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## **Economy & Efficiency Commission Meeting Minutes**

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

WEDNESDAY, NOVEMBER 4, 1992  
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**

Vice-Chair Trotter called the meeting to order.

#### **II. APPROVAL OF COMMISSIONER'S ABSENCES**

##### **COMMISSIONERS PRESENT:**

Gunther Buerk, Chair  
Betty Trotter, Vice Chair  
George Ackerman  
Fred Balderrama  
Richards Barger  
Judith Brennan  
Marshall Chuang  
Jack Drown  
Louise Frankel  
Dr. Alfred Freitag  
Jonathan Fuhrman  
Dr. Mike Gomez  
Chun Lee  
Abraham Lurie  
Carol Ojeda-Kimbrough  
Roman Padilla  
Robert Philibosian

##### **COMMISSIONERS EXCUSED:**

George Bodle

Abraham Lurie  
Daniel Shapiro  
Randy Stockwell  
Efrem Zimbalist

**STAFF PRESENT:**

Bruce Staniforth  
Peter White

The absences of Commissioners Bodle, Lurie, Shapiro, Stockwell, and Zimbalist were excused by vote of Commissioners present.

**III. CONSIDERATION OF MINUTES**

SEPTEMBER 2, 1992 COMMISSION MEETING

Vice-Chair Trotter stated that there was not a quorum at the October Commission meeting to approve September's Commission meeting minutes.

Resolved that: The Commission approve the minutes of the September 2, 1992 meeting.

Motion was seconded, voted and approved.

OCTOBER 8, 1992, COMMITTEE OF THE WHOLE

Vice-Chair Trotter noted two changes to the minutes from the October meeting of the Committee of the Whole. On page 3, third paragraph, the speaker is Commissioner Trotter, not Commissioner Frankel. On page 5, under New Business, the Commission Task Force Chart, third paragraph was attributed to Commissioner Trotter. It should be attributed to Commissioner Frankel.

Resolved that: The Commission approve the minutes of the October 8, 1992 meeting as amended.

Motion was seconded, voted and approved.

**IV. INTRODUCTIONS AND ANNOUNCEMENTS**

Chairperson Buerk welcomed Ms. Judith Brennan, a new Commissioner, appointed by Supervisor Dana in October. Commissioner Brennan is President of Brennan Screen Printing, Inc., and a Councilwoman for the City of Norwalk.

Mr. Staniforth introduced Peter White, new staff member of the Economy and Efficiency Commission.

**V. OLD BUSINESS**

**PENSION STUDY STATUS**

Commissioner Frietag made a motion and the floor was opened to discussion.

Resolved that: The draft Pension Study be approved by the Commission.

Commissioner Brennan had some comments on the overall tone of the study. She felt that a greater burden needs to be put on staff in the report and offered the following amendments to the report:

Resolved that: page 5, paragraph 2, fourth line, "It is this lack of control over the process. . . ." should read "...It is a lack of attention to fiscal impacts..." "The failure of County to include LACERA..." should read "The failure of County staff to include LACERA..."

- page 15, paragraph 3, "The lack of advanced coordination..." should read "Staff's lack of coordination..." on line 3, "...and a potentially incomplete understanding by the Board of Supervisors of the actions..." should read "...and a staff failure to communicate to the Board of Supervisors of the impact of the actions..."
- page 15, paragraph 4, "A failure in coordination also indicates a lack of understanding of the responsibilities..." should read "A failure in coordination also indicates a lack of independent control of the responsibilities..."
- -page 16, Recommendation 19, third line, insert the word "must" to read: "This analysis must consider all issues..."

After some discussion, Vice-Chair Trotter called for a vote on the amendments offered.

Motion was seconded, voted and approved.

Commissioner Fuhrman offered five amendments to the report. These amendments had been considered by the Task Force and they were being offered again to the Commission. Commissioner Fuhrman stated before offering these amendments, that he felt that benefits were not vested since they come under unintentional windfall provisions as implied by Allen v. Board of Administration. He felt that Claypool v. Wilson allowed the Legislature to pull back money from the PERS, stating they did not have vested rights to certain benefits. Commissioner Fuhrman felt that sufficient ambiguity exists to pursue the issue.

Resolved that: Change Recommendation #3, adding the wording "allow Board of Supervisors maximum flexibility in negotiating the definition of compensation earnable for current employees."

Motion to approve amendment was seconded, voted and failed.

Resolved that: Attempt to challenge basic vesting of current benefits, "Direct the County Counsel to submit to your Board a plan of action, based upon Claypool v. Wilson, Allen v. Board of Administration, and any other relevant statutes or case law, to enable the County to modify the current Flex/Megaflex Plans by excluding flex benefits from compensation earnable." (This related to Recommendation 4).

Motion to approve amendment was seconded, voted and failed.

Resolved that: Recommendation 7 is added. "Direct the Chief Administration Officer to explore postponing implementation of the Options plan until the terms can be renegotiated to exclude flexible benefits from compensation earnable.

Motion to approve amendment was seconded, voted and approved.

Resolved that: Supplement Recommendation 15, adding the language: "Direct the Chief Administrative Officer to present a plan to discontinue the policy of future deferred salary programs."

Motion to approve amendment was seconded, voted and approved.

Resolved that: Add a final recommendation that states: "Hold the Chief Administrative Officer and the Auditor-Controller, when conducting their performance appraisals, responsible for the liabilities assumed by the County as a result of not conducting appropriate actuarial studies and of not providing adequate reporting on the financial ramifications of the actions taken in the retirement systems."

Motion to approve amendment was seconded, voted and failed.

Commissioner Padilla offered an amendment.

