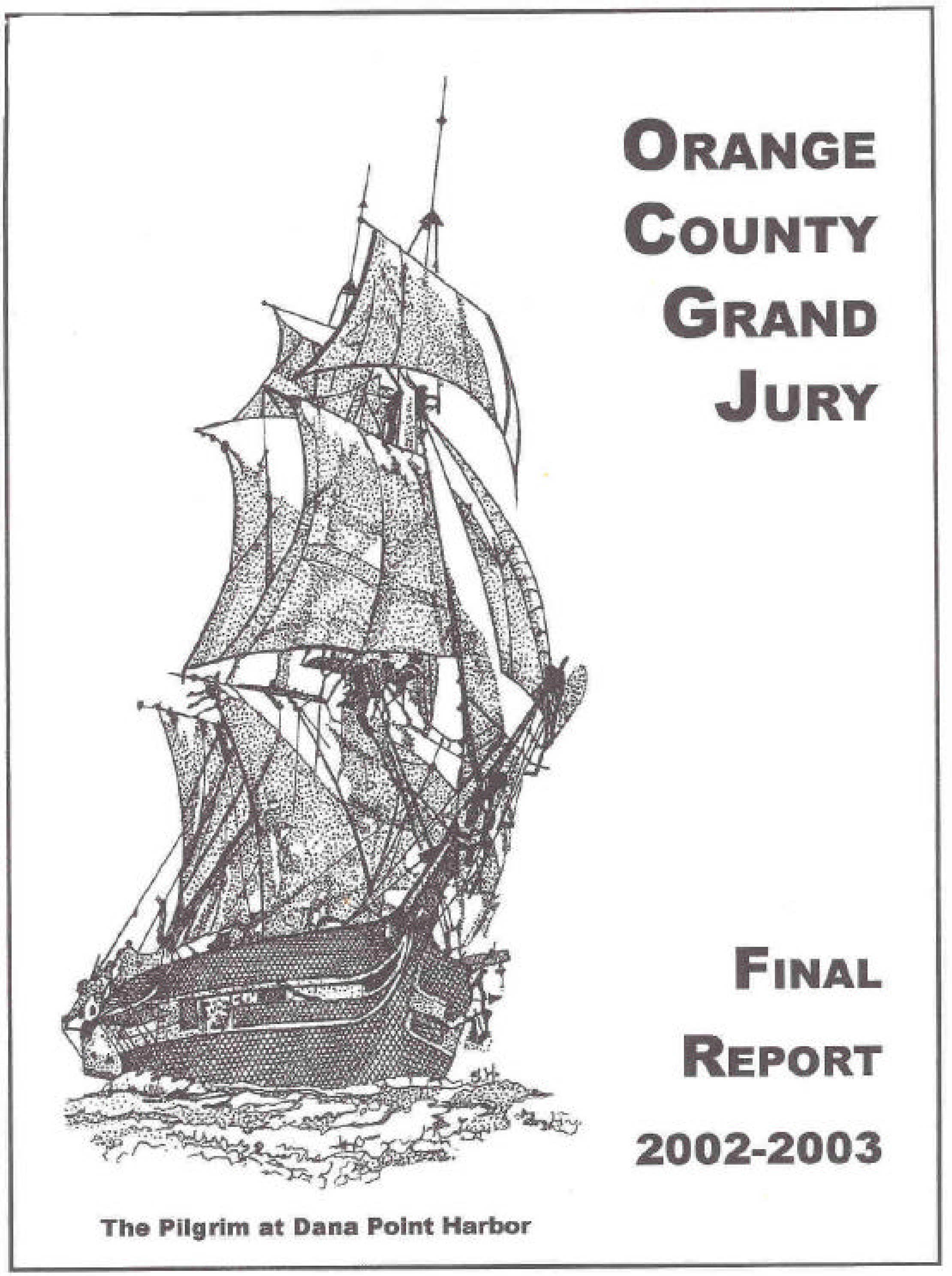

The Pilgrim at Dana Point Harbor

Orange County Government—
In Transition

MAY 21, 2003

ORANGE COUNTY GOVERNMENT—IN TRANSITION

Summary

Orange County government consists of a combination of elected officials—who are, in effect, multiple autonomous centers responsible directly to the voters—and Orange County employees directly responsible to the County Executive Officer (CEO). The programs and tasks to be managed by the Orange County government are diverse. The timing is right for a realignment of the County organization as the Board of Supervisors (BOS) selects a new CEO during 2003. Any new CEO should have proven executive leadership experience in large city management or county CEO management or a combination of private and government experience. The present CEO organization has between 14 and 27 depending upon the source, department, agency heads or staff managers reporting directly to the CEO. A new organization with fewer (six to eight) managers who, are direct reports, could be achieved by reassigning existing qualified senior managers to positions of additional authority to improve the reporting relationships. Two additional areas of concern for consideration in any new Orange County organization are: 1) inconsistent County organizational charts and 2) the public's perception of Orange County government performance.

