LICENSE COMMISSION

Report of the Task Force on
Department Head Commissions

ECONOMY AND EFFICIENCY COMMISSION

October 1974

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REPORT ON THE BUSINESS LICENSE COMMISSION

In May, 1973, the Board of Supervisors requested the Economy and Efficiency Commission to conduct a study of seven commissions where the commission itself operates as the head of the department and appoints the chief executive.

This is the fourth report of the task force on department head commissions. Previous reports have been submitted on the Regional Planning Commission, the Arboreta and Botanic Gardens, the Otis Art Institute, and the Museum of Natural History.

The task force members are: (Mrs.) Mary Jane Kidd, Chairman; Dr. Downey, Catherine Burke, Joseph A. Lederman, and Earl J. Sachs. Robert J.

I. SAVINGS

The task force estimates that the recommendations contained in this report will result in an annual savings of \$61,788, which is equal to 51.7% of the total 1974-75 budget of the Business License Commission. These savings are outlined under the related recommendations and are summarized in detail

in the last section of the report. In addition, we believe the task force recommendations will improve the effectiveness of the commission and staff functions responsible for regulating business licenses and issuing information cards for charitable solicitations. In particular, they are directed towards eliminating the duplication which now exists between the Business License Commission and the License Division of the Treasurer-Tax Collector.

II. OPERATION OF THE BUSINESS LICENSE COMMISSION

Presently the Business License Commission consists of five members appointed by the Board of Supervisors, an executive officer appointed by the commission, and his five-member staff. The commissioners are authorized 104 meetings each year and receive a stipend of \$100 per meeting.

The purpose of the department is to regulate the licensing of businesses concerned with entertainment, public assembly, and the public welfare and to issue information cards required for the soliciting of funds in the unincorporated area for charitable organizations.

The Business License Commission conducts public hearings on certain types of business licenses and acts as an appeals board on all business licenses denied by a County regulatory agency. In addition, the department inspects County hospitals and private schools to determine conformance to established standards.

The operation of the Business License Commission is governed principally by two County ordinances. They are Ordinance No. 4099, Article XXXIV, and Ordinance NO. 5860. Ordinance No. 4099 briefly stipulates the responsibilities of the Business License Commission. Ordinance No. 5860, called "The License Ordinance" is a much longer document which presents in detail the procedures required for obtaining new and renewed licenses governing all types

of business establishments. Chapter 18 of this ordinance also prescribes the procedures required for obtaining information cards for charitable solicitations.

III. TASK FORCE RECOMMENDATIONS

The ordinances governing the granting and the issuing of business licenses should be amended to make the following changes:

RECOMMENDATION 1.

Reduce the number of meetings required annually for the Business License Commission to grant business licenses and information cards for charitable solicitations from 80 meetings a year to a maximum of 36. This will be accomplished by redefining the responsibilities of the Business License Commission and the License Division of the Treasurer-Tax Collector.

Current Responsibilities and Procedures

The License Division of the Treasurer-Tax Collector receives all applications for business licenses in the unincorporated area of Los Angeles County. At the time of application) the division collects the required fee, issues a receipt, and when the application is approved issues the license. This division is also responsible for notifying licensees when their present license will expire and a renewal is required. The division consists of 29 employees who process approximately 18,000 new licenses and renewals a year.

Of this number, approximately 5000 applications, involving certain types of businesses--or which otherwise require a public hearing--are referred to the Business License Commission to determine whether they shall be granted or denied. The licenses for all other types of businesses are granted and issued directly by the License Division of the Treasurer-Tax Collector.

When an application is received, the License Division sends a referral notification to certain County regulatory agencies which are responsible for

determining whether the operation of the business meets their regulatory requirements. These agencies are: the Sheriff Department, the Forester and Fire Warden, the Building and Safety Division of the County Engineer, the Health Services Department, and the Regional Planning Commission. The Sheriff, for example, receives 7,000 such referrals each year and the Fire Department approximately 5,000.

The manner in which a particular application is processed depends upon three factors, (1) the type of business, (2) the decisions of the regulatory agencies, and (3) whether the application is for a new license or a renewal.

