September 30, 1997

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

CONSOLIDATION OF COMMISSION OVERSIGHT OF ASSET MANAGEMENT
(ALL DISTRICTS AFFECTED) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1) Instruct the Chief Administrative Office, working with the Real Estate Management Commission, to create a special task force comprising representatives of the Economy and Efficiency, Quality and Productivity, and Small Craft Harbor Commissions to evaluate and report to the Board of Supervisors as appropriate on the feasibility of consolidating the ongoing accountability for oversight of the County’s asset management efforts.

2) Instruct the task force to evaluate and report back with recommendations on facilitating the exchange of information and ideas among all County commissions and departments with real property management responsibility.

PURPOSE OF RECOMMENDED ACTION

In an October 1996 update of its September 1995 report on “Asset Management Strategies for the Los Angeles County Real Estate Portfolio”, the Economy and Efficiency Commission recommended that a task force comprising representatives from the Real Estate Management, Economy and Efficiency, Quality and Productivity and Small Craft Harbor Commissions evaluate the ongoing accountability for progress on the County’s asset management effort.

It is possible that consolidating such accountability would enhance the County’s asset management efforts by streamlining the reporting relationships required in managing the County’s real property. The recommended action would direct the CAO, with those...
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Commissions currently having a major role in overseeing portions of the County's asset management efforts, to evaluate the feasibility of consolidating the responsibility and accountability for such oversight.

The Commission oversight will also include implementation of a strategic asset management plan, recommended in a separate action, that will establish the County's future policies and procedures regarding its real property holdings; similar to the plan for Marina del Rey that was prepared by the Department of Beaches and Harbors and approved by your Board.

JUSTIFICATION

The Economy and Efficiency, and Quality and Productivity Commissions have previously reported the need for the County to recognize that it has vast real estate holdings that must be managed as a business enterprise. The Commissions also reported that existing asset management activities were too decentralized and that every department with asset management activities acted independently.

To address the issue of decentralization, the Commissions recommended establishing an asset management program that:

— Provides for development of asset management strategies with an overall vision of what is best for the County; and

— Maximizes cooperation and coordination among County departments with asset management responsibilities.

Recognizing that the success of the County's asset management efforts requires a centralized point for making and implementing real estate decisions, the Board of Supervisors in approving the September 1995 Economy and Efficiency Commission report on Asset Management Strategies, consolidated certain of the County's asset management activities (e.g., asset development, capital budgeting process, leasing and space management, and inventory control) within the CAO.
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Meanwhile, a significant portion of the County's asset management effort remains decentralized. Various County departments (e.g., Beaches and Harbors, Public Works, and Parks and Recreation) retain specific asset management responsibilities related to their departmental mission and delivery of public service. In addition, several existing commissions, including those named above, continue to provide oversight of portions of the County's asset management efforts.

Although each commission, in the performance of its duties, provides a valuable service to your Board, there is no single entity with complete oversight regarding asset management issues. Just as consolidating certain of the County's asset management activities described above has assisted in providing centralized asset management accountability, it is possible that consolidating commission oversight will further enhance accountability by streamlining the reporting process while minimizing duplicated efforts by the affected commissions and the staff who must report to those commissions.

**FISCAL IMPACT**

None.

**FINANCING**

None.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Commissions would not be expected to give up existing powers and duties, with respect to asset management issues, as provided for in the County Code, for example:

- The Quality and Productivity Commission would continue to provide your Board, this office and other County departments with information and recommendations relating to productivity and quality of services in the County;
— The Economy and Efficiency Commission would continue to provide recommendations on improving governmental economy, efficiency and effectiveness;

— The Real Estate Management Commission would continue to provide advice and recommendations to your Board and affected departments with respect to matters concerning the purchase, sale, lease, exchange and rental of real property by the County or other public entity having your Board as its governing body; and

— The Small Craft Harbor Commission would continue to make recommendations to your Board regarding policies and procedures for the planning, financing, development and operation of Marina del Rey, the adequacy of rules and regulations for Marina operations of Marina del Rey, and prices to be charged by small craft harbor lessees and concessionaires for goods and services supplied to the public.

Under the recommended action, the commissions would instead determine the best means for providing ongoing oversight of the County's real property asset management program, and provide a clearinghouse to share information and expertise for all County departments. This would benefit the County by:

— Providing a forum for discussing asset management issues and strategies and policies affecting County departments, using both in-house County expertise and the independent expertise provided by your Board's appointed commissioners;

— Simplifying and consolidating reporting relationships required in managing the County's real property assets; and

— Facilitating the exchange of information and ideas among all County departments with real property management responsibility.

Other Commissions which oversee a portion of the asset management activities in the County, such as the County Beach Commission and Parks Commission, should be invited to participate to help insure the fullest exchange of information.
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IMPACT ON CURRENT SERVICES OR PROJECTS  

There is no immediate direct impact on County services or projects.  

