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Economy & Efficiency Commission Meeting Minutes

MINUTES OF THE ECONOMY AND EFFICIENCY COMMISSION

WEDNESDAY, AUGUST 5, 1992
KENNETH HAHN HALL OF ADMINISTRATION
500 West Temple St., Los Angeles, CA 90012

Editorial Note: Agenda sections may be taken out of order at the discretion of the chair. Any reordering of sections is reflected in the presentation of these minutes.

I. CALL TO ORDER

Chairperson Gunther Buerk opened the meeting at 9:30 a.m..

II. APPROVAL OF COMMISSIONER'S ABSENCES

COMMISSIONERS PRESENT:

Fred Balderrama
Richards Barger
Gunther W. Buerk
Marshal Chuang
Dr. Alfred Freitag
Jonathan Fuhrman
Dr. Mike Gomez
Marvin Hoffenberg
Chun Lee
Roman Padilla
Robert H. Philibosian
Daniel Shapiro
Randy Stockweil
Betty Trotter
Efrem Zimbalisr, III

COMMISSIONERS EXCUSED:

George Bodle
Jack Drown
Louise Frankel

Abraham Lurie
Carole Ojeda-Kimbrough

STAFF PRESENT:

Mr. Bruce Staniforth, Executive Director
Ms. Robin Kincaid, Executive Assistant

The absences of Commissioners Bodle, Drown, Frankel, Lurie, and Ojeda-Kimbrough, were excused by vote of the Commissioners present.

III. APPROVAL OF MINUTES

Minutes of the July 1, 1992 Commission meeting were approved by the Commissioners present. Minutes of the July 21, 1992 Commission meeting were approved with the following amendments: all mention of "ballot initiative measure", should read "ballot measure", and "Commissioner Trotter, who was the vice-chair of the 1990 task force", should read "Commissioner Trotter served on the 1990 task force".

IV. INTRODUCTIONS AND ANNOUNCEMENTS

Roman Padilla, the newest Commissioner appointed to the Commission by Supervisor Molina, was welcomed to the meeting. Mr. Padilla previously served as Budget Deputy for Supervisor Molina before moving on to assist in the congressional campaign for Assemblyman Xavier Becerra.

It was noted that there would be an executive committee meeting following the Commission meeting this afternoon.

Mr. Staniforth stated that seven applicants responded to the student internship announcement that was place in several university's job listings. However, due to the hiring freeze imposed by the County, paid student internship positions have been postponed. Two graduate students who were interviewed have volunteered to work for the Commission. One student is pursuing a law degree, and the other is pursuing a masters degree. Both students are scheduled to come into the office this Friday, where they will be given a specific task to perform.

The primary responsibilities for the student worker would be to work on special projects (e.g., status reports of budgetary information and, annual progress reports of Commission's activities.

V. OLD BUSINESS

LIABILITY & RISK MANAGEMENT UPDATE

Mr. Staniforth gave the update, noting that a draft outline for the project has been sent to County Counsel, the Auditor-Controller and the CAO's Office for review. The Auditor- Controller has some questions regarding how to manage the RFP process for the Commission. This concern will have to be resolved before the RFP can be issued for this project.

Chairperson Buerk stated the importance of this issue, as the Commission feels a responsibility to control its assigned project. He stated that this matter will be discussed with the Auditor- Controller.

PENSION STUDY TASK FORCE UPDATE

The item under NEW BUSINESS, to discuss Commissioner Fuhrman's recommendations, was combined with this update. Commissioner Freitag, chair of the Pension Study Task Force, stated that the task force met on August 4, 1992 to discuss Commissioner Fuhrman's recommendations. The task force approved passing on the nine recommendations to the full Commission. (Copies of the recommendations are included in each Commissioner's packet.)

Commissioner Philibosian, a member of the task force stated that since he had only a 24 hour notice of the meeting, he was unable to attend the meeting. He inquired as to the number of task force members in attendance at the meeting. Commissioner Freitag stated that a total of three Commissioners were in attendance. Commissioners Chuang, Fuhrman and himself.

