

ECONOMY AND EFFICIENCY COMMISSION

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

MINUTES

FULL COMMISSION MEETING

AUGUST 7, 1991

HALL OF ADMINISTRATION, 864-A

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

I. CALL TO ORDER

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

II. INTRODUCTIONS & ANNOUNCEMENTS

Introductions were made by each visitor who also stated the agenda item(s) they wished to address.

To consider and/or address agenda item V., Real Property Management and Development in Los Angeles County, were *Judith Kendall* and *Bill Johnson*, from the Community Development Commission; *Neil Stone* and *Charlotte Miyamoto*, from the Department of Public Works; *Jim Thornton*, and *Phil Pennington*, from the Real Property Branch of the Internal Services Department.

Bob Kuziara, from the Chief Administrative Office was in attendance to address the Commission's response to the Board's request for a review of the policy affecting the funding of the Internal Services Department, and to discuss the CAO's proposed rental program.

Stan Wisniewski and *Tom Marvin*, from the Department of Beaches & Harbors were in attendance to respond to the lifeguard pay issue.

Amy Pyle, from the Los Angeles Times, and *Cathy Franklin* from City News Service were also in attendance.

III. ATTENDANCE

The attendance list is on the last page. The absences of Commissioners *Bodle*, *Crail*, *Drown*, *Frankel*, *Lee*, *Lowe*, *Lurie*, and *Shapiro* were excused by vote of the Commissioners present.

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

Minutes of the July 10, 1991 full Commission meeting were approved.

IV. NEW BUSINESS

INTERNAL SERVICES:

John Campbell reported that during the Board of Supervisor's Budget Deliberation Hearings on Tuesday, July 23, 1991, some concerns were expressed, from employees and their union representatives, regarding the Internal Services Department's planned reductions and layoffs. The primary concern centers on the implementation of the E & E Commission's policy recommendation that ISD be funded by the services it supplies to other County departments. The Board's motion asked the E & E Commission, along with the Chief Administrative Officer and the Auditor-Controller, to review the policy and report back to the Board in thirty days.

Mr. Campbell handed out copies of a draft letter to the Board of Supervisors that explains why the Commission made their recommendations, and how the Internal Service's operations should be financed. The draft basically recommends that the Board continues with the Commission's recommended policy, and states that the policy that was implemented is different from what the Commission had originally recommended. Differences noted in implementation are the CAO's deterrence of ISD including wage increases in its prices, and the CAO permitting County departments to perform their own building custodial and data processing services. These are in opposition to the Commission's recommendation that Internal Services provide those services, or that they are provided by a private contractor.

Mr. Campbell recommended to the Commission that a task force be appointed and delegated the responsibility of completing the report and communicating back with the Board.

The motion was made by *Chairperson Buerk* and seconded by *Commissioner Stockwell* to appoint a task force to complete the final report for the Board. Volunteering for the newly created ISD task force were *Chairperson Buerk*, and *Commissioners Balderrama* and *Philibosian*.

VISITOR COMMENTS

INTERNAL SERVICES:

Mr. Kuziara stated that *Richard Dixon*, the Chief Administrative Officer, is a supporter of the entrepreneurial concept by Internal Services. However, *Mr. Dixon* believes that Internal Service's ability to pass along inflationary increases in the rates that they charge departments is inappropriate since County departments are not funded for their own inflationary increases. To allow Internal Services to pass along their inflationary increases would be a "double hit" on departments, leaving them to absorb not only their own salary increases, but ISD's as well.

Chairperson Buerk questioned the statement of departments not being funded by inflationary increases since our whole economy is continuously inflated with constantly changing prices and rates. *Mr. Kuziara* stated that, for the most part, departments have to absorb inflationary increases from their salary and supply budgets. He noted that there are no additional monies allocated for departments.

Commissioner Zimbalist added that if there is competition between ISD and private contractors, ISD would have external competition that would set the prices of their services, and not an arbitrary budget number that the County determines is adequate funding. He believes that ISD needs to become more competitive with the private sector, regardless of the rate of inflation.

Chairperson Buerk agreed, and noted that *Commissioner Zimbalist's* comments are among the basic principals the Commission intended when it recommended ISD cover their cost from the rates they charge.

Mr. Kuziara stated that departments are being allowed to assume responsibility for ISD services, such as the Sheriff's and Health Services. *Mr. Dixon* views this as another level of competition where departments can compete with the private sector, as well as themselves. *Mr. Kuziara* feels this is a logical extension of the Commission's view point that the County should act like an entrepreneurial organization.

