

**ECONOMY AND EFFICIENCY COMMISSION**

**MINUTES**

Gunther W. Buerk, *Chairperson*  
Betty Trotter, *Vice Chairperson*

**FULL COMMISSION MEETING**

**JULY 10, 1991**

**HALL OF ADMINISTRATION, 830-A**

Alfred P. Balderrama  
George E. Bodle  
Ann King Cooper  
Joe Crail  
Jack Drown  
Emma E. Fischbeck  
Louise Frankel  
Dr. Alfred J. Freitag  
Chun Y. Lee  
Robert J. Lowe  
Abraham M. Lurie  
Lauro J. Neri  
Arthur J. Peever  
Robert H. Philliboslan  
Daniel M. Shapiro  
Randolph B. Stockwell  
Wally Thor  
Robert L. Williams  
Efrem Zimbalist, III

**I. CALL TO ORDER**

Chairperson Gunther W. Buerk opened the meeting at 10:00 a.m..

It was noted that there are now 18 Commissioners on the Economy & Efficiency Commission. At the request of Supervisor Gloria Molina, Emma Fischbeck, Lauro J. Neri, and Robert L. Williams, who were former Supervisor Scharbaum's appointees, have resigned. Emma Fischbeck has been appointed to the County Grand Jury. Supervisor Molina has not yet made any new appointments to the Commission.

Chairperson Buerk asked the Commissioners if starting the Commission meetings at 9:30 a.m. is still an appropriate time or, if there is a preference for an earlier or later starting time. The consensus was to leave the starting time at 9:30 a.m..

Due to the lateness in starting the meeting, the attendance and approval of the June minutes were delayed until after the presentation by Randolph B. Stockwell, Chairperson for the Real Property Management & Development task force.

**II. OLD BUSINESS**

**Task Force Status Reports:**

**REAL PROPERTY MANAGEMENT** - Commissioner Stockwell stated that the intention of the task force is to present its preliminary report today, and with the approval of the Commissioners present, offer its final report at the August 7th full Commission meeting.

The purpose of the task force is to determine how County departments can more efficiently utilize their real property assets (both owned and leased) and where appropriate, evaluate their property for higher and better uses.

Slides were shown as part of the presentation, which began with a review of the County's assets. Most of the information had been previously noted at past meetings, however, some of the figures have since been refined.

The County of Los Angeles is a major property holder with approximately 10,000 acres of land. The County owns or leases 4,355 structures.

The task force has identified and contacted the fourteen largest departments who have large land holdings, including Public Works, Beaches and Harbors, Parks & Recreation and the Internal Services Department. It is estimated that of the 4.346 billion square feet of land area reported (9,977 acres) 2.942 billion square feet (6,750 acres), is used by the public for recreational, educational, and cultural purposes rather than for administration.

The book value of County owned land, buildings and improvements, and construction in progress (as of June, 1990) was \$2.4 billion dollars. County departments that occupy County facilities aren't charged rent, nor is there any accountability for occupancy cost as it relates to their facilities. This should change with the CAO's plan for Fiscal Year 1992-93 to institute a market-based rent program. The task force supports this plan. It should give department heads an economic incentive to manage their space usage more effectively. It will give them the opportunity to evaluate properties with potential value for their highest and best uses.

A reasonable yearly rental rate for unimproved office space in suburban Los Angeles County (excluding downtown properties) is \$18.00 per square foot. This calculates into an approximate annual rent budget of \$55 million. An estimate of projected savings at a 5% level would be \$2.7 million dollars, and at a 10% level the amount saved could be as much as \$5.5 million dollars. In order to achieve these savings, there must be reductions in space usage from consolidations, or reductions in additional space needed, and the possibility of renting the vacated space.

The Asset Development Division in the CAO's office has a projected revenue this year from the properties they are working on with private developers of approximately \$2 million dollars. This will grow to many times this amount as the properties undergoing development come on stream. Properties under development include First & Broadway, Long Beach\Signal Hill and the Pomona Fair Grounds, First & Grand, etc.

Chairperson Buerk inquired of the task force if they have discussed the desirability of the County being involved in the property development field, or if they felt it would be inappropriate for the County due to its lack of management expertise in this field.

*Commissioner Stockwell* stated that the task force noticed that some departments in the County do have the necessary management expertise. However, in the task force's opinion, at the present time departments do not have sufficient incentive to look at property in terms of development for higher and better uses from their properties. With the market-based rent program, hopefully this will change, and we are recommending that departments will have access to either in-house expertise or will be able to seek outside expertise.

The task force believes the primary objective of the County is to provide public services. If in the process of providing these services they are occupying under-utilized property, they will be able to analyze the property and should be able to sell it, develop it in conjunction with private developers and lessees, or consider it for joint uses.