For certain types of business, the present ordinance requires that the Business License Commission conduct a public hearing. These are businesses concerned with entertainment, public assembly, or which involve public welfare. They include dance clubs, billiard rooms, bowling alleys, massage parlors, rifle ranges, and ambulance and taxi cab operators. The License Division automatically refers these applications to the Business License Commission and notifies the applicant of the date of the public hearing. During the fiscal year 1973-74, the Business License Commission granted 284 new licenses and 582 renewals involving these types of businesses.

In 22 cases, however, the commission denied the application either on the recommendation of a regulatory agency or as a result of testimony taken at the hearing from the applicant or other persons protesting the application.

Regardless of the type of business, an application also requires a public hearing before the Business License Commission if any of the regulatory agencies returns a referral to it which denies the application. The Tax Collector then notifies the applicant that the application is denied and that he has the right to request a hearing before the commission to appeal the denial. In the fiscal year 1973-74, 22 applications were denied and appealed in this

manner. Of this number, 11 applications were granted by the commission after a public hearing. In the 11 remaining cases the appeal was either abandoned or denied.

The commission also conducts a limited number of public hearings concerning existing licenses or applications for renewed licenses. This occurs when one of the regulatory agencies, usually the Sheriff, files what is called an accusation which recommends that because of violation of regulatory requirements the license should be revoked or the application for renewal denied. During the fiscal year 1973-74, 34 such accusations were filed with the commission. Of this number, 11 were withdrawn or otherwise disposed of before a public hearing. The 22 others were either revoked, denied, or suspended--with one exception in which the license was granted under certain conditions.

In addition to applications for new licenses or renewals which require a public hearing, current procedures also require the License Division of the Treasurer-Tax Collector to refer applications for three other types of businesses to the Business License Commission. These applications, however, do not automatically require a public hearing. These are businesses concerned with coin operated games and phonographs and public eating establishments. In the fiscal year 1973-74, the Business License Commission granted 1,617 applications for new licenses of this type and 2,395 renewals. In addition, in 208 cases the application was denied, again, either on the recommendation of a regulatory agency or because of other information presented to the commission.

To summarize, in 1973-74, of the 18,000 applications for new licenses and renewals which the County received, approximately 5,000 were reviewed by the Business License Commission--either by means of a public hearing or an administrative review. Of this number approximately 260 were denied. The licenses for

all other types of businesses were granted and issued directly by the License Division of the Treasurer-Tax Collector.

Task Force Conclusion

In reviewing these procedures, the task force finds that the vast majority of applications now processed by the Business License Commission require only a routine administrative review. Of the 5,000 applications reviewed by the commission, approximately 1,076 required a public hearing before the commission where testimony from applicants or interested citizens, recommendations from the regulatory agencies and similar information was presented to the commission for its review and decision.

Certainly if the application is for a new license in the areas of entertainment, public assembly, or the public welfare, or if a regulatory agency recommends denial of a new license or renewal, there should be a public hearing where appropriate testimony can be presented to the commission in a quasi-judicial atmosphere.

With other types of businesses and with all renewals for any type of business where there is no adverse information and no protests from other citizens, there is no need for a public hearing. All that is required is an administrative review to insure that the necessary documents are in order and that the license is correctly issued. This is true of the vast majority of applications now processed by the Business License Commission. It is work properly assigned to administrative employees, not to a lay board of citizens receiving a stipend of \$100 a meeting. The task force concludes that the requirement of five commissioners meeting for the purpose of granting business licenses which require only a routine administrative review at a cost of \$500 per meeting an unwarranted expense.

We therefore recommend that current procedures be changed in the following manner.

1. Applications for new licenses for businesses concerned with entertainment, public assembly and the public welfare which now automatically require a public hearing should continue to be the responsibility of the Business License Commission. There were approximately 300 cases of this type in 1973-74.
2. Applications for any type of business which involve a recommendation for denial by any regulatory agency should also be heard by the Business License Commission. There were approximately 671 cases of this type in 1973-74.
3. Regardless of the type of business, applications for renewal of a license will require a public hearing before the Business License Commission only if a regulatory agency determines that since the license was issued there has been a change of ownership or a significant change in operation which involves noncompliance with County regulations. There were approximately 71 cases of this type involving applications for renewals in 1973-74.
4. The commission will continue to hear any case involving the operation of an existing license where a regulatory agency has filed an accusation recommending reevaluation. Thirty-four accusations of this type were filed in 1973-74.
5. All other applications, namely applications for new licenses which do not now require a public hearing and all applications for renewals where there is no recommendation for denial and no citizen complaints, will be processed and issued by the License Division of the Treasurer-Tax Collector in the same manner as it processes the 13,000 licenses it now issues. They will not be referred to the Business License Commission.

