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January 28, 2016

To: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: Sachi A. Hamai
Chief Executive Officer

CEO ORGANIZATION REPORT

On July 7, 2015, the Board of Supervisors (Board) took action to amend the County Governance Structure. As part of this action, the Board directed the Chief Executive Officer (CEO) to "assess whether its various functions and responsibilities should continue to be assigned to the CEO, or would it be more appropriately assigned elsewhere in the County structure."

The CEO's organizational review is summarized in the attached report, which:

- Identifies CEO functions and units that are primarily strategic, versus those that are primarily transactional and operational. To focus energy on the Board's priorities, the report recommends transferring the CEO's transactional functions (with 76 budgeted positions) to other County departments.
- Recommends the transfer of most Chief Information Office functions to the CEO to better align information technology resources with the Board's strategic initiatives.
- Describes significant enhancements to the CEO's asset management functions, including master planning, sustainability, asset lifecycle management, and economic development.

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The recommendations are cost neutral. Pending your review and concurrence, the CEO will return to your Board within 60 days with recommendations to formally adopt these changes, including position and budgetary transfers.

We thank those who participated in this analysis, including your Board offices, CEO employees, and the impacted departments.

If you have any questions regarding this matter, please contact me at (213) 974-1101.

SH:JJ

Enclosure

c: All Department Heads



Los Angeles County
CHIEF EXECUTIVE OFFICE



CHIEF EXECUTIVE OFFICER
ORGANIZATION REPORT
JANUARY 2016

EXECUTIVE SUMMARY

In July 2015, the Board of Supervisors directed the CEO to review its various functions and responsibilities to determine if any would be better reassigned elsewhere in the County.

The resulting organizational assessment identified the CEO functions and units that are primarily strategic, versus those that are primarily transactional/operational. Given the CEO's need to focus on Board strategic priorities, this report recommends the reassignment of the CEO's transactional/operational functions and resources to other County departments. These actions will involve 76 budgeted positions.

This proposed organization also aligns CEO functions with two Board strategic objectives:

- **Placing greater focus on the strategic use of information technology.**

The report recommends transferring strategic information technology functions positions from the Chief Information Office (CIO) to the CEO. Operational components of the CIO will be transferred to the Internal Services Department (ISD) while the information security officer functions will be evaluated for placement in the appropriate department.

- **Establishing greater accountability for strategic asset management.**

This change will include a greater emphasis on sustainability, master planning, asset lifecycle and maintenance programs and coordination of economic development and affordable housing initiatives. A separate report on asset management is forthcoming.

Proposed actions will be accomplished within existing resources and budgeted positions. If approved by your Board, the CEO will work with impacted departments to implement the changes immediately, with formal Board approval of related budgetary/administrative actions to follow.

The recommendations presented here will establish a Chief Executive Office that is more responsive to emergent requirements and Board priorities. Also, the CEO's enhanced planning and asset management focus will provide the Board with more effective decision making tools, improve sustainability and asset life-cycle management, and ensure that County-owned assets provide efficient and effective support of constituent services.

BACKGROUND

On July 7, 2015, the Board of Supervisors amended the County governance structure to:

- Restore the Board's direct authority over all non-elected department heads, thereby increasing interactions and discussions with department executives on important policy questions.
- Approve the CEO's establishment of Ad Hoc Initiatives to address Board priorities, and Agenda and Policy Committees to "recommend to the Board policies and practices that result in more effective and innovative services to constituents."
- Reaffirm the Board's role in setting policies and providing strategic leadership for the County government.
- Reaffirm the CEO's role in overseeing day-to-day County operations, offering analysis and recommendations on issues before the Board, and monitoring the implementation of Board decisions.

As part of the motion approving these changes, the Board directed the CEO to "assess whether its various functions and responsibilities should continue to be assigned to the CEO, or would be more appropriately assigned elsewhere in the County structure."

