



County of Orange
California

James D. Ruth
County Executive Officer

January 9, 2004

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TO: Members, Board of Supervisors

FROM: James D. Ruth, County Executive Officer

SUBJECT: Proposed County of Orange Reorganization Plan -
January 13, 2004 Board of Supervisors Meeting

#S51B

Proposed County of Orange Reorganization Plan

During my service as County Executive Officer since February 5, 2003, I have had the opportunity to address a variety of difficult challenges facing the County.

The most significant challenge faced by our County has been and continues to be the uncertainty of State budget cuts and their potential impact on our County services. As we focus on identifying various financial options for the Board of Supervisors consideration in the upcoming budget deliberations, staff has kept our limited hiring freeze in place, emphasized spending controls, and has, where possible, developed strategies to deal with a dynamic State budget situation for the current fiscal year and for 2004-2005 as well.

Depending on the Legislature's intent and its ability to backfill vital vehicle license fee (V.L.F) revenues to local government our budget impacts could lose as much as \$180 million. Staff will continue to monitor our revenue and expenditure plans and present the Board of Supervisors with recommendations within the limits of the ultimate budget proposals approved by the Legislature and the Electorate.

During the past 13 months, it has become increasingly apparent that the County's current organizational structure has too large a span of control for the CEO. The current structure also inhibits quick and efficient communication with staff and limits quality time between the CEO and Department Heads as well as the Board of Supervisors. This inefficient structure makes it difficult to coordinate critical planning and the

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direction of County services. These issues were also addressed by the 2002-2003 Orange County Grand Jury Report dated May 21, 2003. In short, the current organizational structure is both unwieldy and impractical for effective management.

In response to these concerns, I am proposing a new organizational structure for County operations. This structure will reinforce a proactive, focused approach to key policy issues, ensure accountability, and maximize the management strengths in the organization.

The new organizational structure includes the following changes:

- The number of direct reports to the County Executive Officer has been reduced from 17 to 7.
- The duties of the four Assistant CEOs have been realigned.
- The title 'Assistant CEO' has been changed to 'Deputy CEO' to reflect common practice with other California counties. All Deputy CEO's will report directly to the CEO.
- Five departments will report to the Deputy CEO for Infrastructure and Environmental Services for day-to-day administration and oversight. These departments include Housing and Community Services, Public Library, Integrated Waste Management, the Registrar of Voters, and the newly created Resources and Development Management Department.
- Five departments will report to the Deputy CEO for Government and Public Services for day-to-day administration and oversight. These departments include Social Services Agency, Health Care Agency, Probation, Public Defender and Child Support Services.
- Human Resources will return to separate department status, and will report directly to the CEO.
- The Labor Relations function will be separated from Human Resources and be assigned directly to the Deputy CEO/Chief Financial Officer.
- The Planning and Development Services Department (PDSD) and the Public Facilities and Resources Department (PFRD) will become one agency. The merged agency will become the Resources and Development Management Department.

- The Media Relations Office will be assigned to the Assistant to the CEO.

Benefits of Proposed Changes:

The reduced span of control from 17 to 7 for the County Executive Officer will enable the CEO to focus on long range planning and implementation of Board of Supervisors policy direction. As outlined above, the CEO will rely upon two deputy CEO's for the day-to-day administration and oversight of ten separate agencies.

The Deputy CEO for Infrastructure and Environmental Services and Deputy CEO for Government & Public Services will each have five direct reporting departments. This arrangement will enable more effective direction and management of operating departments. It will also improve communication between these departments and the CEO as well.

The reduction of direct reports to the County Executive Officer will create an environment for more effective direction and management of operating departments. This change also reflects the principles of sound management. It will also enable better coordination and communication in a more expeditious manner.

The recommendation to assign Labor Relations directly to the Deputy CEO/Chief Financial Officer will ensure fiscal accountability. This adjustment mandates close coordination during the development and consideration of our various employee agreements. This change is especially timely since a minimum of ten agreements will be presented to the Board for consideration during the first half of 2004 alone.

As noted above, Human Resources will return to separate department status. This change, along with the reassignment of the Labor Relations function to the Deputy CEO/CFO, will refocus the activities of Human Resources to concentrate on its core responsibilities for recruitment, classification, benefits management, and training. Since the selection and development of the County work force is such a key part of our business, I am recommending that the Human Resources function report directly to the CEO.

