A SUPPLEMENTARY REPORT ON THE 
JOINT ORGANIZATION AND PROCESS 
STUDY OF OCTOBER 1988 
(HRS ASSOCIATES) 

October 20, 1988
ATTACHMENT II

A SUPPLEMENTARY REPORT
ON THE
JOINT ORGANIZATION AND PROCESS STUDY
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SUBMITTED BY
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OCTOBER 20, 1988

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This report has been prepared by Richard E. Tunison, consultant of HRS Associates. It is submitted to the Economy and Efficiency Commission as an independent supplement to the Joint Organization and Process Study report on the Department of Beaches and Harbors, Parks and Recreation, Public Library and Facilities Management Department, which report was submitted separately. Mr. Tunison was the facilitator of the Joint Study Team and authored its report as well.
The Joint Study Team report contained eight findings and recommendations. Although those findings and recommendations are important in their own right, the consultant feels that the Team was unable to go as far in its deliberations as known and available information might have warranted. This supplementary report arises from the consultant's own observations that existing conditions do justify substantive recommendations on structure change.

RECOMMENDATION I

It is recommended that a new Asset Management Division be created by combining certain functions and activities now under the CAO's Asset Management Division, Facilities Management Department, and Beaches and Harbors (specifically those activities related to Marina del Rey). The head of this division would report directly to the CAO.

FINDING

The December 1986 report on Property Management in Los Angeles County, submitted by The Task Force on Decision-Making and Organization, once again, as in earlier reports, addressed the need for structural changes to enhance the way
the County manages its assets. Specifically, the Task Force report recommended that the Supervisors "consolidate in the Chief Administrative Office full responsibility for all county property management, including facility operations and capital projects." This consultant has found very little progress in line with the intent of that recommendation.

The conditions that led to recommendations for the creation of a consolidated assets management function have not changed. Fragmentation of asset related responsibilities and activities is so extensive that there is a critical absence of necessary management accountability. This is not to say that "local managers" are not being held accountable within the "local systems", but there is currently no mechanism that provides overall coordination, planning and control of the County's impressive and indispensable asset base. In fact, the political environment is such that creative asset management may be one of the County's only solutions to recurring budget deficits.

At the present time, for example, the County is faced with a potential fiscal deficit that could range between 36 million
dollars and ninety million dollars, depending on the success of a November ballot initiative. The only apparent, operable remedy is cost cutting and staff reduction. There is little evidence that anyone is focusing on the potential for enhancing income generation through aggressive and innovative management of the County's real property assets. And it is no wonder. No one is in charge. No single person is accountable.

The County operates more than four thousand facilities and over 40,000,000 square feet of space; owns and leases out the largest marina on the Pacific Coast including restaurants, hotels and shopping centers; negotiates concession agreements with countless operators; and, holds the potential for developing up to twenty major properties whose aggregate future returns to the County are projected in the billions of dollars.

Presently, the responsibility for the development of real properties, project management, facilities management, space planning and utilization, property leasing, contract administration and related functions, is fragmented among
several departments. The basic responsibility for property development is in the Asset Development Division of the CAO's Office. Project management, facilities management, space planning, and other similar functions are in the Facilities Management Department. Leasing and contract management could be anywhere, but is most often in the operating department (Marina del Rey in Beaches and Harbors, golf courses in Parks and Recreation, airports in the Aviation Division of Public Works).

This consultant believes the effective long-term development and utilization of these assets require strong coordinated planning, top management talents, the integration of programs and systems and the application of professional expertise. The County must develop a comprehensive, strategic plan for the exploitation of assets. It needs a system of data management that will provide a central inventory of County-owned properties. The County needs to establish performance objectives, such as optimum rates of return on assets, and the planned utilization of income streams. The County must look at the present allocation of staff to the distributed asset management function and determine if it is an effective
and efficient deployment of human resources as compared to that of a consolidated function.

In its present organizational mode, decentralized asset management cannot readily achieve for the County what a well focused consolidated asset management department can achieve. It should be emphasized that this is not a reflection on the ability or dedication of any of the present managers or specialists. But the consultant does not feel they can accomplish separately what they can united.