We have reviewed this recommendation with Bradley J. Nuremberg, Acting Treasurer-Tax Collector, and members of his staff. They agree that the License Division can grant and issue the additional applications without adding to the present staff. Currently, the License Division receives and reviews these applications, but rather than issue the license directly, it first refers them to the

Business License Commission for its approval. After receiving notification of approval from the commission, the License Division then issues the license.

Under the procedures which the task force recommends, the Business License Commission will meet only to conduct a public hearing in those cases where the information indicates that a quasi-judicial hearing is required to determine whether the license should be granted or denied. On the basis of current experience as indicated above, this would require the commission to hear and make a determination in approximately 1,076 cases.

Issuing Information Cards for Charitable Solicitations

In describing the responsibilities of the commission in the previous section, we noted that the commission is also responsible for reviewing applications for charitable solicitations and issuing information cards required for each solicitation. During the fiscal year 1973-74, the commission received 438 notices of intention to solicit. Of this number the commission granted information cards to 428. Most of these notices require only an administrative review, since the organization usually has submitted previous notices of intention. New applications, however, require a hearing. During the year 1973-74, 61 applicants were heard in a formal hearing.

This system appears to be working well, and, unlike the issuance of business licenses, there is no duplication with the License Division of the Treasurer-Tax Collector. Therefore, we do not recommend any change in current procedures with respect to charitable solicitations.

Reduction in Meetings

The task force estimates that these proposed procedural changes will reduce the requirement for commission meetings from two meetings a week to two

a month. Our analysis indicates that this number of meetings should be wholly adequate for handling the much-reduced workload proposed for the commission. However, to provide a safety factor to insure that workload requirements are met, particularly in the case of a sudden influx of applications in a given month, we recommend that the ordinance allow the commission to meet a third time each month if the workload requires it. Thus the maximum number of meetings a year, exclusive of hospital inspections, will be reduced from 80 to 36.

Our estimate of meeting requirements is based upon a careful analysis of projected workloads for the commission taking into account the changes in procedure which we recommend. In the fiscal year 1973-74 the commission processed, as we have noted, a total of 1076 applications which required a public hearing. However, 575 of these items involved applications for coin-operated games where a regulatory agency recommended that the application be denied.

On July 21, 1974, the Board of Supervisors amended the License Ordinance to permit applicants to file for a "game arcade" license where there are five or more games at one location. Before this, each coin-operated game had to be licensed separately. The amendment will greatly reduce the number of applications for such game licenses. For example, in contrast to the coin-operated games, only 38 out of 238 applications for coin-operated phonographs required a public hearing. Our estimate for applications for coin-operated games in the future is approximately 75 annually. Hence, the number of applications requiring public hearings before the commission should average around 600 items a year.

At this rate, on a schedule of two meetings a month, the commission will be required to process an average of 25 applications per meeting. If a third meeting is conducted each month the workload will average 17 applications.

The time required to hear each application varies on the average from ten minutes to one hour, depending upon whether the regulatory agencies recommend denial or whether there are protests from interested citizens. Many of the applications for new licenses for businesses associated with entertainment, public assembly, or the public welfare for which the ordinance automatically requires a public hearing are not involved in a denial by a regulatory agency or protests from other citizens. They are, therefore, quite routine. There were 284 applications of this type in 1973-74.

The task force concludes, therefore, that the reduction to between 24 to 36 meetings a year is entirely feasible. In this respect, we believe the commission would be well advised to follow administrative procedures similar to those used by the Board of Supervisors to expedite the many executive and legislative matters that come before it each week. The Board reviews and disposes of an average of 170 to 180 such items in a given meeting, a considerable number of which involve prolonged debate and discussion as well as the requirement for a public hearing.