The proposed merger of the Planning and Development Services Department (PDSD) and Public Facilities and Resources Department (PFRD) will provide the opportunity for two agencies to realize operational efficiencies that could not be realized as stand alone departments. More importantly, there are a variety of technical issues and

policy issues that will be handled by this single agency in a more proactive fashion. This merger will be conducted in a seamless fashion and will lead to more productive organization for the agency's clients. The merged organization will be named the Resources and Development Management Department.

I am also recommending additional changes to the activities within the County Executive Office that involve reassigning staff to other agencies. In my proposal, the CEO staff member handling Orange County Development Agency activities will be assigned to Housing and Community Services. This is a natural tie since many Housing and Community Services Agency services are provided in coordination with the Orange County Development Agency. Additionally, the Child Care Coordinator position in the CEO will be transferred to the Social Services Agency. This agency has a major role in child care matters given its mandated responsibilities in implementing Welfare to Work. Both reassignments will support the core missions of each agency.

One final change to the proposed organizational chart will be the transfer of the Public Information Officer/Media Relations Office to report to the Assistant to the CEO. We will be working on a variety of programs to expand our communications activities during 2004. For example, the preparation of a newsletter to our staff concerning this reorganization and the latest developments concerning the State budget situation will be released shortly. Additionally, we are working on methods to utilize existing communication tools of the Cities to provide information concerning County services available to our mutual constituencies.

In addition to the organizational changes outlined above, the deletion of 8 vacancies in my office is also part of the recommended actions. The net impact of all of the proposed changes will reflect annualized savings totaling \$513,252. The improved management structure, coupled with the annualized savings, will provide tremendous long-term benefits to the County and its operations.

This proposed structure, upon your approval and implementation, will complement additional management initiatives that I have already implemented. These initiatives include:

Department Management Committee. The formation of a Management Committee composed of eight Department Heads and one representative of the CEO that will meet on a regular basis to address operational and budget issues impacting the organization.

Succession Planning. The CEO has also required that all County Department heads develop a succession plan in order to identify and develop future leadership to address pending retirement and turnover impacts.

County Leadership Academy. The formation of a Leadership Academy is beginning this month. The Leadership Academy will provide a comprehensive and consistent management philosophy, training, and development opportunity for our current and future leaders. This program is meant to work hand in hand with the Succession Planning requirement discussed above.

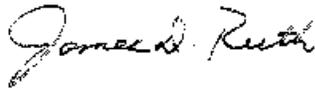
Newsletter. We will establish a regular employee newsletter to inform employees, reinforce County goals, and enhance morale.

This reorganization plan will strengthen the organization by:

1. Enabling the CEO to focus on long range strategic planning and implementation of Board of Supervisors policy direction.
2. Flattening the organization will improve communication and enable more effective direction and management of operating departments.
3. Tightening fiscal accountability and oversight.

I wish to thank your Honorable Board for consideration of the County Reorganization Plan presented to you.

Sincerely,



James D. Ruth
County Executive Officer

Recommended Actions:

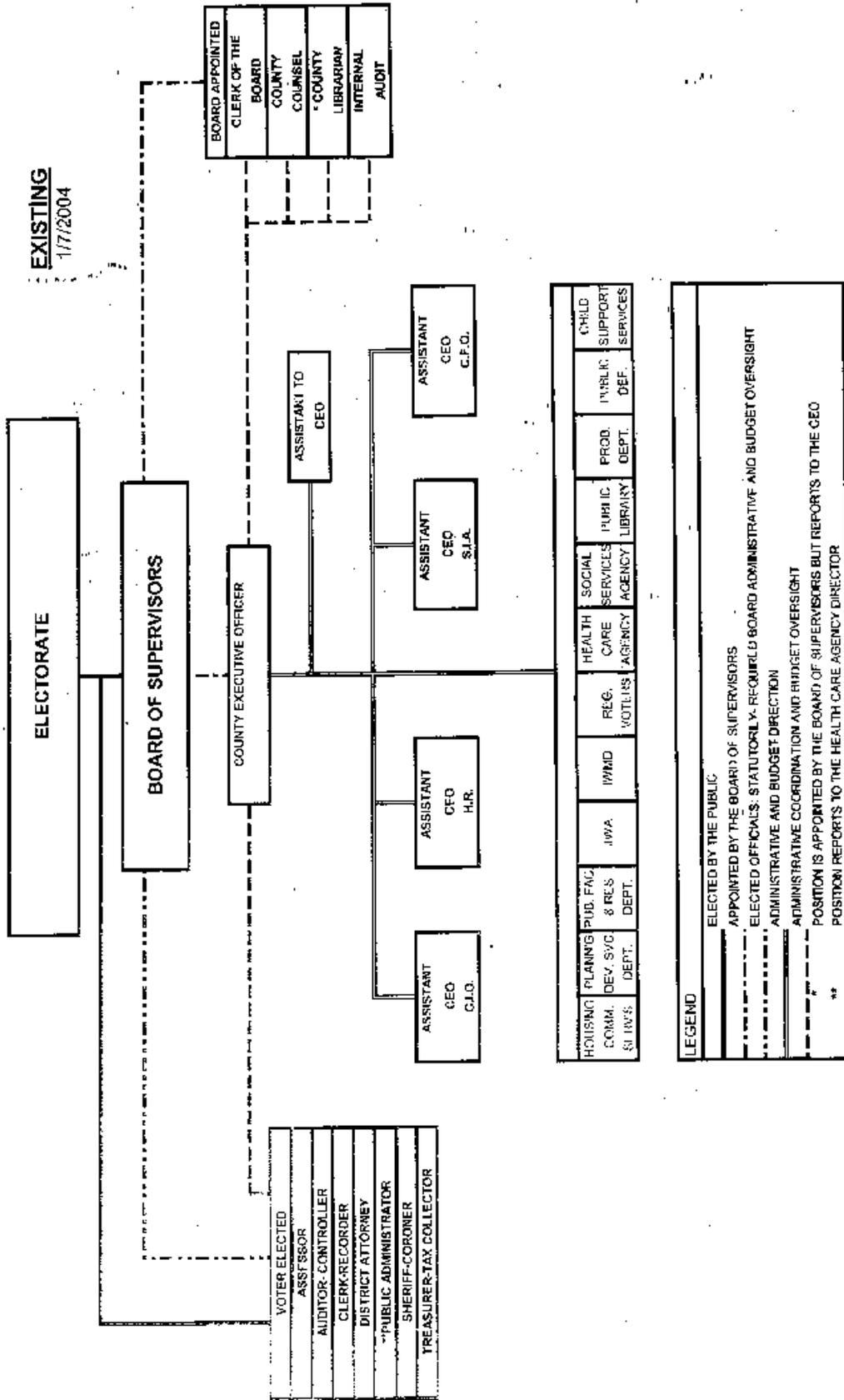
1. Approve the Proposed Organizational Chart for the County of Orange.

2. Approve the attached resolution the resolution enabling the merger of PDSD and PFRD and the creation of the Resources and Development Management Agency.
3. Direct CEO staff to present all necessary budgetary adjustments and the necessary position exchanges to implement the recommended reorganization plan as part of the Second Quarterly FY 2003-2004 Budget Adjustments.

Attachments:

1. Existing County of Orange Organizational Chart
2. Proposed County of Orange Organizational Chart
3. Financial Analysis
4. Resolution

