

LOS ANGELES COUNTY
ECONOMY AND EFFICIENCY COMMISSION

Gunther W. Buerk, *Chairperson*
Betty Trotter, *Vice Chairperson*

Alfred P. Balderrama
George E. Bodle
Ann King Cooper
Joe Crail
Jack Drown
Emma E. Fischbeck
Louise Frankel
Dr. Alfred J. Freitag
Chun Y. Lee
Robert J. Lowe
Abraham M. Lurie
Lauro J. Neri
Arthur J. Peever
Robert H. Philibosian
Daniel M. Shapiro
Randolph B. Stockwell
Wally Thor
Robert L. Williams
Efrem Zimbalist, III

MINUTES

FULL COMMISSION MEETING

DECEMBER 4, 1991

HALL OF ADMINISTRATION, 864-A

I. CALL TO ORDER

Chairperson Gunther W. Buerk opened the meeting at 9:30 a.m.. Visitors were welcomed to the meeting.

II. INTRODUCTIONS & ANNOUNCEMENTS

None.

Visitors in attendance were *Mr. Charles W. Kaufmann*, Former E & E Commission Staff, *Mr. Ramon Rubalcava*, Local 660, SEIU, *Ms. Carol Slavin*, League of Women Voters, and *Ms. Georganne Thomsen*, President, League of Women Voters.

III. ATTENDANCE

The attendance list is on the last page. The absences of Commissioners *Balderrama*, *Crail*, *Lee*, *Lurie*, *Stockwell*, *Shapiro*, and *Zimbalist*, were excused by vote of the Commissioners present.

Dr. William C. Waddell, representing the Productivity Commission was also in attendance.

Minutes of the November 13, 1991 full Commission meeting were approved with the following amendment {page 11, paragraph 5}: "The Registrar\Recorder is in the processing of buying a building in Downey". That line should read: "...a building in Norwalk".

IV. OLD BUSINESS

EXECUTIVE DIRECTOR SEARCH:

Chairperson Buerk asked *Ms. Carr* to give an overview on the status of the search process. *Ms. Carr* noted that advertisements were placed last Sunday in the following papers: Los Angeles Times, Sacramento Bee, Wall Street Journal, Orange County Register, Long Beach Press Telegram, Pasadena Star News, Santa Monica Evening Outlook, Daily Breeze, Daily News, Civic Center NewSource, and the Downtown News. The Sentinel, and La Opinion advertisements will run this week. Other advertisements were also placed in some governmental newsletter. The total cost for advertising is approximately \$5,000.

Most of the advertisements, with the exception of two, list a post office box for resumes to be sent to the newspapers who will then forward resumes to the Commission office. All ads stated no phone calls. However, some telephone inquiries have been received, and callers were referred to the various advertisements.

The Executive Director Search Task Force set a deadline of December 20th for receipt of resumes. It's anticipated that during the first week of January, the task force will meet to evaluate all resumes and narrow the field down to ten of the most qualified candidates.

Interviews are tentatively scheduled for the week of January 13th through the 24th. An executive search firm may be used as a "second opinion" during the final phases of the selection.

It is hoped that the task force will be able to submit a list of final candidates to the full Commission at the February 5, 1992 full Commission meeting.

The suggested starting date for the new Director is March 1, 1992.

Chairperson Buerk stated that *Commissioner Drown* will serve on the search task force in his place, and that *Commissioner Zimbalist* will assume the role of Chair.

REAL PROPERTY:

The Real Property Management & Development in Los Angeles County report was submitted to the Board in August, 1991. After many delays the item was placed on the Board's agenda as a set-item for December 3rd. However, it was removed at the last minute and placed as a set-item for December 10th at 10:30 a.m..

Chairperson Buerk is scheduled to give the introduction to the Board, followed by *Commissioner Stockwell's* presentation. *Chairperson Buerk* noted that the County's property assets is an important issue and believes that the recommendations in the report offers the County the ability to achieve large savings.

INTERNAL SERVICES DEPARTMENT:

Chairperson Buerk gave an update on the ISD issue. The Commission's recommendations on the funding of ISD was also on the Board's agenda for the 3rd of December, and was again removed until the 10th of December. {This item has been on the Board agenda since September 17, 1991}.

