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## **Economy & Efficiency Commission**

# **Meeting Minutes**

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

WEDNESDAY, JULY 5, 1995  
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**

Chairperson Gunther Buerk called the meeting to order at 9:45 a.m.

#### **II. ATTENDANCE**

##### **COMMISSIONERS PRESENT**

Fred Balderrama  
Richard Barger  
Gunther Buerk  
David Farrar  
John FitzRandolph  
Louise Frankel  
Jon Fuhrman  
Jaclyn Tilley Hill  
Carole Ojeda-Kimbrough  
William Petak  
Robert Philiposian  
Julia Sylva  
Betty Trotter

##### **COMMISSIONERS EXCUSED**

John Crowley  
Roman Padilla  
H. Randall Stoke  
Tony Tortorice

##### **COMMISSIONERS ABSENT**

Albert Vera  
Randy Stockwell

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

### **III. CONSIDERATION OF MINUTES**

Chairperson Buerk asked for any amendments, corrections or objections to the proposed Minutes from the June 7, 1995 Commission meeting.

Moved, Seconded and Approved: The minutes of the June 7, 1995 Commission Meeting be approved as amended.

### **IV. INTRODUCTIONS AND ANNOUNCEMENTS**

Kathleen Weaver was introduced as a replacement for Mary McCloud. Mr. Staniforth notified the Commission that a Sunset Review was due to the Board. Chairperson Buerk directed staff to request an extension for the Sunset Review based upon the work that has been recently assigned by the Board.

Mr. Staniforth informed the Commission of the assignments that have been given to the Commission by the Board:

1. Real Asset Management.
2. Proposal to Restructure ISD.
3. Proposal by Department of Human Resources to take over HR positions from DHS.

The Board has requested that the Commission respond to these requests in time for budget hearings.

Mention was noted of the considerable help given by ARCO, Ken Dickerson by supplying staff and support in compiling the ISD report.

Moved, Seconded and Approved: That the Commission thank ARCO for its support with the ISD Report.

Mr. Staniforth suggested that Coopers & Lybrand should also be thanked for their help in completing the ISD report.

Moved, Seconded, and Approved: That the Commission thank Coopers & Lybrand for its support with the ISD report.

Chairperson Buerk asked Mr. Staniforth to convey to the Supervisors the message that the work of the Commissioners is quite intensive and too much additional work would be counterproductive. The Commissioners also believe that long-term budget proposals should be emphasized.

### **V. OLD BUSINESS**

#### **A. Department of Health Services-Reengineering**

With the absence of Task Force Chairperson Tortorice, Mr. Staniforth reported that he had reviewed the first half of the Health Services Reengineering Report and that Harvy Rose has reported that the modifications are being made and that a revised draft will be submitted in the next few weeks. Commissioner Buerk asked if the produce continues to be applicable. Mr. Staniforth reported that it the report has been developed so as to apply to as many emergency rooms and clinic environments as possible.

Commissioner Farrar commented that the Commission serves the purpose of providing a place for the Board to handle problems. In serving this purpose the Commissioners should recognize this role when talking to their supervisors. Commissioner Buerk commented that the Commission had previously had a Foundation to assist in the funding of Commission operations and we might want to consider this as an option. Commissioner Fuhrman stated that the County had negative feelings as it related to Foundations and that it will take time to reverse this opinion. Commissioner Buerk felt that this would not necessarily be a problem.

#### **B. Unincorporated Area Services**

With the absence of Task Force Chairperson Padilla, Mr. Staniforth reported that although a draft currently exists the time required to accomplish the tasks that have been assigned to the Commission do not allow sufficient time for its review.

#### **C. Real Property Management.**

Task Force Chairperson Farrar reported that the direction provided to the Task Force is on track. Commissioner

Frankel commented that she was pleased with the help that was being offered in accomplishing this report. Commissioner Farrar stated that the results of the efforts of this Task Force would be most strongly felt in the future. Commissioner Frankel felt that the Board should address the need for long range planning. The report will be added to the requirements of the original Commission assignment.

