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Economy & Efficiency Commission Meeting Minutes

MINUTES OF THE REGULAR MEETING ECONOMY AND EFFICIENCY COMMISSION

WEDNESDAY, FEBRUARY 1, 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 9:55 a.m.

II. ATTENDANCE

COMMISSIONERS PRESENT

Fred Balderrama
Gunther Buerk
John FitzRandolph
Louise Frankel
Jon Fuhrman
Jaclyn Tilley Hill
Carole Ojeda Kimbrough
William Petak
H. Randall Stoke
Julia Sylva
Betty Trotter

COMMISSIONERS EXCUSED

Richard Barger
David Farrar
James Gilson
Chun Lee
Roman Padilla
Robert Philibosian
Randy Stockwell

Tony Tortorice

COMMISSIONERS ABSENT

Albert Vera

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 December, 1994 Commission meeting.

Commissioner Trotter asked for clarification of Commissioner Lee's comments on page three for Liability and Risk Management. Mr. Staniforth said he would clarify those remarks.

Commissioner Fuhrman made a correction to item D on page three: The minutes state that Jim Crowley was a former City Manager of Pasadena, but it should read - John Crowley a former Mayor of Pasadena and a City Manager of other cities.

Moved, Seconded and Approved: The minutes of the January 4, 1994 Commission Meeting be approved as amended.

IV. INTRODUCTIONS AND ANNOUNCEMENTS

No announcements or introductions

V. OLD BUSINESS

Commissioner Trotter gave an update on Jury Management report. George Ackerman, former Grand Jury Foreman and E&E Commissioner, sent a note congratulating the Commission on the report, pledging the Grand Jurors Association of Los Angeles and California Grand Jurors Association support. Mr. Ackerman also said that they will be using our recommendations to address meaningful changes to the jury system in our state. Commissioner Trotter informed the Commission that the E&E Commission was scheduled to present the Jury Report on January 10, 1995, but were not required to attend since the Board would be referring it to the CAO for comment. We are waiting for this response.

Commissioner Trotter spoke with Judge Klausner at the conference in Court Administration that she attended in January. Judge Klausner informed her that the CAO is waiting for his report, which should be out later this month. Judge Klausner commented that he had read our report and there seems to be consensus on many issues presented. He also stressed the importance of improving the image of the court system.

An issue that arose at the conference is the Judicial Council's interest in passing an order involving the unification of the court system throughout the State. This is proposed as a constitutional amendment which requires action by the people. The Judicial Council claims that they have worked out a way that would not require action by the people and this issue is causing a great deal of conflict amongst the judges. Commissioner Trotter expressed concern that this and the swap on funding from courts to ADFDC in the Governor's budget will distract them from dealing with our recommendations.

Chairperson Buerk commented that most of our recommendations do not fundamentally change the jury system but are directed to administrative improvements within Los Angeles County. He asked if Commissioner Trotter sensed any objections to what we proposed. Commissioner Trotter said that she did not feel so. Chairperson Buerk asked if there was interest from other counties. Commissioner Trotter replied that there was no interest expressed from other counties.

A. Natural History Museum

Task Force Chairperson Trotter reported that the project is progressing and Mr. Staniforth is completing the first draft of the report. That draft will be distributed to the Task Force, at which time it will establish a time to meet.

Commissioner Fuhrman asked for a hint of the direction that the Task Force is pursuing. Chairperson Buerk agreed that would be helpful. Mr. Staniforth commented that the original intent of the report was to look at the collection policy of the museum but in doing that the focus of the report has been expanded to include issues of operations, governance, budget, finance, revenue, etc. Chairperson Buerk asked Mr. Staniforth to summarize the items in the report. Commissioner Hill commented that in the Task Force's last meeting with Dr. Davis, he said he was going to focus on governance, finance and programming, but that the Task Force has not seen the report yet. Chairperson Buerk commented that the Commission should still be able to share in the information that the Task Force has at this point

and should not have to wait until the final recommendations are available.

Commission Trotter suggested that we discuss the issues of the report and not the recommendations. Mr. Staniforth discussed the following issues:

- 1) Governance - the main concern is the dual board structure. There are two boards: Governors and Trustees. Some members of the Board of Trustees are on the Board of Governors but not vice versa. The E&E's report looks into a way to deal with this structure.
- 2) Policies - many policies do not appear to be in place: investment policies, personnel policies and structure, interaction between the foundation and museum, etc.