A fragmented organization such as currently exists, is, by all odds less efficient than a properly consolidated unit. The replication of contract units, real estate units, planners, managers and supervisors, and the like, adds to the total manpower necessary to execute the function, and may even dilute professional resources. The lack of internal communication among specialists allows for the loss of learning opportunities, and the separation of experts in one unit from the problems in another increases the room for errors in judgment.
Some managers, when interviewed, expressed concern about any structural changes that might consolidate broad scale asset management into a single department. This was seen as contrary to the "trend." They cited the County-wide move toward decentralization, emphasis on entrepreneurship, and pay-for-performance programs that reinforce innovation as all being indicative of the new culture which speaks to the delegation of authority. For some reason, it was presumed that someone with asset management responsibilities in an asset management department would be less motivated than if he were part of an operating department. Likewise, a consolidated asset management department, it was assumed, would take important authority away from the operating departments and presumably put it somewhere remote from the client/user, and negatively impact the decision making process. This, it was feared, would jeopardize important relationships with lessees.

Admittedly all these things could happen; however, they would not result from structure change, but from dysfunctional attitudes. Such negative and apprehensive views obscure the improvements that could be achieved by bringing the right
group of people together, in the right environment, to do a much bigger job.

Present circumstances demand a fresh look at how the County can get the most from what it has. To be successful in the future, territorialism and the tendency to replay past failures must be replaced with a dedication to the benefits of coordinated decision making, participative planning and the necessity of mutual achievement.

In order to create the "critical mass" required to constitute an Asset Management Division that will significantly enhance return on assets, it will first be necessary to carefully review the activities and staffing of the existing separate units to determine what should be consolidated. A cursory look suggests the following as the basic core group for the new consolidated function:

- The Asset Development Division from the CAO's Office.
- The Design and Construction Branch from Facilities Management Department.
- The Real Property Branch from the Facilities
Management Department.

- The Revenue Properties Division from Beaches and Harbors Department.

(Other pieces could be added later as a result of experience and careful analysis.)

Some activities, by nature and results, may be determined best left as is. That is, out of the consolidated group. For example: the negotiation and administration of rental agreements for periods less than five years, may best be serviced by the operating department. The rationale here could be that such leases are more current-focused than strategic in nature. Another example is concession contracts that return less than a specified amount (say $50,000 or $100,000) per year which could remain the responsibility of the operating department because of economies in administration at the local level and local operational ties.

Other activities that meet particular standards, such as the criteria suggested below, would become the responsibility of the consolidated group.

- Activities that clearly represent the long-term strategic interests of the County
Property decisions that effect more than one operating department
Negotiations that involve the potential of substantial financial return
Complex matters that require a spectrum of coordinated decision making, or the intervention and involvement of highly skilled specialists.

Aside from the consolidation of functions, activities and the right people, there needs to be an infusion of new attitudes that will help create a more positive operating environment. This was referred to previously as a necessary "fresh look."

Although this is not a matter related to structural change it is seen as an absolute mandate for management. The following are aspects of this:

It is essential that there be an emphasis on cooperation and participation as interactive behaviors.

Decisions that involve properties or facilities that are of special interest to an operating department should be made with the participation of that department management.
Operating departments should be a part of any lessee or concessionaire performance evaluation process.

Any long-range planning process relating to facilities should be a coordinated planning process which includes all departments at interest.

Additionally, there is a need to convey to everyone that all County assets are for the ultimate benefit of the 'community of interests' not simply for the financial or strategic gain of the Assets Management Division or any single operating department.

It is particularly interesting to note that the State of California real property management functions were reviewed by the Commission on California State Government Organization and Economy several years ago. Similarities between conditions at the State level recited in the State Commission report of March 1986 and those found at the County level by this consultant are remarkable.
Under the present organizational arrangement in the County there is no universal system for tracking and accounting for County properties and contracts; assuring the application of desired business standards; coordinated planning for the use of income streams; auditing revenue performance; conducting consistent scheduled maintenance programs and allocating required funds; coordinating the pursuit of lease renewals and renegotiations; and, numerous other sound asset management practices.