Mr. Staniforth explained the report, and the three sections of the report concerning the following:

1. real estate chart citing examples and alternatives of what can be done with the various properties, as well as a methodology for maximizing revenue.
2. methodology for reviewing leasing and considerations in an attempt to identify possible savings, and,
3. strategic approach in the 1, 5, and 10-year range to manage the properties more effectively. (Example: Possible coordination of this effort with that of other governmental organizations, ie. co- location with city facilities.)

Commissioner Buerk asked about the compartmentation of properties and whether this will be addressed. Mr. Staniforth stated that CAO has responsibility for the analysis of Asset Management and they will be getting into these types of issues. Departments control properties under their direction. Commissioner Buerk expressed a concern over the size of the CAO staff with the responsibility to manage these assets. Mr. Staniforth stated that the report will assist in the development of the methodology to review these issues.

Commissioner Farrar made several suggestions including the following: this report will attempt to define the creative use of current assets; creative use of leasing; define the things that we could do to improve the asset management situation, ie. space management model, use of independent data on facilities available to the city and county; develop a strategic plan on asset management.

#### **D. Jury Management.**

Task Force Chairperson Trotter that the press had made some mention of our efforts. She had been on a CNBC telephone program concerning jury issues.

#### **E. Natural History Museum.**

Task Force Chairperson Trotter reported that, basically because of budget concerns, there has been no new information on this report as of yet.

#### **F. County Economic Growth.**

Task Force Chairperson Philibosian stated that the economy would improve when the Board addresses reduced regulations and tort reform. However, with both the City Council and the State Legislature concerned with budgetary issues, he believes there is no point in reporting on the subject until budgets have been approved.

#### **G. Liability and Risk Management.**

Task Force Chairperson Lee had nothing to report since our last evaluation has been submitted to the Board for their review. Responding to our recommendations may not necessarily require Board action.

### **VI. NEW BUSINESS**

#### **A. ISD Restructuring Assignment by the Board.**

Commissioner Philibosian moved the adoption of the Commission report dealing with the Restructuring of ISD. Commissioner Fuhrman stated that he had 15 recommendations that he would like to make regarding the adoption of the report. Commissioner Buerk stated that the Commission needed to have the opportunity to make changes at the meeting. He requested that Commissioner Fuhrman categorize the items. Editorial changes should be given to staff. Commissioner Hill stated that she would like the Commission to have an opportunity to accept or reject changes that were being recommended by Commissioner Fuhrman. Commissioner Buerk stated that his was the first opportunity to discuss the report and the commissioners should have the opportunity to change the report.

Mr. Staniforth discussed the structure of the report and that some of the sections were submitted by the CAO and by ISD.

Commissioner Petak suggested separating the comments of Commissioner Fuhrman into issues of Fact and issues of Preference. Commissioner Buerk suggested that the Commission should be addressing the issues of policy. Commissioner Philibosian asked if any other commissioner had comments on the report. Commissioner Trotter stated that the clients of this report would be those that understand this issue.

Commissioner Fuhrman suggested that the report include an Executive Summary. Moved, Seconded and Failed: That the report have an Executive Summary.

Commissioner Fuhrman continued, Recommendation B, which was more of a wording issue, was deferred by him.

Recommendation C was a suggestion to delete Recommendation A of the Report which was a statement about the clarification and definition of roles. Commissioner Fuhrman felt it created an undue perception that a significant part of the problems has to do with a lack of clarification of the roles of the CAO vs. ISD. Mr. Staniforth remarked that the departments involved were not clear as to their role in providing services.

Moved, with no Second: Motion to do away with the recommendation regarding defining roles. Recommendation D and E is essentially stylistic and will be addressed with staff.