Currently departments have the option of making purchases (i.e. building maintenance, or alterations and improvements), themselves, using ISD services, or purchasing from the private sector.

Chairperson Buerk thanked *Mr. Kuziara* for his comments, and related that the Commission will consider his and *Mr. Dixon's* views in its response to the Board of Supervisors.

BEACHES & HARBORS:

Stan Wisniewski, Deputy Director of Administration & Safety for the Department of Beaches & Harbors and Mr. Tom Marvin, Personnel Director of B & H, gave a brief presentation in response to Chairperson Buerk's July 3rd letter questioning the differences in lifeguard salaries between Los Angeles County and the city of Huntington Beach.

B & H feels that due to the large amount of area, the diversity of beach-goers, and the requirements for lifeguards, the salary rate is appropriate. Salaries for Los Angeles County's lifeguards, per hour, range between \$13.47 for a step one Ocean Lifeguard w/o EMT certification to \$17.70 for a step five Ocean Lifeguard with EMT certification. Huntington Beach's lifeguard salaries depends on the job classification, and range between \$10.47 and \$14.44 per hour.

Mr. Marvin clarified that there are permanent lifeguards (Senior Ocean Lifeguards), as well as recurrent lifeguards. Recurrent lifeguards work on an "as needed" basis, and are only entitled to sick leave and vacation time. They do not get medical and life insurance benefits, nor do they get retirement benefits. If they are hurt or injured on the job they are entitled to workers compensation. Los Angeles County's recurrent lifeguards are represented by the Union, whereas only Huntington Beach's permanent work force is represented by a union, not their recurrent.

Commissioner Zimbalist inquired as to the different requirements between the two Counties, primarily the EMT (Emergency Medical Technician) certification. Huntington Beach has three different requirements depending upon the job classification. All classifications require the applicant to be 17 years of age, possess the ability to swim in adverse weather, and knowledge of principles and practices of modern lifesaving techniques.

Recurrent Lifeguards are required to have a valid CA driver's license, valid first aid and CPR certification, and Huntington Beach Marine Safety Training certificate. Senior Recurrent Lifeguards must have all the above in addition to an EMT certificate (if assigned to unit operations) and a valid SCUBA certificate (if a reserve diver). Recurrent Area Leaders must have a valid CA driver's license, and a special officer's card. They are required within one year of appointment to have a valid EMT certificate and a valid SCUBA certificate.

Applicants for Los Angeles County's Ocean Lifeguards must be 18 years of age, possess the ability to swim 1,000 meters, exercise a knowledge of first aid, swimming and lifesaving techniques, and the knowledge of ocean conditions and their effects. Ocean Lifeguards are required to have a valid CA Class 3 driver's license, a County Beach Lifeguard Training certificate and a certificate in first aid for Professional Lifeguards.

Renewal of EMT certification is required every two years. A person who is EMT certified performs some duties similar to a paramedic. Mr. Wisniewski will research and provide a more detailed description on EMT certification to the Commission at a later date.

John Campbell inquired if there was a difference in the behavior of beach-goers between the two Counties. Mr. Wisniewski believes that with 31 miles of beach, and a variety of conditions in the ocean, ranging from cliff areas to wide open stretches, there is more of a chance for beach-goers to get into various predicaments. Mr. Wisniewski noted that Los Angeles County's lifeguards have a very intensive level of training, have won national championships, and have been rated as some of the best lifeguards in the world.

Chairperson Buerk inquired about the assignments of EMT certified lifeguards, and if Beaches & Harbors have a policy where EMT certified lifeguards are scheduled differently. Mr. Wisniewski stated that as far as he knew, there are no department policy that specifically assigns EMT certified lifeguard differently. He offered to look into the matter further and respond back to the Commission.

Mr. Marvin added that all Permanent Lifeguards (Senior Ocean Lifeguards) are required to be EMT certified. Recurrent Lifeguards are not, though 25% are certified. Chairperson Buerk believes that every lifeguard should be EMT certified, and if certification is not required it's questionable as to whether they should be paid extra. Mr. Marvin stated that lifeguards being paid extra for EMT certification is a "skill bonus", and that having the certificate enhances a lifeguard's ability.

Commissioner Stockwell inquired if the department keeps statistic on the number of rescues for each lifeguard, and if the risk lifeguards face has a bearing on their salaries. Mr. Wisniewski stated that the department does have statistics for Los Angeles County as a whole, and he would be happy to provide that information to the Commission if needed. However, there are no statistics kept on lifeguard rescues on an individual basis.

