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Economy & Efficiency Commission
Presentation

Editorial Note: Although every effort has been made to insure the accuracy of the material in this presentation, the scope of the material covered and the discussions undertaken lends itself to the possibility of minor transcription misinterpretations.

PRESENTATIONS BY
David E. Janssen, Chief Administrative Officer

Topic: New Governance of the County
May 3, 2007

Chairman Ikejiri thanked Mr. Janssen for making himself available to speak to the Commission.

The New Governance Structure

Mr. Janssen began his remarks by noting that his previous presentations before the Commission have focused on the budget and organizational challenges of Los Angeles County. The foundation of many of those challenges has been the governance structure, which vests both executive and legislative responsibility with the Board of Supervisors. This configuration was as cumbersome as having a private sector board of directors responsible for both executive and policy decisions. He believes the Board's decision is the right one, especially as they seek to find his replacement.

Because much of the discussion leading up to the ordinance that instituted a shift in lines of reporting and accountability has been conceptual, the real challenge now is to ascertain how the new system will affect the County at the "ground level." Mr. Janssen stated that one of the largest concerns of the supervisors, as they worked to draft the ordinance, was the issue of "non-interference." The Board chose to recast this as "non-intrusion" in order to limit the affect such a clause would have on their ability to address the service needs of their constituents. The Board is committed to making sure that their ability to intercede on behalf of their constituents is not compromised.

Who is Accountable?

Mr. Janssen used the County's current organizational structure to demonstrate his contention that executives defer ultimate responsibility to the Board of Supervisors, who themselves defer to a majority of the Board. It is reasonable to assert that no one can currently be held completely accountable for the management of departmental services. Commissioner Padilla concurred, and asked Mr. Janssen to elaborate on the relationship between State and County statutes as implemented under the current County structure, and how that relationship might affect the County's ability to unilaterally modify its governance structure.

Mr. Janssen replied that 90% of the budget of Los Angeles County goes to performing state and federal functions, which leaves 10% of the budget for administering services to the unincorporated areas. He added that because Los Angeles County does not have the ability to shift funds out of a state mandated regional obligations, there is a constant struggle to fund services for the unincorporated areas. Although the California State Constitution considers the 58 counties to be creatures of the State, the boards of supervisors in each county likely regard themselves to be local government servants, which seems to represent a significant disconnect between those two responsibilities.

Separating Legislative from Executive Functions

Mr. Janssen continued by outlining the benefits that were anticipated by dividing the legislative and executive functions of Los Angeles County government between the Board of Supervisors and a chief executive officer (CEO) respectively. These following benefits were identified by a group of four task forces comprised of staff members from his office, department heads and the senior Board staff: increased accountability, customer focused integrated service, improved communication, increased inter-departmental collaboration, and continuous process and organizational improvement.

Departmental Clusters

The next step for the task forces was to recognize that the best way to achieve these benefits for a county the size of Los Angeles (it would be 87th on the Fortune 100 list of largest American corporations; with a $21.2 billion budget and 102,000 employees) was to create five departmental clusters overseen by five deputy CEOs (DCEO) who would report to the Chief Deputy CEO, who, in turn, would report to the CEO. These clusters would be organized as follows according to the programmatic goals incorporated into the County's Strategic Plan: Organizational Effectiveness, Children and Families' Well-Being, Community Services, Health and Mental Health, and Public Safety.

Mr. Janssen noted that there will be costs associated with the implementation of a new governance system. Though the exact dollar amount has not yet been calculated, he expects it to be below $2 million. Most of the cost for new executive and secretarial positions will be offset by the elimination of other positions. Mr. Janssen assured the Commission that the new governance structure will not involve the establishment of a new layer of bureaucracy.

The Office of the CEO would continue to have four county-wide strategic functions: 1) External Relations, 2) Legislative/Policy/Intergovernmental Affairs, 3) Budget/Asset Management, and 4) Employee Relations/Classification-Compensation.

Roles and Responsibilities

According to Mr. Janssen, the area of roles and responsibilities has been a major area of attention for the task forces, and will continue to be a work in progress as the new governance structure is implemented. A soon-to-be-completed Transition Report will outline these functions for the Chief Executive Office, Board Deputies and CEO Appointed Department Heads. Mr. Janssen illustrated the five key areas in which the above-mentioned roles and responsibilities will be employed: 1) Constituent Requests, 2) Policy Planning, 3) Budget, 4) Board Agenda, and 5) Operations.