Chairperson Buerk asked if the issue at hand is dealing with what should be kept, where and for how much. Is the County concerned because it pays for ongoing costs of the museum? Mr. Staniforth replied that the County currently has a commitment to funding the museum at approximately \$9 million, inflated over 20 years. Chairperson Buerk asked if the commitment to that funding is irrespective of whether the County spends \$1 million or \$10 million to maintain the collections. Mr. Staniforth replied that there is no relationship between collections and funding. Chairperson Buerk then asked if the County has any say in regard to who is the Director of the museum. Mr. Staniforth said yes, the Board of Supervisors has the ultimate authority.

Commissioner Frankel asked if all of the additional issues the Task Force is looking into are really related to the original focus. Mr. Staniforth replied that Dr. Davis and Dr. Powell, have reviewed the scope of the report. It is believed that these issues effect how collections are managed and controlled. It would not be an effective approach of this report to isolate one issue from the rest.

Commissioner Fuhrman inquired if the County should be spending money on the museum. Mr. Staniforth assured him that this topic is addressed in the report. Commissioner Fuhrman asked what is the Task Force's opinion. Commissioner Stoke said that there is a contract between the museum and the Board of Supervisors that lasts for twenty years and this agreement was recently signed.

Commissioner Fuhrman stated that this is a policy decision that may not have immediate impact but needs to be addressed - should the County be spending money on a museum in a time of fiscal austerity? He would just like the issue addressed. Commissioner Petak commented that this issue can only be addressed in the abstract because we don't know what the fiscal climate will be like in 20 years, making a recommendation today may have no bearing on the future, therefore the subject should be addressed without regard to fiscal austerity.

- 3) Collections - the report takes a look at each major section of the museum.
- 4) Collections Management - addresses curator staff, professionalism, management, standards, supervision, evaluation and curator salaries.

Commissioner Trotter asked about outreach. Mr. Staniforth said that has been addressed.

Commissioner Petak asked what is the museum's total budget? Mr. Staniforth replied around \$24 million. Mr. Petak said that the County provides approximately \$9 million a year - around 1/3 of the museum's budget.

Mr. Staniforth commented that this is the first time anything of this magnitude has been done concerning the operations of a museum and himself, Dr. Davis and Dr. Powell believe it will become a national level document.

B. Department of Health Services-Reengineering.

In Task Force Chairperson Tortorice's absence Mr. Staniforth reported that the consultant has the floor plan of the emergency room and is making recommendations regarding restructuring the flow of patients coming into the ER., where they should go, who they should see, etc. The consultant is now in the process of taking that floor plan to the hospital and showing it to the ER employees to have them respond to their proposals. After this step the consultant will have a first draft for the Task Force.

Chairperson Buerk asked if everyone was cooperating. Mr. Staniforth replied that their have been some problems.

Chairperson Buerk asked about the Productivity Commission. Mr. Staniforth replied that the Productivity Commission has been involved, but the extent of their involvement was having a few Commissioners attend the last meeting of the Task Force meeting.

C. Liability and Risk Management.

In Task Force Chairperson Lee's absence Mr. Staniforth reported that earlier he sent a copy of the CAO's reports to the consultant, ARM Technologies, and as of yesterday sent a third letter requesting a response. In the last correspondence sent to the consultant he was informed that if we did not hear from him by February 7th that it will be determined that no further action will be taken on the contract and the contract will be terminated.

Commissioner Fuhrman asked what was the relationship between ARM Tech and McGladery and Pullen. Mr. Staniforth replied that they were a subcontractor. He then asked what the dollar value of the contract was. Mr. Staniforth replied that it was \$20,000 with approximately \$2,000 already paid.

D. Unincorporated Area Services.

In Task Force Chairperson Padilla's absence Commissioner Petak reported that Dr. Siegel, the consultant who is present at the Commission meeting today, prepared a draft report which Mr. Staniforth has read. Mr. Staniforth said that unfortunately the majority of his time has been spent on the Board directed actions of Museum and Health Services, which take precedence over the Commission directed actions, i.e. Unincorporated Area, but he is hoping to have more time to devote to this study.

Chairperson Buerk asked what the timeline is on this report. Mr. Staniforth estimated that he would have a first draft to the Task Force in a number of weeks.

