

[Click Here To Close This Window](#)

Economy & Efficiency Commission Presentation

**PRESENTATION BY
Ms. Sharon Yonashiro
Assistant Chief Administrative Officer, County of Los Angeles
Topic: Real Asset Management within Los Angeles County
November 5, 1998**

Chairperson Abel asked Commissioner Farrar to introduce Ms. Sharon Yonashiro, Assistant Chief Administrative Officer for Los Angeles County, and her work in the area of planning for asset management. Commissioner Farrar feels that the big issue is to identify who has to take responsibility for this function.

Ms. Yonashiro opened by mentioning that there are plans in the Chief Administrative Office to try to realign her duties. In the area of real estate assets and space--the first thing to do is to make sure the resources are there to deliver programs. The goal of Mr. Janssen, the Chief Administrative Officer, is to reconsolidate under one individual all of the major programmatic budget functions.

Commissioner Barger felt that the real estate function would be something that would take all of a person's time, at least in the initial stages. Ms. Yonashiro acknowledged that this is the goal, but realistically, there is a time-constraint reality. There is a commitment in her office to the program, but departmental space utilization patterns will not be changed overnight.

The CAO's Office has prepared a report to the Board of Supervisors on appropriate next steps. The CAO hired a consultant to assist in evaluating real estate information systems and part of that was bringing together a "working group" of departments to discuss real estate issues. Overarching principles will need to be adhered to in going forward with real estate transactions. Day to day work intrudes on the implementation of plans. For example, the welfare reform program this year caused us to have to go out and acquire four or five major office installations for Department of Public Social Services for the "welfare-to-work program"--a new way of delivering service. Space needed to be obtained within a constraining structure. The Children Services Department continues to be a challenge as well.

The report the CAO is submitting to the Board requests the adoption of principles involving teamwork among the various departments. Departments have bought into this approach. Attempts are being made to know who is in a building through the use of the payroll system. We have received support from the Auditor Controller in opening up an element of the CW Pay system. This is of major importance in embarking on a five-year plan, although it is not certain how long this will take to put together.

The CAO has promised to go through a physical evaluation of all of our County-owned facilities. There is no one department responsible for all the facilities, although the Internal Services Department does some. The CAO is about to embark on a physical inventory with the cooperation of Internal Services and Public Works. After the 1994 earthquake the County conducted an extensive survey of all county buildings and did

a lot of engineering reports, perhaps some of that information can be brought together.

Another recommendation the CAO is making to the Board is the beginning of the outcome of a request to examine which commission-type body ought to be providing a continuing oversight role. Perhaps the recommendation should be that the role of the real estate management commission needs to be examined as a potentially appropriate place for a broadened oversight function to reside. Commissioner Lucente commented that the Economy and Efficiency Commission would have representation on this body. Even if this position were not to go forward, Mr. Janssen has embarked on a five-year planning process.

Chairman Abel asked Commissioner Lucente about the size of the impact of these recommendations going to benefit the County, is there a dollar figure? Commissioner Lucente responded that in the report done by the outside consultant, they only focused on two or three areas because of the vast opportunities. Within that report they focused on a \$100 million savings. Ms. Yonashiro stated that these savings will not appear next year, particularly considering that there are costs associated in these recommendations. Even so, it is necessary to measure successes. For example, the County was approached by the City of Commerce to sell off the main warehouse operation in Commerce, CA. The City wanted to do that because they had a company that was looking to leave a city location. As a result of these efforts the property was sold for \$9.5 million. This is a net gain since the County is not looking to replace that space. Thus, there is a net gain from an efficiency standpoint.

Commissioner Buerk reported that the County property on Rockinghorse Road in Rancho Palos Verdes has been sold and a house has been built on it.

Chairman Abel asked that since there is a sense in the Commission that this is a very slow moving process, do we have to lower our expectations even more? Ms. Yonashiro confirmed that everything takes longer than you think it will. She believes that delivery of service is the Board's major concern. If they are going to sacrifice anything, they're probably going to sacrifice a less than perfect world in real estate matters before they sacrifice direct service delivery.

Commissioner Stoke would like a reaction to a suggestion of this Commission or the oversight Commission that a position be created. This is necessary so that there is an individual with the responsibility to carry out, under appropriate supervision, the principles that had been established. Ms. Yonashiro responded by saying that everyone who works in the real estate area is involved. It has to be done at every turn, whether you're planning a capital project, or whether you've got a lease space request. There is a notion that we have underutilized administrative space. This is not true.

