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## **Economy & Efficiency Commission Presentation**

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*Editorial Note: Although every effort has been made to insure the accuracy of the material in this presentation, the scope of the material covered and the discussions undertaken lends itself to the possibility of minor transcription misinterpretations.*

### **PRESENTATION BY**

**The Honorable Cheri Kelley, Councilwoman, City of Norwalk**  
**Mr. Dennis Courtemarche, City Manager, City of Pico Rivera**  
**Ms. Maria Dadian, City Manager, City of Artesia**  
**Mr. Ernie Garcia, City Manager, City of Norwalk**  
**Mr. Sam Olivito, Executive Director, California  
Contract Cities Association;**

**Topic: Issues Facing Contract Cities within Los Angeles County**

**December 6, 2001**

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Councilwoman Kelley introduced the California Contract Cities Association (CCCA), which was formed in 1957 and is made up of 72 cities, 56 of which are in Los Angeles County. The CCCA was organized for the purpose of developing a new approach toward the contracting of municipal services to the cities throughout Los Angeles County. Using the "Cafeteria Plan", contract cities are able to operate more economically with a minimal number of personnel and a higher level of performance. By contracting with these cities, agencies can afford to provide highly skilled specialists and professionals in their field.

Mr. Olivito continued stating that the CCCA was originally formed to insure that all contracting cities were treated equitably. Over time that purpose has changed a great deal, in fact most of the cities' problems are not with Los Angeles County, but with Sacramento. The CCCA legislatively assists its members in any way that it can, especially in the areas of revenue protection. The CCCA, which sought for more than 10 years to gain more control over the Liability Trust Fund, has achieved this objective. It is recognized that an efficient and economical way to provide municipal services is through contracting. Historically, this has proven itself especially through competition that kept the "price down" and through the increased ability to "pick and choose" services.

The CCCA Annual Conference provides a number of information programs in which many commissioners have participated. The last conference addressed the issue of the appearance of conflicts. Mr. Steve Cooley, the Los Angeles County District Attorney, came to discuss the laws that his department enforces. The city attorneys also discussed their perspectives on legal issues that address conflicts and conflict of interests. These issues will be revisited during the May 2002 meeting at Indian Wells; along with the "September 11th" and the law enforcement issues that impact our community.

Mr. Olivito stated that there are 131 cities statewide that contract for law enforcement services, which is the

benchmark for a contract city. Two-thirds of those are members of CCCA. Mr. Olivito thanked the Commission for its past involvement in contract cities issues and the opportunity to speak.

Mr. Olivito introduced Mr. Dennis Courtemarche, City Manager of Pico Rivera.

Mr. Courtemarche began by stating that he has participated in government for thirty-five years in Los Angeles County and Orange County, and in January 2002 will celebrate twenty years as Pico Rivera's City Manager. In the Orange County city they had its own Police Department; whereas in Los Angeles County many cities contract with the Sheriff's Department for law enforcement. He was formerly convinced that the service received on the contract level couldn't possibly be as personal, effective or responsive as in a city's own police department; however, over the years he has found this to be untrue.

Twelve years ago the need to improve service caused a strain in the relationship between the Sheriff's Department and the cities. At that point surveys indicated that the public's priority was safety. Resulting workshops identified issues and gradually cities were able to receive customized service. The City of Norwalk with a population of 100,000 spends \$8M on contracted law enforcement, whereas the City of Downey, with the same population, spends \$20M on their own police force for essentially the same level of service. The budgets were similar for the City of Pico Rivera contracted police services, with a population of 70,000, and that of the City of Seal Beach, which has half that population.