The State Commission's March 1986 report to the Governor referenced the following remedies, among other points:

- "Adopt an organization structure for State property management which establishes mechanisms designed to assure accountability of decision making....."
- "....recommend that the Department of General Service create policy direction for all State property management by setting overall strategic goals....
- "....DGS's operational plan should specify in measurable terms the Department's objectives in
keeping with its role in the implementation of the State's overall strategic goals for pro-active assets management...."

"....we believe the present condition of State property management, as described in this report, may have encouraged unnecessarily high staffing ratios...."

The proposed remedies for the State system are also quite similar to those contained in this report, and ironically many have been made before.

RECOMMENDATION II

It is recommended that the Department of Beaches and Harbors be disbanded and its principal public safety and operational activity, concerned with beaches, be transferred to the Department of Parks and Recreation.

FINDING

There is no compelling organizational rationale to support the present union of Beaches and Harbors in a single
department. In fact, in the past the Department of Beaches was at one time merged with the City of Los Angeles, Santa Monica, Parks and Recreation, and the Department of Small Craft Harbors. The present two principal segments of the department are more relatable by virtue of geographic proximity than by mission. For this reason, the structure change advocated in Recommendation I, which would place the asset responsibilities for Marina del Rey in a consolidated asset management group, would have little impact on the operation of beaches.

Indeed, the Department of Beaches and Harbors describes its role as twofold: "...the planning, development, and operation of the Marina del Rey Harbor, as well as the regulation, management and protection of some 23 public beaches...." It is internally organized with these role separations clearly distinguished.

Perhaps half, or slightly more, of all departmental staff personnel are engaged in support of the mission for Harbors (actually Marina del Rey assets management). The balance of the staff personnel in the department perform general
departmental support functions or are directly involved in beach related activities. All the department's operating personnel (approximately 300 of the total 376 employees in the department) are assigned to beaches, either as lifeguards or as beach maintenance personnel.

In the same way, there is clear distinction among the roles of the three outside citizens groups that are related to the department. There is a Small Craft Harbor Commission and a Design Control Board that work with Marina interests, and the Los Angeles County Beach Advisory Committee that interfaces with the beach segment of the department. If these support groups provide worthwhile services to the County they can continue to perform their functions regardless of a split in the department, such has been recommended above.

For these reasons, the present Department of Beaches and Harbors seems easily separated into the two units (the smaller unit, related to Harbors [Marina del Rey], would become a part of a consolidated asset management function, as described in Recommendation I, and the larger, Beaches division merging with the Department of Parks and Recreation). This
structure change would also satisfy some long standing interests of the Board of Supervisors. The merging of Beaches with Parks and Recreation would accomplish three things:

1) reduce the number of department heads reporting to the Board of Supervisors, a move consistent with previously expressed wishes of the Board;

2) help realize certain staff reductions and resultant cost savings through the elimination of positions which would be redundant in the merged units, also of interest to the Board; and,

3) group like functions and activities in specialized organizational units for greater operational staffing and efficiency.

Those currently responsible for public safety and the maintenance of beaches in the Department of Beaches and Harbors should find operational relatability and the opportunity for operational enhancements upon merging with Parks and Recreation. There are, after all, numerous similarities in their activities. For example:

- Importance of public safety
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- Requirement of meeting rigid maintenance standards
- Recreation and program interests
- Regional characteristics of public draw
- Service and reciprocity agreements
- Entrepreneurial instincts

How Beaches would be merged into the Department of Parks and Recreation seems to present no particular difficulty if it is moved as a discrete unit comprised of lifeguards, the safety and sanitation division and any community services activities that might be related to beaches. On such a basis it would be viewed similar to one of the Parks and Recreation Regions. This move would be least disruptive and tend to assure cohesiveness during the period of change and adjustment, and also assure the continuance of important ongoing relationships with the 18 agencies for which the unit currently operates beaches.