Commissioner Fuhnnan noted that the recommendations are the same as the ones he referred to at the July 21st meeting, with the exception of recommendation number nine which was modified.

Commissioner Freitag proceeded to read the recommendations to the Commission.

Commissioner Philibosian expressed his concern regarding the concept of the recommendations. He stated that normally these type of recommendations are derived only after they have been reviewed, legal advice obtained, and

after a thorough discussion by the full Commission. He believes the recommendations are of a serious nature, and a rush to judgment by the Commission could be unwise. Commissioner Philibosian stated that he is opposed to the Commission taking any premature action, as it could be detrimental to the Commission's reputation.

Commissioner Philibosian also expressed his concern procedurally. He noted that the task force is composed of five members; Commissioner Freitag, as chair and Commissioners Chuang, Frankel, Ojeda-Kimbrough and himself. Commissioner Fuhrman is not a member of the task force. Therefore, only two members were actually in attendance, thereby, a quorum did not exist. In this instance, it is questionable that the matter is even being brought to the full Commission's attention.

Commissioner Philibosian believes that before any recommendations are made, the task force should stay with the normal methodology; hiring consultants, deliberation, presenting a draft to the full Commission, etc.

Commissioner Fuhrman noted that the departure from normal procedures is due to the recommendations being preliminary. He noted that the purpose of his recommendations is to propose that the Commission make suggestions to the Supervisors concerning what it feels to be an imminent crisis, that could potentially be accumulating additional liabilities. The recommendations are meant to suggest to the County options for placing holds on certain personnel procedures.

Commissioner Fuhrman noted that both the County Counsel and independent counsel's reports indicate that the Board of Retirement and the Board of Supervisors have taken no formal action on retirement plans. It appears that this lack of action has resulted in a \$265 million dollar liability for the County. In light of this, he believes that the Commission should make some type of recommendation now, since the task force report may not be complete until October or November. It was suggested that the transmittal letter to the Board could state that making recommendations at this time and in this manner is atypical for the Commission, that the full Commission has yet to complete its study, and that the recommendations are preliminary.

Commissioner Chuang, who is a member of the task force expressed his concern about the Commission making such recommendations. He believes that the Commission has to be careful in what it does, and should conduct a thorough study before making recommendations. He felt that the task force didn't look deeply into the issues addressed by the recommendations.

Commissioner Shapiro noted that he would feel comfortable with recommending number four of the recommendations dealing with changing all personnel documents and orientation materials.

Commissioner Zimbalist stated that he agrees with the concept of encouraging the County to preserve its options. However, he isn't comfortable with the Commission making recommendations without knowing what those steps should be. He believes the chair of the task force or the chair of the Commission should write a letter to the Board stating that the Commission's reading of the County Counsel's report indicates that there are some actions the County could take, and that the Commission encourage the County to do so until such time the Commission's project is complete.

Commissioner Freitag stated that the recommendations are being presented for discussion only, and if there are better suggestions, the task force is willing to consider them. He believes that Commissioner Zimbalist's suggestion of a letter to the Board suggesting some type of action would serve the task force's purpose.

Commissioner Trotter stated that writing a letter, including some elements of the recommendations would be a good idea. She also noted that equity for new employees is also an issue.

Commissioner Stockwell stated that a letter to the Board of Supervisors would be appropriate in order to inform them that there are actions that can be taken.

Commissioner Philibosian noted that at least six of the nine recommendations could come under legal scrutiny. He offered the following motion:

Resolved that: The Commission ask the chairman of the Commission to send a letter to the Board of Supervisors conveying the recommendation of the Commission that the Board of Supervisors take interim action in light of the County Counsel opinion, and the independent counsel opinion to avoid incurring additional liability under the current system and to consider giving notice to new employees regarding potential changes in the pension system.

Commissioner Stockwell seconded the motion.