A major issue that the cities have dealt with was the Liability Trust Fund. As part of the contract services, 2% (\$100,000) was placed into a special fund. These contributions came from the cities that contracted with the Sheriff and were used to pay liability claims. Cities felt that the fund accounting was inadequate and there was no system in place to handle claims or any authority to do so. The contract cities' asked the question "What happened to the monies in the Liability Trust Fund?" This prompted Los Angeles County to undertake a study that resulted in the discovery of an \$11M deficit, thus creating a major funding problem. The contributions from the cities increased from 2% to 6% to cover the deficit. In addition Los Angeles County wanted the cities to spend 13%. At that point the process was politicized. A new Risk Management Section was created to minimize associated costs. There is now representation on a Board by City Managers and City Councils of Contract Cities and a contract with the California Joint Power Insurance Authority (CJPIA) for administration. Contract Cities can now make decisions as to expenditures of their funds by working with the Sheriff's Department in determining the disposition of all the claims that deal with Contract Cities. By the year 2005, according to a completed actuarial study, the debt will be paid off. Then, a surplus can be established and Contract Cities can become a more viable operation.

Mr. Olivito introduced Ms. Maria Dadian, City Manager of Artesia.

Ms. Dadian stated that she represents a city of under 20,000 people occupying an area of 1.6 square miles. She has been with the City of Artesia for eight years, and has been City Manager for 1½ years. Her experience in small city/municipal governments over the past 27 years has demonstrated their dependence on county contracts with the Sheriff's Department, the Fire Department, Animal Control, Public Works, Building and Safety, the Health Department, and on occasion the Probation Department. Ms. Dadian emphasized the necessity of interfacing with the Sheriff's Department and the Probation Department in order to deal with the crime issues, as well as providing accessibility to information regarding parolees and those incarcerated. The assistant Fire Chief has had regular meetings with her and with the city commissioners to review monthly activities.

Ms. Dadian said that her city has a very small planning department; therefore the City of Artesia relies heavily on Los Angeles County's Building and Safety Department. This relationship needs to be strengthened since the city is the frontline for approval of plans for clients and the public. Turnaround time at the county level is an issue, i.e. soil testing might take as long as six months which could be discouraging to developers. A proposal by the city to create a checklist of geological requirements that can be distributed would eliminate unnecessary "back and forth" interchange.

Mr. Olivito introduced Mr. Ernie Garcia, City Manager of Norwalk.

Mr. Garcia remarked that the City of Norwalk is a highly dense bedroom community with a population of 105,000 occupying 9 square miles. The relationship between Los Angeles County and the City of Norwalk is cooperative, especially in relationship to the efficiency of services. In the past the county had been criticized for its lack of efficiency, its size, and the length of time to complete projects. Mr. David Janssen's leadership has improved operations, for example:

- Approval of Building Permits and Safety Checking Several City Managers have discussed streamlining with the Fire Department, which resulted in Chief Freeman's implementation of additional staff members for their Planning Department. (Development is a very important issue for the City of Norwalk as it has no property taxation and relies solely on sales tax.)
- Gridlock/Signalization Los Angeles County/Norwalk coordination is an important issue since Norwalk has major thoroughfares such as: Imperial Highway, Rosecrans Avenue, Firestone Blvd., and four major freeways (the I-5 [Santa Ana], the 91, the 105, and the 605). With new development including Target Store and Firestone, Norwalk requires coordination to preclude serious gridlock. (The City of Norwalk has been instrumental in forming a consortium with six cities and Cal Trans for the expansion of the I-5 [Santa Ana].)
- Duplication of City/County Social Services There has been coordination with the County/City Health Services. The Rio Hondo Shelter is used solely for the families in the region to include the Cities of Norwalk, Downey, La Mirada, Santa Fe Springs, and Whittier. It was formed in cooperation with about seven cities in the surrounding area. The homeless are allowed to stay from 45 to 90 days while the department attempts to stabilize them and to help them with city/county paperwork.
- Gang Injunctions The District Attorney was contracted for one year to formulate an injunction process aimed at gangs, which is now being used throughout the County. (Three gangs were targeted in the City of Norwalk. One gang has been eradicated in its entirety, and the others weakened.)
- Task Force with Los Angeles County Norwalk initiated these meetings with personnel from the Sheriff's Department, Probation, the District Attorney's Office, Los Padrinos and from the Courthouse of the City of Norwalk. These departments share information with judges at both the Norwalk and Downey Courthouses. Formerly judges reviewed the jacket of the crimes, only; whereas, now, the City of Norwalk provides the jacket of their history. This closed the gap between the judge, the D.A. and the prosecutor.
- County Funds Norwalk receives county funding, the recreation district provides an ad valorem tax, and the rest is sales tax.