The California State Association of Counties states that specific county organizations will vary from county to county. There is no absolute organizational model to be followed— but in Orange County there is room for improvement.

Introduction and Purpose

The BOS sets policies for operating the County of Orange. The BOS also has authority over the county budget. The CEO leads several Orange County government departments and agencies to support the BOS by providing comprehensive and timely research, analyses on issues, and procedures to implement these policies. The CEO also formulates, executes, and monitors programs and activities that adhere to the spirit and intent of the Board's directives.[1] The focus of this study is on how the Orange County government operations might be improved by changes in the organization itself which distributes authority and responsibility of oversight to six deputy CEOs.

Method of Study

- Reviewed past and present Orange County organization charts and documents as well as organizational charts of other California cities such as Anaheim and counties such as Marin and San Diego and others.
- Met with CEO staff members, selected department head representatives and County Supervisors to discuss possible approaches to making County organizational changes.

Background

Orange County is the second most populous county in California and the fifth in the nation with over 2.9 million people. Orange County includes 798 square miles of land. One out of every 100 Americans lives in Orange County.[2] The County of Orange County employs nearly 18,000 with a total budget of over $4.9 billion.

The organizational chart of the present Orange County Government is shown in Figure 1 of Appendix A.[3] The organization of Orange County prior to the bankruptcy in 1994 is shown in Figure 2 of Appendix A. The organization chart shown in Figure 3 of Appendix A depicts the 2002 CEO's organization involving a total staff of 205 people as shown in the OC 2002–2003 Budget Report.

CEO Reporting Relationships—In Orange County, the CEO's span of control is currently too broad as represented by Figure 1 of Appendix A. The term *span of control* refers to the number of subordinates who directly report to a single director, manager or supervisor. The number of persons reporting directly to the CEO and running major departments or groups of smaller departments should be reduced from about 20 (some reports refer to 14 while others refer to as high as 27) to a suggested six to eight for more efficient and effective management. The Health Care Agency, Planning, and John Wayne Airport (JWA) department/agency heads have only one person reporting directly to each of them according to recent departmental organization charts. This is not necessarily efficient.

Figure 2 of Appendix A shows the Orange County organization prior to the 1994 bankruptcy. Except for changing the County Administrative Office (CAO) which was a staff position that was converted to the County Executive Office as a line position with more authority. It is essentially the same today. Before 1994, the BOS had all of the department heads reporting directly to them. The post bankruptcy reorganization merely shifted the responsibility to the CEO who ended up with too many direct reports. The CEO has an organization as shown in Figure 3 of Appendix A of 205 personnel with three assistant CEOs in addition to a Chief Financial Officer. The task of managing such a large county falls largely upon the CEO. The next CEO's experience and qualifications for governing comparable size counties or major cities will be key to implementing a new county government.

Agencies with large numbers of personnel involving significant budget expenditures such as the Social Services Agency (SSA) and the Health Care Agency (HCA) should each be led by a deputy CEO and continue reporting directly to the CEO as they are now. A deputy CEO could also be given full authority to act in the CEO's behalf when required. In addition to these two deputy CEOs for SSA and HCA, four other deputy CEOs could be made responsible for groups of smaller departments containing functionally similar departments where possible. Some of the current CEO staff managers can report to one of the Deputy CEOs. A representative example of these agencies and groups is listed below to illustrate how County departments or agencies might be distributed.