Commissioner Fuhrman stated that he would like the letter to give a little more background. He noted that the task force did meet on July 20th, and three of the Commissioners present were in favor of recommending his

recommendations. He also stated that he would be willing to go concur with Commissioner Philibosian 'S motion, but would like to include additional information and perhaps attached the nine recommendations as possible ways for the Board to accomplish necessary actions. The recommendations could be sent as items that were discussed but not adopted by the Commission.

Commissioner Zimbalist stated that he would be against submitting the nine recommendations along with the transmittal letter, since the Commission has not looked at all the actions the County might take, or know that the recommendations actually contain accurate, legal information. He believes a general letter should be sent that doesn't give an unwarranted impression.

Commissioner Trotter stated that she agrees with Commissioner Zimbalist, and believes it would be a precarious situation for the Commission to include the recommendations without additional information.

Commissioner Shapiro suggested adding the following amendment to Commissioner Philibosian 's motion:

Amendment: To the extent legally permissible, advising current employees that these items may, or may not, be included.

Commissioner Philibosian stated that he would accept the amendment, and Commissioner Stockwell seconded.

Commissioner Padilla believes the Commission should do more than just writing a letter. He believes the Commission should place the matter on the Board's agenda, as a letter may not get the attention it deserves. He believes the Commission should be more forceful.

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Chairperson Buerk believes the best action for the Commission is to send a letter to the Board of Supervisors expressing the Commission's concern for incurring additional liabilities.

Commissioner Barger believes that the County has to protect itself against incurring additional liability for existing employees. He concurs with Commissioner Shapiro 's amendment to the motion.

Commissioner Fuhrman suggested adding additional language from recommendation number four regarding changes in personnel and orientation materials, and reasonable expectations new employees may gain.

Commissioner Philibosian believes that his motion covers the language expressed in Commissioner Fuhrman's suggestion. He restated his motion, which includes Commissioner Shapiro's amendment. The motion:

Resolved that: The Commission ask the chairman of the Commission to send a letter to the Board of Supervisors conveying the recommendation of the Commission that the Board of Supervisors take interim action in light of the County Counsel opinion, and the independent counsel opinion to avoid incurring additional liability under the current system and to consider giving notice to new employees and to the extent legally permissible, current employees, regarding potential changes in the pension system.

Commissioner Fuhrman suggested the following amendment:

Amendment: So that those employees do not inappropriately gain a reasonable expectation of future pension rights.

Commissioner Barger suggest the following amendment:

Amendment: So that potential employees of the County are advised that the present plan may not be a valid plan for the purposes of their retirement benefits.

Commissioner Philibosian suggested the following amendment:

Amendment: And direct County Counsel to prepare appropriate language for the Board.

Commissioner Padilla suggested the following amendment:

Amendment: And direct County Counsel to consult with the Economy & Efficiency Commission prior to drafting appropriate language for the Board.

Commissioner Shapiro suggested that in light of the various individual viewpoints of each Commissioners, it may be advantageous for Commissioners to express their views personally with their Supervisor.

Commissioner Balderrama stated that due to his conflict of interest regarding this issue, he will abstain from any discussion or voting on this matter.

Commissioner Fuhrman offered another amendment:

Amendment: Request County Counsel to provide appropriate legal advice to the Board to implement those changes as needed in information given to new employees.

Commissioner Philibosian accepted Commissioner Fuhrman 's second amendment to his motion. Commissioner Stockwell seconded.

The motion, with two amendments, and second by Commissioner Stockwell stands as follows:

Resolved that: The Commission ask the Chairman of the Commission to send a letter to the Board of Supervisors conveying the recommendation of the Commission that the Board of Supervisors take interim action hi light of the County Counsel opinion, and the independent counsel opinion to avoid incurring additional liability under the current system and to consider giving notice to new employees and to the extent legally permissible, current employees, regarding potential changes in the pension system. And that the Board request County Counsel to provide appropriate legal advice to the Board to implement those changes, as needed, in information given to new employees.

The motion was approved by those Commissioners present, with one abstaining vote.

