County of Los Angeles
CHIEF EXECUTIVE OFFICE
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SACHI A. HAMAI
Interim Chief Executive Officer

"To Enrich Lives Through Effective And Caring Service"

July 07, 2015

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

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

37 July 7, 2015

Patrick Ogawa
PATRICK OGAWA
ACTING EXECUTIVE OFFICER

Dear Supervisors:

COUNTY GOVERNANCE
(ALL DISTRICTS)
(3-VOTES)

SUBJECT

A revised County governance structure is essential to ensure effective service delivery, efficient utilization of limited resources, and timely implementation of Board policy directives. This report recommends several changes to the current structure.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the revisions to Title 2 (Administration of the Los Angeles County Code) to repeal Chapter 2.01 (Interim Governance Structure), as directed by your Board on February 24, 2015.

2. Approve the proposed role of the Chief Executive Officer (CEO), and establish the County Governance Structure as delineated in this report to eliminate the five Deputy CEO positions, facilitate increased collaboration between departments, and streamline governance.

3. Approve the creation of a flexible management structure within the CEO to focus countywide resources on accomplishing Board priorities.

4. Instruct the CEO and the Board of Supervisors Executive Officer to establish a separate policy section of the Board agenda to concentrate on significant policy discussions as determined by the Board of Supervisors.

5. Direct the CEO to report back to the Board of Supervisors with an assessment of the role of the County Commissions as it relates to the governance structure, and;

6. Direct the CEO to report back to the Board of Supervisors with recommendations based on a review of current CEO and County operations.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On February 24, 2015, the Board of Supervisors (Board) instructed the Interim Chief Executive Officer (CEO) "to prepare a report with recommendations to amend the County Governance Structure. . ." The Board motion included (a) repealing the 2007 Interim Governance Ordinance, (b) formalizing the recent changes to the current CEO structure, (c) reexamining the role/job description of the CEO, (d) establishing increased communication and collaboration to confront complex issues, (e) streamlining the overall governance processes, and (f) providing additional time for the Board to concentrate on policy and effective service delivery.

The Interim CEO's report and recommendations to amend the County's Governance Structure is provided as Attachment 1. This report proposes a governance structure that strives to balance flexibility, accountability, transparency and efficiency:

- The proposed structure will provide for more Board interaction with departments, more effective decision making, and additional opportunities for policy discussions.

- Ad hoc initiatives, housed within the CEO (e.g., Healthcare Integration, Office of Child Protection), will provide for greater energy, focus, and interdepartmental collaboration on Board initiatives, with the flexibility to quickly adjust to new priorities.

- The CEO will evaluate the placement and composition of CEO and County functions to provide for efficient operations and effective and innovative constituent services.

- As instructed by the Board, the report includes an ordinance change to repeal the 2007 Interim Governance Structure.

- The Fiscal Year 2015-16 adopted budget reflected the deletion of one level of management in the CEO.

Additional details are included in the attached report.

FISCAL IMPACT/FINANCING

By reducing a layer of management, the CEO will achieve savings of $1.95 million in Fiscal Year 2015-16. The savings will be partially offset with the cost of positions assigned to the ad hoc initiatives to address Board priorities.

Furthermore, the administrative function and cost related to the Office of Security Management will be transferred to the Executive Office of the Board to create operational efficiencies in the CEO.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

County Counsel has prepared the required ordinance change, as reflected in Attachment 2, to repeal Chapter 2.01 (Interim Governance Structure) of the Los Angeles County Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed actions will allow for greater service integration, focus on outcomes for County constituents, and allow the Board to increase its focus on policy.

CONCLUSION

The proposed actions will accomplish the Board's goal to create a governance structure that: (1) facilitates increased communication and collaboration necessary to confront complex County issues, (2) streamlines governance and eliminate unnecessary layers of management, and (3) allows the Board to concentrate on establishing policy and ensuring effective service delivery.

Respectfully submitted,

Sachi A. Hamai

SACHI A. HAMAI
Interim Chief Executive Officer

SAH:JJ:TT

Enclosures

c: All Department Heads

Los Angeles County

CHIEF EXECUTIVE OFFICE

COUNTY GOVERNANCE REPORT

JULY 2015

EXECUTIVE SUMMARY

In December 2014, the Board of Supervisors appointed the Executive Officer of the Board as the Interim Chief Executive Officer (CEO). Upon assuming the position, the Interim CEO took several initial steps toward longer term change. The Deputy CEO positions were eliminated, reducing a layer of bureaucracy and making it easier for Board offices to interact directly with content experts within departments on important policy-related issues. The Interim CEO also established a flexible management structure to focus energy on Board priorities, including Health Integration, the Office of Child Protection, and Sheriff Initiatives.

On February 24, 2015[1], the Board instructed the Interim CEO to prepare a report with recommendations to amend the County governance structure. The Board motion included: (a) repealing the 2007 interim governance ordinance, (b) formalizing the recent changes to the current CEO structure, (c) reexamining the role/job description of the CEO, (d) establishing increased communication and collaboration to confront complex issues, (e) streamlining the overall governance processes, and (f) providing additional time for the Board to concentrate on policy and effective service delivery.