Commissioner Sylva requested that the entire Task Force receive a copy of the report that Chairperson Padilla has now. Mr. Staniforth replied that he would send them the current working copy.

Chairperson Buerk welcomed Dr. Siegel and asked if he would like to add anything. Dr. Siegel said that he is doing primarily information gathering, revisions and supporting Mr. Staniforth. Chairperson Buerk asked if he felt comfortable completing a final draft by the end of the month. Dr. Siegel replied that that is dependant on whether or not they can clarify some facts and questions raised in the manuscript. Chairperson Buerk asked if a Task Force meeting would be beneficial. Dr. Siegel said that the majority of work that needs to be done is information gathering. Commissioner Sylva stated she would like to have an option to have a meeting before the report goes to the Board. Mr. Staniforth said certainly and any and all input is welcome. Chairperson Buerk suggested the Task Force meet after they review the first draft. Commissioner Sylva said that she believes the Task Force will not be able to get back to the Commission until April. Mr. Staniforth agreed that April would be the earliest.

E. County Economic Growth.

In Task Force Chairperson Philiposian's absence Mr. Staniforth reported that the recommendations approved in concept at the last meeting, were sent to the CAO and the CAO called Mr. Staniforth and verbally approved the document with minor editorial revisions. The complete report, still in draft form, will be distributed to the Commission today. The problem that is now faced is time - the assembly has begun its work and soon these recommendations may become obsolete. Mr. Staniforth asked for the Commission's advice on what to do.

Chairperson Buerk asked if these are the recommendations that the Commission reviewed. Mr. Staniforth said yes. Commissioners Trotter and Fuhrman expressed concern that there were changes that some Task Force members requested that have not been made to the report. Mr. Staniforth said that no changes had been made to the text.

Commissioner Trotter said she understands that the assembly may not begin to focus on serious issues until this summer. Commissioner Fuhrman agreed that there is a window of opportunity and that waiting until the next meeting in March to take action would not make the report obsolete and we would still be able to influence the assembly's actions. There are still some issues that he and Commissioner want to "tweak" in the report, most importantly - cumulative trauma injuries.

Chairperson Buerk stated that the first step is for the Task Force to review the report and give final recommendations as soon as possible. The Commission should then advise the Executive Committee if necessary. This would prevent the Commission from having to call a special meeting where they would be unlikely to have a quorum.

Commissioner Stoke is concerned that the report get the consideration of the entire Commission not just the Task Force. Commissioner Hill echoed this and stated that the Commission made a good faith assumption in supporting the draft in concept, but insists that the report must come back to the Commission for approval before going to the Executive Committee.

Chairperson Buerk asked who would be able to attend a special Commission meeting in two weeks? Commissioner Sylva asked him to explain the necessity of expediency in this situation. Chairperson Buerk replied that the importance is to get our document into the legislative process while things are moving. Unfortunately it took a long amount of time for the CAO to get back to us with their approval. Commissioner Sylva asked if we knew what the cut off dates were

and if not she could probably could get them. Chairperson Buerk said he did not know but he wants to avoid the possibility of getting the report to the assembly before it is too late. Commissioner Sylva said she feels uncomfortable not being able to review the report and discuss the report, which she is very interested in, and she is unable to make an emergency meeting. She does not believe that the cut off date is this early but she is not certain. Chairperson Buerk suggested that the Task Force meet with in the next week to review the draft and make a final draft of the report. A special meeting shall then be called of the entire Commission to review the final draft.

Commissioner Frankel asked what happens if this document does not make it to the assembly until the next time they meet. Chairperson Buerk replied that some of the issues covered in the report may not exist next year and that the report was based on timely information and therefore it is necessary to be timely in getting this document to the assembly.

Commissioner Stoke requested that they break so the Task Force could schedule a meeting.

After a five minute recess the Commission reconvened.

F. Management Information Systems.

Task Force Chairperson Fuhrman confirmed Commissioner Tortorice's report from last month that the Task Force plans to have a report to the Commission by the March meeting. Commissioner Gilson is going to join the Task Force. Primarily the report is concentrating on centralizing services, nurturing professional growth by managing and developing an MIS division within the County and creating a Chief Information Officer for the county in the CAO's office to achieve any economies in development and maintenance.

