



**BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES**

381 KENNETH HAHN HALL OF ADMINISTRATION / LOS ANGELES, CALIFORNIA 90012

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JOANNE STURGES, EXECUTIVE OFFICER
(213) 974-1411

June 5, 1995

Mr. Gunther W. Buerk, Chairperson
Citizens Economy and Efficiency Commission
500 West Temple Street, Room 163
Los Angeles, CA 90012

Dear Mr. Buerk:

At its meeting held May 30, 1995, on motion of Supervisor Michael D. Antonovich, the Los Angeles County Board of Supervisors referred the Chief Administrative Officer's enclosed draft study related to the restructuring of the Department of Internal Services, along with the Director of Internal Services' response, to the Citizens Economy and Efficiency Commission for their review and recommendations back to the Board by July 14, 1995. As part of Supervisor Antonovich's motion, Supervisor Molina requested that the study be completed by the Commission without the hiring of any outside assistance.

For your information, enclosed also is a copy of the Minute Order detailing this action.

Very truly yours,

Joanne Sturges
JOANNE STURGES
EXECUTIVE OFFICER

0530-5.L5

Enclosures

c: Mr. Bruce J. Staniforth, Contact
Citizens Economy and Efficiency Commission



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Joanne Sturges, Executive Officer
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Chief Administrative Officer

At its meeting held May 30, 1995, the Board took the following action:

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Supervisor Antonovich made the following statement:

"Recently, the Chief Administrative Officer issued a draft report recommending extensive changes to the current structure of the Internal Services Department. These include the transfer of data processing, telecommunications, radio systems, purchasing and warehousing stores functions to the Auditor-Controller; leasing and space management functions and certain capital project administrative functions to the Chief Administrative Officer; and capital project management and construction functions to Public Works. The Chief Administrative Officer plans to include these changes in the 1995-96 Proposed Budget, which is scheduled for submission to the Board for adoption on June 20, 1995.

"However, the Director of Internal Services has issued a report in response indicating that the study findings are inaccurate, that many of the proposed changes will be counterproductive, more costly and disruptive to County operations.

(Continued on Page 2)

Syn. 64 (Continued)

"To date, no specific level of savings have been identified by the Chief Administrative Officer. The Director of Internal Services disagrees with the report findings and raises significant service and cost issues. All of the 3,000 Internal Services Department employees would be impacted in some way by this restructuring. Internal Services Department's functions and missions were previously reviewed in 1991 at the request of the Board of Supervisors by the Citizens Economy and Efficiency Commission. The Commission issued a report which endorsed Internal Services Department's mission and structure and was subsequently approved by the Board of Supervisors. It is too early to assume cost savings in the budget without a thorough review of the organizational consequences, feasibility, cost/benefit and risk analysis. If savings and organizational changes are subsequently recommended by the Citizens Economy and Efficiency Commission, they can be accommodated in a budget adjustment."

Therefore, Supervisor Antonovich made a motion, that the Board take the following actions:

- a. Refer the Chief Administrative Officer's draft study related to the restructuring of the Department of Internal Services, along with the Director of Internal Services' response, to the Citizens Economy and Efficiency Commission for their review and recommendations back to the Board by July 14, 1995; and;
- b. Instruct the Chief Administrative Officer not to transfer the Internal Services Department functions until a Board decision is made.

(Continued on Page 3)

Syn. 64 (Continued)

Supervisor Molina made a suggestion that Supervisor Antonovich's motion be amended to require that the study be completed by the Citizens Economy and Efficiency Commission without the hiring of any outside assistance. Supervisor Antonovich accepted Supervisor Molina's amendment.

On motion of Supervisor Antonovich, seconded by Supervisor Molina, unanimously carried, Supervisor Antonovich's motion, as amended, was adopted.

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Copies distributed:

- Each Supervisor
- County Counsel
- Auditor-Controller
- Director of Internal Services
- Director of Public Works

Letter sent to:

- Chairperson, Citizens Economy and Efficiency Commission

CITIZENS ECONOMY AND EFFICIENCY COMMISSION



OF LOS ANGELES COUNTY

October 11, 1995

To: William Stewart
Director, ISD

From: Bruce Staniforth
Executive Director

Subject: INTERNAL SERVICES DEPARTMENT (ISD) SIX-MONTH ACTION
PLAN/INTERNAL SERVICES RESTRUCTURING REVIEW BY THE
ECONOMY AND EFFICIENCY COMMISSION

On July 18, 1995, the Board took various actions in response to the restructuring of the Internal Services Department recommendations by the Chief Administrative Officer and the Economy and Efficiency (E&E) Commission. Among the recommendations of the E&E Commission was that the Chief Administrative Office recommend to the Board actions to be taken by the Director of Internal Services over the next six months that will address restructuring concerns.

