
Economy & Efficiency Commission Meeting Minutes

MINUTES OF THE REGULAR MEETING ECONOMY AND EFFICIENCY COMMISSION

WEDNESDAY, DECEMBER 7, 1994
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

Gunther Buerk
Fred Balderrama
Richard Barger
David Farrar
John FitzRandolph
Louise Frankel
Jon Fuhrman
James Gilson
Jaclyn Tilley Hill
Chun Lee
Roman Padilla
William Petak
Robert Philibosian
H. Randall Stoke
Julia Sylva
Tony Tortorice
Betty Trotter

COMMISSIONERS EXCUSED

Carole Ojeda Kimbrough

Randy Stockwell
Albert Vera

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

III. CONSIDERATION OF MINUTES

Chairperson Buerk asked for any amendments, correction or objections to the proposed Minutes from the October 5, 1994 Commission meeting.

Commissioner Sylva asked that the minutes be clarified in paragraph 4 of page 7. Her comments were that the Executive Committee of the Commission is not subject to the Ralph M. Brown Act (Public Meeting Law) because it does not meet on a regular basis.

Commissioner Padilla asked that in his comments in paragraph 4 of page 4 be corrected. His comments should be that the Jury Management Task Force was not looking at the Grand Jury.

Moved, Seconded and Approved: The minutes of the November 2, 1994 Commission Meeting be approved as amended.

IV. INTRODUCTIONS AND ANNOUNCEMENTS

Commissioner Philibosian requested that in the future when the agenda materials are sent out to the Commission, that a current list of Commissioners with their phone numbers and Task Force assignments be included in the packet. Mr. Staniforth indicated that this no problem and it will be done.

Chairperson Buerk announced that Mr. Gene Romig of the Commission staff has accepted a position in the Executive Office, Assessment Appeals Division and will begin work there on December 19. He expressed appreciation for the work Mr. Romig has done in behalf of the Commission and wished him well in his new assignment.

V. OLD BUSINESS

A. Jury Management.

Task Force Chairperson Trotter reported that new Supervisor Yaroslavsky has made favorable comments publicly about the Economy and Efficiency Commission, and that one of the Commissions recommendations made in the Public Access report is now to be implemented, i.e., televised Board meetings.

Commissioner Trotter advised that after the Supervisors reviewed the draft Jury Management report last month, the CAO was asked to report back to the Board on how the jury system could be improved. Improvements should ensure that the process encourages people to serve, and that the people who serve are treated with respect. She reported that Supervisor Molina requested that a report be made on Orange County's one day/one trial jury system. Supervisor Dana also asked that a report be made on the crowded and difficult circumstances under which some jurors must serve.

Commissioner comments were obtained and the Task Force reviewed them, making appropriate revisions to the report. The Task Force considered each comment during an extended conference call, accepted most of them, and noted those that were somewhat beyond the scope of the project. Commissioner Trotter recommended that the Commission approve the report.

Moved, Seconded and Approved: The Jury Management report be approved, subject to minor clerical modifications, and published.

Commissioner Fuhrman asked what the Commission strategy will be to pursue implementation and suggested that follow up with the Courts may be necessary to accomplish the recommendations. Chairperson Buerk responded that the Commission's obligation is to advise the Board of Supervisors and that to do otherwise would not be appropriate. The Board has its means to follow through with the Courts, and if after a time the Commission believes additional follow up is necessary it can again submit its recommendations to the Board.

Commissioner Fuhrman recommended a more assertive position, such as offering to discuss the report with the new Presiding Judge. Commissioner Philibosian responded that the Presiding Judge has a significant amount to deal with on taking over his new responsibilities. It would be better if the Commission simply sends him a letter, making him aware of the report, offering to be of assistance. This approach allows him to determine the priority of the report in relation to other matters before him. Commissioner Padilla asked if the report was going to be placed on the Board's agenda. Chairperson Buerk replied that the Board's motion will be mentioned in the letter of transmittal and he will ask for a date on which the report can be presented to the Board.

B. Natural History Museum.

Task Force Chairperson Trotter reported that the project is progressing. Dr. Davis arrived in Los Angeles last Sunday evening and has been working with Mr. Staniforth on the project. His work here will be completed Monday and he will depart on Tuesday, December 13. The Task force met with Dr. Davis on Monday morning to review the direction of the project and will meet with him again on December 12.