During the past year, the Board has demonstrated its willingness to address many of the most challenging social issues confronting this region.¹ To address these demanding initiatives and the steady stream of other important County issues, the Board has declared that success would be dependent on streamlining the traditional County bureaucracy and encouraging innovation at all organizational levels. The Board has envisioned a new County culture characterized by cross-boundary collaborations, increased dialogue and communication, quick and

effective responses to emergent demands, and a willingness to rethink how work is organized, while delivering high quality performance. The Board's envisioned culture incorporates five core principles that the proposed CEO organizational structure must support:

- **A policy agenda that is issue-oriented.**
This demands thorough strategic analysis of the substantial underlying causes and comprehensive discussion (and search for consensus) before reaching a decision.
- **Analysis that is multi viewpoint-oriented.**
This demands upfront input from internal and external stakeholders to ensure that all perspectives are considered when deliberating upon an issue.
- **Accountability that is outcome-oriented.**
This demands clearly articulated outcome metrics, along with action plans that specify timelines, milestones, and responsibilities.
- **Decision making that is transparency-oriented.**
This demands openness in discussions, positive efforts to inform the public about issues, and easy access to documents, reports, and other available information.
- **Implementation that is integrated and network-oriented.**
This demands (particularly on complex issues) considerable collaboration across domains and sectors to leverage resources, thereby increasing the probability of success.

To maintain its focus on these core principles, the CEO must prioritize its strategic role and functions, and reassign transactional operations wherever feasible.

¹ For example, the delivery of quality health care services to the neediest residents, creation of the Office of Child Protection to coordinate and strengthen programs and services to children and their families, suppression of sex trafficking to eliminate this form exploitation, the diversion of mentally ill individuals from the general jail population to guarantee appropriate treatment, and reducing homelessness while improving life opportunities for individuals and families.

THE CEO PERSPECTIVE

Establishing a satisfactory organizational arrangement of jobs, roles, and relationships is an ongoing challenge, exacerbated by organizational size, the diversity of operations and services, and environmental complexity. There is no clear-cut solution for Los Angeles County overall, or the CEO specifically.² Within this framework and understanding, the CEO has committed to the design of a flexible department structure³ capable of providing quality information, detailed analysis, and, as appropriate, recommendations to the Board and analytical support for the Agenda and Policy Committees, and Ad Hoc Committees described in the approved July 7, 2015 motion.

The CEO organizational structure, regardless of the issue, must demonstrate its (a) strategic focus, (b) countywide perspective, and (c) objectivity. Therefore, the compelling rule of thumb for assessing the appropriateness of CEO units is whether the unit is predominately strategic or transactional. If the latter, it should be transferred from the CEO to another department where it shares a community of interest.

Figure 1 represents the current organizational structure for the CEO, with the areas in red signifying division/units that are primarily transactional⁴ and thereby designated for reassignment.⁵ Table 1 indicates the divisions/units, the number of employees, and the receiving department (based on the community of interest principle). Seventy-six (76) budgeted positions (14 percent of the current CEO total) will be reassigned to other departments, including the Board of Supervisors Executive Office, Department of Human Resources, Auditor-Controller, and ISD.

² The recent decision to form a health agency, for example, represents an enduring type of structural dilemma.

³ The most often cited descriptions of flexible, nimble organizations highlight (a) the need for an organic rather than a mechanistic structure, (b) an organization that "thinks" laterally (across boundaries) first and hierarchical second, and (c) an adaptive workforce capable of adjusting quickly to changing circumstances.

⁴ Among the characteristics used to define a strategic unit are (a) a current focus by the Board and/or chief executive beyond the current operational immediacies, (b) a shift in unit mission and/or controversy over future direction, (c) broad organizational impact over several years, (d) major financial risk or opportunity, and (e) choices must be decided by executive management.

⁵ An exception may be made to retain a transactional unit within the CEO due to its immediate importance to the Board.