This report provides the Interim CEO's recommendations designed to address the Board's instructions by providing a more flexible, accountable, transparent, and effective governance structure.

This report provides an ordinance change to repeal the 2007 interim governance structure (attached). This action, taken with other recommendations, will re-establish the Board's traditional authority over departments, and provide the Board with greater opportunities for policy discussions and departmental collaboration.

This report makes recommendations to formalize recent organizational changes at the CEO, and to redefine the CEO's relationship with departments. The Deputy CEO positions have been eliminated, resulting in annual budgetary savings of $1.95 million.

Ad hoc initiatives, housed within the CEO (e.g., Healthcare Integration, Office of Child Protection), will provide for greater focus and interdepartmental collaboration on Board initiatives, with the flexibility to quickly adjust to new priorities as directed by the Board.

The report also recommends Agenda and Policy Committees to support Board/department communication; developing a Board agenda format to highlight policy discussions; and an assessment of the function of County commissions within the governance structure.

As a next step, the CEO will evaluate the placement and composition of CEO and County functions, and report back to the Board with recommendations to provide for more efficient, effective, and innovative constituent services.

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[1] http://file.lacounty.gov/bos/supdocs/91789.pdf

The February, 24, 2015 motion by Supervisors Antonovich and Kuehl was unanimously approved. The Board also approved Supervisors Antonovich and Ridley-Thomas' motion from September 23, 2014 regarding the interim administrative system of governance previously adopted by the Board on March 27, 2007.

BACKGROUND

With a $27.1 billion dollar budget and nearly 108,000 budgeted positions distributed among over 30 departments, the County provides a vast array of direct services to over 10 million residents spread over 4,000 square miles and organized into 88 cities and numerous unincorporated communities. Establishing an effectively designed organizational structure that delivers timely decision making and innovative solutions to complex policy issues is a challenging endeavor.

In March 2007[2], the Board of Supervisors changed the County's governance structure on an interim basis. Under the interim governance structure, the Board:

- **a.** retained its Charter responsibilities for both legislative and executive/administrative matters,
- **b.** enhanced the role, responsibilities and authority of the new CEO over departments, and
- **c.** organized the departments into five clusters.

In addition, five Deputy CEOs (DCEOs) positions were established to facilitate coordination and problem solving of both the inter-departmental and inter-cluster issues.

Eighteen months later, the Economy and Efficiency (E&E) Commission reported mixed results from the interim structure[3], highlighting some beneficial coordination among departments, but also noting an unacceptably high level of tension between the Office of the CEO and the Board offices, and a lack of new processes to inform the Board's agenda setting and policy making processes.

More specifically, the assessment noted that the new layer of DCEO positions had become excessively hierarchical, and resulted in administrative and bureaucratic delays, moving governance toward a tighter control model – the opposite of the Board's intent to increase interdepartmental collaboration. Moreover, the Board offices found themselves increasingly buffered from the content experts on specific issues within departments, and without a sufficiently active role in setting policy on important County issues.

The interim governance structure remained in place from 2007 to 2014. During this time, some of its components, such as the regular agenda review meetings with each cluster of related departments, were generally viewed as useful or effective. However, the interim governance structure generally did not meet the Board's expectations in other areas, such as the promised improvements to accountability or operational effectiveness.