Ms. Fischbeck inquired if there is a difference in the number of miles, and lifeguard towers between the two Counties. *Mr. Marvin* stated that lifeguard towers are placed every half mile, during the summer, in order to keep visual contact with the beach-goers. That distance is basically the same for both Counties. The primary difference lies in the fact that Huntington Beach does not have the diversity that Los Angeles County does. Huntington Beach has 3.5 miles of straight beach and 34 summer schedules. Los Angeles County has 31 miles of beach encompassing more than one direction, including cliff areas, and has 215 summer schedules.

Dr. Waddell noted that Huntington Beach's lifeguard towers seem to be staffed on a more regular basis. In L.A. County there are a lot of stands that are not manned depending on the time of day and the weather. He feels Huntington Beach's lifeguards are more flexible.

Commissioner Philibosian inquired as to the problems lifeguards face on the sand in contrast to the ocean. *Mr. Wisniewski* stated that the lifeguards primary focus is on ocean safety. If they witness an incident on the sand that is a violation of law, they would contact the local police department or the Sheriff's Department.

Commissioner Zimbalist inquired as to the comparison of salaries for L.A. County's lifeguards versus other Counties in California. *Mr. Marvin* stated that L.A.'s lifeguard salaries are not negotiated on the basis of comparable salaries. He believes that the range for other Counties in California would be comparable to that of Huntington Beach.

Commissioner Philibosian noted that Los Angeles County pays its employees, overall, more than any other County in the State, primarily because union organizations are very strong in Los Angeles County.

Mr. Campbell inquired into the hiring of minorities, and if there are programs in place to attract multi-lingual people to provide lifeguard services where there is a lot of public exposure. *Mr. Marvin* noted that over the last few years, the Lifeguard Division has attempted to recruit from the inner cities. The purpose being to bring potential applicants to the department's "rookie test" program, which is the first step in becoming a lifeguard. He noted that there are several bi-lingual and Spanish lifeguards employed by the County. *Mr. Wisniewski* added that the department also has a Junior Lifeguard Program and a Water Program. The Water Program involves the Director of the department going into the inner cities to recruit youths and acquaint them with the water environment in hopes of bringing them into the Junior Lifeguard Program. *B & H* believes these are very aggressive programs with strong payoffs, and the department expects these programs to continue, and expand.

Commissioner Zimbalist inquired of the total dollars spent for Recurrent Lifeguards. Mr. Wisniewski stated that for Recurrent Lifeguards the budgetary amount is approximately a third of the overall budget. The Lifeguard Division expense is about \$9 million dollars, and of that Recurrent Lifeguard dollars is approximately \$3 million.

Chairperson Buerk expressed his appreciation to Mr. Wisniewski and Mr. Marvin for taking the time from their schedules to address the Commission. The Commission looks forward to receiving more details on some of the issues that arose.

V. OLD BUSINESS

PRESENTATION - Randy Stockwell, Chair, Real Property Task Force

Chairperson Buerk stated that the Commissioners had been mailed a second draft of the task force report, and noted that today, after Commissioner Stockwell's presentation, the full Commission discuss the issues and offer the task force some guidelines for finalizing their report.

REAL PROPERTY MANAGEMENT REPORT - Commissioner Stockwell began his presentation by expressing his gratitude to Commissioners Alfred Balderrama, Jack Drown, (Former) Emma Fischbeck, Wally Thor, and Betty Trotter, who are members of the task force. Special recognition was extended to Emma Fischbeck, and Commissioners Wally Thor, and Betty Trotter for their dedication. Commissioner Stockwell also expressed his gratitude to some of the visitors who assisted the task force by providing their cooperation and useful information.

Commissioner Stockwell noted the professionalism of those in County government who are involved in real estate management. He believes that the knowledge and commitment is there to help make circumstances better.

Overhead slides were shown as part of the presentation. Background information consisted of the Commission's December, 1988 report on The Role of the Chief Administrative Office, and Asset Management in Los Angeles County, which recommended a highly centralized asset management organization within the newly created ISD. This recommendation was rejected by the board with a request for the Commission to conduct a further review.

The task force and staff interviewed and/or contacted more than 58 people in both government and private business who are involved in property management and development. They researched over 60 publications by authorities in the real property field.

What the task force learned is that there is an increased importance on real property assets in government and business, with the recognition that property holdings have value beyond current uses and traditional management.

As noted at prior meetings, the County is a major land owner, lessee, or has dominion over approximately 100,000 acres of land. The County owns\leases 4,355 structures with 52 million square feet. (Owned-18 million\leased-34 million).