Figure 1 – CEO Current Organizational Structure

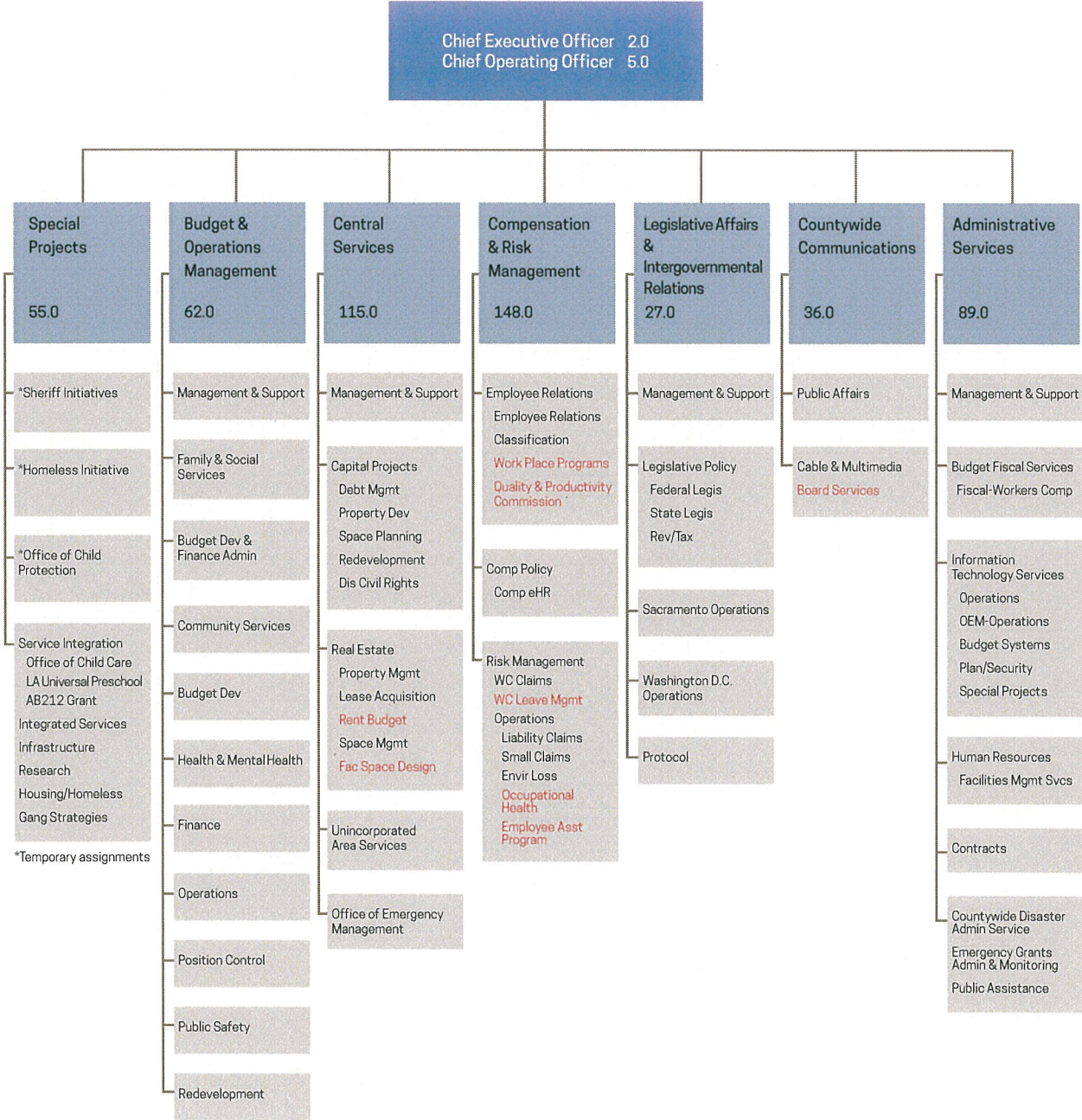
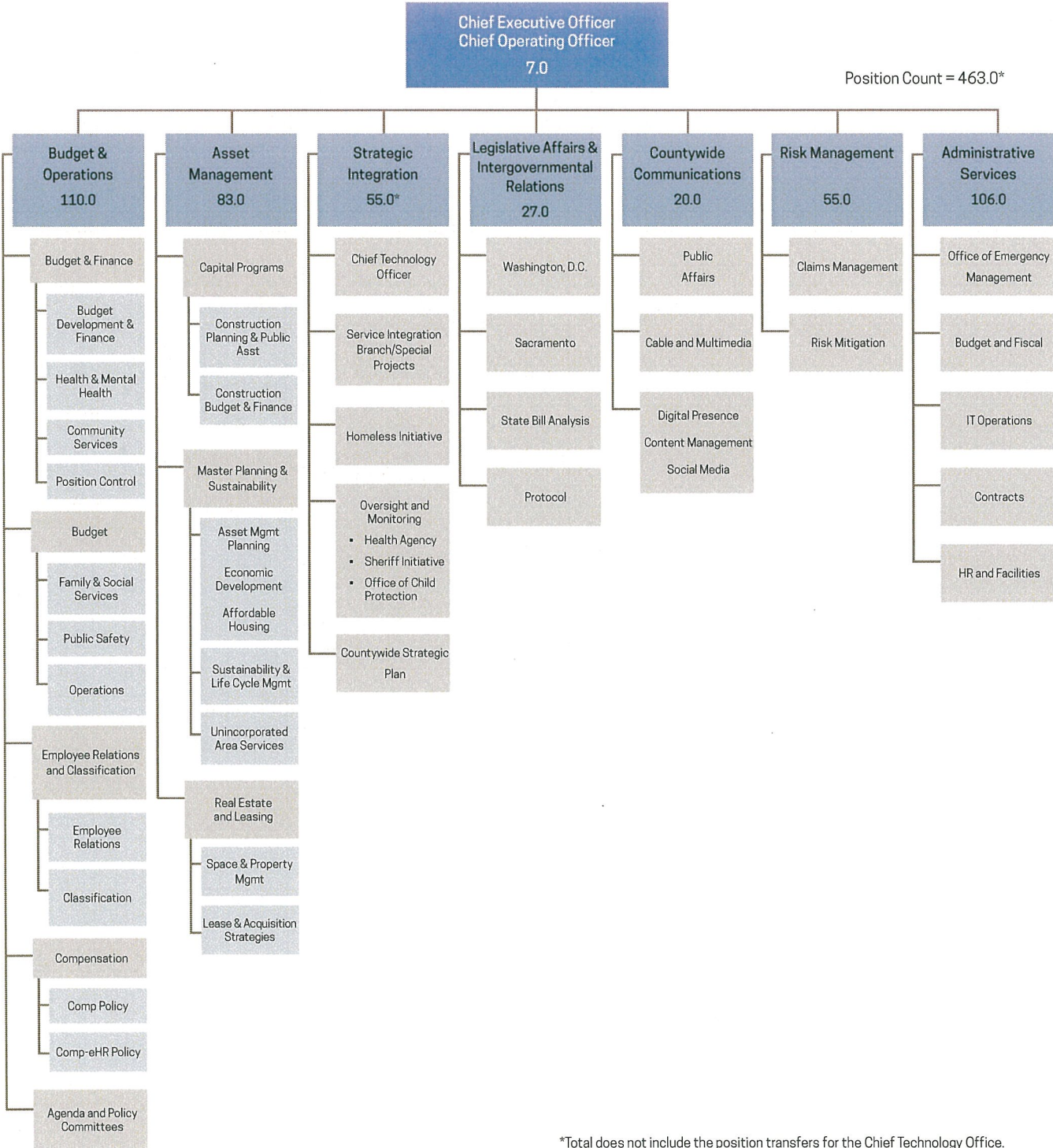