Constituent Requests

Mr. Janssen stressed that the most important area would be that of constituent requests. He ensured the Commission that there would be no impediment to the swift resolution of problems reported to departments by Board staff, as long as it was consistent with County policy and the mission, resources and scope of responsibility of the department being contacted. There would also be an ongoing process in which the CEO and departments would monitor and evaluate constituent input in order to determine if an isolated incident is indicative of a systemic problem. An automatic tracking and reporting system might be employed to help in this process.

Policy Planning and Integration

Mr. Janssen explained that under the new system, a motion from a Board member requesting the development of a policy on a specific issue would lead to a series of discussions chaired by the DCEO within the appropriate cluster. The DCEO would work to develop and propose the policy together with the supervisors' policy deputies, County Counsel and a wide range of internal and external policy experts and stakeholders. Mr. Janssen remarked that this would be an improvement over the present system in which policy initiatives are often launched without the benefit of feedback and coordination on this scale.

Commissioner Padilla interjected that this process was similar to a de facto Legislative Analyst Office. Mr. Janssen saw some credence in that analogy, but said the process would be much more integral to day-to-day operations of the County. Commissioner Padilla suggested that an independent entity might provide useful perspective for the Board. Mr. Janssen agreed that the Board might feel that way once the system has been implemented and relationships between various components are established.

Budget Development

Mr. Janssen noted that the Board has had some concern that under the new system there would be limited information made available regarding budget requests. He said that this would not be the case, and in fact, the quality of budgetary information made available to the Board would be superior to what they currently receive. Commissioner Fuhrman asked whether these improvements in the way information would be provided to the Board would be mirrored with the DCEOs sharing information among themselves. Mr. Janssen stated that the DCEOs would meet regularly to discuss issues. He then added that he believed that by making the most of the knowledge gained by the DCEOs via the cluster structure, the Board will spend less time trying to ascertain and synthesize bits of information coming from individual departments.

Mr. Bryce Yokomizo, a member of the CAO's staff, interjected that he thought Commissioner Fuhrman had raised a good point. During his tenure as a department head (Department of Public Social Services) he noticed the tendency of County departments to work in isolation, not realizing that they could benefit from interaction with other departments. In the proposed governance structure, individual departments would not only interact with departments in their cluster, but with department representatives in other clusters. County services would benefit from that institutional support. At the same time, said Mr. Janssen, the new governance plan would allow the County to move away from a relationship-based organization and toward a system in which the structure enforces the authority of the next CEO. This is perhaps the most compelling argument for transitioning to a new governance structure.

Commissioner Baltierrez asked Mr. Janssen if the Charter amendment was absolutely necessary in order to institute the new governance plan. Mr. Janssen first noted that unless the voters approve the Charter amendment, the governance plan will automatically sunset in 2008, unless the Board decides to continue it. Even though without the Charter amendment the CEO would not have the power to hire and fire department heads, it's safe to assume that the Board would not reject the recommendations of the CEO in regards to personnel.

Board Agenda

Mr. Janssen then discussed the Board Agenda, which included such topics as the institution of a consent calendar, the suggestion that one Board meeting a month be dedicated to discussion of policy issues and a new mechanism in which the CEO, in collaboration with the Board Chair, would have discretion over what items would be placed on the meeting agendas. Mr. Janssen also noted that as time goes by, the DCEOs will become familiar enough with the issues affecting the departments in their clusters that it will no longer be necessary for many department heads to spend time waiting on Board meeting days.

Other issues briefly alluded to by Mr. Janssen in the last few minutes of his presentation included: operations management, continuous improvement processes, information technology, human resources, leasing, commissions and department realignments. Mr. Janssen then concluded his presentation by remarking on the extraordinary amount of work that the task forces contributed to the process of conceptualizing and documenting the complex issues involved in the restructuring.

Prior to beginning the question and answer period, Chairman Ikejiri noted that it was clear that the old governance system worked as well as it did because of the personal equity Mr. Janssen created over his tenure. Chairman Ikejiri then opened the floor to questions.