VI. NEW BUSINESS

Commissioner Sylva proposed for the next agenda a provision to discuss how the Executive Director operates and how he chooses presentation speakers. Chairperson Buerk replied that this is a responsibility of the Executive Committee but if there is something specific, a Commissioner can tell the Chair and he will call a meeting of the Executive Committee.

Commissioner Balderrama announced that he has been appointed to the new Orange County Task Force and if anyone would like information on the Senate hearings, they are planning to have recommendations to the Governor by the end of the month. Chairperson Buerk congratulated him and said to let the Commission know of anything he learns that might be of assistance to Los Angeles County. Commissioner Balderrama said that Task Force is focusing on how to avoid similar situations in small counties.

VII. PRESENTATION

Chairperson Buerk introduced Dr. Kevin Lavery from Price Waterhouse Public Sector Consultancy Division in London. Mr. Staniforth presented his background and introduced today's topic: Local Government Operations in the UK.

Mr. Lavery gave additional background on his work experience in several pioneering local governments in southeast England and presented an outline for today's presentation:

1) UNDERSTANDING UK LOCAL GOVERNMENT

- Underlying principles
- What local governments do
- How they are organized

2) THE MANAGEMENT REVOLUTION

- Education
- Housing
- Social Services
- Contracting for services
- The Citizen's Center

3) SOME EMERGING ISSUES

- Managed Competition
- Devolution and Accountability
- Reform or Revolution?

Mr. Lavery introduced the three areas he would cover in his presentation: 1) how does royal government work in the UK 2) what has happened over the past 15 years under Margaret Thatcher and John Major 3) what are the issues that have come about after that time period.

The key messages of the UK system are: 1) it is a national system 2) it has gone through an enormous revolution in the past 15 years 3) these changes have led to improvements in efficiency and effectiveness and 4) some management changes have complicated the relationships between (some feel) the elected officials and the citizens.

Commissioner Balderrama asked what services had been contracted out. Mr. Lavery responded that there were several, including: health, social services, transportation, parking enforcement, tax collection, education, waste management.

Chairperson Buerk asked for some background on the way the UK's territories were divided, ie cities, counties, etc. Mr. Lavery responded that London has 33 "boroughs" with each having a population around 200,000 - 300,000. UK abolished overall county governments in the mid-eighties. Chairperson Buerk asked if each borough governs itself as a part of the city of London. Mr. Lavery said yes but London is not unified. Commissioner Trotter asked if there was any coordinating group at all. Mr. Lavery replied that is something called "joint boards" for some services, i.e., London Fire and Civil Defense. Policing is handled by the national government. Commissioner Trotter inquired about the transit system. Mr. Lavery replied that busing has been deregulated and the main transit system is controlled by the national government but it is run like a business.

Key Principles:

1. Uniformity - The UK has a uniform system where each county provides the same services.
2. Dominance of Central (National) Government - Local governments can only do what the national government allows them to do.
3. Unitary form of government - There are no "checks and balances" as in the U.S., no split between the executive and legislature. no commissions, etc. The national parliament makes the decisions.
4. Political Parties - The U.K. is much more partisan than the U.S. and the parties are very sharply defined by ideas and beliefs.
5. Permanent Civil Service - Leaders may come and go, but appointed officials stay and work with the party which is in power

Chairperson Buerk asked what is the function of local councils. Mr. Lavery replied that they are agents of the national government, but they do run education, welfare and human services. These are huge functions.

How Local Governments are Organized:

1) Structure

- Single tier in metros which leads to fewer governments. (Example - 500 local governments in the UK total and there are over 1,000 in the Chicago area alone.)
- Two tier government in "rural" areas: (a) a district that handles planning, zoning, environmental issues, public health, low cost housing, recreation and (b) county government that runs schools, social services, highway systems, police and fire.
- There are few special districts - a few for fire.

2) Funding

- Mainly central government grants. Approximately 50% of a local council's budget comes from what is called a block grants and it is not designated for any specific area.
- 24% of funding comes from a local property tax which goes to that national government and they redistribute the money. This is a very political issue.
- the remainder is local property tax.