Currently there is no direct occupancy charge to departments. Though the County has been a leader in developing its high profile properties, no central inventory exists for identifying additional opportunities or alternative uses. There is no unification of organizations engaged in real property management and development, and executive level accountability and involvement is deficient in terms of setting strategies, reviewing proposals, and assigning resources.

The task force believes there is a need to provide departments with suitable incentives and real property expertise to encourage participation, and the need to review County property on a continuing basis to determine appropriate uses. Since County departments are in the business of providing public services, active management of property assets is low on their list of priorities.

The task force recommends:

- *The Board adopt a real property management policy which states its objectives, assigns responsibilities, establishes economic incentives, and follow-ups for results.*
- *Establish a Real Property Management Steering Committee chaired by the CAO, with directors of major land-holding departments as members. The Steering Committee will direct, review, and report on the County's real property management program.*
- *The real property organizations in the County be assigned additional responsibilities for property management and development, and work cooperatively together joined by common information systems and regular communications.*
- *Develop current and accurate inventories of all County property which is relevant for management or development. Inventories should contain data needed for decision making and identification of opportunities.*
- *Provide rent savings and revenue retention incentives for departments to encourage their participation in the real property management program.*

It was estimated that the paybacks from implementing the task force's recommendations would include more efficient utilization of occupied space; identification of additional real property opportunities; of which an additional 20-25% of opportunities could be discovered with the proper inventories and site inspections.

Commissioner Zimbalist pointed out that once the market-based rent program takes effect some properties that now seem irrelevant may become relevant. He believes that once charged rent managers may begin to think of alternative uses for their properties. The task force should focus on looking at relevancies in a fairly broad manner, and not make assumptions about which properties should and should not be charged rent.

Chairperson Buerk believes that exclusions shouldn't be made on other types of facilities (besides office facilities) in terms of possibly selling off expensive parcels of land. Once there are opportunities, plus the real value of rental charges, departments will be compelled to seek better ways to serve the community.

Commissioner Stockwell suggested that, in terms of implementation on a cost effective basis, the County should first focus on the high value issues and administratively perfect the system before dealing with more broader issues.

The County's planned market-based rent program will be part of the current Building Proprietor Program. The CAO plans to charge departments directly with rental charges for owned or leased space. Charges will initially be for office space (and may include warehouses) beginning in Fiscal Year 1992-1993.

The task force believes that over time the program should apply to as many facilities as relevant. The task force recommends that the Program be structured as much like a private lease as possible in order to motivate both lessor and lessee to maintain full occupancy.

Chairperson Buerk believes rental charges should apply to all real estate. He feels that the task force should look further ahead and not just endorse what the CAO plans. He believes the task force should recommend some policies that solve the whole problem, not just a portion.

Commissioner Stockwell re-stated the task force view that the first step is in implementing the system on high value issues that have the greatest initial economic impact. Once the process is perfected, it can be expanded to include all real estate. He believes the problems with charging a market-based rent on other types of facilities is the potential for more money to be spent on determination of value and assignment of rental charges than the amount of money to be saved.

Mr. Kaufmann added that the issue of charging rent for such facilities as Beaches and the Arboreta could generate political problems.

Mr. Campbell noted that because of the heat that could be generated for charging rent on recreational type facilities, the question should be raised as to whether the public should be given the information on the real economic cost of those facilities.

Chairperson Buerk believes that if recreational and cultural type facilities are taken at zero value, there would be no opportunity for discussion on alternative usage for those facilities. He believes that if a real cost is connected with those properties, along with a market based rent, there would be an offsetting allocation of funds for those purposes. Otherwise, the Board would be deprived the power to make economic as well as political decisions. *Chairperson Buerk* believes the Board must be able to make the necessary decisions, or there would be an allocation of resources without the appropriate decision making process.

Commissioner Zimbalist agreed with *Chairperson Buerk's* statement, noting that one of the task force's objectives should be to include in its report the majority of relevant vacant land, parks, and beaches so that information is available. Presumably the CAO will allocate funds to cover the rental charge when the program is initiated, then department heads could make a conscientious decision that it does cost money to run those programs.

Commissioner Stockwell stated that the task force's primary objective is to influence County departments to focus on the economically rational use of their resources. He believes there are two important issues: What can a department manager do with the real estate that's under his control, and what does the politician want to do with more visible assets?

Chairperson Buerk believes that the task force should offer an outside perspective to those issues, and that the task force shouldn't be afraid to address longer term issues. He also believes that the task force should outline some longer term plans that would eventually lead to a longer term solution.

Commissioner Stockwell stated the task force would be willing to add language in its report to address Chairperson Buerk's concerns.