In conducting its research the task force found that the County does not have a comprehensive real estate management\development program, and that there is a need for accountability and involvement at the executive level. There is also a need for an accurate inventory of properties with potential value, a process to periodically review current utilization of all property, and propose more economic alternatives.

*Chairperson Buerk* believes that some type of criteria for determining when to develop or sell under-utilized facilities is an important policy decision that should be outlined. He suggested that the task force point out the need for such a policy in its recommendations.

*Commissioner Thor* believes that with the market-rent program, each department will be forced to determine whether they need certain space, and what to do with their under-utilized facilities.

*Commissioner Stockwell* noted that there are approximately 35 County departments which operate, either directly or indirectly, under the Board of Supervisors and the CAO. There are about six departments with elected officials. Though they all operate within the County's budget, they each have their own method of operating. He feel that eventually, all County departments should be accountable under the same policy.

The task force recommends:

- A policy statement be adopted by the Board of Supervisors, which would include their objectives, assign responsibilities and establish periodic follow up for results. The statement should also include evaluation of department heads on the use of property assigned to them.
- Retain the current organizational structure with some newly assigned responsibilities, linked with shared information systems.
- Establish a Real Property Steering Committee. It should be chaired by the Chief Administrative Officer, with other members of major land holding departments (e.g., Public Works, Parks & Recreation), and revolving membership of other departments. It will provide direction, monitor progress and report to the Board on results.

The Steering Committee should also be involved in developing strategy, setting priorities, reviewing proposals, encouraging cooperation among the real property organizations, and suggesting alternative actions.

- The inventory would include relevant properties with value. It would be current, and accurate. It would contain information necessary for managing the property, and identifying opportunities.
- Departments should be able to retain part of any additional revenues, and all of the rent savings obtained from better management. The Steering Committee would determine the amount of revenue retained.
- The County would provide developmental expertise to departments when needed.

The task force believes that the market-based rent program will lead to large savings over many years. Department heads will need to become educated on the cost of operating their facilities. They will determine if they are getting the most efficient use from those facilities, and when appropriate, consider other uses.

Chairperson Buerk thanked Commissioner Stockwell and the task force for their presentation. The floor was opened to questions and comments.

*Commissioner Stockwell* expressed concern that with the attendance being half of the full Commission, the task force may not be getting the benefit of all the Commissioners' views.

*Chairperson Buerk* suggested that a copy of the slides used for the task force presentation be sent to the absent Commissioners, with a memo, requesting their suggestions and comments, in order to obtain a general consensus.

**CHILDREN'S SERVICES** - *Mr. Campbell* reported that the Board of Supervisors has adopted the recommendation to create a Multi-jurisdictional Council. The final details differ somewhat from our original recommendations. The basic framework and functions are the same as the Commission's recommendations.

**DRUG PROGRAMS** - The task force report on drug abuse has been postponed until the next meeting. A letter is being prepared to close the project.

### III. **ATTENDANCE**

The attendance list is on the last page. The absences of Commissioners *Cooper, Crail, Frankel, Freitag, Lowe, Lurie, Peever,* and *Shapiro,* and *Zimbalist* were excused by vote of the Commissioners present.

Minutes of the June 5, 1991 full Commission meeting were approved.

### IV. **PRESENTATION**

*Ms. Chrys Varnes*, Senior Deputy Director, Purchasing & Central Services (ISD)

Subject: Objectives and functions of the new organization and how it is organized within the ISD; and how it relates to the original organization recommended by the Commission.

*John Campbell* introduced *Ms. Chrys Varnes* who is the Chief Deputy Purchasing Agent for Los Angeles County. Also introduced was *Mr. William F. Stewart*, who is Director of Internal Services.

Mr. Stewart gave a brief introduction prior to Ms. Varnes' presentation. He stated that with the creation of ISD, based on the recommendation by the Economy & Efficiency Commission in 1989, Data Processing and Purchasing and Stores were consolidated with the then Facilities Management Department into the newly created Internal Services Department. One of the goals the Commission and the CAO set for the department was that it become self sustaining by 1992. Mr. Stewart was pleased to inform the Commission that this has been accomplished a year ahead of schedule.

Of all the re-organization changes, P&CS has been the most affected. Data Processing and Telecommunications have been consolidated into a service called Information Technology Services.

Purchasing is now called Acquisition Management. Services also include contract development, negotiation, administration and mediation. The departments specializes in Prop A and data processing. P&CS also provides warehousing, mail distribution, and fleet management and maintenance. P&CS offers consultant services to client departments in all of the above areas.

The new focus for the purchasing organization is on the customer. The department acts as an enabler and a facilitator rather than a controller.

Ms. Varnes began her presentation by thanking the Commission for its work. It presented her with an exciting opportunity to work as the Chief Deputy Purchasing Agent for Los Angeles County.