Questions and Comments

Commissioner Fuhrman asked whether the fact that the number of clusters equaled the number of board members meant that each supervisor would eventually take responsibility for one of the clusters. Mr. Janssen replied that though the concept of cluster sub-committees was considered, the supervisors were just too busy to take on additional responsibilities. Plus it might be difficult for some board members to limit their participation to just one sub-committee. He added that, at some point, when the supervisors have acclimated to the new structure, they might experience a sense of relief that they are no longer the only ones accountable for oversight of county departments. Mr. Janssen said that he had a similar experience when he moved from the position of chief administrative officer in San Diego County to his current position in Los Angeles County. Whereas, in his former position he had chief executive duties, under the Los Angeles system the supervisors had assumed those powers and responsibilities. With the transition to the new governance system, the soon-to-be-created position of CEO will be the point person for all County operations, with the supervisors setting the operational policy.

Chair Emeritus Philibosian interjected that no matter who is officially "on point," or how many DCEOs are on the job, the supervisors, as the elected officials, will ultimately be held responsible for any problems that arise in County operations – and if they don't have adequate input or control, there will assuredly be conflict ensuing. Mr. Janssen agreed, but added that in every other municipal government in the nation, there is a separation of the executive and legislative powers – with the former being a strong mayor and city manager, and the latter, a city council that does not, in fact, run the city. He added that actually, the trend is towards enfranchising the citizen to use technology to participate directly in government decision-making. For better or worse, he added, California's initiative process has gone a long way in instituting that sort of direct democracy.

Commissioner Max asked about the concerns expressed by some of the town councils in the unincorporated areas as to their ability to work their way though new layers of bureaucracy. In the old system, a constituent could get expedited service for issues such as potholes by calling their supervisor, who would in turn call the department responsible. Mr. Janssen assured Commissioner Max that nothing would change in regard to that procedure -- a supervisor can still call a department on behalf of a constituent. He added that it was important that County residents realized that this would not change. He also suggested that county representatives address these concerns by speaking with the town councils to explain the details of the new governance structure.

Commissioner Baltierrez spoke in reference to the online voting Mr. Janssen had imagined might be the norm of the future and expressed some concern about making sure that all citizens – not just the ones with the means and sophistication to use such technology – had an equal share of city resources and services. Mr. Janssen agreed, and remarked that if future generations became comfortable enough with the technology and the proper safeguards could be installed, it would be incumbent upon government to make sure that the system was inclusive and accessible to all levels of society.

Commissioner Tortorice asked Mr. Janssen if he thought that press coverage of the County would change with the institution of the new governance structure, e.g., would county-related stories focus on the CEO as stories about the city of Los Angeles focus on the mayor. Mr. Janssen supposed that it might depend on who ended up in the CEO Position, but suspected that since it was not an elected position, it shouldn't lead to high-profile coverage. He then referred back to Chair Emeritus Philibosian's earlier comment regarding the supervisors being the ones who will be held accountable by the electorate, and surmised that the new CEO and the press would understand that.

Commissioner Padilla followed up with a question regarding the supervisors having to step back and trust that the CEO will manage the County departments competently, knowing that they will be the ones who will bear the brunt of the public's displeasure if things go wrong. Mr. Janssen replied by stating that the day-to-day work of departments – working to maintain adequate services to the public -- will not change, nor will the need to be responsive to the immediacy of issues that are on the forefront of the Board's agenda. A CEO who cannot manage both areas of endeavor competently, will not last.

Chair Emeritus Philibosian mentioned that the Economy and Efficiency Commission has had a task force on Succession Planning which recognized a wide range of succession preparedness across the spectrum of County offices. He asked Mr. Janssen to talk specifically about where the DCEOs will come from. If they will be recruited from the pool of department heads, what systems are in place to replace those department heads?

Mr. Janssen said that two of the five DCEOs have been identified and that two others are ready to move into those positions, leaving only one position yet to be filled. He added that it was unfortunate that there had not been a staff member to assume the CAO position when he had first decided to retire. The structural change has added to the challenge facing whoever takes over, but, Mr. Janssen believes, the fact that four out of five deputy CEOs will be in place, should make the situation more attractive to CEO candidates. Also, the new organization will make it easier for the new CEO to manage, as it will depend less upon personalities and established relationships.

Chairman Ikejiri concluded the question and comment portion of the presentation by thanking Mr. Janssen and his staff for the informative presentation.

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