

MINUTES OF THE REGULAR MEETING
ECONOMY AND EFFICIENCY COMMISSION

OCTOBER 4, 1989

ROOM 839, KENNETH HAHN HALL OF ADMINISTRATION

Editorial Note: The following minutes were taken from the tape of this meeting. Unfortunately, the tape does not normally identify the speaker and subsequently, with the exception of the Chairman, it is often not possible to identify individuals by name. Where individuals were identified we have done so

I. CALL TO ORDER

With the presence of a quorum, acting *Chairman Peever* called the meeting to order and introduced Dr. Robert Leland a new member of the Commission and former Chairman of the County Grand Jury.

II. APPROVAL OF COMMISSIONER ABSENCES

Chairman Peever asked for a motion to approve absences for Commissioners Crail, Lurie and Seward. It was Moved, Seconded, and Adopted: **The members requesting an excuse are excused.**

III. APPROVAL OF JUNE 14th 1989 MINUTES

Chairman Peever asked if there were any corrections or amendments to the minutes of the June 14, 1989 Commission meeting. The following motion was Moved, Seconded, and Adopted: **The minutes of the June 14, 1989 Commission meeting are approved.**

IV. OLD BUSINESS – TASK FORCE REPORTS

Executive Committee Report

Chairman Peever recounted that earlier this year the Executive Committee had a number of planning meetings to ensure agreement on the direction and purpose of the Commission. The important thing that was decided was that our client is the Board of Supervisors. It was decided that closer ties to the various members of the Board of Supervisors were necessary. To accomplish this it was agreed to have annual meetings with the Board members. The purpose will be to get their input on areas of interest, discuss the Commission's activities, and to discuss their appointees' activities and participation. The first meeting was held last month.

Executive Director Campbell added that the content of what was discussed is based on interviews with each commissioner and the feeling that we need to continue developing stronger and closer relationships with the supervisors.

Children's Services

Chairman Peever reported that a presentation was made to the Board of Supervisors on the Commission's report recommendations. The Board asked the Commission and the CAO to agree on a position, which is where the process is now. Several meetings have been held with the CAO and his staff.

Executive Director Campbell interjected that he had learned three things on the Children's Services issue: first SB 997 authorizes multi-jurisdictional councils which will oversee the development of children's welfare; second, the Los Angeles Council on Child Abuse and Neglect has suggested to the Board that it should be designated as the inter-agency network for advisory services for children that has been authorized by SB 997; and third the CAO's report is not available because Richard Dixon, the Chief Administrative Officer, hasn't yet approved it. However, there's some indication that they're going to substitute the council for an inter-agency agreement between the Welfare Office and the Department of Community and Senior Services.

Materials Management

Executive Director Campbell had planned on having Bill Moore, a new staff member, give a report on bringing to a conclusion the work that the Commission began years ago covering the County's inventory and materials management, warehousing, procurement, etc. Each time questions on these topics are raised they are asked independently of one another as though procurement and inventory management and materials management can be operated separately. Another issue was that in response to these questions the County's response was usually to get some new gadgetry, a new information system, new computers, new hardware or a new warehouse, rather than correct the system's deficiencies. Last year there were several internal audits that confirmed that the real issues had not been the information systems, but rather management practices.

It appears appropriate to proceed on comprehensively reviewing the County's entire materials management system. The first thing action will be to assemble a team of County officials and commissioners. There will be a review of the recent literature on inventory management and procurement. Interviews have been scheduled with the Materials Management and Procurement in each of the County departments. The team will identify the process that will be reviewed, the responsibility for ordering, the responsibility for distribution and transportation and potential changes.

Antelope Valley Rehabilitation Centers

Commissioner Shapiro stated that the Antelope Valley Rehabilitation Center is going through a radical re-orientation in its management, perhaps as a result of some gentle prodding from the Commission's investigation. As a result they have substantially reduced their operating deficit by approximately two million dollars. They have been aggressive in opening up beds to the private sector for a reimbursement of seventy-five dollars a day. This would off-set some of the cost of maintaining the facility for the indigent population.

In conjunction with the Commission on Alcoholism and in view of the aggressive management changes that have been implemented in the last four months, it has been decided to postpone additional actions on the Commission's recommendations. It is possible that their action was the result of the threat of losing virtually all of their funding. Given that, there are some entrepreneurial approaches that could be undertaken.

A second interesting issue is contracting out the County hospitals. Discussions have focused on the hospitals as a function rather than as individual organizational elements within the hospital system. Rather than just contracting custodial, laundry and food services, the entire hospital could be contracted out. Mr. Kaufman attended the meeting on this issue.

Mr. Kaufman replied that Supervisor Antonovich has made a motion that called for action by the Department of Health Services, working with the CAO and the Economy and Efficiency Commission, to study and report on the utilization of a consultant to assist in studying the feasibility of contracting out entire services at County Hospitals and to rate each hospital for feasibility and effectiveness for contracting out. Discussions have been held regarding what a consultant could be able to accomplish, how a consultant should be selected and who it might be. Subsequent to those discussions, a letter was drafted from the Commission supplying a number of issues the consultant firm might address. The current status is that the Department of Health Services will return to the Board of Supervisors with a proposal as to how to select a consultant.