Social Services Agency *(Deputy CEO)*

Health Care Agency *(Deputy CEO)*

Public Safety *(Deputy CEO)* – Includes Financial Oversight Activities for elected officials.
District Attorney *
Sheriff-Corner*
Probation
Public Defender
Child Services Agency

Land Use and Environment and Transportation *(Deputy CEO)*
Planning Development Services
Public Facilities and Resources
Integrated Waste Management
John Wayne Airport

Community Service *(Deputy CEO)*
Community Services Agency (Public Administrator***)
Housing and Community Development
Orange County Public Library
Local Redevelopment Agency

Administration *(Deputy CEO)* – Includes Financial Oversight Activities for elected officials.
County Financial Office
Assessor*
Auditor-Controller*
Treasurer Tax-Collector*
Clerk of the Board
Registrar of Voters (ROV)
County Counsel**
Internal Audit**
County Clerk-Recorder*
Information and Technology
Human Resources
Strategic & Inter Governmental Affairs
Grand Jury **

Notes:
* Elected Officials: Statutorily-Required BOS Administration and Budget Oversight.
**Administrative Coordination and Budget Oversight Responsibility.
*** Elected Officer

Currently the County of San Diego and the City of Anaheim employ similar organizational structures to manage their entities.

An organization with these six deputy CEOs would be directly responsible to the CEO for day to day operations or financial oversight, and carrying out BOS policies in their areas of responsibility. Monthly and special meetings by the CEO with all six deputy CEOs, agency heads, department heads and all elected officials (excluding the BOS) within the County government could be held to establish the style of the CEO leadership and to pass on policy from the BOS. The CEO would use the monthly meetings for the dissemination of information. All senior management personnel should have a forum to be heard no matter where they fit in the organization. A new CEO needs to establish the style of management to take advantage of inter-departmental synergism. However, department heads need some freedom to have one-on-one discussions with the CEO. Information and policy is passed on in large meetings, but the detailed work gets done in smaller groups.

The six deputy CEOs would be held responsible for their groups of departments and personnel, budgets and expenditures, and variances of expenditures compared to budgets. They would then report program and department status, actions, and problems, along with recommended solutions to the CEO. The goal is not to increase the number of layers of management, but rather to distribute and balance areas of responsibility with the existing number of employees or budget levels.

Inconsistent Organization Charts—Differences in current organizational charts lead to confusion as to roles, assignments and responsibilities. The current organization charts are often different from what is published in various “official” documents, in the County phone books or on the County government web site. Some departments appear to report, as in Figure 1 of Appendix A, to a “box with a title” but with no person assigned within the box, i.e., Public Protection, Community Services, Infrastructure and Environmental Resources and General Government Services. In reality each of the departments or organizations below this level reports directly to the CEO. In order to retain control of the organization and personnel changes all organizational charts need to be administered by one group or person and approved and dated by the BOS, CEO or other elected official.

Public Perception of Orange County Government—The perception of good performance by the County government was measured recently by the Public Policy Institute of California (PPIC) Statewide Survey[4] performed during November, 2002. The Orange County government received an excellent or good rating from 42 % of Orange County residents. Fifty-eight percent of those residing within incorporated areas believe that their city governments are doing an excellent job. When it comes to fiscal efficiency, 81% of county residents say that Orange County wastes “some” of the taxpayer’s money. This detailed survey paints an image of a County government that can use improvement. Many Orange County managers feel that their departments are currently doing a great job and are possibly the best in the state. This may, in fact, be true in many cases, but the public’s perception is not consistent with their perspective. The public forms a perception about the County from the performance of the organization and individuals in County government. This perception is a reality to the public. An organization with improved management oversight in the County may also improve the County image to its residents.

Findings

Under *California Penal Code* §933 and §933.05, responses are required to all findings. The Orange County 2002-2003 Grand Jury arrived at four findings:

1. The selection of a new Orange County CEO with proven executive leadership experience is key to successful management of the Orange County government.

2. The County Executive Officer has too many department managers reporting directly to the office to manage Orange County efficiently and effectively. In turn some of these department managers have but one direct report, excluding staff positions.

3. OC department and agency organization charts and information appearing in different reports and on the County web site are inconsistent and do not always reflect the Orange County government organization as it is operating.

4. Organization charts are not uniform or consistent from department to department nor are they signed, dated and approved by the CEO, BOS or the appropriate managers in authority, nor are they regularly maintained with an up-to-date status.

Responses to Findings 1-4 are required from the Board of Supervisors.

Recommendations

In accordance with *California Penal Code* §933 and §933.05, each Recommendation must be responded to by the government entity to which it is addressed. These responses are to be submitted to the Presiding Judge of the Superior Court. Based on the findings, the 2002-2003 Orange County Grand Jury recommends that:

1. The Board of Supervisors authorizes a management consultant team to ascertain a more efficient way to organize Orange County government and consider the following: (Finding 1-4)

2. Hiring a CEO with experience as a city manager of a large city or county government with or without private sector executive management experience. That person should be able to delegate authority, properly motivate personnel, and relate to key political interfaces at county and state level. (Finding 1)

3. The CEO organization's direct reports need to be reduced from the current number to no more than six or eight. (Finding 2)

4. The County government organization needs to be realigned so that executive managers at all levels have more than one, but no more than six to eight direct reports. (Finding 2).