C. Department of Health Services-Reengineering.

Task Force Chairperson Tortorice reported that last week the Task Force had a mid-term report on the progress by the Harvey Rose consultants. They have done a thorough analysis in mapping the current processes in "urgent care" at LAC/USC and Hudson. Indications are that patients spend approximately 20 minutes being treated, another 20 minutes doing paperwork, and about 2 hours waiting around. This is indicative of an "assembly line" treatment of patients. This can be remedied by the combination of some of the processes. It is anticipated that there will be dramatic changes in waiting time, and thus, dramatic reductions in personnel costs resulting from the implementation of process changes. At present, there are no numbers available on the projected savings, but this will be forthcoming soon. Commissioner Tortorice described several of the processes being examined and answered questions from the Commission.

Commissioner Gilson suggested that the Task Force look at what some of the other large health care organizations may have done to reengineer their processes. Chairperson Buerk asked Commissioner Tortorice to comment on the impact that reengineering of one part of the DHS organization may have on other parts. He responded that the ancillary operations will surely be impacted and described how changing the orientation from moving the patient from place-to-place to surrounding the patient with care services improves patient satisfaction and saves time. Commissioner Hill described an experience she had visiting DHS facilities while she was on the Grand Jury. She reported that they seemed to have an abundance of administrative people and that she observed patient care conditions that were less than optimal. This is due in part to the "staggering" number of people treated at DHS.

Commissioner Farrar urged the Task Force to heed Commissioner Gilson's recommendation and advised that he was familiar with some similar model projects. He referred to an \$8 million project conducted by McKinsey for Kaiser which was spread over a 5 year period as a means to maintain Kaiser's competitiveness. He offered to put the Task Force in Touch with an acquaintance who is a high level manager at Kaiser.

Commissioner Tortorice replied that the Commission's project is timely, in that the County too, now has become competitive for Medicaid patients.

D. Liability and Risk Management.

Task Force Chairperson Lee reported that the CAO had prepared an executive summary of responses to the Commission's recommendations. Mr. Staniforth also prepared a matrix analysis and worked with the CAO's people in the preparation of the report to the Board. Mr. Staniforth added that the CAO's document was one element of a document in response to some concerns expressed by the CAO over what they were responsible for doing. The matrix that he prepared demonstrates how each of the recommendations are related to the Board's action and direction to the CAO. All the documentation submitted by the departments that responded, i.e., CAO, County Counsel, RIMA and the Sheriff, has been forwarded to ARMTEch who has been asked to include them in the revision of the ARMTEch report. The revised report is expected soon.

There is also a recent Board Letter from the CAO which lays out how they intend to structure risk management within the County.

E. Unincorporated Area Services.

Task Force Chairperson Padilla reported that the Task Force held a conference call on Wednesday, November 30. The Task Force discussed the project for the first time with the consultant, Dr. Gilbert Siegal of USC. Dr. Siegal is developing a systematic approach to the analysis of the data. He has also presented a memorandum recommending that the Task Force make use of performance standards and budget processes that exist at present.

F. County Economic Growth.

Task Force Chairperson Philibosian reported that David Adishian, the consultant, has prepared a preliminary draft report which is being revised by Mr. Staniforth and himself. The draft report will be presented to the Task Force later this month. It is the objective of the Task force to have the report ready for presentation to the Commission at the January meeting. Under the recent revisions to procedures, the report must be presented to the CAO prior to it going to the Board. He proposed that the report be presented concurrently to the CAO and the Commission in order to speed the

process along. It is intended that the CAO comment within a month.

Chairperson Buerk inquired if the Task Force will include the issue of waiving mandatory overtime pay in the report. Commissioner Philibosian replied that Mr. Staniforth will include this issue in the second draft of the report.