Table 1 – Reassignment of Units/Functions

Reassign from CEO			To Receiving Department
CEO DIVISION	UNIT/FUNCTION	FTEs	
Employee Relations	Work Place Programs	9	Department of Human Resources
Employee Relations	Quality & Productivity Commission	3	Executive Office of the BOS
Risk Management	Employee Assistance Program	9	Department of Human Resources
Risk Management	Occupational Health Programs	15	Department of Human Resources
Risk Management	Leave Management	11	Department of Human Resources
Real Estate	Facility Space Design	6	Internal Services Department
Real Estate	Rent Budget (Invoicing)	7	Auditor-Controller
Communication	Board Services (Photo & Graphics)	16	Executive Office of the BOS
	Total	76	14%
	Total FTEs	539	
	Net FTEs	463	

Figure 2 – Proposed Organizational Chart



*Total does not include the position transfers for the Chief Technology Office.

PROPOSED CEO STRUCTURE

RECOMMENDATION

The Board of Supervisors approve the redesign of the CEO departmental structure

Given the stated intentions of the Board regarding the overall County direction, strategic priorities, and performance quality expectations, the proposed CEO restructuring better aligns the department to meet the Board's current and future requirements simultaneously. This included modifying the responsibilities of some existing functions and establishing new functions to increase flexibility and responsiveness.

CEO Redesign

Following an inclusive process of interviews and discussions with CEO managers and consistent with your Board's direction, the CEO proposes a reorganized structure that results in a reassignment of 76 existing CEO budgeted positions to other departments. At the same time, it is recommended that strategic IT functions now located within the CIO be reassigned to the CEO.

Figure 2 depicts the proposed CEO structure which consists of seven organizations reporting to the CEO/COO:

- **Budget and Operations Management** (BOM) will remain the same under the reorganization, with the exception that both the Compensation and Employee Relations/Classification organizational units are now realigned to the BOM branch manager.
- **Asset Management** will reflect substantial changes in roles, function, and organizational focus, as discussed below.
- **Strategic Integration** replaces the Special Projects Branch and has added an office of Chief Technology Officer.
- **Legislative Affairs, Countywide Communications, Public Affairs and Administrative Services** remain largely unchanged.
- **Risk Management** will continue to report directly to the CEO/COO.

Under the proposed redesign, units and functions have been assigned to other County departments, or in some cases, realigned within the CEO. These reassignments and realignments are detailed below.

Also, it is proposed to reassign the functions of the Chief Information Office, also detailed below, to the CEO and other departments as appropriate. Finally, the Asset Management branch will undergo a change in strategic focus, also discussed below.

Reassignments and realignments to other County departments

The proposed redesign will reassign some units and functions currently assigned to the CEO to other County departments, and make minor realignments within the CEO, consistent with your Board's direction. For each reassignment, the CEO has determined that the function or service provided is not a core mission of the CEO. It is anticipated that the proposed action will result in a more appropriate association of the function within the receiving department.

The new organization chart reflects the following proposed changes:

- The Board Services unit (Photo and Graphics; 16 positions) and the Quality and Productivity Commission (3 positions) will be reassigned to the Executive Office of the Board, which oversees many functions related to daily Board operations.
- The Work Place Programs (9 positions), the Employee Assistance Program (9 positions), Occupational Health (15 budgeted positions) and Leave Management (11 positions) units will be reassigned to the Department of Human Resources, where they share a common purpose with other countywide health and wellness functions.

PROPOSED CEO STRUCTURE

- Real Estate's design services unit (6 budgeted positions) will be reassigned to ISD, which already provides many departmental design functions. The Real Estate invoice function (7 positions) will move to the Auditor-Controller.
- The functions of the Chief Information Security Officer will be evaluated for potential placement in the appropriate department.