The Board is able to accomplish this because the Supervisors require both their own staffs as well as those of the Chief Administrative Officer, the Executive Officer of the Board, and the concerned department heads to prepare the necessary documents and papers on the scheduled agenda items which they then review in advance of the meeting. As a consequence all routine items are disposed of very quickly at the meeting. We recommend that the Business License Commission follow similar administrative procedures to process the routine applications which come before it.

We should note also that under the current ordinance (Ordinance No. 5860, Section 102) the commission is allowed to appoint a referee to take

testimony and to report his findings to the commission. Under this provision, the commission has delegated its executive officer to sit as a hearing officer on applications for licenses and charitable solicitations twice each month in Lancaster.

In a similar manner, the commission can empower the executive officer to conduct public hearings if an emergency arises involving either a business license or a charitable solicitation during a week when the commission is not meeting. With business licenses the executive officer can hear the matter and report his findings and recommendations to the commission for final ratification. With information cards he can grant or deny them directly, if so empowered by the commission.

In addition, the executive officer currently conducts inspections of private schools located in the unincorporated area of the County. This requires an annual inspection of approximately 18 private schools to insure that school advertisements correspond to the curriculum offered and that administrative procedures, general physical conditions and insurance coverage follow the requirements necessary for granting a County license.

Since these procedures provide additional flexibility and relief concerning the workload requirements of the commission, the task force recommends no change in either procedure.

Savings

As we have indicated, each member of the commission now receives a stipend of \$100 a meeting. The commission now meets twice a week, on Tuesdays and Wednesdays, for a total of 104 meetings a year. However, 24 of these meetings are devoted to hospital inspections. Thus the commission met 80 times to review and process applications for business licenses and charitable

solicitations. Our recommendation will reduce the number of meetings from 80 to a maximum of 36, resulting in a savings of \$22,000 annually.

As we have indicated, transferring the processing of routine applications from the Business License Commission to the License Division of the Treasurer-Tax Collector will reduce the administrative load by approximately 4,000 items. The executive officer now uses a staff of five clerical and stenographic employees to process this workload. We estimate that this staff can be reduced by at least one employee without a comparable increase in the staff of the Treasurer-Tax Collector. We would expect that this reduction can be achieved through transfer or attrition without requiring a layoff of present personnel. Immediate savings will amount to approximately \$10,000 in salary and fringe benefits. We recommend also that the feasibility of future staff reductions be determined by the Chief Administrative Officer during the annual budgetary process.

The commission members are reimbursed mileage costs to and from commission meetings. Total cost for each meeting is \$27. Reducing the number of meetings by 44, at the cost of \$27 a meeting, will result in savings of \$1,188 annually. In addition, the commission meetings require the attendance of a court reporter at an annual cost of \$5,000. With the reduction in meetings by more than a half this cost should be reduced by at least one-half, resulting in annual savings of \$2,500. Our recommendation, therefore, should result in a total savings of \$35,688 annually.

We should note one further point. Representatives of the County Counsel, the Sheriff and Fire Departments, and the Building and Safety Division of the County Engineer are required to attend commission meetings involving public hearings. They now attend at least one meeting a week, or 52 meetings a year.

We estimate this requirement will be reduced to approximately 26 meetings for the Fire and Engineering representatives and to 36 for the County Counsel and Sheriff's representatives. (The difference results from the fact that the Fire and Engineering representatives are not required to attend public hearings involving accusations against existing licenses, as are the County Counsel and the Sheriff's representatives.)

The time saved by these employees can be devoted to other productive work. Since, however, no reduction in personnel will result, the County may not realize an actual dollar savings from this change. Some savings, however, may be expected in the future if the need for hiring additional employees is reduced. We have not included these possible savings in our estimate.

RECOMMENDATION 2.

Reduce the stipend for commission members from \$100 to \$25 per meeting.

Analysis

The task force believes that pecuniary compensation should not constitute a strong consideration for commissioners who are assigned the responsibility to represent County citizens and to bring the opinions and the wishes of the people before the government. Therefore, together with the changes in responsibility of the Business License Commission, we recommend that the stipend be reduced to \$25 a meeting, not to exceed \$900 a year.

