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Economy & Efficiency Commission Meeting Minutes

MINUTES OF THE REGULAR MEETING ECONOMY AND EFFICIENCY COMMISSION

WEDNESDAY, SEPTEMBER 13, 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 9:45 a.m.

II. ATTENDANCE

COMMISSIONERS PRESENT

Gunther Buerk
John Crowley
David Farrar
John FitzRandolph
Louise Frankel
Jonathan Fuhrman
Jaclyn Tilley Hill
Chun Lee
Carole Ojeda-Kimbrough
Roman Padilla
William Petak
Robert Philiposian
Julia Sylva
H. Randall Stoke
Tony Tortorice
Betty Trotter

COMMISSIONERS EXCUSED

Richard Barger

COMMISSIONERS ABSENT

Fred Balderrama
Albert Vera
Randy Stockwell

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 August 2, 1995 Commission meeting. Commissioner Crowley requested an excuse from the August meeting.

Moved, Seconded and Approved: The minutes of the August 2, 1995 Commission Meeting be approved.

IV. INTRODUCTIONS AND ANNOUNCEMENTS

Mr. Staniforth introduced Mr. John Salmon, Mr. Dan Rosenfeld, and Ms. Patricia Flynn. Mr. Salmon and Ms. Flynn assisted the Commission in the preparation of the Asset Management Report.

V. OLD BUSINESS

Chairperson Buerk, due to the time constraints of the guests and the Commissioner moved the discussion of new business ahead of old business.

VI. NEW BUSINESS

1. Real Property Management Report

Task Force Chairperson Farrar reported that the management of the County's assets has been a major concern of the Commission. There remains no real asset management program. What is radically different at this time is the fiscal situation of the County. With a significant reduction in services there is a greater concern with the possibilities for saving money through effective asset management. This report offers an opportunity for saving significant money. Commissioner Farrar reintroduced Mr. Salmon, Ms. Flynn and Mr. Rosenfeld.

Commissioner Farrar stated that he felt that the Commission should look at itself on an institutional basis as to how the Commission operates. The Asset Management Report offers an opportunity to reconsider this situation by providing input to each supervisor. To implement this approach this report requests that the Asset Management function meet with the Commission quarterly on their progress.

Mr. Salmon addressed the Commission reinforcing Commissioner Farrar's comments concerning keeping the Supervisors informed. Mr. Salmon continued by stating that the State of California did not have an inventory of property in 1989 and was unable to manage its properties. The County has similar problems. It is important to have someone responsible for addressing these problems and managing its assets.

Mr. Salmon cited an example of the State combining leases in San Francisco together with the support required for each of these offices. He introduced Mr. Rosenfeld to discuss the actions of the City of Los Angeles. Mr. Rosenfeld discussed the State program which consisted of six parts: the inventory, the cooperation of the diverse elements, plan what was needed for the future, consolidation, underlying financing, and privatization. Major savings have accrued to the State in consolidations. He felt that savings are possible within the County by understanding what opportunities are available to the County. The City has cut its leasing budget by 10% since December, with a possibility of cutting 25%. The City property is being analyzed for appropriate actions. These approaches may be available to the county, along with the opportunities to merge properties.

Commissioner Stoke asked Mr. Rosenfeld what was the governmental structure for the City's asset management. Mr. Rosenfeld stated that the various elements of asset management were combined into one asset management group. This group has responsibility for space planning, acquisition, disposition, and appraisal functions property management and leasing.

Commissioner Frankel asked how much staff will be required to accomplish the report's recommendations and what properties have been mortgaged by the county. Ms. Flynn responded that the report contains a section on the properties financed. The County has taken its biggest properties and mortgaged them. The hidden costs in the public management of properties are the signals given to rating agencies and the credit market. The County does not have further properties to strip. Mr. Salmon further stated that the use of financing proceeds for operations is undesirable. Commissioner Fuhrman questioned whether the County sold these assets rather than mortgaging the assets. Mr. Salmon responded that lease financing requires that the property be set aside and is thus not a sale but a financing mechanism. Ms. Flynn

stated that some assets have been financed for capital reasons. Mr. Salmon suggested that the County has redundancies that could be capitalized upon. The disconnect is between the civil service and the elected officials.

Chairperson Buerk summarized Mr. Salmon's response by stating that there are fragmented groups that could be brought together and there may be costs involved. Commissioner Farrar commented that Ms. Flynn had done much of the research on the available data which illustrated the need for an effective data base. Ms. Flynn stated that the information within the County is inaccurate. Without an inventory there is less of an ability to consider alternatives.

Commissioner Frankel asked whether the City has done what the county has done with its property. Ms. Flynn responded that real estate is now a critical asset to be managed and the County should be in the process of developing strategies to respond to this need and structural change. Commissioner Farrar commented that it is necessary for the Commission to have whatever organization dealing with this situation to report back on its progress. The bottom line is that nothing will be done until there is a reporting back mechanism. Commissioner Frankel felt that it is necessary to have a presentation to every Board office to demonstrate what needs to be done.