Recommendation F refers to the transfer of the leasing functions from the ISD to the CAO. Commissioner Fuhrman felt that it would be of value to have the CAO be the controlling agency in the leasing field. Commissioner Petak thought the issue should be covered under Property Management. Mr. Staniforth stated that the design of the report is oriented toward assigning the responsibility to the department and holding the department accountable. Having Leasing in CAO confuses the operational responsibilities.

Moved, Seconded and Failed: Motion to change the recommendation to keep Leasing with ISD. Recommendation G dealing with a concurrence with the CAO's decision to scale down and rename the Department of Facilities Services (DFS). Mr. Staniforth said it is the Board's responsibility to rename a department to whatever they wish. However, consideration should be given to the costs involved in the process of renaming a department.

Commissioner Fuhrman continued with Recommendation H concerns the Information Technology Services division of ISD. The EEC analysis states that "any intrinsic value" is more than offset by the negative image ITS has in its client community. Commissioner Fuhrman strongly disagreed with the statement "any intrinsic value" and felt the negative image was a matter of perception. Commissioner Fuhrman said the statement should be deleted. Mr. Staniforth stated that there were negative issues and comments which should be addressed and that ITS should be much more client oriented. He also said that the responsible thing to do would be to have the CAO itemize those problems to be corrected and submit them to the ISD and request a reply in a timely manner.

Commissioner Frankel wanted to know the rationale for apparently unrelated divisions brought together in a department. Mr. Staniforth replied that divisions which did not fit anywhere else were brought together to avoid having many separate departments and to consolidate administration and overhead. Commissioner Fuhrman thought that the contributions that have been made by ITS have not been recognized by the County. Mr. William Stewart, Director of ISD addressed the Commission and explained the functions of ITS. He felt that the language was too harsh and felt that the record should at least reflect that there are mixed views concerning ITS.

Moved, Seconded and Approved: Motion to amend the statement to remove the sentence that includes "any intrinsic value."

Commissioner Fuhrman stated that Recommendation I involved what was referred to staff as an editorial decision.

Commissioner Fuhrman's Recommendation J and K, dealing with the CIO on page 30 delete paragraph 2, dealing with the CIO. Recommendation K on page 31 would delete the second sentence of the recommendation. DPTAC and the CAO have agreed in principal to the organization of the CIO. The question remaining is to whom the CIO reports, either the Auditor Controller or the CAO.

Commissioner Fuhrman thought the Commission ought to refrain from making a suggestion as to whom the CIO should report. However, in keeping with common practice the CIO would report directly to the Chief Executive Officer, which in this case is the Board of Supervisors. Mr. Staniforth reported that the management of departments suggests that the reporting of the CIO to CAO is more appropriate. Being a policy position this office would be more appropriately be located within the CAO. Commissioner Buerk felt that it was important and consistent with previous Commission recommendations that the CIO not be a separate department.

Mr. Stewart, at the request of Commissioner Philibosian, discussed the location of the CIO. He felt that the CIO should report directly to the Board. He felt that the reporting to the CAO would not be particularly effective. CIO reporting directly to the Board would elevate its function. Commissioner Frankel felt that there were a number of problems in ITS and asked if ITS should be independent or under another department. Mr. Stewart stated that there was a distinction between the operations of ITS and the IT policy within the County. The strategic plan for IT has not been progressing adequately. Commissioner Buerk stated that he felt that the fact that the CAO had been criticized did not justify the creation of a new department. Commissioner Fuhrman did not think that a criticism of the CAO was justified since several initiatives have been initiated by the CAO.

Moved, Seconded and Failed: Motion to delete paragraph 2 of Recommendation J on page 30 and to delete the second sentence of Recommendation K.