G. Real Property Management.

Task Force Chairperson Farrar reported that due to illness and other factors the Task Force was unable to hold its scheduled meeting last month, but that he and newly appointed Task Force member Jim Gilson had discussed the direction of the Task Force and the following three issues

1. Reduction of the amount of rent the County pays on leased facilities. There are 35 million square feet of real estate leased by the County, which is the equivalent of all the space in the tall buildings in downtown Los Angeles. It is believed that a considerable portion of this space is being leased at above market rates. The Task Force is seeking to find ways to renegotiate some of these leases.
2. There are other opportunities for Cost Savings and Revenue generation. Some of the leases have options to purchase which have not been exercised due to budgetary constraints, et cetera. The Task Force is looking to find some kind of financing vehicle which may make it possible to exercise these options.
3. There is much surplus property available which could be disposed. There are problems in the processes of getting County properties declared surplus. These cumbersome processes tend to create delays which lead to inaction and thus, nothing much happens in this area. The Task Force is looking into ways with which to follow up with the people involved to encourage them to accomplish disposal of surplus property.

Commissioner Padilla observed that the CAO's office tends to take a proactive approach when an initiative is begun, but after a time it tends to wane. Commissioner Farrar responded that Commissioner Gilson will be an asset to the Task Force's effort because he has a good sense of the process, having worked as a Deputy to Supervisor Edelman for several years. He continued reminding the Commission of the past reports it has produced in 1986 and 1991-92. This is the kind of issue that requires a good deal of shepherding to get the intended results. A related issue is whether funds can be obtained to provide the necessary follow-up.

Chairperson Buerk observed that a very important problem has been revealed in this discussion. There is no incentive and no person charged with the responsibility for following through with these matters. He suggested that the Task Force look for some method which could be built into the structure to assure that there is someone whose job performance will be evaluated or judged to do this. Then the Commission will not have to revisit the topic every two or three years.

Commissioner Trotter inquired if there is a process by which a potential purchaser of surplus property can pursue a sale. The process was discussed generally and Commissioner Farrar responded to various questions related to the declaration of surplus, making public notice, offering properties first to other public agencies, etc.

Commissioner Frankel asked if the report will indicate how much money might be made available if the recommendations are implemented. He responded that it has only been estimated at this point, but that the estimates indicate that it can be a significant amount. The approach being taken at this time is to identify a high profile situation, accomplish the task and make it an example.

Chairperson Buerk asked if a timetable has been developed. Commissioner Farrar replied that he needs to meet with the new members of the Task Force and discuss this before they are able to establish a realistic timetable. He anticipated that a timetable may be ready at the next Commission meeting, and a report prepared with an implementation plan within the first quarter of the year.

Commissioner Barger asked if the County has a chart of expiration of leases. Such a chart would provide a guide to good timing for the renegotiation of leases. Commissioner Farrar replied that there is not a chart per se, but the information is in the computer data bank and can be accessed by lease expiration date.

H. Management Information Systems.

Task Force Chairperson Tortorice reported that the Task Force has now completed the interviews with the departmental information services managers and Bill Stewart, Director of ISD and Mark Gascoigne, Head of the Data Processing Division of ISD. He and Commissioner Fuhrman will be meeting over the holidays to draft a report. He also asked if one or more people could be assigned to the Task Force. Commissioner Gilson volunteered and was appointed to the Task Force by Chairperson Buerk.

Commissioner Tortorice advised that much of the work done to date was based upon the approach taken by the State Legislative Office in regard to the failure of the DMV system. They have, however, steered clear of getting too close to the County's IBEX situation, as there may be some litigation pending. There are some management issues that are going to be examined, as there is a wide disparity in management talent within the departments.

Chairperson Buerk recommended that the Task Force consult with County Counsel to address what can and should be covered by the Task Force project. He suggested that they do this before the draft is completed.

Commissioner Frankel inquired if the report will deal with the question of whether the County should be running its own systems or contract with competent firms. He replied that the Task Force will be looking at all aspects of organization, including centralization vs. decentralization, etc. The department representatives have all recognized a need for some kind of standardization. There is now under consideration a new position of County Information Officer (CIO) which would provide a centralized overview, but not operational control over departments. At present the County now has three area- wide networks. With each network there is a separate support group, thus, they do not have the buying power that a single larger overall support group would have.

Chairperson Buerk asked if the Task Force has come up with a project schedule yet. Commissioner Tortorice replied that it has not, but that he and Commissioner Fuhrman have agreed to meet over the holidays and turn out a draft which will be ready by the January or February Commission meeting. A project completion schedule will also be prepared and ready for the January meeting.