The CEO will also realign several functions within its operations to better coordinate the functions or services provided. These realignments are reflected on the proposed organization chart (Figure 2).

It should be noted that the CEO also evaluated the child care and early education outreach functions within the Service Integration Branch (11 budgeted positions). We deferred making changes at this time, as the child care rating systems are currently being re-evaluated and restructured, and the CEO is recruiting new leadership for the Office of Child Care (OCC). In the coming months, the CEO will continue to evaluate how the Office of Child Care can serve as a stronger resource to support Board strategic priorities in this area.

Reassignment of CIO Functions

The Chief Information Office currently consists of 28 budgeted positions. It is proposed that the existing positions be reassigned as follows:

- The CIO position and core strategic functions, which include information technology policy development, information technology board letter analysis, and information management/chief data officer functions such as Open Data, CWMDM, etc., will be assigned to the CEO's new Strategic Integration Branch and be called the Chief Technology Officer.
- The current CIO operational functions (e.g., associated with managing master agreements, enterprise agreements, the County GIS program, Web Portal, etc.) will be assigned to the Internal Services Department.

Asset Management Branch

Substantial changes in roles, functions and organizational focus are proposed in the establishment of the Asset Management Branch. This extensive reorganization effort is the subject of a detailed review and forthcoming report to the Board. Provided in this report is an outline of the proposed changes and a new approach to managing the County's assets.

The proposed Countywide Asset Management Branch (AMB) will replace the current Central Services Branch, and will consist of the following:

- Capital Programs Division
- Real Estate and Leasing Division
- Master Planning and Sustainability Division

The establishment and redesign of this branch is based on the following fundamental concepts:

- Integrated master planning that reflects the Board's priority of cross departmental collaboration and strategic priorities such as family and child welfare, homelessness and health care.
- Transparency consistent with Board policy on open data and easy access to information.
- Sustainability through adoption of best practices for maintenance and life-cycle management of real property and appropriate investments in energy efficiency and environmental initiatives.
- Highest and best use and reuse of County assets (real property and others) in support of County missions and to generate revenue, support County economic development policy and Board goals and directives.

PROPOSED CEO STRUCTURE

- Program level management at the CEO which reflects a shift in the CEO's role. The CEO will not directly manage the delivery of construction projects. Rather, DPW, ISD and other project implementers will have increased authority and flexibility.

The redesign will result in the following substantial changes to the way the County manages its assets by establishing the following:

- **CEO unit dedicated to master planning and economic development**
The mission of this unit will be to evaluate and recommend to the Board the use and reuse of County assets and develop strategies to buy, build or lease properties in support of County operations and economic development policy. It will develop long range planning strategies with the specific goal of monetizing County assets to augment the general fund and support regional economic development and affordable housing goals.
- **5-Year Capital Construction Program**
A multi-year planning and prioritization program aligned with the County's budget planning calendar.
- **5-Year Deferred Maintenance Program**
Similar to the capital projects program and aligned with the County's budget calendar, a multi-year planning process will enable the County to more effectively manage the backlog of facilities maintenance and repair requirements.
- **Project Review Committee**
A committee of department heads will review capital construction and deferred maintenance program recommendations, already vetted by impacted departments and CEO Asset Management staff, and recommend a final program for presentation to the Board for approval.
- **CEO unit dedicated to Integrated Capital Project Planning Process**
This will establish stronger connections and increased cooperation and collaboration among County work teams. This will require increased involvement and accountability from the DPW, the ISD, and client departments working with CEO staff and Board offices.
- **CEO unit dedicated to sustainability, facilities life-cycle and maintenance management**
This unit will establish and implement County maintenance standards and monitor the condition of County owned and leased facilities to insure that standards are met. Life-cycle cost analysis will be used to guide maintenance, repair and sustainability investment decisions.