Chairperson Buerk thanked Commissioner Stockwell and the members of the task force for their detailed report, and noted that the report should be finalized before the Commission's Sunset date in September, 1991.

VISITOR COMMENTS

REAL PROPERTY REPORT:

Neil Stone, with the Department of Public Works began by complimenting the task force on their report. He noted that the Department of Public Works has worked with the task force on some of the issues in its report, and Mr. Tidemanson, the Director of DPW is looking forward to being a member of the Real Property Management Steering Committee.

DPW has 32,000 thousand acres, with a current asset value in excess of \$6 billion dollars. Mr. Stone noted that the department does have some concerns, and recommends some new and/or additional language be included in the report to address those concerns, along with some clarification of existing language prior to the final report being presented to the Board. DPW feels the report does not address the distinction between General Fund properties and Special Fund properties. The department believes this is one of the issues that needs addressing.

The department supports the CAO's plan, as it relates to General Fund properties, though it is believed the CAO's program will not apply to Special Fund properties, almost all of which are used for operating\facilities purposes, (e.g. flood control districts and roads) which are an overwhelming majority of the properties that are administered by DPW. By distinguishing Special Fund properties from General Fund properties, the department believes that those laws and ordinances which apply to Special Fund properties, which are distinct and different from General Fund properties, can better be addressed.

To include General Fund properties for handling as recommended by the task force's report, the DPW would support. However, they would like Special Fund properties to be recognized as being different and administered separately by the DPW as is current practice.

The DPW would also like to recommend that their staff, specifically the Mapping and Property Management Division, be included as staff support for the Steering Committee.

DPW also believes there should be a brief mention or clarification made in the report distinguishing between the acquisition of properties and the disposition of properties.

In summary, DPW is supportive of the task force's report as it applies to General Fund properties; specific language should be included to distinguish and separate these functions with regards to Special Fund properties, as Special Fund properties remain within the DPW.

Commissioner Stockwell noted *Mr. Stone's* comments and advised that the task force will take DPW's recommendations under consideration. He agreed that the issue of General Fund properties versus Special Fund properties does need to be addressed and that the task force will consider addressing it in their report. *Commissioner Stockwell* also noted that the task force is aware DPW has access to, and is entrepreneurial about, acquiring Special Fund properties, and prefers to either develop or hold property since those funds would revert back to the granting agency.

Charlotte Miyamoto, also with the Department of Public Works, noted that DPW prefers the option to ground lease Road properties purchased with federal funds because there would be a potential for generating revenues, and the money would stay within the County. If the property were sold, the money would revert to the Federal government.

Bob Kuziara commented that the CAO'S study plan for fair market value, at this time, only deals with General Fund properties. Those facilities would include just about everything with the exclusion of flood control, roads, libraries, and special districts.

Phil Pennington, with the Real Property Branch of Internal Services complimented the task force for a terrific job in compiling their report. He believes it is of significant value, and stated that his department looks forward to working with the Commission on real property management.

Chairperson Buerk thanked *Mr. Stone*, *Ms. Miyamoto*, *Mr. Kuziara*, and *Mr. Pennington* for their comments.

It was suggested that the Commissioners present make some suggestions to the task force what they wished to see added, deleted or changed in the report.

Commissioner Balderrama stated that he has been impressed with the departments the task force has met with during their research. He cited DPW as being a department which places real property management and development high on their list of priorities. *Commissioner Balderrama* believes that they are doing an excellent job, and that other departments could learn from DPW's example. He noted also an example of the Los Amigos Medical Center in Downey, being developed by the CAO's Asset Development Division, where under-utilized property has been converted into leased office facilities, and is generating revenue for the County. Beyond the revenues realized, the City of Downey is also benefitting from the tax base.

Commissioner Zimbalist moved that the task force's report include a phased plan that would first concentrate on office buildings. Phase two, the task force should begin to look at other types of property and bring them into the economic rent program as feasible. *Commissioner Stockwell* seconded the motion, and it was approved without objection.

Chairperson Buerk stated that one objective for the task force is to get a sense for the value of the County properties, noting that the task force has been frustrated in trying to obtain these figures, due to the lack of complete inventories. He concluded that the task force, and staff, have done a significant job in their research to date.

Chairperson Buerk moved that the task force include a range in their report, and not just stick with one figure. *Commissioner Trotter* seconded the motion, and it was approved without objection.

Commissioner Stockwell moved that Special Fund properties and General Fund properties be dealt with separately in their report. *Commissioner Trotter* seconded the motion, and it was approved without objection.