This amount is based upon our analysis of the compensation paid to the 98 commissions and committees which operate within the County. Admittedly, the compensation paid to these groups varies considerably. Nevertheless, there are some general patterns which we believe provide a useful guideline for determining the appropriate compensation for the Business License Commission.

Of the 98 commissions and committees, 51 serve without a stipend of any kind. These include the Building Board of Appeals and the Capital Projects Appeals Board, both of which act as citizen hearing boards with responsibilities similar to those we propose for the Business License Commission.

In addition, 32 other commissions or committees serve with a stipend of \$25 or less per meeting. Hence, of the 98 groups, 85% receive a stipend of \$25 or less. Those which receive \$25 a meeting include the Design Control Board (Small Craft Harbors), the Engineering Geologist Review and Appeals Board, the Los Angeles County Highway Safety Commission, and the Water Appeals Board, all of whom act as citizen hearing boards similar to the Business License Commission.

We should note also that the Police Commission of five members in Los Angeles City has a similar responsibility for granting business licenses for the city. This commission however, uses 20 hearing officers who first conduct a public hearing when it is required. The hearing officer submits a report to the Police Commission recommending approval or denial of the application. The commission then makes the final decision whether to grant or deny the license. This system is used in order to save the time of the Police Commission which meets once a week, and which also serves as the official head of the Police Department. Members of the Police Commission receive a stipend of \$10 a meeting, and the hearing officers, operating on a rotational basis, receive \$25 a hearing.

Therefore, in consideration of the similar responsibilities of the County commissions, as well as the City Police Commission and the stipends which these agencies receive, we conclude that \$25 a meeting is an appropriate stipend to be paid the members of the Business License Commission.

Reducing the stipend from \$100 to \$25 for 36 meetings will result in a savings of \$13,500 a year.

RECOMMENDATION 3.

Amend the present ordinance to stipulate that the Business License Commission appoint the executive officer and direct his activities.

Although the Business License Commission in the past has appointed the executive officer, the present ordinance (Ordinance No. 4099, Article XXXIV) does not mention this subject. We believe a section should be added to the ordinance specifically providing the commission with this authority.

The responsibility of the executive officer is to provide staff assistance to the Business License Commission in performing its assigned functions. It is thus purely a staff position. The position, therefore, is quite different from the Director of Regional Planning, the Director of the Arboreta, and the Director of the Museum of Natural History. Each of these officials is responsible for the line management and control of a County department. We therefore emphasized in previous reports that the Board of Supervisors should either make the appointment or ratify the decision of the commission or board associated with these departments.

The Business License Commission is a hearing board similar to the Employee Relations Commission. Under the present Employee Relations Ordinance, the Employee Relations Commission has the authority to appoint its own executive officer and staff. We believe the same logic should prevail with the Business License Commission in appointing its executive officer and staff.

RECOMMENDATION 4.

Discontinue the responsibility of the Business License Commission to inspect hospitals and other health facilities.

Current Inspection of Health Facilities

Presently there are nine health related County commissions and committees, including the Business License Commission, reviewing various aspects of the operation of Los Angeles County hospitals. In particular, the Los Angeles County Hospital Commission and the Business License Commission share an almost identical responsibility to inspect each of the eight County hospitals and two alcoholic rehabilitation centers at least once each year. These responsibilities are outlined in the ordinances governing the operation of each commission, together with two supplemental board orders dated August 13, 1968, and October 1, 1968.

The board order of August 13 requested the Director of Hospitals, the Hospital Commission, and the Business License Commission (then called the Public Welfare Commission) "to submit quarterly reports to the Board on conditions at all County-operated hospitals with special reference to improvements, maintenance, access to availability, and the quality of service.

In the order of October 1, the Board requested that the two commissions share their inspection responsibilities so that each would inspect each hospital facility twice a year rather than four times a year. The apparent purpose of the order was to reduce the overlap of inspection responsibilities which had been assigned to the two commissions. The duplication, however, continues to exist.

During the fiscal year 1973-74, the Business License Commission conducted 24 separate inspections of County hospital facilities. During the same period the Hospital Commission conducted 12 similar inspections.