Commissioner Lucente commented that the report that was prepared doesn't just address space availability, it also addresses space utilization as well as many other recommendations that could improve the current processes. He also wanted to have comments made on budget availability. Ms. Yonashiro replied that there are limited funds in the CAO's budget that were used last year to retain a consultant and those funds are still available. For example, there is a Sheriff facility that is standing empty. It's not certain what to do with this property. In terms of administrative space -- not jails or hospitals -- the County is utilizing the space that is available. Even though some of our space may not be used to its utmost efficiency, but it is so hard to cite some of our functions in neighborhoods. When the County is in a good location, there is value to staying at that location, e.g. the Department of Public Social Services Adams and Grand complex. It is a large facility with parking and no one is concerned over the County being located there.

The Board has set aside \$26 million of discretionary funds to be placed into major maintenance projects. They have also set aside \$20 million for Board projects, e.g. creating new child care centers, Sheriff station development, and Civic Center refurbishment.

Chairman Abel commented that the State, the City and the L.A. Unified School District have moved to hire its own asset management capacity. Chairman Abel doesn't sense that the County is willing to take an aggressive approach to asset management, which is different than the utilization and priority issues that are being addressed. Does the political will exist to take this approach? Ms. Yonashiro emphasized that higher priorities sometimes overshadow asset management issues. Chairman Abel asked the CAO had a map of all

the real estate assets to help make strategic decisions. Ms. Yonashiro replied that there has been an accounting for 95% of the County's real estate assets.

Chairman Abel restated that he did not believe that the County is not on top of its asset management. Ms. Yonashiro replied that whenever a department needs space actions are taken to insure that space is being utilized properly. Commissioner Crowley interjected that leases have so far been ignored, and is concerned with the loopholes that may exist. Ms. Yonashiro answered these comments by stating that an individual has been given the responsibility for managing leases within the County. There are overriding need to find a place to house people combined with obscure subvention issues.

Commissioner Buerk commented that he detected a lot of concern and care for making sure that all the real estate needs for the different departments, but he did not hear anything about the management of the real estate empire that the county has. What is the return on the real estate that is held? Is there a dollar figure? What is the value of the use? Is it worth holding that asset? Should the County be owning or leasing? These questions need to be able to be answered by the real estate activity within the CAO. Commissioner Barger followed up this question by stating that the private sector is not always the model to apply in the public sector, but asset evaluation is done in the private sector to determine a money base, and he doesn't see the County addressing that at all. He sees no coordination of real estate assets.

Ms. Yonashiro explained that she has addressed these concerns and reminded the Commission that the County has just sold a 286 thousand square foot warehouse. Change takes time, and the CAO is currently trying to address those issues. Relative to staffing, staff has not diminished, although the County's population continues to grow.

Chairman Abel commented that there is unanimity on the Economy and Efficiency Commission that the CAO's office is not properly addressing these issues and there is deep frustration which is continually reinforced. There is a lack of investment in the means to manage this function. Ms. Yonashiro stated that numbers are very interesting, but no one in the County has ever done such analysis, but at the end of the day if it a jail site maintenance is not economically feasible due to lack of full/proper utilization, the County is still not going to let it go. It's too hard to place a jail site.

Commissioner Lucente emphasized that recommendations made in the CAO's report contain some deliverables. The Oversight Group didn't just want to endorse another study. It designated the CAO as being accountable for oversight area within the County. This has not been done before. Secondly, it addresses the development of a plan. The Oversight Group is going to move toward the recommendations outlined in the CAO's Board Letter.

Ms. Yonashiro restated that Mr. Janssen is committed, because even if the Board did not want to accept the recommendations of the letter, he has it as a part of his personal goals.

Chairperson Abel thanked Ms. Yonashiro for her time and her presentation to the Commission.

[Return to Top of Presentation](#)

[Return to Agenda](#)



Kenneth Hahn Hall of Administration, Room 163, 500 West Temple St.,
Los Angeles, CA 90012
Phone (213) 974-1491 FAX (213) 620-1437 EEmail_eecomm@co.la.ca.us
WEB eec.co.la.ca.us