The issues of employee reduction and the funding of ISD from fees through other departments, has caused some friction among the Supervisors and Union representative{s}. On November 22nd, *Chairperson Buerk* wrote a letter to the Board clarifying the Commission's intentions. The gist of the letter stated that the Commission: *Suggest re-examining the Civil Service Rules; further study and discussions involving all affected parties;* and stated that *the Commission is not making any recommendations regarding the Civil Service Rules at this time.*

The letter also stated that the Commission is available to assist the Board to further study the issue if warranted.

SECURITY:

Commissioner Frankel stated that the task force's letter updating the Board on the task force's progress is complete, and entered a motion for the full Commission's approval to send the letter to the Board. *Commissioner Trotter* seconded the motion.

V. NEW BUSINESS

FOUNDATION FOR EFFECTIVE GOVERNMENT:

Commissioner Thor noted that the Foundation for Effective Government was an entity that was set up as a fund raising arm of the Commission in 1979. The Officers of the Foundation were *Commissioner Bodle*, who served as Chief Executive Officer; Former *Commissioner Neri*, who served as Chief Financial Officer; *Commissioner Thor*, who served as Secretary; and Former Commission Staff member *John Campbell*, who served as Agent for Service of Process.

The Foundation ceased to operate in the early 1980's. However, there is approximately \$2,400 dollars in the E & E Commission Trust Fund as a result of earlier fund raising efforts. That money is currently accruing interest.

Commissioner Thor also stated that a film was made at the time of the Foundation's formation that used as a presentation tool in obtaining funds from private sources for the Foundation. He is not sure if the tape still exist.

The Foundation has a ten year extension in the reporting requirements {e.g., no forms need to be completed for the Registrar of Charitable Trusts until the year 2001}.

Chairperson Buerk requested that staff prepare background and possible alternatives for the Foundation, in order for the full Commission to make a decision on what action{s} should be undertaken. He also requested that, if the tape still exists, it be brought to the next Commission meeting for screening.

Commissioner Hoffenberg stated that if the money in the trust fund was given to the foundation for a specific purpose, as an oversight function, the money may have to be returned to the donors.

Chairperson Buerk asked staff to check with the County Counsel on the standing of the funds.

LIABILITY:

Chairperson Buerk suggested that the Commission form a task force to begin preliminary work on *Supervisor Molina's* request that the Commission look into the issues of liability and risk management. He suggested that the task force prepare a work statement for the new Director.

Chairperson Buerk also suggested that the Commissioners who are not present at this meeting, be contacted for their service on this task force. The task force should have four or five members. *Commissioner Philibosian* was also asked to assist the task force, his time permitting, with the possible legal aspects that may be involved in the liability\risk management issue. *Commissioner Philibosian* agreed.

MISCELLANEOUS:

The E & E Commission Study Interest Survey that was mailed to all Commissioners and was due in the Commission office on December 2nd. The purpose of the survey is to get a general consensus of what project{s} the Commissioner's would like the Commission to investigate.

To date only seven responses have been received. The results of the seven responses were: 5 votes for Contracting\privatization; 4 votes for County Revenue; 3 votes each for Public Access to Board Decisions, Data Systems, and Hospitalization Cost Recovery\Revenue; 2 votes each for Sunset Review Process, Pay for Performance, and the Criminal Justice System; and 1 vote each for Restitution for Crimes, Liability, Structure of County Government, and Growth Management in County Planning.

Chairperson Buerk asked those who have not responded to the survey to please do so as soon as possible so a more thorough account of all Commissioner's views are expressed. A revised count will be presented at the next Commission meeting.

MISCELLANEOUS:{Cont'd}

Chairperson Buerk noted that smaller projects could be handled by the Commission without the need for a consulting firm. One such project, which *Commissioner Trotter* has volunteered to chair, is the formation of a task force to look into the issue of public access to Board's decisions. *Commissioner Trotter* noted that it can be a frustrating experience trying to decipher what action{s}, decision{s}, etc. the Board has taken on a given issue. She also noted that occasionally confusion ensues where it can take days to obtain clarification on what the Board has institute.

Commissioner Philibosian suggested that the task force should concentrate on how the public can better understand and decipher Board actions. He stated that the task force should not be concerned with how the Board does it job. The primary intent of the task force should be on how to make the Board meetings more intelligible, and productive for the public.

The formation of a task force to look into the issue of public access to Board decisions was moved, and seconded by *Commissioner Hoffenberg*.

Commissioner Philibosian also suggested that when task force's are formed they should be given a time-frame for completing their particular project.

