

COUNTY OF HUMBOLDT

AGENDA ITEM NO.

M-2

For the meeting of: August 23, 2016

Date: July 21, 2016
To: Board of Supervisors
From: Amy Nilsen, County Administrative Officer *AN*
Subject: General Services Department Reorganization

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive the staff report on the General Services Department reorganization; and
2. Accept the County Administrative Officer and Public Works Director's recommendation not to implement the departmental reorganization plan to create a General Services Department.

SOURCE OF FUNDING:

1100 General Fund, 3500 Motor Pool Fund, 3550 Information Technology Fund, and 3555 Central Services (Purchasing) Fund

Prepared by Amy S. Nilsen CAO Approval *Kathie Hayes*

REVIEW: Auditor _____ County Counsel _____ Human Resources _____ Public Works *(M)*

TYPE OF ITEM:

Consent

Departmental

Public Hearing

Other _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
 Upon motion of Supervisor *Fennell* Seconded by Supervisor *Sundberg*

Ayes *Sundberg, Fennell, Lovelace, Bohn, Bass*
 Nays _____
 Abstain _____
 Absent _____

PREVIOUS ACTION/REFERRAL:

Board Order No. H-1
Meeting of: 2/9/16

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: *Aug. 23, 2016*
By: *Kathy Hayes*
Kathy Hayes, Clerk of the Board

DISCUSSION:

On February 9, 2016, as part of its Mid-Year review of Fiscal Year 2015-16, the County Administrative Office (CAO) brought a report to the Board of Supervisors that included proposals for departmental reorganizations. One reorganization plan was to re-form the General Services Department. This proposed reorganization includes Motor Pool and Facilities Management separating from Public Works, and Information Technology (IT) and Purchasing separating from the County Administrative Office (CAO) to form the General Services Department. After the Board's discussion at this meeting, staff was directed to discuss these changes with the affected department heads and to bring a recommendation back to your Board.

As a result of discussions with affected department heads and staff the following benefits and drawbacks were identified in creating a General Services Department.

BENEFITS:

Internal Service Fund Charges:

Programs that provide specified services to the county, and typically not to the public, are categorized in an internal service fund (ISF). ISFs provide services for other county departments on a cost for service basis. The services performed are charged to the using department. ISFs are an accounting entity and can be compared to an individual bank account.

Motor Pool, IT and Purchasing are all in separate ISFs. A new ISF for Facilities Management will need to be created, whether your Board pursues the creation of the General Services department or not. A recent county audit recommended placing Facilities Management in its own ISF.

Assessing and determining ISF charges can be cumbersome and requires a significant amount of attention to detail in order to capture all costs and accurately redistribute those costs equitably to all county departments. Centralizing the four ISFs (Motor Pool, Facilities Management, IT and Purchasing) would benefit the county by enabling county staff to focus on comprehensively assessing ISF charges to county departments. The ISF charges could potentially be simplified as there may be a single General Services Department charge for the services provided by the reorganized ISFs.

Focus on Internal Services:

Another benefit to creating a General Services department would possibly allow for increased attention and focus on customer service, cost recovery and process efficiencies. Each of these county-centric functions is currently part of a larger department. This means there is a possibility of losing sight of the vital role these functions play in the day-to-day operation of the county as they may be overshadowed by larger interests. By removing these functions and creating a General Services department, a new General Services Director would possibly be able to work more effectively at process improvements and service enhancements.

DRAWBACKS:

Motor Pool and Facilities

Motor Pool and Facilities are both a part of Public Works. At the February 9th Board meeting, Public Works Director Tom Mattson expressed concerns Motor Pool and Facilities Management staff had shared with him regarding the proposed General Services Department. Director Mattson stated that Motor Pool and Facilities Management are supported by other Public Works staff members who, while working together, complete many vital and varied tasks for all county departments. Mattson stated that it is the responsibility of these employees to operate, create and maintain systems and that this work-type best fits within the Public Works Department. In addition, Facilities Management staff on June 21, 2016 submitted a letter (Attachment 1) to the CAO expressing their concerns.

It should also be noted that Motor Pool is grouped as part of Fleet Services and works in conjunction with Public Works' Heavy Equipment unit. With any General Services reorganization plan, it would be difficult to separate the combined services provided by Motor Pool and Heavy Equipment. Staffing is shared among Motor Pool and Fleet Services with supervision provided by an Equipment Superintendent allocated to Heavy Equipment. Splitting Motor Pool and Fleet Services would most likely result in adding additional staff in order to provide appropriate levels of supervision.