As a result of the Board's direction the Chief Administrative Office recommended a six-month Action Plan to the Board covering those organizational elements remaining with the Internal Services Department. To insure an understanding of how the Department is to be evaluated, the Commission has developed the criteria and measurement to be used in this evaluation using the items presented in the CAO's Action Plan as a framework. (Based upon the Board action taken on October 3, 1995 giving responsibility for evaluating Information Technology Service (ITS) to the Chief Information Officer, the Commission has not considered any action plan for the evaluation of this organization.) Further, the Commission has included two additional action items recommended by ISD and two items directed by the Board for use in the evaluation of the Department. The attached criteria, measurement, and additional action items have been coordinated with the Board Offices, Chief Administrative Office, and the Internal Services Department. (The listing of these items is included as Attachment A to this memorandum.)

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Executive Director

Bruce J. Staniforth

As requested by the Board on July 18, 1995, the E&E Commission will evaluate ISD's progress on these action items indicated in Attachment A and report its findings to the Board after the completion of a six month period (February, 1996).

During this six months, ISD should plan for a bimonthly presentation on the progress made in the action items. This meeting will be attended by representatives of the Board Offices, the Economy & Efficiency Commission, and the Chief Administrative Office. You should anticipate that the format for these presentations will be based upon the action items presented. For planning purposes, these meetings are currently anticipated for, the beginning of November, the beginning of January, and the final report at the end of February.

Attachment

- c: Each Supervisor
- Each Economy & Efficiency Commissioner
- Chief Administrative Officer
- Executive Officer, Board of Supervisors
- Auditor-Controller

ATTACHMENT A

INTERNAL SERVICES DEPARTMENT (ISD) - SIX MONTH ACTION PLAN

In each of the action items indicated below evaluation criteria have been developed to clarify the specifics of what is to be measured. In each of the action items presented the Internal Services Department will be requested to explain the actions taken to accomplish the stated objectives and the impacts of those actions, ie. savings achieved, customer satisfaction improved, etc . If the Department disagrees with any of the actions indicated on the CAO's list it should provide a full justification of the disagreement with a proposed alternative course of action, together with how this proposal will more effectively resolve the problems identified in the CAO's presentation.

Although the approach indicated below has been developed to assist the participants in this process, it is not meant to restrict the ability of the Commission to consider any additional areas that appear to have relevance in considering these items.

Departmentwide Actions

1. Revise the current ISD mission statement, goals and objectives to reflect the restructured department -- one that is more proactive and reflects suitable leadership, and provides alignment with Board priorities and interests.

Evaluation Criteria (Provided by ISD): Has a mission statement reflecting the restructured department been prepared? Has this mission statement been disseminated and is it understood? Indicate cost/benefit impacts, if any, of having a revised mission.

Measurement (Conducted by EEC): (1) By employee interview - how well employees throughout the department understand the revised mission, and (2) By a review of revised organizational or program missions, ie. how have organizations or program missions been restructured to comply with the revised departmental mission.

2. Develop an organization structure and operational implementation plan to reflect the restructured department. Guiding organizational/operational principles should include:

- Improved communication and coordination between ISD services;

Evaluation Criteria (Provided by ISD): What specific measures or programs have been developed and implemented to improve communication and coordination within the department, ie. procedural changes, liaison structure, etc.? Indicate cost/benefit impacts, if any, of the new measures or programs.

Measurement (Conducted by EEC): (1) By employee interview - how the improvement in coordination and cooperation is perceived by employees throughout the department, and (2) By interviews with user departments.

- Enhanced customer satisfaction through improved visibility and management of customer issues, problem resolution and accountability.

This action duplicates and is covered in the discussion of action #3 below.

- Reduction in overhead costs via a more streamlined management structure and more cost-effective administrative support programs.

Evaluation Criteria (Provided by ISD): Using terminology and baseline data, agreed to by the Auditor Controller, demonstrate how overhead costs have been reduced. Indicate additional cost/benefit impacts, if any, of having reduced overhead costs.

Measurement (Conducted by EEC): (1) An analysis of how management structure has been restructured with an identification of the associated cost reductions, and (2) An analysis of how administrative support programs have been restructured with an identification of the associated cost reductions.