Respectfully submitted,  

[Signature]  
DAVID E. JANSSEN  
Chief Administrative Officer  

DEJ:SNY  
LHD:hg/g  

Attachments (1)  

c: Executive Officer, Board of Supervisors  
County Counsel  
Auditor Controller  
Department of Beaches and Harbors  
Department of Parks and Recreation  
Department of Public Works  
Economy and Efficiency Commission  
Quality and Productivity Commission  
Real Estate Management Commission  
Small Craft Harbor Commission  
Asset Innovations
November 20, 1998

Mr. David A. Abel, Chairman
Los Angeles County Citizens
   Economy and Efficiency Commission
500 West Temple Street, Room 163
Los Angeles, CA 90012

Dear Mr. Abel:

At its meeting held November 17, 1998, the Los Angeles County Board of Supervisors took actions as indicated in the enclosed Minute Order relating to the Chief Administrative Officer's recommendations regarding the Strategic Real Property Asset Management Program - Phase II.

Very truly yours,

[Signature]
JOANNE STURGES
EXECUTIVE OFFICER

7111798.40

Enclosure

cc:  Mr. Bruce J. Staniforth, Contact
     Los Angeles County Citizens
     Economy and Efficiency Commission
All Department/District Heads
and Presiding Judges

At its meeting held November 17, 1998, the Board took the following action:

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The following item was called up for consideration:

The Chief Administrative Officer's recommendation to adopt the recommended Asset Management Principles and instruct all County departments and special districts and request the Assessor, District Attorney, Undersheriff, Superior and Municipal Courts to follow the principles; and approve the following related matters:

Designate the Chief Administrative Officer as the central source to maintain the County Real Property Inventory and instruct the departments, special districts and agencies and request the Assessor, District Attorney, Undersheriff, Superior and Municipal Courts to report all real estate transactions affecting the inventory to the Chief Administrative Officer within ten days of completion;

Designate the Chief Administrative Officer as the central source to maintain all occupancy information, including cost, so that comparison of current occupancy and proposed alternatives can be made in a consistent and comprehensive manner;

Instruct the Chief Administrative Officer, Interim Director of Internal Services and Director of Public Works to prepare a plan, including estimated cost, to evaluate the physical condition of the County's major owned properties to establish priorities for the allocation of capital investment;

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Instruct the Chief Administrative Officer to prepare a Five-Year Asset Management Plan, to be updated annually, establishing asset management priorities consistent with the Asset Management Principles; and

Appoint the Real Estate Management Commission, with ad hoc representation from the Los Angeles County Citizens Economy and Efficiency and Quality and Productivity Commissions, to monitor the Chief Administrative Officer's implementation of the above actions to ensure compliance with the Asset Management Principles and provide assistance and guidance as required in the preparation and update of the Five-Year Asset Management Plan.

Supervisor Burke made the following statement:

"The Chief Administrative Officer's staff is to be commended on a job well done concerning Phase I on the County Strategic Real Property Asset Management Program. However, there is one key area which should be expanded upon in the recommendations with respect to the implementation of Phase II which is before us today, and that is the area of Information Systems.

"The Board letter recognizes that information systems are a critical element in real property asset management, and that the systems should be integrated and data should be centralized. However, mere integration of systems and the centralization of data is not sufficient to succeed in this comprehensive planning and management program. The report prepared by the consultant Asset Innovations found that 'There are over twenty independent information systems, many of which are 'home grown,' addressing various aspects of the asset management process. Virtually all data exchanges among these systems are manual. This approach results in a high degree of inaccuracy, and does not support a planned approach to asset management.' Asset Innovations went on to recommend that the Chief Administrative Officer should implement an asset management information system to support its new responsibilities, and to convert some existing systems to the new centralized asset management system."

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Therefore, on motion of Supervisor Burke, seconded by Supervisor Antonovich, unanimously carried, the Board took the following actions:

a. Instructed the Chief Administrative Officer to report back to the Board within 60 days as to its plans for the implementation of a new asset management information system to support its new responsibilities, which should include current systems operations from the Building Description Report, the Rents and Lease Payment, and the Active Lease Databases, and any other systems deemed necessary;

b. Instructed the Chief Administrative Officer to continue to evaluate systems performance to ensure that asset management planning and operations are fully supported; and

c. Adopted the Chief Administrative Officer's attached recommendations with the following amendment to Recommendation No. 6:

• Appoint the Real Estate Management Commission, with ad hoc representation from the Citizens Economy and Efficiency and Quality and Productivity Commissions, to monitor the Chief Administrative Officer's implementation of the above actions, ensure compliance with the Asset Management Principles; provide assistant and guidance as required in the preparation and update of the Five-Year Asset Management Plan, and report to the Board at least annually on its evaluation of the Chief Administrative Officer's progress.

9111798.40

Attachment

Copies distributed:
Each Supervisor
County Counsel

Letters sent to:
Chairman, Real Estate Management Commission
Chairman, Los Angeles County Citizens Economy and Efficiency Commission
Chairman, Quality and Productivity Commission
Chairman, Small Craft Harbor Commission