Other structural alternatives are possible but less desirable. For example, as it now exists the Department of Beaches and Harbors is divided into a Beach Safety and
Sanitation Division and a Lifeguard Division. Each of these divisions has four districts or sections. On a corresponding basis, the two divisions could be divided between two of the three Park Regions and internally functionalized, that is beach maintenance units combined with parks and grounds maintenance and lifeguards merged with Parks' pool lifeguard units. But this approach would likely be far more disruptive to the employees and the operations than the one described first.

The staff functions and activities (personnel/payroll, financial and management services, some elements of planning and general office and secretarial services) which support Beaches should be merged with counterpart units of Parks and Recreation Department. The merging of these two staff groups would likely result in some personnel savings since duplicate managers and supervisors would not be required. Other synergies could be achieved through work task balancing.

It also appears that most, if not all the programs currently administered by the Department of Beaches and Harbors could be continued and successfully run under the auspices of the
combined Parks and Beaches Department. This should be true even of those programs nominally considered under the Harbors Division, such as Boating, Day in the Marina, Park Concerts, Fourth of July Fireworks, etc.

In the interest of maintaining community relations, this recommended merger, if undertaken, should not be used as an excuse to arbitrarily relocate people who perform important community relations functions. Care should be taken to maintain all existing ties with the public and community organizations that are important to the delivery of main missions services.

**RECOMMENDATION III**

It is recommended that the Commission once again recommend to the Board that the Board establish and fund the position of County security program manager, which recommendation was part of the Commission report on Security Systems in Los Angeles County Government dated October 1984.

**FINDINGS**
The Commission's 1984 report cited the following duties of the proposed position, Security Program Manager:

a. develop Country-wide standards for security and appropriate standards at each department and facility, with expert assistance from the Sheriff and other public and private sources;
b. provide consultation on security to County departments and special districts;
c. recommend budget decisions affecting security to the CAO and the Board;
d. establish systems for the reporting and analysis of data on security which will support monitoring and decision-making; and
e. Monitor compliance with standards and other aspects of security performance.

It is now four years later, and the recommended position has not yet been created. The closest related function is being performed by a contractor who reports four levels below the Deputy Chief Administrative Officer (Executive Director of FMD).

Most of the duties of the position listed in the Commission
report are outgrowths of perceived needs for operational change and the standardization of procedures. Many of these conditions still exist. In addition, there is a lack of County-wide coordination of security, the absence of any means of command control communication among departments, an unfortunate lack of security planning and technological standardization, and since departments still set their own priorities independent of all others, there are duplications of forces in some geographical areas while there are holes in other areas.

This consultant sees a need for the creation of the position recommended by the Commission in its 1984 report, and the placement of that position at least two echelons higher in the Facilities Management Department.

RECOMMENDATION IV

It is recommended that the CAO's present policy regarding the provision and purchasing of support services be limited to the use of such services from a central department, or the contracting out of such services.
FINDING

A squib in the September 27, 1988 FMD Newsletter says,

"In 1987, the Chief Administrative Officer implemented a new policy which permitted Departments the option of purchasing central support services (such as those provided by FMD) from the central department, providing the services themselves or contracting out for service. This placed FMD in competition with other County departments as well as private sector service providers."

In the process of interviewing departmental managers for the Joint Study, much was said about this service agreement option. Experiences both good and bad were reported. This consultant feels that the option is ill advised and offers at least one too many alternatives.

This, more or less, open ended approach is anathema to any kind of reasonable manpower planning and staffing-needs, projection system. It may not be staff effective and, in fact, may lead to staff increases. Additionally, it may
trade price for quality, consistency of services and performance, and continuity of employment in any one of the three arenas made available to the user of services.

