

ECONOMY AND EFFICIENCY COMMISSION

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

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

MINUTES

FULL COMMISSION MEETING

JUNE 5, 1991

HALL OF ADMINISTRATION, 864-A

I. CALL TO ORDER

Chairperson Gunther W. Buerk opened the meeting at 9:30 a.m.. John Campbell introduced Mr. Tidemanson, Director of the Department of Public Works, and his Deputy Director, Roslyn Robson, and Dan Ware.

William C. Waddell representing the Productivity Commission, and Mr. Edward Duncan, a guest, were also in attendance.

PLEASE NOTE: The agenda was changed to start the meeting with the presentation by Mr. Tidemanson, before the approval of the absences and last month's minutes.

II. PRESENTATION

Thomas A. Tidemanson, Director, Department of Public Works

Subject: Results of the Public Works Departmental Consolidation;
and the New Headquarters' 4/40 Work Schedule Pilot Program

On recommendations by the Economy and Efficiency Commission and approved by the Board of Supervisors the Road Department, Flood Control District and part of the County Engineer were consolidated into the Department of Public Works in 1985.

With the consolidation, the Department of Public Works now has 3,800 employees, 77 field facilities, and an annual budget of \$500 million dollars.

In order for the DPW to operate smoothly and efficiently with the consolidation of three major departments, top management had to be involved, committed and supportive. Twenty seven task forces with employee participation were established to address the various aspects of the consolidation.

Mr. Tidemanson believes that some of the advantages of consolidation were reducing management positions (from eighteen to nine), and reducing divisions (from twenty nine to twenty). Responsibilities were defined and uniformity was established which created better utilization of personnel and equipment.

It is estimated that the department saves from \$2½ to \$3 million dollars a year since the consolidation.

Some of the disadvantages were in retaining technical expertise; loss of professional recognition in some areas; and with the reduction of management, fewer promotional opportunities at the top are available.

Most of the employees who were misplaced by the reduction of management and divisions were either placed in one of the other consolidated departments, left the County employment, or took advantage of the Golden Handshake retirement package.

There were also problems encountered during the consolidation, such as trying to integrate three different financial systems which consisted of 26 major sources of funding. Formation of the Land Development Division, and three headquarters facilities were other problems, that were solved by centralizing the Land Development Division into one location, and consolidating employees into one facility.

There also proved to be problems with employees dealing with different cultures from the various departments, and trying to cope with a new organizational identity. Some employees also felt a loss of status. But there has also been an increase in responsibility for supervisors and greater opportunity for assignments and training.

One of the primary function of the DPW involves the construction and maintenance of major roads (approximately 5,000 miles), local streets and bridges. Flood control and water conservation are also an important areas for the department, in both the incorporated and unincorporated areas of the County.

The DPW conserves more than 250,000 acre feet of water a year, and is continuing to look for more ways to conserve water.

Approximately 30,000 permits a year are issued for building and land development, which is about \$2 billion dollars worth of permits that the DPW will review.

Management of the five general aviation facilities is now contracted out to a private company, guaranteeing the DPW approximately \$2 million dollars a year in net revenue. This is a substantial change from five years earlier, when those facilities operated at a net County cost.

The department is also involved in solid and hazardous waste management which is a controversial subject that generates a lot of heat from all sides, and information on the issue is often inaccurate. Mr. Tidemanson believes that in the very near future, if reasonable agreements are not reached, California will have little or no dumping areas for waste, or that the cost for disposal will be exorbitant.

Other services the DPW provides include transit for the elderly and the handicapped, and 24 hours\365 days a year emergency operations which are equipped to handle most natural disasters.

The DPW plans to review its organizational structure, and is currently reorganizing its business and financial functions. Attention will also be given to department wide reclassification of field unit positions by reducing the number of supervisory levels and positions, and by creating generic positions for certain road, flood and sewer maintenance workers. As in the past, the DPW plans to continue to maintain its high standards of service.

The DPW is maximizing the use of technology in its mapping information data base. On the horizon is digital format for new subdivisions and parcel maps creating a paper-free business environment, and allowing various other means of transmittal, e.g., electronic mail.