Resolved that: The report shall include specific and detailed time lines, including dates, relating to the implementation of each recommendation. The report shall be provided to Board Officers and the E&E Commission not less than 30 days before scheduled Board review. The E&E Commission shall be prepared to comment on the package before the Board.

The Executive Officer shall schedule this package to be before the Board within 60 days.

Motion to approve amendment was seconded, voted and failed.

Chairperson Buerk restated the original motion to adopt the report as amended and called for a vote.

Motion to accept the report as amended was seconded, voted and approved.

Chairperson Buerk commended the Task Force for their work on the report.

## **DEPARTMENT OF HEALTH SERVICES STATUS**

Commissioner Barger spoke in the absence of Commissioner Zimbalist. He explained the methodology of the evaluation of the consultants. The Task Force wanted to accept Deloitte & Touche which had the highest ranking in the evaluations, but there were two concerns. The first was the inclusion of Dr. Kaiser, who was the former Director of California State Department of Health Services for eight years. The second was a reduction in scope and cost of the study not to exceed \$250,000.

Resolved that: The Commission award the DMS Decision- Making Audit contract to Deloitte & Touche, after

negotiating the following items: A subcontract for the services of Dr. Kenneth Kaiser, and a revision in scope to reflect a cost not to exceed \$250,000 to include Dr. Kaiser's services.

Motion to award the contract was seconded, voted and approved.

#### **LIABILITY & RISK MANAGEMENT STUDY STATUS**

Commissioner Lee, chair of the Task Force, gave a report of the meeting with the various consultants. Costs for the study range from \$287,000 with 1800 hours of work to \$87,000 with 620 hours of work. The Task Force felt that Ernst & Young offered the best proposal considering the current project definition. The Task Force would like to renegotiate the cost and scope of the project.

Mr. Staniforth reported that the CAO would accept the low bid of \$87,000 on the Risk Management Study. If the Task Force wanted to be more expansive, the CAO suggested that the Commission request Board approval. Mr. Staniforth was directed to speak with the originator of the motion, Supervisor Molina, to get her concept of the proposed scope.

#### **PRODUCTIVITY COMMISSION STATUS**

Mr. Waddell gave a report of the meeting of the Productivity Commission. The topics that the Commission covered were a tele- business center concept for County employees, with the hope of getting business interested in helping to defray the cost. The Annual Productivity and Quality Awards program was held the Los Angeles County Art Museum. A booklet is available that contains the projects receiving awards.

Commissioner Frankel requested that the Productivity Commission check to see if the Commission was on their distribution list for items such as minutes of their meetings.

Chairperson Buerk requested that he also receive minutes of Productivity Commission meetings.

#### **PROPOSITION A \ CONTRACTING STATUS**

Commissioner Trotter stated that in April, the Board had voted on a number of specific actions concerning Proposition A\Contracting. The Task Force has since met, and reviewed these Board actions. The Task Force has been requested to follow up and review the results of these actions. The Task Force directed the Executive Director to confirm if anything has taken place. If there has been activity, the Task Force will review those actions. She would like to send a letter to the Board based on information obtained by the Executive Director, and thus made the following motion:

Resolved that: The Commission send a letter to the Board of the Supervisors, based on information obtained by Executive Director, upon approval of the Executive Committee of the Commission, before the next Commission meeting.

Motion to send a letter was seconded, voted and approved.

#### **VI. PRESENTATION**

Mr. Staniforth introduced Mr. Sam Olivito, who is Executive Director of the Contract Cities Association. His presentation concerned the operations of Contract Cities. This subject begins to address the focus of the Task Force established to investigate the relationship of unincorporated areas within the County budget system.

Mr. Olivito gave an historical background of contract cities which began in 1954 with the Lakewood plan. The Lakewood plan was devised to begin the operations of a city of about 50,000 in population, without municipal services that cities traditionally provided. Agreements were made with the County to provide these services.

Cities wanted to have an overview ensuring that all cities would receive the same level and quality of services, with a fair price being established for those services. Today there are 74 contract cities statewide, 51 in Los Angeles County. Proposition 13 has affected cities greatly, forcing cities to create new financing techniques. There is additional information concerning the development of contract cities in a document entitled "California Contract Cities Association, 1954-1991, An Historical Review", provided by Mr. Olivito.

Concerning the question of budgeting for unincorporated areas, the Association does not have an opinion as to the level of services that should be provided and whether or not these areas are being under- served.

Chairperson Buerk asked if the Association dealt with a district forming municipal services for all unincorporated areas. Mr. Olivito could not recall an instance where that had taken place.

#### **VII. NEW BUSINESS**

## LETTER FROM COMMISSIONER ACKERMAN

Commissioner Ackerman suggested that the Commission send a letter to the Board of Supervisors stating that the Grand Jury reports be delivered by at least September 1st of every year instead of early November.

Chairperson Buerk stated that although this concern is valid, having the Commission write a letter may not be the best solution. He felt that a letter from Commissioner Ackerman in his capacity of a former Foreman of the Grand Jury would perhaps be more appropriate.

## OPERATING PROCEDURES

Commissioner Padilla stated that the Operating Procedures of the Commission had been revised, but the revisions had never come before the Commission.

Chairperson Buerk asked that all Commissioners receive the current operating procedures. If there are any comments, or if a Commissioner feels something should be changed, it can be discussed.

## VIII. PUBLIC COMMENT

None.

## IX. ADJOURNMENT

Respectfully Submitted,



Bruce J. Staniforth  
Executive Director

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Kenneth Hahn Hall of Administration, Room 163, 500 West Temple St.,  
Los Angeles, CA 90012  
Phone (213) 974-1491 FAX (213) 620-1437 [EMail EEComm@co.la.ca.us](mailto:EEComm@co.la.ca.us)  
WEB [eec.co.la.ca.us](http://eec.co.la.ca.us)