Commissioner Zimbalist believes that although Special Fund properties may have some restrictions, there may also be alternative uses. He suggest other Special Fund properties held by other departments may not be dealt with on the same entrepreneurial basis as DPW's. *Commissioner Zimbalist* believes the report shouldn't exclude other properties just because DPW is doing such a good job. He moved that the report include some language in dealing with this issue. *Commissioner Trotter* seconded the motion, and it was approved without objection.

Commissioner Buerk noted that there are some restrictions on the County going out and becoming a prime property developer. The legislature has put some legal restrictions on the County, and certain findings have to be made whenever the County develops or makes commercial use of land, or buildings. He believes it would be in the best interest of the Commission to endorse those restrictions and to include that State law in the task force's report. *Commissioner Stockwell* motioned the suggestion and *Commissioner Trotter* seconded, and it was approved without objection.

Commissioner Stockwell believes two significant questions are: Should the County ever go back to the State and ask that the time line be moved forward? And, in general, how does that relate to Special Fund properties? He views the general ideal as "the County shouldn't be in the business of doing anything other than exploiting real estate that it otherwise has for delivery of services, because of economic reasons".

Commissioner Philibosian requested that all Commissioners be notified in advance of the next task force meeting in the event they wish to attend.

VI. PRESENTATION

Mr. Alfred W. Kuebler, Senior Deputy Director, Information Technology Services (ITS) Internal Services Department

Subject: Objectives and functions of ITS and how this new unit is organized within ISD.

Objectives and results of consolidating the Data Processing and Telecommunications Departments, and the results of operating within the larger framework of ISD.

John Campbell introduced *Mr. Alfred W. Kuebler*, Senior Deputy Director of Data Processing (ITS), and *Mr. William F. Stewart*, Director of Internal Services.

Mr. Campbell noted that today in business, Data Processing and Communications are moving closer together. *Mr. Kuebler* has a lot of experience in both fields. The County is beginning to bring telecommunications and information systems together under his leadership.

Mr. Stewart gave a brief introduction prior to Mr. Kuebler's presentation. He noted that the E & E Commission recommended that data processing and telecommunication be consolidated within Internal Services, which has been done. When Mr. Kuebler joined ISD last year, all the telecommunications functions were transferred to data processing (now called Information Technology Services), and has worked out favorably.

The department made a business decision to hold back additional monies which will be obtained this year for modernizing and upgrading systems. Money has been spent buying new equipment to improve response time and to provide better data processing and information services to customers.

The department has also embarked upon a *College Recruitment and Training Program*, where the best graduates in the area of information systems are recruited from area colleges and universities for entry-level programmer/analyst positions. During the past year, 50 of these graduates were recruited by ITS and put through an intensive 12-week training program to learn the culture and technologies of the operation.

Mr. Stewart noted that the department will be going to the Board in the next few months seeking approval to enter into a contract with the California State University system to establish a Computer Professional Internship Program. This program would provide ITS with information systems trained junior and senior-level college students to work full-time for ITS while completing their degree requirements. These interns could, based on satisfactory work performance, be made offers of permanent employment with ITS.

Among the new projects instituted by the department are LANet which is a high speed telecommunication network which will allow simultaneous transmission of voice, data and video County-wide. This project was specifically designed so it can be sold to other governmental jurisdictions. There are currently three County buildings undergoing premise wiring changes to permit terminal and personal computer network connections as simply as telephone installations. Eventually, most county buildings will become "smart" buildings able to easily accommodate local and wide area network connectivity.

As part of emergency preparedness, a *County-wide Integrated Relay Radio System (CWIRS)* will tie into the Fire and Sheriff's Departments, and will allow communication with other jurisdictions throughout the Los Angeles basin. CWIRS operates in a manner similar to cellular telephone, permitting radio conference capabilities among all respondents in an emergency situation.

Chairperson Buerk thanked Mr. Stewart for his comments.

Mr. Kuebler began his presentation by handing out booklets in conjunction with his slide presentation. He explained the assets of Information Technology Service (ITS) as being hardware, software, networks, and people.

Mr. Kuebler stated that ITS's mission is to provide cost effective and responsive solutions, at competitive prices, while maintaining self sufficiency. The department has to anticipate installation needs at least 18 months in advance, and what costs are involved. He noted that the old data processing and telecommunications departments were good at building and running systems, but there were no planning components, no marketing orientation. They were more of an engineering foundation.

Long range information systems planning was added to help client departments diagnosis the condition of their information technology, and to bring new technology to them in a much more proactive way.