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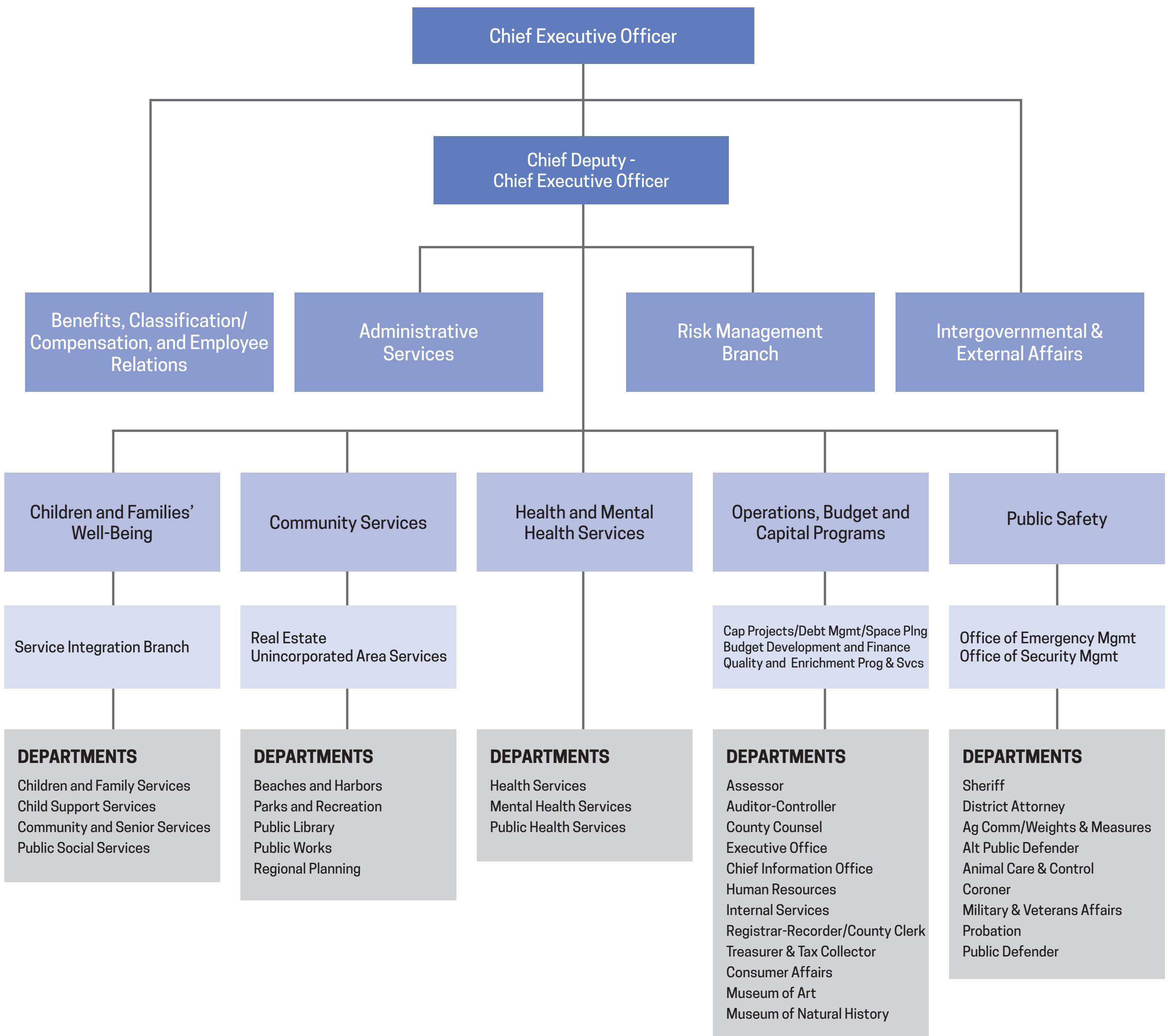
[2] http://file.lacounty.gov/bc/q2_2007/cms1_059658.pdf

In addition to the March 27, 2007 approval by the Board of Supervisors to change the County's governance structure, on May 15, 2007, the Board finalized ordinance changes amending Title 2, Administration to reflect the change of the Chief Administrative Office department and further approved an ordinance amending Title 6, Salaries, of the Los Angeles County Code to establish one (1) new unclassified position of Chief Executive Officer, one (1) new unclassified position of Chief Deputy, Chief Executive Officer, five (5) new unclassified positions of Deputy Chief Executive Officer; and five (5) new secretarial positions.

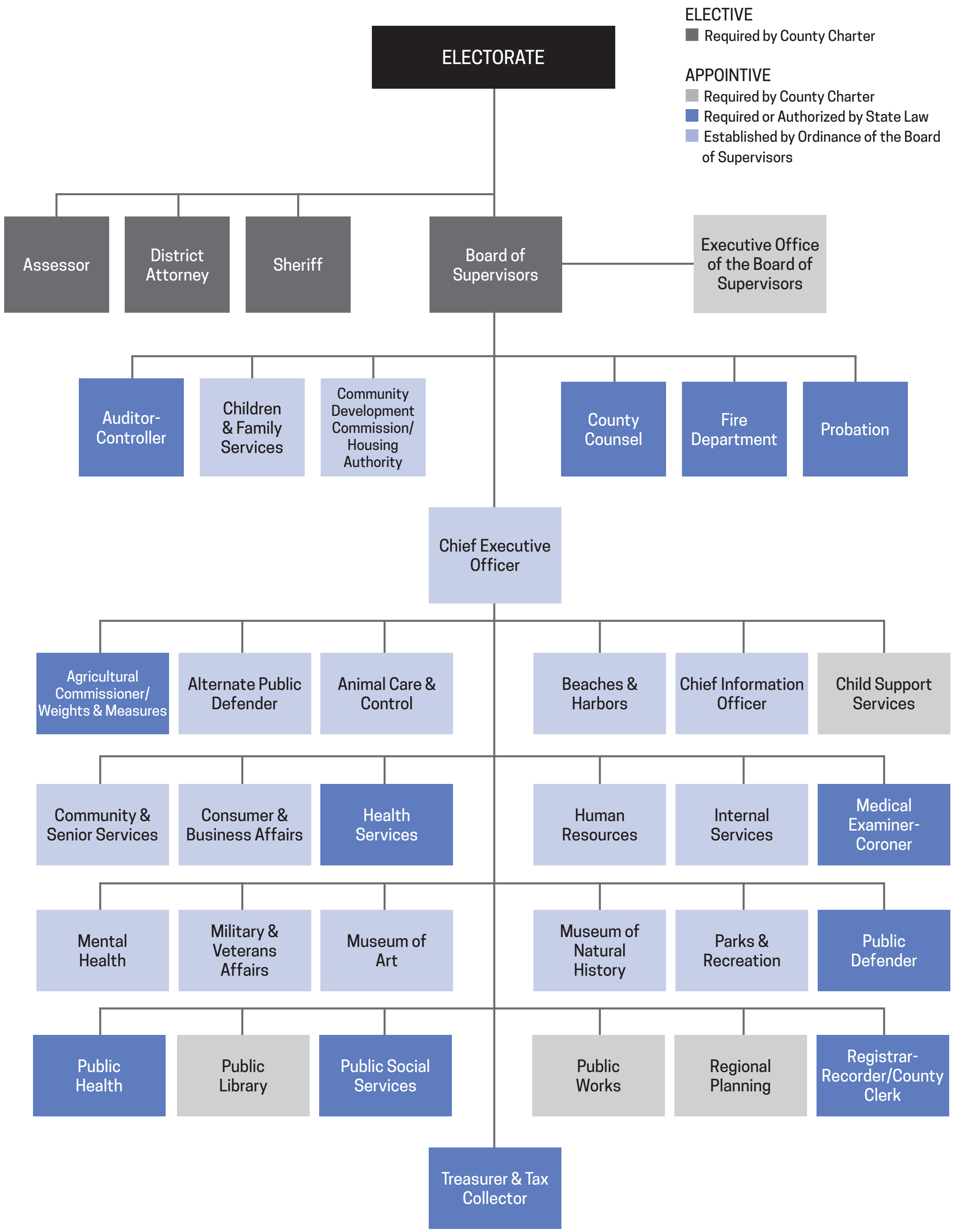
[3] http://eec.lacounty.gov/Portals/EEC/Reports/194_0807-NewGovernanceStructureReport.pdf