Commissioner Fuhrman stated that recommendation L deals with the concurrence of the modification of full-cost recovery model suggested by the CAO. He opposes the option of abandonment of a full-cost recovery system. Mr. Staniforth reported the main issue is the billing system, and any problems within it need to be addressed and resolved. He mentioned that the report concurs with evaluating the feasibility of a full cost recovery system. Mr. Stewart reported to the Commission that the original design of the ISD was to be a full cost recovery organization. Departments are making decisions based upon the bills they receive. Full cost recovery should be a goal. On the other there are some services for which the customer does not have an option. These may be reviewed relative to how to bill these customers. Commissioner Barger asked if the customer can go to another provider. Mr. Stewart replied that this was an option.

Commissioner Buerk asked if a contract for services was for a certain time period or on a day to day basis. Mr. Stewart replied that they are usually for a certain time period. The ability to withdraw must be noticed to ISD to determine the cost impacts. Costs for revised cost structures have to be reserved within ISD. Mr. Staniforth reported that the full cost recovery system should be reviewed for continued application. Commissioner Buerk felt that a commitment to the full cost recovery system should be made. Commissioner Barger felt that full cost recovery was important to the County. Commissioner Fuhrman stated that the Commission should express a strong commitment to full-cost recovery and billing system recommendation should be separate.

Moved, Seconded and Adopted: Motion to state that it is a position that the Commission stands for the concept of full-cost recovery but recognizes that there are services where it may not be feasible and a study of the billing system to improve those areas is appropriate.

Recommendation M by Commissioner Fuhrman refers to the implementation of responsibility based accounting. Commissioner Fuhrman advocated a motion to delete the entire section because he felt it implied the fundamental re-design of the County's accounting system and that was outside the scope of the Commission's duties. Mr. Staniforth said it was essential to look at the results of the money being spent, and analyze if value is received for the money expended. The report suggests looking at the impact of an expenditure rather than the expenditure itself. The Auditor Controller has concurred with the report's recommendation. While the Auditor would like to conduct audits, he is not doing so now because there are no resources. And the only audits being conducted now are those funded by other agencies. Mr. Staniforth stated that the abandonment of audits is a high risk situation because it is a last line of defense and therefore critical. Commissioner Petak stated that the philosophy of doing audits is being instructed by his university and he felt that it should remain. Commissioner Fuhrman stated that a substantial number of audits are being accomplished and he did not feel that the magnitude of the recommendations was appropriate.

Moved, Seconded and Failed: Motion to delete the section dealing with accounting revisions.

Commissioner Buerk thanked Commissioner Fuhrman for the efforts he had put forth in reviewing the report. He then called the question for the motion to approve the report.

Moved, Seconded and Adopted: Motion to adopt entire report as amended.

Mr. Staniforth requested that the Commission reconsider the issue of the CAO's recommended transfer of the Urban Research Section. Commissioner Padilla had requested that the Commission recommend that this organization be transferred to the Executive Office, in order that it become a resource for Commissions. After discussion the suggestion died for a lack of a motion.

Mr. Staniforth noted that there are two reports remaining, the DHS transfer to DHR and the Asset Management Report. A meeting may be required prior to the next Commission meeting. Commissioner Fuhrman stated that he would not be comfortable with having a report issued without the full commission approval. If required the Commission will schedule a special meeting to approve any reports that may be available. Commissioner Buerk directed staff determine an appropriate date for a special meeting.

## **B. Other New Business**

Commissioner Fuhrman presented a draft of a motion as follows: "The Economy and Efficiency Commission thanks the Board of Supervisors for its confidence in the Commission as reflected in the Board's referral to the Commission of the CAO's proposal to restructure ISD and the proposed consolidation of Health Services Human Resources Program within the Department of Human Resources, however, given the Commission's small staff and the inherent challenges of working with a group of citizen volunteers the Commission respectfully requests that the Board use a modicum of restraint in referring issues to the Commission, particularly issues requiring Commission responses within one or two

months." Chairperson Buerk and the Commission thought a motion was not necessary and it was not brought to a vote.

**VII. ADJOURNMENT**

The meeting was adjourned at 11:50 a.m.

Respectfully Submitted,



Bruce J. Staniforth  
Executive Director

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