5. Prepare all Organization charts in a consistent manner (to a county standard configuration) from department to department and have them approved and dated by the BOS, CEO or elected official to maintain control of the organization. (Finding 3).

6. Designate someone within the CEO staff to maintain a set of organization charts and personnel assignments and clarify roles and responsibilities, *as approved* by the BOS for all county departments, agencies and elected officials. (Finding 4).

Responses to the Recommendation 1 through 6 are required from the Board of Supervisors.

APPENDIX A: Referenced Figures

Figure 1. Current Orange County Organization (2002).

Figure 2. Orange County Organization before the Bankruptcy (1994).

Figure 3. Current Orange County CEO Staff Organization.

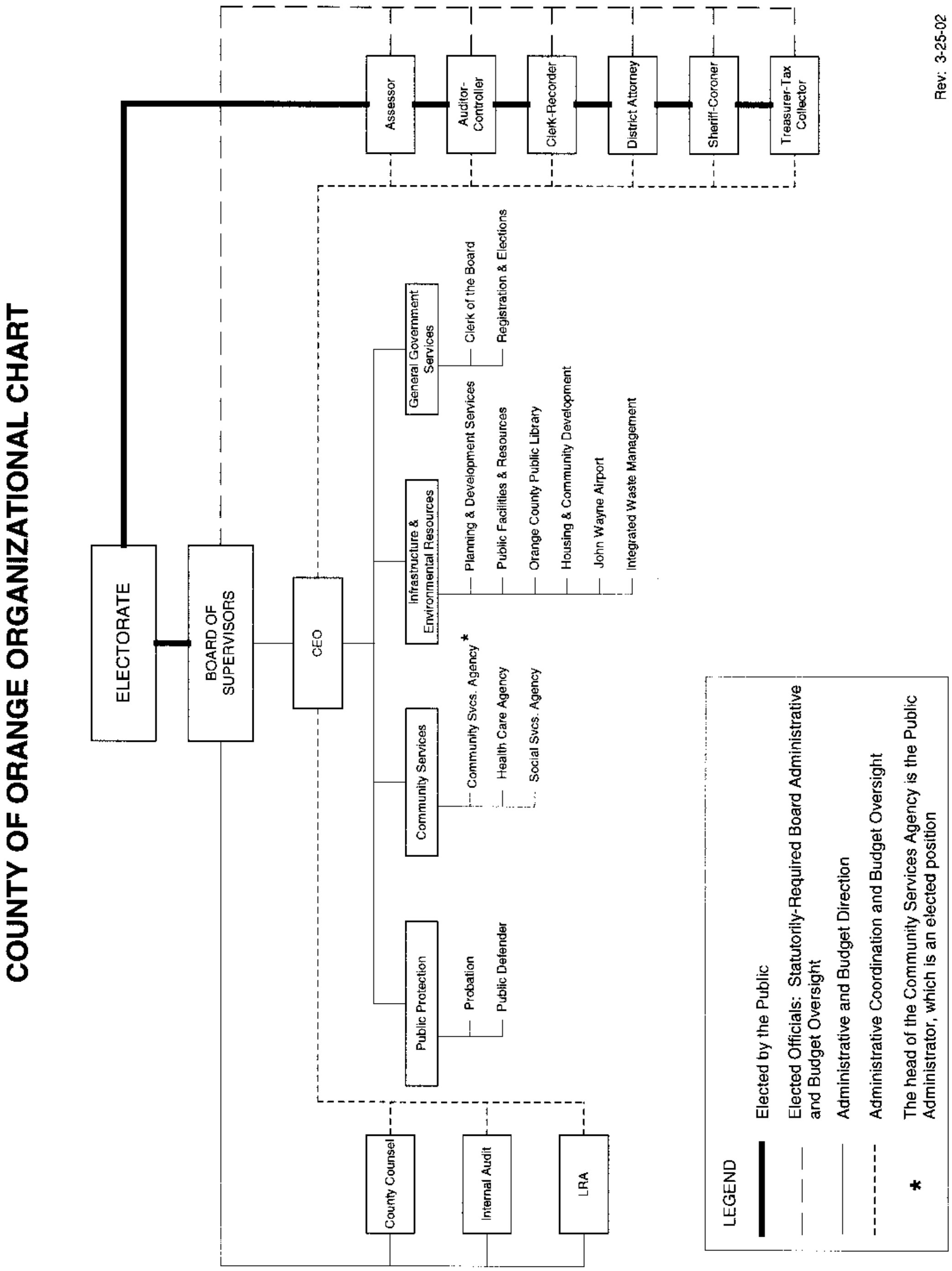

Figure 1 Current Orange County Organization (2002)