For example, in the recent past Health Services decided to assume responsibility for its own custodial services on the basis that it could meet its own needs cheaper and better. The department requested that custodial personnel be transferred from the Facilities Management Department, which had been providing those services. But the supervisory personnel were not wanted. Facilities Management was caught in a situation of not needing a supervisory group for nearly a thousand custodians who were no longer a part of the department, and not fully understanding how Health Services expected to operate a custodial staff without supervisors. Upon the urging of FMD, Health Services did finally agree to the transfer of the supervisors, too. Now, however, some months later Health Services has decided it no longer wants to be in the custodial business, and, looking at its options, has decided to contract for the services with an outside vendor. Since the County does not permit the dumping of its employees under such circumstances, Health Services asked
the vendor to take the unwanted custodians on its payroll. The vendor has no particular need for a thousand of the County's custodial force and does not want to comply with the request because it impairs the vendor's ability to perform competitively. Health Services has gone back to FMD requesting that it take the custodial workforce back, even though FMD is no longer providing the services to the hospitals for which the workforce was created in the first place.

The second option of the triad, to provide services to self, seems to this observer to be the weakest link in the system. It is generally the case that managers will tend to "grow" staff unless there are consistent constraints against it. Further, it is not unusual to find users complaining about any kind of service provided to them by others. "I could do it better myself," is a very typical response. So, when these two behavioral characteristics meet an opportunity to install an internal custodial unit, crafts department, general maintenance force, or whatever, silent prayers are answered. The manager gets to build his empire and "do it himself" at the same time.
OBSERVATIONS ON THE JOINT STUDY PROCEDURE

The Joint Organization and Process Study, frequently referred to in this report, utilized a participative process not attempted before by the Economy and Efficiency Commission. The study team was comprised of representatives from the four departments which were taken under study. The team facilitator was this consultant.

Previous experience of this consultant, though not in a government environment, but in the private sector, has verified the viability and effectiveness of the process. The use of relatively high ranking executives and managers as team members has generally brought important knowledge and
expertise "to the table." Their release from normal duties and responsibilities by their superiors, and a charge to be free thinking and objective, without encumbrances, has produced dedicated, responsible and creative team participants.

This experiment did not produce the same results.

For one thing, the departmental representatives were never fully released from their normal duties and responsibilities. Every day, one or more of them was required to visit his or her office, conduct business over the phone, or attend meetings or conferences that conflicted with the conduct of the study and the concentration required to function effectively as a team member. One department representative served for the first week and a half and then was replaced by another person.

Department representatives felt a heavy responsibility to the integrity of their departments (generally meaning: keep them undisturbed from organizational change) and some felt a need to keep supervisors informed of the team progress and general
direction, even before any final decisions were formulated.

Frequently new ideas or suggestions for change were turned down by the team because of convictions that such innovations could never happen in this County environment. "It won't get three votes," or "You don't understand the system," was often thrown up as a reason for not going ahead with a particular idea. Equally damaging to change ideas was the replaying of old records: "that was tried in 1972 and didn't work; that organization change was instigated to take care of 'old Joe' and that's the way it goes; important positions are often filled by 'has beens' and that's why organization changes never work."

The team was effectively self-blocked when it came to any finding that might lead to a structural change recommendation. Every excuse was employed: "not enough research, findings are simply based on perceptions, this has been little more than an opinion survey, there is no concrete evidence that a problem exists, what guaranty is there that the proposed change will work any better than the present arrangement."
Yet, these were good people and every one of them worked hard during the period of the study. They deserve praise for their efforts. Each had his or her burdens substantially increased because of the need to take care of the job as well as play the participant role. They were intelligent, well educated people who not only knew their own jobs well, but understood their departments and the general operation of County government. They tried very hard, but the County culture does not seem to nurture this kind of free-wheeling participative process in which individual managers can act with independence and without any feelings of fear or reprisal.

If a specific organizational decision had been previously made, and the responsibility for making that decision was clearly placed outside the study team, the team might have been able to function more effectively. Under those circumstances, the team probably could have recommended worthwhile steps toward implementing a change and maybe even fleshed out a skeletal organization structure. But to expect them to recommend structural changes that might impact their
supervisors and fellow employees was too much to ask.

It is recommended by this consultant that such participative teams not be used again in similar assignments, if substantive recommendations are expected to result from the team effort.