Executive Structure

Commissioner Zimbalist introduced his report by stating that the interview process with former practitioners of County management and academics outside of the current County organization has been completed. *Commissioner Zimbalist* went on to say that the next step is to talk to current county department heads.

In consultation with Commissioner Crail, it has been decided that before going to departments it will be necessary to sit down with each supervisor and let them know the current thinking. The first task force meeting was held and the task force will be returning to the Commission to go over what is going to be discussed with the supervisors.

Commissioner Zimbalist believes that it is pretty certain that the results of this effort will be that the County needs a Chief Executive Officer, of some sort. Whether it's elected or appointed is not yet clear. No one that has been interviewed has supported the current organization, or can come up with any logic, or any reason why anyone would organize anything the way the County is currently structured. This will be the cornerstone of what will be discussed with the Supervisors. This proposal has been on the ballot before and has been defeated by popular vote. What should be done now is to make sure that there is support for this type of investigation - there is mixed support on the Board for this proposal. Also it will be necessary to hear arguments from those who are opposed to reorganization, why they are opposed and what the reasons are for maintaining the current structure, or some other alternative.

Security Systems Task Force

Commissioner Frankel stated that although all of the Commission's recommendations were enthusiastically adopted by the Board of Supervisors, there is no indication that the major items that had been recommended had been addressed. Some small improvements had taken place, but the major recommendation of establishing the minimum standards for security system in every area of the County, as was identified with the way security is administered, has not. Each organizational entity wants to have its own security management. Although they feel they know what they need (the Music Center, the Medical Center, etc.), they deal with it inefficiently. For example, they purchase equipment which is not compatible with other equipment or there can be no interaction between radio cars because the frequencies are different.

The standards are important and the person that was hired on a contract basis has not addressed any of these issues. He was given a year from arrival to prepare standards so that each department would know what security offices should have. It is important to address the system in a fairly uniform manner, even if the department is in charge. None of this has been done and people are doing the bare minimum. The concept appears to be that each Department runs its own operation and is responsible. If there is a central person responsible for County security, if something happens the department head can say "well don't look at me, you have to look at Mr. So n' So". Security is, of itself, a very special problem and the County has a lot of problems with it.

A Daily Journal article recently noted that in July there were 15 burglaries in the Hill Street Court Building and the Judges are livid about it. The judges come in, there are broken windows and there are things taken from their offices. The Court Security Committee is taking some steps, but those seem to be long range plans rather than immediate. The bureaucracy has a tendency to explain why things can't be done, not how it could be done. It is evident that one of the problems is the decentralization of management that is taking place in the County.

A Commissioner commented that a concern is that the CAO is decentralizing activities, including security, without having some form of defined functional responsibility remaining at headquarters. In response it was reported is that the County can't manage the departments since it has neither the resources nor the capability to tell the Department of Health Services what is needed to operate a secure and safe department. Although this is generally true in a decentralized organization, it is also true that there is generally a functional responsibility at headquarters that supplies advice, counsel and direction. This function also accumulates the appropriate information from the individual departments. With this information the headquarters can develop trends on performance and periodically conduct audits and recommend corrective action. It should be recognized that if a non-critical function isn't inspected it will not get the appropriate amount of attention.

Asset Management

Mr Kaufman reported that commissioners had met to determine the support for adding capability in the CAO's office to assist operating departments with developing their assets, whether undeveloped or under developed, to produce revenues. The several department heads that were interviewed were supportive of the idea and very supportive in some cases. The reason is they don't have the capability on their own staffs, and they don't want to bare the expense of putting somebody on their staff to fill a relatively temporary need. This seems to support the concept of locating this function centrally. One problem is how to justify the costs of the additional capabilities without a projection of increasing revenues. It was decided at the meeting to meet with the department heads and brain storm this problem. A possibility is to develop a best estimate as to what the value of certain properties may be. These are substantial assets, such as, airports, lands within flood control districts, under utilized properties, or large parking areas which may be available for commercial development.

V. **NEW BUSINESS**

Commissioners were informed of a visit and a presentation by the Deputy Minister of Nova Scotia on strategic planning. The subject of their interim report is, "Nova Scotia in the 21st Century, Preparing Now - Strategic Planning in the Government of Nova Scotia". The report states that the provincial government has aggressively applied strategic planning concepts to the public sector, combined with the use of cutting edge information technology. They feel that the use of computers is extremely important in the planning process and developing a database capability. The application of strategic planning in the Nova Scotia Government attempts to combine the best features of management with a commitment of the provinces political leadership. The scope and extent of the provincial government's initiative is unprecedented and although it has only been in place since 1986, it has already produced results and has provided major new directions in program administration. The business of government in Nova Scotia has fundamentally changed as a result of its commitment to a strategic planning process. A momentum has been created that has brought about important changes and promises even more for the future.

The Commission is sending out a memo to all department heads urging that they, or their deputies, attend this meeting. Supervisors and their chief deputies are also invited. This is an opportunity to hear about what another governmental entity is doing and to learn how their ground breaking efforts can be applied to governmental organizations.

VI. **PROPOSALS FOR TOPICS FOR THE NEXT MEETING**

Chairman Peever asked if there were any suggestions for topics for the next meeting. There were none.

VIII. **ADJOURNMENT**

Chairman Peever asked and received a motion for adjournment.