Environmental technology is also being used by the DPW, including the ALERT System (Automated Local Evaluation in Real Time) and GRTS (Groundwater Recharge Telemetry System) which allows the DPW to keep track of water flow in the rivers, and gives them the ability to optimize water conserved. The department is also looking into the possibilities of California obtaining water from other sources.

Advanced traffic technology is used to monitor the flow of traffic, and synchronize traffic signals. The DPW currently has a five year plan for Los Angeles County to synchronize traffic signals on major thoroughfares throughout the County. Close coordination with the cities is required in this area.

In September 1990 as part of a one year pilot program, the DPW instituted the 4/40 program in response to the Air Quality Management District requirements that agencies with over 100 employees must reduce traffic by 20%. The 1,600 Headquarters employees in Alhambra were put on a four day/ten hours a day work schedule, with the Headquarters Office being closed on Fridays. (A Friday Team was also organized to deal with phone calls or walk-ins from the public). Field facilities are still on a 5 day work schedule.

An Oversight Committee was established in addition to a Hardship Committee to oversee the program and to deal with some of the resulting problems. Most of the employee problems dealt with child care. In response to this problem, the DPW built and opened a child care center four blocks from the Headquarters Office in conjunction with the City of Alhambra and the Alhambra Municipal Court.

The institution of the 4/40 Program seems to be producing positive results. The AVR (average vehicle ridership) increased from 1.13 to 1.5, with an increase in carpool participation. It's estimated that each week 52,000 miles of travel, 1,404 pounds of pollutants and 2,048 gallons of gas are saved. Employee productivity increased 5%, sick leave dropped 12% and overtime was cut 50%.

Even though the DPW Headquarters Office is open only four days a week, customer satisfaction has not declined. On a recent survey, customers gave service an 89% overall good or excellent quality rating. Approximately 83% of the customers surveyed support the 4/40 program.

Employees were also polled. More than half (62%) of those polled believe the program has improved or not changed their work habits. 72% are satisfied with the program, with a small margin (19%) against continuing the program (9% did not respond). The primary reason given by those against the program was child care problems, or they are commuting two or more hours. Overall the program has been successful.

There seems to be positive interest expressed in the 4/40 program by the media, other public agencies (local and out of state), and various private organizations. The DPW plans to incorporate their knowledge and experience with the program in a manual and make it available to others.

Commissioner Shapiro inquired about the possibility of the DPW charging employees for parking. *Mr. Tidemanson* stated that the reason employees aren't charged is they will begin parking on residential streets. Then there would have to be parking prohibitions instituted. Charging for parking would likely create more problems.

Commissioner Stockwell and some members of the real property management task force visited with *Mr. Tidemanson* and members of his staff last week. *Commissioner Stockwell* asked *Mr. Tidemanson* if he would give a brief explanation on how his department's real property assets are managed. *Mr. Tidemanson* reported that the DPW's real estate operation is managed differently from other County departments, because other departments operate out of the general fund. The DPW funds come from special district funding sources. The revenues the DPW receives are restricted to the particular activities involved, e.g., road funds can only be spent on road services, and can't be diverted for other uses. Property is examined to see if there is a possible joint use for it, such as joint leasing. The revenue generated is then returned to the DPW's operations, and not the general fund as with other County departments. DPW owns a number of park and ride lots and is looking at options for joint-use, such as putting commercial buildings over them.

Charley Kaufmann noted *Mr. Tidemanson* had told us that there is some erroneous publicity being put forth on the solid waste issue. He suggested that the E & E Commission may want to consider studying the issue, since the Commission is considered independent in the County. Could the Commission, upon studying the issue and possibly finding agreement with the DPW, offset some of the negative publicity? *Mr. Tidemanson* stated that any group having the stature and recognition the E & E Commission has, would help serve the public by presenting the facts.

Commissioner Frankel commented on the subject of maximizing assets. She thinks that if the DPW is doing such a good job on property, they should consider putting together some type of instruction manual or guidelines that would be useful to other County Departments. *Mr. Tidemanson* explained that there is a difference between the DPW and other departments. The DPW owns its property, where as most County Departments lease or occupy County-owned facilities.

Commissioner Crail inquired about the effect the consolidation has had on the Board to deal with the DPW. Mr. Tidemanson feels that the consolidation has made it easier for the Board to give directions because they only have to deal directly with one person instead of three.