The task force has conducted a detailed study of this issue. In the course of the investigation we have conducted 13 interviews with hospital officials,

including Mr. Liston Witherill, Director of Health Services, members of his headquarters staff, and the administrators of five County hospitals. We have discussed the matter with the Business License Commission and with the Chairman of the Hospital Commission. We have also reviewed inspection reports of the two commissions and other pertinent documents. Our findings are set forth below.

The County's hospital and health facilities are inspected annually by many government and other public agencies in addition to the inspections of the Business License Commission, the Hospital Commission and other County commissions and committees. The most important of these inspections are the following:

Joint Commission on Accreditation of Hospitals (JCAH) - The JCAH is a national commission sponsored by the American Medical Association, the American College of Surgeons, and the American Hospital Association. The inspections are conducted by a team of two or three specialists sent out from the commission's headquarters in Chicago. Accreditation is given for one or two year intervals and is related to compliance with the Accreditation Manual which describes basic principles and standards for operation of the hospital in great detail. Accreditation is required for all teaching hospitals. However, since JCAH accreditation is considered extremely important as a mark of effective management and care, all County hospitals and 90% of other hospitals in the County have obtained accreditation.

The California State Department of Health - This is an annual inspection plus at least one follow-up visit. The inspection is conducted by one or two people trained in hospital management and administration. The inspection is

similar to that of the Joint Commission on Accreditation. Inspection approval is required for a State license to operate.

Physicians Groups Representing Specific Residency Programs - These groups represent such areas as internal medicine and more than 20 surgical specialties. They inspect County hospitals every one or two years to determine the adequacy of the residency program.

Occupational Safety and Health Act (OSHA) Inspections - These inspections are conducted by the Division of Industrial Safety of the California Department of Industrial Relations under a federally sponsored program. Inspections are conducted annually to monitor all procedures involving the safety of employees and the public.

City Fire Department - The fire department of the city in which the hospital is located conducts annual inspections for fire safety. These inspections are conducted in conjunction with the State Fire Marshal to insure compliance with State and local fire codes.

California Association of Rehabilitation Facilities (CARF) - Inspectors from this association inspect hospital facilities every three years to review vocational and rehabilitation services in compliance with the CARF accreditation manual.

Grand Jury - The Grand Jury annually inspects various hospital facilities and programs. Usually these inspections have involved subjects of current interest. The 1973 Grand Jury, however, established a special Health and Libraries Committee which visited all major health facilities. The committee submitted a 13 page report containing 52 separate recommendations.

The contract auditor of the Grand Jury also conducts an audit of one or more of the hospital facilities concentrating on accounting procedures, internal controls, administrative policy, management information systems, and cost control systems.

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Audits - In addition to the audits conducted by the contract auditor of the Grand Jury, the County Auditor-Controller, the Blue Cross and a variety of State and Federal agencies interested in such programs as MediCare, Medi-Cal, Short-

Doyle, and Crippled Children Services conduct audits on a periodic basis. As one hospital administrator stated, "One or more of these auditing agencies are almost constantly in house."

Finally, as we have noted, there are seven other County commissions and committees besides the Business License Commission and the Hospital Commission which are responsible for advising the Board of Supervisors on various aspects of the County's health service program and which therefore also may visit and inspect the hospital and health facilities. These are: The County Commission on Alcoholism (15 members), Emergency Medical Care Committee (11 members), Los Angeles County Mental Health Advisory Board (14 members), The Developmental Disabilities Program Board, Area Ten - Los Angeles County (12 members appointed by Board of Supervisors, 5 members appointed by the Governor), Narcotics and Dangerous Drugs Commission (21 members), Los Angeles County Paramedic Committee (10 members with the County Forester and Fire Warden as an ex officio member), and the Public Health Commission (5 members).

We should note that most of these inspections also cover the Community Health Centers, each of which is attached to one of the hospitals and operates as an out-patient clinic of the hospital. There are 23 major health centers and 40 to 50 sub-centers.

The Question of Which Commission

In view of this very comprehensive inspection activity which is constantly going on, the task force conclusion is that there is no need or justification for both the Business License Commission and the Hospital Commission

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to conduct additional and almost identical inspections. One such commission performing this responsibility certainly should be sufficient. The question then is: Which commission most appropriately should perform this function?

