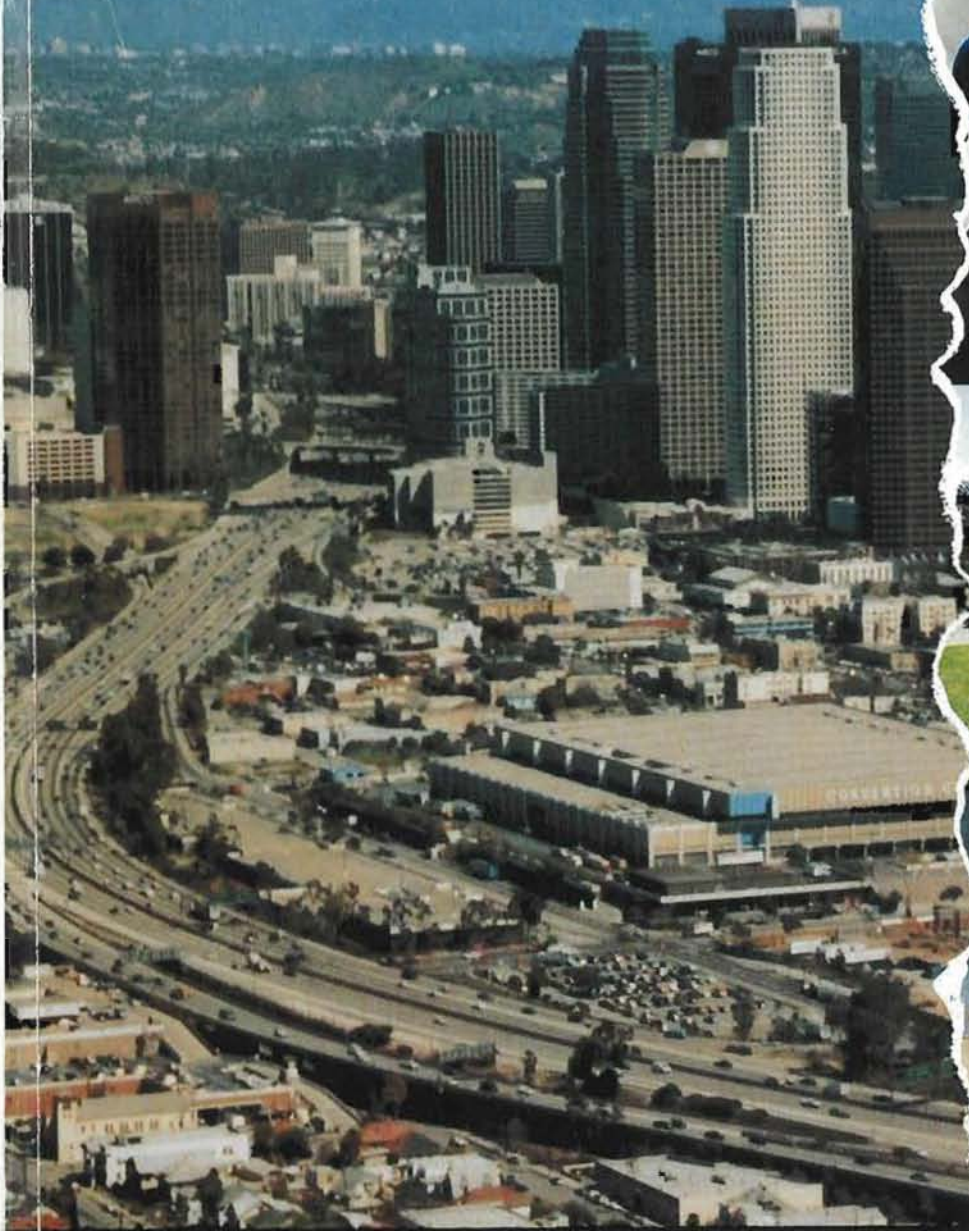


# LOS ANGELES COUNTY GRAND JURY



## FINAL REPORT 1991-1992





FINAL REPORT  
LOS ANGELES COUNTY GRAND JURY  
1991-92



LOS ANGELES COUNTY BOARD OF SUPERVISORS

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KENNETH HAHN, SECOND DISTRICT

EDMUND D. EDELMAN, THIRD DISTRICT

DEANE DANA, FOURTH DISTRICT

MICHAEL D. ANTONOVICH, FIFTH DISTRICT

## **Acknowledgement**

The Editorial Committee of the 1991-1992 Grand Jury is indebted to Sara Sproul of the Graphic Arts Department of the Superior Court for her invaluable contribution in the formatting of this final report. Our applause to Mr. William Harvey, of Harvey House, who created the report logos and designed the cover page and to the Los Angeles Daily News for providing the cover page photos. Thanks also to Paradise Printing for their excellent production of the Jury's work.

The Grand Jury's special thanks go to Mr. Charles "Chuck" Gibson of Price Waterhouse, our contract auditor, and his dedicated team whose disciplined research and literate composition led to many of the conclusions and recommendations which we were pleased to adopt in those reports for which they were retained.

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## 1991-1992 Grand Jury Roster

MEMBER	RESIDENCE	OCCUPATION	JUDGE
George S. Ackerman	Palos Verdes Estates	Retired Sales Executive	Bruce Geernaert
Sheila S. Banken	Palos Verdes Estates	Teacher	W.H. Winston, Jr.
Anthony N. Bavero	Agoura Hills	Farmer	Richard P. Kalustian
Raymond C. Buckley	Los Angeles	Retired	Bernard J. Karmins
Melvin J. David	Encino	Mfg. Exec & Engineer	Richard F. Charvat
Arnold J. Familian	Beverly Hills	Real Estate Investor	Marvin D. Rowen
Emma E. Fischbeck	West Covina	Community Volunteer	Gregory C. O'Brien
Ian M. Grant	Pacific Palisades	Retired Insurance Broker	David D. Perez
Dorothy Greenbaum	Los Angeles	Community Volunteer	Dan Farrell
Richard D. Halpin	Torrance	Retired	J. Kimball Walker
Franklin J. Henderson	Los Angeles	Retired Electrical Engineer	Florence Pickard
Fannie J. Holland	Long Beach	Retired Engineer	Curtis Rapp
Sam Hollander	Studio City	Retired	James Sutton
Shirley R. Lertzman	Encino	Writer	Leslie W. Light
Walter Levine	Los Angeles	Retired	Gibson Lee
Alice Moore	Covina	Retired	George W. Tramwell
Aileen Nesmith	Palmdale	Retired	Mage Watai
Donald S. Sanford	Studio City	Screenwriter, novelist	Mina D. Fried
Elenore L. Scherck	Long Beach	Retired	Judith Champagne
Nancy E. Schoettler	Marina del Rey	Artist	Judith C. Chirlin
Herbert Schyman	Encino	Retired	Joel Rudof
Stewart S. Steckel	Palos Verdes Estates	Consultant	Leslie W. Light
Robert J. Sutton	Malibu	Sales Representative	Richard D. Harris



**1991-1992 GRAND JURY**

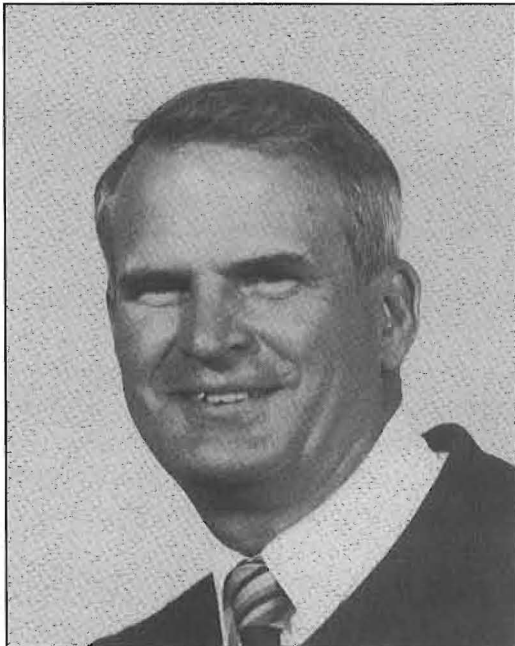
*Back Row:* Mel David, Shirley Lertzman, Alice Moore, Don Sanford, Dorothy Greenbaum, Dick Halpin, Emma Fischbeck, Franklin Henderson, Elenore Scherck, Walter Levine, Sam Hollander

*Front Row:* Stewart Steckel, Fannie Holland, Aileen Nesmith, Bob Sutton, George Ackerman, Ian Grant, Nancy Schoettler, Ray Buckley, Arnold Familian, Sheila Banken, Herb Schyman





HONORABLE RICARDO A. TORRES  
PRESIDING JUDGE, SUPERIOR COURT  
1991-1993



HONORABLE GARY KLAUSNER  
SUPERVISING JUDGE, SUPERIOR COURT  
1991



HONORABLE CECIL MILLS  
SUPERVISING JUDGE, SUPERIOR COURT  
1992





**GRAND JURY OFFICERS**

*Left to Right:*  
 Elenore Scherck,  
 Secretary Pro Tem  
 Emma Fuschgbeck,  
 Parliamentarian  
 Alice Moore,  
 Sgt. at Arms  
 Bob Sutton,  
 Foreman Pro Tem  
 George Ackerman,  
 Foreman  
 Ian Grant,  
 Secretary

**GRAND JURY STAFF**

*Left to Right:*  
 Mary Ann Freeland  
 Tim Fox  
 Jane Rihn  
 Dennis Duarte  
 Kathy Spann  
 Richard Colby  
 Mirtha Hernandez  
 Bob Cohen



# Foreman's Statement



On July 1, 1991, twenty-three diverse citizens of our county were sworn in as members of the 1991-92 Los Angeles County Grand Jury by Honorable Gary Klausner, Supervising Judge of the Superior Court. Prior to that date, Honorable Ricardo A. Torres, Presiding Judge of the Superior Court, and a small committee of other Superior Court judges selected me to be the Foreman! Thus, commenced a year of adventure, achievement and sometimes frustration.

This FINAL REPORT contains untold hours of work and research by Committee Chairpersons, their Committee members, and additional data gathered by our outside auditors, Price Waterhouse.

Literally, hundreds of individuals were interviewed and visits were made to scores of County Departments and institutions. This FINAL REPORT contains recommendations and information which will favorably improve the operations of Los Angeles County, its life, and the lives of our citizens.

It is not my intention to single out any Reports or Committees for "outstanding achievement", but rather, to encourage the Los Angeles Board of Supervisors to study well our recommendations and to augment their contents.

Allow me to personally thank Richard Colby, an official Superior Court Reporter assigned to this Grand Jury, for his continuing help, guidance, and friendly cooperation throughout our entire year.

We were fortunate in having Robert Cohen as Legal Advisor and the Grand Jury Staff rendered appreciated services to us.

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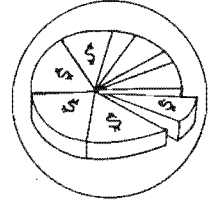
At mid-term, Honorable Cecil J. Mills was assigned to the Grand Jury. His judicial counsel and great cooperation was highly appreciated by our entire group!

Future Foremen will be fortunate to have as Secretary a person as capable, conscientious, and diligent as Ian M. Grant. Alice A. Moore was the Sergeant-At-Arms. No one was as cheerful or hardworking as this fine lady! Appreciation is acknowledged to our other Officers: Emma E. Fischbeck, Elenore L. Scherck, and Robert J. Sutton, Foreman Pro Tem.

In conclusion, we are all impressed with the capabilities and management excellence of County Departments, and we recognize the Herculean tasks ahead for the Board of Supervisors. We wish them well!

# Audit Committee

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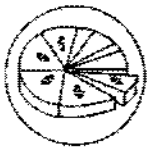




**AUDIT COMMITTEE**

*Seated (Left to Right): Arnold Familian; Elenore Scherck, Chair; Mel David*

*Standing (Left to Right): Nancy Schoettler; Bob Sutton; Don Sanford*



# Audit Committee

## Introduction and Summary

The Grand Jury derives its responsibility from the California Penal Code Sections 925, 925a and 928 to investigate and report on the management policies and fiscal needs of county offices and departments, joint powers agencies and special purpose assessment and taxing districts within Los Angeles County, and to make fiscal audits of cities within the county.

The Grand Jury is authorized to engage the services of a contract auditor to assist in its investigations. The Audit Committee was delegated by the Grand Jury to interview and make its recommendations in the selection of a contract auditor. The following accounting and management firms were interviewed:

Price Waterhouse	Cordoba Corporation
Deloitte & Touche	Ernst & Young
DMPG Peat Marwick	David M. Griffith & Associates
Harvey Rose	Coopers & Lybrand

Upon the recommendation of the Audit Committee, the Grand Jury selected Price Waterhouse as its contract auditor.

## PROCEDURE

A committee (petitioner) who wishes to have an audit considered makes a request in writing to the Audit Committee. The chairman of that committee appears before the Audit Committee for the purpose of clarification and amplification of the requested audit. Following approval by the Audit Committee, the Chairman of the Audit Committee presents the audit request to the full Grand Jury for their consideration. At this time the Chairman of the requesting committee provides whatever information the full panel requests. Upon approval

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of the full Grand Jury, the Chairman of the Audit Committee informs the contract auditor in writing of the decision to go forward with the audit. Following receipt of the notification, Price Waterhouse assists the petitioning Committee in scoping and determining the feasibility of the proposed audit.

The following contract audits were undertaken in 1991-92 and are reported under the committee name appearing in parenthesis:

Review of Juvenile Dependency Court Legal Representation.  
(Infant and Juvenile Services).

Cost Impact of Illegal Aliens on County Services.  
(Social and Human Services).

Study and Prevention of Gang membership.  
(Gangs).

Business Exodus from L.A. County  
(Exit LA).

Audit of Los Angeles County Administrative Office  
(CAO).

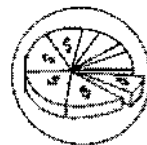
Study of Waste Reclamation  
(Sludge).

## **PUBLICATION OF CONTRACT AUDIT REPORTS**

Reports of the contract auditor were published in a bound cover for distribution to the Supervising Judge, each County Supervisor (if the County is involved), each City Council member (of a city which is involved), the agency audited and appropriate other recipients as determined by the Grand Jury.

## **FINDINGS**

At the onset of our term we had been advised by Superior Court Judge Gary Klausner and by our legal advisor, Robert Cohen, and other related court personnel that we would be heavily involved in criminal hearings because Prop. 115 overturned the Hawkins decision. This



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certainly turned out to be the case. Had it not been for the diligence of the committee members and their willingness to contribute numerous off-duty work hours many of the necessary interviews and investigations would have been delayed or canceled.

Last year's Grand Jury Foreman, in a letter to Supervisor Antonovich dated March 27, 1992, expressed his grave concern over the proposed budget reduction for the 1991-1992 Grand Jury. The Supervisor responded on June 28, 1991 with a noncommittal statement. The worst fears expressed by our predecessor Foreman came to pass. Our budget was cut by 22%, severely curtailing this Grand Jury's effectiveness. Reduced funding limited the selection of audit topics, resulting in the abandonment of certain target areas which should have been investigated.

## **RECOMMENDATIONS**

The Grand Jury recommends that its successor Grand Jury:

- A. Organize into committees early in the term.
- B. Ascertain each committee member's responsibilities.
- C. Be willing to sacrifice some personal time. This is will be an absolute necessity if the heavy workload of criminal hearings continues into the "92-93" term.
- D. Establish a Government Operations Committee to process incoming complaints that are not of a criminal nature.



# **Chief Administration Office Committee**





**CHIEF ADMINISTRATION OFFICE COMMITTEE**

*Seated (Left to Right):* Stewart Steckel; Aileen Nesmith

*Standing (Left to Right):* Sheila Banken; Franklin Henderson, Chair

# Chief Administration Office Committee



## Introduction and Summary

The Committee was created in October 1991 to explore the feasibility of a contract audit of the Office of the Chief Administrative Officer (CAO). As part of its civic function, the Grand Jury discovered that this important county administrative office had not been audited by the Grand Jury in at least ten years.

The scope of the audit was developed from discussions with representatives of Price Waterhouse, the Grand Jury Contract Auditor. It consisted of a diagnostic study of the roles and responsibilities of the CAO and the managerial and budgetary control practices in use to verify compliance with applicable laws and policies. In January, 1992, the Grand Jury authorized Price Waterhouse to proceed with the study and submit its findings in a separate report. A final report entitled "Management Audit Chief Administrative Office" dated June 10, 1992 was submitted to the Grand Jury.

Main elements of the final report are a body, three appendices and a glossary. Appendix A describes the mission, powers and duties of the current Chief Administrative Officer. Appendix B contains highlights of the county's system of internal controls designed to provide reasonable assurance that assets are safeguarded, to provide reliable records for financial statements and to maintain accountability of assets. Appendix C contains background information and the study approach for the office refurbishment program conducted by the CAO. Some terms used in the county budget process are defined in the glossary.

The Price Waterhouse audit report surfaced some managerial and fiscal practices by the CAO that are not in keeping with sound business or government policies. The findings illustrate a need for regular Grand Jury audits of all county offices and the Board of Supervisors.

## FINDINGS

An overview of the findings of the contract audit are summarized below. For a detailed listing and discussion of each finding, see the Price Waterhouse final report.

- The CAO is a powerful public administrator.

- 
- The CAO exercises unique powers within the county and defines the rules of its management system.
  - The CAO judges the performance of and rewards or penalizes key county managers.
  - By delegating managerial and budgetary control to the CAO, the Board of Supervisors has weakened some of its traditional controls.
  - More can and should be done by the Board of Supervisors to strengthen checks and balances applicable to the CAO.
  - There has been no recent performance audit of the CAO by outside or inside auditors.
  - Formal methods to verify CAO compliance with countywide budget instructions and guidelines do not exist.
  - Some restrictions on contracting for services are not applied to the CAO.
  - Independence of the County Auditor-Controller is not clearly communicated and reinforced.
  - Nondepartmental Special Accounts funds have not been audited in recent years.
  - Office refurbishment program files have been destroyed.
  - Office refurbishment program was not budgeted for and planned as a capital project as required by county policy.
  - Cost of furniture purchased for office refurbishment was at least 95% greater than the cost reported to the Board of Supervisors.

## **RECOMMENDATIONS**

The Grand Jury concurs with the recommendations contained in the Price Waterhouse audit report. The recommendations are submitted to the Board of Supervisors for review and appropriate action.



# *Management Audit*

## *Department of Chief Administrative Office*



### **INTRODUCTION**

The Los Angeles County Grand Jury decided to review the Chief Administrative Officer's department after receiving news reports and complaints concerning allegedly questionable personnel and fiscal practices. These practices involved a multi-million dollar refurbishment of offices for some of the CAO's staff, bonus payments and professional development and travel allowances received by some County personnel, as recommended by the CAO.

Price Waterhouse was asked to assist the Grand Jury with an independent management audit including:

1. An overview of the roles and responsibilities of the CAO, including the department's budget process and control environment, i.e., structure, policies and procedures designed to provide reasonable assurance of compliance with applicable laws and policies. (The scope of this audit does not include an assessment of the County's budget or overall management of the County.)
2. Testing of the management control system, how the CAO seeks to ensure that objectives of his department are being achieved economically, efficiently and in compliance with applicable laws and policies regarding the following items:
  - a. Nondepartmental Special Accounts (NSA), averaging \$53.3 million available over the last three years, for services of countywide benefit, much at the discretion of the CAO.
  - b. Chief administrative offices refurbishment program. A multi-year effort that provided new offices, furniture and equipment for some of the CAO's personnel.
3. Recommendations to improve controls pertaining to the CAO through refinements in monitoring of departmental accomplishments, improved monitoring for compliance with laws and Board policies and maintenance of adequate documentation.

This management audit was necessarily focused on the specific issues noted above and did not extend to a comprehensive review of the overall performance of the CAO's department. The reader interested in examining the broader record of the office is directed to the discussion of major accomplishments of the department presented at the end of Appendix A.

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Following are the findings and recommendations of Price Waterhouse. For the convenience of the reader, findings are summarized in boldface at the beginning of each topic covered.

## FINDINGS

1. **The Los Angeles County Chief Administrative Officer (CAO) as chief executive of one of the nations largest local governments is among the most powerful public administrators in America. Accountable to an elected Board of Supervisors, he exercises unique powers within the County to define the rules of its management system, administer a \$13.133 billion budget and judge the performance of and reward or penalize key County managers.**

The CAO is appointed by and accountable to a five member elected full time Board of Supervisors. He manages County government on a day to day basis, helping to provide a wide variety of public services to a County population of nearly 9 million, one larger than that of 42 states.

He has significant powers delegated by the Board to manage the County's \$13.133 billion budget (1991-92). He supervises expenditures for all departments and offices. As *ex officio* personnel director of the County, he plays a crucial role in the careers of nearly 85,000 employees, developing personnel policies and implementing employee relations programs, salaries and benefits, administration and risk management services. He helps the Board recruit and select non-elected department heads, helps establish performance objectives, evaluates top managers and recommends compensation to the Board.

The CAO's department consists of over 400 authorized full time employees. In 1991-92, the departments annual budget is approximately \$46.6 million. In addition, he has direct responsibility for as much as \$308 million appropriated by the Board in the Nondepartmental Special Accounts (NSA) budget for items of countywide benefit.<sup>1</sup>

For an overview of the mission, powers and duties of the CAO, please see Appendix A. It includes information on his budget, organization, staffing and major accomplishments during fiscal 1991-92. (The auditors did not attempt to independently verify the accomplishments of the CAO, since it was not within the scope of this audit to evaluate his overall performance.)

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<sup>1</sup> It should be noted that actual expenditures from NSA are historically much smaller than the Board's appropriation. For example, the latest available published budget data shows that the Board's appropriation in 1990-91 was about \$324 million while actual expenditures were about \$122 million. Similar variation occurred in 1989-90. The primary reason for such variances is that this budget unit accommodates contingent appropriations for programs that may be significantly modified midyear by Federal, State, or local actions, e.g., due to revenue shortfalls from recession or changing policies.



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The focus of this audit is on controls; the structure and processes to help ensure the CAO meets departmental objectives and complies with applicable laws, policies and procedures. In the following pages, we review the control environment, assess several specific areas of his responsibility and arrive at conclusions and recommendations regarding management of the department.

- 2. The County has a well established system of controls, laws and policies to protect its assets from mismanagement and abuse, but Board policies delegating budgetary control to the CAO and department managers have weakened some traditional controls of the Board, such as detailed line item budgetary reporting and approval.**

Appendix B summarizes key elements in the County's system of internal controls, including the general management philosophy of the Board and CAO. In 1978, after voter approval of the statewide property tax limitation measure, Proposition 13, the Board adopted a number of new policies changing the Board's approach to budget management. These policies allowed department managers greater autonomy, delegated much countywide budget management authority to the CAO and streamlined the budget process. The Board no longer required departments to submit extensive detail on the individual components of major budget items, i.e., salaries, services and supplies. It began to focus on departmental objectives, programs and results, i.e., moving away from a line item format for budget control to a program budget format.

During an interview with the CAO, we gained some further insight regarding his approach to management and budgeting, which reflects these Board policies. Essentially, the CAO views County government much as if it were a large business enterprise that is a diverse conglomerate. He told us that he views the County's 32 operating departments as wholly owned subsidiaries of the County that exercise a good deal of autonomy to achieve their missions, within reasonable parameters set by the Board of Supervisors.

The CAO monitors departments to see if they stay within the Board's policies and applicable laws. He has the bulk of the authority to define the rules of the system and evaluate the performance of each department. He evaluates performance based upon objectives established at the start of the fiscal year and makes the recommendation to the Board of

Supervisors for final approval. One objective applied to all departments is to stay within budget.

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Department heads are encouraged to conserve spending and increase revenue. The CAO has developed a system of budgeting that measures Net County Cost, i.e., what he refers to as the bottom line of each department or the amount funded by discretionary County revenue sources, i.e., principally property and other local taxes. Through an elaborate system of accounting, department managers report budget requirements and performance to the CAO. In addition, the Board has delegated the authority to the CAO to approve transfers between appropriation objects within a department. For example, an increase to a department's fixed assets appropriation by transferring dollars from services and supplies may be approved by the CAO. All other budget adjustments, e.g., between departments and between funds, must be approved by the Board.

The Board relies heavily on the CAO to manage the budget and to help it make budgetary decisions. Also, the Auditor-Controller monitors departments to ensure they do not exceed their budgeted appropriations at the object level, i.e., that they do not exceed Board appropriations for salaries and benefits, services and supplies, etc.

It is not the objective of this audit to pass judgement on one form of budgeting versus another, i.e., line item budgets versus program-oriented budgeting. We note that most local government budgets, including Los Angeles budget, feature a combination of approaches to budgeting, i.e., combination of line item and program budget information. We observe that until recently, the Board's emphasis has been on program budgeting and attempting to measure results. The Board has not focused on analysis, authorization and control as the means of achieving departmental goals. There has been little analysis of line item components of major departmental expenditures.

The risks associated with a heavy emphasis on program-oriented budgeting are as follows:

- Inadequate statement of performance measures.
- Mistaken identification of workload indicators as measures of performance or program effectiveness.
- Loss of Board's policy control to administrators who define the terms of budget discussion and decisions.
- Weakening of effective controls over expenditures (possibility of very large and complex transactions presented in the aggregate to the Board at one time and the Board not understanding the full impact of items it is asked to approve).
- Arbitrary budget transfers between budget categories within departments or other budget units.



- 
- Increased dependence on management reporting, but not assurance of its adequacy.
  - Unbudgeted actual transactions may not be detected.
3. **The Board's support of a substantial program of internal auditing and recent actions to require more information in proposed budgets are positive signs, but more could be done to strengthen checks-and-balances applicable to the CAO.**

The Board supports a substantial program of internal audits conducted by the Auditor-Controller and contract consultants, approving over \$9.9 million for such audits in fiscal year 1991-92 alone. This includes financial/compliance audits, management (e.g., performance, economy, and efficiency of operations, etc.) audits, and special studies as needed. During each of the two previous fiscal years, over 350 audit reports have been issued.

In addition, the Board has focused increasing attention on budgetary controls and obtaining more information on proposed budgets. A series of Board actions and reports from the CAO over the last year produced comprehensive public information on budgetary controls and culminated in the Board's approval of a new budget format. The proposed 1992-93 budget contains additional information to assure accountability and to help the Board make more fully informed decisions. It includes reasons for the level of program services, additional details on specific expenditure items, subobject budget detail, optional program enhancements and curtailments.

Even under the new budget format, information on the CAO's department does not explain budget details on the \$22,656,053 in Intrafund Transfers that have a substantial impact on his departments Net County Cost. In addition, the new budget format does not have much information to compare planned departmental objectives stated in the 1991-92 proposed budget with actual accomplishments. The budget has more information on workload indicators than accomplishment of program objectives. For example, the Human Resources Program budget itemizes the number of cases processed and not the degree to which processing of cases accomplished program objectives, e.g., reduced sick time, reduced number of days lost, etc.

4. **There has been no recent comprehensive independent performance audit of the CAO's department and no such audit is presently planned.**

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We were unable to find evidence of any recent comprehensive management or performance audit of the CAO's department.<sup>2</sup>

Unless requested by the Board of Supervisors or the CAO, it is unlikely that the CAO's department will receive a comprehensive audit in the near future.

The CAO's department is on the schedule of the Auditor-Controller's five-year internal audit program, 1991-1996. Tentatively, these audits will be limited to ad hoc contract compliance reviews and testing selected functions of the CAO for compliance with fiscal management guidelines of the Auditor-Controller.

Without regular performance reviews of the CAO's department by personnel with the appropriate expertise, the Board cannot be assured it will have adequate and complete information needed for it to adequately evaluate the CAO's budget, performance and compliance with policies and procedures.

**5. There is no formal mechanism to monitor the CAO's department regularly for compliance with some important countywide budget instructions and guidelines.**

Internal control reviews conducted by the Auditor-Controller's staff test departmental management for compliance with financial policies and guidelines of the Auditor-Controller. These reviews do not test the CAO's compliance with guidelines that are the sole responsibility of the CAO. For example:

- a. The CAO monitors all departments (including his own) for compliance with Budget Instructions. For example, the last two years of Departmental Budget Instructions issued by the CAO define capital projects as any physical improvement to an existing structure or any construction which results in an increase in the value of an asset by \$5,000 or more.

The CAO's office refurbishment program cost several millions over several years. One project in the CAO's office refurbishment program was reported by him to cost \$2.7 million, i.e., for demolition/construction,

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<sup>2</sup> The auditors found one limited audit by an external agency. "The Role Of The CAO and Asset Management in Los Angeles County," by the Los Angeles County Citizens Economy and Efficiency (E & E) Commission. This report was completed in December 1988 as a result of a May 10, 1988 request of the Board of Supervisors "to evaluate the current status of its reorganization programs, with attention to its recent actions affecting the role of the Chief Administrative Officer, current vacancies in department head positions and the status of system development." The E & E Commission consists of 21 members, four appointed by each County Supervisor and the retiring Foreman of the previous year's Grand Jury. In addition, the Auditor-Controller conducted several ad hoc audits of risk management and, prior to 1987, an audit of the CAO's Revolving Fund.



carpet, painting and lighting. We found that most of this was incurred in the past two years, but the County's capital projects budget addenda, fiscal years 1990-91 and 1991-92, do not identify any projects for refurbishment of the CAO's offices. This deficiency makes it difficult for the Board to monitor, prioritize and control capital projects. In addition, without a clear identification of capital budgets, it is difficult to audit fiscal aspects of capital project management. Later in this audit report, we review in some detail the CAO's management of the refurbishment program and issues related to lack of documentation.

- b. The Auditor-Controller issues Budget Adjustment Guidelines and monitors compliance with those guidelines. The Auditor-Controller reviews budget adjustments to verify whether funds are available. Both the Board and the CAO review the merits of budget adjustments. In some cases, only the CAO is responsible for judging the merits of budget adjustments. For example, transfers of appropriations between expenditure object classifications within the same budget unit, e.g., within a County department, may be approved by the CAO.<sup>3</sup>

He has the authority to approve his own transfers without further review. This situation reflects a weakness in control of budgeting and spending practices. Also, without an independent review of budget adjustments affecting the CAO's office, the Board lacks information that could be important in evaluating the performance of the CAO.

**6. Some important restrictions on contracting for services are applied to departments, but not to the CAO.**

Department heads are generally required to obtain Board approval to execute contracts for personal services valued at over \$25,000. On the other hand, the Board has established a general policy that the CAO can execute a wide variety of services contracts of any amount, without the need for Board approval of the specific contract. Sufficient funds must

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<sup>3</sup> Examples of "expenditure object classifications" identified in the County's budget document include "Salaries and Employee Benefits"; "Services and Supplies"; "Other Charges" and "FA (Fixed Assets) - Equipment." Under provisions of the Government Code, the Board of Supervisors has considerable discretion in defining "budget units." In Los Angeles County, budget units are often equivalent to departments, funds for all activities managed by a department head, e.g., CAO, Assessor, Sheriff, etc. A budget unit can also be a group of accounts, such as the Nondepartmental Special Accounts used for purposes of countywide benefit, i.e., serves more than the interest of one County department or function. The more budget units, the stricter the control. For example, the Board has defined the Department of Animal Control as one budget unit. However, they have the option of establishing various budget units such as shelter, licensing, patrolling, etc. (Source: County Budget Adjustment Guidelines issued by the Auditor-Controller, August 28, 1987.)



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be available and the signatures of both the County Counsel and Auditor-Controller are required.<sup>4</sup> For example, the CAO contracted with a consultant for \$123,987 in lieu of filling a budgeted position for information systems expertise. Because the Board has delegated significant contracting authority to the Chief Administrative Officer (without apparent dollar limits), the Board was not a party to this agreement. In another example the CAO entered into a contract for \$134,000 with a consultant for planning related to the CAO's program to develop county-owned properties. A final example involved a contract for \$449,680 from Nondepartmental Special Accounts for project management services connected with the development of the Disney Concert Hall. Although this contract was a part of a larger project, the Board did not specifically review and approve this agreement.

7. **The Auditor-Controller is the County's primary source of internal audits and such audits are an important element of the County's internal controls. The independence of the Auditor-Controller is not clearly communicated and reinforced. He could do more himself to reinforce his independence, but his options are limited without Board action clarifying the Auditor's reporting relationship to the Board.**

One of the basic standards for government auditing is that in all matters relating to audit work, the audit organization and the individual auditors, whether government or public, should be organizationally independent and should maintain an independent attitude and appearance.<sup>5</sup>

The reporting relationship of the Auditor-Controller to the CAO mitigates to some degree the independence of the Auditor-Controller and his audit program. We note that the Auditor-Controller does occasionally report directly to the Board. Other evidence indicates some ambiguity in the reporting relationship to the Board. The budget of the Auditor-Controller is subject to review by the CAO. Also, the level of services and programs of the Auditor-Controller are subject to the influence, if not direct control

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<sup>4</sup> This authority granted by the Board in an action adopted July 16, 1986 states that the CAO can approve contracts for financial, economic, accounting, engineering and administrative services pursuant to specified sections of the Government Code and within budgeted appropriation authority. County Counsel has similar authority to approve contracts for legal services. It is our understanding that others, such as the Auditor-Controller and the County's Purchasing Agent are generally limited to entering into contracts of \$25,000 or less and in some circumstances, such as architectural and engineering and related services the limit is \$75,000. The Board can and does occasionally modify this. For example, the Board has approved Master Agreements and budgeted funds giving some department heads the authority to approve contracts (task orders) under the Master Agreements that might involve millions of dollars of work over the period of a year. On the other hand, in some cases, e.g. Master Contract for internal audits under the Auditor-Controller, the Board requires that each proposed task order over \$50,000 be returned to the Board for approval.

<sup>5</sup> United States General Accounting Office, Government Auditing Standards, Office of Comptroller General, Chapter 6, pages 3-4 and 3-5, 1988 revision.



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of the CAO. This is because the Board has delegated broad authority to the CAO to manage the budget process.

We did note as a positive sign, the CAO's stated support for the independence of the Auditor-Controller. The CAO has demonstrated his support in a number of ways. For example, we received a copy of a communication from the CAO to department heads advising them not to propose to reduce their budgets for auditing, unless approved by the Auditor-Controller. This may help to bolster the independence of the Auditor-Controller.

Another indication occurred in 1991 when the CAO transferred to the Auditor-Controller the CAO's entire Special Investigations Unit, five internal auditors of the CAO to the Auditor-Controller. Also, the CAO has consistently supported substantial appropriations for the Auditor-Controller's internal audits, despite pressure on the County's resources, due to reductions in State funds and the impact of the recession.

The 1991-92 budget for internal audits was \$9,925,000. The budget recommended by the CAO in 1992-93 increases the appropriation for audits to \$11,372,000. Though this will not fund the Auditor-Controller's total request, it does represent significant support for the audit function.

The Auditor-Controller has asked for an additional \$4,057,000, including funds for 13 additional positions. Based on his statements in the 1992-93 proposed budget document, if the Board adopts the CAO's recommendations, there would be net loss of three audit positions. This, combined with elimination of another 10 positions in prior years and the approval of positions different than those requested by the Auditor-Controller, will result in fewer management audits and more personnel to process property tax transactions.

Though we see little more the Auditor-Controller can do to support his request for funding, it appears that he could do more to reinforce his independence and the importance of his internal audit function. This came to light when we asked the Auditor-Controller for information concerning his role in reviewing outside audits. We were provided an April 13, 1983 memorandum to all department heads establishing a procedure for notifying the Auditor-Controller when County activities are being audited by Federal, State or other outside agencies, including any consultants. This memorandum outlines a procedure enabling the Auditor-Controller to receive audit reports, evaluate the results and formulate a comprehensive audit program, including follow-up to previous audits. A related 1983 Board policy requires the Auditor-Controller to report directly to the Board concerning implementation status of all audit recommendations, disallowances and questioned costs. The Auditor-Controller reports twice a year to the Board regarding the implementation

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of audit recommendations by departments. Further, the Auditor-Controller reviews the status of implementation of audit recommendation with the Board's Audit Committee. In addition, at the request of the CAO, the Auditor-Controller provides summary evaluations of department head performance regarding the implementation of audit recommendations. This information is part of the material the CAO provides the Board in its review of annual performance and compensation of department heads.

The Board policy requiring the Auditor-Controller to report directly to it and the Auditor's memorandum to departments should be clearly and regularly reinforced. Unless the Board affirms its policy requesting audit reports and the Auditor-Controller follows up with appropriate communications to departments, there is risk that neither the Board nor the Auditor-Controller will be informed of important audits. This potential gap in information and follow-up is clearly a weak link in internal control.

**8. The Nondepartmental Special Accounts (NSA) funds contain substantial amounts controlled directly by the CAO and have not been audited in recent years.**

The NSA is a separate budget unit that is not formally a part of the CAO department. It is controlled by the CAO and its expenditures are items of benefit to the entire County government (rather than for a specific department). The bulk of expenses charged to this account (approximately \$75 million annually) are for payment of interest expense associated with the County's Treasury Management Program.<sup>6</sup>

In addition, this budget unit provides contingent appropriations for programs which may be significantly modified mid-year by Federal, State, or local actions.

Remaining appropriations are for such items as memberships of countywide benefit, legislative expenses, and Professional and Specialized services which cover countywide programs (e.g., the cost of the County's independent external audit, about \$400,000). An analysis of Budget notes on NSA appropriations and expenditures for Professional and Specialized Services reflects the following:

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<sup>6</sup> This program involves the issuance of short term notes (debt) issued annually to cover cash flow shortages until anticipated revenues are received from the state or other sources.



1989-90	1990-91	1991-92
APPROPRIATION (Adjusted Year-End)	APPROPRIATION (Adjusted Year-End)	APPROPRIATION (Adjusted Year-End)
\$51,515,000	\$57,730,000	\$50,698,000
EXPENDITURES (Estimated at Year-End)	EXPENDITURES (Estimated at Year-End)	EXPENDITURES (Estimated at Year-End)
\$47,749,609	\$58,451,000	\$48,859,000

Thus, over the last three years, an average of \$53.3 million has been available for services of countywide benefit, much at the discretion of the CAO. The budget, though containing more line item information on this budget unit than for many other budget units, does not report actual costs from previous years. This makes it necessary to look into the detailed accounts of the budget unit to fully analyze expenditures. For example, a limited review of accounts in 1990-91 revealed that one of the items budgeted in the Nondepartmental Special Account was: Ceremonies and Special Services for the Board of Supervisors— \$781,000.

Also in our review of CAO departmental service orders and invoices, we learned that the CAO charges Nondepartmental Special Accounts for the total cost of salaries and benefits of several of the activities of his staff which he considers to be of countywide benefit. In fiscal year 1990-91, we identified over \$4 million reserved for such uses.

It was not within the scope of this audit to review a statistically valid sample of specific transactions within the NSA account, but it appears that this would be in order for the following reasons:

- a. *Lack of clearly defined standards and controls for authorized expenditures.* The CAO has the authority to determine whether an appropriation is of countywide benefit (rather than requiring a specific budget unit to include the item in their budget) and the Auditor-Controller has no direction to independently review this determination. In addition, during the course of our audit we learned that the CAO delegates his authority to determine when an expenditure is of countywide benefit to his staff. It is our impression that the CAO provides little guidance or definition regarding what constitutes matters of countywide benefit eligible for funds from this account.

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- b. *No previous audits of the NSA.* We were unable to find evidence that there has been an internal audit of NSA. According to the Auditor-Controller there are no present plans to do so. Because this budget unit is under the direct supervision and control of the Board and CAO, it is unlikely the Auditor-Controller would audit NSA unless requested by the Board or the CAO.

The County's independent financial auditors (external auditors) have never found it necessary to conduct a separate scope audit of this account. This is because it is not necessary to do so in order to render an opinion on the County's accounts as a whole, according to the County's current external auditors. Also, nothing has ever come to the attention of the auditors that would lead them to focus on NSA.

The next three findings of our audit report focus upon the Chief Administrative Office refurbishment program. This program illustrates several management and control weaknesses we found in the Chief Administrative Office. Information concerning the background of this audit and our approach can be found in Appendix C.

**9. The Chief Administrative Office has discarded virtually all its program management files for the office refurbishment program. This situation made it impossible to conduct a comprehensive review of this program during this study.**

At several points during this project we requested (both orally and in writing) copies of all program management files of the CAO pertaining to the refurbishment program. We hoped to receive documents such as an initial statement of program scope and objectives, program budgets, work schedules, high level management memos and other correspondence that would normally be generated during the course of a \$6 million program. Other examples of the type of information we were seeking were supporting documents detailing the composition and timing of the \$6.18 million total program cost reported to the Board of Supervisors in September, 1991. This information would have helped us ascertain how the program was managed relative to the criteria set out in Appendix C.

In response to our requests, we received a total of three documents. The first was a September 20, 1991 Board letter from Mr. Dixon (see Appendix C for a discussion of this letter). The other two were an April, 1991 program schedule document and a single work order status report covering only two months (July and August 1991) of the program.

The Assistant Chief Administrative Officer was the program manager for the office refurbishment program. She reported that her office had discarded all program management files pertaining to the office



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refurbishment program. She indicated that it was normal practice in the CAO's office to discard such files once a program was completed. In a project interview, the CAO confirmed this policy.

In light of this situation, we requested a copy of the County's written records management policy. The CAO is responsible for developing and administering a records management program, as required by ordinance (County Administrative Code, Division 2, Chapter 2, Section 2.08.070). The program is supposed to ensure control and achieve economies in the creation, maintenance, protection and disposition of records and forms by all entities whose budgets are subject to approval by the Board. The CAO is required to prepare records management manuals for departments and recommend to the Board retention and disposition schedules for all records.

County staff informed us that no program had been developed. We found no manuals or evidence of records retention schedules. During the course of an interview with the CAO on his overall approach to management, he indicated that he keeps those files legally required. He stressed the importance of achieving results and expressed an opinion that record keeping is not a priority, particularly if needed only to trace how a project or activity was accomplished. The CAO indicated that he was not inclined to promulgate rules or procedures directing a department how to conduct a specific activity, unless required to do so by law. He feels it is better to give managers direction about *what* to achieve and monitor performance against defined objectives rather than to focus on directing *how* things must be done and monitoring the process used by a department (subject only to process requirements in law).

In addition to the County's ordinance requiring a records management program, the County may be obliged to comply with certain provisions of the Government Code that guarantee public access to information concerning the peoples business. Section 6251 et. seq. of the Government Code, The Public Records Act, defines the types of records covered, procedures to enforce inspection rights and exemptions. There are a number of other sections of the Government Code that may be applicable to Los Angeles County, such as Section 26205 restricting the destruction of certain records.(The County could benefit from obtaining legal counsel on this matter, i.e., an opinion identifying the applicable laws and providing guidance until a records retention program is developed.)

A practical consequence of informal records management is the risk that key documents required to evaluate programs, projects and an individual's performance may not be readily and consistently available. Lack of an audit trail makes it difficult and, depending upon the extent of records destruction, sometimes impossible to conduct audits. We experienced such

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difficulties during this project when the CAO and his staff were unable to provide records we requested to substantiate the program expenditure totals reported to the Board.

The absence of such records made it impossible for us to independently assess the adequacy of the CAO's management of this capital program. When this matter was discussed with the CAO during an interview, he indicated that he believed the adequacy of project management should be judged primarily by two standards: a) Did the refurbishment program achieve the objective of upgrading the office environment and equipment used by CAO staff? and b) Did the CAO department stay within its overall Net County Cost budget during the fiscal years affected by the program? Through direct observation we noted that substantial portions of the fifth and seventh floors of the Hall of Administration have recently been remodeled to create a pleasant, modern office environment. However, a number of the CAO's staff located on other floors of the Hall of Administration did not have their office space refurbished. During an interview, the CAO's refurbishment program manager indicated that these staff are dissatisfied that their office space was not refurbished.

Since there was no original program design document, budget, or written statement of objectives, we could not evaluate whether original objectives were accomplished within an originally agreed upon program budget ceiling. A schedule provided by the CAO in his September, 1991 report to the Board on the refurbishment program indicated that the CAO department stayed within its **overall** budget during the 1988-89, 1989-90, and 1990-91 fiscal years. However, no specific budget detail was provided about the refurbishment program itself to compare to the actual expenditures on the program.