Commissioner Frankel asked if the equity of the situation is affected by where the politicians are located. Mr. Lavery said yes. There is a national formula based on fair criteria, but a conservative administration would favor rural areas and a labor administration would tend to favor inner city areas. Each time there is a new administration they change the redistribution formulas. Chairperson Buerk asked if there was any property tax on private residences? Mr. Lavery responded yes, local property tax which is under local control and costs about \$500 to \$800 a year. Commissioner Trotter asked what was the controversial tax that they had a few years ago? Mr. Lavery responded that it was called a community charge or poll tax, it was a flat rate head tax for anyone over the age of 18. It was abolished and replaced by the property tax and really was Margaret Thatcher's downfall.

Commissioner Balderrama asked if the UK had a welfare system. Mr. Lavery said yes an extensive one. Commissioner

Frankel asked what happens if a county is abolished or created and the people in that area are opposed to the change. Mr. Lavery said there is a process that is carried out through opinion polls, etc. with residents and if something was very unpopular groups of residents would make representation through the normal process of review and they would have an opportunity to state their opinion. The member of the Prime Minister's cabinet who is responsible for local government, has created an "arm's length" body called the Local Government Commission, he appoints the members of this Commission and he cannot change the recommendations of that Commission. They go through the review process, proposals, etc. and they put together a series of options. The Secretary of State can accept or reject their recommendations. Commissioner Frankel asked how one goes about getting on that commission. Mr. Lavery replied that people are appointed, primarily party people but some business people.

The UK employs tough spending controls. Counties and cities can only spend as much as the central government allows them to. There are borrowing limits which are strictly enforced.

3) Internal Management

- Numbers of councilors - several elected officials
- Partisan system
- Large committees
- Permanent civil service

Chairperson Buerk asked if Mr. Lavery thinks the large committees are effective. Mr. Lavery said they are not. Commissioner Frankel asked about how utilities are run. Mr. Lavery said that water and gas have been privatized (due to Thatcher), busing has been deregulated, although sometimes councils will subsidize a particular route, mainly in rural areas. Local governments or communities do not provide health services. They are responsible for the schooling system and they have a substantial number of low costing housing programs, and a huge social services program.

Commissioner Balderrama asked what is the UK's national budget. Mr. Lavery replied that he did not know the exact figure of the national budget. Commissioner Balderrama said that the county of Los Angeles has a \$13 billion dollar budget which is supposedly bigger than a lot of countries. Mr. Lavery said that the County of Kent, that has a population of half a million has a \$2 billion budget and 60,000 employees. Commissioner Balderrama asked if there was a maximum on personal income taxes. Mr. Lavery replied 40%, over \$40,000 or maybe a little more, at that level you pay 40% in taxes.

Commissioner Balderrama asked about the rumor of a 100% tax a few years ago. Mr. Lavery said there was one a few years ago that was 83%. Commissioner Trotter asked about a "value added" tax. Mr. Lavery said they have a sales tax that is 17.5%.

Mr. Lavery moved to the topic of education:

- National curriculum - 60-70% of the schools curriculum is prescribed nationally.
- Open enrollment - competition for places in public schools no artificial limits placed by school districts.
- Local Management in schools - 93% of a school's budget is turned over directly to the schools. The head teacher and the governing body for each school decide how that money is spent and all hiring and firing decisions.
- Formula funding - money follows pupils in public schools. The school district has no real impact on how the money is distributed to the schools, this causes the schools to compete for the pupils.

Chairperson Buerk asked if they have tenure. Mr. Lavery replied yes and it is very difficult to dismiss a teacher who has tenure. Commissioner Trotter asked if parents seemed to be involved. Mr. Lavery replied parent involvement was designed to give the head teacher more management control and to encourage parental involvement in the governing bodies of the school system and to a degree it has worked.

- Opting out - the UK version of charter schools. There are about a thousand schools that are funded by the national government. These schools have decided to "opt out" of the school district because they weren't happy with the support services, etc. they were receiving. All of these changes date back to an act of Parliament in 1988.

Commissioner Frankel said she had been told that in the UK students go to school until they are 14 and then they have to take an exam to see if they qualify for high school. If they do not qualify for high school then they are put into apprentice schools. Mr. Lavery said this system has changed, a few schools still have the grammar school system which was basically an academic screening system. Now there is a comprehensive system in virtually every county in England, Wales, Scotland, etc. Everyone is schooled between the ages of 5-16, many choose to stay on to go to "six-form" colleges, fewer go to Universities.

Commissioner Balderrama asked how was the economy effected by the transfer of Hong Kong. Mr. Lavery said he didn't see any big impacts from that except for trade relations.