The Commission's assessment further revealed substantial sentiment in the Board offices that the interim governance structure "should have provided a framework for the Board to focus more intensely on policy issues, that this has not happened, and that it remains an appropriate goal." The report also concluded that "scant progress has been made in the execution of a policy development process, which was a major justification" of the governance structure.

CEO Organization under the 2007 Interim Governance Structure



County Organization under the 2007 Interim Governance Structure



ASSESSING CURRENT CONDITIONS

The conventional approach to managing large departments has been based upon hierarchal control, with each department operating as a separate unit. This organizational structure operates effectively when issues can be managed within the resources, processes, and expertise of a single department. But many complex issues require the involvement of more than one department. In these cases, individual department organizational structures do not always fit together easily, and can result in waste, duplication, ineffective provision of services, and siloed approaches that fail to produce integrated, collaborative solutions to challenging problems.

For example, effective discharge and aftercare planning for youth served by the Probation Department requires services from the Departments of Health Services, Mental Health, Public Social Services and the Los Angeles County Office of Education. Similarly, a comprehensive plan to successfully divert non-violent offenders from the criminal justice system will likely involve services of the Departments of Public Health, Health Services, Mental Health, and Public Social Services, to name a few. Finally, developing a path for a homeless individual to sustainable and humane living conditions often relies upon the services of multiple County departments. The common theme to these challenges is for departments to collaborate effectively to serve County constituents.

The cluster structure sought to address these and similar challenges by grouping related departments to foster collaboration, improve efficiency, and leverage County resources. As stated earlier, this structure had limited success. The structure fostered increased communication, but often focused on ministerial rather than substantive matters.

In addition, the cluster structure developed new problems of its own. The structure often decreased the communication between Supervisors and departments, creating an impediment to implementing Board priorities and hampering the Board's active involvement in establishing policy direction. Often, the clusters provided administrative rather than content-based leadership on complex operational and policy issues.

Consequently, the recommendations advanced today seek to establish a governance system and organization that clarifies the reporting structure, improves communications between the Board offices and departments, and recognizes the Board must act expeditiously on a wide range of policies and issues. The proposed structure provides greater flexibility within the CEO to immediately address Board priorities, and drives collaboration among departments to address constituent needs.

The organizational structure must therefore adapt by employing different structures to facilitate cross-departmental collaboration and create different processes for policy development and policy review depending upon the nature of the issue, its priority, and its urgency. The structure must tailor the approach to:

- **a.** ensure the timely identification of issues and clear paths for decision making,
- **b.** enable the processing of information to Supervisors, and
- **c.** foster collaboration, communication, and timely, attainable results. These are the hallmarks of the adaptive County organization that is envisioned in the February 24, 2015 motion.

PROPOSED GOVERNANCE STRUCTURE

RECOMMENDATION

The Board of Supervisors approve the CEO's role and relationship to the Board and departments, and establish the structure of the CEO.

The Role of the Board

The Board of Supervisors is the governing body of the County of Los Angeles, setting policies and providing leadership for the largest County government in the nation.

The proposed governance structure has non-elected department heads reporting directly to the Board, as indicated in the *Proposed County Organization* shown on page 7. This reestablishes the two-way, uninterrupted communications channel between the Board of Supervisors and department heads and other key department executives.

Under the rules of the Board[4], on an annual basis, the Board Chair/Mayor establishes Department/Supervisorial District assignments, whereby each department is assigned to a specific Supervisor. It is anticipated that these assignments may vary from year to year. Each Supervisor will be fully informed of the business performed by the departments assigned to him or her. Each Supervisor will report to the remainder of the Board any relevant information concerning the departments assigned to him/her. Each department head shall keep all members of the Board fully and equally apprised of issues affecting his/her department, and be equally responsive to each member of the Board without regard to such assignments. It is understood that direct interactions between all departments and any Board office are critical to building the collaborative relationships envisioned by the Board.