Mr. Garcia finished by discussing the Liability Trust Fund issue. A legal team in the county was arbitrarily settling issues without input from the cities as to making any adjustments to the procedures and policies that could result in lawsuits being avoided. With efforts from all three parties the issue was resolved, the Liability Trust Fund contribution remains at 6%, and the debt is under control.

Mr. Olivito mentioned that in the past the cities had to sue the county to gain relief. For example the ten year Ambulance Case saved cities \$80M over time when it was discovered that the county was charging cities for picking up indigents and transporting them to the hospitals. He then opened the floor to questions from the commissioners.

Commissioner Oakes asked if there were problems with the cities wanting their own police departments and how do the cities overcome the issue? Mr. Courtemarche responded by stating that it used to be a concern ten years ago, but he doesn't hear that complaint any longer, especially when the cities examine the budgetary consequences. Councilwoman Kelly stated that, as an elected official, she would find it difficult to go to her constituents (unless there were a major problem) and advise them to spend two to three times more money for the same level of service. For example, Downey, which is adjacent to Norwalk, is paying three times what Norwalk is paying for the same service. Mr. Garcia continued that if a city should choose to have

its own Police Department it must be a collective community decision involving elected officials, the public officials and the community itself. If one considers at all of the cities that were incorporated in the 1950's and 1960's, the cities made this decision based upon the economics of the situation. It would be difficult today get the funds needed to create a police department. Most cities have only one economic choice, to contract for the services. Mr. Garcia noted that the City of Santa Fe Springs contracted with the City of Whittier for police services.

Commissioner Padilla asked how the issue cascaded in the cities around the area? Mr. Garcia responded that it was a positive leveraging point to change the policies and procedures regarding the Sheriff's Department. Cities were very dissatisfied with the Sheriff's service, i.e. the deputies often left after one or two years, whereas the cities were asking that they be promoted within their assignment to keep them in the city. Santa Fe Springs thought that their direction was appropriate and this decision had a residual effect through the county.

Commissioner Simmons asked what other services were contracted to the cities other than the Sheriff and Fire Departments? Mr. Courtemarche responded that the City of Pico Rivera does not contract for any other services but does utilize county services on an as needed basis, i.e. prosecution, special service from the D.A. or Probation. Other cities may contract for building inspection or other basic city services. Mr. Garcia stated that he contracts for a Probation Officer and for some Health Services. Ms. Dadian stated that she contracts for Public Works, Building Safety, and the Sheriff's Department.

Commissioner Simmons asked if all of the departments cooperated in the same manner. Mr. Garcia responded that there were different levels of service required from each department. The longer the history of the relationship the more the city and the county become focused. Mr. Courtemarche mentioned that when a contractor comes in and his track map has been approved, it is sent to the County for processing. Essentially, it should be a five-day procedure, additional time is considered "shelf time". In some situations the plans have been lost altogether. If a contractor can pay for the extra time the plans will be processed in a week, nevertheless this is still better, economically, than seeking private sector approval. There are several lighting districts throughout the county and in most cases the county administers a district for the city. The City of Pico Rivera discovered \$2M in surplus funds that were being used to support the district rather than for improvements. An additional 45% was being charged to operations. David Janssen has looked at these issues and has improved the city/county relationship.

Commissioner Fuhrman asked how contracting with Public Works (building inspection and safety) relates to the interest in keeping basic land use, zoning, and development decisions under city control? Ms. Dadian responded that the City of Artesia has the authority; they have a commission and a Development Review Board (DRB). The City of Artesia uses the county for the plan check and to assist in the process of documentation. Mr. Garcia agreed that the beauty of contracting lies in its flexibility, i.e. a small city staff can be utilized or a larger county department depending on the contract. The city still has its own identity, it can determine the kinds of structures it wants in its community and has its ordinances. This can be accomplished under a general service agreement, which the Public Works Department has with every city in the County of Los Angeles. It does not change the local home rule of the local community.