Housing

- Ended Subsidies - Public sector housing is very important for councils. Westminster is a very wealthy borough, but they have 22,000 council houses - \$100 million a year spent on low cost housing.
- Right to buy - Big change introduced by Margaret Thatcher where around a million people became home occupiers. Very popular measure that got Margaret Thatcher elected several times.

Chairperson Buerk inquired about the homeless situation. Mr. Lavery says it is growing and they don't know how to handle it either.

- Growth of non-profits - The government is trying to reduce the local government involvement in housing and get non-profits involved.
- Stock transfers - from city councils to housing associations
- Contracting for management.

Social Services

- Closure of long stay hospitals - there is now a push to care for them in the community. This is not being properly funded - similar to situation in the U.S., 85% of the care has to be provided by organizations that are not local government. This contracting for care causes a concern and need for care management.

Commissioner Fuhrman mentioned that many of the homeless in America are mentally ill or have medical or substance dependency problems and they most likely would have been institutionalized for a longer period of time if certain places of care were not closed and there is no community resource to handle them so they end up on the street. Does this happen in the UK? Mr. Lavery said absolutely, there are 2,000 in Westminster. Nationwide it is not as big a problem as it is in the U.S.

Contracting for Services

All government services have to go through mandating contracting situation. Private sector has to be invited to bid on the contract. Act of Parliament passed in 1988 called Compulsory Competitive Act.

- Mandatory competition
- Public/Private competition
- Direct and support services
- Organizational implications
- Financial impact (7% savings nationally - not huge, but significant)
- Changing Marketplaces

Commissioner Balderrama asked if they have affirmative action in the UK. Mr. Lavery said no, there are equal opportunities but affirmative action is regarded as uncompetitive in the UK. In highly ethnic areas contracts depend on communication and language abilities, but there is not the specific affirmative action that we have in the US.

Commissioner Frankel asked about the expediency of contracting out services. Mr. Lavery said that the process takes about nine months and for projects such as potholes a three year contract is issued. Most of them are large contracts. Quality is just as important as price when comparing bids. Chairperson Buerk asked about the administration of the contract - quality and performance checks. Mr. Lavery replied that the UK's situation is similar to the US - there are not many quality/performance checks.

A note on organizational implications: because this is public/private competition, the organization must separate itself from the purchasers side and the providers side. Legislation surrounds this to make for a level playing ground - bids that are all inclusive of administrative costs, etc. and no conflict of interest between the purchaser and the provider.

The Citizen's Charter

Emphasis on getting information to service users:

- League table for schools
- Performance information on local governments
- People power in education and housing
- Chartermark awards

Managed Competition

- You do not have to change the ownership of service to improve the efficiency. Competition is more important than efficiency
- Many of public bids are as competitive as the private
- Recompete contracts every 5 years
- Manage the conflict of interest in a "level playing field"
- What to do about competition amongst non-profits (instead of privatizing governmental services are we governmentalizing the private sector?)

Reform or Revolution

Comparing the US and UK experience. Mr. Lavery points out that the US is about reform and the UK is about enormous revolution. There are pros and cons to both.

- One of the problems in the UK is that this has been imposed on people
- Organizational upheaval that people concentrate on the change and not the actual service
- Some changes are inconsistent
- Changed must be managed by the council

Commissioner Frankel asked how hiring standards are handled in relation to the people who are overseeing the changes within the councils. Mr. Lavery replied that hiring and firing is being diminished and there is no one specifically in charge of that issue. Teachers, for example, are hired only after years of training and experience. There are no political appointments in the UK and the level of professionalism is quite high. When there is ineptitude it is difficult to remedy the situation as it is here in the US.

Commissioner Fuhrman asked if there are rules and guidelines by which the public entity loads costs against the contract and how much of that is allowed to be applied. Mr. Lavery said that there are national rules of what costs can be included and what cannot for the public and private sector. There are also regulations of packaging contracts and rate of return.

Commissioner Kimbrough asked what happens when the public sector loses a bid? Mr. Lavery says that 60-70% would be re-employed by the contractor who got the bid, 30% would be laid off and the remaining number would be redeployed.

Chairperson Buerk thanked Mr. Lavery for his presentation.

VIII. ADJOURNMENT

The meeting was adjourned at 12:15 p.m.

Respectfully Submitted,



Bruce J. Staniforth
Executive Director

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