



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
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June 9, 2011

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: William T Fujioka
Chief Executive Officer

THIRD PROGRESS REPORT ON COUNTY EFFICIENCY INITIATIVE

The Chief Executive Office launched the countywide Efficiency Initiative in May 2009 to help address the County's serious fiscal situation due to the overall economic downturn and significant funding reductions. The Efficiency Initiative Website went live in November 2009 to share ideas and projects across departmental boundaries to monitor the progress of all efficiency projects underway, and to track real dollar savings as well as cost avoidance.

On March 10, 2010, this Office reported the Initiative's progress to your Board, including the achievement of an estimated \$132.0 million in annual savings. On September 15, 2010, this Office reported that the annual savings realized by departments had grown to \$155.0 million. The savings estimate has now reached \$218.0 million as a direct result of departments' diligent efforts. Listed below are the additional accomplishments the County made since the September 2010 report to further reduce cost and increase operational efficiency.

Additional Savings from Existing and Ongoing Efficiency Projects

- The Department of Health Services (DHS) on-going efforts to standardize drug formulary options and improve inventory management have yielded \$87.8 million in savings, compared to \$58.4 million reported in March 2010. The Department of Public Health (DPH) also saved \$7.5 million through this effort.

"To Enrich Lives Through Effective And Caring Service"

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- The Department of Public Social Services (DPSS) has successfully transitioned General Relief participants to Supplemental Security Income and is raising their net savings estimate from \$9.4 million in September 2010 to \$13.2 million.
- The Department of Mental Health (DMH) efforts to reduce costs associated with the provision of medication to indigent clients by increasing coordinators and expansion of industry-sponsored patient assistance programs has achieved \$6.1 million in net County cost (NCC) savings, from \$4.9 million last year.
- The Internal Services Department (ISD) began implementing Phase II of the Zero Usage Project, disconnecting unused telephones, faxes, data lines, as well as eliminating unused voicemail services. Actual annual savings thus far is over \$723,000. As previously reported, Phase I generated over \$4.0 million in savings.

Other Efficiency Projects

- The Assessor has implemented an imaging system to electronically capture Business Property Statements and associated documents, which is estimated to save \$6.8 million over the next seven years.
- DPSS realized \$863,000 in savings through close monitoring of printing expenditures, limiting specialized mass printing, and adopting the use of electronic distribution for various documents.
- DHS renegotiated behavioral health organization contract rates, reducing costs by \$620,000 annually.
- The Registrar Recorder/County Clerk implemented a new overtime approval procedure and reduced their overtime budget by \$489,000.
- The Child Support Services Department (CSSD) consolidated their customer service lobbies, saving \$480,000 annually.
- The Department of Beaches and Harbors discontinued its inspection agreement with a third-party contractor and is now conducting inspections with its own staff in Marina del Rey, saving \$240,000 annually.

- The Community Development Commission (CDC) has implemented 45 percent of their five-year computer server virtualization strategy, which is estimated to save \$216,000 annually.
- CDC is also replacing traditional phone lines with Voice-over-Internet-Protocol (VoIP) services in all of their offices, which will save \$200,000 annually beginning 2011-12.
- The Department of Human Resources (DHR) converted the County Digest publication to an online only version, saving \$160,000 annually.
- CSSD replaced security guards with security doors and other automated mechanisms, realizing a cost savings of \$150,000 annually.
- DMH reviewed their cellular device usage, cancelled over 150 cell phones, moved users to more appropriate plans and eliminated unneeded features, saving \$150,000 annually.
- DPSS collected all unused pre-metered envelopes and returned them to the postal service, resulting in a credit of \$95,000.

Employee Suggested Ideas

The Efficiency Website continues to receive ideas submitted by County employees. As of May 31, 2011, 576 ideas have been received. This Office will continue to forward potential efficiency ideas to departments for consideration and possible implementation, and ask departments to reflect those adopted for implementation in their regular website updates.

Efficiency Website Enhancements

Additional improvements to the Efficiency Website are scheduled to go live by the end of June 2011, with the assistance of ISD. These enhancements will provide departments the ability to submit updates to individual projects more conveniently, calculate departmental savings automatically, allow better tracking of employee idea implementation, and provide the ability to run departmental as well as countywide reports.

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This Office will continue to work with departments and pursue cost-saving efficiency ideas. County departments deserve great credit for embracing this initiative with uncommon dedication and creativity. Their diligence has assisted the County in avoiding otherwise painful service curtailments and cutbacks. Please let me know if you have any questions, or your staff may contact Ellen Sandt at (213) 974-1186 or esandt@ceo.lacounty.gov, or Martin Zimmerman at (213) 974-1326 or mzimmerman@ceo.lacounty.gov.

WTF:EFS
MKZ:FC:ib

c: All Department Heads
Economy and Efficiency Commission
Quality and Productivity Commission
Efficiency Initiative Contacts
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