Establishing a collaborative organization requires more than changes depicted on an organizational chart. During the last six months, Board discussions have highlighted the need for departments to be less bureaucratic and more networked when implementing Board mandates that cross departmental boundaries and domains. These discussions indicate that the Board is open to building joint information systems, sharing information across traditional boundaries, and receptive to piloting new approaches to resolving issues.

The Role of the CEO

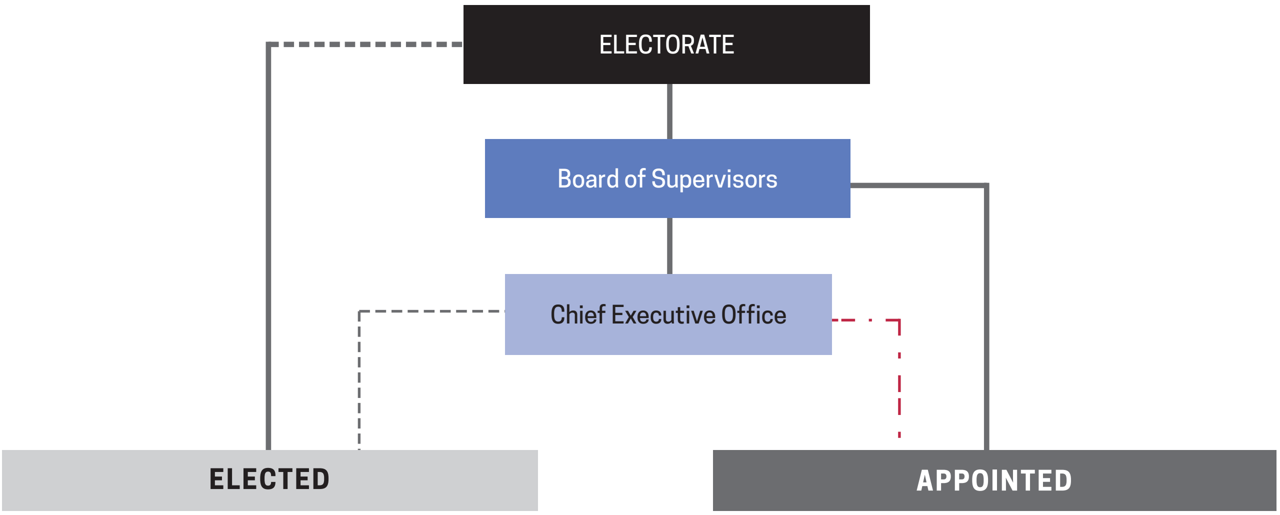
As the Board's administrative agent, the CEO is responsible for providing thorough and impartial analysis and recommendations to support effective decision making. In this role, the CEO will track implementation of Board policies, strategic priorities, special projects, and legislative issues. The CEO will provide timely analysis and feedback to the Board on progress and developments in these important areas and recommendations to improve County operations.

Under the proposed governance structure the CEO will also provide administrative and budgetary supervision of departments, reflecting no change from its current role. Within the CEO, as illustrated in the *Proposed CEO Organization* shown on page 8, it is proposed to establish three countywide support service areas: Budget & Operations Management, Central Services, and Compensation & Risk Management. These areas will monitor and provide the required oversight of the departments for budgetary and operational effectiveness.

The Board will appoint and dismiss department heads, however the CEO will continue to oversee the day-to-day operations of the County. The CEO will also provide leadership, guidance and coordination to ensure the County provides efficient and effective services to its residents. In this role the CEO will work with the Board and departments to reduce the rigidity of existing bureaucracy and to put in place systems, processes and practices that enable fully integrated and innovative responses to problems and opportunities. As delegated by the Board, the CEO, with input from the Board, will prepare annual performance evaluations of department heads to ensure each department is responsible and accountable for its operations.

[4] Section 28 of the Rules of the Board of Supervisors, related to the Responsibilities of Departmental Chairpersons and of Department Heads, as approved by the Board on February 4, 1992.

PROPOSED COUNTY ORGANIZATION



ELECTED

- Assessor
- District Attorney
- Sheriff

APPOINTED

- Agricultural Commissioner/Weights & Measures
- Alternate Public Defender
- Animal Care & Control
- Auditor-Controller
- Beaches & Harbors
- Chief Information Office
- Child Support Services
- Children & Family Services
- Community Development Commission/Housing Authority
- Community & Senior Services
- Consumer & Business Affairs
- County Counsel
- Executive Office
- Fire
- Health Services
- Human Resources
- Internal Services
- Medical Examiner-Coroner
- Mental Health
- Military & Veterans Affairs
- Museum of Art
- Natural History Museum
- Parks & Recreation
- Probation
- Public Defender
- Public Health
- Public Library
- Public Social Services
- Public Works
- Regional Planning
- Registrar-Recorder/County Clerk
- Treasurer & Tax Collector