Another consequence of this failure to retain program management records concerns the ability of the CAO to properly oversee the program during the current fiscal year. As will be discussed below, it appears that certain expenditures connected with the refurbishment program (relating to office furniture invoices) were still being made as late as February, 1992. The disposal of program management records would make it more difficult for the program manager to properly control and evaluate the expenditures that have occurred since the September, 1991 memo to the Board. Such monitoring would appear to be prudent to assure that all planned refurbishments are completed, all proper equipment items are actually delivered and that the program is only charged for items of expense actually connected with the program.





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10. **The office refurbishment program was not budgeted for and planned as a capital project as required by County policy. The consequence of this omission was that the refurbishment program did not achieve a degree of visibility at the level of the Board of Supervisors equal to that of similar-sized capital projects.**

Budgetary procedures applicable to the County are prescribed by the Budget and Tax Levy Act, California Government Code Sections 29000 29144. This law gives the State Controller the authority to promulgate regulations regarding accounting procedures for County budgets. These regulations are contained in the California Code of Regulations (2 CCR Section 951 et. seq.) The law and regulations define the level of detail required of County budgets. The law and regulations give the Board of Supervisors a good deal of flexibility in determining what level of detail must be shown in the legal budget document. Generally, object level detail is required but lower level subobject detail is not required. (An object is a general type of expenditure such as salaries and employee benefits, services and supplies, or fixed asset expenditures.

A subobject is a more detailed classification of expenditures within an object. For the services and supplies object, subobjects include items such as professional services, utilities, office supplies, and rent.).

State law (Government Code Section 29008) appears to require that fixed asset acquisitions, such as the equipment and building improvements of the refurbishment program, be budgeted at the subobject level in the legal budget document. Pursuant to this requirement, the CAO's Departmental Budget Instructions for Fiscal Year 1990-91 (a year when a significant portion of the program was accomplished), required County departments to include capital improvements (structural and non-structural) as formal capital projects in their budget request. Capital projects are defined as any physical improvement to an existing structure or any construction which results in an increase in the value of an asset by \$5,000 or more except for infrastructure improvements such as roads or bridges. The instructions also state that requesting departments are responsible for obtaining cost estimates on all capital projects prior to submittal for CAO budget review. Departments are encouraged to consult the County Internal Services Department to obtain assistance in developing capital project cost estimates. (We learned that the CAO's staff did confer with Internal Services Department on a number of matters such as the cost of renovation and equipment. Internal Services personnel helped plan office space,

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completed renovation of offices and purchased some furniture. However, project management expertise of Internal Services professionals was not fully utilized by the CAO to plan and manage the entire program of refurbishment.)

We requested the CAO's staff to provide us with evidence that they had properly budgeted for the refurbishment program. They were unable to do so. They noted that they do not routinely retain a given years budget related working papers beyond the time needed to prepare the next succeeding budget. We reviewed the County's capital projects budget addendum for the years during the refurbishment program and were unable to find any specific reference to the program in those documents. Given the size of the overall refurbishment program and its individual components, we had expected to find some reference to the program in the capital projects budget addendum.

Based on the information we obtained, it appears that the CAO department did not comply with these County budget instructions and government code requirements concerning budgeting for capital projects. The consequence of this omission was that the refurbishment program did not achieve a degree of visibility at the level of the Board of Supervisors equal to that of similar sized capital projects. Records indicate that the CAO did discuss the general nature of the program with the Board in at least two 1988 letters to the Board. However, we were unable to obtain from the CAO staff any other documents demonstrating that this program and its estimated costs were reviewed by the Board in advance of program initiation.

**11. The Chief Administrative Officer understated the cost of furniture for the office refurbishment program by over \$713,000 in his September 20, 1991 letter to the Board of Supervisors. Such a material discrepancy raises unanswered questions concerning overall management of the refurbishment program.**

As noted above, the Chief Administrative Officers letter dated September 20, 1991 stated that furniture (modular furniture, free standing furniture, open space office furniture, and conference room furniture) costs were \$750,000. This total included costs billed to date for the three years and projected future costs.

As noted above, the Chief Administrative Officers staff could provide very little supporting information regarding the costs reported to the Board of Supervisors in the September 20, 1991 letter. In light of this situation and the limited time and resources the Grand Jury had available for this study, we attempted to further research just one portion of the refurbishment program. We did so to better understand the program, its costs and the management control system that applied to the overall



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refurbishment program. The furniture portion of the program was chosen for this detailed study based on our discussions with persons familiar with the program.

In an attempt to examine the actual amount expended for furniture, the auditors requested furniture payment documents (purchase orders, invoices, and payment records) from the Auditor-Controller, Internal Services Department and the Executive Office of the Board of Supervisors (the staff unit that processes accounts payable for the CAO department). Based on our review of these documents and discussions with staff in these organizations, it appears that the Chief Administrative Office paid more than \$1,463,000 for furniture connected with the refurbishment program. This was \$713,000 or approximately 95% greater than the amount reported to the Board of Supervisors for furniture expenditures connected with the program.

As a consequence of this material cost discrepancy and the lack of available supporting written documentation about the program and its costs, we were unable to reach any conclusions about the overall accuracy of the program cost data reported to the Board of Supervisors. However, we were able to reach the conclusion that the costs reported to the Board for furniture were inaccurate. To reach any further conclusion on other portions of the program would require a detailed review of all expenditure records connected with the program. Such detailed procedures were beyond the scope and resources of the current Grand Jury project. It would take additional investigation beyond the scope of this project to determine if this discrepancy reflects only an isolated problem with preparing a single report to the Board of Supervisors or is indicative of overall weaknesses in the CAO's management of the refurbishment program.

The existence of such a large apparent discrepancy in a report made to the Board on such a high visibility topic would indicate that it is important for the Board to pursue this matter further. The lessons learned from such an audit or detailed examination would be of benefit to the County in improving management of its financial affairs.

Following are recommendations based on all our findings concerning the Department of the Chief Administrative Officer.

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## RECOMMENDATIONS

It is recommended that the Board of Supervisors:

1. Instruct the Chief Administrative Officer (CAO) to:
  - a. Report to the Board regarding the status of the records management program required by County Ordinance, Division 2, Chapter 2, Section 2.08.070 and present the first draft to the Board no later than October 31, 1992. The report should include alternative records management policies for consideration and possible adoption by the Board. County Counsel should be consulted to ensure that policies conform to the California Public Records Act and other applicable state law.
  - b. Include in the County's next published budget information on actual expenditures for Nondepartmental Special Accounts (NSA), per the line items listed in the current budget page For Information Only (Exhibit A). In addition, the CAO should prepare an annual report to the Board with additional details on types of services and supplies and intrafund transfers in the NSA. The report should identify planned expenditures and related intrafund transfers for the coming year. Also, it should explain planned vs. unplanned expenditures in the previous year. This would help improve control of NSA through more information subject to public scrutiny.
2. Affirm the independence of the Auditor-Controller by declaring that the Auditor-Controller shall report directly to the Board on all significant matters related to audits, at least restating the Board's policy of 1983 (Exhibit B). On the County's official organization chart (Exhibit C), display the Auditor-Controller's reporting relationship by a direct line to the Board of Supervisors.
3. Formally review the responsibilities of the Board's Audit Committee and continue to do so periodically. Restate and communicate the objectives and scope of activities periodically to reinforce the importance and visibility of the audit/control function. Consider expanding the composition and scope of its Audit Committee as follows:
  - a. Appoint two citizen members who are independent of County government. These members should have technical and professional experience in the management and finances of large complex organizations. At least one of the two should be thoroughly familiar with requirements of governmental finances and accounting.
  - b. Expand the scope of the Audit Committee to include a review of the total budget of the Auditor-Controller and his multi-year audit program. The Committee's Budget recommendations and audit program of the Auditor-Controller should be provided to the Board in January of each



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year. The program should contain a schedule of audits including, but not limited to, periodic comprehensive management/performance audits of the CAO's department and Auditor-Controller's department.

4. Direct the Audit Committee, in consultation with an independent external auditor and the Auditor-Controller, to develop scope of audits and work plans for audits of the CAO's department and his management of the Nondepartmental Special Account. The audit plan should consider the findings of the Grand Jury's auditors and include, but not be limited to:
  - a. A comprehensive audit to establish the total amount of expenditures made to date on Chief Administrative Office refurbishment program and to reconcile that total with amounts previously reported to the Board and the public.
  - b. A review of controls regarding use of intrafund transfers and revenue calculations in reporting the Net County Cost of the CAO's department, compared to instructions issued by the CAO and practices in similar departments.
  - c. A review of services and supplies expenditures from NSA over the last three fiscal years (1989-90 through 1991-92) to identify all services and supplies transactions and bases for determining which expenditures were for countywide benefit. Recommendations for guidelines to help define items of countywide benefit; improvements in budgeting and controlling these funds should be provided by the auditors.
5. Direct that capital projects planned by County departments, including the Chief Administrative Officer, comply with applicable state and County budgeting requirements. County departments should utilize the project management expertise of the Internal Services Department whenever possible. The Board should ensure that appropriate management controls are in place to ensure that all projects valued at over \$75,000 have been assigned to experienced project management personnel.

## APPENDIX A

# ***Mission, Powers, and Duties of CAO (Richard B. Dixon)***

### **A. Mission**

On behalf of the Board of Supervisors, lead County government in providing and marketing quality services that the public wants, needs and will pay for.

### **B. Powers and Duties**

Under supervision of the Board of Supervisors and subject to Board's direction per County Code Section 2.08.050 through 2.08.120.

#### **1. Chief of Staff to Board**

- a. Provides decision support to Board.
- b. Supports Supervisors in serving constituents and general public.
  - (1) Answers constituent inquiries.
  - (2) Assists in planning and securing resources.
- c. Advocates Board policies to other governments, Federal, and State regulatory agencies.
- d. Chief of protocol (County Code Section 2.08.142).
  - (1) Liaison with Consular Corps, other protocol offices and community at large.
  - (2) Organizes and manages protocol activities to enhance foreign investment, trade and international understanding/goodwill.

#### **2. County Manager - Chief Executive**

- a. Enforces Board of Supervisors policies throughout County government, develops and disseminates countywide standards and incentives to foster compliance with Board's program and resource allocation expectations.
- b. Controls and supervises County departments, except Sheriff, Assessor, District Attorney and Civil Service Commission.
- c. Exercises significant influence over all County agencies through his direct access to Board and his role in the following:



- (1) Budget process
  - (a) Issues instructions regarding budget format, policies and performance targets.<sup>1</sup>
    - i. Every agency must submit requests for capital and operating expenditures to CAO.
    - ii. Determines the feasibility of maintenance and repairs to all County facilities.
  - (b) Provides recommendations to Board on proposed budgets of County agencies. Determines whether departments have met previous years budget targets and determines amount to return to department under Profit Sharing Program.<sup>2</sup>
  - (c) Supervises spending of all County agencies; must determine if expenditures are necessary and report to Board.
    - i. Each County agency must submit every proposed capital expenditure to the CAO for review. If CAO disapproves of any proposed capital expenditure, then the expenditure is delayed 15 days to enable the Board to determine if the proposed expenditure should be approved.
    - ii. Reviews and can approve a department's request for transfer of funds between budget objects of the department's appropriation, e.g. move of funds from salaries and benefits to increase amount available for services and supplies.
- (2) Human resources management CAO is Ex-officio County director of personnel.

<sup>1</sup> For County's official definition of terms, please see Glossary at end of this report taken from 1992-93 Proposed Budget. In addition we will elaborate on any term or concept whenever we believe it will help the reader. In this case, we provide an example of a departmental budget target as follows: department x might be directed by CAO to meet a savings goal of six percent of previous year's "Net County Cost" defined as the amount of the operation financed from discretionary sources, principally property taxes. To calculate NCC for a department, start with total appropriations to a given department then subtract: (a) Intrafund Transfers, e.g., the cost of services rendered to other County departments and (b) revenues that the department might have generated, e.g., money from leases or fees. In 1990-91, the CAO charged other County departments and funds \$22,656,053 and generated revenue of \$10,052,943 for a combined total of \$32,708,996. Subtracting this amount from the CAO's gross appropriation of \$45,407,920 leaves NCC of \$12,698,924.

<sup>2</sup> Profit Sharing Program (PSP) enables department heads to utilize funds from spending less than the budgeted Net County Cost. If at the end of the budget year, a department actually spends less or increases revenues, the department may be allowed to retain/carryover all or a portion of the savings to future budget years. Departments which overspend their budgets may be penalized in future years. The following example is based on the CAO's fiscal 1990-91 Budget Instructions: A department's 1989-90 budget might anticipate savings of \$10,000 from 1988-89 and budget in 1989-90 based on the anticipated savings. If no such savings were realized by the end of 1988-89, then no PSP appropriations would be allowed in the department's budget for three fiscal years, i.e., through fiscal 1992-93. If savings are achieved, say by the close of 1990-91, then the department could utilize one-half of those savings through a mid-year budget adjustment and the other one-half in the following year. In other words, if a department promises to achieve a PSP savings and fails, no PSP could be budgeted for three years. However, the department could use any actual PSP it generates.



- (a) Recommends to Board creation, allocation and transfer of County positions.
- (b) Recommends to Board compensation of County employees.
- (c) Leads employee relations program and labor negotiations.
- (d) Directs Performance Based Pay (PBP) Plan covering all appointed departments and 1,500 key senior managers. (County code sections 6.08.300 et. seq. 1987).<sup>3</sup>
  - i. Plan links compensation of County managers to factors such as budget performance, overall management strengths and ability to meet Board priorities. Pool of funds available to each department for merit compensation varies depending upon a number of factors, including departments overall contribution to attainment of County goals, as determined by CAO in consultation with the Board.
  - ii. Each department head establishes his/her goals jointly with CAO, subject to Board approval. Subordinate managers and staff establish their goals jointly with their superiors.
  - iii. CAO recommends and Board determines each department head's salary increase. Performance evaluations occur at close of each fiscal year. Board evaluates in closed session with input from CAO. Board members provide CAO with a preliminary evaluation of each department head. Based upon the evaluation, salary adjustments are determined by the Board in public session, following recommendations submitted by the CAO. Recommendations are based upon performance ratings and other factors such as salary change in occupational field, internal salary relationships, and positions within salary range.
- (e) Coordinates Lump Sum Bonus Program where bonuses can be awarded upon recommendation of department heads, with prior budget approval, to any County employee for single, outstanding nonrecurring performance or events. Each department must finance the cost of bonuses with their annual salary and employee benefits appropriation adopted by the Board.

County departments and the CAO provide bonuses to eligible employees without further notification to the Board. In case of uniquely large or notable awards the Board is notified. The program was suspended for fiscal year 1991- 92. (County ordinances: 6.08.335 L & H; 6.08360 L; 6.10.073 and 6.10.075.)

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<sup>3</sup> Source of information on PBP and Lump Sum Bonuses Program is a variety of memoranda and directives issued by the CAO between November 25, 1986 (former CAO James Hankla) through January 27, 1992. These documents indicate that the Board authorized substantial expansion and refinement of the PBP. The first phase of the program was effective on January 2, 1987 and included approximately 420 senior managers. By July 2, 1987 another 1,100 senior personnel were added to the program.



- (3) Coordination/direction of County departments and services.
  - (a) Power to transfer equipment, machinery, etc. from one County entity to another.
  - (b) May request assistance from other departments to help meet responsibilities of CAO.
  - (c) Data processing coordination plans, coordinates, set priorities and monitors all data processing functions in the County. All departments must communicate data processing needs through CAO.
  - (d) Records/forms management program must develop and administer a comprehensive records and forms management program. Sets standards for the maintenance and disposition of all records of County budgeted departments.
- d. Serves as County's Chief Public Information Officer; initiates and promotes activities to provide information about the County to the public.
- e. Manages development of surplus County property; directs private sector development of County property to maximize revenue generation.
- f. Serves as County's chief of emergency management; directs County's response to all emergencies e.g., earthquakes and riots etc . . .

**C. Structure/Staffing Organization Chart (Exhibit 1)**

**1. Succession**

Per ordinance, should the office of CAO become vacant, only the Assistant CAO has complete authority of CAO until the vacancy is filled.

**2. Personnel Strength**

From published budget documents:<sup>4</sup>

1986-87 ACTUAL	1987-88 ACTUAL	1988-89 ADOPTED	1989-90 ADOPTED	1990-91 ADOPTED	1991-92 ADOPTED
655.3	507.7	462.9	386.4	415.2	403.2

<sup>4</sup> Fractions reflect the fact that positions with different bases (e.g. hours and months) have been converted to full time equivalent positions, i.e., number of positions needed on full time annual basis. In 1991, the CAO reported a reduction in the number of employees from a high of 682 in January 1987 to 440. Though the above information does indicate a significant reduction in budgeted positions, we were unable to verify the actual number of employees related to the above budgeted positions from published budget documents.

Composition of CAO staff per 1991-92 budget, by function:

<b>Functions</b>	<b>Positions</b>
Finance and operations:	121.0
Intergovernmental relations:	30.0
Public information and special services:	31.8
Human Resources Management:	203.4
Asset development:	9.0
Executive and administration:	<u>8.0</u>
TOTAL	403.2

#### D. Department of CAO Budget

	1988-89 ADJUSTED	1989-90 ACTUAL	1990-91 ACTUAL	1991-92 ACTUAL
APPROPRIATION	\$38,628,018	\$37,108,040	\$45,407,920	\$46,656,000
LESS INTERNAL TRANSFERS	(\$13,402,737)	(\$14,016,156)	(\$22,656,053)	(\$16,657,000)
LESS REVENUES GENERATED	(\$10,508,411)	(\$ 9,749,247)	(\$10,052,943)	(\$13,840,000)
NET COUNTY COST	\$14,716,870	\$13,342,637	\$12,698,924	\$16,159,000

#### E. Objectives 1991-92

1. To monitor budget operations of County departments, identify potential problems and recommend solutions to ensure the fiscal solvency and stability of the County.
2. To establish optimal resource allocations directed by the Board which assure:
  - a. Focus of available resources to maintain quality service levels in current high priorities of the Board.
  - b. Reassignment or otherwise elimination of lower priority programs when required by revenue limitations.
  - c. Contracting in of high-efficiency operations.
  - d. Contracting out of activities more effectively performed by others.
3. To continue development, implementation and administration of a comprehensive human resources program including employee relations and executive development which



stresses greater management authority, responsibility, accountability and improvements in work-force skills, training, motivation and compensation.

4. To create and maintain a targeted legislative policy program advocating County fiscal and program interests and a targeted representation program to achieve the desired strategies.
5. To continue improved emergency preparedness on a countywide basis through implementation of Board-adopted programs, orders and policies especially concerning seismic safety.
6. To ensure the County has quality, cost-effective risk management services which protect the County's investments in human, physical and financial assets against catastrophic or accidental loss.
7. To continue aggressive, innovative commitment to improving air quality and reduction of traffic congestion.

**F. Major Accomplishments of CAO's Department, 1991-92 from Proposed Fiscal 1992-93 Budget:**

1. Successfully sponsored SB 855 (Robbins), which established an intergovernmental transfer program to maximize Federal Medicaid funding for disproportionate share hospitals which is expected to yield approximately \$300 million in additional revenue to the County and \$800 million to the State.
2. Successfully advocated amendments to State realignment funding status to maximize revenues to the County.
3. Successfully negotiated a settlement of utilities (SBE) local government suit resulting in a savings of \$1.5 billion statewide and \$300 million to the County of Los Angeles.
4. Completed negotiations with various bargaining units on salary and fringe issues which resulted in fair albeit small increases with minimal work stoppage.
5. Expanded the County's emergency preparedness efforts by activities resulting in the ground breaking for the County Emergency Operations Center and expansion of the Earthquake Survival Program (ESP).
6. Obtained the Government Finance Officers Association Award for Distinguished Budget Presentation for the fifth consecutive year.
7. Through countywide efforts, successfully met the response phases of the flood, earthquake and riot of 1991-92.

## APPENDIX B

# *Countywide Internal Controls*

The following outline provides highlights of the County's system of internal controls designed to provide reasonable assurance that assets are safeguarded, to provide reliable records for financial statements and maintain accountability of assets. References in footnotes direct the reader to important source material further documenting the County's control environment.

### I. MANAGEMENT PHILOSOPHY, POLICIES, AND PROCEDURES

#### A. Management Philosophy

The philosophy or approach of top management to the administration of government has a direct impact on the type and extent of controls. Elements of County's management philosophy were ascertained through written communications, reports and interviews with senior management of the County, including Board members and the CAO. As one might expect, there is no single universally accepted philosophy. It appears that the majority of the Board and CAO embrace an approach to management described in the following article CAO Richard Dixon provided to the Board of Supervisors on January 29, 1992. Quoting from the CAO's memo to the Board:

The January 20 issue of Business Week magazine featured the attached article on government management and praised various applications of David Osborne's theories reflected in his recent book Reinventing Government. I think you will find the article particularly interesting because, in recent years, your Board has employed each of the featured techniques. Specifically:

1. **Decentralize.** Your Board has decentralized a great deal of authority and responsibility formerly focused in central staff agencies such as my office; this action results in faster and better program administration;
2. **Introduce Competition.** Your Board's support of both contracting-in (i.e. using private contractors where cost effective) and contracting-out (e.g. contract city work) have been widely recognized and followed by other governments;
3. **Throw Out the Rule Book.** Your Board has consistently worked to minimize and simplify regulations and encourage innovations including your establishment of innovative organizations such as the Economic Development Corporation and the Community Development Commission, both outside of the traditional County structure;
4. **Reward Results.** Your Board has established a modern compensation plan including performance-based-pay and other reward and recognition systems. Your Productivity Commission is nationally recognized for its efforts in rewarding innovation and productivity and your Labor Management Committee produced an innovative report on productivity incentives last Spring;



5. **Make Management Flexible.** The Business Week example of this is Massachusetts' anticipated efforts to change its budget system to stop the wasteful "use it or lose it" year-end spending. Not only does your Board provide your managers current year flexibility such as Massachusetts is about to adopt, but you have completely put a stop to the "use it or lose it" pattern through the Profit Sharing Program whereby department savings carried over from one year are reappropriated by the Board for future years use in that department.

The review of the Business Week article compared to your Board's actions suggest there is good reason for Los Angeles being widely recognized as among the very best managed and modern local governments. This is directly attributable to the leadership and policies of your Board and you should take considerable pride in it.

## B. Policies and Procedures

For purposes of this audit, we limit our reference to specific policies and procedures to those we identified during our review of selected activities in the CAO's office, i.e., the budget process and the Auditor-Controller's office.

The Board of Supervisors communicates countywide policies and high level procedures through ordinances, resolutions, and minute orders. Administrative policies and procedures are contained in the County's administrative code. Based on our interviews and review of portions of the County's administrative code the Board has delegated the bulk of its administrative authority to the CAO. The Board does evaluate the performance of the CAO, but it was not within the scope of this assignment to assess this process. We did ascertain that the Board's supervision of the CAO's department does not include a regular independent audit of the CAO's office.

Policies and procedures to guide the County's budget can be found in a wide variety of communications from the CAO to department heads establishing target budget policy and articulating procedures for submission of budget documents. The primary document is a lengthy memorandum issued by the CAO in December of each year entitled Department and District Budget Instructions.

There are numerous other ad hoc directives and policies promulgated by the CAO.

An example of one such budget directive recently issued to all department heads indicates the CAO's concern for maintaining independence of the Auditor-Controller in regards to the internal audit function. This memorandum from the CAO requires department heads to obtain the concurrence of the Auditor-Controller if the department proposes to reduce funding for audit services. The CAO stated that this requirement is necessary to assure the adequacy and independence of our internal audit functions.

Following is a review of some key budgetary and fiscal controls governing the County's management.

## II. BUDGETARY AND FISCAL CONTROLS<sup>1</sup>

- A. Expenditures are controlled on the object level for all budget units within the County, except for fixed asset expenditures which are controlled at the subobject level.<sup>2</sup>
- B. Encumbrance accounting is utilized to ensure effective budgetary control and accountability. An encumbrance is money committed to unperformed contracts for goods or services. Unencumbered appropriations lapse at year end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.
- C. Transfers of appropriations between budget units must be approved by the Board. Necessary supplemental appropriations normally financed by unanticipated revenues during the year must also be approved by the Board. Transfers of appropriations between expenditure object classifications within the same budget unit may be approved by the Board or the Chief Administrative Office.

## III. STRUCTURAL CHECKS AND BALANCES ESTABLISHED BY COUNTY CHARTER

The County operates under a charter which is like a local constitution outlining specific powers, duties and functions of various County officers and entities. The Charter is an important legal control because it is a document that was established by the voters of the County and ratified by the State government. It can be changed only by a vote of the people.

The charter states that the County is to be governed by a full time five member Board of Supervisors elected by district to serve alternating four year terms. The Assessor, District Attorney, and Sheriff are also elected officials while all other departments are headed by officials appointed by the Board of Supervisors. The Charter names 29 County officers to be appointed by the Board and defines the duties of these positions. In many cases the charter states that the position is under the direction of the Board of Supervisors. This gives the named officer a direct responsibility to report to the Board. However in many cases, the Board has modified this by combining offices and delegating administrative oversight to the Chief Administrative Officer, who is not named in the charter. The Charter also gives the Board the authority by ordinance to consolidate or separate offices provided for in the Charter or by law. Following is a brief review of some of the key County officers

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<sup>1</sup> Sources: Los Angeles County Auditor-Controller, Comprehensive Annual Financial Report and memorandum to all Supervisors from Richard B. Dixon, Chief Administrative Officer, "Alternative Budget Formats, Budget Development, Implementation and Control Procedures", November 4, 1991. The CAO's memo provides a very thorough analysis of budget controls and applicable state statutes, county ordinances, Board policies and operating procedures. Another fundamental source of information on controls is the Auditor-Controller's Fiscal Manual. It contains County fiscal policies, related procedures and key controls for most of the day-to-day fiscal operations of departments.

<sup>2</sup> An object (e.g., Salaries and Employee Benefits; Services and Supplies; Fixed Assets; etc.) represents a type of expenditure. More specific classifications within an object are known as subobjects (e.g., subobjects for Services and Supplies include, among many other things, "Professional and Specialized Services; Maintenance; Rents and Leases - Equipment; Rents and Leases - Buildings and Improvements; and Transportation and Travel - Traveling).





whose control responsibilities extend to the CAO or who are a check and balance on the power of the CAO.

### A. Board of Supervisors

**Mission:** To oversee the delivery of services within the County and direct the overall operation of County departments and districts. The Executive Office records and communicates official acts of the Board of Supervisors, staffs commissions and the Assessment appeals Board and provides accounting, payroll and procurement services to the Board and 20 other County departments and budget units.

#### Functions of Board and Executive Offices

1. Supervisors
  - a. Each supervisor has responsibility for oversight of several departments, except CAO reports to committee of the whole.
  - b. Auditor-Controller sends each Supervisor audit reports for all County departments.
  - c. Board determines County and special district policies, supervises activities of County departments and special districts, adopts annual budgets, sets salaries and sets agendas.
2. Audit Committee, purpose per Board directive July 19, 1983: **To review recommendations included in audit reports issued by the Auditor-Controller, Chief Administrative Office, outside consultants and the Grand Jury.**
  - a. Composition of Committee: representatives (deputies) of each of the five Supervisorial Districts.
  - b. Staffing: Auditor-Controller primarily, but CAO has assisted in the past also. CAO's transferred all audit functions to Auditor-Controller in fiscal 1991-92.
3. Executive Officer and Clerk of the Board
  - a. Administration
    - (1) Supports Board operations and offices.
      - (a) Manages/supports Clerk of the Board prepares agendas and notices and maintains minutes of Board meetings and other records.
      - (b) Assists Supervisors in matters related to functions of Executive Officer.
    - (2) Provides payroll services to Board and various County entities.
    - (3) Develops total Building Management Program for the Hall of Administration to include consolidated budgeting for services to be provided to tenant departments.

- (4) Assessment appeals supports Assessment Appeals Boards which hears and renders decisions on assessment appeals filed by property owners regarding assessed valuations on the County tax roll.
- (5) Commission services provides staff and administrative support to various Board authorized advisory commissions, committees, commission subcommittees, joint powers authorities and non-profit corporations.

## **B. Auditor-Controller**

**Mission:** To provide professional financial leadership for the County of Los Angeles through monitoring financial performance, reporting financial results, promoting economy and efficiency and fulfilling the legal duties of the Auditor-Controller.

### **Functions**

1. Accounting and Reporting
  - a. Principal Accounting Officer of the County.
  - b. Provides professional leadership in monitoring and reporting the County's financial affairs.
2. Auditing Monitors and controls financial performance of the County and promotes efficiency and effectiveness throughout County departments. Manages independent audits of the County's financial statements by a major independent auditing firm. In accordance with the requirements of the Single Audit Act of 1984, the independent audit firm also completes an annual financial and compliance audit of federal funds received by the County. Also, manages extensive program of internal audits including both financial and performance audits. For example, in 1988, the Board approved an ordinance to require the Auditor-Controller to administer an annual internal control certification program. Under this program, departments, judicial districts and special districts are required to annually review and certify their compliance with prescribed fiscal policies, procedures and internal controls. The Auditor-Controller administers the program, trains and provides assistance to all departments to facilitate completion of the certification program.
  - a. Financial compliance audits typical objectives.
    - (1) Express an opinion verifying:
      - (a) Accuracy of financial statements of one or more County funds.
      - (b) Financial results are presented as required by Federal, State and/or County government.
    - (2) Reporting on:
      - (a) Compliance with internal control requirements, e.g., internal policies and procedures, etc.



- (b) Contracts
    - i. Whether payments to private sector vendors under contract with the County are accurate and appropriate.
    - ii. Verify compliance with contract provisions.
  - (c) Compliance with County fiscal policies and procedures.
  - (d) Accounting and budgetary problems.
  - (e) Electronic data processing (EDP) systems and controls.
- b. Management Audits
- (1) Determine whether County departments are achieving the purposes for which their programs are authorized and funded.
  - (2) Determine whether results are achieved efficiently and effectively.
    - (a) Identify causes of any inefficient and/or ineffective practices.
    - (b) Determine whether the department under review has considered alternative methods that will yield desired results at lower cost.
- c. Special studies, examples:
- (1) Establishing purchasing or material management systems.
  - (2) Implementing internal accounting procedures.
  - (3) Monitoring specific County operations.
  - (4) Advising management on specific financial and/or operational/administrative issues.
  - (5) Performing specific cost studies.
  - (6) Performing accounting functions or special investigations.
- d. Employee fraud hotline suspected instances of fraud can be anonymously reported for investigation.
3. Systems development develops, installs, and maintains systems which support the responsibilities of Auditor-Controller and which provide financial information to managers throughout the County.
4. Disbursements/Tax
- a. Paymaster to employees and vendors.
  - b. Controller of property taxes.

5. Welfare Financial Services issues and accounts for health and welfare payments. Investigates and institutes action for collection of forged and duplicate County warrants.

**C. County Counsel**

**Mission:** To provide timely and effective legal representation, advice and counsel of the highest professional caliber to the County, the Board of Supervisors and other public officers and agencies.

**Functions**

1. Litigation/court representation represents the County, its officers and special districts in civil litigation, probate and dependency court matters
2. House counsel advises County clients as to their duties and responsibilities under the law. Areas of advice include conflict of interest, taxation, finance, legislation, public health, safety and welfare.

**D. Treasurer and Tax Collector**

Bills, collects, invests, borrows and safeguards monies. Provides enforcement, auditing, consulting and public information services, among other duties.

**E. Internal Services Department, Purchasing Agent**

The Department, as a service provider, is responsible for infrastructure maintenance and the routine operations of various County buildings. The Purchasing and Central Service function of the department provides a wide variety of services, supplies and equipment to County departments.

In 1987 the CAO implemented a policy which permitted departments the option of purchasing central support services, from County departments like Internal Services Department, providing the service themselves or contracting out for service.

Subject to rules and regulations adopted by the Board of Supervisors, by ordinance, the Purchasing Agent must be the buyer of furniture, fixtures, tools, supplies, materials, or other articles of personal property for the County (Article IV, Section 24, Los Angeles County Charter).

Budget for Purchasing and Central Stores Service is \$60,446,000 in 1991-92. The unit expects to process over 17,400 purchase orders in 1991-92 with a total purchase order value of \$553,590,000. In 1990-91, 16,632 Purchase Orders were processed with a total value of \$577,748,000, according to workload indicators in the County's 1992- 93 proposed budget.



**F. Civil Service Commission**

Serves primarily as an appellate body responsible for the adjudication of appeals within the Civil Service System of the County. Has subpoena power and can require production of records and can administer oaths.

The Commission staff provides administrative support and consultation services for the Commission, County departments and employee representation groups.

The Commission was not shown as a separate budget unit in the County's 1992-93 proposed budget. Support for the Commission is now carried in the Board of Supervisors budget.

**G. Los Angeles County Citizens Economy and Efficiency Commission**

Twenty-one members to be broadly representative of the community, consisting of four nominated by each supervisor and the retiring Foreman of the previous years Grand Jury. At the request of the Board of Supervisors or on its own initiative it may examine any operation of County government and submit recommendations to the Board directed at improving government economy, efficiency and effectiveness. The Commission can utilize County staff or contract for services with Board approval and, provided funds are appropriated, and the Board approves.

**H. Grand Jury**

Twenty-three member citizens group drawn from nominations of various Superior Court judges. Functions:

1. Conducts investigations, hears citizen complaints and reviews indictments.
2. Conducts audits of operations, accounts and records of County departments specified special districts and cities.

For selected audits, the Grand Jury retains contractors under direction of the Grand Jury. Amount of budget for contract audits was decreased in 1991-92 to \$264,000 from \$361,640 in 1990-91. This reduced the number of audits and/or scope of audits.

Further reductions have been recommended by the CAO to the Board for fiscal 1992-93, which if adopted by the Board would bring the budget down to \$232,000. In the proposed fiscal 1992-93 budget, the Grand Jury requested restoration of funding for contract auditing totaling \$399,000 and this was not recommended by the CAO due to fiscal constraints, according to the CAO's comments in the recently published 1992-93 proposed budget document.

## APPENDIX C

# *Office Refurbishment Program Background and Study Approach*

## BACKGROUND

During the summer and fall of 1991, a number of questions were raised by a member of the Board of Supervisors and in the press concerning a major office remodeling program affecting space occupied by the Chief Administrative Office staff. In light of this interest, the Grand Jury asked Price Waterhouse to examine this program as a case study topic in this review of the Chief Administrative Office. (For simplicity, this program will be referred to as the refurbishment program, though it included items in addition to building and remodeling, as will be noted below.)

First reference to the program appeared in a letter to the Board of Supervisors from CAO Dixon on July 22, 1988 concerning County central city area office space requirements. With reference to the refurbishment the letter stated that, . . . *alterations will be undertaken in the Hall of Administration to provide more efficient use of space assigned to the CAO reflecting decreased needs as a result of contracting out, decentralization of Personnel operations, and downsizing of staff (upon completion, this remodeling will free space on the fourth floor, provide improved use of the fifth and seventh floors, and provide improved offices for the Protocol Office and Public Information Office on the third floor.)*

The program was also discussed in a letter to the Board of Supervisors from CAO Dixon on December 28, 1988. An attachment to that letter explained how space in the Hall of Administration was going to be reallocated among user departments in light of a major reorganization of County office space in the central city area. The memo made specific reference to remodeling that was to occur on the fifth and seventh floor in areas serving CAO department staff. The attachment indicated that these changes would occur over a three year period. No cost estimates were included in the attachment. The attachment concluded by stating:

*The present plans for the Hall of Administration do not commit significant funds and represent prudent management of the space available considering the needs of the departments. Prior to any major expenditures or other relocations, recommendations will be submitted to the Board for consideration.*

Additional references to the refurbishment program next appeared in a letter to the Board of Supervisors from CAO Dixon on September 20, 1991. This letter was prepared in response to a request from Supervisor Antonovich



for information on the program. This letter defined the scope of the refurbishment program, discussed its history, summarized its costs and discussed how it was financed. Key points concerning the program were:

The program was defined to include:

- a. Remodeling (new paint, carpet, lighting, ceilings) of office space in the Hall of Administration to . . . *maintain the infrastructure as well as remove health and safety hazards from the work place;*
- b. Install modular and other new office furniture; and
- c. Provide new computers and telephone equipment for secretarial and professional staff of the department.

An additional objective of the remodeling was to improve employee morale and productivity by updating office space that had not been remodeled in 30 years.

A statement that the refurbishment/remodeling did not affect the CAO's personal office space.

Costs for the program were provided. The letter stated that the cost data presented included . . . *costs billed to date, throughout the past three years, and projected . . .* The reported costs were:

a. Refurbishment/remodeling of office space .....	\$2,700,000
b. Furniture Modular, open space, and free standing .....	750,000
c. Telephone system.....	230,000
d. Computer equipment (including 400 personal computers) .....	2,500,000
TOTAL:	\$6,180,000

The costs of the program were financed with a combination of one-time savings carried over from previous budget years (under the countywide, Board-approved Profit Sharing Program) and a spending freeze and RECONSIDERATION OF EXPENDITURE PRIORITIES from other areas of the CAO's 1990-91 fiscal year budget.

As he indicated in an interview for this project, CAO Dixon was satisfied that the overall program achieved its objectives to provide modern, safe and efficient working space and equipment to the staff of his office. He also indicated that the program was financed within the total financial resources of the overall budget allocated to his department by the Board of Supervisors. As further evidence of his satisfaction with the results of the program, we were provided a memo indicating that in August 1991 he awarded a total of \$10,500 in bonuses to five members of his staff for outstanding performance on the CAO refurbishment program. (Bonuses were provided under a Board

approved Lump Sum Bonus Program which allows department heads and the CAO to recognize outstanding staff performance. Bonuses are funded from existing departmental budgets. Specific notification and approval of the Board is not required in most circumstances.)

## **APPROACH TO THE STUDY**

Our approach to reviewing this program consisted of interviewing CAO staff and other County staff who were familiar with the program, requesting and reviewing documents connected with the program and reviewing appropriate State and County laws and regulations applicable to such a program. Our objectives for this part of the project included assessing the CAO's approach to managing what was a significant capital program and whether the program was subject to internal budget and financial control processes that would normally apply to such a program. The evaluative criteria we normally apply in such a situation include:

Did the CAO have a management system in place to oversee a \$6 million program?

Were applicable State and County laws and regulations complied with during the program?

Was the work completed within a specified budget and time schedule established in advance? If not, why? How did management address any problems that arose?

Were standards or objectives established at the start of the program which could be used throughout to measure and assess whether the program was successful?

Were accurate records kept which could be relied upon during the program to monitor progress and costs? Were such records available after the program was completed to assess overall performance?



# Glossary



**ACTIVITY:** A major work effort performed to meet a program objective.

**ACTUAL FISCAL YEAR 1990-91:** Amounts represent actual expenditures and revenues for the second fiscal year preceding that to which this budget is to apply.

**ADJUSTED ALLOWANCE 1991-92:** Incorporates the revisions made to the 1991-92 Adopted Budget for certain approved appropriation adjustments and requirements which occur throughout the year. The adjusted Allowance provides a yardstick to measure the current year's estimates and the recommendations for 1992-93.

**ALTERNATIVE PROGRAM ENHANCEMENTS/REDUCTIONS:** Summary of prioritized program enhancements/reductions, including service impact statements, for consideration by the Board

**APPROPRIATION:** A legal authorization to make expenditures and to incur obligations for specific purposes.

**APPROPRIATION FOR CONTINGENCIES:** A budgetary provision representing that portion of the financing requirements set aside to meet unforeseen expenditure requirements. Abbreviation: APPROP FOR CON; APPROP FOR CONTINGCY

**AUDITOR-CONTROLLER SCHEDULES:** The schedules provide summary and detail countywide financing and use information necessary to meet mandated State Controller requirements.

**AVAILABLE FINANCING:** Reflects the total resources (e.g., revenue, taxes, and unreserved/undesignated fund balance) utilized to finance expenditure needs. Primarily used in the displays for Special Districts and Special Funds. Abbreviation: AVAIL FIN; AVAIL FINANCE

**AVAILABLE FUND BALANCE:** That portion of the fund balance that is not reserved or designated and therefore is available for financing the budgetary requirements.

**BOND ANTICIPATION NOTES (BANS):** An interim financing instrument issued in anticipation of permanent long-term financing. BANS are issued by Joint Powers Authorities (JPAs) and Nonprofit Corporations (NPCs) as authorized by the Government and Corporations Codes, respectively.

**BUDGET SUMMARY SCHEDULES:** The schedules provide summary and detail information on financing requirements/uses, available financing, and ordinance/budgeted positions.

**BUDGETED POSITIONS:** A unit of measure used to standardize positions with different bases (e.g., hours, months). All items are converted to full-time equivalent positions, which are represented as budgeted positions in departmental operations. A full-time equivalent represents one item working full time for one year. This provides the ability to make analytical comparisons.

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**CAPITAL PROJECTS ADDENDUM:** Addendum provides summary and detailed information about capital improvement projects. Funds for these projects are appropriated in department budgets as fixed assets-land and fixed assets-buildings and improvements.

**CHANGE FROM ADJUSTED ALLOWANCE:** The resulting variance when the 1992-93 Proposed Budget is compared to the 1991-92 Adjusted Allowance. This reflects the movement (i.e., up, down, no change) proposed for 1992-93 from the current year.

**CRITICAL SUCCESS FACTORS:** Qualitative and quantitative measurements used to evaluate the department's performance in attaining its mission in the most critical areas.

**DEBT SERVICE FUND:** A fund used to account for the accumulation of resources to make payments of principal and interest on general long-term debt.

**DISCRETIONARY REVENUE:** Monies that are not legally earmarked by the State or Federal government for a specified program or use. Included in this category are a part of motor vehicle license fees, sales and use taxes, business license and utility user taxes, and property taxes.

**ENCUMBRANCE:** Committed monies related to unperformed contracts for goods or services. Encumbrances outstanding at year's end are reported as reservations of fund balance, since they do not constitute expenditures or liabilities.

**ENTERPRISE FUNDS:** Those operations that are financed and run like commercial entities, where the intent is to recover, primarily by user charges, the cost of providing ongoing services.

**ESTIMATED DELINQUENCY:** The amount of estimated property taxes which remains uncollected at the end of the fiscal year. Abbreviation: EST DELINQ.

**ESTIMATED FISCAL YEAR 1991-92:** Amounts in this column reflect estimated expenditures and revenues for the full fiscal year.

**EXPENDITURE DISTRIBUTION:** Transactions that constitute reimbursement of a fund or organization for expenditures or expenses initially made from it which are properly charged to another fund or organization. Abbreviation: EXP DIST.

**FINANCING REQUIREMENTS:** Total needs requiring financing for the fiscal year. Abbreviation: FIN REQMTS; FINANCE REQMTS.

**FISCAL YEAR:** The period of time, beginning on July 1 and lasting through June 30 of the next year, to which the annual operating budget applies.

**FIXED ASSETS-BUILDINGS AND IMPROVEMENTS:** Expenditures for the acquisition of buildings and improvements. Abbreviation: FA - B & I.

**FIXED ASSETS-EQUIPMENT:** Expenditures for the acquisition of physical property of a permanent nature, other than land, buildings, and improvements. Abbreviation: FA - EQUIPMENT.

**FIXED ASSETS-LAND:** Expenditures for the acquisition of land. Abbreviation FA - LAND.



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**FUNCTION:** A group of related activities aimed at accomplishing a major service or regulatory program.

**FUND BALANCE:** The amount remaining at year's end representing the difference between current assets and liabilities.

**GENERAL COUNTY:** Term referencing all General Fund operations, general obligation debt service requirements, and hospital Enterprise Fund operations.

**GENERAL FUND:** The fund used to account for all Countywide operations except those required to be accounted for in another fund.

