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Economy & Efficiency Commission Presentation

Editorial Note: Although every effort has been made to insure the accuracy of the material in this presentation, the scope of the material covered and the discussions undertaken lends itself to the possibility of minor transcription misinterpretations.

**PRESENTATIONS BY
Mr. William T. Fujioka, Chief Executive Officer, Los Angeles County**

September 6, 2007

Chairman Ikejiri expressed his appreciation for the time Mr. Fujioka made to speak to the Commission.

A New Organizational Structure

Mr. Fujioka commented that his arrival at the County is at a time of implementation of a major change in the County's organizational structure. He stated that concerns with how he will carry out this implementation are being addressed by working closely with departments to discover what they're doing and how they're doing it. He has begun with an evaluation of the performance goals of every department head. To date he has discovered what he would call "silo relationships", where each department functions relatively independently of the others. Mr. Fujioka felt that this was evident in a sample of department head evaluations that claim the department would have been able to complete a project "if" it had received the support of other departments. This is not meant as a criticism of departments, but rather as a realization that each one has its own set of priorities. He stated that his goal for the coming year is to prepare a matrix that illustrates that the success of a department head is contingent on the contributions of other departments. Consequently, departments will receive new cooperation goals. It is important to formalize this type of collaborative partnership due to its criticality to the success of both the County and the individual.

Common Platforms, Common Systems

Mr. Fujioka addressed his intent to identify money to fund IT initiatives. He has seen systems within departments that would benefit other departments within the County, but for a number of reasons the system was only implemented in one department. Future systems implementation will consider multi-departmental impacts with the objective of achieving efficiencies through common platforms and common systems.

Partnering with Commission

Mr. Fujioka expressed his desire to work with the Commission to identify efficiencies in an environment that anticipates a slowdown in the economy. From a County perspective one of the principal sources of funding is property tax. With the downturn in real estate and the increase in foreclosures there is a real possibility of a negative impact on the level of property tax that will be collected. It is possible that we will not see the same level of growth as the County has experienced over the past four years. Thus, this situation offers

significant opportunities to work with the Economy and Efficiency Commission on finding more efficient ways of conducting business.

Mr. Fujioka felt that the Commission can offer alternatives and different ways in which the County departments can work together. County audits would be a valuable resource in considering what to review and where improvements can be made. Additionally, the budget process can be made more efficient. Once the supplemental budget and final budgets have been completed Mr. Fujioka plans on convening selected staff for the purpose of making the processes more efficient and practical. Mr. Fujioka stated that he would welcome suggestions from the Commission and looks forward to capitalizing upon the differing perspectives and experiences that it has to offer. At this point he asked if the commissioners had any questions.

Questions and Comments

In response to a comment by Commissioner Fuhrman concerning information systems, Mr. Fujioka expressed his desire to put together an oversight structure to oversee and evaluate major IT initiatives. He and department heads are going to be intimately involved in the implementation of these initiatives. The classic example of system implementation difficulties is the Los Angeles Unified School District (LAUSD) new payroll system. The City of Los Angeles, on the other hand, implemented a new payroll system in a structured manner that has taken almost five years and has not resulted in the kinds of problems that are seen at LAUSD. This resulted from very strong oversight.

The classic error at LAUSD was linear implementation where the old program was shut down one day and the new program started the next. The City ran both programs in parallel for almost two years. Even with this approach the City faced problems and a one percent error rate. A one percent error rate considering the number of employees and the number of transactions would have resulted in hundreds of thousands of errors, impacting a significant number of people. Fortunately, continuing monitoring of these problems enables the City to correct these error rates. Based upon what has been learned in these experiences Mr. Fujioka is planning a strong oversight for the County's IT systems.

Commissioner Barcelona pointed out that since the Antelope Valley is involved in significant growth and expansion, it would be interesting to know Mr. Fujioka's position or policy on the annexation of unincorporated areas by incorporated cities. Mr. Fujioka replied that since he has been on the job for only a few weeks he has not yet been able to focus on this issue, but that he feels that it is something that he needs to consider.

Considering the real estate issues within the County, Chair Emeritus Philibosian explained that some time ago the Commission had attempted to work with various agencies to assist the County in co-locating facilities, and to attempt to coordinate with the City of Los Angeles and the State of California to capitalize upon the coordinated usage of their real estate resources. He asked if Mr. Fujioka thought this effort could be revived since it seems intuitive that there should not be vacant space in a building owned by these jurisdictions while at the same time the County is leasing space in a commercial building. Mr. Fujioka replied that coordination with the City and State makes a lot of sense. Within the County these types of situations also exist. During a recent court rebuilding it was evident that it would be efficient to house District Attorney, Public Defender, Probation and Sheriff's personnel in the same location. As a result of this realization he is negotiating to add two additional floors to the court for which the County will pay its share of the costs. Another example lies in the location of community centers for the City. The common placement of city services such as Building Safety, Planning, Human Services, counsel offices and the Mayor's Office proved to be effective.

Another area for consideration is to have smaller jurisdictions capitalize upon the County's significant purchasing power. Cities, for example, will be able to purchase items at a lower price as a result of the volume purchasing power that the County enjoys. Although this is a simple thing for the County it becomes important for the city manager of a small city. He plans on enhancing this process.

Commissioner Max noted that in the past departments have independently developed RFP's, conducted negotiations, signed contracts and undertaken the project to include construction administration. He then

asked Mr. Fujioka if he thought that Public Works should become involved since they have knowledge of construction that other departments lack. Mr. Fujioka understood that those barriers need to be removed along with the “silo relationships” to enable individuals to work across departmental lines. This approach, which is part of the governance transition, is basic and has to happen.

Commissioner Fuhrman reported that the Economy and Efficiency Commission has an interest in this process since it has been tasked by the board to review the new CEO structure. He then asked if this change in structure affect Mr. Fujioka’s decision to accept the CEO position? Mr. Fujioka replied that it had. When the County changed the structure, he perceived the opportunity as being more fun and interesting. In addition, he explained that because he has worked in the County, and in the City, he is intimately aware of silo structures and the need to break them down.

Commissioner Fuhrman then asked if the new governance system was operating at a level at which it makes sense for the Commission to begin discussions of its effectiveness. Mr. Fujioka replied negatively because it will take some time for the old system to change - the revision is going to take some time. It is encouraging that the County is currently moving in the right direction and has the commitment of the Board. It is especially noteworthy that he hasn't felt any resistance, from department heads, either elected or appointed.

Chairman Ikejiri, on behalf of the Commission members, thanked Mr. Fujioka for making the time to talk to the Commission. He also expressed confidence in Mr. Fujioka’s temperament and personality, but most of all with his experience. Chairman Ikejiri expressed the wish for his success in addressing the challenges that he has undertaken. And finally, Chairman Ikejiri offered the assistance of the Commission to assist in his efforts.

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