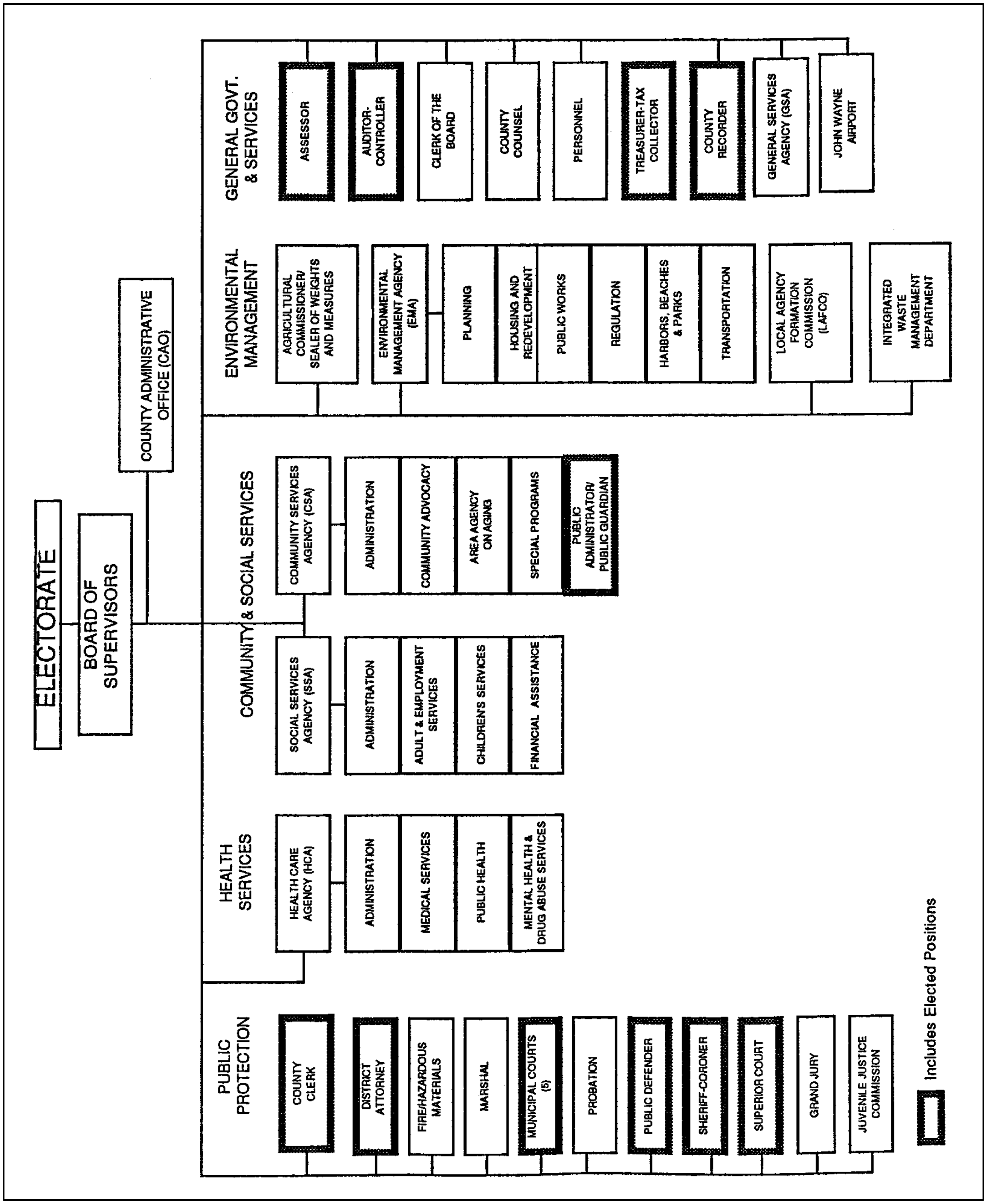

Figure 2 Orange County Organization before the Bankruptcy (1994)