**GENERAL RESERVES:** Funds equity restriction to provide for "dry periods" when tax revenues have not yet come in and bills must be paid out (generally, at the beginning of the fiscal year). Board authorization is required to expend these monies. Abbreviation: GENER RESERVES.

**INTERNAL SERVICE FUND:** A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies, or to other governments, on a cost-reimbursement basis.

**INTRA FUND TRANSFER:** Accounting mechanism to show expenditure transfers between operations within the same fund. This mechanism is used to better reflect location of actual cost. For example, the cost of data processing services is budgeted in the Internal Services Department. To the extent those services are rendered to other General Fund departments, the related costs are also transferred to the appropriate departmental budget units to more accurately reflect total operating expenditures. Abbreviation: INT TRFS; IFT.

**JOINT POWERS AUTHORITY (JPA):** A separate legal entity, authorized by the Government Code, which is empowered to act on behalf of a governmental entity to acquire capital assets utilizing long-term financing.

**MANDATED CASELOAD/WORKLOAD:** Levels of workload to be carried out by the County that are required by the State or Federal government.

**MISSION:** A description of the basic purpose and responsibility of the budget unit.

**MODIFIED ACCRUAL BASIS OF ACCOUNTING:** The County's basis of accounting in which revenues are recognized when they become both measurable and available to finance expenditures. Expenditures are generally recognized when incurred, except for self-insurance, litigation, and employee benefits, which are accounted for on a cash basis.

**NET COUNTY COST:** The amount of the operation financed by discretionary sources, principally property taxes. Abbreviation: NCC; NET CO COST.

**NONPROFIT CORPORATION (NPC):** A separate legal entity, authorized by the Corporations Code, which is empowered to act on behalf of a governmental entity to acquire or construct capital assets utilizing long-term financing.

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- OPERATING BUDGET:** Plans for current expenditures and the proposed means of financing them. The operating budget is the primary means by which most of the financing of acquisitions, spending, and service delivery activities of the County are controlled.
- OPERATING TRANSFERS:** All interfund transfers, other than residual equity transfers, legally authorized from a fund receiving revenue to the fund through which the resources are to be expended. These include transfers of tax revenues from a Special Revenue Fund to a Debt Service Fund, transfers from the General Fund or a Special Revenue Fund to an Enterprise or Internal Service Fund, and transfers from an Enterprise or Internal Service Fund other than payments in lieu of taxes to finance General Fund expenditures. Abbreviation: OPER TRAN IN.
- OTHER CHARGES:** An object of expense which reflects costs not directly associated with the daily expenses of running an operation. Includes such things as cash payments to wards of the County, interest and principal charges, taxes and assessments from other governmental agencies, and litigation settlements. Abbreviation: OTH CHRG.
- OTHER FINANCING USES:** Operating transfers out from one governmental fund to another. Abbreviation: OTH FIN USES.
- OTHER FUNDS:** Included in the category of Other Funds are the Community Development Commission and the Housing Authority, which are under the control of the Board of Supervisors.
- OTHER PROPRIETARY FUNDS:** Funds to account for those governmental activities which are similar to those found in the private sector (Enterprise other than Hospital Enterprise and Internal Service Funds).
- PRIVATIZATION:** The act of procuring services to be performed by private firms and individuals in lieu of County employees.
- PROFIT SHARING PROGRAM:** A concept designed to reward those departments which exercised good management skills resulting in a savings from their net County cost adjusted allowance. Those departments are then allowed to carry over and use their savings in the next fiscal year. Abbreviation: PSP
- PROGRAM BUDGETING:** A planning approach used in fiscal management that is based upon the identified programs of each department. The goals, objectives, and required funding for the department are established by program.
- PROGRAM CURTAILMENT:** Reduction in activity/service level to an existing specified program. Such reduction generally serves as a means of getting to the recommended funding level.
- PROGRAM IMPACT OF RECOMMENDATIONS:** Statement for each departmental program, describing the overall impact that the proposed changes will have on maintenance, diminution, improvement, or restructuring of services. State and Federal program mandates are identified where appropriate for reference.



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**PROGRAM PRIORITIZATION:** The process of evaluating and ranking programs based upon program objectives, required resources, and effectiveness. The intent is to reduce or eliminate low-priority programs and to redirect the resultant savings to high-priority programs.

**PROGRAM REALIGNMENT:** Transfer of program funding between the State and the counties to more accurately reflect responsibilities. Realigned programs include mental health, indigent health, foster care, child welfare services, Aid to Families with Dependent Children, In-Home Supportive Services, certain juvenile justice programs, and other miscellaneous programs. Revenue from increased vehicle license fees and sales taxes finances the increased county program shares.

**PROPOSED BUDGET 1992-92:** The Board of Supervisors' Proposed Budget, which is approved in May. It is usually amended following public budget hearings in June and Board deliberations in July.

**PROPOSED BUDGET ADDENDUM:** Addendum provides subobject detail for the categories of Salaries and Employee Benefits, Services and Supplies, Other Charges, Fixed Assets, Other Financing Uses, and Revenue. The addendum also contains descriptions of recommended program enhancements and curtailments, by department, and the service impact each proposal is predicted to have.

**PROPOSED FISCAL YEAR 1992-93:** Upon approval by the Board of Supervisors, the recommendations of the Chief Administrative Officer become the official Board proposals for appropriation and revenue to implement each operation.

**REGULAR (EQUALIZED) ASSESSMENT ROLL:** The listing of the assessed values of all properties within the County as of March 1 of each year. The regular roll contains values for both secured (real) and unsecured (personal) properties. Secured parcels are those on which taxes are alien.

**REQUESTED FISCAL YEAR 1992-93:** Respective operation's request for appropriation and revenue to implement its stated objectives.

**RESERVES/DESIGNATIONS:** Portions of fund balance set aside for various purposes.

**RESIDUAL EQUITY TRANSFERS:** Nonrecurring or nonroutine transfers of equity between funds (e.g., contributions of Enterprise or Internal Service Fund capital by the General Fund), subsequent return of all or part of such contributions to the General Fund, and transfers of residual balances of discontinued funds to the General Fund or a Debt Service Fund. Abbreviation: RES EQU TRANS.

**REVENUE:** Source of income to an operation.

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**SALARIES AND EMPLOYEE BENEFITS:** An object of expense reflecting the County's costs for employees' compensation. Includes salaries and wages, Insurance (health, dental, life, and unemployment), workers' compensation, retirement, bonuses, overtime, flexible benefit plans, savings (401K) plan, and Horizons plan. Abbreviation: SAL & EMP BEN; S & SB.

**SERVICES AND SUPPLIES:** An object of expense reflecting purchase of goods and services within the year. Abbreviation: SVCS & SUPPS; S & S.

**SPECIAL ASSESSMENTS:** Fees that are charged to property owners in certain geographical areas for public improvements. A fee is levied only to those property owners that receive a direct benefit.

**SPECIAL DISTRICTS:** An independent unit of local government established to perform a single specified service. The Special Districts listed in this document are governed by the Board of Supervisors.

**SPECIAL FUNDS:** Funds used to account for the proceeds of specific revenue sources that are legally restricted in the way they may be spent.

**SUBVENTION:** A grant (usually from the State or Federal government).

**SUPPLEMENTAL ROLL:** Property taxes generated pursuant to Senate Bill 813 (Chapter 498, Statutes of 1983; effective July 28, 1983), whereby changes to property taxes are made effective the date the property ownership title is transferred.

# Criminal Justice Committee

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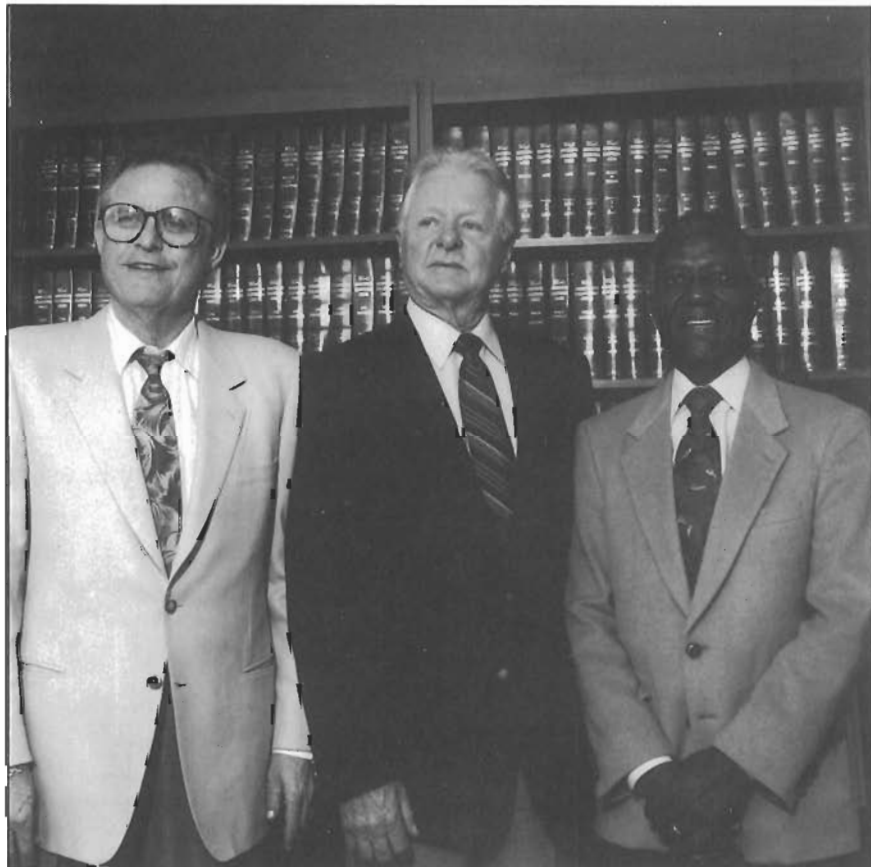
**CRIMINAL  
JUSTICE  
COMMITTEE**

*Seated (Left to Right):*  
Ray Buckley, Chair  
Sam Hollander

*Standing (Left to Right):*  
Ian Grant  
Fannie Holland  
Walter Levine

**COST  
EFFECTIVENESS  
COMMITTEE**

*(Left to Right):*  
Arnold Familian  
Don Sanford, Co-chair  
Franklin Henderson,  
Co-Chair





# Criminal Justice Committee



## Introduction and Summary

The passage of Proposition 115 by California voters in 1990 brought about a major increase in the number of criminal hearings and indictments sought by the District Attorney through the Grand Jury process. Previously, a decision of the California Supreme Court in *Hawkins v. Superior Court* in 1978 had ruled that a defendant indicted by a Grand Jury also had the right to a preliminary hearing before proceeding to trial. Because of this, the District Attorney generally eschewed the Grand Jury since that process would be duplicated at a preliminary hearing.

Proposition 115 restored the pre-1978 situation, which provided that a Grand Jury indictment precluded the need for a preliminary hearing before trial.

We are advised that there are a number of reasons why the District Attorney may choose to proceed by Grand Jury indictment rather than preliminary hearing in felony cases. Some of these reasons include:

1. Filed complaints, regardless of the charge, in which the preliminary hearing has been unreasonably delayed.
2. Cases involving complicated factual issues, multiple counts or multiple targets (suspects).
3. Cases involving official misconduct or corruption.
4. Cases involving crimes committed by members of organized criminal organizations or groups.
5. Cases in which there is a need to temporarily protect the identity of a victim or witness.
6. Cases in which it is in the best interests of either victims or witnesses to be protected at the early stage of a criminal proceeding.
7. Cases which could potentially generate publicity prejudicial to a fair trial.

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8. Cases in which an indictment may be needed to prevent the flight of a target from the jurisdiction, or assist in the extradition of an accused from another jurisdiction.

The Grand Jury also has investigative functions in which its subpoena power may be of assistance in the ascertainment of the truth. The investigative powers of the Grand Jury may be appropriately used any time before a preliminary hearing is conducted. Matters which have not been filed, which begin as investigatory hearings, may conclude with a request for an indictment. The subject matter of an investigatory hearing is not limited to, but may include, any of the above categories of cases.

California Penal Code Section 935 allows the District Attorney to appear before the Grand Jury at any time. Thus, in early July 1991, the District Attorney appeared before the Grand Jury and declared his intention to make greater use of that body to accelerate the resolution of cases. He also expressed the wish to discontinue the previous practice of screening cases through the Criminal Justice Committee of the Grand Jury in favor of direct presentation to the full Grand Jury. The Grand Jury acceded to his request.

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## EXECUTIVE SUMMARY

### *Grand Jury Hearings*



The increased use of the Grand Jury to indict suspects is illustrated by the following figures covering the past three years:

YEAR	INDICTMENTS	INVESTIGATORY HEARINGS
1989-90 Grand Jury	8*	0
1990-91 Grand Jury	29	3
1991-92 Grand Jury	51	11

\* Included one lengthy hearing on Jail House Informants.

Statistics for the year were as follows:

Total number of cases: .....	68
Investigation only .....	11
Indictments sought .....	57
Indictments issued .....	51
Indictments declined .....	6
Individuals indicted .....	187
Individuals not indicted .....	8
Days in Hearings .....	153

The principal reasons for indictment were major narcotics violations, murder, crimes against the person and crimes against property. Notworthy cases included the West Covina "Mall Murders", worker's compensation fraud, art fraud, automobile insurance fraud and a major violation of environmental law.

### SHERIFF INVOLVED SHOOTINGS

A notable series of hearings was held concerning the fatal shootings by Los Angeles County Sheriff Deputies of four minority individuals during August and early September, 1991. The four separate hearings were held concurrently between late September, 1991, and late

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December, 1991. A total of 152 witnesses and 176 exhibits were introduced in evidence. No indictments were rendered, and the findings were announced simultaneously on December 20, 1991.

### **GRAND JURY SAVINGS**

Use of the Grand Jury, rather than a Preliminary Hearing, to decide whether accused persons must face trial can result in significant savings in time and money for the judicial system. A GRAND JURY COST EFFECTIVENESS Committee was instituted to track and record this benefit. It is estimated that approximately \$1,273,000 was saved during the Jury's one year term compared with the expense of Preliminary Hearings on the same charges. In addition, it is estimated that the time needed to bring these cases to the Superior Court was shortened by an average of six months per case. Details are shown in APPENDEX A below.

### **CITIZEN COMPLAINTS**

In the wake of the Rodney King incident in March, 1991, involving allegations of excessive force by the City of Los Angeles Police Department, a large increase in citizen complaints was experienced. The 1989-90 Grand Jury received 30 complaints; the 1990-91 Grand Jury received 44; and the current Grand Jury 104. The principal subjects of these complaints were allegations of police misconduct (38%), dissatisfaction with judicial decisions (10%), civil rights violations (9%); and fraud (8%).

It should be noted that many complaints handled by the Committee involved non-criminal matters that did not properly belong within the scope of any other Committee's activities.

### **UNFINISHED BUSINESS**

Because of the heavy case load of criminal hearings, the Grand Jury did not have sufficient time to consider four major undertakings requested in the closing months of its term:

1. A motion by the Los Angeles City Council to request the Grand Jury to investigate the City Department of Animal Regulation.

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2. A motion by the Los Angeles City Council to request the Grand Jury to investigate the conduct of the Los Angeles Police Department in gathering evidence used to convict Clarence Chance and Benny Powell, both released after 17 years in prison for the murder of an off duty deputy sheriff.
  3. A motion by the Long Beach City Council requesting the Grand Jury to investigate the riots, looting and arson that followed the Rodney King verdict.
  4. A motion by the Los Angeles County Board of Supervisors requesting the Grand Jury to investigate the slow response of the Los Angeles Police Department to the disorder that followed the Rodney King verdict and the state of readiness of the California National Guard.



APPENDIX A

# Grand Jury Cost Effectiveness Log

CASE NO.	CRIME	NO. PEOPLE INDICTED	NO. GJ DAYS	DATE(S)	GRAND JURY COST \$1,450 PER DAY	EST. MUNI. COURT DAY(S)	DEFENSE ATTORNEYS		MUNI. COURT COST @ \$3,100	MUNI. COURT COST	ESTIMATED GR JURY SAVING	
							NUMBER ATTORNEYS	HOURS WORKED				
												@ \$60 Per Hr.
1	CONSP. NARCOTICS	3	1	Jul-10	\$1,450	3	3	72	\$4,320	\$9,300	\$13,620	\$12,170
2	CONSP. NARCOTICS	3	1	Jul-11	\$1,450	3	3	72	\$4,320	\$9,300	\$13,620	\$12,170
3	CONSP. NARCOTICS	4	0.5	Jul-22	\$725	3	4	96	\$5,760	\$9,300	\$15,060	\$14,335
4	CONSP. NARCOTICS	6	0.5	Jul-22	\$725	4	6	192	\$11,520	\$12,400	\$23,920	\$23,195
5	MURDER	2	0.5	Jul-23	\$725	2	2	32	\$1,920	\$6,200	\$8,120	\$7,395
6	CHILD ABUSE	2	1	Jul-25	\$1,450	2	2	32	\$1,920	\$6,200	\$8,120	\$6,670
7	THEFT	3	3	July-30,31/ Aug-01	\$4,350	3	6	144	\$8,640	\$9,300	\$17,940	\$13,590
8	CONSP. NARCOTICS	3	1	Aug-13	\$1,450	3	3	72	\$4,320	\$9,300	\$13,620	\$12,170
9	THEFT	2	1	Aug-14	\$1,450	2	2	32	\$1,920	\$6,200	\$8,120	\$6,670
10	ASSAULT	1	1	Aug-20	\$1,450	2	1	16	\$960	\$6,200	\$7,160	\$5,710
11	MURDER	1	1	Aug-29	\$1,450	3	1	24	\$1,440	\$9,300	\$10,740	\$9,290
12	CONSP. NARCOTICS	16	2	Sep-03,04	\$2,900	30	16	3840	\$230,400	\$93,000	\$323,400	\$320,500
13	ART FRAUD	1	3	Sept-05,06	\$4,350	3	9	216	\$12,960	\$9,300	\$22,260	\$17,910
14	EXTORTION	1	3	Sept-10,11	\$4,350	6	1	48	\$2,880	\$18,600	\$21,480	\$17,130
15	CONSP. NARCOTICS	2	1	Sep-12	\$1,450	3	2	48	\$2,880	\$9,300	\$12,180	\$10,730
16	CONSP. NARCOTICS	3	0.5	Sep-17	\$725	3	3	72	\$4,320	\$9,300	\$13,620	\$12,895
17	CONSP. NARCOTICS	2	3	Sept-16-19	\$4,350	9	2	144	\$8,640	\$27,900	\$36,540	\$32,190
18	MURDER/NARCO	1	3.5	Sept-23-26	\$5,075	12	1	96	\$5,760	\$37,200	\$42,960	\$37,885
19	GANG, RAPE, MURDER	2	1	Oct-02	\$1,450	2	2	32	\$1,920	\$6,200	\$8,120	\$6,670
20	CONSP. NARCOTICS	3	1	Oct-09	\$1,450	3	3	72	\$4,320	\$9,300	\$13,620	\$12,170
21	CONSP. NARCOTICS	3	3	Oct-16-18	\$4,350	8	3	192	\$11,520	\$24,800	\$36,320	\$31,970
22	CONSP. NARCOTICS	1	1	Oct-31	\$1,450	1	1	8	\$480	\$3,100	\$3,580	\$2,130
23	MURDER & ROBBERY	1	2	Nov-15,16	\$2,900	2	1	16	\$960	\$6,200	\$7,160	\$4,260
24	MULTI MURDERS	4	3	Nov-16-18	\$4,350	7	4	224	\$13,440	\$21,700	\$35,140	\$30,790
25	BOOKMAKING	2	1	Jan-13	\$1,450	1	2	16	\$960	\$3,100	\$4,060	\$2,610
26	BOOKMAKING	5	1	Jan-13	\$1,450	1	5	40	\$2,400	\$3,100	\$5,500	\$4,050
27	INS. FRAUD	19	3	Jan-22-24	\$4,350	14	19	2128	\$127,680	\$43,400	\$171,080	\$166,730
28	CONSP. NARCOTICS	5	1	Jan-29	\$1,450	3	5	120	\$7,200	\$9,300	\$16,500	\$15,050
29	CONSP. NARCOTICS	4	1	Jan-30	\$1,450	2	4	64	\$3,840	\$6,200	\$10,040	\$8,590
30	CONSP. NARCOTICS	3	1	Jan-30	\$1,450	2	4	64	\$3,840	\$6,200	\$10,040	\$8,590

**1981-1982 GRAND JURY COST EFFECTIVENESS LOG**

CASE NO.	CRIME	NO. PEOPLE INDICTED	NO. GJ DAYS	DATE(S)	GRAND JURY COST \$1,450 PER DAY	EST. MUNI. COURT DAY(S)	DEFENSE ATTORNEYS			MUNI. COURT COST @ \$3,100	MUNI. COURT COST	ESTIMATED GR JURY SAVINGS	
							NUMBER ATTORNEYS	HOURS WORKED	@ \$60 Per Hr.				
31	CONSP. NARCOTICS	4	1	Feb-06	\$1,450	3	4	96	\$5,760	\$9,300	\$15,060	\$13,610	
32	CONSP. NARCOTICS	6	1	Feb-11	\$1,450	3	6	144	\$8,640	\$9,300	\$17,940	\$16,490	
33	CONSP. NARCOTICS	3	1	Feb-11	\$1,450	2	3	48	\$2,880	\$6,200	\$9,080	\$7,630	
34	CONSP. NARCOTICS	4	0.5	Feb-20	\$725	2	4	64	\$3,840	\$6,200	\$10,040	\$9,315	
35	CONSP. NARCOTICS	1	0.5	Feb-20	\$725	1	1	8	\$480	\$3,100	\$3,580	\$2,855	
36	BOMB THREAT	1	0.5	Feb-24	\$725	1	0	0	\$0	\$3,100	\$3,100	\$2,375	
37	CONSPIRACY	1	3	Feb-26-28	\$4,350	3	0	0	\$0	\$9,300	\$9,300	\$4,950	
38	ARSON	1	4	Mar-16-19	\$5,800	4	0	0	\$0	\$12,400	\$12,400	\$6,600	
39	ROBBERY	2	4	Mar-23-25	\$5,800	4	0	0	\$0	\$12,400	\$12,400	\$6,600	
40	THEFT	1	6	Mar-27-Apr-01	\$8,700	6	0	0	\$0	\$18,600	\$18,600	\$9,900	
41	CONSP. NARCOTICS	9	1	Apr-09	\$1,450	5	9	360	\$21,600	\$15,500	\$37,100	\$35,650	
42	INSURANCE FRAUD	2	2	Apr-21	\$2,900	5	0	0	\$0	\$15,500	\$15,500	\$12,600	
43	CONSP. NARCOTICS	5	5	Jul-16-19/Apr-21-22	\$7,250	5	0	0	\$0	\$15,500	\$15,500	\$8,250	
44	GRAND THEFT	7	2	Apr-28-29	\$2,900	4	7	224	\$13,440	\$12,400	\$25,840	\$22,940	
45	CONSPIRACY	1	3	May-12-14	\$4,350	5	0	0	\$0	\$15,500	\$15,500	\$11,150	
46	ENVIRONMENTAL	4	2	Apr-18-19	\$2,900	4	0	0	\$0	\$12,400	\$12,400	\$9,500	
47	CONSP. NARCOTICS	6	1	Apr-28	\$1,450	4	6	192	\$11,520	\$12,400	\$23,920	\$22,470	
48	CONSP. NARCOTICS	8	1	Apr-29	\$1,450	5	8	320	\$19,200	\$15,500	\$34,700	\$33,250	
49	MISC.	15	10	JUNE ESTIMATE	\$14,500	18	15	2160	\$129,600	\$55,800	\$185,400	\$170,900	
<b>NO. OF PEOPLE INDICTED</b>											<b>189</b>	<b>TOTAL SAVINGS</b>	<b>\$1,273,250</b>



# Editorial Committee

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**EDITORIAL COMMITTEE**

*(Left to Right):* Sheila Banken; Don Sanford, Chair

# Editorial Committee

## Introduction and Summary

It is the responsibility of the Editorial Committee to contract for and to supervise the timely publication of the Grand Jury's Final Report. There is also the requirement that all committee reports be edited for clarity, freedom from spelling, grammatical and typographical errors. This report will focus on the reasons why it became impossible to meet the publishing deadline set early in our term.



## EDITORIAL DECISIONS

### BACKGROUND

The Editorial Committee of the 1990-1991 Grand Jury made two recommendations to its successors, one of which was to add an "Introduction and Summary" section to each committee report. The other was to create a consolidated index of key words and phrases to this and past Final Reports.

### PROCEDURE

We studied previous Final Reports to determine what value, if any, the two recommendations could bring to our work.

### FINDINGS

1. We agreed with the '90-'91 Editorial Committee that an Introduction and Summary, which states the committee's mission and gives readers an overview of what can be expected in each section of the report, would be of value.
2. Lack of time prevented us from implementing the consolidated index recommendation.

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3. Due to budget limitations the Committee requested bids from printers for a much less costly publication than the '90-'91 Final Report.

## RECOMMENDATIONS

The '91-'92 Grand Jury recommends that it's successor Grand Jury:

1. Adopt the formatting of this and the '90-'91 Grand Jury Final Report.
2. Consider creating a consolidated index as recommended by the '90-'91 Grand Jury.
3. Pass on recommendations 1. and 2. to it's successor.
4. Meet with the District Attorney at the earliest possible time to establish a firm work schedule which will set aside a reasonable amount of time each week during which no criminal or investigative hearings will be brought to the Grand Jury, the time to be utilized for the Jury's civil duties.

The genesis of this recommendation is the fact that the D A preempted much more of our time than that of previous Grand Juries. As a result, civil duties had to be shelved or neglected. Many, many scheduled committee meetings were postponed, held on the run, squeezed in during lunch hour, convened after a long day in court or cancelled altogether. Consequently, almost none of the committees was able to complete their reports by the deadlines set early in our term. For this reason the '91-'92 Grand Jury Final Report will be published much later than appropriate.

In making this recommendation we realize that criminal and investigatory hearings, by statute and case precedent, take priority over civil matters.

# Eldercare Committee

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**ELDERCARE COMMITTEE**

*Seated (Left to Right):* Emma Fischbeck, Chair; Fannie Holland

*Standing (Left to Right):* Alice Moore; Dorothy Greenbaum

# Eldercare Committee

## Introduction and Summary

Because of the increasing age of the populace, the Grand Jury was interested in determining the level of support services available for the elderly in Los Angeles County. Specific concerns include the level of community awareness, availability of senior programs and access to resources and services to seniors.

1. Understanding the needs of the dependent elder and family.
2. The support network available.
3. Legal Assistance — Conservators.



## BACKGROUND

The Committee reviewed the types of agencies providing assistance to the elderly and the conservatorship process. The Committee also reviewed the types of services provided by the agencies, assistance provided by Los Angeles County, how services are accessed and consulted legal experts in the eldercare field.

## PROCEDURE

The first consideration of the Eldercare Committee was to see whether services for the care of older, frail persons are available and then to determine the accessing of the services. The Committee contacted the following departments and agencies:

- Area Agency on Aging, Department of Community and Senior Citizens Services
- Los Angeles County/University of Southern California Medical Center — Medical Social Workers

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- California Department of Social Services
  - Offices of the Los Angeles County Board of Supervisors
  - Offices of the Councilmembers for the City of Los Angeles
  - Geriatric Coordination Unit, Department of County Health Services
  - Adult Day Health Care Planning Council
  - Office of the Los Angeles County Public Guardian
  - Probate Court, County of Los Angeles and legal counsel

There are many different areas of care available to seniors. Where there is a care-giver available, in-home care is the least expensive and most desirable. However, when family members need some relief from the 24 hour a day strain, where do they turn?

Senior citizen centers (SCC) for adults were explored to see if some respite could be realized through these facilities. If the facility was easily accessible for two to three hours, this could be an answer. SCC are only for those elders who do not require health care of any kind, nor do they require supervisory care. There are many SCC in the communities in Los Angeles County, none of which supervises or restricts their seniors. They provide lunch, snacks, recreation, counseling, education, exercise and certain referral services.

For those seniors requiring more supervisory care, there are adult day care centers (ADC) and adult day health care centers (ADHC). The day care centers are licensed by the State Department of Social Services (SDSS). They supply somewhat more supervision and help than the SCC, but do not provide health needs such as medication. They are more of a short stay option, filling the needs of a "sitter." The ADHC (nine in Los Angeles County) are licensed by the Department of Health Services (DHS) and must provide medical rehabilitation services prescribed by a physician; help with physical/mental impairments that handicap activities of daily living but do not require 24 hour care. The ADHC are required to offer transportation services, emergency services, a registered nurse, social worker, activity coordinator, aides, speech, physical and occupational therapists, a

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physician and a dietician. They will not accept bedridden patients. They are reimbursed by Medi-Cal or private payment.

The Committee visited the Los Angeles County/University of Southern California Medical Center (LAC+USCMC) and found that the hospital medical social services worker was the most valuable resource for the hospitalized senior. With the help of the doctor, the medical social worker is able to locate the necessary services for the senior, be it in-home care, ADHC, nursing home or whatever.

But if a person is not hospitalized and the medical problem worsens, locating proper care is very time consuming. Concerned family members often suffer financially by having to take time off from their jobs to find proper care. The Committee felt an "800" telephone number was needed that could provide referral information to the family. One was located for elder abuse, but none for referral services. The Committee continued looking for the best means to disperse needed information and found a guide called Elder Services printed by Oryx Press in cooperation with the Los Angeles County Area Agency on Aging and the City of Los Angeles Area Agency on Aging. This guide covers multiple problems and answers many questions. It is a bound book covering a two-year period.



Understanding that people who are weak and frail are the prey of the unscrupulous, the Committee interviewed the Office of the Public Guardian and the Probate Court. When the County of Los Angeles becomes the guardian of a senior/incapable person, it becomes a dear friend to the one in need. Concerning the individuals who are appointed by the Court as conservators, the Office of the Public Guardian does not take its duty lightly. It treats those who would abuse their trust with a strict hand. Everything possible is done to ensure safety, care and fiscal conservatorship for the senior. However, we do feel a need for more frequent monitoring of conservators. This seems to be a rapidly expanding service.

The California Department of Social Services publishes a list of licensed facilities and the age groups accommodated: ADC (18-59 years), ADHC



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(18-59 years), adult residential (18-59 years), and residential-elderly home facilities (60 or over), all in Los Angeles County.

Some L. A. County Supervisors publish Senior Citizen Services booklets.

Some Los Angeles City Council members publish booklets for seniors.

It would seem advisable that these various booklets could be incorporated into a single volume so that each local senior citizen center would have all of the information available. The community senior citizen center is the logical place for referral information, as is the public library. If the information were in a looseleaf book, changes could be made without the added cost of reprinting the entire book. There are many good service agencies in the county providing much aid for the elderly. Once they know where to look, the seniors can avail themselves of what they need.

## **FINDINGS**

- The public is having a difficult time accessing needed services.
- Local SCC do not have referral information easily available.
- Some seniors within the county do not have SCC within easy access.
- The Elder Services 1991-92 guide referred to in this report is a privately assembled and printed bound book that may or may not contain all available referral information.

## **RECOMMENDATIONS**

1. The Los Angeles County Board of Supervisors fund an "800" number for referral information for seniors and care givers.
2. The Area Agency on Aging prepare a comprehensive all inclusive REFERRAL BOOK in a loose-leaf binder, changes to be updated every three months, copies to be placed in every senior citizen center and county public library.

—OR THAT—

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The Area Agency on Aging work with the local Telephone Companies to prepare, in enlarged print, either a separate senior citizens supplemental directory or a separate section in their neighborhood directory dealing with senior needs:

- In-home help with personal care and daily tasks.
  - Legal information, advice and counseling.
  - Long-term care ombudsmen to investigate and resolve complaints regarding long-term care facilities.
  - Meals on Wheels and other nutrition programs.
  - Transportation services.
  - Adult day care centers and senior companion services.
3. The appropriate authorities review the procedure and requirements for monitoring the appointed Conservators and their periodic visits with the conservatee.



## **CITIZEN COMPLAINTS**

The Eldercare Committee reviewed one citizen's complaint during its term of office.

## **PERSONS INTERVIEWED**

### **Board of Supervisors:**

C. J. Moreno, Deputy  
Supervisor Edmund D. Edelman, Third District.

### **Department of Community and Senior Citizens Services:**

Jonathan Glassman, J.D., Division Chief  
John P. Coyle, M.S.W., Human Services Administrator II

### **Department of Health Services:**

Rita Murgas-Lee, Geriatric Coordinator

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**LAC-USC Medical Center:**

Olga V. Sarabia, LCSW, Assistant Director, Medical Social Work,  
General Hospital

**Department of Mental Health, Office of Public Guardian:**

Christopher Fierro, Deputy Director  
Barbara Kubik, Division Chief

**Adult Day Health Care Planning Council**

**AltaMed Senior Health & Activity Center:**

Philip M. Ayala, M.A., Administrator  
Senior Network Services

**Los Angeles County Office of the Probate Commissioner:**

Timothy Whitehouse, Assistant Supervising Probate Attorney  
Edith Reid, Supervising Investigator  
Jack McIlroy, Lead Attorney

**Grayson, Givner, Booke, Silver & Wolfe:**

Marc B. Hankin, Attorney at Law

**CONTACTED**

California Department of Social Services, Community Care  
Licensing Division

Attended Probate Court:

Judge Robert J. Blaylock  
Judge Edward M. Ross

# Exit L.A. Committee

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**EXIT L.A. COMMITTEE**

*Seated (Left to Right):* Bob Sutton, Co-chair; Mel David, Co-chair

*Standing (Left to Right):* Shirley Lertzman; Nancy Schoettler; Arnold Familian; Don Sanford

# Exit L.A. Committee

## Introduction and Summary

The focus of this study is the growing perception that Los Angeles has become less competitive with other regions and is stifling its ability to maintain and attract new business. The Grand Jury formed the EXIT L.A. Committee to investigate with our contract auditor, Price Waterhouse, why businesses are leaving and what local governmental agencies can do to mitigate the problem and assist businesses to remain within Los Angeles County. The specific objectives of the Grand Jury study are:

- Identify what local government in Los Angeles County is doing to address business retention.
- Direct the attention of county decision makers and the general public to the multitude of factors causing businesses and skilled residents to leave Los Angeles County.
- Make recommendations to increase the effectiveness of business retention efforts.



## EXECUTIVE SUMMARY

Many in Los Angeles contend that businesses will continue to thrive no matter what governments may or may not do. Today we find ourselves in a highly competitive environment with other counties and states trying to lure businesses away from Los Angeles. The Grand Jury's Committee believes we need to either have a new team spirit — TEAM LOS ANGELES — or face the threat of further, more rapid decline. Thus, the question to be answered is: "Shall we all agree to change our attitudes, or just watch as more and more business enterprise—and jobs—exit Los Angeles?"

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## BACKGROUND

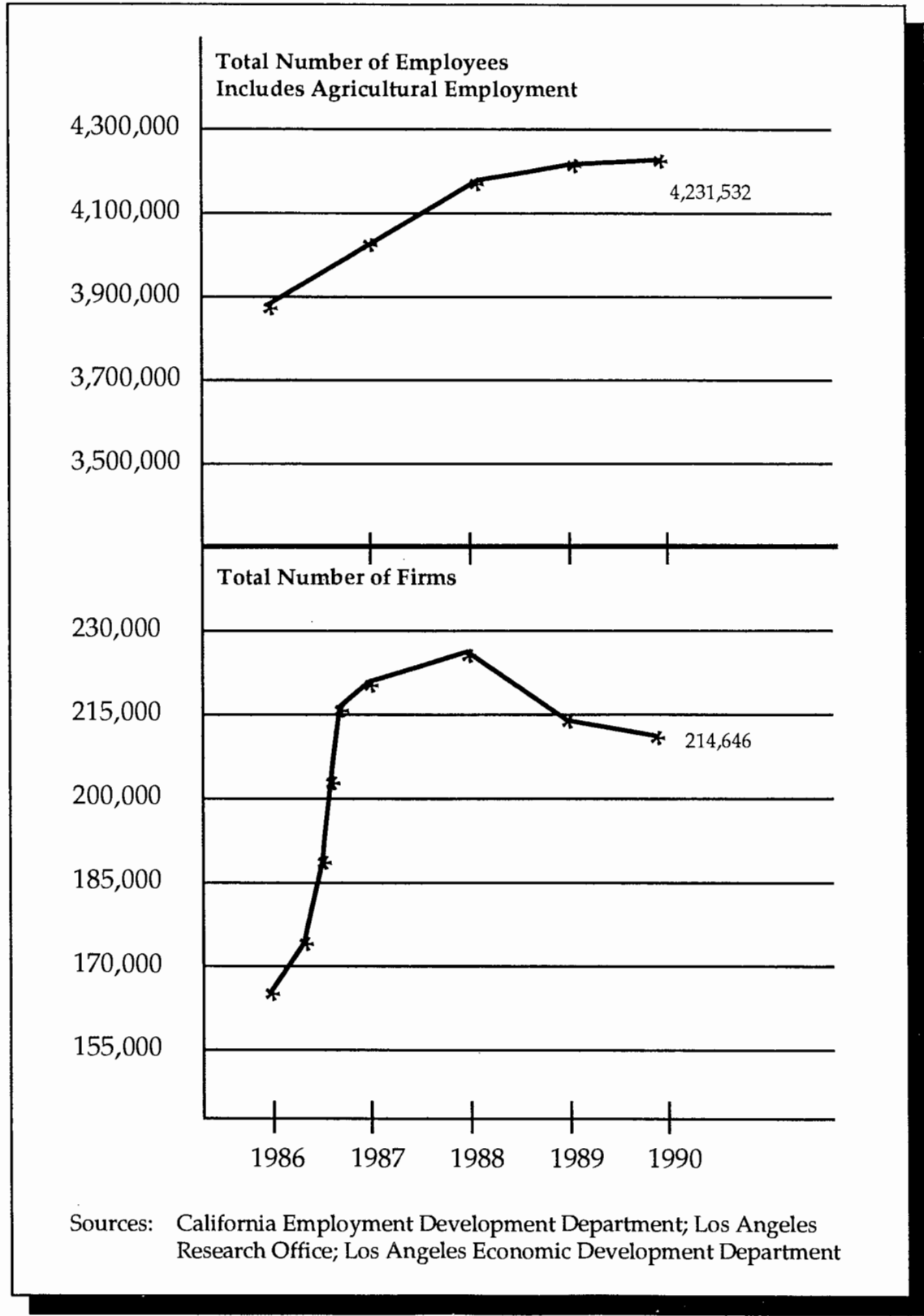
Sixty years ago Los Angeles County was America's largest agricultural producer. Now Los Angeles County is America's manufacturing center, home to 860,000 such jobs, around 300,000 more than its closest rival, Chicago. In 1991 the Los Angeles County gross product was \$223.7 billion, larger than all but 11 of the world's national economies. However, during the last 2 years, roughly the term of the current economic recession, there has been a growing perception that Los Angeles is a "hostile place to do business." Between December 1990 and December 1991, the state lost a staggering 626,000 jobs. *208,400 of those were from Los Angeles County.*<sup>1</sup> The recent Business Climate Survey, conducted by the California Business Roundtable, showed that 28 percent of companies headquartered in Los Angeles-Orange County region plan to leave. A First Interstate Bank study stated that *one in six of the remaining aerospace jobs will disappear by 1995.*<sup>2</sup> Exhibit ES-1 presents the total number of businesses and employees in Los Angeles County between 1986 and 1990. Exhibit ES-2 illustrates the overall decline in manufacturing employment in the Los Angeles-Long Beach metropolitan statistical area from 1979 to 1991.

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<sup>1</sup> Russ Britt, "Job Flight," Daily News, April 3, 1992.

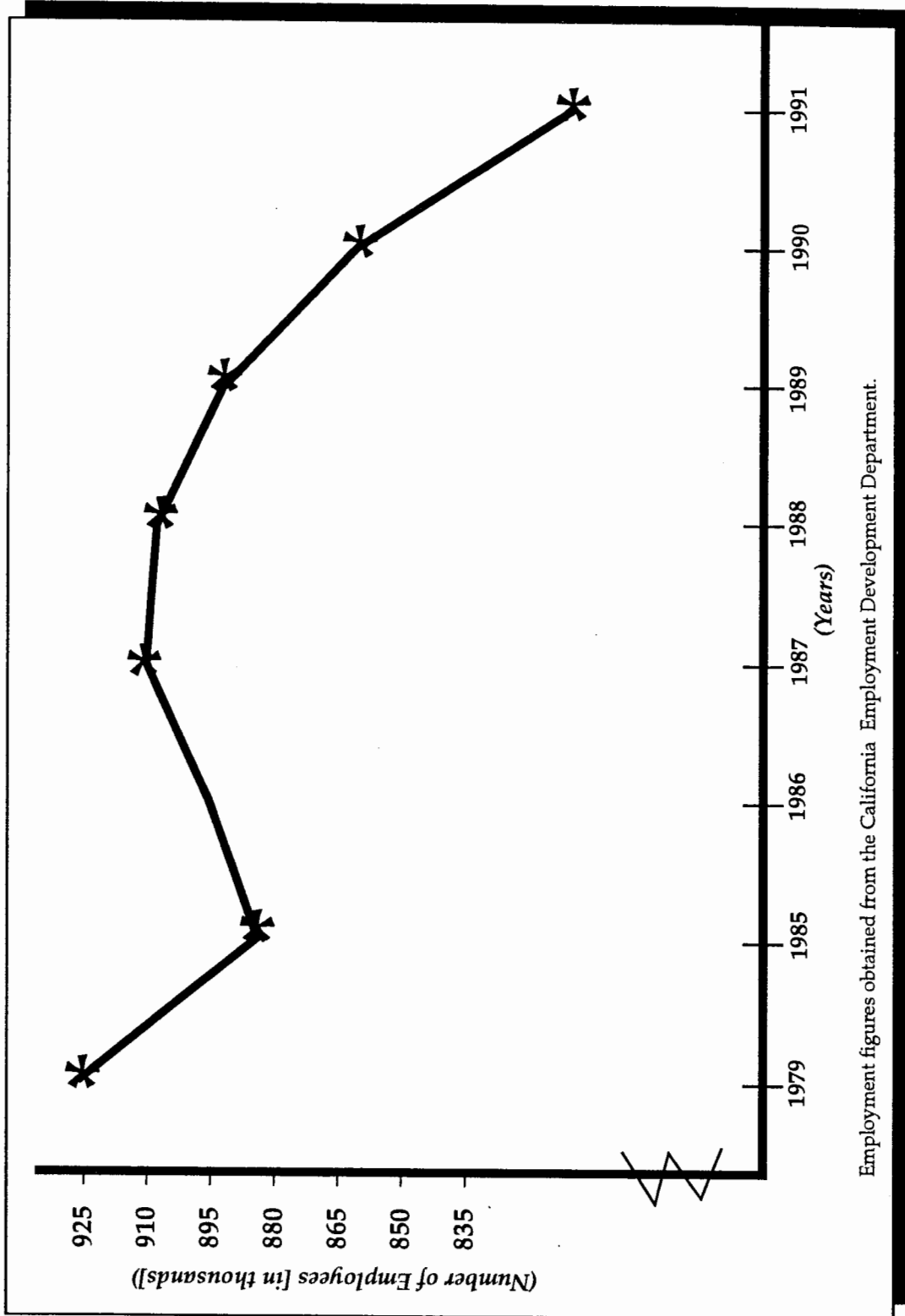
<sup>2</sup> Chris Thompson, "Golden State Gets Tarnished By Growing Business Exodus," Sacramento Bee, August 19, 1991.

**NUMBER OF FIRMS AND EMPLOYEES IN  
LOS ANGELES COUNTY 1986-1990**





MANUFACTURING EMPLOYMENT TRENDS IN LOS ANGELES-LONG BEACH  
METROPOLITAN STATISTICAL AREA 1979-1991



Employment figures obtained from the California Employment Development Department.

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*Many in the business community contend the heart of the problem is government-induced and raise legitimate issues that need to be addressed by state and local government officials.* Businesses have to pass through a regulatory gauntlet set by an array of governmental bodies — nearly 69 in the Los Angeles area alone.<sup>3</sup> California has evolved into a high-cost, high tax state with a reputation for being unfriendly and unfair to business.