The organization of ITS is in three distinct lines of business. Customer application in the private sector is called *Systems Integration* - people who are responsible for developing software, integrating hardware, testing, and training the client community; *Computing Services* - handles the processing of millions of transactions every day; *Telecommunications Management* - offer telecommunication services (paid for by consuming some of the services that are offered).

ITS established a new organization called *Business Systems Group* which is responsible for account management, improving service coordination and developing marketing and business plans, and generally helping the department become more commercial.

The business for ITS is good even in times of constrained budgets. The price performance of information technology continues to improve, and client departments notice that. The compound annual growth rate over the last three years is about 16%. Revenue has increased, prices have remained stable, or decreased, and the number of people has declined.

Client departments include the District Attorney, Registrar Recorder, Sheriff and the Auditor-Controller. Client application activities include *Systems Development and Maintenance*, *Information Systems Planning*, and *New Technology Assimilation*. Currently there are nine (9) systems in development, which will be coming on-line next year. These systems have been developed using data base technology allowing data to be used in ways not thought of before. 410 systems which are maintained; approximately 4,000 changes yearly in the operational side of the department; and 1,000 programs implemented in the past year.

ITS also writes proprietary programs for client departments. They have developed systems for the Marshal's and a few other departments. The plan is to eventually market these programs to other public sector organizations in conjunction with the departments.

The County is starting to invest in advanced technologies. In spite of this, departments are developing systems independently with no thought for one time data entry and who else may require the same information. This means that what is being learned and done in one place for application, is not being taken advantage of for other applications.

Mr. Kuebler noted that some departments have not considered their information technology and the need to keep it up to date. He believes that departments need to allocate money for maintaining or re-engineering their systems.

Computing services activities include *on-line batch processing and printing* and *personal computing support*. There are 369 application systems in the main data center in Downey, 50 of those are operating 24 hours a day, seven days a week without down time. There are also seven other remote data centers. The average response time is currently 3.4 seconds, and the department is working to achieve a time of 2 seconds.

Ms. Fischbeck inquired as to the type of backup the department uses. Mr. Kuebler stated that there are five diesel generators that were added, one at a time, to the 1955 facility in Downey. He noted that there has been a lot of work done to make them reliable. ITS has established relocation from the Downey facility as a high priority due to the number of mission critical systems that are required in life and safety situations. In some situations there are no manual procedures. In the jails, if the system is slow, or goes down, inmates would be backed up around an officer creating a high risk situation. In the event of a major disaster the probability is that nothing will be saved.

ITS is preparing a report for the Board of Supervisors regarding this issue. The Sheriff's Department has also offered their assistance with ITS's presentation to the Board. Ms. Fischbeck asked Mr. Kuebler to provide her with more information on this issue since it is of major concern, and offered to help to bring the matter to the attention of the Grand Jury.

Mr. Stewart noted that there are studies currently being done to rationalize ITS's need for change, and the potential cost. There are nine different options ranging from building the County's own data center to leasing, and lease-backs. Departments have also been asked to prioritize their workload to what should be backed-up first. Once that is done prioritization will have to be made for the County as a whole.

Chairperson Buerk noted that there is significant technology being done in the area of fail safe computing. Mr. Kuebler noted that fail safe computing works within the computer because there are four very large computing engines, where one is available as backup.

As part of the computing services network there will be 25,000 terminals hooked-up to the Downey center this month, which is a 60% growth rate since the end of 1989. Systems that were batch are now being replaced with on-line applications. The services offered through the network include electronic mail, and electronic data interchange. There is one network currently under development and five networks in service. ITS fills over 800 requests per month, and supports 172 sites. Where it took 36 weeks to hook-up terminals in the past, it will take 20 weeks at end of year, and an anticipated time of eight weeks in 1992.

Telecommunications activities include *network development* - telephone systems, transmission systems, facilities maintenance and building systems; *onsite operations* - telephone operators at many locations; *infrastructure* - project planning and administration.

Among ITS consolidation objectives are: improving coordination, rationalizing to the private sector structure, reducing reporting levels, and developing a unified ISD\ITS team.

ITS has 1,407 employees of the 3,726 total employees in the five departments within ISD. ITS manages a budget of \$182 million (\$371 million is the total budget for the five ISD departments).

Some aspects of ISD are rarely involved with ITS, such as mechanical, custodial and security. Most of ITS services involve Purchasing & Central Stores, and Facilities Operations. The department is trying to overcome the image of the old Data Processing Department, and believes that some improvements are now being seen by clients.

Chairperson Buerk thanked Mr. Kuebler for his presentation. He believes that ITS has shown that County departments can be very competitive in service, and in terms of how to compete with the private sector.