- Reductions in administrative to direct service and supervisory to staff ratios.

Evaluation Criteria (Provided by ISD): Using terminology and baseline data, agreed to by the Department of Human Resources, demonstrate how the indicated staffing ratios have been improved. Indicate cost/benefit impacts, if any, of having improved staffing ratios.

Measurement (Conducted by EEC): Identification of the following for the administrative staff to direct staff and supervisory staff to supervised staff ratios:

- Five Year Comparison of staffing in General Services Departments within the top Five California Counties.

- Five Year Comparison of staffing in the Average of Los Angeles County Departments.

- Reductions from the staffing base established as of July, 1995.

3. Develop a business plan for establishing and implementing a program to lead, manage, track, and facilitate the collection of ISD customer feedback and problem resolution. The new program should minimally include:

- A single point of contact for all ISD service requests, inquiries, commendations, and complaints.

Evaluation Criteria (Provided by ISD): Has a single point of contact been established? What are the defined duties of this contact? Indicate cost/benefit impacts, if any, of having established a single point of contact.

Measurement (Conducted by EEC): (1) What has been the impact of the implementation of this action in terms of cost, and (2) By user department interviews establish what effect this approach has had on customer satisfaction?

- An integrated support system that:
 - Registers, tracks and manages all requests, inquiries, commendations, and complaints for ISD services; and
 - Records detailing when service requests are initiated, the nature and estimated cost of the work requested, when and how the work was completed, actual costs incurred, and problems resolved.

Evaluation Criteria (Provided by ISD): Has a system been developed that incorporates the requirement of the action presented by the CAO? Have there been any other measures/programs have been developed and implemented to enhance customer satisfaction, ie. systematic revisions, identification of personnel for accountability purposes, etc.? Indicate cost/benefit impacts, if any, of having developed an integrated support system.

Measurement (Conducted by EEC): (1) By user department interview of how the development of an integrated system has enhanced customer satisfaction, and, (2) By an analysis of the quantitative impacts of the measures or programs implemented.

- A mechanism to efficiently route all service requests to their specific service areas and manage the timely delivery and completion of all service requests.

See previous criteria and measurement

- The creation of a Customer Review Committee(s), comprised of representatives from customer departments who have direct contact with ISD service delivery, to facilitate periodic review of ISD services, customer feedback and timely issue resolution.

Evaluation Criteria (Provided by ISD): Has a Customer Review Committee been created? What mission and procedures have been put into place to insure that the Committee is functioning and effective? Is there any feedback mechanism by which the effectiveness of the Committee can be evaluated? Indicate cost/benefit impacts, if any, of having created a Customer Review Committee.

Measurement (Conducted by EEC): An analysis of how well the objectives of the Committee are being accomplished and the measures or programs they develop and implement.

- Procedures for ongoing identification, evaluation, monitoring of corrective measures to ensure that program objectives are achieved.

Evaluation Criteria (Provided by ISD): Have procedures been developed that incorporates the requirement for the ongoing identification, evaluation, and monitoring of program objectives? What programs are impacted by these procedural changes? Indicate cost/benefit impacts, if any, of having developed these procedures.

Measurement (Conducted by EEC): An analysis of how well the procedures that have been developed impact the achievement of program objectives.

Administrative and Finance Service Actions

4. Participate in and provide information for the review and analysis of the full-cost recovery mandate for the purpose of determining the feasibility of reversing the full-cost recovery policy where:
- Departments have very little or no choice in using a particular service; and
 - Greater control, oversight and countywide policy direction is needed.

Evaluation Criteria (Provided by ISD): Indicate all participation and information provided in support of the analysis of the full cost recovery mandate.

Measurement (Conducted by EEC): Verify participation and support.

5. Participate in and provide information for the re-design of the current billing system, its methodologies and rate structures consistent with any revisions in the full-cost recovery mandate, with the objective of enhancing customer access and usability of billing information.

Evaluation Criteria (Provided by ISD): Indicate all participation and information provided in support of the re-design of the current billing system.

Measurement (Conducted by EEC): Verify participation and support..

6. Participate in the evaluation of the effectiveness of the County's Building Proprietorship Program.

Evaluation Criteria (Provided by ISD): Indicate all participation and information provided in support of evaluating the effectiveness of the County's Building Proprietorship Program.

Measurement (Conducted by EEC): Verify participation and support..