Following applause from the Commissioners, Chairperson Buerk thanked Mr. Tidemanson for his excellent presentation, which seems to indicate that the DPW is doing notably well since the consolidation, and are also managing their real property assets productively.

III. ATTENDANCE

The attendance list is on the last page. The absences of Commissioners Balderrama, Lowe, Lurie, Neri, Peever and Williams were excused by vote of the Commissioners present.

IV. OLD BUSINESS

Minutes of the May 1, 1991 full Commission meeting were approved.

Task Force Status Reports:

ECONOMY & EFFICIENCY COMMISSION ROLE\SUNSET - Robert Philibosian, Chairperson for the E & E Commission Role\Sunset task force, presented their final report. Mr. Philibosian also thanked the members of the task force and Mr. Campbell for their extraordinary work on the report.

The changes the Commissioners recommended at the May 1st full Commission meeting have been made and are included in this report.

Due to the Commissioners having the opportunity to review the report prior to this meeting, the floor was opened for questions and comments.

Commissioner Trotter questioned the total number of 840 hours that represents the total hours the Commissioners, as a whole, donates annually to the County. She feels that the number is too low.

John Campbell stated that the figure is a best estimate which is based on 21 Commissioners attending full Commission meetings for three (3) hours per morning, per month, plus attending one (1) task force meeting per month for six (6) months.

By common consent, it was agreed that an amendment would be added to reflect the variability of individual Commissioners contributions.

Commissioner Buerk feels that it is important to stress the fact that the E & E Commission may not show up in sizable dollars on the County budget, but the contributions the Commissioners make in terms of their time, and the value of their time is significant. He felt that a dollar value should be shown to make the issue more notable.

Commissioner Philibosian pointed out that the task force decided against using dollar figures because the amount of time everyone spends on behalf of the Commission can't be gauged. Instead the task force chose to say that **"contributions made are invaluable to measure"**.

Commissioner Zimbalist feels that the feasibility of implementation of recommendations, prior to the Commission taking on projects, should be assessed. He believes the report should require that the feasibility of implementation be discussed in review sessions with Supervisors prior to beginning a study.

Commissioner Frankel feels that meeting with the Supervisors to discuss feasibility in advance wouldn't be appropriate, because the E & E Commission is supposed to be independent and objective. She feels that looking into the feasibility of a specific conclusion being adopted shouldn't be attempted at the beginning of the study, because different recommendations may come out then originally anticipated.

Commissioner Zimbalist explained that feasibility discussions with the Supervisors should be warranted because it would be a waste of time to do projects if they aren't going to be implemented. He feels that if the Commission's findings were given public discussion, assessing feasibility with the Supervisors might not be needed. However, in the Charter it states that if the Board disagrees with the Commission's findings, the Commission can't go public.

Commissioner Philibosian directed the Commissioners to page 5, first paragraph of the report where the issue is addressed. It states "...the Executive Committee... would review its strategic significance, potential cost, and feasibility". "A study plan would be prepared... The Executive Committee would then review the plan...".

Commissioner Philibosian also reminded the Commission that everything the E & E Commission does is public because the meetings are open to the public.

Commissioner Frankel stated that in the past the Commission was given more press, and feels that the Commission should pursue this type of activity. She feels the public should be made aware of how their tax dollars are being spent, and that the Commission is attempting to do something.

Commissioner Philibosian noted that the subject of the press and media are touched upon in the report. On page 28, the third paragraph of the report states that "Considering the complexity and difficulty of the Commissions' projects,... the level of controversy that may be involved in implementation, the Commission must improve the degree of exposure it receives in the public forums - the press and media,..." *Commissioner Philibosian* suggested that the Commission may want to consider forming a public relations task force to deal with this issue in the future.

Commissioner Buerk suggested the Executive Committee take up the matter of public relations at its next meeting.

Commissioner Trotter noted that the Commission has to give priority to the Board's projects, but inquired if the Commission could also take up projects on its own initiative.

John Campbell directed the Commission to page 7, under A. COMMISSION MISSION (in italics). That states "to examine any function of County government, at the request of the Board of Supervisors, on its own initiative,..."

Commissioner Frankel commented that the number of projects the Commission has completed is good, and expressed her opinion that the report is extremely well executed.