Motor Pool and Facilities Management also use the same cost accounting system that maintains records of day-to-day operations. This program is currently used by and maintained by the Public Works Department. Separating out Motor Pool and Facilities Management from this cost accounting system would inhibit its ability to recover its costs or appropriately charge departments for the services provided.

Director Mattson recommends that Motor Pool and Facilities Management remain as part of the Public Works Department.

Information Technology and Purchasing

IT and Purchasing are currently a part of the CAO. IT and Purchasing staff were interviewed and staff from both teams expressed concerns. Both teams expressed concern about losing the broad perspective that working in the CAO affords them. By being exposed to a broader county picture this is beneficial for long-term strategic planning for IT investments and process improvements for Purchasing. Both teams expressed if they were reassigned to the General Services Department, they would lose the support of the CAO and this support is necessary when performing their responsibilities, particularly when enforcing Board adopted policies such as the Purchasing Policy.

More specifically, IT provides a significant function in every county worker's day and the need for additional technological services is likely to only increase in the coming years. To be able to complete their tasks most effectively, IT feels that their office, and the county as a whole, is best served when they are a part of the CAO team. The CAO is able to support and effectively advocate for resources necessary to provide technological improvements. Any change in the way that IT operates could lead to higher costs to departments (increased overhead) and delay efforts to accommodate their ever-changing obligations for these essential technical supports. In addition technology needs (which are rapidly changing) and planning are very different from the other functions proposed to be included in a General Services department.

Pursuant to Government Code section 25500 et seq. the Humboldt County Board of Supervisors employs a Purchasing Agent. "The Purchasing Agent, who shall have powers and duties of County purchasing agent as prescribed by law, this Code and any other resolutions and orders of the Board of Supervisors, shall be the County Administrative Officer or his/her designee" (Humboldt County Code section 245-1). The County Administrative Officer has designated the Purchasing Team to make or facilitate the purchases of goods and services required by county departments. This relationship with the CAO enables Purchasing to work with the Management and Budget Team on requests for proposals, departmental budget monitoring, process improvements and purchasing policy considerations. If your Board chooses to move Purchasing to a General Services department this mutually beneficial relationship will be hindered and will likely stall significant process improvements in the Purchasing system. In addition, County Code would need to be amended to remove Purchasing from under the auspices of the CAO.

County Administrative Officer Nilsen recommends that IT and Purchasing remain as part of the CAO.

Overhead

Increased overhead is also a potential drawback. By creating a General Services department this would entail hiring an additional department head and the necessary support staff. This would add additional costs to all county departments through their ISF charges. Both the CAO and Public Works departments do take care to limit increases to departments during every budget cycle. However, with the advent of a General Services department charges to departments would likely increase as a result of the additional staffing structure needed to administer these functions. Increases could be in excess of \$200,000 for an additional department head and support staff.

The Board's direction for this reorganization proposal was to confer with the department heads that would be impacted by re-forming the General Services Department. Upon discussion with these department heads and subsequent interviews and communications with staff, the indication is these functions are currently completing work capably within the current department configurations and that no change is necessary. The County Administrative Officer and the Public Works Director's recommendation at this time is to not implement the creation of a General Services Department.

FINANCIAL IMPACT:

With acceptance of the recommendation to not go forward with the General Services Department reorganization, there are no additional financial impacts to the county General Fund or to any of the departments involved with this proposal. All costs associated with these departments will remain unchanged as adopted in the FY 2016-17 county budget.

This supports your Board's Strategic Framework, Priorities for New Initiatives by providing community-appropriate levels of service and managing resources to ensure sustainability of services.

OTHER AGENCY INVOLVEMENT:

County's Public Works Department, Information Technology, and Purchasing provided information for this report.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose to create a General Services Department and move Motor Pool, Facilities Management, Information Technology, and Purchasing to this new department. This is not recommended at this time.

ATTACHMENTS:

Facilities Letter

RECEIVED

JUN 30 2016

June 21, 2016

To whom it may concern,

CAO

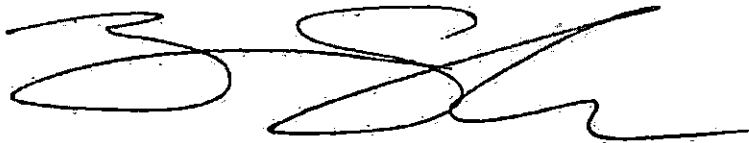
This letter is in regards to the proposed re-organization of the Facilities Management Division under a newly formed General Services Department. As the Facilities Maintenance Supervisor for the County of Humboldt, I adamantly oppose the suggested move of Facilities Management from the Public Works Department to the prospective General Services Department. Below I have outlined reasons why this move would prove to be a detriment to my department as well as the County of Humboldt as a whole:

- It seems self-explanatory that Divisions with similar functions as well as missions should remain under the same umbrella. Facilities Management works closely with Roads, Parks, and the Airport Service Workers (all divisions and employees of Public Works) as each of our divisions share the functions of maintaining and constructing county owned infrastructure. Often times our individual departments provide mutual support and reinforcement with manpower and/or tools to complete projects within the county. Removing any one of these divisions from the family of Public Works would make these types of mutual assistance very convoluted as well as difficult to achieve.
- The Facilities Management Division has been bounced around the County since it was founded and never really found a suitable home until it was moved under Public Works over a decade ago. Facilities has been a standalone department, under the CAO's Office, under Administrative Services, and under a similar General Services Department proposed to the board. None of these departments reflected the primary mission for Facilities and all proved to not be the proper fit as leadership failed to realize the responsibilities and objectives placed upon the division. One of the primary responsibilities and chief missions for the Department of Public Works is to manage, maintain, and construct critical county owned infrastructure. This directly correlates with the primary objectives required of Facilities Management (I.E. maintaining and managing County owned and leased buildings).
- Tom Mattson has a clear understanding of the direction Facilities must take in order to revitalize and breathe life into our aging facilities and prevent them from encountering further deferred maintenance and deterioration. With that said he is one of the department's strongest advocates as well as a good director, providing us support and leadership. I fear that moving facilities under any other department would be a tremendous set back as we would lose a director that has clear vision and could potentially place the department under leadership less experienced with the County of Humboldt strategic framework which supports our core roles of providing for and maintaining county infrastructure, creating opportunities for improved safety and health, and protecting vulnerable populations.
- With the hiring and retention of qualified staff with strengths that reflect key disciplines within the construction trades; the adoption of goals, procedures, and processes; training and extended education to our employees; as well as the sound and solid leadership Public Works provides; Facilities Management has been able to provide quality service, construction oversight, as well as general and preventative maintenance to over one hundred county owned or leased properties (including three correctional facilities and a mental health location) with a shoe string budget and limited staff resources. We are a very proud crew and it shows in all that we do. Any disruption in departmental leadership is sure to set facilities back for many years to come.

- My fear is that under new leadership the division will be placed with other departments that share very few similarities in goals, missions, and objectives. That said, my concern is that we will have a director that fails to understand the responsibilities and objectives set for this department. In essence a director must understand and be well versed in the objectives placed upon the departments they oversee and it would be hard pressed to find someone who has a firm understanding of each of the individual disciplines set to be placed under the proposed General Services Department.

In closing I feel that any proposed relocation of Facilities Management from Public Works to any other Department would be a major detriment to the Department as well as the County Employees, the people who are staying or incarcerated in one of our County facilities, as well as the public we serve. Essentially if it isn't broke why try to fix it? Facilities has found a home under Public Works and any proposed change is simply unnecessary and fails to serve in the best interest of the department, tax payers, and the county we serve.

I have invited other members of the Facilities Management Division to sign this letter below to show their support for our department remaining under the Department of Public Works.

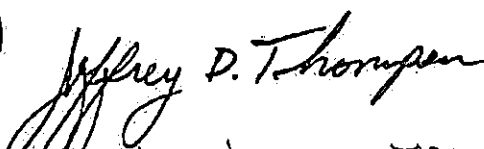
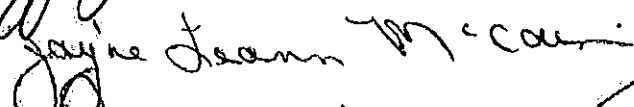
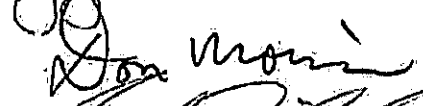



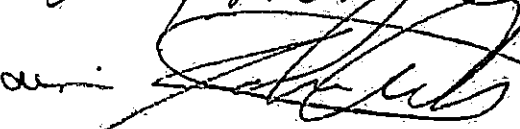
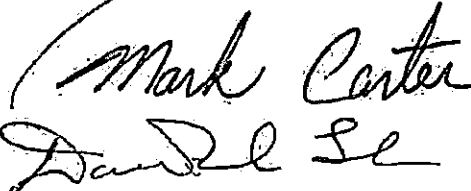


Thank You,

Travis I. Smith
 Facilities Maintenance Supervisor
 County of Humboldt -- Department of Public Works – Facilities Management Division

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