Facility Operations Service Actions

7. Freeze all craft support positions and identify opportunities (such as modified versions of the Job Order Contracting being proposed for earthquake repair) for enhancing craft support with contract resources, for each type of craft service.

Evaluation Criteria (Provided by ISD): Have all craft support positions been frozen, indicating any positions in which exceptions have been made? Have opportunities been identified for enhancing craft support with contract services? Indicate cost/benefit impacts, if any, of taking the above actions.

Measurement (Conducted by EEC): An analysis of the freeze and on the enhancing craft support opportunities identified by ISD for contracting services.

8. Improve contract management and quality control of contractor services by:

- Reviewing and augmenting existing contract development/management/administration procedures, as well as existing quality control standards and guidelines;

Evaluation Criteria (Provided by ISD): Have existing procedures and quality control standards and guidelines been reviewed and augmented? Indicate cost/benefit impacts, if any, of augmenting standards and guidelines.

Measurement (Conducted by EEC): An analysis of how the standards have been reviewed and augmented.

- Establishing guidelines to develop contracts with well-defined, measurable performance requirements and job specifications; and

Evaluation Criteria (Provided by ISD): Have guidelines been developed? Indicate cost/benefit impacts, if any, of establishing these guidelines.

Measurement (Conducted by EEC): An analysis of the established guidelines and how well they achieve the objectives set out by this action.

- Developing and implementing follow-up procedures to ensure that all completed work meets contract quality and performance standards prior to vendor payment.

Evaluation Criteria (Provided by ISD): Have follow-up procedures to ensure contract quality and performance standards been developed and implemented. Indicate cost/benefit impacts, if any, of establishing these procedures.

Measurement (Conducted by EEC): An analysis of the established procedures and how well they achieve the objectives set out by this action.

9. Set performance criteria for all work requested using Service Level Agreements (SLAs) to ensure that all work performed meet customer expectations, as well as establishes accountability for mismanagement, poor job performance, and fluctuations in service levels. SLAs should minimally contain performance criteria, such as the level of service, type of work, resources utilized, type and level of staff assigned, cost detail, work plans, defined deliverables, as well as any penalties for non-performance or terms to accommodate changes in service demand. All payments for ISD services should reflect satisfactory completion of SLA requirements.

Evaluation Criteria (Provided by ISD): Have modifications to Service Level Agreements (SLAs) been implemented that insure the criteria established in the action requirement? Indicate those specific SLAs in which modifications have been made. Indicate cost/benefit impacts, if any, of establishing these procedures.

Measurement (Conducted by EEC): An analysis of the modifications made to Service Level Agreements (SLAs) and how these modifications accomplish the objectives set forth in the action.

10. Develop and implement improved scheduling and job estimating procedures and systems to be more responsive and accurate in service delivery.

Evaluation Criteria (Provided by ISD): Have improved scheduling and job estimating procedures been developed and implemented? Where? Indicate cost/benefit impacts, if any, of establishing these procedures.

Measurement (Conducted by EEC): An analysis of the improvements made to the scheduling and job estimating procedures and how these improvements impact the cost and benefits of the services provided while accomplishing the objectives set forth.

11. Freeze all custodial support positions and identify opportunities for contracting and other cost reductions.

Evaluation Criteria (Provided by ISD): Have all custodial support positions been frozen? Have opportunities been identified for contracting and other cost reductions? Indicate cost/benefit impacts, if any, of the freeze and contracting opportunities.

Measurement (Conducted by EEC): An analysis of (1) the status of frozen custodial support positions indicating any positions in which exceptions have been made and (2) those opportunities for contracting and other cost reduction possibilities.

Purchasing and Central Services Actions

Recognizing that the Board has directed the E&E Commission to conduct a management review of central purchasing services and report back to the Board within six months, all analysis performed pursuant to action items below should be consistent with the E&E Commission management review.

12. Develop a business plan to evaluate and implement "single-point drop-offs" -- minimizing the need to manage and maintain inventory, as well as warehouse commodities.

Evaluation Criteria (Provided by ISD): Has an evaluation been made and if affirmative has a business plan (Implementation plan) to address the issues in the action been developed? Indicate cost/benefit impacts, if any, of this plan.

Measurement (Conducted by EEC): An analysis of the status of the business plan (implementation plan) development and implementation.

13. Develop a plan to downsize and/or privatize warehouse operations to include:

- Developing recommendations for streamlining warehouse operations, identifying efficiencies to be gained, including but not limited to identifying, evaluating and recommending opportunities and strategies for minimizing warehouse inventory; and
- Feasibility of outsourcing specific components of warehouse operations (e.g. storage and delivery of office supplies).