EXISTING
1/7/2004

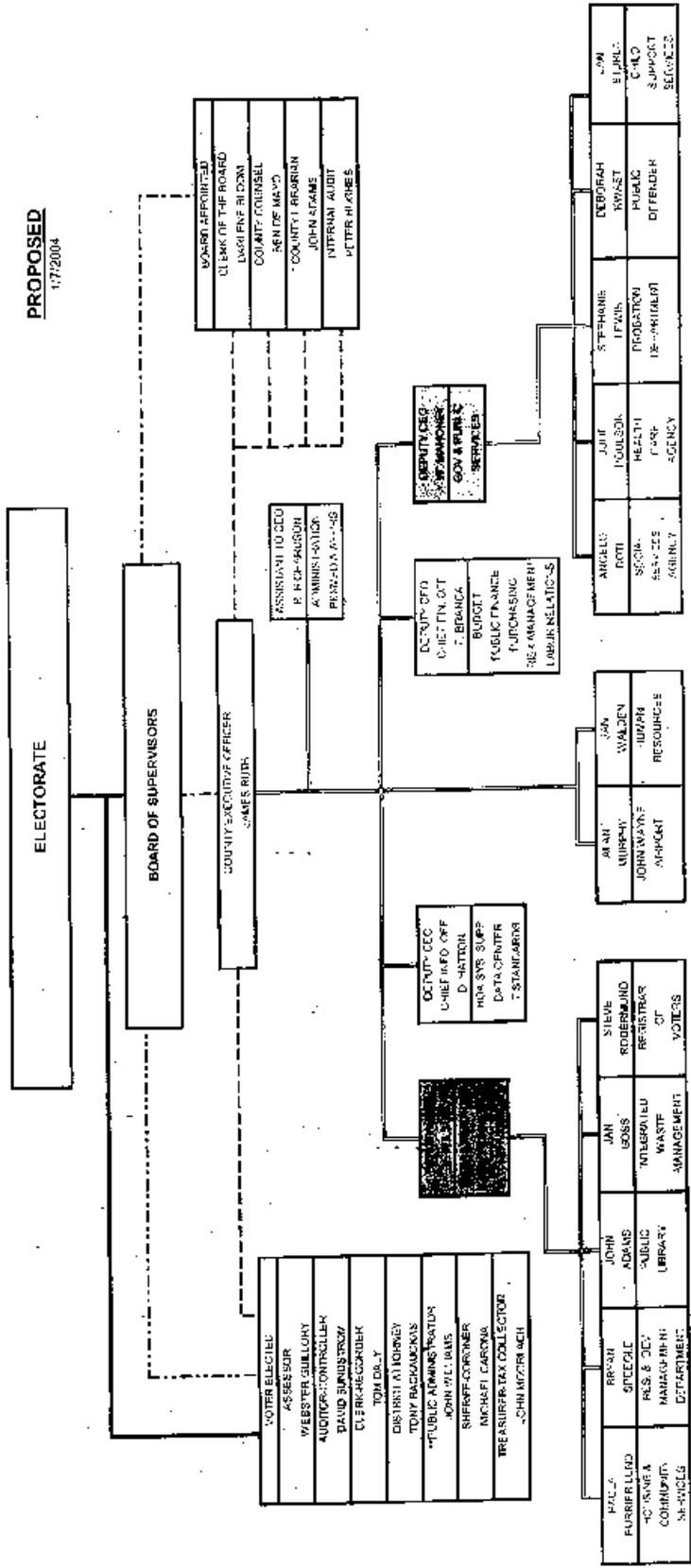


LEGEND

————	ELECTED BY THE PUBLIC
————	APPOINTED BY THE BOARD OF SUPERVISORS
————	ELECTED OFFICIALS: STATUTORILY REQUIRED BOARD ADMINISTRATIVE AND BUDGET OVERSIGHT
————	ADMINISTRATIVE AND BUDGET DIRECTION
————	ADMINISTRATIVE COORDINATION AND BUDGET OVERSIGHT
————	POSITION IS APPOINTED BY THE BOARD OF SUPERVISORS BUT REPORTS TO THE CEO
————	POSITION REPORTS TO THE HEALTH CARE AGENCY DIRECTOR

HOUSING COMM. & INV.	PLANNING DEV. SVC. DEPT.	PUB. FAC. & RES. DEPT.	JWPA	WIND	REG. VOTERS AGENCY	HEALTH CARE AGENCY	SOCIAL SERVICES LIBRARY	PROD. DEPT.	PUBLIC DEF.	CHILD SUPPORT SERVICES
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PROPOSED
1/7/2004



LEGEND

SOLID LINE: ELECTED BY THE PUBLIC

DASHED LINE: APPOINTED BY THE BOARD OF SUPERVISORS

DOTTED LINE: ELECTED OFFICIALS SIX MONTHLY REQUIRING BOARD ADMINISTRATIVE AND JUDICIAL CONSENT

SHADY AREA: ADMINISTRATIVE COORDINATION AND SUPPORT POSITION

STIPPLED AREA: ADMINISTRATION AND SUPPORT POSITION

DIAGONAL LINE: POSITION REPORTS TO THE BOARD OF SUPERVISORS BUT REPORTS TO THE CEO

WHITE AREA: POSITION REPORTS TO THE HEALTH CARE AGENCY DIRECTOR

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3 RESOLUTION OF THE BOARD OF SUPERVISORS OF
4 ORANGE COUNTY, CALIFORNIA

5 January 13, 2004

6 NOW, THEREFORE, BE IT RESOLVED that sections I and II of Resolution No. 96-825 are
7 herewith rescinded;

8 BE IT FURTHER RESOLVED that this Board hereby establishes the Resources and
9 Development Management Department, the Director of which shall be appointed by the County
10 Executive Officer pursuant to Codified Ordinance Section 1-2-64.

