
Economy & Efficiency Commission

Meeting Minutes

MINUTES OF THE REGULAR MEETING ECONOMY AND EFFICIENCY COMMISSION

9:30 A.M. WEDNESDAY, NOVEMBER 5, 1997
KENNETH HAHN HALL OF ADMINISTRATION

I. CALL TO ORDER

Chairman Abel called the meeting to order at 10:05.A.M.

II. ATTENDANCE

COMMISSIONERS PRESENT

David A. Abel
Richards D. Barger
Gunther Buerk
John Crowley
David Farrar
Louise Frankel
Jonathan Fuhrman
Chun Lee
Michael A. Jimenez
Carole Ojeda-Kimbrough
Roman Padilla
Robert Philibosian
Marc A. Seidner
H. Randall Stoke
Julia E. Sylva

COMMISSIONERS EXCUSED

Benjamin F. Breslauer
William Petak
Tony Tortorice

COMMISSIONERS ABSENT

Fred Balderrama
Christopher W. Hammond

Moved, Seconded and Approved: The Commission members noted above be excused.

III. CONSIDERATION OF MINUTES

Moved, Seconded and Approved: The minutes of the October 1, 1997 Commission Meeting be approved as submitted.

IV. INTRODUCTION & ANNOUNCEMENTS

Chairman Abel introduced the newest member of the Commission, Tony Lucente. Commissioner Lucente is employed by Nissan Motors and he is the current president of the Studio City Residents Association. Commissioner Lucente stated that he looks forward to working with the other Commissioners and making a difference.

Chairman Abel announced that Ira Yellin would be unable to speak to the Commission today as scheduled.

V. OLD BUSINESS

1. Collections Project

Task Force Chairperson Jimenez reported that the task force now has a request for additional funding that can be sent on to the Board of Supervisors. Chairman Abel asked Task Force Chairperson Jimenez to give a summary of the project. Task Force Chairperson Jimenez stated that project has four parts:

1. Data Gathering of outstanding collections in the County
2. Analysis of Data
3. Reporting of Analysis
4. Recommendations based on Analysis

Early in the study there was an unwillingness from some departments to release data. One thing that all departments have in common is that the Treasurer-Tax Collector (TTC) is responsible for processing all delinquent receivables, past a certain age, for County departments.

Currently, the project team has just enough information to be dangerous. The collections problem is ranges between \$750 million and \$2 billion. A large portion of this number may be uncollectible by nature, but is not appropriately categorized. The project team feels that more staff time and resources are needed to sufficiently finish the project. The private sector has also shown a strong interest in participating in this study.

Chairman Abel asked Mr. Ken Pride to give an update on the project as well. Mr. Pride stated that the bulk of the requested funding was for the retention of one of the top five accounting firms, requested by the task force. Mr. Pride stated that he contacted Arthur Andersen and KPMG Peat Marwick, both of who are interested in participating in the project. Arthur Andersen recently completed a similar study for another state at a charge of over \$2 million. Traditionally, they charge no less than \$750,000. The Big Five Firm, KPMG will serve in an advisory and review capacity only, to keep costs down. Therefore, it should be noted that Los Angeles County is saving a considerable amount of money by conducting this study in-house. Corporate volunteers include: Lockheed Martin, GE Capital, GC Services, National Revenue Corporation, and Pacific Credit Bureau. He is also speaking with Unysis. These companies will provide:

- project review and assistance
- delinquency analysis
- securitization analysis
- technology analysis
- review of debt

The involvement of corporate volunteers will reduce the amount of funding needed to finish the project.

Also, former Los Angeles County CAO, Harry Hufford, who was involved in the consolidation of TTC and the collections department, has committed to participate in this project. The project team will expand from 2-3 people to approximately 15-20 people.

Commissioner Buerk stated that he is very impressed by the list of companies that want to participate and was curious about the specifics of their contributions to the study. Mr. Pride replied that Lockheed Martin has already provided two staff members and they will also provide the methodology for data

analysis. GE Capital will provide one person from their Venture Capital/Securities Team to analyze the securitization of debt issues that have already been raised by various departments. Two or three years ago, TTC requested a report that analyzed the financing of tax receivables and the project team feels another opinion of the situation is prudent. Mr. Pride stated that he has informed the companies of the projected project extension of four to five months.

Task Force Chair Jimenez stated that the project team felt it was important to have the involvement of several outside companies to insure that no favoritism was perceived.

Commissioner Barger asked if this study included instances where the County was collecting money for other entities. Task Force Chair Jimenez stated that this study dealt only with collections where the County was the direct recipient. Commissioner Barger inquired about welfare issues. Task Force Chair Jimenez stated that Family Support is included in this study.

Commissioner Frankel asked if the Probation Department was included in the study. Mr. Pride replied yes, that the Probation Department and Bureau of Family Support are included; DPSS is included as well, although only 2.5% of their collections is remitted back to the County. This study will examine their LEADER project, technology use, and interfacing policy with TTC, the state, and federal government.

Commissioner Luente asked if the task force was still verifying numbers before going to the Board or if they were ready to approach the Board for continued funding for this task force. Task Force Chair Jimenez stated that the Commission needs to go to the Board now and ask for an extension of time and funding. Mr. Pride's contract ends in 28 days and the EEC needs a decision from the Board whether to continue with the study or not. Commissioner Luente asked how the requested funds will be distributed. Task Force Chair Jimenez replied that the funds will be used to retain Mr. Pride, KPMG, and others who have been assembled to participate in the project.