Chairperson Buerk asked if there were any recommendations with which the Commissioners disagreed or would like to change. Commissioner Fuhrman suggested that examples be included in the report. He also felt that item #3 went back to previous recommendations on developing incentives. Commissioner Fuhrman was troubled with this recommendation from a record keeping standpoint. He also felt that savings would go to where the need was rather than remaining in the department generating the savings. He suggested deleting recommendation #3. Commissioner Petak disagreed with Commissioner Fuhrman concerning the development of an incentive program.

Chairperson Buerk requested that the Commissioners insure that their questions to the Task Force and the consultants were being asked at which point the report should be moved to be adopted. Commissioner Fuhrman asked if the State concentrated properties in the downtown area. He wanted the Commission to support the effort of pulling in facilities into the downtown areas. He feels that the downtown will be the central transportation hub. Commissioner Farrar responded that the Task Force concluded that this issue was a political issue and that the closest that the report comes to addressing it was in recognizing the need for economic development. It was addressed, but not highlighted.

Commissioner Petak asked whether the order of the recommendations represents anything. Commissioner Farrar responded that the recommendations were based upon the presentation of the report and that the issues to be highlighted were as a priority on page 3 and 4. Commissioner Petak felt that a statement to this effect would be appropriate. He also suggested that the recommendations be placed into two categories of immediate and longer term savings. Commissioner Petak considered that an illustration of successes would be of assistance to politicians.

Commissioner Frankel moved the adoption of the report and Commissioner Petak seconded. Commissioner Tortorice notified the Commission that he would be abstaining from the discussion and voting on this report due to a potential for a conflict of interest.

Chairperson Buerk requested any changes in the report. Commissioner Fuhrman moved that recommendation # 3 be deleted. The motion failed for lack of a second. Commissioner Frankel moved that the Commission add a recommendation that suggests that the Supervisors meet with the consultants to discuss the benefits of the program. Chairperson Buerk suggested that the more appropriate format for this would be at the presentation of this report to the Board. As an aside, Chairperson Buerk felt that it would be more authoritative to have the County report back to the Board. Commissioner Frankel agreed that a presentation to the Board with the report would be appropriate.

Commissioner Stoke suggested that there may not be sufficient time to make extensive changes to this report. He felt that the purposeful recommendation to report back was necessary to getting something done. Commissioner Farrar stated that a presentation has always been planned. He also favored having the Board direct the Commission to meet with the CAO and then report to the Board. Commissioner Trotter stated that she supported the follow-up requirement.

Commissioner FitzRandolph commented that the issues in which the report comments on economic development, equitable distribution and social contribution were political concerns. Commissioner Farrar commented that the Task Force felt that it could not ignore the social and economic concerns that were real for government. It should be acknowledged and that the Commission was not ignoring the County.

Chairperson Buerk asked for further comments. Commissioner Hill stated that she felt that the Task Force wanted to move the issue along and that the time is now to address this issue. Mr. Salmon felt that the responsibility of staff is to consider the entire scope of concerns in the management of real estate. Mr. Rosenfeld stated that he has included these concerns in reports on this topic.

Commissioner Fuhrman liked highlighting recommendations for priorities, but when looking for immediate contributions he wanted to highlight recommendation 16 and 17 on renegotiating leases to achieve immediate savings. Commissioner Farrar commented that some additional priorities can be made to the report. Mr. Salmon commented

that such action without underlying analysis may result in inappropriate actions prior to understanding the direction of the asset management program. Chairperson Buerk felt that organizing recommendations based upon some prioritization may resolve this issue. Commissioner Farrar suggested a further review of the recommendations to determine which ones would result in an immediate fix of a problem.

Commissioner Frankel commented that this report should be a report that encourages the County toward self-evaluation. It should address the requirement for long range planning.

Moved, seconded and approved: That the Asset Management Report be adopted as presented with editorial changes discussed.

Commissioner Fuhrman commented on the previous comments concerning how the Commission operates. Unless a Board member champions an issue little seems to be accomplished. Chairperson Buerk commented that the Commission is advisory. It is a requirement of the Commissioners, as appointed officials, to support the Commission reports. Staff has been requested to send out letters to ask for meeting with the Supervisors where activities can be discussed. Commissioner Farrar commented that timing is critical for the asset management, both getting it on the agenda and getting a favorable disposition. Commissioners should make an attempt to get this report on the agenda. Once it is on the agenda, Commissioners should call on this report on the Friday or Monday prior to the Board meeting on Tuesday. These inputs will make a difference. Commissioner Stoke stated that it would be helpful to sit down with a deputy and discuss why this would be of value to each office. Commissioner Trotter felt that the Commission should consider the role of the media. Commissioner Fuhrman commented that this was an element in the Pension issue.

2. Compensation provided to Commissions

Chairperson Buerk suggested consideration of item #2 under new business regarding the discussion of compensation of commissions. Commissioner Philibosian stated that staff was unable to get to this issue as a result of other demands on his time.