Inspection by the Business License Commission

The task force has discussed this subject with the members of the Business License Commission. They report that the record clearly demonstrates that their inspections and resulting reports have been beneficial and useful in maintaining effective medical programs and appropriate levels of care at County hospitals.

In August, 1973, for example, the commission submitted a summary report to the Chief Administrative Office which listed the total number of recommendations contained in the commission's 5 reports between 1969 and 1972 and their subsequent disposition. Of 91 separate recommendations, 35 were adopted by the Board of Supervisors, 37 required additional study, and 19 were not adopted. In submitting this report to the attention of our task force, Mrs. Golde Benson, President of the Business License Commission, stated, "This commission has been making its inspections without interruption, and we believe that we are making a valuable contribution to the general public by reporting on the level of care of County hospitals."

Our interviews, however, with hospital officials reveal a different view. While one administrator stated that the commission had been supportive of his hospital programs, the general consensus of these officials is that they do not consider these inspections to have significant value. The administrators reported to us that the items listed in the commission's 1973 report had been recommended to the commission by the hospital administrators. Those that were adopted went through the regular budgetary process in which the

hospital officials justified them as necessary for recommendation by the Chief Administrative Officer and approval by the Board of Supervisors.

The essential point, these officials emphasized, is that to evaluate the effectiveness of hospital administration and patient care requires skilled specialists with training and experience in hospital administration and

management. The members of the Business License Commission, these officials observed, simply do not have these qualifications.

Our review of the commission's reports over the past several years substantiates this conclusion. They are essentially a summary of current activities in the hospitals which have been reported to the commission by the hospital staffs and which often duplicate information contained in other administrative reports. Nowhere, in the reports which we have reviewed, do we find any in-depth critical analysis of hospital programs or operation.

The commission submitted its most recent report to the Board on August 7, 1974. It contains six reports covering inspections of four hospitals and several of the health centers in the Coastal Health Services Region. Most of the material in the reports describes various hospital or health center programs and activities. Only three short paragraphs in the six reports could be considered evaluative or analytical to any degree.

Report No. I on the Long Beach General Hospital, for example, briefly describes plans to make Long Beach General a community hospital and the special attention placed on its alcoholic treatment program. The report concludes, "The overall operation of the facility is very good. The commission was impressed with the complete and accurate report given them by the administration." (p. 2)

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Similarly, Report No. IV on the Rancho Los Amigos Hospital describes various activities including long-term patient care, out-patient services and the use of a new type of bed called a "mud bed." The report concludes, "The cost of out-patient services is increasing. The cost per meal has increased." (p.2)

Report No. V on the Coastal Health Services Region makes the following recommendation on the Wilmington Health Center. "There should be a change in the

character of the waiting room, as suicidal and homicidal patients wait in this room as well as expectant mothers and their youngsters." (p. 2) No further explanation or recommendation is made as to what changes might be appropriate.

The bland nature of these reports is explainable when one examines the manner in which the Business License Commission conducts its inspections. Having established a schedule of inspections, the commission notifies each facility ahead of time of its intention to inspect that facility on a certain date. On that date the commission is taken to the facility in a County car driven by an employee from the Mechanical Department. The commission usually arrives around 9:30 or 10 o'clock in the morning. The commission then meets for an hour or so with members of the administrative and medical staff, discussing hospital programs and problems and possible recommendations which the commission may report to the Board of Supervisors. Following this, the commission is taken on a tour of the facility under the guidance of staff members. The commission then is served lunch and returns home.

Conclusion of Departmental Management

In August of this year, Mrs. Golde Benson, President of the Business License Commission sent a letter to the Department of Health Services asking the department to support the commission's request to the Board of Supervisors

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to continue its hospital inspection activities. Replying to Mrs. Benson in a letter dated August 15, 1974, Mr. Liston Witherill, Director of Health Services, pointed out, as we have indicated, that the hospitals and health facilities are reviewed "by literally dozens of inspection groups, ranging from national accreditation organizations and State certification groups to mandatory medical specialty boards." The letter then concludes, "As for on-site inspections by County Commissions, it is recognized that your Commission has been the most active

in this regard. However, if it is decided that in the interest of a non-duplicative approach to such health facility inspection that only one Commission should inspect, it is our opinion that such reviews might most appropriately be assigned to the Hospital Commission because its members include both health professionals and lay persons."