Commissioner Trotter noted that the task force should be given 90 days to present a preliminary report to the full Commission. If more time is needed after 90 days, the task force will requested it at that time.

VI. PRESENTATION

Ms. Anne Ballew, Management Analyst, Chief Administrative Office.

SUBJECT: County Budget Process - Overview

Chairperson Buerk welcomed *Ms. Ballew* to the meeting.

Ms. Ballew has been employed with the County for 26 years. Her first budget assignment was working on Proposition 13. *Ms. Ballew* is currently working in the CAO's office serving as a management analyst.

PRESENTATION (Cont'd)

Los Angeles County is an extension of the State. The primary sources of financing for the County's budget are State and Federal Funds. Property taxes, vehicle license fees, business license and utility user taxes are also sources of financing for the County. The County never knows what its budget will be until the Legislature delivers the budget to the Governor in June.

The budget process involves continuous assessment of what the public wants and needs. Beginning in September, and continuing through November, the County determines resources and service priorities; from December through February the County establishes annual fiscal and policy goals; from February through April, proposed budget recommendations are prepared; from May through June, there is public review and input; in July the Board holds budget deliberation, makes revisions, and adopt the final budget; from August through October, supplemental resolution takes place. Basic budget implementations and adjustments are performed throughout the year.

Ms. Ballew's department reviews budget estimates from each departments. From those estimates a proposed budget is drafted. Once the final budget is prepared it's presented to the Board. If the Board doesn't adopt the budget by July, the existing budget carries over to the following year. However, there are restrictions on the actions that can be taken on the carry-over budget, {e.g., hiring and contracting}.

Public hearings may last up to 10 days. Routinely, all testimony last three days. After oral hearings are closed, the public still has the option of filing documents with the Board, but legally, only those documents filed during the open hearings can be brought up when the Board convenes in July to conduct budget deliberations.

The County budget process is governed primarily by a government code, which gives the County legal guidelines and legal ways of handling the budget. The County does not have full discretion on how to set-up the budget because of these government codes. These codes only apply to Counties in California. There are different codes for cities and special districts within the State.

PRESENTATION{Cont'd}

The Board's role in the process is to set the budget policy; hold public hearings and deliberations, and adopt the final budget. The Chief Administrative Officer's role includes giving instructions to the departments; forecasting\planning; maintaining control on departments in regards to their budget; assist in the final preparation; and act as problem solver for departments. The departments' role is to prepare a budget for presentation to the CAO; plan their departments needs; and maintain control on their spending.

Commissioner Hoffenberg noted that as budgets move up in the line of authority, they tend to get more aggregated to the next higher level. He inquired as to the amount of detail her department sees as budget examiners, compared to those in contact with the program.

Ms. Ballew stated that there is some aggregation, but noted that the department has won GFOA's {Government Finance Offices Association awards} for distinguished budget presentations each year, for the last four fiscal years. This award recognizes a governmental unit that publishes a budget document that meets program criteria as a policy document, as an operation guide, as a financial plan, and as a communication medium.

Ms. Ballew also noted that the department works on a change basis. Whatever programs were in the budget last year are changed to a plus or minus. She stated that by using automated spreadsheets details can be shown as to what monies a particular program will need funds added to, or which programs monies can be taken away.

Commissioner Fuhrman stated that there seems to be a lack of detail in the proposed budget that does not show information by line-item on any of the department's missions, or the cost of their programs. *Ms. Ballew* stated that each department does produce a mission statement in the proposed budget. This statement list their objectives, in priority order, for the coming budget year, and they also list their accomplishments from the prior year. In the proposal, a modified program budget is done by separating programs and arranging them into a hierarchy of importance. Each program can then add on changes that are proposed for the following year.

PRESENTATION{Cont'd}

Commissioner Philibosian stated that from his past experience, there are very efficient budget analysts in the CAO's office who are assigned to work with departments on their budgets. He noted that those analysts have developed a certain amount of expertise, and they can usually detect hidden items that department's try to place in their budgets.

Ms. Ballew stated that in the CAO's office there are analysts assigned to each departments budget. During the budget process there is an adversarial relationship between a given department and the budget analyst assigned to work with them on their budget. All details of the budget are reviewed, including the feasibility of the budget in terms of the requirements mandated by the Board's policy. A balance is strived for between the department and the analyst. If the department doesn't agree with the analyst's recommendations, the department has the option of going to the analyst supervisor, or to the Chief Administrative Officer. If the conflict is still unresolved, the department head has the ability to attend public hearings and present their case directly to the Board.