As stated in the Introduction and Summary of this report, the specific objectives of this Grand Jury study are to:

- Identify what local government in Los Angeles County is doing to address business retention.
- Direct the attention of county decision makers and the general public to the multitude of factors causing businesses and skilled residents to leave Los Angeles County.
- Make recommendations to increase the effectiveness of business retention efforts.



## METHODS

This report will identify the principal reasons why businesses came to Los Angeles County. It will identify the most frequently cited reasons businesses give for leaving Los Angeles County and review the leading agencies and organizations that are trying to retain and attract businesses to the county. Information for this report was gathered from numerous studies, reports and documents that address California's business problems.

To obtain a "first hand" impression of why businesses are leaving the county, we conducted extensive interviews of business persons who have moved or who are considering moving out of Los Angeles County. To gain some insight regarding the complexities of doing business

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<sup>3</sup> Testimony by Ray Remy, President of the Los Angeles Area Chamber of Commerce, before the "Los Angeles County Public Forum on Business Retention," December 16, 1991.

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within the county's largest city, we interviewed Linda Griego, Deputy Mayor of the City of Los Angeles. In addition, we conducted a group interview with 18 Los Angeles city staffers representing a wide range of local regulatory and planning functions. The results of this exercise provided valuable insight into the attitudes of those responsible for regulation. It also provided helpful ideas for those who do business in Los Angeles.

## **FINDINGS**

Findings are presented on three topics: why businesses came to Los Angeles County, why businesses are leaving the county and organizations that promote business retention within the county.

### **A. Why Businesses Came To Los Angeles County**

#### **1. Growing Southern California Economy**

*Existing industries such as aircraft, entertainment, furniture and garment manufacturing drew many businesses to Los Angeles County. These principal industries required constant supplies of materials and components to fuel their large manufacturing and production plants. Many small suppliers developed in the local community to meet the demand. As these industries grew during the 1940's the population soared 50 percent, and yet another 50 percent during the 1950's. California's population rose 26 percent during the 1980's, 2 1/2 times the national average.<sup>4</sup> With this influx came highly skilled and educated individuals from across the United States to supply the technological skills required in California's emerging high-tech industries. Scientists, engineers and industry specialists were in great demand with the advent of aircraft manufacturers venturing into the aerospace industry. Educational institutions flourished during this period, becoming centers for the transformation and application of new technological*

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<sup>4</sup> Frederick Rose, "California A Place Long in the Sun, Now is Clouded by Doubts," *Wall Street Journal*, February 25, 1992.

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ideas. Many of these new technological advances found their way into the surrounding industries in the county.

## 2. Geographic Location and Strong Transportation Infrastructure

*The strategic geographic location provided access to Asian and Latin American markets which further enhanced business growth.* County taxpayers invested heavily in new international airport and port facilities such as the Ports of Los Angeles and Long Beach and the Los Angeles International Airport. The advent of containerized cargo and intermodal transportation in the 1960's, coupled with the rise of Japanese and other Asian trade, helped further establish the ports of Los Angeles and Long Beach as focal points for transportation to United States markets. In addition, the local transportation infrastructure was equally attractive to new businesses. Extensive freeway projects undertaken during the 1930's through the 1950's enabled local businesses quick and easy access throughout the county.



## 3. Quality of Life

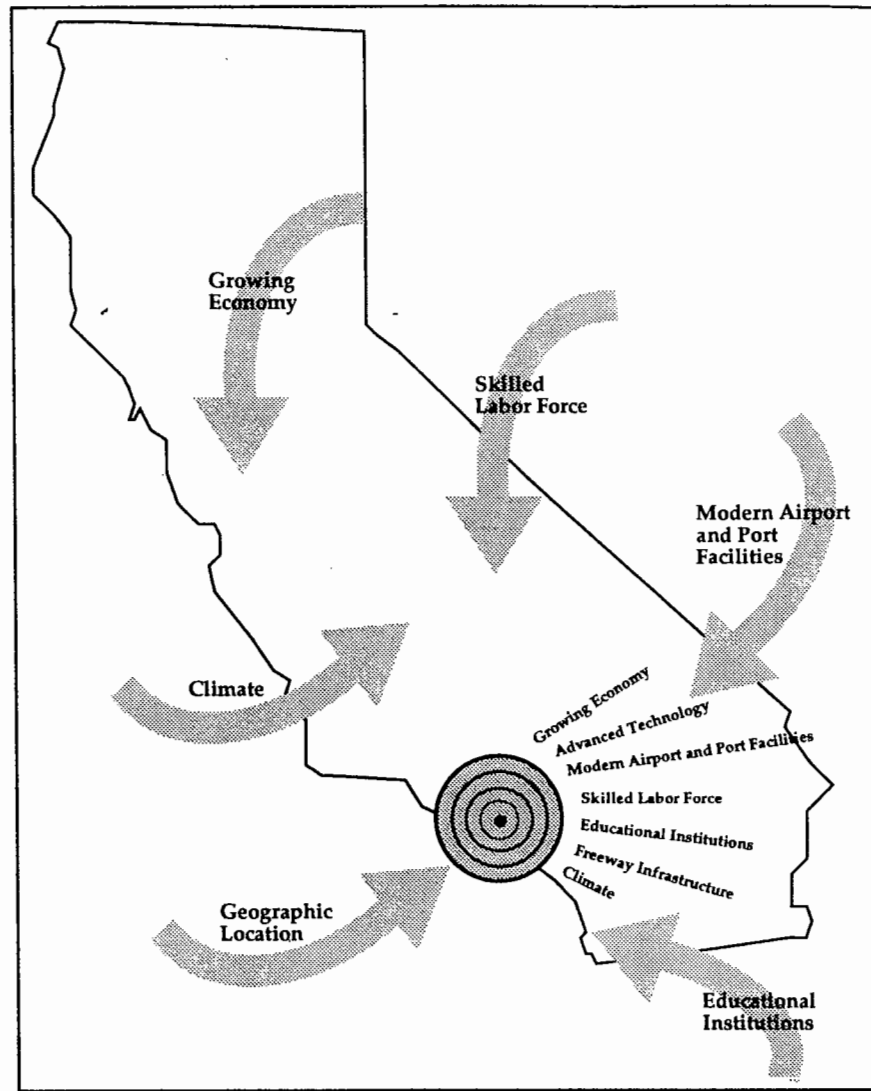
*All of the business representatives interviewed mentioned the quality of life Los Angeles offered.* This is a broad category that includes factors such as:

- Housing: availability and cost.
- Education: especially the availability of excellent colleges and universities.
- Local Services: including the availability of high quality medical services, hotels, restaurants and shopping.
- Recreation and cultural opportunities.
- Environment: including the climate and the physical environmental surroundings.

The thriving community of Los Angeles County afforded citizens a high quality of life standard in all of the above areas. Housing was relatively affordable, there was a variety of widely acclaimed

educational institutions and the recreational opportunities were endless. "Where else could you find 25 miles of sandy beaches, snow-capped mountains, year-round golfing, tennis and little humidity."<sup>5</sup> Exhibit ES-3 illustrates the "draw factors" that brought businesses to Los Angeles County.

**WHY BUSINESS CAME TO LOS ANGELES COUNTY**



<sup>5</sup> Interview with Wilfred Godbold, CEO & President of Zero Corporation, February 11, 1992.

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## **B. Reasons Why Businesses Are Leaving Los Angeles County**

### **1. Anti-Business Climate**

*A recent poll conducted by the California Business Climate survey showed that 70 percent of business leaders across the state have a negative perception of the California business climate. The number of large companies giving a negative assessment of business conditions has risen 45% between 1990 and 1991.<sup>6</sup> Although there are many factors loosely covered under the umbrella of “business climate,” the four chief factors overwhelmingly perceived as harmful to the California business climate, depicted in Exhibit ES-4, include workers’ compensation, Southern California AQMD and other environmental restrictions, state business taxes and local fees and taxes.*



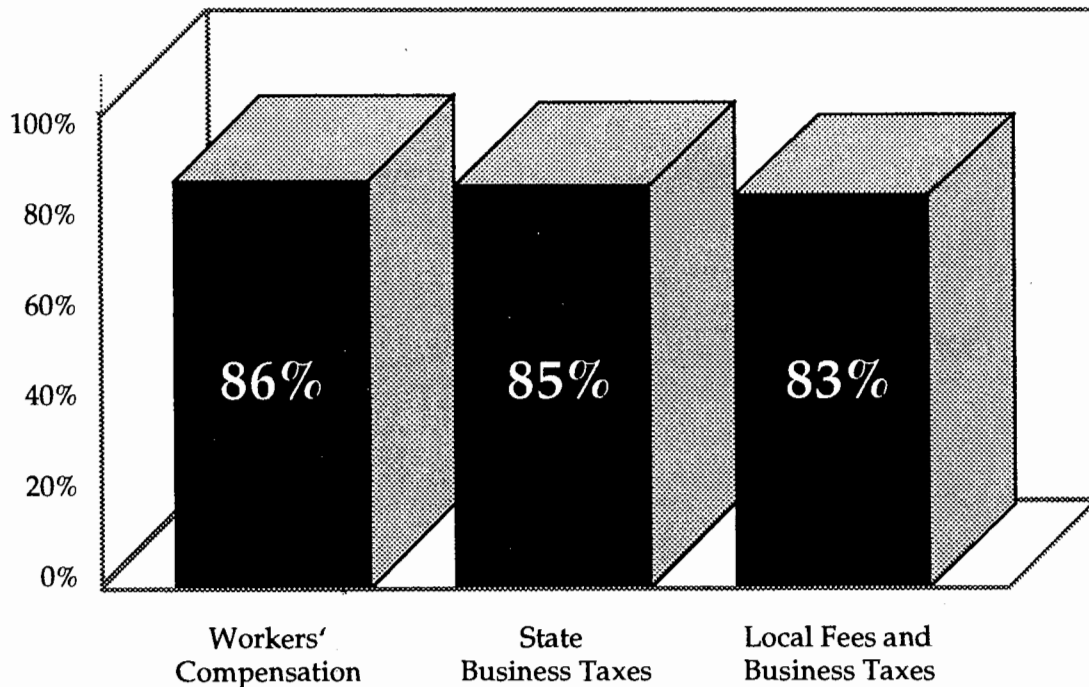
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<sup>6</sup> California Business Roundtable, “2nd California Business Climate Survey,” November 1991. It should be noted that out of 1,462 respondents, including 848 responses from large companies and 614 responses from small companies, 49 percent have Los Angeles-Orange County as their primary employment site.

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## STATE AND LOCAL TAX

*In 1991, three state and local policies are overwhelmingly perceived by the business community as harmful to business operations in California.*



Source: Second Annual Business Climate Survey conducted by the California Business Roundtable with over 1,462 respondents, including 848 responses from small companies, 49% have Los Angeles-Orange County as their primary area of employment.

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## 2. Costly, Complex Environmental Regulations

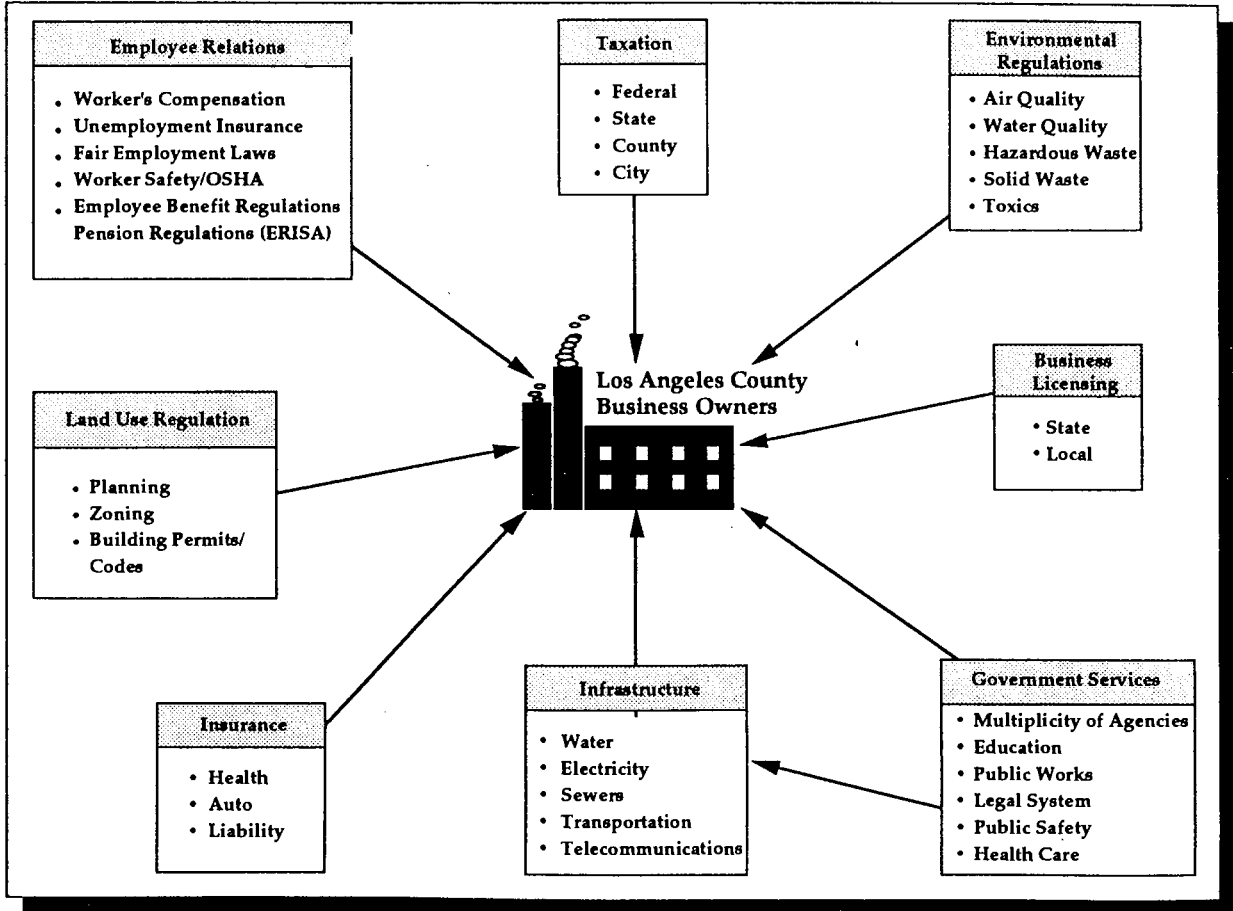
*California has one of the most extensive and restrictive environmental regulatory programs in existence.* Because these programs were adopted and implemented in a piecemeal fashion, many businesses find themselves constrained by a wide variety of rules and regulations that crept onto the local statute books beginning in the 1970's. Businesses must work through environmental regulatory programs that hinge on a permitting process involving numerous government agencies. The result is considerable confusion and costly delay.

According to the businesses interviewed, nowhere is this complex web of regulations and taxation more prevalent than in Los Angeles County. Monitored by the South Coast Air Quality Management District, *county businesses face over 120 air quality regulations* that govern everything from the consistency of glues and paints for the construction of jet planes to the use of charbroilers in fast food restaurants. In addition to regulations of special districts like the SCAQMD, testimony heard before the Public Forum On Business Retention stated that *companies face over 69 agencies in Southern California that issue environmental permits.* Exhibit ES-5 provides a sampling of the factors originating from the government sector that the average business owner must consider.





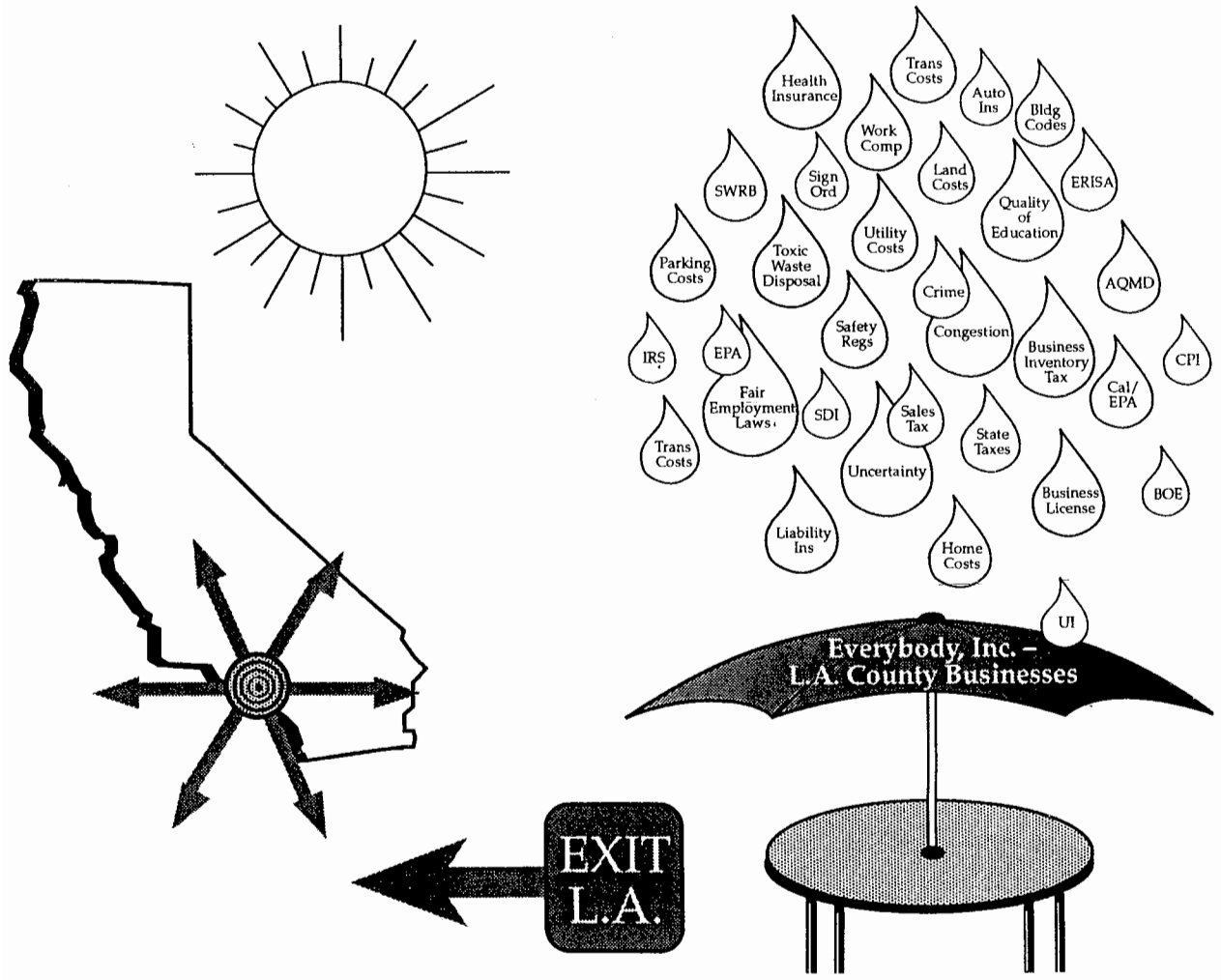
**GOVERNMENT SECTOR FACTORS IN  
THE CALIFORNIA BUSINESS ENVIRONMENT**



**3. Timeliness of Permit Process**

*Obtaining approval for local and state permits is often extremely time-consuming and can take two to three years. For example, the average time for a business to obtain only an Environmental Impact Review (EIR) is one year. Once an EIR has been completed, the business must*

then obtain the necessary building and operating permits from local city authorities. This process can take an additional six to twelve months, depending upon the complexity of the project. Some of the cities in the county have their own one-stop public counters for planning and building development permits. Many other permits, however, are required from the state, county and special districts where no central facility exists to guide businesses through the maze of government offices and agencies. Businesses must “bump themselves through the process, finding out which permit or license they need through trial and error,” stated one city official in the City of Los Angeles Planning Department. Exhibit ES-6 illustrates the barrage of permits the average California business must obtain.



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#### **4. Cost of Compliance**

*Aside from the time element of the regulatory process, there is the issue of the overall cost of compliance. From our interview we learned that county businesses spend anywhere from \$48,000 to \$60,000 per year (small business) to \$100,000 to \$200,000 (large business) on regulatory compliance. Yet the state has predicted even higher compliance costs for small businesses in the Los Angeles four-county basin. According to Forbes Magazine, the Office of Small Business in the California Department of Commerce estimates that it will cost a total of between \$3 billion and \$6 billion annually for the 67,000 small businesses located in Los Angeles four-county basin to comply with regulations.*

#### **5. Inflexible Bureaucracy**

*One of the primary complaints of those interviewed was the inflexible and sometimes intimidating posture of governmental enforcement authorities. Findings from the group interview with City of Los Angeles officials indicated that regulators believe they must enforce each regulation to the letter of the law. Many of the respondents felt they did not have the authority to solve problems and make decisions on matters in a “grey area.”*

These sentiments were echoed by the businesses the Grand Jury interviewed. Representatives of the motion picture/TV industry provided examples where regulators enforce permit requirements to the letter of the law causing expensive production delays. This has resulted in some production companies leaving to film elsewhere. Other examples of the inflexibility of regulators contained in this report demonstrate the extent by which regulations are enforced in a “blanket fashion,” with regulators imposing indiscriminately heavy penalties to force companies into compliance.

#### **6. Lack of Cost/Benefit Analysis**

*The economic consequences of new regulations often seem to be poorly understood or balanced versus intended social benefits. One of the more powerful regulatory agencies is the South Coast Air Quality Management District (SCAQMD) which regulates any entity that causes air pollution in Los Angeles, Orange and Riverside counties*

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and the non-desert portion of San Bernardino County. In 1989 the governing Board of SCAQMD, consisting of 12 appointed officials, approved a 20-year air pollution plan that economist Steven Hayward of the Claremont Institute described as “an inflexible bureaucratic plan that will be frightfully expensive, impose potentially impossible burdens on businesses, reduce employment by 50,000 jobs or more, and most probably fail to clean up the air.” Although it is beyond the scope of this report to evaluate the effectiveness of the SCAQMD, the agency has made recent efforts to conduct cost/benefit studies of their regulatory programs. Further information on SCAQMD’s “New Direction Concept” is contained in the full report.

In some instances industry has attempted to comply with the new regulations which have created artificial benchmark standards for the use of technology that either is in the early stages of development or simply does not exist. Also, there is the problem of arbitrarily imposed regulations and fines. The following are a few examples:



Friedman Bag Company was required to discontinue the use of oil based inks because of the toxins they generate. Water based inks were introduced even though the use of water based inks for their product line was in the experimental stages. The result led to an inferior product, making it less competitive according to Alvin Lanfeld, President of Friedman Bag Company. Consequently, Friedman Bag has experienced a decline in sales and has had to expend additional resources to improve their products and maintain customer satisfaction. Adding costs to such businesses cripples their competitiveness, especially at a time when a softening economy makes it difficult for them to pass on cost increases.

W.R. Grace & Company, a polystyrene plant, was inspected by the SCAQMD and was required to have an “Operating Permit” even though its manufacturing machines had already been permitted. W.R. Grace eventually had to appeal the agency’s decision in court. The court ruled that the SCAQMD had inappropriately applied regulation 1175 to an industry that did not fall under its purview. The court’s ruling clearly demonstrated that the SCAQMD does have the flexibility to interpret its own regulations but is reluctant to do so. Eventually W.R. Grace

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moved its plant out of the county and out of the state where environmental laws are less stringent.

Another example of the inflexibility of government regulators was disclosed in an interview with the management of Kilsby-Roberts, a tubing distributor firm in the City of Industry. Their experiences indicate how enforcement is applied in a "blanket fashion". Two examples were cited. Even though their warehouse is constructed entirely of steel and concrete, with no inflammable materials other than a few office supplies in the plant manager's office, Kilsby-Roberts was fined for not having illuminated fire signs above each doorway, as regulations require. The company was also fined \$50,000.00 for not having a seismic floor and adequate shelving to store their products. Management contended, to no avail, that the shelving regulation was intended for the food, retail and garment industries who are sometimes found in violation of health and safety standards because of improper storage. The regulators, Kilsby-Roberts opined, are not trained or given the authority to waive unreasonable regulations and requirements. Instead, they impose the maximum penalty and force businesses to comply or institute a court challenge. Virtually all of the firms interviewed stated that challenging the regulators can be more costly in time and money than complying. Consequently, they pay what they consider to be arbitrarily imposed fines and tolerate unnecessary regulations.

## **7. Demographic Factors**

*Several demographic factors make Los Angeles County a difficult location in which to do business, especially the cost of housing and cost of labor.* In the past decade Los Angeles has become a poor area for heavy manufacturing because of its high labor costs — linked to high local housing prices. For instance, the average cost of a single-family home in the county is \$290,000; the national average is one third of that.<sup>7</sup> The problems are not confined to manufacturers, they also impair service firms and educational institutions.

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<sup>7</sup> Statistic obtained from Sandy Reagan, Manager of the MIS Department at the Los Angeles Board of Realtors.

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## 8. Intense Recruitment by Other States

*Los Angeles' vulnerability has created many opportunities for business recruiters from other states and cities. Alabama, Arizona, Georgia, Nevada, New Mexico, Oregon, Texas, Utah, and Washington have full-time offices in the region for contacting relocation prospects. The primary incentives offered by other states and regions are:*

- *Quality of Life.* Affordable housing, superior schools, convenient public transportation and a more healthful environment.
- *Cost of Doing Business.* Lower labor costs, taxes, and environmental compliance costs, plus efficient transportation routes into the Los Angeles marketplace. Many companies believe that relocating will allow them to operate at lower costs and continue to serve existing Los Angeles customers while tapping into markets in the new location.
- *"Pro-Business" Government.* All of the states luring Los Angeles County companies emphasize their pro-business attitude and willingness to support business expansion. Many of them guarantee an expedited permit approval process, often waiving the costly permit fees required to set up businesses.



### **C. Organizations that Promote Business Retention in Los Angeles County**

*The Grand Jury was able to identify 23 forums that are currently addressing the Southern California Business Climate. However, there are many more entities than the 23 identified in this report that are currently addressing "jobs flight" or business retention. Ray Remy, President of the Los Angeles Area Chamber of Commerce, cited some 224 Chambers of Commerce, 581 Trade Associates and 62 Economic Development Agencies that have a vested stake in business retention.*

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## 1. Business Retention Organizations Lack Coordination and Long Term Strategy

*It is our impression that most of the business retention forums pursue their own individual programs and no strategy exists to coordinate their efforts.* Instead, each group has its own set of business retention objectives with an emphasis toward increased public awareness and specific remedial legislative proposals. For example, the California Chamber of Commerce has Operation RED Alert, a campaign to save California jobs by seeking Reform, Enact or Defeat (R.E.D.) legislation having a major impact on the state's economy. The Economic Development Corporation of Los Angeles County has recently formed the "L.A. Means Business" coalition to lead "an all-out assault on the forces that are taking jobs and businesses out of the area." Among numerous other endeavors such as the Assembly Democratic Economic Prosperity Team and the State Senate Republican Caucus are currently in the midst of conducting their own statewide hearings on this matter.

## 2. Promising Developments in the Battle to Improve the County's Business Climate

*"Business flight" from the county has prompted some government agencies to take immediate action.* At the state level, for example, the Department of Commerce has initiated cooperative programs, such as the California Environmental Business Resources Assistance Center, which assists businesses through the maze of permit requirements. Although the county does not have a formal business retention program at this time, the Los Angeles County Board of Supervisors did lead in the creation of the Economic Development Corporation of Los Angeles (EDC) in 1981.

Today, county government works closely with EDC by endorsing EDC's programs and initiatives. In addition, the county engages in a variety of ad hoc activities designed to stimulate business and promote trade. For example, the Los Angeles County Board of Supervisors recently conducted a public hearing on business retention.

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### ***Economic Development Corporation (EDC) of Los Angeles***

EDC is a private, non-profit organization dedicated to providing pro-active leadership and substantive economic programs that keep and expand businesses and jobs in Los Angeles County and Southern California. Direction of the EDC is provided by a 30-member Board comprised of business and community leaders. Funding for the EDC is derived from membership fees, contributions, service fees, and rental income primarily from private sources.

The principle programs of the EDC have been the following:

**“L.A. Means Business”**

**Campaign:** Provides outreach to businesses to identify and resolve problems facing business.

**Aerospace Task Force:** Works to improve the business climate and develop new business opportunities in Aerospace/High Technology Sectors.

**Community Air Quality Task Force:** Strives to reform SCAQMD regulatory practices damaging to business.

**EDC Film Office:** Endeavors to eliminate obstacles to location filming and serving as an ombudsman to the filming industry.





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In the city of Los Angeles, Mayor Tom Bradley recently appointed a Deputy Mayor charged with promoting economic development and business retention. Also, the Los Angeles City Council, responding to recommendations of the Los Angeles Industry Retention Task Force Report, endorsed the creation of a City Business Ombudsman to act as a liaison between industry and city regulatory bodies. Even though the City Council endorsed the ombudsman concept, the office has yet to be implemented and is pending further study.

One city that has implemented the ombudsman concept is the city of Monrovia. At a recent press conference, the Mayor of Monrovia temporarily named its City Manager as an ombudsman for local companies and declared “war on all forms of government policies that are an impediment to (firms) doing business in the City of Monrovia.” Other positive developments include Burbank’s Media Specific District Plan and the City of Long Beach’s Customer Service Program that assists local businesses in obtaining all necessary operating and environmental permits.

## **Conclusion**

It appears that the media have helped to focus attention on the wide variety of factors pushing and pulling businesses out of the county. However, more needs to be done to identify remedial actions and to build consensus on the solutions most suitable to the county.

## **RECOMMENDATIONS**

### ***Los Angeles County Economic Development Summit***

- 1. It is recommended that the Chairman of the County Board of Supervisors in concert with the Mayor of Los Angeles, President of the Los Angeles City Council, President of the Los Angeles County Division of the League of California Cities and leaders in the business community plan and conduct a Los Angeles County Economic Development Summit.**

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***Objectives of the Summit would be to:***

- Initiate discussion on the feasibility of creating a long-term economic development strategy for Los Angeles County.
- Improve coordination of public/private sector legislative agendas for economic development and regulatory reform.

The Agenda for the conference might include the following items:

***Legislative Coordination***

- A review of municipal, county and private sector legislative programs to determine items of common interest and need for legislative initiative. Specific consideration should be given to enlisting the help of the county's Legislative and Congressional delegation and the Governor to develop a consensus on the top ten items for action.



***Economic Development Strategic Plan***

- Examine the feasibility of a Los Angeles county-wide and basin-wide strategic plan for economic development.
- Identify the appropriate agency of government to collect and regularly report information on a county-wide basis concerning trends important to business development.

***Regulatory Reforms***

- Reforms aimed at simplifying the regulatory process, establishing standards and a business-friendly environment including the following features:
  1. **Economic impact analyses** to be completed prior to adoption of a regulation.
  2. **Deadlines for answers to questions** and discussions concerning permit applications.
  3. **Appeal process**, including option for arbitration or judicial appeal.

- 
4. **Consolidated permit counters** for one-stop-processing of permits.
  5. **Improved attitude of local and regional regulators** by adopting a “Code of Conduct” encouraging government employees to utilize a problem-solving approach versus an adversarial approach to regulation.
  6. **Ombudsman network** to provide information on regulatory requirements and facilitate resolution of complaints concerning regulations applicable within the county.

***Establish Los Angeles County Business Ombudsman***

Ombudsman is a Scandinavian term for an official appointed to investigate complaints against the actions of government departments. There are ombudsman for civilian affairs in Sweden (instituted in 1809), Finland (1919), Denmark (1955), and Norway (1962). The principle of the ombudsman's office is to secure a speedy resolution to a private citizen's grievances. The ombudsman's primary duties are to investigate, criticize, recommend, and in some countries, prosecute. It should be noted, however, that traditionally an ombudsman is not a judge or alternative source of decision-making power. He or she is not, therefore, concerned so much with government policy as with faults in its administrative application, i.e., failure to take account of relevant facts, favoritism, delay, and other forms of inefficiency or bias.

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2. **It is recommended that the Board of Supervisors appoint a business ombudsman.** This person would act as a business advocate, assisting firms to comply with governmental regulations and providing information regarding regulations, forms, inspections, permits and other matters that impact businesses in the county. The ombudsman program might be developed in phases. During the first year, the ombudsman might provide general assistance, information, referrals on regulatory compliance issues and facilitate business development in the county. During the second year, consideration should be given to creating an independent office and expanding its functions. Duties of the county's ombudsman might include:

- *Assisting in the creation of an ombudsman network* where information would be shared on the various requirements of local and regional regulatory agencies.
- *Operating a 1-800 (Toll-free) or 1-900 (Toll-self supporting) number help line to provide general assistance, information, referrals on regulatory compliance issues and to facilitate business development in the county.* The help line might have the call number 1-800 or 1-900-BIZ-HELP. The county ombudsman could be a liaison between industry and local/regional regulatory agencies within Los Angeles County to help identify bottlenecks and offer suggestions to facilitate compliance and timely decisions. Funding options and work-plan, including the extent of the ombudsman's liaison role, should be considered prior to establishing the ombudsman's office and periodically once the ombudsman has been hired.
- *Recommending improvements to the County Board of Supervisors regarding county regulators' inspection and enforcement policies, process simplification, customer relations and responsiveness toward business concerns.*



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**3. It is recommended:**

That the City of Los Angeles implement the general Business Ombudsman concept proposed by the Los Angeles Industrial Retention Task force in June of 1990.

4. That the President of the Los Angeles County Division of the League of California Cities request the remaining 87 cities within Los Angeles County to consider appointing an individual to act as a Business Ombudsman assisting business persons through local city regulatory permitting processes.

**INTERVIEWS**

Mr. Richard Ayres, Owner, Southern California Screen Printing Inc.

Ms. Gini Barrett, Vice President, Public Affairs Coalition, Alliance of Motion Picture and Television Producers

Mr. Gary N. Conley, President, Economic Development Corporation of Los Angeles

Mr. J. Nicolas Counter, President, Alliance of Motion Picture and Television Producers

Mr. Tom Eichhorn, Director of Communications, South Coast Air Quality Management District

Mr. Albert Friedman, Chairman of the Board, Friedman Bag Company

Ms. Diane M. Garcia, Research Associate, Business Environmental Assistance Center

Mr. Wilfred Godbold, President and CEO, Zero Corporation

Deputy Mayor Linda Griego, Deputy Mayor for City of Los Angeles

Mr. William R. Hahn, Owner and President, Rahn Industries Inc.

Mr. James Hankla, City Manager, City of Long Beach

Mr. Jay Horowitz, Analyst, California Employment Development Department

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Mr. Jack Kaiser, Chief Economist, Economic Development Corporation  
of Los Angeles County

Mr. Mike Kyne, Owner, West Coast Silk Screen Printing Inc.

Mr. Alvin Lanfeld, President, Friedman Bag Company

Ms. Kathleen A. Milnes, Director, Public Affairs Coalition, Alliance  
of Motion Picture and Television Producers

Mr. Robert Ovrom, City Manager, City of Burbank

Ms. Ann Schranz, Helpline Manager, Business Environmental  
Assistance Center

Mr. Barry Sedlick, Customer Energy Planning Group, Southern  
California Edison

Mr. Peter J. Shea, Chief Executive Office, Entrepreneur Group

Mr. Howard Smith, General Manager, Kilsby-Roberts

Mr. Mike Stegman, Sales Manager, Kilsby-Roberts

Mr. Tom Whelan, Chief Coordinating Division, Department of Building  
and Safety, City of Los Angeles

Mr. Tom Winkel, Manufacturing Manager, W.R. Grace & Company



# Gangs Committee

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**GANGS COMMITTEE**

*Seated (Left to Right):* Dick Halpin; Sheila Banken, Chair; Elenore Scherck

*Standing (Left to Right):* Aileen Nesmith; Herb Schyman; Sam Hollander



# Gangs Committee

## Introduction and Summary

We are outraged and alarmed by the growth of gangs and their senseless, violent killings within our communities. Daily, we are subjected to a bombardment of gang-related news items: drive-by shootings, drug dealing, turf battles . . . and graffiti, graffiti, graffiti! This harvest of shame is often reported hourly, in all its gruesome detail, by the news media.

Kids do not feel safe in school. They are reluctant to attend because of harassment by gang members and the presence of lethal weapons. The family unit, which should provide the discipline, love and caring atmosphere children need, is too often absent. Many are members of single-parent families where the provider must work long hours away from home, leaving the children unsupervised after school and exposed to gang influence. Everyone agrees that we owe our kids a safe environment but, unfortunately, we have become too tolerant of crime. We have, in fact, begun to accept crime as a normal condition of our daily lives.

The intimidation of children, and the recruitment pressure to join gangs, begins at an early age. Accordingly, our Committee decided to study what communities, law enforcement agencies and the schools are doing to dissuade young children from joining gangs.

We learned that we need to listen more attentively to children and teens, teach them to share and give them stricter boundaries. We must encourage them to bond with realistic role models, to understand the need for respect and discipline in their lives. And, most importantly, to help them understand that the way to a better future is by staying in school and rejecting the death march of gang membership.

The situation isn't hopeless. Many kids are succeeding despite all the distractions and difficulties they face while growing up. Everyday we read remarkable success stories of youngsters in the barrio and ghetto



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qualifying for scholarships because of their intellectual achievements in general attendance high schools. Their neighborhoods are often traumatized by drugs and gang violence. Nevertheless, their parents encourage and pressure them to become achievers. Their schools have strong scholastic programs and teachers who encourage good study habits and academic competitiveness.

Our youth is our future. We all must take responsibility for providing them with the opportunity to succeed because their success benefits all of us. Teachers need to receive specific training and have access to the excellent materials which have been developed to dissuade children from “jumping in” to a gang . . . and it must start as early as pre-school.

Peace officers are involved in caring programs such as parenting, helping children make responsible choices, removing graffiti, assisting troubled families and ridding parks and schools of gang members. Community-based social programs and law enforcement are working together to deter youth from joining gangs. Church groups, which are active in all our neighborhoods, are becoming involved with a faith-filled motivation of looking after our youth.

This report, conducted jointly with our contract auditor, Price Waterhouse, surveys the magnitude of the gang problem in our County and tells you how you can make a difference by getting involved. There are resources out there, partnerships involving all segments of society needed to deal with the problem of gangs. The problem CAN be solved if all of us lend a hand.

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## EXECUTIVE SUMMARY

### BACKGROUND AND METHODS

The Grand Jury is alarmed by reports of increasing gang- related crime and violence. Because of the magnitude of their crimes and the sheer number of their members, Los Angeles County has the dubious distinction of being “the gang capitol of the world”. In 1988 there were 600 gangs with about 70,000 members in the County. In 1991, there were 942 gangs with nearly 103,000 members. A 47+ % increase!<sup>1</sup>

Given the severity of the current gang situation in the County, the 1991-92 Grand Jury decided to appoint a Gangs Committee to look into the problem and related issues. The Grand Jury’s contract auditor, Price Waterhouse, was asked to assist the Committee with the following objectives:

- Identify programs in Los Angeles County that are aimed at preventing youth from joining gangs or participating in gang activity.
- Identify the level of inter-agency cooperation regarding gang prevention.
- Provide recommendations to strengthen gang prevention efforts.

The auditors worked closely with the Grand Jury to compile a list of persons knowledgeable in the field of gang prevention throughout Los Angeles County. In addition to conducting 41 interviews, the project team reviewed numerous research materials and reports. A wide variety of sources were contacted for this report, including educators, social workers, law enforcement officers, judges, prosecutors, representatives of community-based gang prevention programs, researchers, church leaders and former gang members. Representatives of the Grand Jury’s Gangs Committee often participated in the interviews, conducted a number of interviews on their own and provided valuable insight throughout this investigation. Appended to this report are the lists of persons interviewed and documents reviewed.



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<sup>1</sup> Los Angeles County Sheriff’s Department.

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## FINDINGS

### **History of Gangs**

Gangs have existed in Los Angeles County for over 80 years, reflecting a history of isolation, alienation and anger.

Youngsters of today may have an uncle, father, or even a grandfather who belonged to a gang and who speak of the experience with fond memories. Influences such as these prove difficult to counteract, even with intensive prevention and intervention measures. Traditionally, most gangs have rarely strayed from their designated "turf" to commit crimes; however, this is changing. Gangs are becoming increasingly mobile, making it even more difficult for law enforcement to track and combat their crimes.

### **Magnitude of Today's Gang Problem**

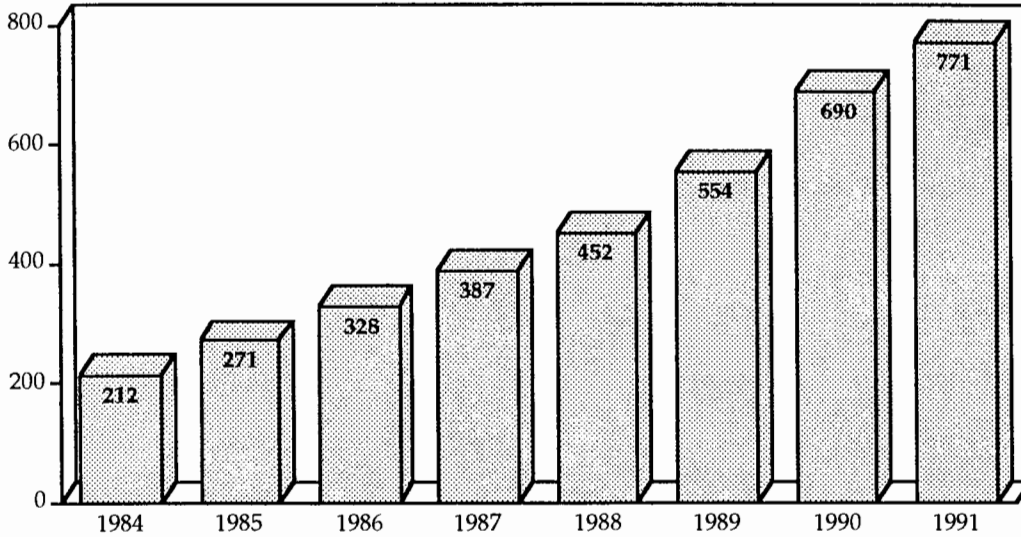
Along with the growth of the numbers of gang members, there has been an explosive escalation of gang-related violence.

In 1991, approximately 35% or 771 of the homicides in Los Angeles County were gang-related. Nearly 1 in 4 of these killings are of innocent victims.<sup>2</sup> These sobering statistics underscore the urgency to continue our support of law enforcement and to strengthen gang prevention efforts. A history of gang-related homicides is presented in Exhibit ES-1.

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<sup>2</sup> Ibid.

### GANG-RELATED HOMICIDES IN LOS ANGELES COUNTY



Note: This includes all homicides within the cities and the unincorporated areas of Los Angeles County.

Source: Operation Safe Streets, Los Angeles County Sheriffs Department, Rancho Dominguez, California.