Commissioner Bodle agrees that the report is exceptional, and commended the task force and staff for their work.

Commissioner Drown commented that he hopes, in the future, the Commission will be able to act on what it feels is relevant, and not be perceived as a "rubber stamp" for the Board.

Commissioner Zimbalist feels that in order for the Commission to be thought of as independent of the Board, the Commission needs to be able to have answers for the media once confronted with any Board disagreements with Commission recommendations. The Commission has to be able to relate to the media their recourse.

Commissioner Trotter suggest that under qualifications for staff in the report, inclusion should be made for the ability to communicate with the media and the public, and the ability to work with and under the direction of the Commissioners.

By common consent, it was agreed that a second amendment would be added to reflect the need for *staff able to work with Commissioners and with the media.*

On motion by *Commissioner Drown*, seconded by *Commissioner Bodle*, and passed unanimously, the Commissioners adopted the E & E Commission Role\Sunset task force's report.

Commissioner Philibosian suggested that the Letter of Transmittal to the Board of Supervisors include the report being adopted unanimously by the Commissioners present.

John Campbell noted that the Commission had planned review sessions with each Supervisor prior to the presentation of the final report.

Commissioner Buerk suggested that the meetings currently being scheduled with the Supervisors, also include the report of the Sunset Task Force.

REAL PROPERTY MANAGEMENT - *Randy Stockwell*, Chairperson for the Real Property Management and Development Task Force reviewed the task force's findings to date. In an effort to answer the question of how much property the County owns, the task force has identified and contacted 14 major land holding departments. About half of the departments have good information, while others could not supply information.

From the data available, it is estimated that the County owns approximately 4 billion square feet of land, which includes a wide disparity of types of property, such as parks, beaches, flood control channels, and some prime downtown real estate. The land might be worth as much as \$590 billion dollars. This figure will probably be adjusted once more data is made available.

Of the 4 billion square feet of land the County has, 2.9 billion is used for recreational, educational, and cultural activities by the following departments: The Arboretum, Beaches & Harbors, Music & Performing Arts, Parks & Recreation, and the Public Library.

Charley Kaufmann pointed out that the \$590 billion dollar figure is a broad median for the land value, but is more likely less than half that amount.

Commissioner Shapiro feels that the average of \$136 per square feet is an unrealistic number, and that a range should be established.

Commissioner Stockwell pointed out that the figures given for land value are rough estimates and that most of the numbers will be refined.

Commissioner Buerk noted the task force's problem obtaining reliable figures, and suggested that the task force not adhere to just one number, but should propose a range. He feels that the task force should set their next objective at coming up with a range.

On May 23rd *Commissioner Stockwell* and members of the task force met with *Mr. Tidemanson* and his Deputy *Dick Hoff*, who is in charge of Mapping and the Property Management Division in the Public Works Department.

The reason that the DPW seems to be doing well with their real estate is that they pay attention to it. They have the incentive, and motivation that if anything can be done with their real estate to generate revenue, it will be done. They pursue opportunities to lease surplus properties and air rights for joint uses, or sell smaller parcels with no potential.

The DPW is funded by dedicated taxes and fees, and additional revenues generated are returned to specific funds. They have approximately 50 square miles of land holdings, with 130 leases in effect, and 200 leases pending.

Commissioner Stockwell noted that even with all the DPW's commitment to their real estate, they still don't have a complete inventory of the all the land they own.

One reason for the lack of complete inventory is that the County accumulates a number of uneconomic pieces of land that are not cost effective to inventory.

Charley Kaufmann reviewed the figures that were mentioned at the May full Commission meeting, for County owned facilities. It was learned from ISD that they maintain an inventory of facilities, not land. The figure of 3,575 for County owned facilities included everything from dog kennels to comfort stations to office structures. This figure has been adjusted to 228 for office structures.

The adjusted square footage figure is 6,155,485 (this figure is questionable and will probably be revised). The adjusted value is \$2,634,340,000. These numbers are still being added to, refined, and revised as more data is discovered.

On May 28th the task force met with Deputy Director Phil Pennington; Claus Marx, Head of Leasing & Space Management and Dick Andino, Head of Valuation & Acquisition of the Real Property Branch of ISD.