Commissioner Fuhrman inquired as to the controls that are placed after the Board approves the budget. *Ms. Ballew* stated that the budget is run on a line-item basis. The Board has delegated to the CAO's office, that if a department finds there is more money in one account that should be in another, the CAO can perform an action budget adjustment. This adjustment would move monies from one account to the account that is deficient.

Commissioner Fuhrman asked for clarification on the line-item budget. *Ms. Ballew* stated that there are five line-items consisting of: salaries & employee benefits; services and supplies; other charges, which is used primarily for paying welfare benefits; fixed assets; building and improvements; and land. *Ms. Ballew* also noted that the Auditor-Controller is the bookkeeper for the County, and departments must justify their expenses before the Auditor-Controller will pay. In the purchasing system a detailed list is maintained of those items a department purchased, and how much they spent.

PRESENTATION{Cont'd}

Chairperson Buerk inquired as to how the public could obtain information of what a department plans to spend. *Ms. Ballew* stated that possibly going to that particular department and making inquiries may generate some information on a departments proposed spending budget. However, she believes that the County isn't required, nor does it have the resources or manpower to supply that information to the public at will. The County does publish a proposed budget each fiscal year that contains general information on budget summaries; other county funds; special funds\special districts; and Auditor-Controller schedules.

Ms. Ballew noted that for fiscal year 1991-92 the County's budget is \$12.1 billion dollars. Out of that, the County is mandated, by State law, to spend approximately 74% on requirements, {e.g., health and social services}. The Board has discretion over approximately 4% of the \$12.1 billion dollars.

Chairperson Buerk noted that the County acts as an extension of the State, and also acts for some of the unincorporated areas {within the County} as city\local government. He inquired as to how much of the budget is allocated for these specific purposes, and if that allocation is kept separate, and where it would be looked at as a city, in comparison to other cities in Los Angeles.

Ms. Ballew stated that County-wise, and budget-wise, the general fund is basically the whole County unless its something specific. For the unincorporated areas and those type of municipal services, they're handled through special districts or special funds. {Consolidated fire protection, and flood control are districts; with the libraries being special funds}. The difference between a special fund and a special district is that special funds are entirely financed by independent revenue sources which include State and Federal subventions, property taxes, fines, etc. Special districts are financed by a combination of property taxes, benefit assessments, and user charges.

Commissioner Thor inquired as to what sections the 74% earmarked amount is comprised, and who mandates the remaining 11% {after 74% earmarked, and 15% State\Federal}. *Ms. Ballew* stated that 7% is allocated for justice and fire, and the Board has discretion over the other 4%.

PRESENTATION{Cont'd}

The General County final adopted budget is approximately \$10.1 billion dollars. The County is required to spend 33% on health services; 24% on justice; 32% on social services, and 11% on other. The resources are comprised of 40% from State assistance; 21% from property taxes; 20% from Federal assistance; and 19% from other resources.

The \$2 billion dollar difference {between the County of Los Angeles final adopted budget and the General County final adopted budget} comprises special funds and special districts. The Board of Supervisors determines how the \$2 billion dollars is allocated. The County budget can be viewed in two ways. In terms of all the County of Los Angeles, including all aspects for which the Board of Supervisors is the legislative body, the budget is \$12.1 billion dollars. In terms of general county functions, what the Board of Supervisors has more discretion on for County activity, the budget is \$10.1 billion dollars.

Chairperson Buerk inquired as to how the budget for each department is managed between the department and the Board office's. *Ms. Ballew* stated that the Supervisor's office has a budget deputy to interface with the departments. Usually, the Board office does not get involved in the budget process, but they rely heavily on the CAO's office to put together recommendations they can act on.

Commissioner Frankel inquired if the department heads lobby to get money put in their budget for a specific function, and to whom they lobby. *Ms. Ballew* stated that department heads do lobby to the CAO, and/or to the Board.

Chairperson Buerk inquired as to how the budget has changed in the last five years. *Ms. Ballew* stated that a few years ago the budget was probably \$8 or \$9 billion dollars compared to the current \$12.1 billion dollars. The probable reason for the increase in dollar amount is due to the economy, and the fact that the demand for County services has, and continues, to increase, while revenues have decreased.