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### **Complexity of the Problem**

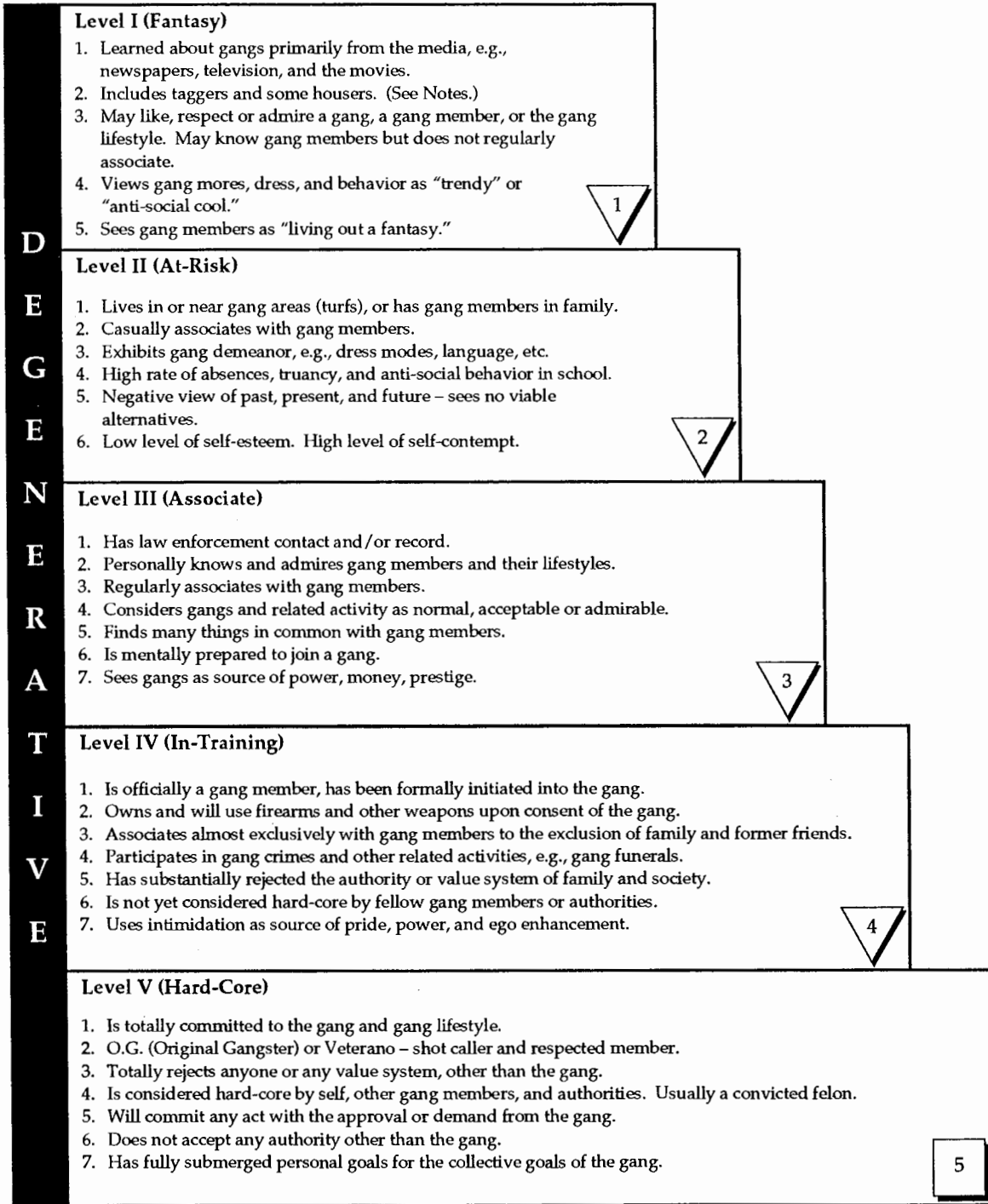
Even with the alarming rise of gang membership, one should keep in mind that only 10% of all those involved in gangs are hard-core members, i.e., those likely to kill or commit other serious crimes.<sup>3</sup>

Exhibit ES-2 describes the various descriptions of an individual's progress from Level I (Fantasy) to Level V (Hard-Core) gang involvement. This material was developed by Community Youth Gang Services, the largest non-law enforcement anti-gang program in the country. From this information we can see the sizable amount of county resources currently directed at stages IV and V (suppression). Obviously, it would be more helpful if additional resources were directed at decreasing the numbers of youngsters in stages I, II, and III (prevention and initial intervention).

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<sup>3</sup> Ibid.

**LEVELS OF INDIVIDUAL GANG INVOLVEMENT**



From *Gang Education Assessment and Planning System*, Community Youth Gang Services, January 27, 1992.

Notes: Taggers vandalize by their prolific generation of graffiti. Housers consider themselves dancers who ban together because of their interest in "house" music. They often involve themselves in gang-like activities.

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## **Reasons for Joining a Gang**

Reasons for joining a gang vary widely, and though there is no way to accurately predict who will join a gang, we learned from researchers and educators the warning signs of impending gang involvement.

Many youths join gangs for economic reasons, others because of peer pressure or coercion, as it may be safer for the youngster to join the gang than risk the retribution for not signing on. Gangs offer excitement, access to money, alcohol, drugs, recreation and a certain kind of status in the eyes of the opposite sex. Gang membership may also be racially motivated. Some researchers indicate it is a way for people whose culture is not accepted by the majority of society to develop their own identity and sense of community. In addition, we learned that some gangs may form out of racial rivalry within a community.

The following are some of the warning indicators that a youth might be headed toward gang membership:

- Poor progress or achievement in school
- Low self-esteem
- Truancy from school
- Frequent negative contact with police and/or school authorities
- Draws gang graffiti
- Dresses like gang members
- Associates with gang members

Pre-gang behavior can begin at the elementary school age and be quite evident by middle school. Many concerned agencies believe young people are joining gangs at increasing rates and for a diverse number of reasons. Even in neighborhoods where gang activity is notorious, we were told that no more than five to ten percent of those in junior high and high school are actually involved in some type of gang activity.<sup>4</sup>

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<sup>4</sup> Separate interviews with Professor Malcolm Klein, University of Southern California and Sergeant Bill Shortley, Los Angeles Police Department on March 4, 1991.



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A number of gangs or subgroups of gangs are increasingly involved in crime for economic gain. Gangs provide monetary incentives for their members through their lucrative drug dealing activities, receipts from stolen goods and cash flow from their extortion rackets.<sup>5</sup> This lure alone is difficult for youngsters to resist.

Those who have acquired the education and employment which frees them of gang involvement very often move away from their childhood neighborhoods. This creates a vacuum of positive role-models and talent within the blighted Los Angeles County communities.

The frequently changing and unpredictable motives of gang members, their increasing mobility and randomly violent behavior, means that no neighborhood in metropolitan Los Angeles is completely safe from gang crime. The variety of socioeconomic factors that influence an individual's decision to join a gang requires that prevention efforts be diverse as well. As will be seen in our report, caring and energetic people in schools, law enforcement, and effected (and soon-to-be effected) neighborhoods can work together to protect or reclaim our youth from gangs.

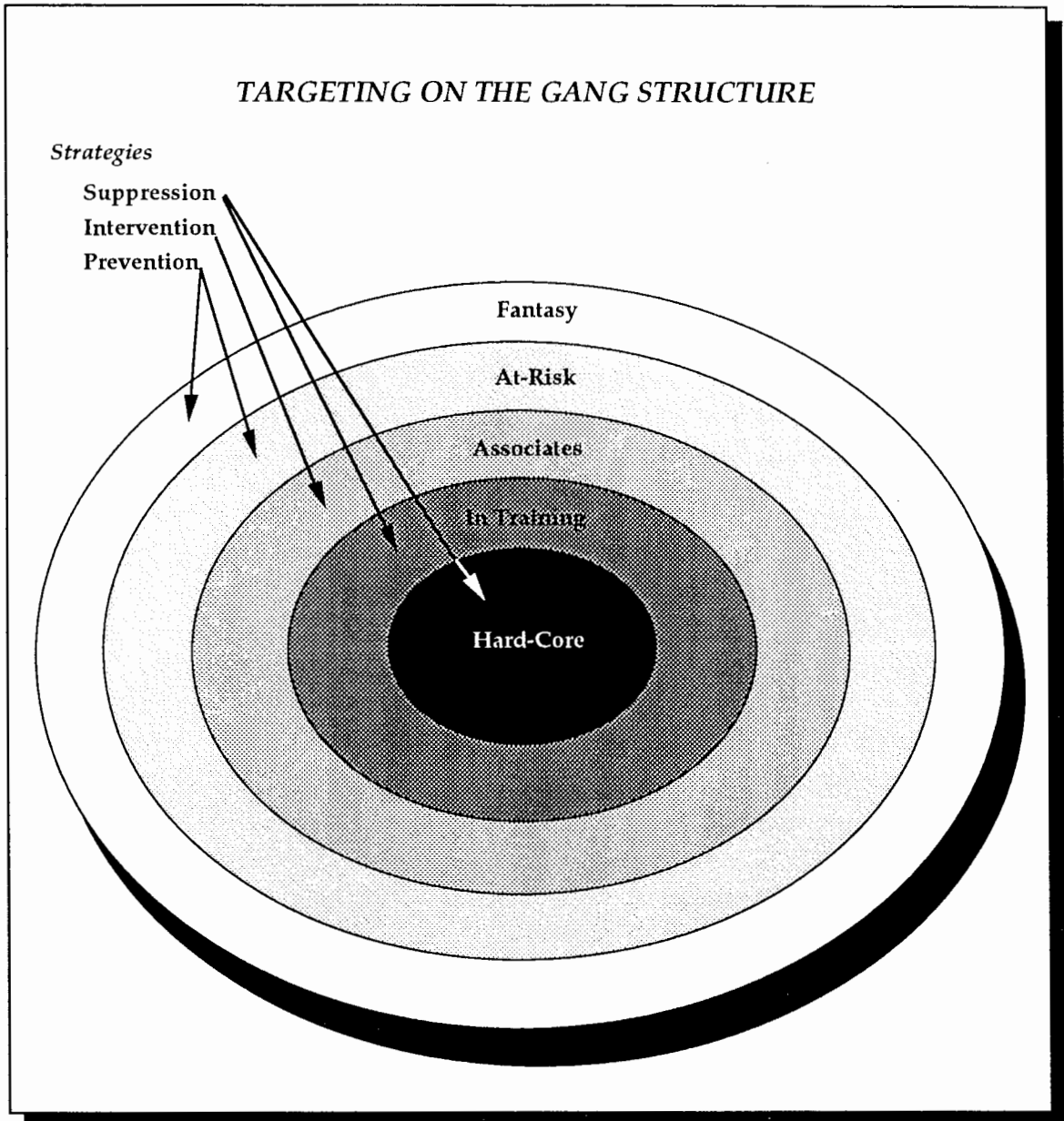


### **Gang Control and Prevention in Los Angeles County**

As shown in Exhibit ES-3, the methods of controlling and preventing gang behavior currently in use can usually be categorized into three distinct areas: Suppression, Intervention, and Prevention. The experts with whom we spoke recommend that all three methods be applied concurrently for effective results.

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<sup>5</sup> Street Gangs of Los Angeles County, Los Angeles County Sheriff's Department, July 1, 1991.



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The most frequently used strategy, usually led by law enforcement, is to suppress the hard-core gang members and those in-training through strict enforcement and punishment, provide intervention for the “associates”, and utilize prevention techniques for those at-risk but not presently involved in gang behavior. However, suppression methods are extremely expensive. The annual cost to incarcerate one juvenile is approximately \$30,000. This same amount could fund the Harbor Area Community Reclamation Project for six months. Obviously, suppression must be supplemented by other, less costly, methods if we are to be successful.

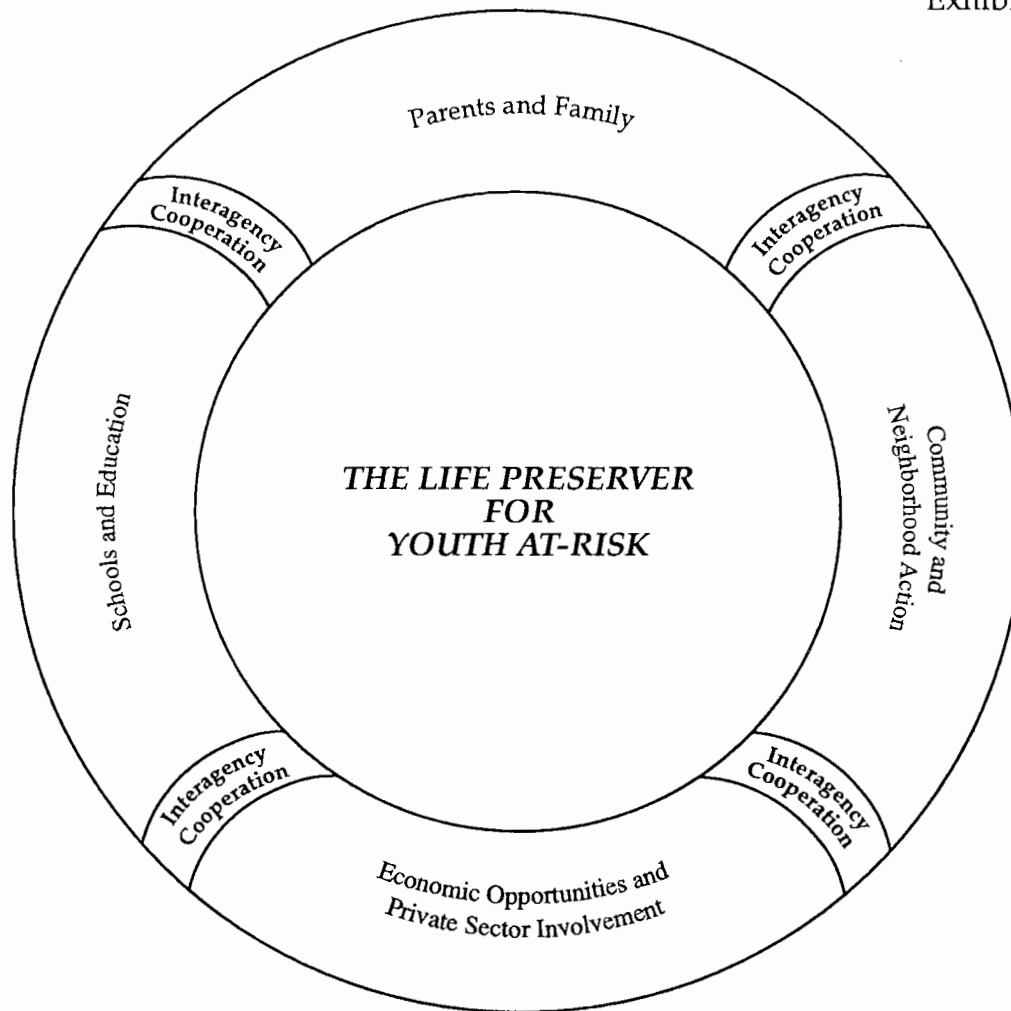
### **Basic Elements of Gang Prevention**

Law enforcement agencies contend that the critical decision to join a gang is made in the sixth, seventh and eighth grades. Prevention programs should be applied before this grade level and continued through high school.

Prevention methods encompass a broad variety of philosophies and approaches. Primary prevention focuses on strategies to address very young target populations not yet identified at risk of joining gangs. In the course of this investigation, four areas that must be addressed for a successful collaborative prevention program were expressed time and time again. As illustrated in Exhibit ES-4, they are:

- Parents and Family
- Schools and Curriculum
- Community and Neighborhood Action
- Economic Opportunities and Private Sector Involvement





### **Parents and Family**

The factor cited as most important in gang prevention is the family unit. Yet, there are many aspects of a successful family which are elusive. Values and self-esteem can be taught all day long in school, but if the environment at home is in disarray, the schooling has little impact.<sup>6</sup> In addition there are many instances where a fragile family

<sup>6</sup> Interview with Steve Valdivia, Community Youth Gang Services, February 21, 1992.

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structure has disintegrated even further because one of their number has been killed, incarcerated, or involved as a hard-core or in-training gang member.

The concept of enhancement and stabilization of the families of at-risk youth is often elusive. While there is popular sentiment that it is necessary to emphasize values and encourage goals-oriented youth, the means and methods to achieve this objective are a topic of much debate. A number of people we interviewed believe that mandatory parenting classes for those receiving public aid might be an effective way to reach many parents who are in need of family oriented-counseling.

***Gang Prevention in  
Los Angeles County — Parents***

***The Youth Advocacy Program (YAP)***, founded in April of 1990, coordinates gang prevention and intervention efforts on behalf of the Los Angeles City Attorney's Office, the Los Angeles Police Department, and the Community Development Department for youths and their parents. Instead of being processed by the juvenile justice system, qualifying youth (mainly first-time offenders who are not already gang members) and their parents can complete a series of counseling and training sessions in lieu of the traditional criminal justice route. YAP offers community improvement and support, family stabilization, and special activities for at-risk youth through a variety of coordinated services.

***The North Valley Family Counseling Center***, operated by Sister Una Connolly, attempts to reunite and strengthen the teenager-parent relationship through counseling and intervention methods. Located in the City of San Fernando, the program is funded by a grant from the City, various foundations, and private donations.



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### **Making It Easier for Parents to Visit Schools**

A California law created in 1990, sponsored by Assemblyman Curtis Tucker, Jr. (D-Inglewood), encourages parents to visit school during the academic year. AB 3782 states that an employer with 25 or more workers shall allow an employee to take up to 4 hours of existing vacation time, per child, for purposes of school visitation. According to a recent editorial by George J. McKenna, Superintendent of the Inglewood Unified School District, few schools promote this law and most parents are not aware of their right.

### **Schools and Curriculum**

Since children are in classrooms for a substantial part of each day, schools are in a good position to counsel youth and to control their criminal activity. A significant number of schools in the County do have gang prevention activities and other programs aimed at developing citizenship.

Our research and interviews of educators indicate that the greatest contribution they can make to gang prevention is in the effective teaching of basic skills and in preventing children from dropping out of school. For example, in the Los Angeles Unified School District there is no District-wide program for gang prevention. However, school authorities do have a variety of dropout prevention programs and counseling that, to some extent, help keep youth away from gangs. The Los Angeles Police Department aids in a number of ways including drug abuse and gang prevention education provided through the DARE (Drug Abuse Resistance Education) program. Though dropout rates still appear to be high, County schools are making progress in dropout prevention.

Unfortunately, there is no assurance that activities started at one school or grade level will be carried on throughout a student's grade school years. Starting at the elementary school level, continuous and comprehensive school-based gang prevention efforts are vital. Many of the experts we spoke with stated that preschool was not too early to begin a prevention program. There are many types of curricula and programs available that address self-esteem, values and conflict

resolution. They need to be sustained and continuous at every grade level if we are to be successful in preparing youngsters for their future responsibilities.

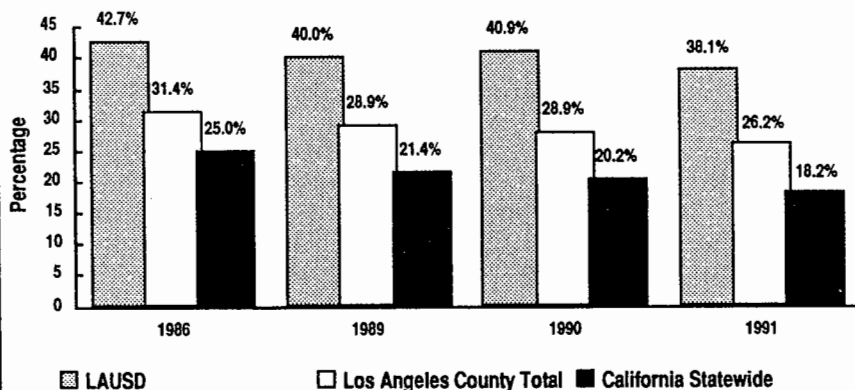
Curriculum by itself, however, is not the complete answer. This component must be accompanied by coordination with and support by both the school system and the community.

It appears to us that school authorities frequently take the lead in gang prevention and work closely with city officials and law enforcement to assess gang problems, educate the community concerning the evils of gangs and to improve neighborhood security. Such efforts cannot be sustained without substantial investment of resources, support by school boards and, most importantly, an abiding commitment from the residents of the community.

### Trends in High School Dropout Rates

While school districts do not keep comprehensive truancy statistics that can be compared from one year to the next and between various counties, such data does exist for dropout rates. As the bar graph below illustrates, high school dropout rates for grades 10, 11, and 12 decreased steadily between 1986 and 1991 for Los Angeles Unified School District (LAUSD), Los Angeles County, and for California as a whole. LAUSD rates remain far above those of the State's, yet progress has been consistent. In the 1989/90 academic year, LAUSD had over 60 dropout prevention programs in operation.

HIGH SCHOOL DROPOUT RATES — SELECTED YEARS



Notes: Three-year dropout rates for grades 10, 11, and 12. The Department of Education calculates the dropout rate by counting the number of students who leave school between grades 10 and 12 and who do not enroll in an alternative education program or private institution.

Sources: California State Department of Education, Program and Research Division. Los Angeles Times, "Dropout Rate Cut to 18.2% Statewide," April 10, 1992, p. A3.



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## Community and Neighborhood Action

A successful gang prevention program requires community action at a grass-roots level. Citizens must take responsibility to address the causes of crime.

Just because a neighborhood is plagued by gang activity, it is not correct to assume the entire neighborhood belongs to a gang. The vast majority of the citizens in our neighborhoods are hard-working and honest people. It is they who are the key to the solution of the problem. When they are angry enough or hurt enough, and given sufficient guidance and resources, they will summon the necessary energy and courage to eradicate gang activity in their neighborhoods.

We found many time-tested approaches to community action. Some of the longest-standing and most widely-recognized approaches are those espoused by Community Youth Gang Services (CYGS). CYGS utilizes a method that integrates prevention, intervention and community mobilization combined with support from various justice agencies. In any approach, the continuous initiative of an individual is the critical ingredient. It does not matter whether that individual is at the police department, city hall, school, local neighborhood watch or service club. Once the individual decides to get involved, then the strategies for networking and gang prevention guidance can be learned from a variety of sources. We have often seen that a parent of a gang victim or an ordinary concerned citizen can initiate a gang prevention program. We also observed a growing concern on behalf of religious organizations throughout the Los Angeles County communities. On March 18, 1992, religious and community leaders officially kicked off the "Hope in Youth" campaign. This is an unprecedented initiative to unite the resources of eight major religious denominations in order to fight the gang problem.<sup>7</sup> They intend to create dozens of family outreach teams and small neighborhood schools that would focus on children between kindergarten and second grade. The organizers plan to raise \$290 million over a five-year period for gang prevention and intervention purposes.

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<sup>7</sup> Jesse Katz, "No Help for Hope in Youth" Los Angeles Times, March 18, 1992. p. B-1.



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***Anti-Gang Curriculum:  
Los Angeles and Orange Counties***

Anti-gang curriculum is also being developed out of Southern California: Mission SOAR and Project YES!

***Mission SOAR*** (Set Objectives Achieve Results) is a detailed gang prevention/self-esteem curriculum designed by the Los Angeles Unified School District (LAUSD). The curriculum focuses on self-esteem development and learning to take responsibility for one's action. Mission SOAR was originally developed for third and fourth grades with reinforcement activities for grades five and six; however, the program can easily be modified for preschool to adult use.

***Project YES!*** is the anti-gang and drug curriculum developed by the Orange County Department of Education for grades three, five, and seven. It integrates the prevention message into other classroom material such as English, Language Arts, and History. Twenty-eight counties in 18 states have purchased this program that emphasizes goals, choices, and consequences. Lucky Stores, Inc. is currently sponsoring grants for schools to purchase the curriculum.



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### ***Gang Prevention Programs — Community Enhancement***

***The Community Reclamation Project (CRP)*** currently operating in the Harbor Area of Los Angeles County facilitates coordination and cooperation among local religious, education, juvenile justice, employment, and social service agencies for the purpose of preventing and/or reducing gang activity. CRP attempts to establish an ongoing, integrated network of community-based organizations, law enforcement agencies, and concerned citizens that effectively combat drug use and gang activity in the target community. When CRP disengages, a newly-trained community that can reclaim their neighborhoods is ideally left in place. CRP has developed a comprehensive program and training manual, "Rising Above Gangs and Drugs: How to Start a Community Reclamation Project", for use by other communities experiencing an emerging gang and drug presence.

***Operation Cul-De-Sac*** is a Los Angeles Police Department developed program which attempts to emulate some of the suburban street characteristics in an urban environment, mainly by blocking vehicle traffic on selected streets. It couples this approach with the development of a police and community mobilization program, such as the creation of a neighborhood watch program and athletic activities. After Operation Cul-de-Sac was implemented in the Newton Area, the LAPD reported a drop in violent crime and narcotic activity. As a side effect, student attendance rates increased significantly at the nearby high school, presumably because of the safe corridor to and from school that the program created.

## **Economic Opportunities and Private Sector Involvement**

### **Employment**

One of the primary reasons youngsters join gangs is because they see no hope of lifting themselves out of the poverty which often surrounds them. When an individual believes there is no future, his life and the lives around him become less valuable. There have been successful anti-gang programs around the state that focus solely on seeking employment for at-risk teenagers.

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Many gang prevention programs in Los Angeles County have job development and placement as components in their overall approach. Community Youth Gang Services, Harbor Area Gang Alternatives Program and the Community Reclamation Project, for instance, all have programs to expand employment opportunities, to expose youth to business people and to explain the realities of the work place. When youth at-risk or gang members do find stable employment, many believe this was a "life-turning" event for them. Their job or career gradually drew them away from the gang lifestyle and into more productive modes of behavior.

### **The Private Sector**

The private sector and the County must be brought together in a partnership to coordinate current and future gang prevention efforts. Within the private sector we found evidence of support from a variety of sources: charitable and non-profit organizations, as well as for-profit businesses.

United Way, Inc. supports various prevention activities in Los Angeles County. Their funding reaches Boys and Girls Clubs and other organizations dedicated to enriching the lives of youths-at-risk. There are also many businesses within the community making a commitment towards gang prevention and intervention.



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***Gang Prevention Programs  
in Los Angeles County —  
Job Development***

The City of El Monte developed a job program targeted directly at gang members. The City pooled resources from the police and Boys' Club in order to secure employment for gang leaders and members within the community. The gang members were given job retention skills and related training. After potential employers were secured for interviews, the youths had to interview and secure the job on their own. Hundreds of youth have since participated in this program. As a result, El Monte experienced a decrease in graffiti and in gang violence.

Father Greg Boyle, a pastor at the Dolores Mission Church, believes finding employment for gang members to be "as close as we will get to a single, effective answer to the enormous problems of gangs." When he has funds available, he hires gang members for various community activities and is in the process of developing a comprehensive job development program that addresses the needs of his parish.

**Interagency Planning and Coordination**

There are few mechanisms to coordinate services for the comprehensive planning and development of gang prevention programs. There is a critical need for agencies to be brought together for this purpose. Any thorough intervention and prevention program must rely on a certain amount of interagency cooperation, be it between agencies within a municipality or within different levels of government. During the course of our study we observed a wide variety of gang prevention programs

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at work. However, there is no single county-wide provider of anti-gang resource information. This makes it difficult, if not impossible, for County agencies to obtain all the useful information needed for gang prevention efforts.

### **California Office of Criminal Justice Planning**

The California Office of Criminal Justice Planning (OCJP) provides grants to law enforcement agencies, schools and community-based organizations throughout California to prevent and reduce gang-related violence. Their grants are designed to be seed money for the development of anti-gang programs. Recognizing the effectiveness of a collaborative effort, OCJP has designed incentives for a cooperative effort within the city and county agencies that pursue anti-gang monies in their latest request for proposals.

OCJP currently serves as the state clearinghouse for information on statewide anti-gang efforts. While they have a complete data base on the projects which they fund, the fragmented nature of the anti-gang efforts occurring statewide make it difficult for even this office to maintain a comprehensive directory. Given the limited resources of every agency we encountered, it seems imperative that these resources be maximized by collaboration and coordination between the various agencies.



### **Interagency Gang Task Force**

The Interagency Gang Task Force was established in 1980 by the County Board of Supervisors to provide a county-wide forum for the development of cooperative strategies to combat gang-related crime. While it has served a valuable purpose in coordinating law enforcement agencies, it is not responsible for the coordination of prevention strategies. There is no single agency devoted to gang prevention on a county-wide basis.

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## CONCLUSIONS

As a result of our extensive interviews and data research efforts, the following conclusions have emerged.

1. The County lacks systematic and sustained gang prevention efforts. There are numerous and potentially effective programs extant; however, only portions of Los Angeles County are covered. The numerous pilot programs that have been implemented need to be combined into one large-scale effort.
2. Although the gang-prevention experts in Los Angeles County comprise a relatively “small universe” of people, there is no single County provider of gang resource information. This makes it difficult for agencies to obtain useful and necessary information for their particular gang prevention efforts.
3. The County lacks an overall plan to deliver gang prevention programs. The private sector would be more likely to help if there were an overall plan.
4. The County lacks an agency responsible for a gang prevention plan and overall leadership/guidance. Also, there is currently no automated mapping support to track gang activity, crimes, membership and territory.

## RECOMMENDATIONS

It is recommended that:

1. The Los Angeles County Board of Supervisors designate an agency to develop a comprehensive County-wide youth gang prevention plan. The plan should identify alternatives for collaborative strategies involving education, community mobilization, law enforcement, prosecution and probation.

We believe either the Children’s Planning Council or the Interagency Gang Task Force might be the most appropriate organization to develop this plan. It would incorporate goals for the short-term, mid-term and long-term in the areas of gang prevention. For example, a short-term goal would be to develop a gang prevention

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directory of all of the resources available in Los Angeles County. A mid-term goal would be to develop a collaborative effort among the prevention agencies in the county. A long-term goal would be to leverage current anti-gang resources.

The planning and steering committee should include representatives of county government municipalities, public schools, the religious community and the private sector.

2. The Los Angeles County Board of Supervisors provide the following support and guidance to the Interagency Gang Task Force by:
  - A. Providing a budget for public education and communications with agencies concerned with gang prevention throughout the County.

The Task Force now operates without a budget or support staff, yet they are the only available mechanism that the County has to coordinate anti-gang prevention and intervention activities. While administrative and support costs should still be “donated” by the Chairperson’s agency (this position rotates annually among the members), we believe the effectiveness of the Task Force would be greatly improved with resources for public education and communications to agencies concerned with gang prevention within the County.

- B. Providing automated mapping support to assist the Task Force with maps and other demographics analysis.

The maps used by County law enforcement and prosecution agencies to pinpoint gang activity are assembled and updated manually. We believe the County could readily develop such diagrams using automated Geographic Information System (GIS) software. This technology is currently in use in the County Regional Planning Department.

- C. Directing the Interagency Gang Task Force to accept the membership of a select number of representatives from cities within Los Angeles County. These members could be selected



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through the League of California Cities, Los Angeles County Division.

Currently, only the City of Los Angeles is formally represented on the Task Force at the municipal level, although meetings are open and input from other cities is welcomed. We believe all cities within the County should be involved in the Task Force. This approach would increase anti-gang communication at all levels of government and enhance collaboration.

- D. Directing the Interagency Gang Task Force to develop uniform crime reporting methods on gang activity that could be adopted and utilized by every law enforcement agency within Los Angeles County.

We have learned that the Los Angeles County Sheriff's Department and the City of Los Angeles Police Department compile gang crime statistics in a different manner. Some cities within the County do not report gang crime statistics at all. If cities had developed and proven reporting standards which they could all emulate, we believe the County would be able to allocate County anti-gang resources more efficiently.

3. The Board of Supervisors recommend to the City Council of each city within the County that a realistic assessment of their gang problem be made and encourage the appointment of a gang prevention planning and information liaison.
4. The Los Angeles County Board of Supervisors designate an appropriate County agency to establish gang prevention telephone information lines. This would enable residents in the unincorporated areas of the County who are interested in community action to obtain information on County and community programs, resources and upcoming events concerning gang prevention activities.

In addition, the Los Angeles County Board of Supervisors should contact all cities in Los Angeles County, possibly through the League of California Cities, Los Angeles Division, and request that they consider establishing similar gang prevention information lines.



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5. The Los Angeles County Board of Education:

- A. Request that all school districts within Los Angeles County appoint a gang prevention liaison. Such action would facilitate interagency cooperation by making it easier to identify the gang prevention contact in each school district. This would also provide the focal point for a gang assessment in each of the school districts.
- B. Support gang prevention in-service training for teachers and administrators and inform each school district of the current local government resources available to assist with gang prevention measures.
- C. Emphasize training programs to provide students with the skills and knowledge necessary to secure employment.



**RIP**

The Grand Jury is deeply saddened by the gang-style execution-murder of Ana Lizarraga who, for the past ten years, was a caring and devoted counselor with the Community Youth Gang Services. This report is respectfully dedicated to her memory.

## INTERVIEW LIST

Community-Based Organizations	Law Enforcement	Education	Researchers
Anthony Borbon, Director Harbor Area Community Reclamation Project	Ken Bell, Senior Investigator, Los Angeles County District Attorney's Office	Lilia Lopez, Youth Gang Drug Prevention Project Director Los Angeles Unified School District	David Brooks, President Thomas Jefferson Center
Greg Boyle, Priest and Counselor, Dolores Mission Catholic Church	Greg Boles, Detective Juvenile Division Los Angeles Police Department	Alexis Ruiz-Alessi, Principal Edmondson Elementary School Norwalk Unified School District	Malcolm Klein, Director Center for Research on Crime and Social Control, University of Southern California
Una Connelly, Executive Director, North Valley Family Counseling Center	Michael Carrington, Deputy Director, Gang Violence Suppression Branch, Office of Criminal Justice Planning	Sidney Thompson, Deputy Superintendent, Los Angeles Unified School District	
Maria Figueroa, Prevention Director Community Youth Gang Services	Bruce Copley, 1991 Chairman Interagency Gang Taskforce and Deputy City Attorney, Gang Prosecution Section	William Ybarra, Consultant Los Angeles County Office of Education	
Kevin Gano, Safety Administrator, City of Norwalk	Jaime Corral, Presiding Judge, Los Angeles County Juvenile Courts		
Robert Lavender Crisis Intervention Program Community Youth Gang Services	Richard Davidson, Sergeant, Operation Safe Streets, Los Angeles County Sheriff's Department		
Diana Nave, YAP Coordinator Community Development Department City of Los Angeles	Kirby Everhart, Chief, Gang Violence Suppression Branch, Office of Criminal Justice Planning		
Charles Norman, Field Operations Director, Community Youth Gangs Services			

INTERVIEW LIST

Community-Based Organizations	Law Enforcement	Education	Researchers
<p>Anthony Ostos, Director Paramount Anti-Gang Program City of Paramount</p> <p>Ernie Paculba, Director Harbor Area Gang Alternative Program</p> <p>Patricia Patrick, Mothers Against Gangs in the Community, City of Long Beach</p> <p>Steve Valdivia, Executive Director Community Youth Gang Services</p>	<p>Patrick Fraehle, Captain, D.A.R.E. Los Angeles Police Department</p> <p>Carole Freeman, Captain Safe Streets Bureau Los Angeles County Sheriff's Department</p> <p>Michael Genelin, Head Deputy Hard-Core Gangs Unit Los Angeles District Attorney's Office</p> <p>James Hahn, City Attorney, City of Los Angeles</p> <p>Herman Hill, Gang Violence Sup- pression Branch, Office of Criminal Justice Planning</p> <p>Matt Hunt, Commander, Los Angeles Police Department</p> <p>Thomas Lenzion, D.A.R.E. Los Angeles Police Department</p> <p>Judith Lewis, Captain S.A.N.E. Bureau, Los Angeles County Sheriff's Department</p>		



**INTERVIEW LIST**

Community-Based Organizations	Law Enforcement	Education	Researchers
	<p>Robert Mimura, Executive Director Countywide Criminal Justice Coordination Committee</p> <p>Glynis Morrow Parenting Education Coordinator Office of the City Attorney, Los Angeles</p> <p>Barry Nidorf, Chief Probation Officer, Los Angeles County</p> <p>Darold Pieper, President Delinquency and Crime Prevention Commission</p> <p>Robert Polakow 1992 Chairman of the Interagency Gang Taskforce Los Angeles County</p> <p>Natalie Salazar Community Coordinator Los Angeles County Sheriff's Department</p> <p>David Traum, Eastlake Juvenile Detention Center</p> <p>John White – Commander, Operations and Headquarters Bureau, Los Angeles Police Department</p>		

*GLOSSARY OF ACRONYMS*

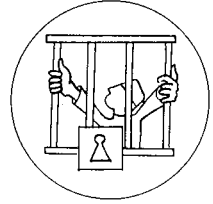
NOTE: Where applicable, a contact and telephone number is also provided.

<i>Acronym</i>	<i>Organization</i>	<i>Contact</i>	<i>Telephone Number</i>
CCJCC	Countywide Criminal Justice Coordination Committee	Robert Mimura	(213) 974-8398
CRASH	Community Resources Against Street Hoodlums (Los Angeles Police Department)		
CRP	Community Reclamation Project	Anthony Borbon	(310) 326-2119
CYA	California Youth Authority		
CYGS	Community Youth Gang Services	Steve Valdivia	(213) 266-4264
DARE	Drug Abuse Resistance Education (Los Angeles Police Department)		
GAPP	Gang Alternative Prevention Program	Ernie Paculba	(213) 519-7233
GREAT	Gang Reporting Evaluation and Tracking System (Los Angeles County Sheriff's Department)		
GRIPP	Gang Risk Intervention Pilot Program (Los Angeles County Office of Education)	William Ybarra	(213) 922-6301
MARC	Mad About Rising Crime	Clark Squires	(818) 368-1112
OCJP	California Office of Criminal Justice Planning (Gang Violence Suppression Branch)	Kirby Everhart	(916) 327-8704
OSS	Operation Safe Streets (Los Angeles County Sheriff's Department)	Captain Carole Freeman	(310) 603-3100
SANE	Substance Abuse Narcotics Education (Los Angeles County Sheriff's Department)	Captain Judith Lewis	(310) 946-7263
SOAR	Set Objectives Achieve Results (Los Angeles United School District Curriculum)	Lilia Lopez	(213) 625-4054
TAS	Target Area Strategy (Community Youth Gang Services)		
YAP	Youth Advocacy Program (City of Los Angeles)	Diana Nave	(213) 485-8251



# Jails Committee

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**JAILS COMMITTEE**

*Seated (Left to Right):* Emma Fischbeck; Franklin Henderson, Chair;  
Dorothy Greenbaum

*Standing (Left to Right):* Sheila Banken; Herb Schyman; Dick Halpin;  
Alice Moore

# Jails Committee

## Introduction and Summary

Section 919, Subdivisions (a) and (b), of the Penal Code of the State of California authorizes the Grand Jury to (a) inquire into the case of every person imprisoned in the jail of the county on a criminal charge and not indicted; and (b) inquire into the condition and management of the public prisons within the county. The 1991-92 Los Angeles County Grand Jury assigned this responsibility to an eight member Jails Committee. The following subject areas were covered:

- A. Inspection of Jails
- B. Pasadena Municipal Court Lockup
- C. Citizens' Complaints
- D. Recommendations

### A. INSPECTION OF JAILS



#### BACKGROUND:

Pursuant to Los Angeles County Grand Jury Guidelines, Chapter III, the Grand Jury Foreman appointed an eight member Jails Committee during the month of July, 1991. Unscheduled inspection visits of all jails and detention facilities operated by the county and cities within the county were viewed as a major committee task.

#### PROCEDURE:

At the first committee meeting in mid-July, attention was focused on administrative details for conducting committee business and efficient organization for carrying out committee tasks. The eight members of the Jails Committee were organized into four teams of two members each. Each team was assigned a specific geographic area



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in the county as their primary area for inspection visits. Eight jails were selected for inspection by the entire Grand Jury. They were Men's Central Jail, Inmate Reception Area of the Men's Central Jail, Hall of Justice, Biscailuz Center, Parker Center, Sybil Brand Institute, Peter Pitchess Honor Ranch and Avalon Sheriff's Station.

The jails inspection task was easy to perform because of the availability of a useful "Jails Committee Handbook". This handbook, developed by the 1990-91 Grand Jury Jails Committee, was issued to each committee member. It contains a listing, with addresses and telephone numbers, of all jails and detention facilities within the county, written committee guidelines, a jails committee inspection report form for use when making inspection visits and a glossary of commonly used terms in jail facilities. The inspection report form was adopted as the standard for conducting and reporting the results.

#### **FINDINGS:**

The Jails Committee inspected 101 jails and detention facilities in the county. Although all facilities were scheduled for inspection, some were not inspected because committee members were needed for investigative and indictment hearings held by the Grand Jury. A courteous reception was extended to inspection teams. Management of jails and detention facilities was excellent. General conditions, such as security, fire safety, appearance, stations for custody officers, inmate interview rooms, food storage and preparation and medical assistance were rated as acceptable to very good. The only exception to this rating is the male holding cell in the Pasadena Municipal Court. Findings at the Pasadena Municipal Court are discussed in a separate paragraph of this report.

Interviews with custody personnel revealed that there is an increase in the number of homeless, drug addicted and ill inmates. Close confinement of inmates having communicable diseases poses a significant health hazard for them, custody personnel and the public.

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Names of facilities inspected are listed below:

**Los Angeles County Sheriff's Department Stations and Custody Divisions (CD)**

Avalon	Marina Del Rey
Carson	Men's Central Jail
Crescenta Valley	Norwalk
Firestone	Pico Rivera
Hall of Justice (CD)	San Dimas
Industry	Sybil Brand Institute for Women (CD)
Lennox	Temple City
Lomita	Walnut
Lynwood	West Hollywood
Malibu	

**Los Angeles Police Department Jails**

Devonshire Division  
Foothill Division  
Harbor Division  
Hollywood Division  
North Hollywood Division  
Parker Center (Jail Division)  
Rampart Division  
Van Nuys Division (Valley Jail Section)  
West Valley Division  
Wilshire Division



**Municipal Police Department Jails**

Alhambra	La Verne
Azusa	Long Beach
Baldwin Park	Maywood
Bell	Manhattan Beach
Bell Gardens	Monrovia
Beverly Hills	Montebello
Burbank	Monterey Park
Claremont	Palos Verdes Estates

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Compton	Pasadena
Covina	Pomona
Downey	Redondo Beach
El Monte	San Fernando
El Segundo	Signal Hill
Gardena	San Gabriel
Glendale	Santa Monica
Glendora	South Gate
Hawthorne	Torrance
Hermosa Beach	West Covina
Huntington Park	Whittier
Irwindale	

#### **Municipal Court Lockups**

Alhambra	Pasadena
Burbank	Pomona
Calabasas	Redondo Beach
Citrus (West Covina)	Rio Hondo (El Monte)
Compton	San Fernando
Downey	San Pedro (Los Angeles)
East Los Angeles	Santa Anita (Monrovia)
Glendale	South Bay (Torrance)
Hollywood (L.A.)	South Gate (Southeast)
Long Beach	Southeast (Huntington Park)
Malibu	Whittier

#### **Superior Court Lockups**

Criminal Courts Building  
East District (Pomona)  
North Valley District (San Fernando)  
Northeast District (Pasadena)  
South Central District (Compton)  
South District (Long Beach)  
Southeast District (Norwalk)

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Southwest District (Torrance)  
Sylmar Juvenile Court  
Sylmar Juvenile Facility (operated by Probation Department)  
David Kenyon Juvenile Justice Center

We also toured two Federal Penal Institutions, Terminal Island and the Metropolitan Detention Facility. These visits gave us an overview of how other agencies handle incarceration.

## **B. PASADENA MUNICIPAL COURT LOCKUP**

### **FINDINGS:**

A two member team of the Jails Committee inspected the lockup facility in the Municipal Court, 200 North Garfield Avenue, City of Pasadena. In the male holding cell, the inspection team observed severe overcrowding and an inoperable, remotely controlled, lock on the door of the sally port. The inspection team also observed that the Marshal's station is a converted maintenance closet. Working space is small and inadequate.

The male holding cell has a rated maximum capacity of 25 inmates. A Marshal on duty reported that, on some days, as many as 60 male inmates are kept in the holding cell. Fistfights between inmates occur at a rate of three per month. Because of overcrowding, intervention by Deputy Marshals poses a personal safety problem, and space is unavailable for physical separation of combatants.

After the inspection, the team met with a Municipal Court Judge to report its findings. The inspection team told the Judge that conditions in the male holding cell represent a potential threat to personal safety of bench officers, court personnel, custodies and visitors in the building, and should be corrected immediately. The Judge's response was that Pasadena has had problems with overcrowding in its lockup facility for many years and the situation has become dangerous. According to the Judge, past attempts to remedy the situation have been unsuccessful.



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The inspection team's findings were reported to the Jails Committee. The Jails Committee decided that the conditions in the Pasadena Municipal Court Lockup required further examination. Two additional meetings were held with the same Municipal Court Judge.