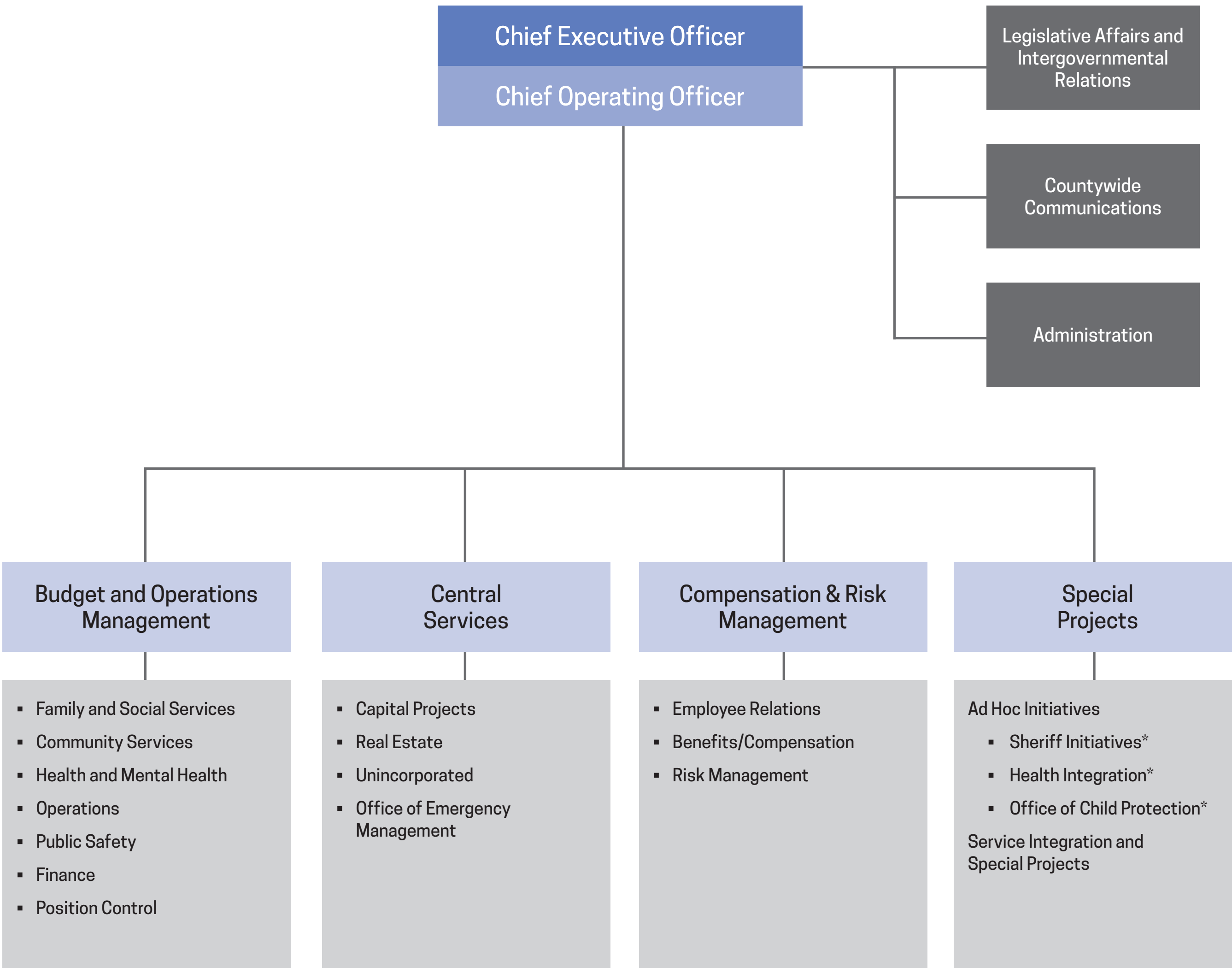
REPORTING STRUCTURE

Direct Report

Budgetary oversight and administrative coordination

Budgetary and administrative oversight (ensures that day-to-day operations are consistent with Board-approved policies, objectives and budget)