PROPOSITION A UPDATE

Commissioner Trotter stated that the Board motion of April 9, 1992 had eight elements which were referred to the Commission for a review and report. She noted that the first element "revision of the contracting guidelines to require that all new and all renewed contract mandate the provision of basic health benefits", is still on hold, subject to legal opinion as to whether it is possible under federal law. However, the other seven elements can be reviewed by the Commission.

It was also noted that five hearings will be held this month regarding the County's track record of contracting with minority and women-owned businesses.

The task force, which consist of Commissioner Trotter, as chair, and Commissioners Padilla and Stockwell are scheduled to hold its first meeting next week. Commissioner Shapiro will serve on the task force if his schedule permits.

PUBLIC ACCESS UPDATE

Commissioner Trotter stated that the report is currently being printed and should be available next week. A transmittal letter will be issued to the Board of Supervisors with copies of the report, and a press release will also be prepared.

DHS AUDIT UPDATE

Commissioner Zimbalist stated that the task force has received 31 responses to its request for estimated costs. Mr. Staniforth has been reviewing the estimates, and a task force meeting will be schedule to review the results. The objective of the meeting will be to frame the material into various options, which will then be structured and sent to the Board of Supervisors.

Commissioner Padilla noted that he had spoken with Carol Salva, the Health Deputy for Supervisor Molina, and she mentioned that the Commission shouldn't go too far into areas that weren't in the motion.

Mr. Staniforth clarified the points made in the motion: decision-making process and accountability; organizational flow; methodology and rationale for prioritization of resources and needs; and, evaluation of management and line staffing ratios with a comparison to other public and private sector organizations.

Commissioner Zimbalist noted that those four points were addressed in the request for estimate. He also noted that the next step for the task force will be to structure their options for presentation to the Board, probably by the end of this month.

Commissioner Zimbalist offered the following motion:

Resolved that: The executive committee be given authorization to approve the task force's structure of the options for presentation to the Board of Supervisors.

Commissioner Barger seconded the motion, which was unanimously carried by those Commissioners present.

PRODUCTIVITY COMMISSION UPDATE

Dr. Waddell noted that the next meeting for the Productivity Commission is scheduled for August 10, 1992. The Productivity Commission has hired a consultant to assist in implementing a Total Quality Management Program. About five departments have been earmarked for the initial study.

In addition to the Productivity Commission working on their portion of the pension study, they are also working on an overtime report that was requested by the Board of Supervisors.

Dr. Waddell has undertaken the task of trying to obtain a better dialog between the Department of Public Social Services and the Bureau of Family Support Operations. He noted that there are opportunities for exchanges of information and cooperative approaches between the departments which could lead to improvements in productivity.

Commissioner Shapiro inquired if the Productivity Commission has done any analysis on out-sourcing (contracting-out) data processing functions. He also suggested this issue could be a topic for future study by the E & E Commission, or of a joint study between both Commissions.

Dr. Waddell stated that the Productivity Commission had decided in the past that they would not get involved in any contracting out studies. He did note however, that there will be a major change in data processing support for the Bureau of Family Support Operations. This will give them better control on managing cases instead of dealing with a lot of paperwork.

Dr. Waddell requested that a copy of the E & E Commission's Public Access study be forwarded to him once printed.

Chairperson Buerk noted that this is the last meeting for Commissioner Hoffenberg. Mr. Ackerman, the 1991-92 Grand Jury Foreman will replace Commissioner Hoffenberg beginning September, 1992.

Commissioner Hoffenberg was thanked for his service on the Commission this past year. The Commissioners expressed their hope that Commissioner Hoffenberg will continue to be involved and attend meetings as his schedule permits.

Commissioner Hoffenberg thanked the Commissioners and noted that he will leave with considerable respect for the Commission.

VI. PRESENTATION

Canceled.

VII. NEW BUSINESS

For discussion item on Commissioner Fuhrman's recommendations re: Pension Study, was combined under Old Business, Pension Study Task Force Update.

VIII. PUBLIC COMMENT

None

IX. ADJOURNMENT

The meeting was adjourned by vote of the Commissioners present.

Respectfully Submitted,



Bruce J. Staniforth
Executive Director

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