She handed out presentation booklets. The Purchasing & Central Services Department's mission is to meet their clients' purchasing needs. The department uses a blend of outside contractors as well as in house services.

Prior to the reorganization, functions were scattered. The ability to serve clients was limited by fragmentation and lack of synergism. After consolidation, the ability to provide services were enhanced. Complementary services now work together. The leadership focus is on quality.

Ms. Varnes believes that their initiatives have been critical to her department making a difference in the County and to their clients' perceptions.

The *Customer Outreach* program offers special events, quarterly workshops, and a newsletter called *Client Communicator*. *Purchasing Effectiveness* policies and procedures were streamlined. The department assigned customer coordinators to oversee some areas of the purchasing operation. Non-exclusive partnership agreements were developed with major suppliers such as Kodak, Xerox and Dupont. In some cases, PCS offers services to other governmental agencies for a price. This generates administrative fees which help to offset the cost of the program.

As part of the *Purchasing Effectiveness* initiative, P&CS implemented a new information system called EPS (Extended Purchasing System). The system will make it easier to update purchasing functions from a paper process to an automated, County-wide on-line system. This saves time and money for department managers.

*Warehousing\Distribution Effectiveness* allows some delivery services to be integrated in order to serve more clients. An off peak delivery program was developed for central deliveries, enabling deliveries to be made during the less congested times of day. ISD warehouses were opened to serve all County departments. (Ms. Varnes believes warehousing should be used judiciously, and feels that when space is viewed as money, it will provide departments with the opportunity to determine when warehousing is, or isn't effective).

In *Fleet Management and Maintenance Effectiveness*, the department uses a multi-contractor concept. A contract for vehicle auctions increased revenues dramatically. Coordination between security and fleet has improved *Parking Effectiveness*.

P&CS has expanded its revenue base through partnership agreements, purchasing and reprographics services to outside agencies, and an RTD contract for shipment of incoming goods. The savings generated during the first year of the program are shared equally with PCS and the RTD. Savings during that time period amounted to approximately \$1 million dollars.

The new program for *Document Management*, provides the ability to group unit sets and continuous forms throughout the County. This produces volume discounts, that are shared by all participating County departments. *Office Visions* is an inter-service project. It consists of a qualified team of representatives to help clients coordinate their office needs. The needs range from architectural and interior design to purchasing office equipment.

The *Cost Busters* program helps the department and County save money. The first project (site licensing for PC software) saved \$45,000.

Mr. Kaufmann inquired about the department's plans for the Safety Police. Ms. Varnes noted that since the report by this Commission, the CAO's Security Program Office is currently working on County wide recommendations. The P&CS department is working toward improving their service levels in safety, and are waiting to see what County-wide direction will be taken. P&CS plans to maintain and improve their service on a continuing basis.

Commissioner Drown inquired about the amount of purchasing the department does every year. County-wide purchasing is about a billion dollars. There are two major warehouses, one on Eastern Avenue, which is a facility warehouse and one in Commerce. There are about 17 storage areas the P&CS department is responsible for throughout the County.

Mr. Campbell inquired about the County's warehouses that are not under the P&CS department. Hospitals, Sheriff and some other departments have their own warehouses that aren't under the P&CS's control. Ms. Varnes stated that her department is hoping to work with those departments to develop system contracts in the future.

Commissioner Stockwell inquired about the responsiveness of the County to P&CS's philosophy of getting things done. Ms. Varnes feels that the "County Family" has been very receptive to trying to save money and to make needed changes.

Mr. Stewart added that in the past, departments were hesitant to call P&CS because they were dissatisfied with the way purchasing was being handled in the County. That pressure today is nonexistent. Departments realize that PCS helps them with their needs.

Commissioner Trotter inquired as to the number of personnel the department has since the consolidation. Ms. Varnes stated that overall there are fewer people, except in the area of the safety police, which has added people.

Commissioner Balderrama noted that in the past it cost the County \$135 to cut a purchase order, and inquired as to what that cost is today. Ms. Varnes stated that due to the variance of a project, and what the purchase order could include, a specific cost can't be given.



Chairperson Buerk inquired about the effect on purchasing since it was consolidated into ISD, and no longer reports directly to the Board. Are there occasions when better access to the Board was needed? Ms. Varnes believes that there is appropriate access when needed.

Commissioner Drown inquired if the Commission could assist P&CS. Ms. Varnes suggested that if the Commission has any ideas to offer for their Cost Buster Program, they would be welcome. She also noted that PCS is trying to raise its level of professionalism, recognizing that their job is to do more than just purchasing. She feels that with today's economy, purchasing has become a sophisticated profession, and PCS is training its personnel and achieving a better level of professionalism.

Chairperson Buerk thanked Ms. Varnes and Mr. Stewart for taking the time to address the Commission, noting that the Commission is impressed with the innovations and enthusiasm that are present in the PCS department.