PRESENTATION (Cont'd)

Dr. Waddell inquired if the flood control districts are independent of the public works, or if departments maintain control of those districts. *Ms. Ballew* noted that in the past the flood control districts were independent and had its own department head and personnel. With the creation of the Department of Public Works, flood control's management and personnel went under the Director of Public Works. However, flood control is a special district that is maintained and has its own tax and benefit assessment. As a governmental entity the flood district still exists only it has shifted to be part of the public works structure. Flood control funds can only be used for flood control purposes.

Commissioner Hoffenberg noted that the budget process seems to be one of severe constraints dealing with line-items. He believes that a budget should consist of planning and programming tools. He inquired if line-items are being looked at by detailed programs, and if there is any mechanism where the outcome of the programs are evaluated. *Ms. Ballew* stated that departments are required to provide workload indicators so tracking can be done. They are in the process of coming up with more effective and efficient indicators that will provide more detail.

Ms. Ballew also stated that the CAO's office has tried to forecast the budget three or more years to the future, but due to economic fluctuations every year, it's difficult to forecast with any measure of certainty. The CAO's office does have a contract with UCLA's forecasters to assist them in finding ways to perform more accurate forecasts in the future.

Before closing her presentation, *Ms. Ballew* informed the Commission that if they are interested in more information on the budget process, they could obtain the Budget-In-Brief that will be available in a few months from the Executive Office. She stated that this brochure is a valuable tool for learning where the County is spending its money. *Chairperson Buerk* requested that staff obtain copies for the Commission once available.

Chairperson Buerk thanked *Ms. Ballew* for taking the time to address the full Commission and offering a glimpse of the County's budget process.

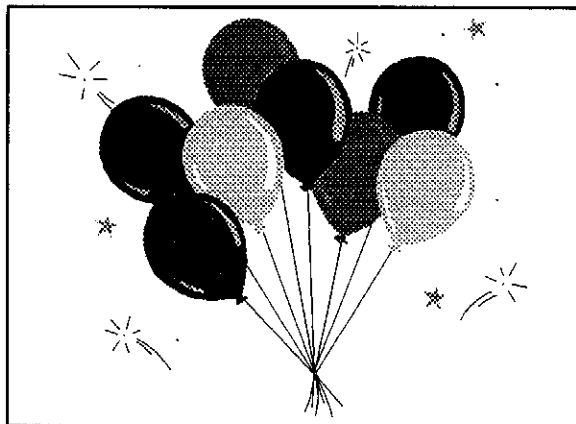
VII. COMMENTS AND SUGGESTIONS FROM VISITORS

None.

VIII. ADJOURNMENT

Before adjournment, *Chairperson Buerk* noted that a holiday luncheon will follow the meeting in the Pavilion restaurant for all those Commissioners who wish to attend.

The meeting was adjourned by vote of the Commissioners present.



We wish each of you and your families a healthy and blessed New Year!

HAPPY HOLIDAYS!

Robin & Cathy

ATTENDANCE

December 4, 1991

COMMISSIONERS PRESENT

George Bodle

Gunther W. Buerk

Jack Drown

Louise Frankel

Dr. Alfred Freitag

Jonathan Fuhrman

Marvin Hoffenberg

Robert H. Philibosian

Wally Thor

Betty Trotter

COMMISSIONERS EXCUSED

Alfred Balderrama

Joe Crail

Chun Y. Lee

Abraham M. Lurie

Randolph Stockwell

Daniel M. Shapiro

Efrem Zimbalist, III

GUEST

Ms. Anne Ballew, Management Analyst, CAO's Office

VISITORS

Mr. Charles W. Kaufmann, Former E & E Commission Staff

Mr. Ramon Rubalcava, SEIU Local 660

Ms. Carol Slavin, League of Women Voters

Ms. Georganne Thomsen, President, League of Women Voters

STAFF

Ms. Cathy Carr, Interim Director

Ms. Robin Kincaid, Office Manager\Executive Asst.

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MEMO

TO: Each Commissioner
FROM: Robin Kincaid
DATE: December 3, 1991
SUBJECT: Minutes of November 13, 1991

CORRECTION:

Page 11 of the November 13, 1991 minutes, paragraph 5 stated:

"The Registrar\Recorder is in the process of buying a building in Downey". That line should read: "... ..buying a building in Norwalk".

cc: Cathy Carr