Chairperson Buerk inquired as to how the department deals with the problems of special equipment. *Mr. Kuebler* stated that credit is offered to clients for future use if ITS doesn't perform satisfactorily. Performance is the primary issue at ITS. *Mr. Kuebler* believes ITS has a competitive advantage because they possess a lot of knowledge about County departments, they have staying power, are easy to buy from, and the department has an ethical and stable work force.

Commissioner Balderrama believes that people are dissatisfied with the private sector because of high rates, and numerous increases. Systems are expensive to hook-up and maintain. He inquired as to how ITS handles the situation of departments looking elsewhere for services. *Mr. Kuebler* stated that the only thing they can do is to let those departments know ITS is still around and will offer their help to those departments in the future.

Ms. Fischbeck inquired as to the department's involvement in video arraignments. *Mr. Kuebler* stated that the LANet program would facilitate this type of program. Over the next month or two sites will be established for video conferencing in Downey and Eastern Avenue. He noted that the equipment is the most expensive part of the program. The network will be in place over the next two years. The general idea is to expose people to this type of program.

Mr. Campbell inquired if there were County-wide or departmental technology planning. *Mr. Kuebler* noted that the CAO's Information Resource Division is attempting to issue a policy on long range information system planning.

This policy would require departments to at least plan their information technology asset management program, and to formalize it so it can be collected by the CAO or ITS. Considerable amounts are being spent outside of ISD for information technology hardware and services.

Commissioner Zimbalist inquired if the consolidation of ISD and ITS is permanent. *Mr. Stewart* believes the relationship is permanent. He noted that Supervisor Edelman has expressed interest in an Oversight Commission for data processing and information services, and that he hasn't detected any move toward separation of the departments from the Board.

Mr. Campbell noted that the concept of an integrated internal services organization in the County is under attack, and that some people and elected officials believe a separation of the departments would be the right course to take. Some feel that taking data processing and telecommunications out of ISD is a desirable goal, and that it would be advantageous to the County as a whole. They feel that there is no reason for the departments to be together except that they both provide services to County departments.

Mr. Stewart expressed belief that those in opposition don't understand the process and benefits of consolidation. He believes that departments become more involved, when an inter-relationship exists in which departments communicate with one another, and are required to coordinate with each other.

Chairperson Buerk believes it would be worthwhile for ISD to continue to sell the benefits of that concept. He noted that the Commission has been asked by the Board of Supervisors to review the County's reorganization that was recommended some time ago, and to give a status report to see if the recommendations were implemented, and what should now be done.

Mr. Campbell noted that Ann Cooper, the former Grand Jury Foreman, has been working with the Commission over the last year, and asked if she would attend the September 11th Commission meeting to help make the transition between herself and the new Commissioner who will take her place. Ms. Cooper agreed to attend the September meeting.

VII. COMMENTS AND SUGGESTIONS FROM VISITORS

Refer to individual topic sections

VIII. ADJOURNMENT

The meeting was adjourned by vote of the Commissioners present.

ATTENDANCE

August 7, 1991

COMMISSIONERS PRESENT

Alfred Balderrama
Gunther W. Buerk
Ann K. Cooper
Emma Fischbeck (Former)
Dr. Alfred Freitag
Robert Philibosian
Randolph Stockwell
Wally Thor
Betty Trotter
Efrem Zimbalist III

COMMISSIONERS EXCUSED

George Bodle
Joe Crail
Jack Drown
Louise Frankel
Chun Y. Lee
Robert J. Lowe
Abraham M. Lurie
Daniel M. Shapiro

GUEST

Mr. Alfred Kuebler, Sr. Deputy Director, Information Technology Services, (ISD)
Mr. William Stewart, Director, Internal Services Department

Mr. Tom Marvin, Personnel Officer, Department of Beaches & Harbors
Mr. Stan Wisniewski, Deputy Director of Administration & Beach Safety, Department of Beaches & Harbors

VISITORS

Mr. Robert Kuziara, Assistant Division Chief (CAO)

Department of Public Works

Ms. Charlotte Miyamoto, Head, Real Estate Mapping\Property Mgmt.
Mr. Neil Stone, Revenue Properties Unit

Community Development Commission

Ms. Judith Kendall, Director, Development Division
Mr. Bill Johnson, Development Management Manager

Internal Services Department

Mr. Phil Pennington, Deputy Director, Real Property Branch
Mr. Jim Thornton, Rent Expense Budget Division

MEDIA

Ms. Cathy Franklin, City News Service
Ms. Amy Pyle, Los Angeles Times