At the first meeting, attendees were the Judge, a Deputy Marshal, and four members of the Jails Committee. The Judge gave an oral summary of attempts to solve the lockup problem. This included a description of modification studies, cost estimates, meetings with a County Supervisor and a representative of the County Chief Administrative Officer (CAO) and court correspondence on what to do about overcrowding and inadequate security in the Pasadena Municipal Court Lockup. The long term solution for easing overcrowding is the proposed construction of a new Pasadena Municipal Court. Estimated completion date is a minimum of five years from start of design. The immediate solution is modification of existing facilities at an estimated cost (1990 dollars) of \$500,000 to \$750,000. The plan is to modify the existing female lockup to create an additional male lockup, install sliding gate type sally port with remote control locks, construct a Marshal's station, construct interview booths with security separation between inmates and interviewers, install inmate toilet facilities and modify an existing Municipal Court storage room in the basement to become a female lockup. This immediate solution has not been implemented because of a lack of funding. The Judge made available to the Jails Committee written evidence of past attempts to eliminate dangerous lockup conditions in the Pasadena Municipal Court.

At the second meeting, attendees were the Judge, two Deputy Marshals, a court employee, two representatives of the CAO and four members of the Jails Committee. The lockup problem was reviewed and the facility was inspected. Overcrowding in the male lockup was again observed. Jails Committee members expressed their concern for the potential personal injury or loss of life and resulting county financial liability if the lockup problem is not corrected immediately. Representatives of the CAO agreed to look for ways to solve the lockup problem and report their findings to the Jails Committee.

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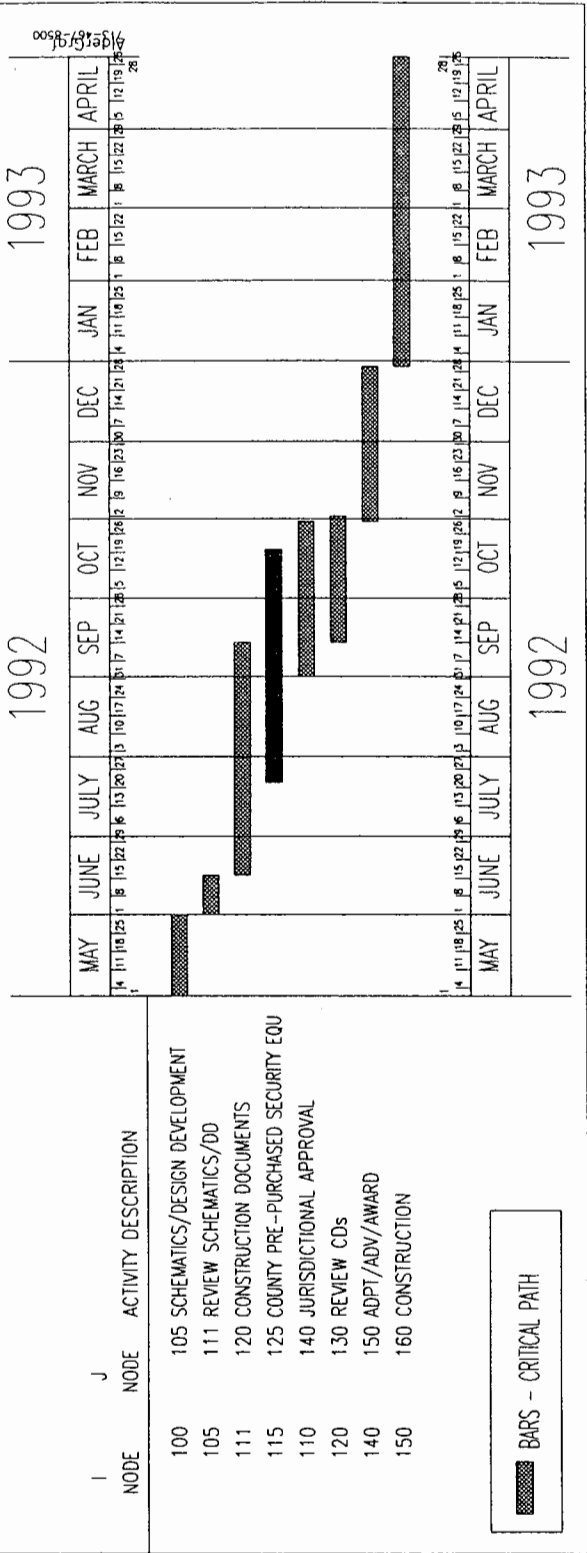
One month after the second meeting, a response letter dated April 22, 1992, was sent to the Jails Committee by the CAO. This letter is maintained in the Grand Jury office file. In the letter, the CAO concludes that the only feasible solution to the personnel safety and potential financial liability of the county issue caused by overcrowding in the existing lockup is expansion of the existing lockup. The CAO recommends that an additional lockup, the immediate solution previously described, be constructed with funds from the Master Courthouse Construction Program. *[The Master Courthouse Construction Program is funded from dedicated courthouse construction special funds (Robbins courthouse Construction and Criminal Justice Facilities Temporary Construction Funds). The CAO assured the Grand Jury that if sufficient revenue growth is realized from the two courthouse construction special funds, the one million dollars used for lockup modification would be replaced.]* Estimated maximum construction cost (1992 dollars) is not expected to exceed \$1,000,000. Gantt chart for the construction project, which is an attachment to the letter from the CAO, is shown in Figure 1. Project start and completion dates are May 1992 and April 1993, respectively. During modification of the existing lockup, temporary arrangements will be made with law enforcement agencies to retain their custodies until the Court is ready to hear their cases.



The Jails Committee concurs with the recommendation of the CAO for funding and constructing an additional lockup.



PASADENA MUNICIPAL COURT - DETENTION CELL RENOVATION  
 County of Los Angeles  
 APR 24, 1992  
 4806



PASADENA MUNICIPAL COURT  
 County of Los Angeles  
 APR 24, 1992  
 4806



CAO APPROVAL

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## CITIZEN'S COMPLAINTS

The Jails Committee received a request from the Criminal Justice Committee to review and take appropriate action on three citizen's complaints. Letters were sent to the complainants describing the action taken.

## RECOMMENDATIONS

The Grand Jury recommends that:

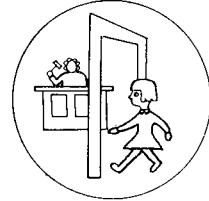
1. The Board of Supervisors allocate funds for modification of the lockup facility at the Pasadena Municipal Court, pending construction of a new courthouse, to alleviate inmate overcrowding and to provide adequate security for bench officers, court personnel, custodies and visitors in the building. Timeline for modification activities is as shown in Figure 1 of this Jails Committee report.
2. The Board of Supervisors allocate additional funds for semi-annual medical testing of inmates for Tuberculosis, HIV and other communicable diseases. Medical personnel should also be tested semi-annually for the same conditions.





# Juvenile Services Committee

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**JUVENILE SERVICES COMMITTEE**

*Seated (Left to Right):* Aileen Nesmith; Stewart Steckel, Chair; Shirley Lertzman

*Standing (Left to Right):* Dick Halpin; Elenore Scherck; Ian Grant

# Juvenile Services Committee

*(Reprint of report submitted to the Board of Supervisors on June 11, 1991)*

## **Introduction and Summary**

The 1991-1992 Grand Jury started a preliminary investigation of the LEGAL REPRESENTATION IN THE DEPENDENCY COURT based on a suggestion from last year's Grand Jury. Early discussions with the Commission for Children's Services and other concerned parties indicated that there were many reasons to conduct this investigation. First was the fact that, to assure confidentiality, this court system is closed to the public. No one who is not regularly involved in the court can provide a check on the quality of legal services or their costs. Unlike most courts neither the press nor the public has access to the Dependency Court. The Grand Jury had access. Second, the clients represented in this system are the least able to speak for themselves. The children have no idea that they have any legal rights, much less what their rights are, or whether the attorney representing them is protecting their rights. The parents being represented are usually among the most disadvantaged or problematic. They are the people on whom the system regularly comes down hard; their children have been removed. Often the system punishes them when they speak out. In addition, the problems of both the parents and children are often compounded by varying degrees of illiteracy; cultural and ethnic considerations make the need for a good attorney especially important.



While the Grand Jury was mulling over the merits and difficulties of this study, we received a request from the Board of Supervisors to do the investigation. The Board was being approached by various groups claiming to have methods to save legal costs. Since the Board must look at the quality of services as well as their costs (which have been skyrocketing) this investigation seemed imperative, providing them with information from which they could make informed decisions.

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The goals of the study were:

1. To understand the various systems for providing attorneys
2. To evaluate the pros and cons of alternate methods of providing attorneys
3. To determine the costs of legal services and methods for tracking the costs
4. To evaluate management controls and accountability for Dependency Court attorneys
5. To identify the current standards of performance
6. To make suggestions to the Board of Supervisors for worthwhile changes which could be implemented in the near-term.

In engaging an auditor to assist us in conducting this investigation, the Grand Jury recognized that auditing legal services in the Dependency Court would present problems that do not normally exist in private business. The court is run by the Judiciary, not the Chief Administrative Officer (CAO), and, as such, much of the responsibility for costs and policy lies with the individual presiding officers, most of whom seldom stay long enough to put an effective organization in place. In addition, the Grand Jury recognized that some problems are not only managerial and financial, but also legal and philosophical and that the current budget constraints of the County permeate many decisions.

The Dependency Court is a unique institution, even by County Government standards. Its problems do not all lend themselves to quantitative solutions. It is our goal to provide the Board of Supervisors with our findings and recommendations, presented as simply as possible, as well as with those observations which we consider important and well-founded. We urge the Board to consider them as soon as possible.

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## BACKGROUND

In investigating legal services in the Dependency Court we found a complex system, heavily laden with attorneys, whose goal is to protect abused and neglected children; a system in which there are currently 41,000 children with approximately 12,000<sup>1</sup> new children entering every year. It is a system in which the presiding officers appoint and effectively pay the Panel attorneys who appear before them. There are attorneys for the county, attorneys for the children, attorneys for the parents and sometimes attorneys for those assisting the children. It is not unusual to find a half-dozen attorneys standing before a judge on a single case. These attorneys, whose costs in 1991/92 are estimated to be 26 million dollars, may come from any of four distinct groups:

1. County Counsel — Children's Services Division (15 attorneys) responsible for the representation of the Department of Children's Services and some of the children. They primarily supervise ALS attorneys who staff the courtrooms.
2. Auxiliary Legal Services (ALS), (45 attorneys) — A non-profit organization under the direction and control of County Counsel.
3. Dependency Court Legal Services (DCLS), (66 attorneys) — A non-profit corporation under contract to the Chief Administrative Officer to provide legal services to parents and children.
4. Panel Attorneys (approximately 100 attorneys)<sup>2</sup> — Individual private attorneys appointed by Dependency Court Judges. They apply to serve on a rotating panel to represent both parents and children.



Funding for legal representation in LA County is as follows:

1. County Counsel's Children's Services Division and Auxiliary Legal Services — 70% from the State and 30% from LA County

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<sup>1</sup> Testimony of Charlene Saunders, Dependency Court Administrator before California State Senate-Judiciary Hearings in Senate Bill 1420 - March 24, 1992

<sup>2</sup> Analysis of Superior Court PACE Data Fiscal 91/92, 1st two quarters.

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2. Dependency Court Legal Services and Panel Attorneys — 100% from LA County.

It is a system with many very hard-working, highly-dedicated people trying to help the children but faced with formidable problems.

## PROCEDURE

The Grand Jury engaged an auditor to conduct an investigation of the four groups providing legal services to the Dependency Court. Their work consisted of fact-finding interviews with County and Court officials as well as some interviews with officials and experts outside the County. Costs and budget data were reviewed for the various legal groups although the auditor did not independently audit the source data. Concurrent with their investigation, the Juvenile Services Committee conducted their own investigations to supplement the auditor's efforts and to explore other subjects not covered by the audit. After reviewing the results of the audit the Committee decided to write it's own report in order to provide the Board of Supervisors with some near-term recommendations. These recommendations, presented as simply as possible, are based on the belief that it is necessary to understand who does what, how much it costs and how the existing system can be improved before considering any new proposals.

In the discussion below the Grand Jury summarizes their findings and their recommendations. Every effort has been made to build on what is good rather than on starting over.

## I. THE DEPENDENCY COURT JUDICIARY SYSTEM AS IT RELATES TO LEGAL REPRESENTATION

### FINDINGS:

1. *The Dependency Court, as viewed by many in the overall judicial system, is the "bottom of the barrel".* As such, few Judges are assigned to Dependency and, when they are, they rarely stay long enough to develop proficiency in Juvenile Dependency law and the dynamics of family relations or the skills necessary to efficiently manage an

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overloaded calendar. Most of the 14 Courtrooms in Los Angeles County are staffed by Commissioners or Referees and few of these stay for long periods of time (18 months on the average). Each judicial officer hears 30 - 40 cases per day which allows only an average of 16 minutes per case to hear arguments and render decisions.

2. *The Court has no effective fiscal control over expenditures for Panel Attorneys.* Fourteen different presiding officers independently review and authorize claims quarterly. Their review is based on little more than *memory and trust*. During any given quarter each officer has presided over approximately 2000 hearings, with multiple attorneys at most of them. The Professional Appointee Court Expenditure System (PACE) provides him with only the case numbers and the hours and dollars claimed. PACE does not have a list of active cases and those authorized to charge to each case, nor does it post charges to the individual cases. In short, PACE merely presents the bills and provides little or no information to guide management. The total Panel Attorney costs in a single courtroom in one year can exceed \$1,000,000. The difference between two courtrooms having approximately the same case loads can vary by more than 300%<sup>3</sup>
3. Court minute orders provide little information for fiscal management. These minute orders provide all data on the court's orders in each case and should also be the source of attorney appearances in court, attorney appointments (authorization to charge) to new cases, etc. These hand-written documents are often illegible and incomplete. They provide court administration with no information for fiscal management and only minimal information for court and calendar management, since this information must be deciphered and then manually input into a computer program. In 1991, 174,000 hand-written minute orders were generated <sup>4</sup>



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<sup>3</sup> Estimated Panel Attorney Costs for Each Department June 1990 - May 1991 and June 1989 - May 1990 - prepared by County Counsel. Minute Orders (caseloads) from Court Administration.

<sup>4</sup> JAI Monthly Statistical Report - Juvenile Dependency Court Workload—1991.

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4. *There are no uniformly accepted standards in Los Angeles County for attorneys providing representation in the Dependency Court. Although, during these studies, various groups concurred with the need to establish competency levels, as well as standards of practice, no such standards are presently in hand. Everyone from the Presiding Judge in the Dependency Court to the State Supreme Court seems to be working on this problem.*

The Advisory Committee on Juvenile Court Law of the Judicial Council of California may recommend the adoption of proposed standards in May, 1992. The Bay Area Reasonable Efforts Project<sup>5</sup> has established practice guidelines for Dependency Court attorneys practicing in Alameda, San Francisco and Santa Clara Counties. There appears to be several resources from which standards could be derived, but apparently not enough incentive to do so.

5. *It appears questionable that recipients of legal services who have the ability to pay are being required to do so as mandated under existing reimbursement policies. The current court practice appears to be that everyone is provided with legal representation whether or not they are indigent and little attempt is made to identify and collect from those who have the ability to pay. Based on statistics obtained from the Treasurer-Tax Collector<sup>6</sup> only 35 referrals (out of an estimated 4000 cases) were made to his office over a recent eight-month period. While it is recognized that the majority of families using County-provided legal services are disadvantaged, it seems highly unlikely that 99% of these families have no ability to pay.*

## RECOMMENDATIONS

1. Establish a policy that will bring more prestige and recognition to the Dependency Court and will motivate more skilled jurists to be willing to accept the assignment with pride and the desire to serve for longer periods. Public awareness through the media,

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<sup>5</sup> Bay Area Reasonable Efforts Project

<sup>6</sup> Letter and enclosures to Grand Jury dated April 7, 1992 from George Cosand, Chief, Collections Division



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as well as awards and commendations to outstanding people that serve the county and children well, should be implemented. Although difficult to implement, consideration should also be given to increased compensation for the higher caseloads and stress that exists in the Dependency Court, or alternately, to providing funds to increase the number of judicial officers.

2. Immediately implement the revision and computerization of minute orders in each courtroom to interface with the new PACE system and/or other court administration computer programs to provide significantly more visibility for functional and fiscal management of the Dependency Court. Review Project JADE (Juvenile Automated Data Enhancement)<sup>7</sup>
3. Establish a central control function in Juvenile Dependency Administration for review of Panel Attorney claims.
4. Set a time limit, 60-90 days, for review of existing efforts (Judicial Council, Bay Area Reasonable Efforts Project, in-house studies, etc.) and implementation of Standards of Practice for attorneys practicing in the LA County Dependency Court.
5. The Presiding Judge of the Dependency Court should review the diligence with which those people who can pay are identified and referred to the Treasurer-Tax Collector for reimbursement.



## II. PANEL ATTORNEYS

### FINDINGS:

1. *Once Panel Attorneys are independent contractors and do not report to any central authority there is no control over the number of cases they handle, the number of hours they bill or the quality of representation their clients receive. Although they are reviewed*

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<sup>7</sup> Memo to Grand Jury Dated April 14, 1992 from J. Shepard, Office of J. Dempsey, describing effort over the past five years to get minute orders automated as a possible starting point.

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periodically by a committee of judicial officers, neither the rules governing panel rotation or billing procedures appear to be enforced.

2. *A significant number of Panel Attorneys are submitting claims which appear unreasonably large and possibly flagrantly abusive. To eliminate the excuse that billing is erratic and often deferred for long periods of time, the total hours and billings over the last 2<sup>1</sup>/<sub>2</sub> years were tabulated for attorneys submitting an average in excess of 2200 hours per year (Table I). 2200 hours is considered unusual when viewed in the light that total court hours are approximately 1500 and if one billed 40 hours per week for 52 weeks with no vacation the total would be 2080 hours. Of the 20 Panel Attorneys billing over 2200 hours per year during this 2<sup>1</sup>/<sub>2</sub> year period, one Panel Attorney billed an average of 3600 hours per year receiving the equivalent of \$154,000 per year. In one year that attorney billed 4786 hours. Ten other attorneys received an average in excess of \$120,000 per year. Many of these attorneys who appear to have abused the system are still on the 1992 panels, indicating either a lack of knowledge of this fact on the part of the judiciary or their approval.*
3. Based on total hours submitted by Panel Attorneys for the first two quarters of fiscal 1991-1992, there was the equivalent of 100 Panel Attorneys working full time (2080 hours per year) in the Dependency Court at the beginning of 1992.

***Panel Attorney BILLINGS  
IN EXCESS OF 2200 HOURS***

Note: Only those attorneys having an annual average of over 2200 hours for 2½ years are shown

Attorney	1990-1991		Annual Average for 2½ Years**	
	Billable Hours	Dollars Paid	Billable Hours	Dollars Paid
1	4,786	\$205,621	3,618	\$153,750
2	3,632	\$168,468	3,098	\$142,118
3	3,196	\$149,504	3,004	\$136,276
4	1,327	\$63,352	2,969	\$121,314
5	3,159	\$142,509	2,939	\$133,439
6	2,960	\$142,439	2,804	\$133,922
7	2,292	\$108,125	2,749	\$129,245
8	2,928	\$132,179	2,680	\$121,898
9	2,520	\$112,576	2,674	\$116,105
10	2,416	\$118,415	2,592	\$127,812
11	2,608	\$120,313	2,570	\$119,864
12	2,695	\$128,157	2,514	\$124,555
13	2,570	\$117,558	2,401	\$111,234
14	2,448	\$117,969	2,386	\$117,423
15	1,678	\$80,315	2,350	\$114,612
16	2,309	\$109,651	2,315	\$108,191
17	2,890	\$133,342	2,276	\$100,962
18	2,830	\$137,993	2,269	\$111,207
19	2,429	\$102,710	2,218	\$103,620
20	2,551	\$117,157	2,208	\$102,867



**TABLE I**

Reference: Superior Court PACE System Records  
\*\*Ending second quarter of 1991-1992

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## RECOMMENDATIONS

1. There is no question that, given the constraints on the problem, the transition to a single system of private legal representation will be slow. In the first two quarters of 1991-92, 140 Panel Attorneys submitted bills (the equivalent of 100 full time attorneys). At the same time between 50 and 60 Dependency Court Legal Services attorneys were also staffing the courts.

At the present time there are several proposals being made by various groups as alternatives to DCLS, the existence of which obviously acknowledges the need for improvement in the legal representation system. Although each may have something constructive to offer, no decisions could sensibly be made without first having a clear understanding of the system that now exists, what it does, how well it works and how it can best be improved.

*The Grand Jury is **strongly opposed** to the Board of Supervisors entering into any new agreements regarding legal representation in the Dependency Court until the recommendations of this report are implemented and more informed decisions can be made.*

2. Request the Auditor Controller to complete an audit of the claims filed by attorneys that were consistently over 2200 hours per year based on Table I. It should be noted that the names of these attorneys have already been referred to the District Attorney's office by the Grand Jury and an investigation is presently underway.
3. Create, with the Board of the Juvenile Courts Bar Association and the Judicial Committee that reviews the Panel, a list of Panel Attorneys who are considered competent, who represent their clients effectively and whose billing records do not appear abusive. *Eliminate all others from the Panel.*
4. Require each Panel Attorney to submit, immediately, a list of active cases and their status in order to determine caseloads, client identification (children, parents, etc.) and the proportion of open cases being handled by the Panel.

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5. Establish a rule that limits the maximum number of hours billed to 1800 hours per year unless approved by the Presiding Judge.

### III. DEPENDENCY COURT LEGAL SERVICES (DCLS)

#### FINDINGS:

1. *The concept which led to the formation of DCLS is a good one, especially when compared to that of the Panel Attorneys.* The DCLS attorneys:

1. Are supervised by an experienced law firm Director
2. Are located under one roof, hopefully in the new Children's Courthouse, just a few steps from the courtrooms
3. Are paid by the month at a fixed amount rather than by the hour. All accounting is done at the DCLS law firm
4. Are required to participate in initial and ongoing training
5. Have ready-access, in their law firms, to important support personnel such as social workers, paralegals and secretaries.

This closely-knit organization should make the management of courtroom time and the calendar much more efficient.

2. *Dependency Court Legal Services was established<sup>8</sup> without a well thought-out plan or timetable. With unrealistic goals in terms of manpower, cost and cost savings, the original intent could NOT be achieved.* It was assumed that the staff of DCLS would be comprised primarily of experienced Panel Attorneys eager to join the new organization and that DCLS would receive the majority of new appointments, resulting in a rapid phase-out of the panel. Neither of these assumptions was realistic and the problem of cost was further exacerbated when, in July 1990, just as DCLS was



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<sup>8</sup> Letter from County counsel to Board of Supervisors recommending establishment of DCLS - October 11, 1989

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starting to staff the courtrooms, new rules regarding the representation of children were implemented.<sup>9</sup> This resulted in a significant increase in appointments of private attorneys for children who were formerly represented by County Counsel. Between July 1990 and February 1991, County Counsel estimates that their representation of children went from 80% to 10%. It appears most likely that a large percentage of these appointments went to Panel Attorneys because DCLS was just starting and had limited staffing in the courtrooms. Today, almost two years after the establishment of DCLS, there are the equivalent of approximately 166 full-time attorneys, not including County Counsel, servicing the Dependency Court (66 DCLS and approximately 100 Panel).

Neither the CAO nor County Counsel, both of which were involved in the development of DCLS, could provide any feasibility study or, for that matter, any clear rationale for the projected cost savings.

3. *If the performance of DCLS to date is costly and their attorneys have been slow in taking over high case loads and replacing Panel Attorneys, most of the blame should not be placed on DCLS.* While the administrative and support costs of DCLS appear high for the number of courtroom attorneys, many other factors not in DCLS's control contribute to the inefficiency.

a) There is little incentive for a good Panel Attorney to move over to DCLS given the Panel's lack of accountability, their high salaries, their flexible schedules and the fact they can maintain a legal practice on the outside which is not allowed by DCLS. Of the 155 Panel Attorneys practicing in the court at the time DCLS was formed only 30 applied to transfer to DCLS and only 15 accepted positions, one of which was administrative.<sup>10</sup> Today only 14 out of their 66 courtroom attorneys are from the Panel. For this reason most of the attorneys come from other disciplines and have to be trained before assuming high caseloads.

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<sup>9</sup> Boland Letter, July 2, 1990 changing policy regarding representation of children.

<sup>10</sup> Quotation from Oberstein letter dated April 23, 1992.

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- b) It was assumed that 65 DCLS attorneys could replace the Panel. Since there are effectively 166 full-time attorneys presently representing parents and children in the courts, this estimate appears unrealistic.
  - c) It was assumed that appointments of DCLS attorneys and the demise of Panel Attorneys would be rapid. This has not happened. Appointments to new cases are made by the individual presiding officers based on a policy which favors DCLS but which, in practice, only results in DCLS receiving about one-half of the new cases. A study of a 2-week period in December 1991 and January 1992 showed that 57% of the new cases during that time went to DCLS. A random look, by the Grand Jury, at the calendar for one day in April showed that DCLS representation in the courtroom was less than 50%

#### **RECOMMENDATIONS:**

1. *DCLS should remain in existence. Because DCLS was formed without a proper study is no reason to disband it without a proper study. Implementation of the Grand Jury's recommendations regarding Panel Attorneys should perhaps, make DCLS more attractive.*
2. *DCLS should remain at its present size with provisions being made to increase the budget for courtroom attorneys pending the results of an independent study to determine:*
  - a) A practical case load for an experienced attorney and, based on this, the required manpower to fully staff the Dependency Court
  - b) The percentage of legal representation presently being provided by DCLS
  - c) A timetable for significantly reducing or even possibly eliminating the Panel. Consideration should be taken of the actual rate at which DCLS is receiving new appointments and the time required to train inexperienced attorneys if experienced ones are not available.



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- d) The salary structure necessary to attract experienced Panel Attorneys who have demonstrated their competency and commitment to the Dependency process.
3. Based on the results of this study, review DCLS management, organization, support and future manpower requirements, as well as cost.

#### IV. COUNTY COUNSEL

##### FINDINGS:

1. *Dual representation by County Counsel of both the Department of Children's Services and the child in the same case continues to be a concern, with almost everyone outside the County (and many in the County) denouncing it and County Counsel praising it.* This problem is neither new nor simple. Dual representation is practiced in L.A. County in those cases where it is determined that *no actual conflict* exists between the child and DCS.<sup>11</sup> This is permitted by law. County Counsel<sup>12</sup> believes dual representation does not interfere with quality representation for children. They feel that while representing both parties:
  - a) They can still adequately fight for the child's best interests even when services, which DCS does not want to provide, are an issue.
  - b) There is no ethical problem.
  - c) There is no inherent conflict despite the fact that DCS pays their salaries.
  - d) When they see an actual conflict they ask the court for separate counsel.
  - e) When they are representing the child as well as DCS they are "gravely" aware of all that the representation requires

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<sup>11</sup> Corral Memo February 4, 1991 changing policy regarding representation of children.

<sup>12</sup> Letters from County Counsel

a) Ms. Jo Ann Stipkovich, March 6, 1992

b) Mr. Larry Cory, March 6, 1992

c) Mr. Elwood Lui, March 11, 1992



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- f) The current economic conditions require government to focus more closely on fiscal considerations.

In order for the presiding officer to make an informed decision on whether or not a conflict exists, County Counsel should conduct an independent investigation separate from that done by the Department of Children Services. Discussions with presiding court officers and other court personnel indicate that, in general, this may not have been done. County Counsel has recently provided Legal Assistants in each court which should help to implement this requirement. The Grand Jury *applauds this effort* and is anxious to see how well it works.

*There is significant evidence that, in spite of its legality, dual representation is frowned upon within most of the Judiciary and is not widely practiced outside L.A. County*

- Interviews with *nationally recognized experts*<sup>13</sup>
- The Chairman of the Juvenile Court Judges Association adds that Federal and State goals cannot be satisfied with dual representation.

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<sup>13</sup> Quotations from interviews of Nationally Recognized Experts:

- a) Judge Roger Warren, Presiding Judge, Sacramento County Superior Court
- b) Judge Len Edwards, Presiding Judge of the Santa Clara County Superior Court, Chair of the Juvenile Court Judges Association in California
- c) Ms. Alice Bussiere, National Center for Youth Law
- d) Mr. Bob Horowitz, Associate Director, American Bar Association, Center on Children and the Law
- e) Don Duquette, Clinical Professor of Law, University of Michigan School of Law, Director of the Child Advocacy Clinic since 1976
- f) Mr. Donald C. Bross, Ph.D., J.D., Associate Director of the Kempe National Center for the Prevention and Treatment of Child Abuse and Neglect.



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- Because the State Auditor General stated that the Department of Children's Services *has not provided* timely and adequate services for children there is an even greater necessity for an independent voice for the child.
  - A survey of seven large California counties <sup>14</sup> showed that *none uses dual representation*. L.A. County Counsel could not provide us with any examples of other counties that do use it.
  - A recent review of the subject of dual representation by San Diego's Grand Jury brought them to the conclusion that they were "unalterably opposed" to the concept.
  - The following summarizes the opinions of experienced and respected L.A. Dependency Court Officers<sup>15</sup> obtained as a result of contacts with them (quotations are included in the appendix):
    - a) Decades of experience strongly suggest that dual representation operates to the detriment of thousands of children. Independent counsel is more responsive to the child's needs and less costly in the final analysis.
    - b) Despite current law allowing it, dual representation creates a potential conflict which, when combined with the poor performance of the Department of Children's Services over the years, will not result in the child's best interest being served.
    - c) Experience dictates, to one commissioner, that when there is dual representation County Counsel defers to the Department of Children's Services and NEVER makes an independent investigation of the circumstances. That commissioner knows of no County Counsel on any case over which she has presided who has ever gone out to talk to the child before they appear in court.

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<sup>14</sup> Survey of seven large California Counties and two other large jurisdictions

<sup>15</sup> Quotations from Los Angeles Dependency Court Officers

- a) Judge Paul Boland, the Immediate Past Presiding Judge of the Juvenile Court, Los Angeles County
- b) Judge Michael Nash, Superior Court (Currently assigned to the Dependency Court)
- c) Commissioner Bradley A. Stoutt, March 19, 1992 letter
- d) Commissioner Joan Carney, Superior Court (currently assigned to the Dependency Court)
- e) Commissioner Jewell Jones, March 20, 1992 letter

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Sometimes County Counsel is even unaware that they represent the child. (This may be partially, but not wholly, alleviated by the new Legal Assistants Program).

While it appears that not every child needs a private attorney, the question of determining conflict and who should make this determination is a difficult one. This problem is compounded by the fact that many children need services that the Department of Children's Services (County Counsel's employer) is unwilling or unable to provide. In reviewing the opinions of experts on this matter as well as practices in other jurisdictions, *the Grand Jury could find little support for dual representation.*

2. *In cases where County Counsel represents the child, it does not keep a file specifically for the child and it does not know how many children it represents.*

## RECOMMENDATIONS

1. *It is recommended that the present practice of dual representation be phased out and the policy revert to that of the "Boland Memo" of July 2, 1990 where County Counsel is prohibited from taking a child's case if there is a potential for conflict. Concurrently, a committee of experts should be formed to study alternative ways to handle this matter so that the question of conflict can be resolved as the case progresses in an efficient and cost effective way.*
2. In cases where County Counsel represents the child, a file separate from that of the Department of Children's Services should be maintained; a method of monitoring caseloads and establishing the number of children being represented should be implemented.
3. Consideration should be given to expanding one of the *DCLS* offices to handle children exclusively for cases where potential or actual conflict exists.



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## COMMENT

We could find no other jurisdiction that operates the way Los Angeles County does. *1 out of every 3 children who now go through the Dependency Court for abuse and neglect eventually wind up in the Delinquency Court on a criminal matter.* Undoubtedly many of those in state prisons also have histories of abuse and neglect in their backgrounds. The children of today deserve the best chance to resolve their abuse and neglect problems. Dual representation in its present form does not appear to be the answer.

## V. COURT CONTINUANCES

Although not a specific subject of this study, court continuances are a major ingredient in the court costs, legal representation costs and overall efficiency of the court. They only prolong the already difficult court process for the children and their parents. Services supplied by the County also tend to be compromised by delays. Because the Department of Children's Services has been involved in a significant number of the continuances in the past, the Grand Jury thought it would be noteworthy to comment on their progress. In 1990 DCS was associated with 29% of the continuances. Strong efforts on the part of the Department has reduced the rate to 19% in 1991. Although this level is still high compared to the goal of 10% that was set, the Grand Jury applauds this progress and encourages DCS to continue to work in this very important area.

## VI. MEDIATION

### FINDINGS:

1. *The Juvenile Courts Mediation program, if properly supported, could reduce the cost of legal services by early intervention in the court process. This program was piloted and expanded as a means of court cost avoidance and delay reduction, as well as offering an*

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opportunity for the parents, children and other parties to meet in a non-adversarial environment to discuss the allegations of the petition and possible resolution. Agreements reached in this forum provide early resolution and, where appropriate, case plans which have been developed with parental participation. An average of 1600 children or 800 cases are calendared each month for this forum. Settlement is reached in 50%-54% of the cases at the first conference. An additional 25% reach settlement after a second conference, 15% will ask for additional conferences and 10% will be set for contested jurisdiction or disposition hearing.

Without the opportunity for early resolution, such as the Mediation Program, the process will take longer and legal and court expenses will continue to escalate.

#### **RECOMMENDATION:**

*The Mediation Program should be supported and expanded with additional mediators for the new Courthouse.* Additionally, the Board of Supervisors should actively support the passage of SB 1420 in Sacramento which will increase the fees for Birth Certificates by \$3.00. This money will go to the Mediation Program.

### **VII. OBSERVATIONS**

The following observations are made in an attempt to relate several of the findings discussed above to each other and to the time period in which significant changes in court policy occurred. Other observations reflect opinions of the committee members formed during the study.

#### **1. ESCALATING LEGAL COSTS — the overall picture**

Table II has been prepared in an attempt to summarize the escalating costs of legal services in the Dependency Court as they relate in time to other findings discussed in this report.



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The following observations are presented as possible explanations for the changes, or lack of changes, in costs.

- a) Two significant events coincided at the beginning of July, 1990. DCLS began servicing the courtrooms *and* the policy changed regarding County Counsel's representation of children
- b) During the period prior to July, 1990, County Counsel estimates they represented 80% of the children. This dropped to 10% after July, 1990 suggesting a large increase in private attorney costs for children. Since DCLS was just starting up during this time, and start-up has been slow, as discussed in the report, it would appear reasonable that at least some of the sudden increase in *Panel Attorney* costs is justifiable.
- c) As shown in the Table, the policy regarding representation of children changed again in February, 1991 and since that time County Counsel's representation of children has grown slowly. It is now estimated to be approximately 24%. Looking at the small change in the cost of legal services provided by County Counsel, however, would suggest it is very insensitive to the number of children represented. *This could be used to justify the belief on the part of many who say that when County Counsel represents the child little or no extra work is done.*

Table II shows that the cost of legal services in the Dependency Court for Fiscal 91/92 is projected to rise by 60% over that of Fiscal 89/90. Implementing procedures to track Panel Attorney costs and monitor caseloads should result in significant future savings. Likewise, an effectively run DCLS organization should also result in savings provided its support and management costs do not wipe out the savings in courtroom representation.

It should be noted, however, that the increased costs due to the policy changes on the representation of children will continue in one form or another. The first place to start to get a cost effective solution, which *assures the child of quality representation*, is *within* the existing options.

**CHANGE IN COSTS ASSOCIATED WITH  
THE VARIOUS FORMS OF LEGAL REPRESENTATION**

Attorney Group	Fiscal Year		
	1989-1990	1990-1991	1991-1992 (Projected)
Panel Attorney	\$ 8,861,857	\$ 9,839,971	\$10,200,000 <sup>1</sup>
DCLS	Established January 1990	\$ 5,757,951 <sup>2</sup>	\$ 7,800,000
County Counsel <sup>3</sup>	\$ 7,373,162	\$ 7,545,000	\$ 7,922,250
<b>TOTAL</b>	<b>\$16,235,019</b>	<b>\$23,141,922</b>	<b>\$25,922,250</b>

Start of DCLS  
in courtroom

Changes in policy  
regarding  
representation of  
children

**EFFECT OF CHANGE IN POLICY ON THE PERCENTAGE  
OF CHILDREN REPRESENTED BY COUNTY COUNSEL**

	1989-1990	1990-1991	1991-1992
Percentage of all children represented	---80%---	---10%---	---24%---
County Counsel Cost	\$ 7,373,162	\$ 7,545,000	\$7,922,250



**TABLE II**

<sup>1</sup> Source: Panel Attorney costs from the Superior Court PACE System. Projection based on six month's data from 1991-92

<sup>2</sup> DCLS was increasing overall staffing from 59 to 91 between 1990-91 and 1991-92

<sup>3</sup> From the Department of Children Services' agreements with County Counsel

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## 2. COURTROOM APPEARANCE

During the Grand Jury's visits to the various courtrooms in Los Angeles it was noted that while *some were quiet, neat and efficient, others were noisy and chaotic*. For a system whose goal is to help the dysfunctional family, the *example set in some of the courtrooms is less than inspiring*.

## 3. COOPERATION DURING THE STUDY

During this investigation many groups and individuals were contacted. With the exception of the County Counsel's management of the Children's Services Division, all of them should be complimented on their openness, desire to furnish information and their cooperative attitudes. Many were happy to see this study undertaken and felt it was long overdue. *County Counsel's management, although responsive to our questions, did not give us the same feeling. At best their behavior could be described as formal, strained and intimidating*. It was not one conducive to problem solving and teamwork. The Grand Jury hopes that this attitude is not carried to the Dependency Court.

## VOCATIONAL TRAINING

Today we spend more than \$28 Billion on public education in California. The result is dismal. 77% of California business leaders feel that the education of job applicants is a major problem. Pacific Bell reports that six out of ten entry-level job applicants flunk exams geared to seventh-grade knowledge levels. Last year 26% of the students in L.A. County (38% in the City) dropped out or were held back in high school. If this continues a great many of our young people will become public charges.

Much needs to be done with the whole educational system. However, vocational training in L.A. County is one of the more important areas to be improved as it effects so many of our young people. It is an unfortunate fact that most young people either do not want to go to college, are financially unable or do not have the academic ability to attend. The talents and aspirations of many, possibly the majority



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of high school students, are in other directions. The security and hope instilled in a young person who knows he can get a job, take care of himself and have a productive future is immeasurable. Training that is properly matched to job availability and is accessible to all those who want it should be our goal. It will help with:

- Dropouts of young people who are frustrated and have a feeling of hopelessness
- Gang involvement — A ruinous sanctuary for hopeless, frustrated youngsters who need to belong and to feel an identity with something/someone. A job does wonders in alleviating those negative feelings. Without decent employment they are easy targets for gang recruitment and ultimate criminal involvement.
- Unemployment — Without skills, young people often give up trying to find work or are trapped in menial, low-paying jobs.
- Lack of pride or self-esteem — Unable to function in an unfeeling world, young people come to view themselves as worthless and resent those who have succeeded, which oftentimes leads to civil unrest.
- Loss of competitiveness — Without a good base of skilled labor, industry will continue to leave our area or become less competitive with the rest of the world.

The subject of Vocational Training is continually being looked at by many people throughout the state. However, the Grand Jury feels this is especially important in Los Angeles County and feels *the County is being short-changed in its share of the financial pie*. The following explains why:

Prior to the passage of Proposition 13, vocational training funding was local. Funding was then based on a tax override with no more than 15 cents for Regional Occupational Programs and Centers. In an attempt to be prudent, the L.A. County Office of Education claimed only a one cent tax. Proposition 13 froze the amount for vocational training to that level. This has resulted in inequalities that are especially unfair to our county. Funding for these programs now is



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\$2,200 per Average Daily Attendance (ADA) for Los Angeles compared to \$2,800 for San Diego. San Diego County now receives *five million dollars more than Los Angeles County*. The Los Angeles County Office of Education is the 64th lowest out of 70 in reimbursement rate. Considering this county has the largest population in the state, this is *grossly unfair*.

Lack of money has so limited the vocational training program (ROP/ROC) that *30 percent* of students requesting admittance must be turned away. The Grand Jury feels that this is an unacceptable and corrosive situation.

## RECOMMENDATIONS

1. The Board of Supervisors actively lobby Sacramento to equalize the distribution of available Vocational Training funds just as the Serrano case led to the equalization of General Education funds. At this time the matter is on "hold" in Sacramento. This is not acceptable.
2. The Board of Supervisors pursue other available sources of monies diligently. This may include Federal and private grants.
3. The schools should emphasize and provide expanded practical vocational training to promote a more realistic approach to the job market.

## FOSTER CARE

A brief review was made of the status of the foster care program in L.A. County. This program, which was severely criticized two years ago, has benefitted from the State's take-over of the licensing of foster homes and from the attention given the problem by the new administration of the Department of Children's Services. However, due to budget constraints and the shortage of good foster homes, many problems within the system continue to exist. Those identified by the Grand Jury, together with some recommendations, are summarized below:

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1. *While foster homes are licensed and monitored, the homes of relatives receive only a cursory investigation.* When children are placed in the home of a relative these homes should be investigated and visited periodically in the same way foster homes are monitored. Many of the children taken from their homes are from dysfunctional families whose parents are often from similar backgrounds. The fact that the caretaker is a relative is no assurance of a safe and nurturing environment for the child.
  2. *In its investigations of foster homes the state concentrates more on the facilities available than on the character and capabilities of the caretakers.* The state should be petitioned to provide more extensive investigations before licensing foster homes. Facilities such as room size and safety considerations are important, but are nothing compared to factors effecting the emotional stability and psychological balance needed to properly care for children.
  3. *Immediate access to the criminal records files for checks of foster families and relatives is not available to social workers.* The Sheriff's Department should provide direct access to the California Law Enforcement Telecommunications System (CLETS). This would allow Social Workers, faced with finding temporary care for a child, to discover whether a family member has a criminal record. At present access to CLETS is available only from 9:00AM to 5:00PM weekdays through the District Attorney's office. Children are often removed from their homes at night or on weekends.
  4. In addition to criminal checks, all adult members of foster families should be required to take training before licensing. Periodic on-going training should be required to maintain a license.
  5. *Social workers appear to be inundated by excessive, time-consuming paper work which makes it impossible for them to fully discharge their responsibilities to the children assigned to them.* Computer networks and the use of less skilled aides should be implemented within DCS to relieve the social workers so they can concentrate on obtaining services for their children and monitoring the child's progress through monthly visits to foster homes.



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6. *It is not obvious that all sources of funding and other means of providing services to children in out-of-home placements are being thoroughly explored.* An administrator should be designated to pursue all sources of funding and assure DCS participation in state-sponsored pilot programs. This should be his primary function. Help should also be solicited from the private sector to raise funds for training of relatives and foster families and for services for special-needs children in foster care.

7. *There is a lack of homes licensed for developmentally-handicapped children.* In the past and unfortunately in the present, such children have been and are “warehoused”.

While some of these facilities are clean and “safe” they are understaffed and needed therapy is not available. Recreation consists of being placed in front of a television set. The establishment of homes for developmentally-handicapped children should be given a high priority. Recently, prompted by the case of Jesus Castro, a pilot project was established to create a nurturing home for six children near Cedars Sinai Hospital where these youngsters will receive their medical care. More programs of this type are needed.

## **EDUCATIONAL TELEVISION**

The Educational Television Network (ETN) is a television service owned and operated by the Los Angeles County Office of Education. It offers, by the way of satellite and cable, educational programming in the following areas:

1. Personnel development for county-related staff
2. Instruction for children
3. Parent education in parenting skills and in schooling issues
4. Adult education in cooperation with adult education divisions.

Visits by the Juvenile Services Committee to ETN’s facilities and staff encouraged us that this electronic tool is providing a worthwhile educational service to the community in the areas mentioned above. The staff is professional and forward thinking. Although no hard data

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is yet available to measure the effectiveness of the programming or the size of its audience, the programming seems of good quality. With education's money continually dwindling, the idea of more instruction to schools by way of satellite is an excellent one. The receipt by ETN of support such as the \$3.4 million grant for Telecommunication Education for Advances in Math and Science from the U.S. Department of Education is only one example of the endorsement given this effort.

