

**ROLE OF THE CHIEF ADMINISTRATIVE
OFFICER DEPARTMENTAL STRUCTURE
OF THE COUNTY**

December 1988

LOS ANGELES COUNTY

ECONOMY AND EFFICIENCY COMMISSION

Joe Crail, Chairperson
Robert J. Lowe, Vice Chairperson

December 7, 1988

Hon. Board of Supervisors
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Dear Supervisors:

ROLE OF THE CHIEF ADMINISTRATIVE OFFICER DEPARTMENTAL STRUCTURE OF THE COUNTY

On May 10, 1988, on motion of Supervisor Schabarum, the Board of Supervisors asked our commission to report on

- opportunities for further consolidation created by the vacancies in certain department head positions,
- the effectiveness of the consolidation and systems improvement programs to date,
- appropriate changes in the role of the Chief Administrative Office.

Subsequently, during Board deliberations following the resignation of the Directors of Regional Planning and Data Processing, and during deliberations on Supervisor Schabarum's motion to separate Facilities Management and Personnel functions from the Chief Administrative Office, you referred those questions to us for inclusion in our review.

This is our report on those subjects. We focus particularly on the role of the Chief Administrative Officer and the Parks and Recreation functions. In our interim letter to each Supervisor dated August 1, 1988, we proposed to include the Department of

Regional Planning in our review. We have no comment on the restructuring of Regional Planning at this time. We continue to study the question and will report on it in the future.

This report contains the following three recommendations. They are a further development and refinement of the recommendations on restructuring that we made and the Board adopted in 1983. They are:

Recommendation 1

We recommend that the Board of Supervisors separate the operational responsibility for the following functions from the Chief Administrative Office:

- Internal Services (Facilities Management, Communications)
- Purchasing and Stores
- Data Processing

and define the primary role of the Chief Administrative Officer as that of chief of staff for the Board of Supervisors.

Recommendation 2

We recommend that the Board of Supervisors create an Internal Services Department by merging the following and appointing a single Director to manage the centralized functions:

- Internal Services (facilities, communications from CAO)
- Data Processing (from CAO)
- Purchasing and Stores (from CAO)
- Asset management (from CAO), together with
 - Small Craft Harbors (from Beaches and Harbors)
 - Aviation (from Public Works)

and, further, instruct the Director of Internal Services to develop a comprehensive asset management program for the County as a whole.

Recommendation 3

We recommend that the Board of Supervisors consolidate the Department of Beaches and the Department of Parks and Recreation.

These recommendations are based on our findings and conclusions to date in monitoring the effectiveness of the County's reorganization programs, together with our assessment of current trends in business, industry, and government, the knowledge we have accumulated about the condition of the County and its programs, and the findings and recommendations of studies by consulting firms hired by the County for studies of related subjects since 1982. We did not conduct a new study for this work. We interviewed affected department heads, and, with the support of an outside consultant, studied the functions of Facilities Management, Parks and Recreation, and Beaches and Harbors. However, we have not returned to County officials for a review of our findings and recommendations.

We are convinced that the County can further improve its operational effectiveness and efficiency by implementing the three recommendations. All of our review of consolidation efforts to date supports the conclusion that consolidation not only leads to hard savings, but also to system improvement; the CAO has documented similar conclusions. We are particularly convinced that

- the CAO should manage operations only on a temporary basis; the CAO can exercise appropriate influence over internal services through the EDP leader function and similar functions established to develop standards and policy for facilities acquisition and maintenance;

- the Board should establish a new assets management function to undertake a comprehensive review of the returns on investment in fixed assets and to plan for and execute new programs to increase revenue from the use of land, structures, computer systems, information, and other assets.

In our opinion, no further study is necessary. The same or similar recommendations have been made by several consulting studies and internal reports over the past several years. The real difficulty with the kinds of change we recommend is the same as it was in 1983. The changes are technically feasible, and can be expected to be beneficial. They are politically difficult. Department officials and the interest groups with which they interact fear structural change because they expect that the policy and priorities of the Board of Supervisors will also change. We think that the evidence supports structural change. The Board is elected to decide political questions. Thus, we submit our recommendations without regard for the political difficulty that might attend adopting and implementing them.

When our Commission adopted these recommendations at our regular meeting on December 7, 1988, several people addressed the Commission with suggestions and concerns. In particular, the Commission wishes to recognize the following concerns:

- that restructuring not result in a lapse of the Board's policy attention to consolidated functions,
- that current progress on information systems development not be disrupted, and
- that the new asset management function we recommend be evaluated as a potential new department, to report directly to the Board of Supervisors.

These issues are addressed in the report. The Board can

and should maintain proper sensitivity to the community by retaining the following citizens' advisory groups in their current roles: Beaches and Harbors Commission, Parks and Recreation Commission, Beach Advisory Committee, and Aviation Commission.

We see no reason why current data processing efforts should be disrupted by the change we recommend. On the contrary, they will be enhanced. We intend to stay involved in data processing, since your request included reference to the future organization of data processing functions.

In the case of the asset management function, we explicitly agreed to the following qualifications:

- the asset management function is of such high significance to the County that it may be more properly assigned, once it is operating, to a new department reporting directly to the Board or to a department other than Internal Services;
- continued attention will be needed to the trade-offs between the public purpose of each property and its potential as an income-producing asset;
- it may not necessarily be desirable for the asset management function to manage each property directly, when the primary use of the property is to deliver departmental programs.

At our meeting we also discussed implementation and implementation timing. We believe the timing is right to separate service functions from the CAO's direct control. The County is about to enter its budgeting season for 1989-90. This is the most appropriate time to eliminate the conflict between the CAO's staff role and line operations. It is also appropriate to effect the consolidation of internal services at this time, since the

Board can appoint a single individual to manage all of them, and to create an asset management function.

Finally, since the department head position for Parks and Recreation is vacant at present, we see no better time to effect the consolidation of Beaches with Parks and Recreation.

Therefore, we herewith submit our report and recommendations.

WE RECOMMEND THAT the Board of Supervisors

- adopt the recommendations in the enclosed report, and direct County Counsel and the Chief Administrative officer to propose ordinance amendments as needed to implement them;
- request that the Economy and Efficiency Commission continue its work on restructuring of County government, and report in 90 days on the status.

Very truly yours,



Joe Crail, Chairman