PROPOSED CEO ORGANIZATION



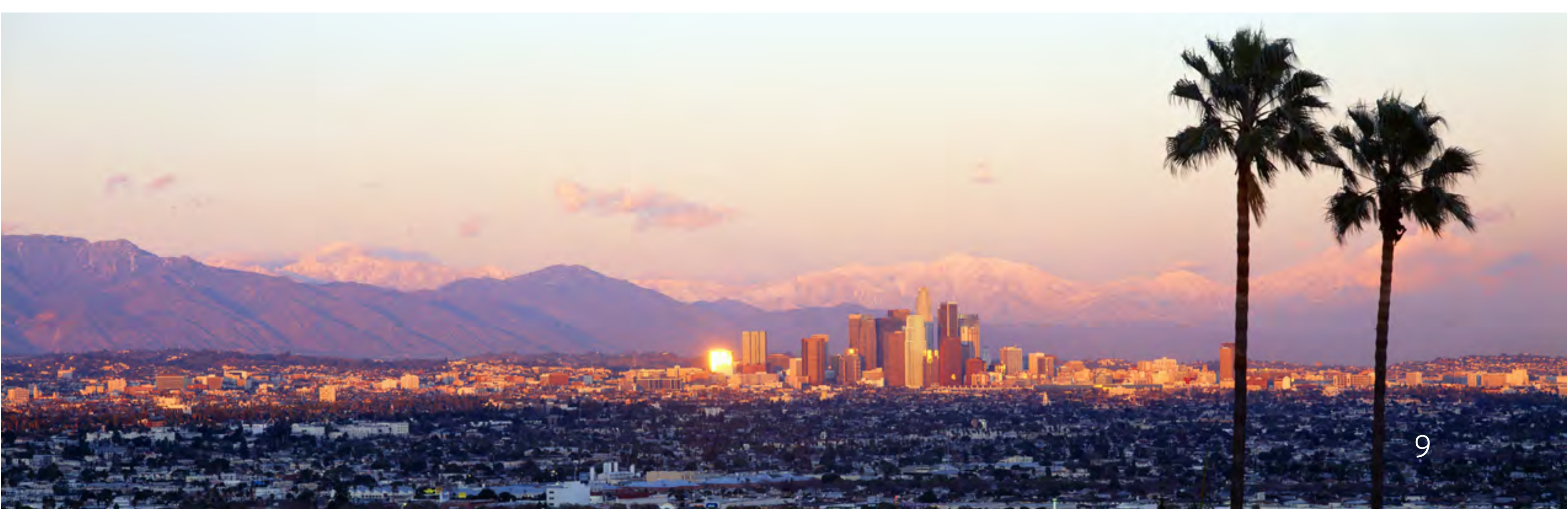
*Temporary assignments

ADAPTIVE POLICY REVIEW PROCESSES & STRUCTURE

The complex challenges faced by the Board and constituents must be addressed collaboratively across departmental lines. Consequently, we recommend processes to provide the Board with timely and effective information, analysis, and recommendations.

In the next sections, we provide recommendations for the following:

- Initiatives to Address Board Priorities
- Agenda and Policy Committees
- Board Agenda - Delineation of Policy Areas
- Assessment of County Commissions
- Assessment of other areas of CEO and County Operations



INITIATIVES TO ADDRESS BOARD PRIORITIES

RECOMMENDATION

The Board of Supervisors authorize the CEO to establish ad hoc initiatives to address emergent Board priorities.

Ad hoc initiatives address critical issues established by the CEO at the request of the Board, or the CEO with Board approval. These initiatives may involve a single issue or topic requiring in-depth analysis and many months to complete. Specific initiatives provide a flexible, effective, and transparent way to address issues as new Board priorities emerge.

For example, due to its high priority, the CEO implemented the Office of Child Protection (OCP) as an ad hoc initiative rather than waiting several months until a permanent candidate was selected. The Blue Ribbon Commission on Child Protection described the County's child safety net as "in a state of crisis." The OCP seeks to unify the child safety network by coordinating the efforts of the Board, departments and private organizations to improve the outcomes for at-risk children and their families. To move its initiatives forward, OCP serves as project manager, consensus builder, decision maker, and convener of the child safety network. As an ad hoc initiative, it is designed to be flexible, collaborative, transparent and outcome-oriented.

Ad hoc initiatives, and any required committees/working groups, will be overseen by the CEO, and will provide regular progress updates to the Board of Supervisors. Those assigned to work on ad hoc initiatives will have access (subject to confidentiality restrictions) to departments' information. Formal recommendations may go directly to the Board of Supervisors, or to Board deputies for review prior to Board consideration. Ad hoc initiatives provide transparency through stakeholder meetings and outreach, website status reports and updates, and other opportunities for community engagement.

Ad hoc initiatives will be led by an appropriate level County executive, based on required expertise, resources, and availability, and will report to the CEO for the duration of the project.

2015 MAJOR PRIORITIES

CRITICAL ISSUES

The Sheriff's Department

From a federal consent decree to jail construction to new civilian oversight, the department is confronting numerous challenges that will involve the need to analyze resources, and for collaboration and a close partnership between the Sheriff and the Board of Supervisors in the year ahead.

Child Welfare System

As the County prepares to undertake a sweeping remake of its child welfare system, the Board will face a number of crucial issues to ensure the success of the plan and the protection of children.

Health Services Integration

The potential integration of the County's three health-related agencies poses a number of unique organizational challenges and opportunities for patient care and population health.

AGENDA AND POLICY COMMITTEES

RECOMMENDATION

The Board of Supervisors establish Agenda & Policy Committees (APCs) as described below.

Each APC has the responsibility to develop and recommend to the Board policies and practices that result in more effective and innovative constituent services.

The APCs will focus on policy and agenda matters, and also on issues that require cross department collaboration, information sharing and resource collaboration. APC members will collaborate and leverage resources to improve County operations and services in the most efficient manner available.

Departments and Board deputies will remain in the existing five groupings: Community Services, Family and Social Services, Health and Mental Health, Operations, and Public Safety. Whenever policy issues require participation from departments and Board deputies from other APCs, they will be informed and participate as appropriate. APC meetings will be led by an assigned Board deputy from the office of the Chair/Mayor of the Board for any given year. The CEO manager and staff who are responsible for related departmental budgets will support the APC meetings, to include facilitating the APC meetings at the discretion of the Chair's office.