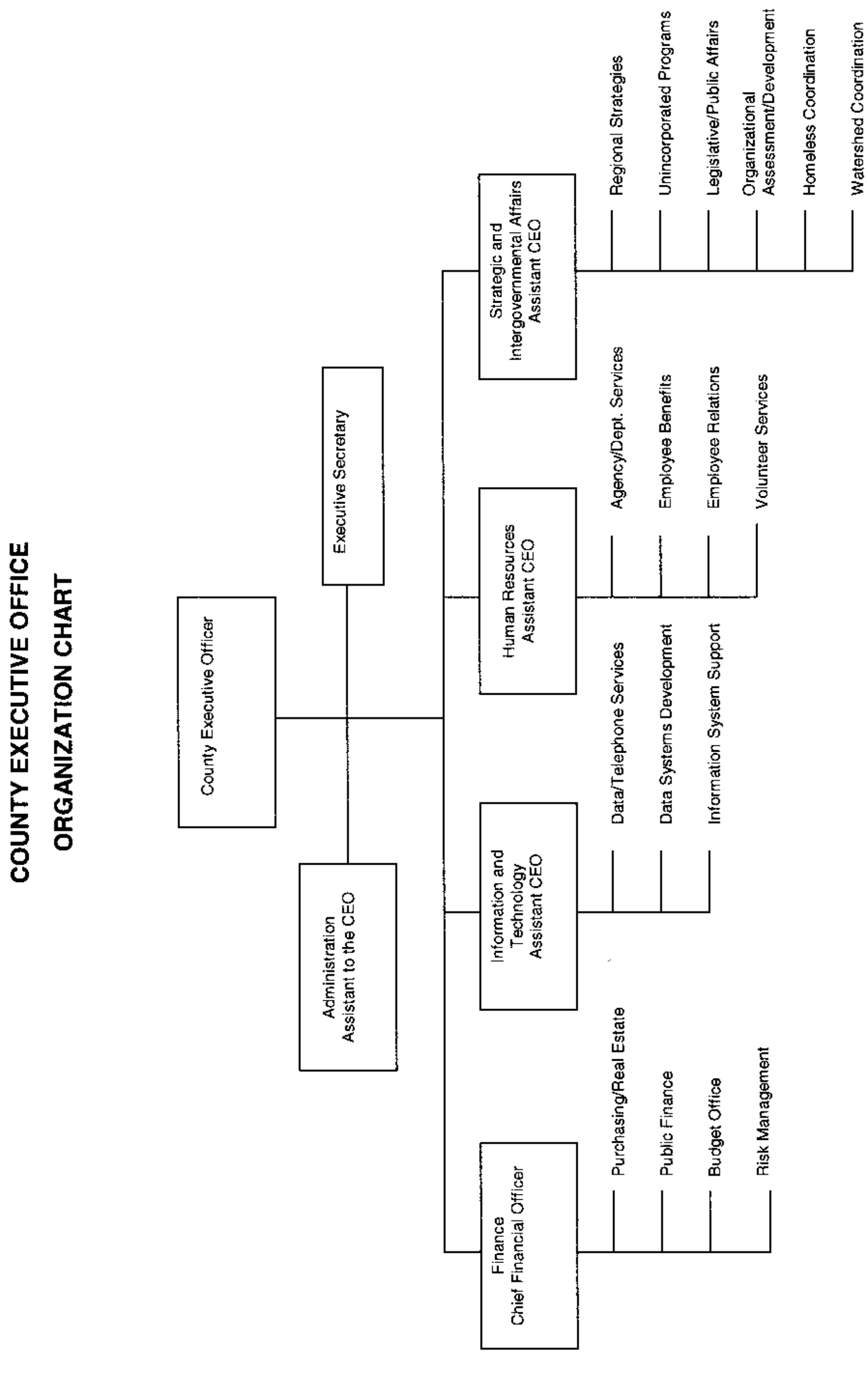

Figure 3 Current Orange County CEO Staff Organization (2002)

Endnotes:

[1] County Executive Office Business plan for 2002, by Michael Schumacher Ph.D. CEO; March 2002

[2] County of Orange Strategic Financial Plan, 2002.

[3] Orange County Government Organization Chart provided by the CEO on December 6, 2002.

[4] Public Policy Institute of California (PPIC); special survey of Orange County in collaboration with the University of California in Irvine, CA, and released in December 2002.