## RECOMMENDATIONS

It is suggested that the Board of Supervisors support the continuing efforts of ETN by officially recognizing their excellent education programs and their role in providing leadership, programs and services to our community.

It is important that a means of monitoring audience participation be established to assure that programs such as parenting classes, etc., reach the segment of the community where they are most needed. For example, the Dependency Court requires many parents to attend or take parenting classes. Many of these families are disadvantaged. Do they have access to ETN, or is it only available to those who can afford a cable subscription? Such information is necessary for programming which is realistically focused.

Lastly, consideration should be given to connecting ETN's programming to the new Dependency Court. There are many areas with television monitors that will be available to parents while they are waiting to appear in court.



## INTERVIEWS

### **Auxiliary Legal Services**

Ms. Marie E. Flannigan, Director

Mr. Raymond J. Mendoza, Administrator

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**Chief Administrative Officer's Office**

Ms. Virginia Collins, Chief, State and Federal Programs  
Ms. Nan Flette, Program Administrator

**Dependency Court Legal Services**

Mr. Alan Oberstein, Executive Director  
Mr. Edgar Gilmore, Assistant Director  
Ms. Jo Kaplan, Law Firm Director  
Mr. Randy Pacheco, Law Firm Director  
Mr. Bob Stephenson, Law Firm Director

**Panel Attorneys**

Mr. Robert Totten  
Mr. Roland Koncan

**Los Angeles Department of Children's Services**

Mr. R. Achterberg  
Mr. Peter Digre, Director  
Ms. Diana Bickler, Court Services  
Ms. Genevra Gilden, Children's Services Administrator  
Ms. Roberta Medina, Budget Analyst  
Mr. Jerry Moland, Children's Services Administrator  
Ms. Rae La Mott, Children's Services Administrator  
Mr. Rex White, Children's Services Administrator  
Mr. Phil Moser, Deputy Children's Services Administrator  
Ms. Edith Bishop, Supervisor, Family Maintenance and Reunification

**Los Angeles County Counsel**

Mr. Larry Cory, Assistant County Counsel  
Ms. Anna Mason, Senior Deputy County Counsel  
Mr. Don Kirkman, Financial and Budget Administration  
Mr. Brian Leon, Data Systems Administrator  
Judge Elwood Lui, Former Supervising Judge, Dependency Court  
Ms. Hermalee Schmidt, Head of Systems and Programs

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### **Juvenile Court**

Ms. Charlene Saunders, Juvenile Court Administrator

Mr. J. Shepard, Court Administrator

Mr. Richard Martinez, Assistant Juvenile Court Administrator

Mr. Robert Carrera, Assistant Division Chief, Juvenile Court Clerk's Office

Ms. Lisa Sevin, Assistant Division Chief, Juvenile Court Clerk's Office

Mr. Albert Epstein, Acting Court Clerk

### **Los Angeles County Superior Court Judicial Officers**

Judge Paul Boland, Immediate Past Presiding Judge, Juvenile Court

Judge Richard Byrne, Former Presiding Judge, Juvenile Court

Judge Jaime Corral, Presiding Judge, Juvenile Court

Judge Michael Nash, Dependency Court

Judge Marcus Tucker, Supervising Judge, Dependency Court

Commissioner Bradley Stoutt, Dependency Court

Commissioner Joan Carney, Dependency Court

Commissioner Stanley Genser, Dependency Court

Commissioner Robert Leventer, Dependency Court

Commissioner Jewell Jones, Dependency Court

Commissioner Peter Espinoza, Family Court

### **Others Interviewed**

Mr. H. Brown, Commission for Children's Services

Mr. George Cosand, Chief, Collections Services Division

Ms. Jacque Dolan, Friends of Child Advocates

Mr. Richard Goldston, Deputy District Attorney

Ms. Helen Kleinberg, Los Angeles County, Commission for Children's Services

Ms. Helen Maxwell, Director, McLaren Hall

Former Judge John Saunders, Commission for Children's Services

Ms. Diane Nunn, California Judicial Council

Mr. Robert Berke, Attorney

Ms. Pam Mohr, Children's Division, Public Counsel

Mr. Harold LaFlamme, Attorney



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Mr. Michael Jett, Program Supervisor, Crime Prevention Center, Office  
of the Attorney General

Ms. Susan Thompson, Child Advocates Office

**Experts Interviewed**

Dr. Harlan Barbanell, Los Angeles Unified School District

Mr. Donald Bross, Associate Director of the Kempe National Center  
for the Prevention and Treatment of Child Abuse and Neglect, Denver  
Colorado

Ms. Alice Bussiere, National Center for Youth Law, Washington, D.C.

Mr. Don Duquette, Director of the Michigan Child Advocacy Clinic,  
Ann Arbor, Michigan

Judge Len Edwards, Presiding Judge, Santa Clara County Superior  
Court

Dr. Stuart Gothold, Los Angeles County Office of Education.

Mr. William Hearn, Los Angeles County Office of Education

Mr. Clell D. Hoffman, Los Angeles County Office of Education

Mr. Bob Horowitz, Associate Director, American Bar Association,  
Center on Children and the Law, Washington, D.C.

Ms. Karen Nelson, Los Angeles County Office of Education

Mr. J. Rhodes, FFA Walden Environment

Mr. Russ Simpson, Los Angeles County Office of Education

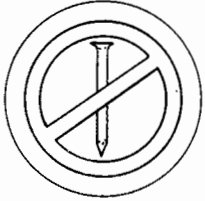
Judge Roger Warren, Presiding Judge, Sacramento County Superior  
Court

Dr. Ruben Zacharias, Los Angeles Unified School District



# Pension Committee

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**PENSION COMMITTEE**

*(Left to Right):* Anthony Bavero; Bob Sutton, Co-chair; Don Sanford, Co-chair

# Pension Plan Committee

## Introduction and Summary

The recent vote by the Los Angeles County Board of Supervisors to increase the retirement benefits of non-represented County employees by counting certain fringe benefits as salary has created a great deal of controversy. Out of it's deep concern for the fiscal crisis facing the County at this time, the '91-'92 Grand Jury formed the Pension Plan Committee to investigate the matter.

## BACKGROUND

This issue came to our attention late in our term, thus we not able to conduct an in-depth study, nor did we have the resources to do so. However, in the opinion of the Committee, certain basic facts are so irrefutable that we felt, on behalf of the Los Angeles County taxpayers, we should take a position against increasing retirement benefits at this time.

## PROCEDURE

Mr. Charles F. Conrad, Retirement Administrator of the Los Angeles County Employees Retirement Association (LACERA), was invited to address the Grand Jury. We also sought comment from the Howard Jarvis Taxpayers Association<sup>1</sup>, Cal-Tax<sup>2</sup>, California Assemblyman David Elder<sup>3</sup> and reviewed an entry in the California Assembly Journal<sup>4</sup>



## FINDINGS

The Grand Jury was pleased to learn that the investment portfolio of the pension plan earned an average of 18.445% for the last 7.5 years, mirroring almost exactly the gain in the Standard & Poors 500

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over the same period. As of June 30, 1990 the plan was 87.6% funded and the unfunded liability was \$1.41 billion.

The **Los Angeles Times** reports on February 23, 1992 that the counting of fringe benefits will increase the retirement pay of certain officials and members of the Board of Supervisors by 19% or more. Mr. Dixon, the CAO, “would receive an annual pension of \$127,236 — about a 25% increase — because of changes he recommended to the Supervisors,” the **Times** reported.

Supervisor Hahn’s annual salary is now \$99,297. He will receive on retirement an annual pension of \$126,442. Or \$27,145 more pay than his highest yearly salary.

On January 23, 1992 California Assemblyman Dave Elder circulated the following invitation to the members of the Legislature:

*“You are invited to co-author AB 2331, which would take several steps toward helping to prevent public pension abuse. Specifically, the bill would stop the conversion of various employee benefits into cash for purposes of puffing up final compensation, upon which pensions are computed.”*

*“As you may be aware, a series of hearings examining pension abuse were held by the Assembly Public Employees, Retirement and Social Security Committee. In agencies ranging from the City of Salinas to the American River Fire District, officials have spiked their pensions by calculating their final compensation figures to include such things as unused sick leave, vacation and car expenses. This has resulted in some high-ranking retired public employees getting pensions that actually paid them more in retirement than they make while employed.”*

The Committee also interviewed Ms. Rebecca Taylor, Senior Vice President of Cal-Tax, the California Taxpayers Association, an organization whose declared “purpose is to protect against unnecessary taxes by promoting efficient, quality government services.”

The California Taxpayers’ Association requested Los Angeles County to rescind a provision in its County retirement payments to be considered as compensation for retirement purposes.

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Cal-Tax opposition to the retirement provision is predicated on the following:

*The authority the county cites in justifying the benefit increase, AB 3146 (Harvey), was, by the Legislature's own admission in Senate Bill 193, never intended to mandate increased benefits on local governments.*

*The benefit appears to have been approved without complying with key provisions of Government Code Section 7507, which requires an actuarial statement of cost to be made public two weeks before the adoption of any increase.*

*Government Code Section 7507 reads: ". . . local legislative bodies shall secure the services of an enrolled actuary to provide a statement of the actuarial impact upon future annual costs before authorizing increases in public retirement plan benefits."*

*Code Section 7507 also states, "The future annual costs as determined by the actuary shall be made public at a public meeting at least two weeks prior to the adoption of any increases by public retirement plan benefits."*

The County appears not to have secured the services of an enrolled actuary to provide a statement of the actuarial impact upon future annual costs.

The County can ill afford additional retirement costs at a time when it is facing a very serious budget imbalance. A recent actuarial assessment pegged the cost of the increased benefit at \$265 million, and that figure did not include any projection for rank-and-file employees represented by SEIU Local 660. (Total estimate more than \$350 million).

Cal-Tax, which endorsed Senate Bill 193, supports one of its major tenets, that reversal of the benefit increase would be legal. Pension case law establishes precedent that public agencies cannot be forced to pay windfall benefits which bear no relation to the fundamental theory or objective of public retirement systems. Unanticipated benefit increases of twenty percent clearly qualify as windfall benefits. Los



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Angeles County can correct its action with no liability for increased retirement costs, if it so chooses.”

*According to Los Angeles Times reports: “Your Board was never made aware of the potential financial commitment the increased benefits represented. In rescinding the benefits now, after the actuarial assessment has identified the enormous cost implications, you would do much to restore the trust citizens want to have in their governments and in their elected officials. We urge you to take that step at the earliest possible opportunity.”*

It is important to understand how Los Angeles County Supervisors changed their retirement plan, and for that, it is necessary to look at a bill passed in 1990.

This bill, AB 3146, was carried by Assemblymember Trice Harvey at the request of Kern County, to correct what that county saw as a potential problem in the administration of its retirement program.

(Key to what follows is that Kern County and Los Angeles County both offer retirement benefits governed by/under the County Retirement Act of 1937. The Harvey bill, which Kern County proposed, was written in such a way that it represented a retirement option for the '37 Act counties, as 20 such counties are known. This means the bill was chaptered as a provision that any of these 20 counties could apply to itself, at local option.)

The substance of the Kern County bill addressed flexible benefits and their interface with county retirement programs. Public agencies, since the mid-'80s, have introduced new kinds of benefit packages, sometimes known as cafeteria plans. Kern County wanted to ensure, via AB 3146, that flexible benefits available to county employees would not be considered compensation for retirement purposes. Without such protection, it was opined, the county might run the risk of having to pay higher retirement benefits for which it had never been paid contributions.

AB 3146 was chaptered as number 142 upon signature by Governor Wilson on June 15, 1990. As a non-urgency measure, its provisions became operational on January 1, 1991.

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Kern County supervisors, who had caused the bill to be introduced, adopted a county resolution at public session on January 15, 1991.

In taking this positive action, the county was indicating that bill's provisions, excluding flexible benefits from compensation for retirement purposes, applied, meaning that Kern County retirement benefits would not reflect flexible benefits paid to county employees.

### **LOS ANGELES COUNTY AND AB 3146**

In October, 1990, at a meeting of the County Board of Supervisors, AB 3146 was discussed. According to a story in the **LA Times**, the bill and its application to the county were not noticed agenda items. Rather, a discussion of the bill came about as the result of a question from a county employee in the audience who raised the issue of the health of the county's retirement system if flexible benefits were to be counted as compensation for purposes of determining retirement benefits.

In response to this question, the Chief Administrative Officer confirmed that, beginning in 1991, retirement benefits would include county flexible benefit payments. According to **LA Times** reports, no one, including County Supervisors, asked questions about the cost impact on the county, nor did the Chief Administrative Officer offer any assessment.

When subsequently asked by reporters about the inclusion of flexible benefits for retirement purposes, the Chief Administrative Officer said that by taking no action pursuant to AB 3146, Los Angeles County was committed to increased retirement payments. This would be the natural result of including flexible benefit payments in compensation for determining retirement calculations.

The argument put forward by Los Angeles County is that by not taking positive action like Kern County, which did not want to take flexible benefits into consideration in determining retirement pay, Los Angeles County was obligating itself to pay retirement benefits based on a final compensation that includes county flexible benefit pay.



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It is important to note that none of the other 18 '37 Act counties maintain their county must now consider flexible benefits in determining retirement pay.

The best answer we got: someone told the Controller's office, which cuts retirement checks, to reference flexible benefits in determining retirement pay. Upon further questioning, we were told it was probably someone from County Counsel's office who had transmitted this direction.

Again, based on **LA Times** reports, it appears that the County's Chief Administrative Officer relied on advice from the County Counsel that, by not adopting AB 3146 (and thereby excluding flexible benefits from final compensation), Los Angeles County was obligated to reflect such benefit pay in determining retirement pay.

Discussions with legislative consultants from the Public Employee and Retirement Committees in the Senate and the Assembly have convinced Cal-Tax staff that it was never intended, not ever discussed that failure to adopt the provisions of AB 3146 would impose on '37 Act counties the obligation to include flexible benefit pay in determining retirement benefits.

Indeed, as the consultants point out, had that been the intent of the bill, AB 3146 would necessarily have been flagged as a mandate on counties and debated in fiscal committees. However, because it was not considered in these terms, Legislative Counsel never indicated the bill had to be considered by fiscal committees.

In order to attempt to confirm the contentions that the Los Angeles County Board of Supervisors was misdirected regarding the Legislative Intent of Assembly Bill No. 3146, the Committee obtained, from the Assembly Journal of March 16, 1992, a copy of Legislative Intent — Assembly Bill #3146 (1990):



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“LEGISLATIVE INTENT - ASSEMBLY BILL NO.3146 (1990)”

“March 11, 1992”

“E. Dodson Wilson  
Chief Clerk of the Assembly  
State Capital, Room 3196  
Sacramento, California”

“Dear Chief Clerk of the Assembly: Please place in the Assembly Daily Journal the following expression of legislative intent with reference to AB 3146 (Chapter 142 of the Statutes of 1990):”

“AB 3146 is intended to clarify a County’s ability to exclude flexible benefits when calculating an employee’s final compensation for purposes of retirement.”

“Unfortunately AB 3146 was given the reverse interpretation by Los Angeles County which said that a county’s refusal to specifically exclude these benefits, means that the county is then mandated to include in compensation the flexible benefits for the purposes of retirement.”

“However, it was my intent in introducing AB 3146, and the intent of the Legislature in passing it, that this is not a state-reimbursable, state-mandated local program. As a matter of legislative history, the attached Senate Analysis clearly confirms the stated intent herein.”

“Therefore, the intent of Assembly Bill 3146 remains to merely accord each county board of supervisors the power either to preclude its county retirement board from including those flexible benefits payments in ‘compensation’ if the county retirement board had not previously taken such action, or to supersede any previous decisions of their county retirement board to include those flexible benefits payments in ‘compensation’.”

“Sincerely,  
TRICE HARVEY  
Assembly Member, Thirty-third District”



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“Senate Public Employment and Retirement Committee AB 3146

Cecil Green, Chairman

Hearing date: May 21, 1990

AB 3146 (Harvey), as amended March 28, 1990 Fiscal: no '37 Act: Exclusion of “Flexible Benefit” Program Cash Payments in “Compensation” Definition for the Calculation of Retirement Benefit Payments.”

“History:

Sponsor: Kern County Board of Supervisors

Prior Legislation: none”

“Prior Action:

Assembly PER&SS April 3, 1990

7-0

Assembly Floor April 19, 1990

(Consent) 73-0”

“Summary:

Would exclude “flexible benefit” payments made by the employer from the definition of “compensation” for purpose of calculating retirement contributions or benefits in the '37 Act counties.”

“Analysis:

- 1) Existing '37 Act law defines “compensation” for purposes of retirement contributions and benefit calculations.
- 2) This bill would exclude from the definition of “compensation” payments made to employees participating in a “flexible benefits” program where those payments (sometimes cash) are in addition to the employee’s salary. This section would be optional to each '37 Act county board of supervisors.”

“Comments:

- 1) PERS law has a similar exclusion for “flexible benefits”.
- 2) Opposition: none to date”

“David Felderstein

May 15, 1990

AB 3146”

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In regard to rescinding the recent pension plan benefits, the Committee questioned whether a benefit once approved could subsequently be withdrawn. This question would seem to be answered in the affirmative by *Allen vs PERS Board of Administration*<sup>5</sup> which in essence states: Unforeseen windfall advantages which bear no relation to the fundamental theory and objective of public retirement systems, if in place, are not automatically locked in.

The Committee concluded that the increases in the pension benefits were made without regard to the law (Government Code Section 7507) which requires an actuarial study to determine the cost of pension increases and public notice of two weeks before increases can be adopted. An actuarial study was not done, nor was the mandatory two weeks public notice given.

In 1991 Los Angeles County implemented a substantial package of fringe benefit improvements called Magaflex which became an option to the Flexible Benefit program already in place since 1985. The County did so without cost data based on the premise that no fiscal or actuarial estimate is required when changing salary or fringe benefits.

It is estimated that the cost to Los Angeles County taxpayers of the recent pension plan benefit increases will be a minimum of \$265,000,000 over 30 years; approximately \$18,000,000 the first year. This does not include SEIU Local Unit 660 scheduled to receive similar but less generous benefits (options) on July 1, 1992, the cost of which is unknown at this writing. Coming at a time when the County is facing a huge shortfall in tax revenues and an enormous increase in the demand for public services, it seems obvious that this added tax burden cannot be accepted.



## RECOMMENDATIONS

The Grand Jury recommends to the Board of Supervisors that the recently approved pension increases be rescinded and that Government Code Section 7507 be strictly observed before any future increases are authorized.

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On April 28, 1992 the Grand Jury voted to send the following letter to the Board of Supervisors:

Dear Supervisor;

As watchdog of the County Government, the 1991-1992 Los Angeles County Grand Jury feels compelled to comment on the recent pension increases voted by the Board of Supervisors.

In view of the financial crisis now facing the County, we urge that you reconsider the recent pension increases enacted by the Board.

We recommend that you take whatever steps necessary to accomplish this, thereby setting an example of responsible government which we expect from your leadership.

#### COMMENT

On June 18, 1992 the Committee interviewed Debra Saunders of the **Los Angeles Daily News** regarding a column she wrote for the editorial page which we believe provides a valuable perspective on the compensation of local governmental employees compared with private industry workers. Mrs. Saunders stated in her article:

“In February, the American Legislative Exchange Council<sup>6</sup> reported that compensation for government employees increased four times as rapidly as that of workers in the private sector from 1980 to 1989. The study found that private employees earned an average of \$24,563 in wages and \$4,408 in fringe benefits in 1989, while public employees received \$25,690 in wages and \$5,923 in benefits. In California during that period, private wages and salaries rose 9.2%, adjusted for inflation, compared with 11.6% for state workers and 18.7% for local government employees.”

“The American Legislative Exchange Council figures that if government compensation had grown only at the same rate as private compensation, the savings between 1980 and 1989 would have totaled more than \$100 billion, making all the \$25 billion in state tax increases enacted during that period unnecessary.”

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## INTERVIEWS

1. Joel Fox, Howard Jarvis Taxpayers Association  
621 South Westmoreland Ave., Suite 202, Los Angeles  
90005-3971
2. Rebecca Taylor, Senior Vice President, Cal-Tax.  
California Taxpayers Association, Suite 800, 921 11th  
Street, Sacramento, 95814
3. California Assemblymember Dave Elder, 245 West Broadway, Suite  
300, Long Beach, 90807. State Capitol, Sacramento 95814

## REFERENCES

4. California Assembly Journal, March 16, 1992. Pages 5858 and 5859.
5. Allen vs Pers Board of Administration, 34 Cal. 3D 114 at pages  
119, 120, 122, 124.
6. American Legislative Exchange Council, Washington, D.C.



# Save Our Water Committee

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**SAVE OUR WATER COMMITTEE**

Walter Levine, Chair

# Save Our Water Committee

## A Report on Water Reclamation Utilization

### Introduction and Summary

The purpose of this review is to examine utilization of reclaimed water by the City of Los Angeles. The Office of Water Reclamation (OWR), was established in late 1989 as a joint project with the Department of Public Works and the City of Los Angeles Department of Water and Power. This was in recognition of the uncertainty of the city's present and future sources of water, compounded by the reality of a growing population and its demand for water.

These efforts to augment water supplies with water reclamation apply as well to the County of Los Angeles.

The seriousness of the most recent droughts, compounded by increasing population and regional and statewide curtailments in the water supply, has altered this approach to one of actively creating and developing the reuse market to replace uses of potable water.

### MISSION

The mission of the Office of Water Reclamation is to promote widespread use of reclaimed water in the City of Los Angeles. The Office is responsible for goal setting, program development and planning. Initially, the Office carried out specific programs to achieve beneficial use of reclaimed water from the City's two water reclamation plants, Tillman and Los Angeles-Glendale. Currently, it is striving to bring forth projects to reuse water from Hyperion and Terminal Island treatment plants.





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## **GOALS**

For the next two decades, wherever feasible, reclaimed water is to be supplied for certain uses such as landscape irrigation, recreational impoundments, industrial cooling and limited groundwater recharge. However, potable water service for uses such as recreational lakes and groundwater recharge may be interrupted totally in severe droughts. Over the next half century we anticipate increased groundwater recharge with large volumes of reclaimed water. Finally, perhaps in the latter part of the 21st Century, we envision direct potable reuse of reclaimed water.

Preparation for carrying out short and long-term water reuse ideas will require developing widespread public awareness and support through appropriate educational campaigns, demonstration projects and pilot programs.

## **COMMITMENT**

A strong commitment to the protection of the public health and to the maintenance of the highest quality standards for all sources of potable water supply is essential to the success of all water reclamation efforts.

## **RECLAMATION PROJECTS**

Most large-scale projects are long-term water supply reclamation, augmentation and potable water use reduction projects. However, some smaller projects are scheduled for completion in Los Angeles in early 1992. To the extent that these projects displace potable water, additional water supply will be produced.

One project, scheduled for completion in early 1992, is the Los Angeles Greenbelt Project. The Greenbelt Project, supplied by the Los Angeles-Glendale Water Reclamation Plant, will provide up to 1,600 AFY of reclaimed water for irrigation of Forest Lawn (Hollywood), Mount Sinai Memorial Parks, Universal City and Lakeside Golf Club.

The interim Sepulveda Basin Project is scheduled to be completed by Summer 1992. It will use reclaimed water for landscape and golf

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course irrigation, and will displace 1,200 AFY of potable water. Extending the use of reclaimed water in the basin by 1993 could displace an additional 2,300 AFY.

Water reclamation must play a prominent role in the overall water supply picture in the future. The City of Los Angeles is committed to an aggressive water recycling program with the goal of beneficially using 250,000 AFY by the year 2010, about 40 percent of the City's effluent. This will replace up to approximately 10 percent, or 85,000 AFY, of the City's potable supply requirement each year, assuming that institutional, regulatory and financial issues can be resolved. Other uses of reclaimed water include recreational and environmental uses, such as the creation of Lake Balboa and the Wildlife Refuge Lake in the Sepulveda Basin.

To coordinate the preparation of this plan with other agencies, the LADWP has had several discussions with the Metropolitan Water District (MWD) and other local water suppliers.

## **WATER SUPPLY DURING CONTINUED DROUGHT**

The City receives its potable water supply from eastern Sierra Nevada snowmelt and Owens Valley groundwater which are delivered through the Los Angeles Aqueduct (LA), from local groundwater, and from the MWD. The drought has reduced supply to Los Angeles from the LA System and increased the City's reliance on MWD purchases. Sixty-five percent of the City's water supply for fiscal year 1990-91 came from MWD, and approximately 50 percent is estimated for 1991-92. This is compared to the long-term average of about 15 percent.

The LA System runoff for the previous five years is the lowest for any five-year period this century. While storage in the LA System is only 83 percent of normal as of January 1, 1992, it has been kept relatively high as a safeguard against continued drought. The runoff for the Owens Valley and Mono Basin is expected to be 63 percent of normal for the 1991-92 runoff year (April 1 - March 31). A dry



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spring and summer reduced the benefits gained from the "March Miracle". Unfortunately, this year's runoff is not significantly different from the previous four dry years.

## **SUMMARY**

The drought in Los Angeles County has heightened resident awareness of water shortage problems, which because of increased water demand, will become more prevalent in the years to come. While new sources of affordable potable water for Los Angeles will likely decrease or be unavailable, sources of readily usable reclaimed waste water will double over the next ten (10) years.

The southern section of Los Angeles is served by the Terminal Island Treatment Plant having a design capacity of 30 million gallons per day and discharging the treated waste water into the Los Angeles Harbor.

The northern portion of the city consists of a much larger service area. Two of the city's water reclamation plants, the Los Angeles-Glendale Plant and the Donald C. Tillman Water Reclamation Plant, are located in the northern valley

The newer Tillman Plant was placed on line in September 1985 and treats 50 million gallons a day through a series of processes — preliminary, primary, secondary, filtration and disinfection. Tillman's reclaimed water will soon be used for irrigating three city of Los Angeles public golf courses in the Sepulveda Basin, the new Balboa Lake, in-plant use and groundwater recharge. The reclaimed water is also used for other purposes including the supply for the Japanese Garden Lake and irrigation system.

## **FINDINGS**

Trucked reclaimed water for landscape irrigation, construction processes, street sweeping and many other uses is available from the City of Los Angeles Department of Water and Power at the Los Angeles-Glendale and Tillman water reclamation plants. Presently, a 2,000 gallon truck would be charged three dollars (\$3.00) for a fill-up.

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## LANDSCAPE IRRIGATION

One of the least controversial types of water reuse projects is irrigation of greenbelt areas. The City of Los Angeles has provided reclaimed water for irrigation of two golf courses in Griffith Park, and to Caltrans for freeway landscape irrigation. The City is currently implementing a greenbelt project for irrigation of parks, cemeteries, and other landscaped areas, plus the Sepulveda Basin recreational area. Thus, the precedent and familiarity with use of reclaimed water has already been established, paving the way for smoother implementation of similar projects in the future.

The City of Los Angeles/Glendale plant in early December 1991 sent reclaimed water flowing through a new 2.2 mile pipeline for use in irrigating the Forest Lawn Cemetery and eventually Elysian Park. This project will use about one billion gallons per year. Reclaimed water from Los Angeles-Glendale Plant is presently used to irrigate Griffith Park Golf Courses, for industrial cooling water and freeway irrigation. There is a 20% discount for private users.

## CURRENT ATTITUDES TOWARD REUSE

Water reuse in the Los Angeles region has been minimal compared with the potential for reclamation. This situation exists in spite of public support for water reuse as evidenced by frequent pronouncements of community leaders. Local industries, recreational centers, farmers and other users that make up the conventional potential reuse market currently have no compelling incentive to use the available volume of reclaimed water. Neither do they have any disincentives to use potable water for "low-priority" needs such as irrigation, cooling, washdown, toilet flushing, etc.

## CONCLUSIONS AND RECOMMENDATIONS

Based on current projections, the LADWP will suffer a shortfall of 128,500 AF for FY 91-92. This shortfall will be met by continuing the existing mandatory 15-percent plus or minus conservation level (Phase III of the EWCP) which has produced actual conservation levels



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of 25 percent for FY 91. Similar projections indicate a potential shortfall for FY 92-93 through FY 92-95.

The conservation levels of 18 to 22 percent required for these years will be met by continuing mandatory conservation, using LA System storage and increasing the use of reclaimed water. In addition, it is anticipated that supply augmentation projects to increase groundwater pumping capabilities will be completed by the end of 1992 or early 1993. Therefore, a high priority should be placed on the timely completion of the Tujunga Well Field Project and the North Hollywood Pumping Station since delays in these projects would result in increasing mandatory conservation levels as the most probable means of meeting supply shortfalls.

Water reclamation and reuse should be utilized more effectively from the city's wastewater treatment plants. The Hyperian Treatment Plant currently produces over five hundred million gallons of treated effluent daily, most of which ends up in the Pacific Ocean. Water reclamation would remove most of the remaining contaminants and produce an effluent satisfactory for all non-potable water use.

This Committee recommends that the City of Los Angeles and Los Angeles County form a joint task force to actively pursue any and all state and federal grants, augmented by their own resources, with the goal of using 100% of reclaimed water by the year 2020. This task force should plan to store sufficient supplies of potable water, saved by the use of reclaimed water, to be available for vital human uses in times of future droughts. Both the City and County government should give high priority to water reclamation until there is a sufficient store of potable water.

Since the 1988-89 Grand Jury report, this Committee finds a very well-planned use of reclaimed water by OWR and LADWP. Hopefully, in the future, the time element for greater use of reclaimed water will be reduced.

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The Grand Jury also recommends:

1. Dual plumbing ordinances.
2. The banning of automatic water softeners.

## **OTHER SOURCES CONSIDERED/EVALUATED**

Many other sources of water supply have been evaluated and the supply/cost has been compared with the use of readily available reclaimed water. To date none has been found to be supply/cost effective. Following are three of those sources:

### **CLOUD SEEDING**

Cloud seeding has been ongoing in areas of California such as the Kings, San Joaquin, and Kern River watersheds for over 30 years. In addition, weather modification activities are carried out in 13 other states around the country.

LADWP has contracted with Atmospheric Incorporated, a weather modification company, to enhance precipitation over a portion of the Eastern Sierra Nevada, specifically the Owens Valley and Mono Basin from Cottonwood Creek watershed in Inyo County to Mill Creek watershed in Mono County. The project commenced February 1989 but was terminated in September 1991.

The effectiveness of cloud seeding depends upon a number of highly variable factors and the results are difficult to quantify. However, for each particular storm event that is seeded, a 5% to 10% increase in precipitation may occur.

### **RECLAMATION OF URBAN STORM RUNOFF**

This option is not feasible because of the separate collection systems serving the City of Los Angeles and lack of treatment capacity. The storm water is highly contaminated with various pathogens, heavy metals, nutrients and pesticides. The flow is sporadic in occurrence and thus is highly unreliable as a source of water supply.

Perhaps, in several decades' time, if adequate treatment and storage



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are provided for storm water, this option may be considered as a potential source of reclaimed water. At the present time, the existing sanitary wastewater flows are more than adequate in volume — if reclaimed — to satisfy the projected deficits.

### **DESALINATION**

This year the Department of Water and Power participated in evaluating the feasibility of building a desalination plant in Baja, California with five other organizations. It concluded that continued participation for the design and construction of this particular plant would not be economically feasible. The cost of the desalinated water would have been about \$1600 per acre foot, over 6 times more expensive than the current cost of Metropolitan Water District water at \$261 per acre foot.

However, the Department believes that desalination, when combined with existing power plants along the Southern California coast, may possibly be feasible. Incorporating desalination processes into the Department's Harbor Generating Power Plant is being studied in conjunction with the Power System. Furthermore, the Department continues to support Metropolitan Water District's future participation in a desalination demonstration study, also to be located within the Southern California coastal area.

### **ACKNOWLEDGMENTS AND REFERENCES**

Dr. Bahman Sheikh, Ph.D., P.E., Director, Board of Public Works, Office of Water Reclamation.

Office of Water Reclamation, City of Los Angeles, "OWR News"

O.W.R. Technical Memorandum No. 7A and 11A, January 1990, "Opportunities and Plans for the Future" and "Water Reclamation in the Past".

Drought Contingency Plan, January 1992, City of Los Angeles, Department of Water and Power.

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Gerald A. Gewe, Engineer of Water Resources Planning, City of Los Angeles, Department of Water and Power.

Los Angeles Department of Water and Power, Current Water Reclamation and Desalination Activities, January 1992.

City of Los Angeles Wastewater Program, Management Division, clean Water Program Advanced Planning Report (Technical Memorandum No. 11A), prepared by: William O. Straub, Sanitary Engineer; Doug Jones, Sanitary Engineer Associate; Bahman Sheikh, Ph.D., P.E., Reclamation/Reuse Specialist. Wastewater Program Management Division, August 12, 1989.

## GLOSSARY

**Potable Water:** Suitable for drinking, cooking, bathing, etc.

**L.A.D.W.P.:** Los Angeles Department of Water and Power.

**M.W.D.:** Metropolitan Water District.

**F.Y.:** Fiscal Year.

**L.A.A.:** Los Angeles Aqueduct.

**AF:** Acre Feet.

**A.F.Y.:** Acre-feet Per Year = 326,000 gallons per AFY.

**Reclaimed Water:** Effluent from a sewage treatment plant that has undergone extensive treatment in order to remove harmful pathogens (such as bacteria, viruses, protozoa, etc.), organic material, and heavy metal.





# Sludge Disposal Committee

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**SLUDGE DISPOSAL COMMITTEE**

*Seated (Left to Right):* Mel David, Co-chair; Walter Levine, Co-chair

*Standing (Left to Right):* Shirley Lertzman; Herb Schyman; Elenore Scherck

# Sludge Disposal Committee

## Introduction and Summary

The disposal of municipal waste is an issue which is increasingly finding its way on to the political agenda at all levels of government. Landfilling, the traditional method of waste disposal, is becoming increasingly difficult due to the dwindling capacity of existing sites and the difficulty of developing new sites.

The Sludge Disposal Committee of the 1991-92 Los Angeles County Grand Jury elected to focus on one particular component of the waste stream, sewage sludge. Sewage sludge is the final product of the sewage treatment process.

For years sludge was dumped into the ocean but this practice was halted with the advent of Federal legislation. Local jurisdictions began utilizing other methods of disposal including landfilling, composting and incineration.

The Committee is concerned that landfilling of sewage sludge may be using up valuable landfill capacity when the County is facing a potential capacity shortfall in the near future. In addition, the Grand Jury is interested in utilizing alternative beneficial reuse options such as composting and use as a soil conditioner.

The Committee used the services of its contract auditor, Price Waterhouse, to investigate the sludge disposal practices of the City and County of Los Angeles.

The Committee found that the City of Los Angeles has ceased landfilling of sewage sludge and is currently beneficially reusing 100 percent of the sludge generated at its two treatment plants.

In reviewing the County Sanitation Districts' program, the Committee found that 80 percent of the sludge generated at the Districts' plant in Carson is disposed of in a landfill and 20 percent is composted.



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The Committee is concerned that the Districts' current program lacks the diversity and flexibility in disposal/reuse options required to deal with impending landfill capacity shortages.

While recognizing that landfilling is a necessary backup disposal option, the Committee recommends that the County Sanitation Districts update their current sludge management plan to consider other options including beneficial reuse alternatives such as land application and use as landfill cover.

## EXECUTIVE SUMMARY

# *County Sludge Management Report*

### I. BACKGROUND AND METHODS

The 1991-92 Los Angeles County Grand Jury is concerned about the dwindling landfill capacity in Los Angeles County and strategies for reducing the waste stream going to the landfills. Approximately 2 percent of that waste stream is comprised of sewage sludge, the end product of the sewage treatment process. Other jurisdictions across the country have implemented alternative disposal/reuse options, many of which are beneficial. The options include composting, use as a soil conditioner for farms and use as an additive in building materials.

The Grand Jury formed the Sludge Disposal Committee to investigate sludge management practices in the County. The Grand Jury's contract auditor, Price Waterhouse, was asked to assist the Sludge Disposal Committee in completing the following objectives:

Determine to what extent City and County agencies are prepared to respond to landfill capacity shortages; and

What strategies are being planned or implemented for alternative disposal or reuse options.

The contract auditor, Price Waterhouse, in conjunction with the Sludge Disposal Committee performed the following tasks in completing the objectives:

Reviewed 9 reports pertaining to waste disposal and sludge management in Los Angeles County;

Reviewed data on 3 wastewater treatment facilities;

Toured the County Sanitation Districts' main wastewater treatment plant;

Prepared and conducted a survey of the sludge management practices of the City and County of Los Angeles;

Interviewed 3 officials of the City Department of Public Works and the County Sanitation Districts; and

Prepared this report.



## II. FINDINGS

### **Description of the System**

The Sanitation Districts of Los Angeles County is a confederation of 27 separate special districts which jointly own and operate wastewater and solid waste facilities. These facilities serve 79 separate cities and a large portion of the County's unincorporated area for a combined service area of 4.8 million people. The City of Los Angeles operates its own facilities, however, *this report will only focus on the County's facilities.*

The Sanitation Districts of Los Angeles County, hereinafter referred to as the singular District, operate 11 wastewater (eg. sewage) treatment plants, four active sanitary landfills and various other facilities such as a trash-to-energy plant, recycling centers, etc. These facilities handle approximately 50 percent of the County's solid waste and sewage.

The District's largest wastewater treatment plant is the Joint Water Pollution Control Plant (JWPCP) located in Carson. The JWPCP is one of the largest wastewater treatment plants in the world. On an average day the plant processes 326 million gallons of municipal sewage (326 mgd). Approximately 60 percent of this flow receives full secondary treatment with the resulting effluent virtually free of pollutants. All primary and secondary treated flows are discharged two miles offshore at a depth of 200 feet.

The JWPCP is one of the more innovative wastewater treatment plants in the nation. Improvements and innovations researched and developed at the plant include the modification of sludge de-watering centrifuges with ceramic edged screw blades. These blades last ten times longer than conventional metal edged blades and have helped reduce downtime in the de-watering centrifuge plant thereby increasing the existing capacity of the facility.

In addition, JWPCP was one of the first facilities to utilize digester gas to satisfy all its own electric power requirements. Excess power is sold to Southern California Edison.

### **Sludge Management**

One of the final products of the wastewater treatment process is sewage sludge. JWPCP produces approximately 1,300 wet tons of sludge daily (1,300 tpd). A wet ton assumes that sludge is 75 percent water, therefore, four wet tons equal one dry ton of sludge.

The sludge management goals of the District are as follows:

- Minimization of disposal/reuse costs;
- Promote public safety/health; and
- Minimize environmental impacts.

Any disposal or reuse alternative which results in conflict between goals is reconciled by listing and reviewing the advantages and disadvantages of each alternative<sup>1</sup>

The current sludge management alternatives were researched and described in an Environmental Impact Report/Statement (EIR/EIS) completed in October 1980. These alternatives include landfilling, composting and thermal processing<sup>2</sup>

Currently, 80 percent of the sludge is trucked to and disposed of at the District-owned Puente Hills landfill. The other 20 percent is trucked to a contractor in Riverside County where it is then composted with wood by-products, re-trucked back to Carson, bagged and sold as fertilizer for commercial and residential applications.

Implementing the third disposal/reuse option, thermal processing, has been difficult. The District has invested \$ 180 million in the Carver/Greenfield Sludge Dehydration/Energy Recovery System (Carver/Greenfield). This system involves drying the sludge through an evaporation process and then burning the dried material to produce steam and electric power. The steam will be utilized in the plant. Excess power will be sold to Southern California Edison.

Carver/Greenfield, originally scheduled for opening in 1990, has been going through a retrofitting process and is not scheduled for opening until late 1994. When operational, it is expected that the system will initially burn 480 wet tons per day, less than half the volume currently being landfilled. The end product, incinerator ash, will weigh approximately one-seventh of the original sludge (70 tons per day). This ash has various beneficial reuse options such as an additive in smelting and cement production.



<sup>1</sup> An example of conflicting alternatives would be ocean disposal (now illegal) and composting. Ocean disposal is the least costly alternative but has potentially major environmental impacts.

<sup>2</sup> Thermal processing involves the burning of dried sludge to produce steam and electricity and to reduce the volume of sludge by converting it to ash.

### **Landfill Constraints**

The Puente Hills landfill, by far the County's largest, is permitted to receive 13,000 tons of municipal solid waste (MSW) per day. This tonnage represents 26 percent of the total tonnage currently disposed in the County. Puente Hills' conditional use permit is due to expire on November 1, 1993. Because of the expected opposition from neighborhood groups the re-permitting of Puente Hills is not assured.

Currently, there are several private and public/private waste disposal ventures in various stages of review and permitting. These ventures include rail-haul operations in the California desert. Once these operations are on line, landfill capacity shortfalls in the urban areas will be alleviated. However, none of these ventures is expected to be operational before 1994.<sup>3</sup>

Should Puente Hills' permit application be denied, there would be a waste disposal capacity shortage of crisis proportions. Along with other scheduled landfill closures, capacity could be short by as much as 28,000 tpd (55 percent) by 1994.<sup>4</sup> Some of this shortage could be alleviated by achieving the goals of Assembly Bill 939 (Sher) (AB 939). AB 939 mandates a 25 percent reduction in solid waste being disposed of in landfills by 1995 and a 50 percent reduction by the year 2000. However, even with AB 939 reductions, the County would have a severe capacity shortfall.

It should be noted that sewage sludge is included in the definition of solid waste for AB 939 purposes. Therefore, any reduction in landfilled sludge would contribute towards achievement of AB 939 goals.

### **Current District Sludge Management Planning**

The current District sludge management plan, completed in 1980, does not take the impending disposal capacity shortage into account. Indeed, the plan states "Landfilling of dewatered sludge is not considered to be a viable long range alternative." And yet, twelve years later, 80 percent of the dewatered sludge is landfilled at a capacity constrained facility that may close in 18 months.

Like most urban waste management agencies, the District has attempted to develop additional landfills in recent years without success. Typically, community opposition has made siting within County boundaries very difficult.

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<sup>3</sup> The largest of these rail haul ventures is the Eagle Mountain Project in Riverside County. Eagle Mountain will handle 20,000 tons per day for 100 years. The initial tipping fee is projected to be \$52 per ton.

<sup>4</sup> Solid Waste Management Status and Disposal Options in Los Angeles County, January 1998



Should Puente Hills landfill close, the District does not have a written contingency plan for disposing of or reusing the sewage sludge which is produced at the rate of 1,300 tpd every day of the year. The District is close to concluding an agreement to increase the amount of sludge composted to 40 percent. The District has done work to implement other alternatives such as rail hauling to an out-of-state landfill but these plans are still at a preliminary stage.

### **Sludge Management Planning — City of Los Angeles**

The City of Los Angeles operates a wastewater treatment plant, known as Hyperion, which is roughly the same size as JWPCP.<sup>5</sup> Hyperion generates 1,200 wet tons of sludge daily none of which is landfilled. The City completed a draft sludge management plan in January 1989 which describes several beneficial reuses of sewage sludges. These reuses and the approximate tonnage<sup>6</sup> include:

- Composting (451 tpd);
- Chemically treated landfill cover (366 tpd);
- Land application as a soil conditioner (194 tpd); and
- Thermal processing (e.g. electricity and steam production) (141 tpd).

Even the ash from thermal processing is reused as a fluxing agent in copper smelting.<sup>7</sup> In 1990, Hyperion received an award from the Environmental Protection Agency (EPA) for its sludge management program for “Rapid Conversion from Disposal to Beneficial Reuse”.

### **District Sludge Management Options**

District staff is aware of the alternatives for beneficial reuse which the City employs and has done preliminary research into implementing the alternatives. However, no written comprehensive plan exists as of now to deal with disposal capacity shortages or implement reuse options. Clearly, much work needs to be completed to protect the District from the window of vulnerability that potential disposal capacity shortages entail.