In addition, from time to time or as needed, the Board or CEO may convene smaller task forces or other groups to address Board priorities that require quick coordination and problem resolution.

BOARD AGENDA DELINEATION OF POLICY AREAS

RECOMMENDATION

The Board of Supervisors direct the CEO and Executive Officer of the Board to develop a Board agenda format that highlights and separates significant policy matters from consent or routine agenda items.

Most Board agendas include a number of policy items for discussion. Recent items included the Los Angeles Regional Interoperable Communications System (LA-RICS) radio towers, In-Home Support Service provider wages, commercial sexual exploitation of children, homelessness, the Men's Central Jail replacement, minimum wage issues, and others.

In order to allow the Board of Supervisors to focus on areas of policy development, significant policy areas should not be randomly placed under the Board's consent calendar on the agendas, but rather should be grouped together, highlighted, and allocated the appropriate amount of time for the Board to properly discuss and consider policy options.

Policy items for Board consideration will be identified by the appropriate Agenda and Policy Committee and forwarded to the CEO for recommendation. Recommendations for items to be placed under the policy area of the agenda will be approved by the Mayor/Chair of the Board.

ASSESSMENT OF COUNTY COMMISSIONS

RECOMMENDATION

The Board of Supervisors direct the CEO to report back to the Board of Supervisors with an assessment of the role of the County Commissions as it relates to the Governance Structure.

Commissions serve an important role in County governance. By capitalizing on their experience and diverse backgrounds, commissioners provide the County with a distinctive and valuable advisory resource and act as a bridge between County government and its constituents.

Currently, the County has over 70 Commissions that were generally created by Board ordinance. The last review of the commissions was completed in 2008, when the Board determined that a study should be conducted as a result of the change in the County's governance structure.

With the recent elimination of the DCEOs and the current changes to the governance structure, it is important to review again the commissions to assess their role moving forward, including how they can work most effectively with Board offices, the departments, Ad Hoc Initiative areas, APC groupings, etc.

The previous study focused on commission overlap and the appropriateness of commission projects. This time the focus will be on the commissions' value to the new governance design.

The CEO will retain an outside expert to review and develop recommendations of the roles and relationships of the Commissions relative to the County's governance structure.

ASSESSMENT OF OTHER AREAS OF CEO AND COUNTY OPERATIONS

RECOMMENDATION

The Board of Supervisors direct the CEO to report back to the Board with recommendations for further organizational or operating changes based on a review of CEO and County operations.

The CEO's mission is to manage the County budget, facilitate policy development, and provide leadership for effective program implementation on behalf of the Board. Over time, the CEO has assumed additional responsibilities and operations in response to Board requirements. Examples include service integration, risk management, emergency management, real estate, capital projects, etc.

As Board priorities evolve, the CEO must remain flexible and focus on what is most important. In the upcoming months, the CEO will review all components of its operations to identify areas for improved service delivery, greater efficiency and appropriate placement within the CEO and County structure. The CEO will also continue to assess the overall County organization and decision making structure to recommend improvements for consideration by the Board.

Examples of proposed assessments include:

- Recently, the CEO initiated a review of the County's facility asset management program. We are assessing the roles and responsibilities of the CEO and other departments that develop, manage, and maintain County real estate, buildings, and related assets. Our goal is to improve asset lifecycle management, including the planning and prioritization process, buy-build-lease decision making, project delivery models, and facilities maintenance. Led by a County senior manager, a team of subject matter experts will perform the review and provide a report to the Board.

- A recent ad hoc initiative assessed ways to improve constituent health by better integrating health, public health, and mental health services under the leadership of a countywide agency. If adopted by the Board, the agency approach may serve as a model for future integration of other department groupings with similar services and/or constituents.
- County operations depend on reliable and robust information technology (IT) systems and services. Further, our ability to connect with, and deliver services to, County constituents require us to be leader in the area of IT innovation. The County has pressing unmet needs such as replacing the County data center and critical computer applications that support the Sheriff, Assessor, Probation and other departments' operations, including many applications that are well over 10 years old. The CEO, working with CIO and ISD, will provide the Board with a five year plan that addresses unmet needs, innovative technology to support County operations, and associated capital expenditures.

As a next step, the CEO will evaluate the placement and composition of CEO and County functions, and report back to the Board with recommendations to improve County operations. Any recommendations will be consistent with the Board's goals for the County's governance system: to facilitate increased communication and collaboration; to streamline and eliminate unnecessary management; and to provide the Board with the tools to concentrate on policy and effective service delivery.

CONCLUSION

The measure of any government structure is how effectively and efficiently it serves the needs of the public.

The recommendations advanced here would create a governance structure equal to the responsibilities and emergent priorities of the Board of Supervisors and its 10 million constituents. It is a structure flexible enough to confront challenges as they arise. Excessive bureaucracy will be eliminated. Collaboration will be heightened. Accountability will be fundamental.

This new structure will provide the Board of Supervisors with the tools it needs to successfully address the County's most pressing issues.

As a next step, the CEO will evaluate the placement and composition of CEO and County functions, and report back to the Board with recommendations to provide for more efficient, effective, and innovative constituent services.