Commissioner Barcelona stated that after the elections it was asked why Palmdale didn't have its own police department, and the answer was the expense. How does a city like Downey continue to convince the community to have its own police department as opposed to contracting with the county? Mr. Courtemarche said that the community made the decision based to a large part on its relationships and a parochial tradition plays a large part.

Commissioner Padilla asked about the "fiscalization" of land usage issues, i.e. the massive development of Washington, Rosemead, and Pico with the adjoining cities looking at sales tax revenue in the future. Councilwoman Kelley responded by saying that the cities "play by the rules" set by the legislature. The City of Cerritos took advantage of these rules by becoming the "redevelopment king". Many cities were able to attract business from other cities.

The City of Norwalk has not jeopardized housing over development, because it has always been a bedroom

community and there is not a lot of land for development. Many taxes paid by the citizen's don't return to the City of Norwalk. Mr. Garcia expanded on this point by saying that fiscalization was driven by the revenue generation that the cities need for operations. Revenues need to be protected so that affordable housing could be more controllable. There is an Air Force petroleum tank farm, which is being cleaned up, and the City of Norwalk needs to decide on the future use of the land. Mr. Courtemarche responded with reference to his own city, Pico Rivera. There are 240 acres of land being redeveloped. If it were a city decision that particular land would have become a huge mall and generated revenue. However, the marketplace said that only 65 acres could be justified for commercial use, the rest was to be for industrial development. Even though the cities compete, the cooperation of all the cities in the region has helped the City of Pico Rivera get the necessary funding for the southeastern area economic forces studies. This region is the new "rust belt" (the only region in the United States that had a net job loss in the last ten years due to the loss of aerospace). These jobs are gone and have not been replaced. Ms. Dadian added that as a small city they recognized that they would not be able to compete with larger cities. The City of Artesia is older and is "built out". The smaller cities have to be more creative and find a "uniqueness" that the other cities do not have. The city is recognized as the informal "little India" of southern California. Mr. Garcia noted that every city would pursue the quality of life issues if there weren't so many "strings attached" in getting affordable housing in their own communities. SB910 wants to make the cities criminals for not putting in affordable housing.

Commissioner Crowley reminded the commission that the Economy and Efficiency Commission has a position of being an advisor to the Board of Supervisors, the departments, the general public and the cities as to how economy and efficiency can be achieved. Can pieces of the public works department be contracted, i.e. can you get streets striped by using a county public works striping machine and personnel. If so, for example, cities could use the Forensics Department without using the whole Sheriff's Department. Mr. Courtemarche agreed, and felt that the county needs to be as flexible on this matter. He said that this and other matters would be discussed with the Contract Cities Manager's group to find out which issues are pertinent. At that point a list could be presented to the Commission.

Commissioner Hill remarked that the permitting process issue continues to resurface. She felt that a point person was necessary to guide the contracts through this process. Public works was recognized several years ago for their consolidation of building materials code and its enforcement. Can the E&E Commission look into this problem from the perspective of developing more flexibility and expediting the processes? Chairman Philibosian stated that this fits with the Board of Supervisor's direction on permit streamlining. The cities should be included in the process. Both the Economic Development Task Force, chaired by Commissioner Sylva and the Organization and Accountability Task Force, chaired by Commissioner Oakes are available for a coordinated effort with the CCCA's Executive Director Sam Olivito. Mr. Olivito agreed. Commissioner Sylva thanked Mr. Olivito for coordinating the panel, and commented that it had been very informative. She was very glad to see that the CCCA was self sufficient in resolving the issues with the County and offered the future services of the E&E Commission.

Chairman Philibosian expressed his appreciation for the time and energy the panel took to present before the Commission and suggested that another panel discussion could be repeated in the future.

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