The Real Property Branch operates a real estate service organization (for which they charge fees) for County departments and other jurisdictions. Their role is to assist their clients with space and property management, leasing, valuations and other such functions.

The Real Property Branch claims to be the eight largest real estate organization in the Western Hemisphere. County structures, which include offices and warehouses, total approximately 4,355 with 52 million square feet of space. Of that figure, 33 million square feet are owned with 19 million being leased.

They support the CAO'S plan to charge market rent to users in order to make the use of space more efficient. However, they expressed concern that de-centralizing all property management would be inefficient. They believe complete de-centralization could result in departments not sharing information on available space, and bidding against each other.

The Real Property Branch does favor a central organization to maintain inventory, and to acquire, lease, and manage property, and a small sur-charge to user departments which could pay for a centralized operation. They also felt that some property management laws are too restrictive and should be changed, i.e., the requirement to auction off unneeded leased property.

Commissioner Stockwell stated that since general fund departments have no accountability for the space they utilize, the CAO's market rent plan would cause departments to pay for real estate, making department heads consider more productively the space they use. The task force plans to present more details of the CAO's plan at the next full Commission meeting.

The task force has another meeting scheduled to discuss its next steps. A report with the task force's preliminary recommendations will be presented at the next full Commission meeting for discussion.

Commissioner Buerk suggested the task force list some pros and cons on centralization and de-centralization, and to find out when they meet with Orange County personnel, their views, for more background on this issue.

Commissioner Shapiro suggested the task force contact a private firm currently involved in asset management, who has done some analysis. The Southern Pacific Corporation is involved in an asset re-deployment project. *Commissioner Shapiro* offered to make contact with an accounting firm who is familiar with the Southern Pacific project to obtain additional information that might assist the task force.

Mr. Waddell reported to the Productivity Commission the task force's report given at the May meeting, and they were interested in the fact that inventory was a primary issue.

Tom Sullivan of the Productivity Commission is responsible for public/private partnership, and is also involved in the development of Patriotic Hall. In the event the task force would like to discuss the issue with *Mr. Sullivan*, *Mr. Waddell* offered to schedule a meeting.

Mr. Waddell will be out of town for the July 10th full Commission meeting, and requested that all relevant materials the task force presents be sent to him.

Commissioner Zimbalist suggested the task force define the scope of the problem. Is there a lot of vacant land? Or developed properties being under utilized? Or is there just a marginal problem? He suggested the task force do more field work, perhaps going to a building and inspecting the location to see if it's appropriate for the type of business, and also looking inside the building to see if office space is being properly utilized.

Commissioner Buerk feels that the task force has taken on a major project that is complex in nature, and difficult in terms of getting information that is required to complete their report.

Considering the barriers the task force has to hurdle, they have made some positive progress, and the Commission looks forward to hearing the task force's recommendations for discussion at the next meeting.

Other Task Force Business:

None

V. NEW BUSINESS

None

IV. COMMENTS AND SUGGESTIONS FROM VISITORS

Edward Duncan commented on the water conservation issue. He stated that he has been impressed with the flood control reports issued in the past and the conservation of water. He noted that there are approximately 108 water purveyors in Los Angeles County who are, in his opinion, getting water for free.

Mr. Duncan pointed out that desalination costs \$1,000 to \$2,000 an acre-foot, and that the Metropolitan Water District is currently charging \$250 an acre-foot. He suggested an effort be made to produce income for the County by assessing fees for some of the water the DPW is conserving behind dams and in flooding grounds.

VII. ADJOURNMENT

The meeting was adjourned by vote of the Commissioners present.

ATTENDANCE

June 5, 1991

COMMISSIONERS PRESENT

George Bodle
Gunther W. Buerk
Joe Crail
Ann K. Cooper
Jack Drown
Emma E. Fischbeck
Louise Frankel
Dr. Alfred Freitag
Chun Y. Lee
Robert Philibosian
Daniel M. Shapiro
Randolph Stockwell
Wally Thor
Betty Trotter
Efrem Zimbalist III

COMMISSIONERS EXCUSED

Alfred Balderrama
Robert J. Lowe
Abraham M. Lurie
Lauro J. Neri
Arthur J. Peever
Robert L. Williams

GUEST

Thomas A. Tidemanson, Director, Department Public Works

VISITORS

Edward Duncan