Evaluation Criteria (Provided by ISD): After consideration of the plan developed in action item #12, has a plan been developed to address the remaining warehouse issues? Indicate cost/benefit impacts, if any, of this plan.

Measurement (Conducted by EEC): A report on the status of the plan that addresses the cost/benefit implications of any opportunities identified within the plan.

14. Develop and implement procedures in Contracts Management to:

- Ensure best price is offered to the County in Master Agreements, including criteria and procedures for terminating Master Agreements with non-competitive vendors.
- Develop a work plan to completely document, analyze and re-engineer the process for procuring consultant services to minimize the timeframes and eliminate duplicative reviews by clearly defining roles, responsibilities, and scope of each stage of contract review.
- Improve the integrity and rigor of the sole source procurement process by clearly defining the process, criteria, and justification requirements for sole source procurements.

Evaluation Criteria (Provided by ISD): Have contract management procedures been developed and implemented that address the issues in the action? Indicate cost/benefit impacts, if any, of these procedures.

Measurement (Conducted by EEC): An analysis of the status of the implementation of procedures that addresses the cost/benefit implications of any opportunities identified within the plan.

15. Investigate the feasibility of outsourcing the following business areas:

- Parking services and management;
- Safety police and security services; and
- Printing & reprographics services.

Evaluation Criteria (Provided by ISD): Has an investigation of the feasibility of outsourcing on the items identified in the action been conducted? Indicate cost/benefit impacts, if any, of these outsourcing possibilities.

Measurement (Conducted by EEC): An analysis of the status of the investigation that addresses the cost/benefit implications of any of the identified opportunities.

16. Investigate the feasibility of leasing, rather than owning, a County fleet.

Evaluation Criteria (Provided by ISD) : Has an investigation of the feasibility of leasing, rather than owning, a County fleet been conducted? Indicate cost/benefit impacts, if any, of leasing outsourcing possibilities.

Measurement (Conducted by EEC): An analysis of the status of the investigation that addresses the cost/benefit implications of any of the identified opportunities.

ISD Initiatives

1. Review and evaluate further space consolidation possibilities with the objective of locating remaining staff at fewer facilities overall (ie. consolidation of Energy Management and other former Vermont Avenue staff to Eastern Avenue headquarters has been accomplished).

Evaluation Criteria (Provided by ISD) : Has the review of the possibilities for further space consolidation been conducted? What are the results of the review? Indicate the cost/benefit impacts, if any, of consolidation opportunities.

Measurement (Conducted by EEC): An analysis of the status of the review and the implementation actions taken.

2. Develop and implement a merger plan for the consolidation of ISD and Department of Health Services Safety Police Forces that will satisfy the needs of departments now served by ISD as well as Health Services.

Evaluation Criteria (Provided by ISD) : Has Safety Police Forces merger plan been completed and implemented? What are the major impacts of the plan? Indicate the cost/benefit impacts, if any, of a Safety Police Forces merger.

Measurement (Conducted by EEC): An analysis of the status of the plan for the Safety Police Forces merger and the implementation actions taken.

Board Directives

1. Continue to expand the Energy Management Program to identify and apply energy savings technology and to strengthen the County's ability to take advantage of increasing competitiveness in the utility industry by:
 - ◆ Initiation of program components, new energy savings initiatives through networking with other agencies and utility suppliers, and participating in beta projects for new energy savings concepts.
 - ◆ Evaluation and recommended action on an alliance with other jurisdictions through an energy consortium. ISD will complete an assessment of applicability of specialized rates now available from utilities to County facilities and coordinate implementation of appropriate rates with affected County departments and the Board.

Evaluation Criteria (Provided by ISD) : Has the Energy Management Program been expanded, particularly considering the areas identified in the action item? In what areas? Indicate the cost/benefit impacts, if any, of an expanded Energy Management Program.

Measurement (Conducted by EEC): An analysis of the status of the expanded program and the implementation actions taken.

2. Conduct a Telecommunications Outsourcing Feasibility Review

Evaluation Criteria (Provided by ISD): Has a Telecommunications Outsourcing Feasibility Review been completed and implemented? What are the major impacts of the review? Indicate the cost/benefit impacts, if any, of the implementation of the recommendations in this review.

Measurement (Conducted by EEC): An analysis of the status of the Telecommunications Outsourcing Feasibility Review and the implementation actions taken.