V. NEW BUSINESS

*Correspondence:*

SUNSET - Mr. Campbell suggested that the task force on sunset have another meeting to deal with the issues that weren't addressed at past meetings. The issues to be decided are: When the next sunset review should be and how frequently appointments should be replaced. The task force also needs to make a decision on the staffing for this Commission.

Chairperson Buerk questioned the feasibility of the issues Mr. Campbell mentioned being included in the task force report.

Commissioner Philibosian believes another meeting on the sunset issues is appropriate, however, he feels that the terms for Commissioners should be left to the Board of Supervisors.

**CONTRACTING** - Mr. William Moore, Commission staff member, is reviewing how well the recommendations have been implemented that the Contracting Task Force made in 1987.

The Executive Committee felt that it would be appropriate to follow-up on the report of the task force with a letter to the Board. Chairperson Buerk asked Commissioner Drown, since he was a member of the contracting task force in 1987, if he would chair a review of the work that Mr. Moore has done and come up with a letter that the full Commission can approve and submit to the Board.

Mr. Campbell suggested that the report deal with the issues that are still relevant, as there is enough information to inform the Board about the status of contracting. Commissioner Drown agreed to meet with Mr. Moore for review and suggested that if anyone else would like to offer their assistance, to please do so.

**LETTER TO BEACHES & HARBOR DIRECTOR** - A letter of inquiry was sent to Mr. Ted Reed, Director of the Beaches & Harbor Department, as the result of Chairperson Buerk's observation that Huntington Beach lifeguards are hired at \$8.00 per hour, and Los Angeles County's lifeguards are paid \$15.00 per hour plus benefits. Mr. Reed was asked to respond regarding the variance. A reply is anticipated by the next Commission meeting.

**ELIZABETH PERALTA** - Mr. Campbell introduced Ms. Peralta who is an employee in the County who has had some difficulties with personnel management policies. She wrote to the Commission by mistake, as she initially meant to write to the Civil Service Commission. Mr. Campbell and Chairperson Buerk have discussed Ms. Peralta's circumstances and felt that this Commission may be interested in her case because it is a good illustration of what County employees have to tolerate as they go through the system.

Ms. Peralta advised the Commission that she has forwarded her letter to the Civil Service Commission requesting a hearing to bring up the points that she made in her letter.

Ms. Peralta stated that she is the sole person responsible for the emergency ambulance services program in the Health Services Department, and has been for the last five years. During that time she has been promoted once. The program has developed over the years to become a very large program in the County. The program has improved operations where they now monitor all response times for all emergency providers in the County, and have brought licensing compliance of both operators and staff to almost 100%.

Ms. Peralta believes the pay grade level at which she is working is not comparable to the level of responsibility that she handles. She stated she has run into a lot of opposition from the office she works for, the director who runs her office, and from the Office of Personnel. She has gone through the appeals process and her superiors have filed the necessary documentation to pay her out of class until a final appointment is made.

As a result of constantly requesting an update on where the out of class assignment stood, Ms. Peralta was eventually told that the assignment wouldn't be given to her. She continues to function at the level of head staff services.

Ms. Peralta recently received a letter from the Civil Service Commission saying that the appeal and request for a hearing does not fall within their jurisdiction yet, and that her complaint has to first be reviewed by the Director of Personnel. Her letter has been forward to the appropriate division in the CAO's office for their review. If the CAO's office rejects the request to be paid on an out of class status, then she can appeal to the Civil Service Commission.

Chairperson Buerk thanked Ms. Peralta for speaking to the Commission. He noted that even though the Commission doesn't have the authority to help Ms. Peralta with her situation, her speaking today could possibly assist the Commission for a future project looking into the various systems used to determine job classifications.

#### IV. COMMENTS AND SUGGESTIONS FROM VISITORS

None

#### VII. ADJOURNMENT

The meeting was adjourned by vote of the Commissioners present.

NOTE: There will be a full Commission meeting in August,  
and it is hoped that everyone will try to attend.

ATTENDANCE

July 10, 1991

COMMISSIONERS PRESENT

Alfred Balderrama

George Bodle

Gunther W. Buerk

Jack Drown

Chun Y. Lee

Robert Philibosian

Randolph Stockwell

Wally Thor

Betty Trotter

COMMISSIONERS EXCUSED

Ann K. Cooper

Joe Crail

Louise Frankel

Dr. Alfred Freitag

Robert J. Lowe

Abraham M. Lurie

Arthur J. Peever

Daniel M. Shapiro

Efrem Zimbalist III

GUEST

Chrys Varnes, Sr. Deputy Director, Purchasing & Central Services (ISD)

William Stewart, Director Internal Services Department

VISITORS

Elizabeth Peralta