Commissioner Padilla stated that he felt it is important to impress upon the Board that they will see an increase in funds collected by the County as a result of their investment in extending this study. The debt figures that this study is dealing with are so large, that even if only a small percentage of the actual debt is collected, it will still be worthwhile.

Commissioner Buerk stated that when this project was initiated it was mentioned that the County has accounts payable as well as receivable that are delinquent. The Tax Collector is delinquent many times in the payment of refunds to taxpayers. He asked if this subject is being addressed in the current study. Task Force Chair Jimenez stated that, due to the need to establish feasible priorities, the study is focused solely on the delinquent receivables. Commissioner Buerk stated that he feels that this issue should be addressed in fairness to the citizens of the County and also to add balance to the study. Chairman Abel stated that Commissioner Buerk should address his concerns to the task force, but he feels that the issue of delinquent payables is a large involved project that would have to be carefully examined. He asked the task force to respond to Commissioner Buerk's concerns.

Commissioner Stoke asked if the Commission is aware of a Board majority support for the request for funds and time. Chairman Abel stated that the evidence of support is the unanimous support by the Board for the original motion. Vice-Chair Farrar suggested a representative from each Supervisor's EEC appointees be designated to personally approach their supervisor regarding the importance of this project. He volunteered to contact his supervisor, Supervisor Burke.

VI. PRESENTATION -

[Mr. Burt Margolin, Brady & Berliner](#)
[Legislative Strategist for Los Angeles County](#)
[Topic: Welfare Reform](#)

V. OLD BUSINESS (CONTINUED)

2. Constitutional Revision Commission

Mr. Staniforth reported that David Janssen, CAO, requested to meet with Chairman Abel, Mr. Jim Smyth, a consultant from San Diego, and himself this afternoon. Mr. Janssen is interested in implementing some of the recommendations made by the EEC that deal with restructuring.

3. Employee Suggestion Program Investigation

Mr. Staniforth stated that each commissioner received a draft copy of an Investigation of an Employee's Suggestion. This investigation was requested by Supervisor Antonovich. Supervisor Antonovich also requested that this report be addressed to the employee, Mr. Bruce Schneider.

Commissioner Barger asked what effect this report is expected to have. Mr. Staniforth stated that this effort has been coordinated with many departments that are already in the process of improving the program. Mr. Staniforth stated that the EEC's report is not a review of the entire Employee Suggestion Awards Program, it is an anecdotal review, focusing on the processing of an individual suggestion.

Commissioner Fuhrman stated that he is uncomfortable with the report and felt that it was a program review based on one incident. Because of this, he was unable to tell if this is a typical pattern of the program and believed that the EEC's report is a overall criticism of the program that may be unjustified. Mr. Staniforth replied that the specific value of Mr. Schneider's recommendation are being investigated by the CAO, as directed by Supervisor Antonovich. The EEC's report is based upon interviews conducted with all individuals involved in the Employee Suggestion Awards Program. These individuals concurred with the report.

Commissioner Philibosian stated that he feels the report is very clear and concise regarding the fact that it is a case study and not a full program review. The employee is entitled to an effective process regardless of the specifics of their suggestion.

Commissioner Seidner asked what is the incentive for employees to make suggestions. Mr. Staniforth replied that there is a monetary reward depending on the savings achieved in implementing a suggestion. Commissioner Seidner stated that this program should be treated as a business because the implemented suggestions obviously have monetary value.

Moved that: the Commission approve the report entitled, The Employee Suggestion Awards Program of the County of Los Angeles. Motion seconded.

Commission Buerk stated that there may be a legal obligation of the County to insure a fair and effective program because of the monetary rewards. He believes that the EEC's report is a good first step in reviewing the program's process.

As an information item concerning a previous topic, Commissioner Crowley requested that Chairman Abel raise the issue of the Unincorporated Areas report to Mr. Janssen at their afternoon meeting. He added that Chris Gates, CEO of the National Civic League, has indicated that he and his association are interested in getting involved with the efforts of charter reform.

Motion passed with a 12 to 1 vote, with Commissioner Fuhrman voting against.

5. Real Asset Management

Mr. Staniforth stated that an umbrella group consisting of senior department heads has been created. Chairman Abel, as a member of this group, will be attending their meetings in the future.

Commissioner Seidner that he has recently had a troubling experience regarding the County's real asset management bid process. Chairman Abel asked him to write down the specifics and give them to him.

VII. NEW BUSINESS

1. December Commission Party

The Commission decided to have a luncheon after the Commission's December meeting.

2. Civil Service

Commissioner Fuhrman stated that his original proposal was for the EEC to conduct an internal review of the Civil Service Commission and then decide if it is appropriate for the Commission to proceed further. Chairman Abel requested Commissioner Fuhrman write a paragraph on the scope of the

project which could be further discussed at next month's meeting.

Chairman Abel reminded the Commissioners that of the annual election of a Commission Chair that takes place in January. According to the procedures a nominating committee must be formed and candidates selected prior to that meeting.

IX. PUBLIC COMMENT

None

X. ADJOURNMENT

On a motion from the floor, Chairman Abel adjourned the meeting at 11:35 a.m.

Respectfully submitted.



Bruce J. Staniforth
Executive Director

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Respectfully submitted.



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