Because of the necessary lead time for contract negotiation, siting and permitting, some of these reuse options would not be available immediately. The District



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<sup>5</sup> The City also operates a wastewater treatment plant at Terminal Island and two wastewater reclamation plants: Tillman in the San Fernando Valley and Glendale/Burbank. Sludge from these two plants is processed at Hyperion.

<sup>6</sup> Tonnage figures based on January 1992 data.

<sup>7</sup> During January 1992, 337 dry tons of ash was sent to an Arizona smelting operation.

should consider utilizing some of these options now so that contractors have the preliminary planning and permitting complete.

In addition, to protecting the County from capacity shortages, reuse of sludge contributes somewhat to AB 939 objectives. Landfilled JWPCP sludge alone comprises 2 percent of the County's waste stream.<sup>8</sup>

It should be noted that landfilling itself should continue to be an option for sludge disposal. Should a reuse option suddenly become unavailable, landfilling would be the best contingency option in the short term. However, the Districts should work towards making landfilling a minor portion of the overall disposal/reuse plan.

### **Conclusion**

The Districts' JWPCP is a state-of-the-art facility which meets the objectives of protecting the public health and limiting the impact of municipal sewage on the environment. One area deserving attention is sludge management. The District relies on landfilling for a large portion of its disposal/reuse plan. This reliance could place the District in a difficult operating environment because of impending landfill closures and potentially severe capacity shortages. These shortages would likely not be alleviated until mid- decade as other disposal options such as rail haul come on line.

By planning for these contingencies, the District can have other options available for sludge disposal and/or reuse and protect its ratepayers from sudden increases in disposal costs.

In addition, because of the availability of sludge reuse options, the District can aid the County in achieving AB 939 goals<sup>9</sup> by implementing these reuse options instead of continuing to dispose of sludge in County landfills.

### **III. RECOMMENDATIONS**

The County Board of Supervisors should request the Board of Directors of the Los Angeles County Sanitation Districts to:

Prepare an updated sludge management plan taking into account potential landfill closures. The plan should include:

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<sup>8</sup> (1,060 tpd sludge landfilled/50,000 Daily County landfill capacity)

<sup>9</sup> AB 939 mandates 25 percent waste diversion from landfills by 1995 and 50 percent diversion by the year 2000.

Short term disposal contingency plans in the event that closure of the Puente Hills Landfill occurs without reuse options in place.

Long term planning for implementation of reuse options in addition to those already planned or utilized (e.g., thermal processing, composting). The options to be considered should include landfill cover, land application, and any other viable alternatives. Landfilling should be evaluated as one option in a multi-fold sludge management program and as a backup for other reuse options.

This plan should be updated on a five year cycle to take into account the latest environmental, demographic and regulatory changes.



# **Social and Human Services Committee**





**SOCIAL AND HUMAN SERVICES COMMITTEE**

*Seated (Left to Right):* Nancy Schoettler; Shirley Lertzman, Chair;  
Aileen Nesmith; Bob Sutton

*Standing (Left to Right):* Don Sanford; Elenore Scherck; Ray Buckley;  
Arnold Familian

# Social and Human Services Committee

## Introduction and Summary

### *The Injustice of Illegal Immigration*

#### INTRODUCTION

Perhaps the biggest underplayed story impacting the strained resources of Los Angeles County government is the rising tide of illegal aliens. The California Department of Finance estimated that as of April 1, 1992, there were 1.2 million illegal aliens in the state. The vast majority of these (over 770,000) live and/or work right here in Los Angeles County.

Some people refer to illegal aliens as “undocumented” but we found that this just confuses the issue. The fact is that those 770,000 plus people who are in the County of Los Angeles illegally are taking resources away from legal residents and citizens. This basic injustice is the focus of this report.

#### BACKGROUND

As part of its annual orientation, the Grand Jury receives briefings from elected officials and senior management of all County departments. In addition, the Grand Jury regularly visits all jails in the County and many health and human services facilities.

The Grand Jury heard repeatedly that the County’s financial and human resources are being stretched beyond capacity by increasing numbers of low income persons in need of public assistance. One need only visit the County’s medical facilities to witness the strain of overcrowded facilities and frustration of long waits for service. Soon County voters will be asked to approve a bond measure for massive construction of new hospital facilities. Our jails are overcrowded and



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new jails must be built. Alternative sentencing puts more and more criminals on probation and our probation officers are overburdened with cases, as are our juvenile facilities. Our schools struggle to keep pace with increasing numbers of students who speak little or no English. This challenge to our system of public education requires both additional time and resources. For example, a recent report on one Los Angeles high school noted that the vast majority of students have parents who speak no English. That school recently purchased a \$4,000 translating machine.

The Social and Human Services Committee of the 1991-92 Los Angeles County Grand Jury was created to focus attention on the growth of the County's illegal alien population and the fiscal and service delivery impacts of that growth on the average citizen.

## **PROCEDURES**

The Committee reviewed numerous reports, visited the boarder between the United States and Mexico, interviewed U.S. Immigration and Naturalization authorities and a wide variety of individuals and groups concerned with immigration. We studied the recommendations of the 1986-87 Grand Jury calling upon the county to monitor the cost of services provided to illegal aliens. We followed up to see what had been done to implement the Grand Jury's recommendations.

After this research, we identified what needs to be done by County government and the citizens of Los Angeles to eliminate the injustice of illegal immigration. The following sections of this report provide our findings and recommendations.

## **POPULATION ESTIMATES**

It is difficult to estimate with any certainty the number of people who enter or are residing in the United States illegally. It has been estimated that there are three to four million, half of whom live in California. More than 80% live in five states: California, New York, Texas, Illinois and Florida. The geographic estimates of Mexican illegal

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aliens is even more pronounced: 75% reside in California. Texas and Illinois each have 10%.<sup>1</sup>

As of April 1, 1992, the Department of Finance estimates there are 1.2 million illegal aliens in California. The 1980 census indicated that 64.25% of all illegal aliens in the state reside in Los Angeles County. The Department applies the same distribution established in 1980 to current statewide estimates to develop a countywide number. Therefore, the Department estimates there are 771,000 (1,200,000 multiplied by .6425) illegal aliens currently in Los Angeles County. (end note reference 18) It should be noted that these numbers have been adjusted to exclude those undocumented persons who applied for the amnesty program established by the Immigration Reform and Control Act of 1986. The amnesty allowed those undocumented immigrants residing in the country before 1982, and special agricultural workers, to become legal residents if they met specified criteria. The United States Immigration and Naturalization Service reports that over 800,000 persons applied for amnesty in Los Angeles County.

## FINDINGS

**The federal Immigration Reform and Control Act is not working as intended to stop the flow of illegal aliens. The major portion of the cost of providing services to these illegal aliens will fall on the shoulders of the Los Angeles County taxpayers.**

Immigration law is the responsibility of the federal government. State and local governments provide services mandated by federal law, with no guarantee of full reimbursement of the added costs. Federal law makers enact legislation without complete information on the cost impact. Many in Congress believe that local governments are entitled only to temporary support for the cost of these federal laws.

The federal Immigration Reform and Control Act of 1986 (IRCA) was the first federal legislation designed to curb illegal immigration and

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<sup>1</sup> George J. Borjas, *Friends or Strangers: The Impact of Immigrants on the U.S. Economy*, New York: Basic Books, 1990, p. 18.





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the country's most comprehensive change in immigration policy in 35 years. It attempted to stem the flow of illegal aliens by granting amnesty to those who had been in the U.S. since 1982 and imposing strict penalties on employers for hiring illegal aliens.

IRCA has not stopped the flow of illegal immigration. In fact, records indicate that the flow of illegal immigration has actually increased over the last two years to pre-IRCA levels. Further, the law appears to have created the incentive for the migration of illegal aliens who want to reunite with those who are legalized under the law's amnesty program. Following is a summary of key provisions of IRCA and its impact on the County of Los Angeles.

### **IRCA Amnesty Program**

The amnesty program allowed those who had been living here illegally and continuously since 1982 to become legalized. In addition, special agricultural workers (SAW) who worked in perishable-crop agriculture for at least ninety days in the year ending May 1, 1986 could apply for amnesty. Successful applicants for both the pre-1982 and SAW legalization program became lawful temporary residents. The pre-1982 applicants may adjust their status to become lawful permanent residents prior to the thirtieth month after the approval of their applications provided they meet certain requirements. The SAW applicants may also adjust their status and become lawful permanent residents either one or two years after the end of the application period or the approval of their initial legalization application. Pre-1982 and SAW applicants are prohibited from receiving federal public assistance and most federal medical assistance for five years after being granted temporary resident status.

Statistics provided by the INS indicate that 1,760,201 illegal immigrants nationwide applied for legalization under the pre-1982 provisions. Of this amount, 956,172, or 54.3% reside in California. In addition, there were 1,272,978 special agricultural worker applicants, of which 667,898 or 52.5% reside in California.<sup>2</sup>

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<sup>2</sup> U. S. Immigration and Naturalization Service, Provisional Legalization Application Statistics, December 1, 1991.

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The INS also reports that Los Angeles County contained over 800,000 pre-1982 and special agricultural worker applicants. This represents approximately half of the applicants in California and a quarter of the applicants nationwide. As of February 1991, there were 581,201 who were granted temporary residency status under the pre-1982 criteria. Of this number, 554,206 submitted applications for the second phase to adjust to permanent status. In addition, 113,328 special agricultural workers applications had been approved. These applicants will start becoming eligible for public assistance benefits in fiscal year 1992-93. It is unknown what impact there will be on service utilization, once they become eligible for public benefits. Empirical evidence has shown that when illegal residents move to a legal status, there will be increased use of county social services, unemployment compensation and public education.

**Since Los Angeles County has the largest population of immigrants and full federal funding of the added costs of IRCA is unlikely, our taxpayers will suffer the added taxes or cuts in services.**

There is strong evidence that the federal government will not pay for the full cost of state and local services to the amnesty immigrants. When IRCA was passed, Congress took the position that it does not have the sole responsibility to help pay for the cost of public services and benefit programs indefinitely. During the congressional debates, the Senate Judiciary Committee stated that:

*Legalization is a shared Federal / State responsibility because each level of government both incurs costs and receives revenue because of the presence of illegal aliens. However, it is likely that some State or local governments face a net revenue deficit due to the presences of illegal aliens who are likely to be legalized. Therefore, a program of legalization impact assistance to States has been provided. The Committee wishes to emphasize that the program is not meant to provide 100% Federal reimbursement for the costs incurred by State or local government, but to offset the reasonably anticipated net costs.<sup>3</sup>*

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<sup>3</sup> Nancy Humel Montwieler, The Immigration Reform Law of 1986, Washington, D.C.: The Bureau of National Affairs, 1987, page 64.



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Recent reports indicate that California seeks \$1.1 billion for health and education services for newly legalized immigrants, while the Bush administration will propose spending only \$300 million. If the funds are not provided, then there will have to be cuts in services and/or higher state and local taxes.

### **IRCA Employer Sanctions**

Prior to 1986, it was illegal for immigrants to work without proper documentation; there was no law prohibiting employers from hiring illegal immigrants. IRCA changed this policy, making it unlawful for an employer to “knowingly employ, recruit, or refer for a fee” illegal immigrants.<sup>4</sup> Now all employers are responsible for verifying the eligibility of all new hires. Employers must complete forms for new employees certifying that the employer has reviewed documents establishing the employees’ legal status. Employers who violate the law may incur fines ranging from \$250 to \$2,000 per illegal immigrant hired. Criminal penalties can be imposed for repeated violations. These penalties include a fine of \$3,000 per person hired and up to six months in jail. By statutory authority, the INS is prohibited from raiding places of business to detect the employment of illegal immigrants, unless the INS receives a tip from a reliable source, such as an agency of government.

### **The employer sanctions component of IRCA is difficult to enforce and has caused unintended consequences.**

The employer sanctions component of IRCA has been difficult to enforce for a number of reasons. It has triggered the creation of a lucrative underground industry for producing fraudulent documentation. This black market source has responded to the demand by supplying inexpensive, counterfeit documents which immigrants can use to satisfy IRCA’s requirements. Employers are unable to determine the difference between a real document and a fake one. Fraudulent documentation has enabled many from other countries beyond our immediate borders to secure passage to the U.S. via the airlines.

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<sup>4</sup> Elizabeth Rolph and Abby Robyn, *A Window on Immigration Reform: Implementing the Immigration Reform and Control Act in Los Angeles*, Washington, D.C.: The Urban Institute Press, August 1990, page 3.

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Another factor making IRCA difficult to enforce is the lack of strong penalties for using fraudulent documents. Reportedly, the immigrants themselves feel that they can still come to the United States and find work despite IRCA. The only penalty they face for using fraudulent documentations is deportation, the same penalty they faced prior to IRCA as an illegal entrant. One study surveyed 945 persons living in three rural communities located in west-central Mexico, a region known for sending workers to the United States. The survey included recent migrants to the United States and those who identified themselves as likely to migrate in the future. The researchers found a very high level of knowledge about IRCA among residents in the three rural communities in Mexico. Most believed it was more difficult to find work in the United States as a result of IRCA. However, 60% of the sample of recent illegal immigrants believed it was still possible to get a job in the United States without legal papers. They believed that it was possible either to obtain employment with fraudulent documents or that United States employers would hire Mexicans regardless of their immigration status. Some felt that their networks of relatives or friends would help them get jobs upon arrival to the United States.<sup>5</sup>

#### **INS/United States Border Patrol**

IRCA authorized an additional \$422 million in fiscal 1987 and an additional \$419 million in fiscal 1988 for the Immigration and Naturalization Service (INS) to carry out its added responsibilities under the new law for enforcing employer sanctions and processing amnesty applications. In addition, the goal was to achieve a 50% increase in border patrol personnel in 1987 and 1988 over the 1986 level.

Congress had authorized a 50% increase in the 3,600 personnel in the border patrol for fiscal year 1987 and 1988. As of the end of fiscal year 1988 there were 4,699 staff in the border patrol with about 3,700 agents actually deployed at the border and other field offices throughout

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<sup>5</sup> Frank Bean, Barry Edmonston, and Jeffre S. Passel (eds.), *Undocumented Migration to the United States: IRCA and the Experience of the 1980's*, Washington, D.C.: The Urban Institute Press, 1990, pp. 227-234.



the country. By February 1989, there were 4,919 agents, a 33% increase which was below the 50% goal.

As the following table illustrates, even though there were relatively more agents, their time was not totally dedicated to line-watch activities. They were also educating employers about their new IRCA-related responsibilities and the requirements to enforce those responsibilities. As a result, line-watch hours not only decreased, they actually dipped below pre-IRCA levels!

#### BORDER PATROL RESOURCE ALLOCATION AND ACTIVITY INDICATORS<sup>6</sup>

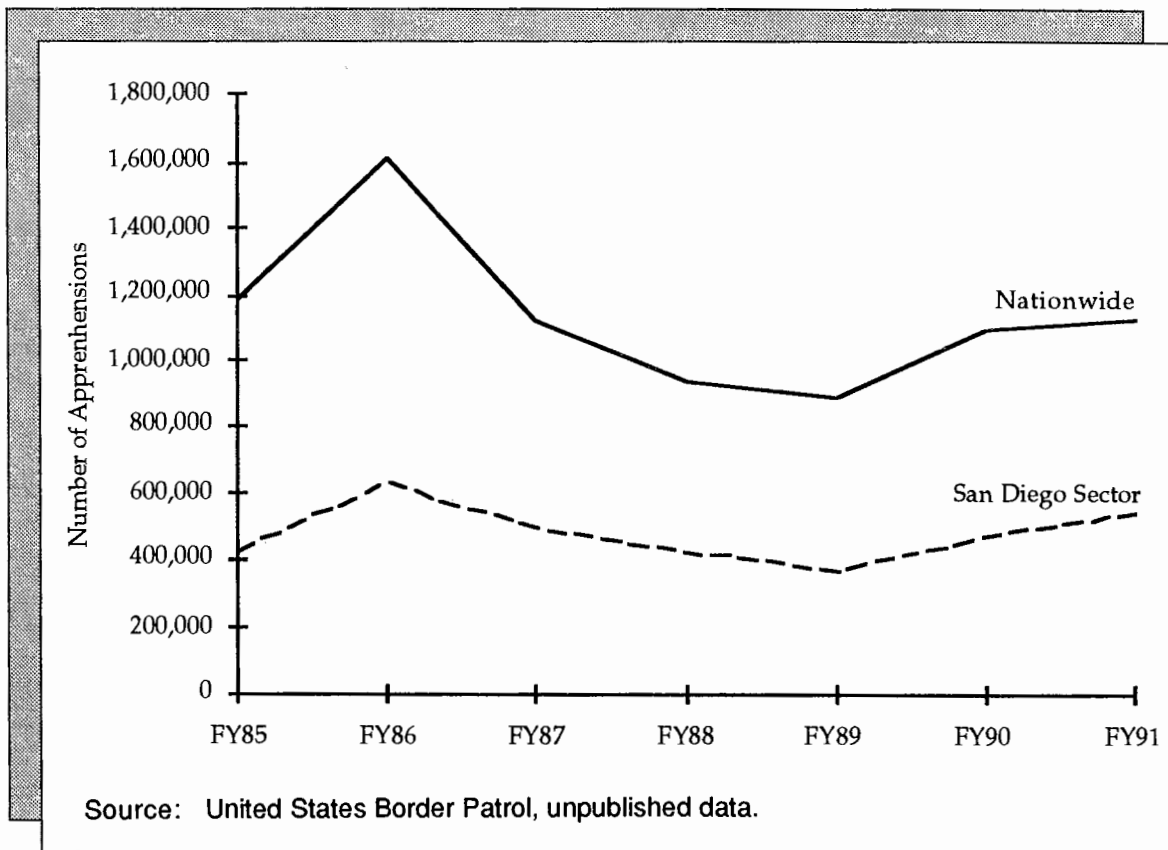
INDICATORS	FISCAL YEAR				
	1985	1986	1987	1988	1989
Number of border patrol staff	3,473	3,687	3,643	4,669	4,919
Line-watch hours (thousands)	1,912	2,401	2,546	2,069	NA
Line-watch apprehensions (thousands)	666	946	751	615	NA
Percentage of total citations/warnings issued by border patrol				35	NA
Percentage of total border patrol apprehensions not made at border	43	41	33	34	NA

As the following exhibit illustrates, there was a high of 629,656 apprehensions made by the San Diego Border Patrol agents during the 1986 fiscal year. The total number of apprehensions dipped to 366,757 in fiscal year 1989, the year after the implementation of

<sup>6</sup> Frank D. Bean, Georges Vernez, and Charles B. Keely, *Opening and Closing the Doors: Evaluating Immigration Reform and Control*, Washington, D.C.: The Urban Institute Press, 1989, pp. 44-45.

employer sanctions. However, since 1989, the number of apprehensions has increased with the number of apprehensions in fiscal year 1991 of 540,347, approaching the pre-IRCA level.<sup>7</sup>

### UNITED STATES BORDER PATROL APPREHENSIONS FISCAL YEARS 1985 THROUGH 1991



This increase has occurred despite the fact that in the first six months of fiscal year 1991 the Border Patrol was spending 11% fewer hours than it did in 1986 actually patrolling the border and making arrests.<sup>8</sup>

<sup>7</sup> Data supplied by the U.S. Border Patrol, San Diego office, January 31, 1992.

<sup>8</sup> Richard Irwin, *The Newest North Americans: Why We Need To Help Them*, prepared for the National Immigration Law Center, 1991, page 5.



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**The problem of illegal aliens adds to the taxpayer's burden and further strains County services.**

We know there are at least 771,000 illegal immigrants in Los Angeles County, including mothers whose babies, born in the United States, are automatically citizens of the United States. Reportedly, the fastest growing portion of welfare in the County is births of children to illegal alien mothers and those recently granted amnesty. According to one report citing information provided by Los Angeles County, such case load is 117,000, some 23% of the total Aid to Families with Dependent Children (AFDC) case load.<sup>9</sup>

Under federal law, all children born in this country are automatically citizens of the United States, with full rights and privileges of United States citizenship. Each such child is entitled to welfare payments and food stamps, while the illegal alien parents are not. The County estimates that it incurred \$14.2 million in welfare costs for citizen children of illegal and amnesty aliens during the 1990-91 fiscal year. Technically the parents are required to leave the country. In practice, many stay, going unreported because of other laws that discourage the reporting of illegal aliens who seek certain government health services.

The County ends up paying the costs of many other health, education, law enforcement and court-related costs of illegal aliens. The County should have very accurate records of the cost of these services, but it does not.

Even with the limited data available, we know that the cost to taxpayers for services to illegal aliens is in the hundreds of millions of dollars. According to one estimate of the County's Chief Administrative Officer, the net cost of all County services to illegal aliens is \$276.2 million in fiscal year 1990-1991. Exhibit A dramatizes the impact of the cost per income taxpayer by portraying this cost as a bill to taxpayers.

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<sup>9</sup> Alan C. Nelson, Former Commissioner, U.S. Immigration and Naturalization Service (1982-1989) Immigration Impacts on Los Angeles County: Options For County Action, Report to Michael D. Antonovich, January 31, 1992, page 5.

***First Notice of Payment Due***

JOHN Q. INCOME TAXPAYER

**For Annual Cost Of Services To  
Illegal Aliens**

**Pay This Amount Now**  
**\$276,200,000**<sup>\*</sup>



***\*This amount is subject to change without notice and you will be billed automatically in future years. It reflects estimated costs of Justice System, Health, Welfare, and "Other" Services Funded By The County General Fund. Invoice does not include cost of schools and educational services. In addition, some time in 1992, you must start paying for welfare assistance to a portion of 667,534 persons granted amnesty under federal law enacted in 1992.***





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It is sad to note that we cannot provide a completely reliable estimate, because as a rule, County staff does not collect and report the necessary information. An example of the problem can be seen by reviewing the results of one cooperative study on the cost of illegal aliens in the justice system. Conducted in 1990, this study involved the INS, the Sheriff's Department and the County's Criminal Justice Coordinating Committee. The objective was to determine the extent of the criminal alien population in the Los Angeles County Jail.

Foreign born inmates released through the Inmate Reception Center at the Men's Central jail were interviewed to produce a statistical profile of all deportable aliens who passed through the jail system.<sup>10</sup> As shown in the following chart, deportable criminal aliens represented 10.8% of the sample of inmates. As the chart further illustrates, deportable aliens were categorized as either permanent resident aliens (0.7%), temporary resident aliens (1.0%) or illegal entrant aliens (9.1%).

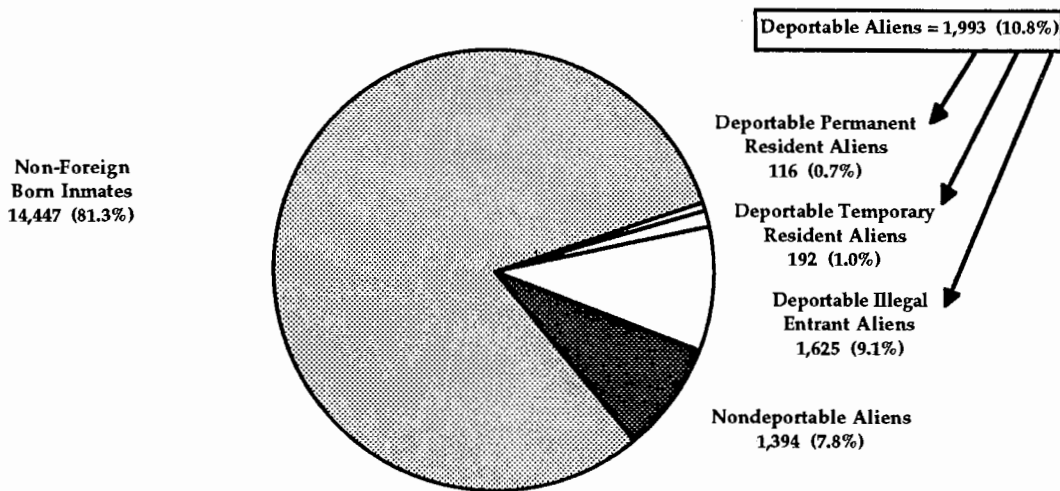
This study has been widely reported in the community with many referring to the 10.8% figure as the impact of illegal immigration on the entire criminal justice system. The County estimated \$95.6 million in costs for the illegal population in the criminal justice system. The County based this estimate on the percentage of deportable aliens (10.8%) and multiplied it by the county criminal justice system budget to derive this estimate.<sup>11</sup> In actuality, this 10.8% figure applies only to the custody population and should not be used to describe the entire justice system. While this study provides useful information on the jail population, it does not attempt to address other aspects of the criminal justice system, such as the impact of the illegals on the district attorney, public defender, courts or probation departments. Furthermore, since, this study only examines the alien population **in custody**, it is unknown what the actual impact is on the entire Sheriff's Department. Therefore, without more information, it is unclear whether the \$95.6 million is an accurate estimate of the impact of the illegal alien population on the criminal justice system.

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<sup>10</sup> Countywide Criminal Justice Coordination Committee, *Criminal Aliens in the Los Angeles County Jail Population*, November 1990.

<sup>11</sup> Interview with Mr. Robert Mimura, Countywide Criminal Justice Coordinating Committee, March 1992.

**Criminal Aliens in the  
Los Angeles County Jail Population**  
*Sample of Inmates Released from the  
Inmate Reception Center at Men's Central Jail, May 1990*  
Total of 17,774 Inmates



Note: Percentages do not total 100% due to rounding.

Source: Countywide Criminal Justice Coordination Committee, *Criminal Aliens in the Los Angeles County Jail Population*, November 1990.

**Los Angeles County has not adopted the recommendations made by the 1986-87 Grand Jury regarding the methodology for developing cost estimates. Had the County followed the 1986-87 Grand Jury's recommendations, it would be in a much better position to communicate the cost impact to voters and to seek relief through changes in federal law.**

Estimates developed by the CAO of the net cost to the County for the illegal population do not adequately reflect true net costs, in the



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view of the Grand Jury. The Board of Supervisors has been concerned about the costs of providing services to illegal aliens for many years. In 1982, the Board directed the CAO to develop a methodology for estimating costs and revenues generated by illegal aliens in Los Angeles County. Since 1982, the CAO has annually estimated costs and revenues generated by this sub-population. However, the CAO has never undertaken original research or special data collection to develop this information, relying instead on data and methodologies developed in published studies.

Since primary data is lacking, the CAO cautions there may be a wide variance between estimated figures and actual numbers. It appears that cost estimates for health and public social services are the most accurate source since they are substantiated by case sampling and audit techniques. Estimates from other departments are only approximations and therefore will not be as reliable. Also, in 1982, the County requested the various incorporated cities to identify the cost of providing city services to illegal aliens. None of the cities was able to provide accurate estimates, since the cities were unable to identify and separate the costs of illegal aliens from other residents.

In 1987, the Los Angeles County Grand Jury requested the Harvey M. Rose Accountancy Corp. to review the effectiveness of the County's procedures for identifying the level and cost of services provided to illegal aliens, and for receiving equitable reimbursement from other levels of government for those services. This comprehensive report, entitled *Management Audit of Procedures for Identifying the Level and Cost of Services Provided by Los Angeles County for Undocumented Aliens*, set forth 46 recommendations for the County to document, in a cost-effective way, the level and cost of all needed services it was providing to illegal aliens. These recommendations were intended to place the County in a better position to make substantiated claims to the Federal and State governments for financial relief from the burden of caring for the illegal alien segment of the population.

Results of the Harvey Rose study indicated that the Departments of Public Social Services (AFDC) and Childrens Services (Foster Care Services) maintained good systems for tracking illegal immigrant clients. The Departments of Health Services and Mental Health needed

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to develop procedures for determining utilization of outpatient health services and inpatient/outpatient mental health services. Another important finding was that estimates for illegal aliens incarcerated ranged from 7.5% to 20% of the jailed population. Since the County bears essentially all costs for criminal justice services, the study recommended the County develop a reliable base of data about the users and costs of providing such services.

Interviews with county staff for the purpose of this current study indicate that the recommendations proposed by the 1987 study to the Board of Supervisors were never implemented. For one thing, the County thought the recommendations were too costly to implement (i.e., data collection on a department-wide basis). In addition, the County does not have a mechanism to force people to disclose their resident status. In the past, the County has tried sampling patients in the hospitals but found that few, if any, would voluntarily disclose their immigration status. Furthermore, the County cannot request information that is not a legal condition for eligibility. In 1988, in *Crespin vs. Kaizer*, the court determined that a County cannot ask for residency status unless it is a condition of eligibility because it acts as a barrier to service.<sup>12</sup>

The CAO is still utilizing the same methodology it developed for its initial study in 1982. As stated in a report dated April 15, 1991, the CAO still cautions that, "with certain exceptions, the estimates are not based on actual data, but, instead, on a series of assumptions which rely heavily on published studies relating to illegal aliens." Limited background information exists for the annual estimates developed by the CAOs office. The County only has "hard" data available on the level of service provided to illegal aliens to the extent the health or welfare program is required to screen for eligibility. All other health and welfare programs, law enforcement, etc. are "best guess" estimates.

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<sup>12</sup> Susan Drake, National Immigration Law Center, March 1992.



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### **Future Cost Studies**

On December 3, 1991, the Board of Supervisors requested the Internal Services Division in consultation with the Chief Administrative Officer and the Directors of affected Departments to determine the cost and overall impact on the County for providing welfare, health, criminal justice, education and other services to illegal immigrants, their citizen children, and those immigrants qualifying under IRCA's amnesty program. The study will include: estimates of the cost and overall impact of immigration on the County, estimates of revenues to all levels of government from the County's immigrant populations, including amnesty persons, a review and report on existing studies on the economic and fiscal impact of illegal persons, an estimate of school district costs, an analysis of the impact of the underground economy and of legal work permit system, and an inventory of uses of public housing. The CAO has developed a methodology which elicits input from County Departments, experts in immigration issues and interested parties. The results of this study were delivered to the Board of Supervisors on June 15, 1992.

It is difficult to formulate good policies at any level of government without adequate data and information. However, we do have enough information to state that it is unjust to burden those who are legal residents with the added fiscal burden of illegal aliens.

### **Law Enforcement Needs To Be Strengthened**

We are a nation of laws. Rights must be determined according to the rules of law. If we are to have justice, then laws should be uniformly enforced. The federal government should immediately provide an adequate level of resources to increase the number of hours in actual border patrol and to increase the number of apprehensions for illegal crossings.

At the same time, employers hiring illegal aliens must be identified and INS/employer sanctions must be enforced. State, County and federal coordination strategies need to be developed along the lines suggested in a recent report by former INS Commissioner Alan C. Nelson.<sup>13</sup>

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<sup>13</sup> Alan C. Nelson, page 10.

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Deportation hearings must be completed while illegal aliens are in custody. Only one in eight illegal aliens in California have their deportation hearings completed before being released. The County of Los Angeles should consider assisting in the deportation hearing process by providing space for hearing rooms and possibly to utilize local pro-tempore judges to ensure that all illegal aliens have deportation hearings while still in custody. A final order for deportation is placed in the inmate's file. Upon release, the alien can be immediately transferred to INS and promptly deported from the United States.<sup>14</sup>

### **Illegal Immigrants Are Taking Jobs From Those Legally Here**

During the Congressional debates prior to the adoption of IRCA, Congressman Show (D-Florida) stated that "American workers are being discriminated against because they are losing jobs to illegal aliens who are coming to this country and working for less." Congressman Burton (R-Indiana) stated that "part of the unemployment problem is that illegal workers take jobs from Americans. There are nine million Americans looking for work. There are five to twenty million illegal aliens. These numbers suggest a solution to the unemployment problem." Critics would say that while this common sense argument has intuitive appeal, there is no clear empirical evidence that indicates illegal immigrants adversely impact the earnings opportunities of native workers.<sup>15</sup> These critics miss the point: **If more employees are needed, they should be obtained legally.**

**Further, as long as there are people on the welfare rolls, we need jobs, not more people. As long as there is unemployment, we need more jobs, not more people.** Mr. Alan C. Nelson has suggested several alternatives that have the potential to employ many able bodied welfare recipients.

*Mr. Nelson recommends a pilot program involving cooperation between the INS and the County's Department of Public Social Services (DPSS). When the INS visits an employer who may have employed an illegal*

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<sup>14</sup> Ibid.

<sup>15</sup> Julian L. Simon, "Bring on the Wretched Refuse," Wall Street Journal, January 26, 1990.



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*alien, INS could inform the employer that cooperation in hiring an unemployed welfare recipient may result in reduced fines. If the employer cooperates, INS would then immediately notify the County's Department of Public Social Services who would promptly follow-up with the employer to hire a suitable welfare recipient. An alternative approach would be for the DPSS job developer to automatically personally visit the employer within 24 hours. Yet another option would be for a DPSS job developer to accompany INS on its employer visit and pursue the job openings immediately. Another option would be to hire a private contractor to do job placement services in the pilot project. Mr. Nelson adds that the County could hire on a performance basis, with payment based on the number of welfare recipients actually placed in jobs.<sup>16</sup>*

### **Citizens Need To Take Part In Solving The Problem Of Illegal Aliens**

Illegal aliens are becoming a stronger political force because citizens have failed to act. As long as large numbers of illegal aliens are allowed to stay in the United States, there is increased potential for them to influence the political process. It is the responsibility of every citizen to obey the law prohibiting employment of illegal aliens. Citizens should not hire temporary or live-in help without reasonable assurance those hired are legal residents.

The Grand Jury urges county citizens to contact the Board of Supervisors and your Congressman and let them know how you feel about the issue. Demand that they support funds for adequate immigration law enforcement and the following recommendations of the Grand Jury.

### **RECOMMENDATIONS**

The Los Angeles County Grand Jury recommends that:

- 1. The Los Angeles County Board of Supervisors should direct County departments to collect data and provide estimates on service utilization by illegal or illegal immigrants.**

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<sup>16</sup> Alan C. Nelson, pp. 3-4.

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We believe a lead County department should be designated to direct and monitor this data collection effort on an on-going basis. The Internal Services Division, Urban Research Section, employs programmers and demographers for this very type of activity and would be an appropriate entity to oversee data collection efforts.

**2. The Board of Supervisors should direct County Counsel to determine the County's authority to collect resident status information on a county-wide basis by service area.**

Currently, the County requests immigration status information when it is a condition for eligibility for services. It is unclear to what extent the County can obtain this information when it is not a condition for eligibility. Therefore, we believe County Counsel should provide a legal opinion as to the County's authority to collect immigrant status information on a county-wide basis by service area. Where a given department is barred from collecting certain data due to statutory authority or court decision, the department should develop a comprehensive methodology for developing approximations or indicators of the impact of illegal immigrants on service utilization. This methodology should be implemented on an on-going basis.

**3. The Board of Supervisors should give the current cost/revenue study conducted by the Internal Services Division a high priority and devote adequate time and resources to it as an on-going effort.**

The cost/revenue study which the Board has directed the Internal Services Division to complete is a positive step. However, the effort should be an on-going activity. With this information, the County will be able to identify trends in service utilization and cost impacts for the illegal, amnesty and citizen children population. More importantly, the information will place the County in a better position to make substantiated claims to the State and the Federal governments for financial relief from the burden of caring for these segments of the population.

**4. The Board of Supervisors should consider engaging an independent entity, such as a university research center or "think tank" to conduct a large scale comprehensive study**





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4. **The Board of Supervisors should consider engaging an independent entity, such as a university research center or “think tank” to conduct a large scale comprehensive study of the impact of the illegal population on the local economy.**

During the course of our interviews, we found that because of a lack of reliable data, there is widespread debate on the pattern of the flow of illegal immigrants into the County and their impact on the local economy. For example, some people argue that illegal immigrants displace native-born workers, which affects the unemployment rate. On the other hand, others assert that illegal immigrants stimulate the economy by paying taxes and buying goods and actually create jobs for the population as a whole. A large-scale study, based on primary data collection activities, could provide policy-makers useful information on the following issues:

- *An analysis of the impact on the labor market*
- *A survey of service utilization patterns and analysis by country of origin and*
- *A study of migration patterns to better understand the flow of illegal immigrants into the County.*

5. **The Board of Supervisors should establish a Task Force to examine and monitor the illegal immigrant issue in the County of Los Angeles.**

- *Each County Supervisor should appoint two members from their district to serve on the Task Force.*

- *Purposes of the Task Force:*

- (1) Facilitate practical approaches Los Angeles County and other government agencies can take to reduce the impact of illegal aliens. As a high priority, the Task Force should consider supporting the recommendations of the January 31, 1992 “Options For County Action” report of Mr. Alan C. Nelson, Former Commissioner of the United States Immigration and Naturalization Service.
- (2) Monitor and evaluate the actions of County staff to ascertain the impact of the illegal population on the County.

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(3) Provide information to the Board of Supervisors to enable the Board to formulate well-informed legislative positions.

**6. The Board of Supervisors include in the County's legislative program support for measures that would:**

- Increase resources for border patrol, including funds for additional personnel, equipment and technology needed for strict enforcement.
- Increase fines and other penalties for violation of immigration law and use of illegal aliens to commit crimes.
- Require that if a state or local government arrests and convicts a criminal alien, that alien must be transferred to a federal facility to serve his or her sentence.
- Expedite the deportation of convicted criminal aliens. This should include strict enforcement of U.S. rights to deport criminal aliens to serve the remainder of their sentence in their home country.
- Clarify the permissibility of asking for and sharing information on citizenship status.

**COMMENT**

The Social and Human Services Committee of the Los Angeles County '91-'92 Grand Jury feels that the following excerpt from the editorial pages of THE PRESS-ENTERPRISE of Riverside, California<sup>17</sup> summarizes the current illegal alien crisis in Los Angeles County and, indeed, the State of California.

*“Six years after illegal alien amnesty and reform, we are reduced to the absurdity of mass foot-races at the border, to inventing freeway signs that warn of alien crossing zones, to talk of building fences, and ditches. We are reduced to car chases in the city. And to wondering just what it will take to have all this recognized for the major systemic breakdown that it is.”*

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<sup>17</sup> Reprinted by permission of Marcia McQuern, C.E.O. of The Press-Enterprise, Riverside, California with our thanks.



# Ad Hoc Committee

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**AD HOC COMMITTEE**

*(Left to Right):* Shirley Lertzman, Co-chair; Franklin Henderson, Co-chair

# Grand Jury Speakers, 1991-92

Robert Acterberg	Deputy Director, Los Angeles County, Department of Children's Services
Michael D. Antonovich	Supervisor, Los Angeles County Board of Supervisors
Kenneth M. Bell	Senior Investigator, Bureau of Investigations, District Attorney's Office
Frederick Bennett	Assistant County Counsel, Los Angeles County
Sherman Block	Sheriff, Los Angeles County
Father Greg Boyle	Jesuit Priest, Dolores Mission Community, East Los Angeles
John Campbell	Citizens' Economy & Efficiency Commission, Los Angeles County
Janice L. Carlson	Captain, Los Angeles Police Department, Internal Affairs Division
Audrey B. Collins	Assistant Director, District Attorney's Office, (1984-85 Grand Jury Legal Advisor)
Jerry Conklin	Captain, Los Angeles Sheriff's Office, Internal Affairs Bureau, Office of Professional & Ethical Standards
Charles F. Conrad	Retirement Administrator, Los Angeles County Retirement Association
Rodney E. Cooper	Director, Los Angeles County Department of Parks & Recreation
Jaime B. Corral	Presiding Judge, Los Angeles Juvenile Court
Deane Dana	Supervisor, Los Angeles County Board of Supervisors
Sandra M. Davis	Treasurer and Tax Collector, Los Angeles County
Richard B. Dixon	Chief Administrative Officer, Los Angeles County

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Edmund D. Edelman	Supervisor, Los Angeles County Board of Supervisors
Harold Ezell	Chairman, The Ezell Group (former Head of United States Immigration and Naturalization Services)
Lonnie Felker	Deputy-in-Charge, Major Narcotics and Forfeiture Division, District Attorney's Office
Joel Fox	California Taxpayers Association
P. Michael Freeman	Forester & Fire Warden & Fire Chief, Los Angeles County
Patrick Froehle	Captain, Los Angeles Police Department, DARE Program
Manuel Gallegos	Foreman, 1987-88 Los Angeles County Grand Jury
Daryl F. Gates	Chief, Los Angeles Police Department
Alan Michael Genelin	Head, Bureau of Special Operations, Hard-core Gangs, District Attorney's Office
Stuart Gothold	Superintendent, Los Angeles County Office of Education
Darrell D. Higuchi	Adjutant, Battalion Chief, Los Angeles County
Marvin Hoffenberg	Foreman, 1990-91 Los Angeles County Grand Jury
Bob Jackson	Sergeant, Los Angeles Police Department, Gangs Unit
Lisa Kahn	DNA Genetic Print Expert, District Attorney's Office
Rowen Klein	Attorney, Prisoners' Rights
James G. Koltz	Retired Judge, Los Angeles Superior Court
Bobby Lavender	Anti-gang Counselor, Manual Arts High School
Tom Lenzion	Officer, Los Angeles Police Department, DARE Program
James M. Lents	Executive Officer, South Coast Air Quality Management District
Barry Levin	Attorney, Peace Officers' Bill of Rights

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Wilbur F. Littlefield	Public Defender, Los Angeles County
Cecil Mills	Supervising Judge, Criminal Division, Los Angeles Superior Court
Gloria Molina	Supervisor, Los Angeles County Board of Supervisors
David Newshan	Chief, Burbank Police Department
Barry J. Nidorf	Chief Probation Officer, Los Angeles County Probation Department
Ira K. Reiner	District Attorney, Los Angeles County
Bahman Sheikh, Ph.D.	Water Reclamation Authority
J.D. Smith	Judge, Los Angeles Superior Court
John Spilane	Assistant Head, Special Investigations Division, District Attorney's Office
Frank Sundstedt	Head, Organized Crime Unit, District Attorney's Office
Eddy Tanaka	Director, Los Angeles County, Department of Public Social Services
Michael A. Tynan	Judge, Los Angeles Superior Court

# Grand Jury Field Trips

Catalina Island - Desalination Plant

Immigration and Naturalization Service Headquarters

I.N.S. Border Patrol Headquarters, San Deigo County-Mexico boarder.

Los Angeles County Coroner's Office

Los Angeles County Juvenile Dependency Court

Los Angeles County Sheriff's Department

Men's Central Jail

Peter J. Pitchess Honor Rancho

Sybil Brand Institute

Training Center, Whittier

23rd Annual Los Angeles County Peace Officers' Memorial

Los Angeles County/University of Southern California Medical Center

Los Angeles Police Department

Academy

K-9 Demonstration

Parker Center

MacLaren Children's Center

United States Customs Department - Los Angeles International Airport and Terminal Island



# Grand Jury “Ride Along, Fly Along”

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GRAND JUROR	STATION
Sheila Banken	Hollenbeck Area, LAPD
Anthony Bavero	Lost Hills Station, LASD
Melvin David	Burbank Police Department, Helicopter Marina Del Rey Station, LASD
Arnold Familian	West Hollywood Station, LASD
Ian Grant	Air Support Division, LAPD Aero Bureau, LASD West Hollywood Area, LAPD Marina Del Rey Station, LASD Santa Monica Police Department Los Angeles County Fire Department Helicopter
Dorothy Greenbaum	Marina Del Rey Station, LASD West Hollywood Station, LASD
Richard Halpin	Aero Bureau, LASD Burbank Police Department, Helicopter Air Support Division, LAPD Carson Station, LASD Carson Station, LASD, Operation Safe Streets Torrance Police Department Gardena Police Department Redondo Beach Police Department
Sam Hollander	Burbank Police Department, Helicopter
Aileen Nesmith	Antelope Valley Station, LASD Burbank Police Department, Helicopter

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Donald Sanford	Marina Del Rey Station, LASD Lennox Station, LASD Santa Clarita Valley Station, LASD West Hollywood Station, LASD Burbank Police Dept Helicopter
Elenore Scherck	Hollenbeck Area, LAPD
Nancy Schoettler	Marina Del Rey Station, LASD Lennox Station, LASD
Stewart Steckel	Lennox Station, LASD, Operation Safe Streets
Robert Sutton	Lennox Station, LASD