3. Discussion on Renewal of the Executive Director's Contract

Chairperson Buerk reported on the Executive Committee meeting in which the Executive Director's contract was discussed. The Director's performance was reviewed and the Committee recommends the renewal of the contract on the same terms with the exception that the Commission be allowed to be paid for a maximum of 4 hours per week of overtime at the current rate. Commissioner Philibosian suggested that the Commission go into executive session to discuss this personnel matter. The Commission then went into executive session.

Upon completion of the executive session, it was stated that the contract as recommended by the Executive Committee was approved by the Commission.

The meeting then returned to the agenda

V. OLD BUSINESS

1. Department of Health Services - Reengineering

Task Force Chairperson Tortorice reported that the Task Force has received a copy of a draft report from Harvy Rose. The scope of the report should be expanded to generalize the concerns so that it can be implemented in other organizations. The savings are in the nature of process improvement. The Task Force would like to develop an introductory section to bring the issues being discussed in the report into clearer focus. Commissioner Tortorice felt that to accomplish the objectives that we desire it would be more efficient, in terms of timing, to do some work ourselves. Chairperson Buerk was concerned about the fact the report was not done to the satisfaction of the Task Force. Commissioner Tortorice felt that there was a trade off between having the consultant do the work and the time that it would take to accomplish the task. Commissioner Frankel commented that she would like a page noting the savings relative to the recommendations.

Chairperson Buerk asked how much the consultants have been paid. Mr. Staniforth replied that he thought that the amount has been paid, except for the 10% holdback. Chairperson Buerk felt that this policy should be reevaluated. Commissioner Petak commented that the consultant would not be pleased with a letter on their performance. Chairperson Buerk asked if there was any effort to get additional work from the consultant to get the report to the satisfaction of the Task Force. Commissioner Tortorice responded that the consultant has delayed in responding to requests. Timing is a consideration. The study itself is pretty good in the context of looking at looking at the two centers. Additional work has to be made in generalizing the conclusions to other centers. Commissioner Petak asked if they were asked to do that. Commissioner Tortorice said that he felt that they were.

Chairperson Buerk asked Commissioner Tortorice to ask the consultant to do additional work on this report. Mr. Staniforth suggested that a meeting with the Task Force be requested and that the Task Force state what it was that they wanted. Chairperson Buerk requested the Task Force have the report to the Commission at the November meeting having given the consultant time to do the proper corrections. Commissioner Frankel suggested having the consultant's report as an appendix to another report prepared by the staff. Mr. Staniforth stated that this would require time to accomplish. Commissioner Padilla asked if the consultants did not want to be critical to protect any future work from the County. Commissioner Tortorice replied that he did not get that sense from the consultants. Commissioner Trotter felt that the Commission should put together its experience with consultants to get a better feel of how to operate.

2. Unincorporated Area Services

Task Force Chairperson Padilla reported that the Task Force had a meeting in early August in which components of the study were discussed. A Task Force meeting was also held late in August in Commissioner Crowley's home. In the beginning of September another meeting was held. Commissioner Padilla felt that the report was likely to be ready for the November Commission meeting. Commissioner Crowley commented that he was concerned by the report's title feeling that it should focus on future directions of the study. He felt that it was important to find out how services to unincorporated areas could be integrated with those of incorporated areas. General Benefit Districts do not appear to work for those that work within unincorporated islands or areas. The emphasis should be on getting areas to become cities. Policies should be determined by some elected body. The report would recommend attention to areas of future concern.

Chairperson Buerk asked if the Task Force is identifying items for future concern and recommend that these be looked at in the future. Commissioner Crowley stated that these would be recommended. Commissioner Stoke felt that the Board should be the agency determining the status of unincorporated areas rather than the Commission. Chairperson Buerk felt that it was appropriate for the Commission to advise the Board on these types of actions. Commissioner Trotter felt that it would be more appropriate to address these types of questions when the Commission receives the report. Commissioner Padilla stated that the report makes the case that islands can be consolidated in some instances and that there are benefits to be achieved.

3. Jury Management

Task Force Chairperson Trotter reported on the Natural History Museum fraud case. Mr. Rodriguez has pleaded no contest to the charges.

She attended a State Senate hearing on the Jury issue and was invited to a meeting of the County Bar Association reviewing the jury report. The Bar is enthusiastic about the recommendations. The security issues have become apparent in light of recent events. There has been a success with the phone system supporting the jury system. The system was a result of cooperative effort. Commissioner Ojeda- Kimbrough raised the question of frequency of call back to jury duty. Commissioner Trotter replied that the County is trying to insure that people will be called back on a reasonable basis. Commissioner Padilla commented that there was an article in which the Court was attempting to increase penalties for non-compliance.

VIII. ADJOURNMENT

The meeting was adjourned at 11:59 a.m.

Respectfully Submitted,



Bruce J. Staniforth
Executive Director

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