In the last sentence Mr. Witherill is referring to the fact that the 16 members of the Hospital Commission include six physicians.

Task Force Conclusion

The ordinance governing the operation of the Hospital Commission (Ord No. 4099, Article XXXVII states that, "The Commission shall (a) Consult with and advise the Director of Hospitals and the Board [of Supervisors] on all matters pertaining to patient care policies and programs of the County Hospital system . . . (b) Conduct studies and make recommendations concerning patient care policies and programs of the County Hospital system as requested by the Board, the Director of Hospitals and/or other officers of the County."

Certainly, if this commission is to perform these duties effectively, it must visit hospital and health facilities and acquaint itself thoroughly with current programs and operations.

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Considering the above factors, the task force believes that the evidence is overwhelming that the Hospital Commission, not the Business License Commission, is the appropriate County agency to conduct general hospital inspections. Additional and duplicate inspections by the Business License Commission, we believe, are an unwarranted cost and waste of time.

The task force, therefore, recommends that the present ordinance be changed to discontinue hospital inspection as a responsibility of the Business License Commission.

Savings

Each member of the Business License Commission receives \$100 a day for any meeting or inspection activity of the commission. Thus, each such inspection costs the County \$500 plus the charge for driver and mileage, which averages \$25 an inspection. The commission conducts an average of 24 inspections a year. Thus, our recommendation will result in a total savings of approximately \$12,600 a year.

RECOMMENDATION 5.

*Continue operation of the present
License Appeals Board.*

Under present ordinances, an applicant who is dissatisfied with the decision of the Business License Commission may appeal the decision to a License Appeals Board, prior to taking it to court. This appeals Board consists of a deputy from the office of the supervisor whose district is involved in the application, and representatives of the County Counsel and the Probation Department, with the executive officer of the Business License Commission acting as secretary.

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In reviewing this appeal procedure, the task force questioned whether it is appropriate for a board of County employees to act as an appellate body on decisions made by a citizens' commission governing the actions of other citizens. The County Counsel, however, has advised us that the License Appeals Board has been effective in a number of cases in the past in settling disputes over denial of business licenses. This has enabled both the appellant and the County to avoid the necessity and the expense of going to court. We, therefore, recommend that the License Appeals Board continue its present appellate responsibility.

RECOMMENDATION 6.

*Clarify qualifications for membership
on the Business License Commission.*

As stated in our previous reports on department head commissions, rigid qualifications for commission members are difficult to develop. However, candidates for membership to the Business License Commission should possess a strong desire and interest to contribute their time in support of the public, the Board of Supervisors, and the activities of the commission.

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IV. SUMMARY OF SAVINGS

A. Savings due to reduction in number of meetings exclusive of hospital inspections.

CURRENT

Meetings per Year		80
Current Stipend	x	\$ 100
		<u>\$8,000</u>
Commission Members	x	5
Total Stipend Paid		\$40,000
Mileage Expense for Commissioners		
- \$27 a Meeting		2,160

Court Reporting Cost for 1973 5,000

Total Cost **\$47,160**

PROPOSED

Meetings per Year		36	
Stipend	x	\$ 25	
		<u> </u>	
		\$ 900	
Commission Members	x	5	
		<u> </u>	
Total Stipend Paid			\$4,500

Mileage Expense for Commissioners
- \$27 a Meeting 972

Court Reporting Cost Reduced
by one-half 2,500

Total Cost 7,972
Difference \$39,188

Add payroll savings due to reduction
of clerical services equivalent to
one full-time employee--salary and
fringe benefits. 10,000

TOTAL SAVINGS \$49,188

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B. Savings due to discontinuance of hospital inspections.

CURRENT

Inspections per Year		24	
Stipend	x	\$ 100	
		<u> </u>	
		\$ 2,400	
Commission Members	x	5	
Total Stipend Paid		<u> </u>	\$12,000
Charge for Driver and Mileage		\$ 600	
Total Cost			\$12,600

PROPOSED

No Inspections -0-

Difference

\$12,600

TOTAL SAVINGS THROUGH PROPOSED CHANGES

\$61,788