Chairperson Buerk asked that every Task Force come up with a project completion schedule so that the Commission can do its necessary planning.

After a five minute recess the Commission reconvened.

VI. PRESENTATION

Chairperson Buerk introduced Catherine G. Burke, Ph.D., Associate Professor at the USC School of Public Administration. Mr. Staniforth presented her background and introduced the topic for the day: Improvements in Governmental Performance through Changes in Organizational Structure.

Dr. Burke drew upon her role as a consultant to discuss how to focus on affecting changes in organizations, both private and public. She identified certain common elements, recognizing that there are many differences between public and private organized enterprise. Dr. Burke focused on examples where organizational change has been successful.

Dr. Burke pointed out five aspects that need to be dealt with in implementing successful change, particularly in the area of Health Services:

- a. Why is change desired or necessary?
- b. Examine successful aspects in action at present.
- c. What needs changing?
- d. Recognize that government is more complex than private sector organizations.
- e. Identify available tools and examples of success in other organizations.

Additionally, it must be recognized that health service organizations are considerably more complex than most other kinds. Dr. Burke identified some of the problems in the County and presented methods that others have used in addressing similar problems, e.g.: how many layers of management exist, and how many layers are actually needed? She cited an example of a computing services organization which went from 10 layers in the 1980's to 5 layers in the 1990's. It is necessary to differentiate between the management positions and the professional positions in this kind of organization. Also, positions that are producing "direct output" need to be identified and assessed. In health services organizations, there is often a conflict between the professional and managerial positions (i.e., Doctors, Administrators, Nurses, etc.). In a computer system environment, much of the high level work is done by professionals.

Dr. Burke stated that a sure sign of success in a reorganization effort is whether there is adequate management, professional and technical capability present at the outset. Also, these processes are not a "quick fix." The example, which Dr. Burke was displaying on the overhead projector, began in 1979 and finally came to fruition in the early 1990's.

In the examples of successful change of which Dr. Burke cited, there was a combination of factors and good management practices present. Dr. Burke presented a graphic display prepared by the McKinsey consulting firm, which was identified as the "7S" model. The seven esses were: staffing, strategy, systems, structure, shared values, skills, and style. Anyone of these factors can be a point of initiation for change. She asserted that all organizations are social

groups and have shared values or principles which include the following: honesty, trust, courage, respect for dignity, fairness and loving. Change agents must also deal with associations and sources of influence. Dr. Burke gave examples of how these factors impact organizational change efforts.

Dr. Burke offered a definition of what a manager is. i.e., "A manager is someone who is accountable for their own work and the performance of others through time." A manager is a leader of people, and has no choice in the matter. As such, a manager has to have the authority to do managerial work in an organization. High level professionals may be managers, however, this is not necessarily true, as in the case of Medical Doctors. When dealing with a hospital it becomes evident that a conflict arises when a high level professional attempts to manage others who are under the authority of a manager as defined above, i.e., An M.D.'s relationship to a Nurse who is accountable to a Director of Nursing.

Dr. Burke recommended that when the Commission selects consultants that the consultants' understanding of these principles of organizational change be assessed. In particular, business process reengineering project consultants tend to focus on horizontal planes in organizations, but they should also be taking into account the hierarchical elements as well. She also discussed the rationale for determining what services can or should be privatized and those that should not.

Commissioner Padilla asked if Dr. Burke could make copies of the visual displays she used in her presentation available to the Commission. She agreed to do so, and to provide other materials that may be useful to the Commission.

Dr. Burke responded to a few questions to clarify and expand on some of the points she made during her presentation. Chairperson Buerk thanked Dr. Burke for her presentation.

VII. NEW BUSINESS

Chairperson Buerk observed that the item pertaining to the Administratively Unified Courts had been on the agenda several times and Commissioner Fuhrman has not been able to stay and present his ideas; therefore, he recommended that the item be removed from the agenda until some future time.

VIII. ADJOURNMENT

The meeting was adjourned at 12:00 p.m.

Respectfully Submitted,



Bruce J. Staniforth
Executive Director

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