11 1. The duties and responsibilities of the Director of the Resources and Development
12 Management Department shall be established by the County Executive Officer. The Director of the
13 Resources and Development Management Department shall perform all of the duties of the Directors of
14 the prior Public Facilities and Resources Department and the prior Planning and Development Services
15 Department.

16 2. The Resources and Development Management Department shall perform all of the
17 functions of the prior Public Facilities and Resources Department and the prior Planning and
18 Development Services Department.

19 3. The Director shall also be the County Director of Transportation.

20 4. Pursuant to section 2006.1 of the Streets and Highways Code, the duties of the Road
21 Commissioner shall be vested in the County Director of Transportation. Any civil engineering functions
22 which are required to be performed by the Road Commissioner shall be performed by a registered civil
23 engineer acting under the authority of the County Director of Transportation.

24 5. The Director of the Resources and Development Management Department shall designate
25 a representative who shall serve as Executive Officer to the Planning Commission of the County of
26 Orange.

27 6. The Planning Agency of the County of Orange, for the purpose of implementing the State
28 Planning and Zoning Law, shall consist of the Orange County Planning Commission and the Resources

1 and Development Management Department. The Board of Supervisors may by ordinance or resolution
2 establish the relationship between the Resources and Development Management Department and the
3 Orange County Planning Commission and, to the extent permitted by law, specify the duties of the
4 commission and the department with reference to the State Planning and Zoning Law, the Subdivision
5 Map Act, and other state legislation.

6 7. The Director of the Resources and Development Management Department shall designate
7 an individual who shall be the Building Official for the County of Orange.

8 8. Enforcement of sections 7-2-3, 7-3-5, 7-5-4, 7-8-51, 7-9-154, 7-9-404, 7-9-510, 7-10-32
9 and any other provisions of the Codified Ordinances of Orange County relating to the enforcement of
10 zoning and land use regulations, building codes and regulations, electrical codes and regulations,
11 mechanical codes and regulations, sanitary sewage systems regulations, oil drilling and production
12 regulations of this County and of the provisions of divisions 1, 2, 3, 4, 5, 8, 9, 10 and 11 of title 7 of the
13 Codified Ordinances of Orange County shall be vested in the Director of the Resources and
14 Development Management Department. Each of these duties, unless otherwise expressly provided, may
15 be performed by the Director or by any other Resources and Development Management Department
16 employee, agent or, where authorized by law, independent contractor directed or authorized by the
17 Director or the County Executive Officer to exercise any of said powers or perform any of said duties.

18 9. Whenever the term "Director of Building and Safety," "Assistant Director of Building
19 and Safety," "Building Official," "Superintendent of Building and Safety" or "Administrative
20 Authority" relating to building regulations have been used in the Codified Ordinances of Orange County
21 or in resolutions adopted by the Board of Supervisors, those terms shall mean the Director of the
22 Resources and Development Management Department.

23 10. This resolution is effective immediately.

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Calculation of CEO Savings: Reorganization and Budget/Position Adjustments:

<u>MERGER OF PDSD AND PFRD:</u>	<u>SAVINGS*</u> <u>FY '03-'04</u>	<u>COST*</u> <u>FY '03-'04</u>	<u>SAVINGS</u> <u>FY '04-'05</u>	<u>COST</u> <u>FY '04-'05</u>
Eliminate one Department Head Position	\$ 93,344.66		\$ 193,785.70	
Eliminate one Executive Secretary	34,543.40		71,637.86	
Upgrade Director		\$ 13,416.25		\$ 27,852.45
<u>REORGANIZATION:</u>				
Add one Deputy CEO		93,344.66		193,785.70
Add one Executive Secretary		34,543.40		71,637.86
Increased Compensation**		20,586.76		42,738.59
<u>BUDGET/POSITION ADJUSTMENTS:</u>				
Fill Vacant Assistant to CEO Position	45,823.14			163,895.26
Delete one SIA Position	73,249.08		143,744.00	
Delete seven positions	205,935.38		603,995.00	
	<u>\$ 452,895.66</u>	<u>\$ 161,891.07</u>	<u>\$ 1,013,162.56</u>	<u>\$ 499,909.86</u>
Net Savings	<u>\$ 291,004.59</u>		<u>\$ 513,252.70</u>	

* Savings and costs associated with the time period 01-09-04 through 06-30-04.

** Increased compensation related to the assignment of additional duties and responsibilities.