

**SAN MATEO COUNTY
DEPARTMENT OF HOUSING
MANAGEMENT REVIEW**

March 28, 2007

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EXECUTIVE SUMMARY

In December 2004, the Board of Supervisors accepted a report from the Board Housing Committee recommending the creation of a Department of Housing. The former Office of Housing, a division within the Human Services Agency, would be absorbed into the new department, except for the Center on Homelessness, which would remain in HSA. The new department would augment the County's existing federally funded affordable housing programs by applying new resources and leadership to countywide housing challenges. The County formally established the Department of Housing in January 2005, which began its first fiscal year of operation as a separate department in July 2005. In August 2005, a new Director of Housing was appointed. The Director requested a baseline business system evaluation and volunteered Housing to be the pilot department for the County's Performance Audit/Management Review initiative. The Department has a budget of \$79 million with 66 positions.

The following sections of this report provide an overview of the Department Housing; report themes and review areas identified during management interviews and employee focus groups; summarize benchmarking and best practice research results; analyze what's working and where improvements can be made; and make recommendations for change and improvement in three key review areas:

- (1) General Management
- (2) Business Systems
- (3) Communications

The success of any newly created organization depends highly on its management's ability to lead its employees and other stakeholders towards a shared vision, mission, goals and objectives. While the new department is charged with overseeing the County's affordable housing efforts, including the Housing Authority and Housing and Community Development, the Authority continues to operate independently in terms of its own management and support systems, personnel and fiscal policies and procedures. The differences in operating the Authority have resulted in a great deal of management inefficiencies due to the use of multiple systems, policies and procedures. The lack of integration also creates barriers to collaboration and teamwork among Housing staff, limiting opportunities to cross-train and implement succession planning efforts to address staff turnover and retirements. The lack of integration ultimately impedes the Department's ability to operate efficiently and to maximize economies of scale and other opportunities to allocate limited resources toward one of the top priorities of county residents.

Integration Issues and Benefits

The Findings and Recommendations sections provide specific issues and recommendations regarding the need for Housing Authority integration with County systems. While there are significant legal and personnel issues and costs associated with integration, which need more in-depth study and analysis, the major benefits of integration include:

- Increased opportunities to optimize the use of federal Housing and Urban Development (HUD) funding to address specific housing needs of county residents through collective efforts of Housing Authority and HCD staff
- Management's ability to operate efficiently without duplicative systems, policies and procedures
- Succession planning through increased cross-training and promotional opportunities for staff
- Economies of scale through use of County agreements with support departments, vendors and suppliers

Recommendations - Estimated Completion and Costs

A summary of recommendations, estimated completion dates and additional costs can be found in Attachment E. The Department will use existing staff resources, augmented with support from other County departments, to implement the recommendations. One-time costs of \$820,000 have been identified, the majority of which are related to integration efforts, including consolidating all employees in one location, upgrading technology infrastructure and website, and exploring the migration of Housing Authority employees and management systems to the County. The Department can utilize its Reserves for most of the costs, but requires one-time General Fund support of \$350,000 for some office consolidation costs and feasibility studies related to Housing Authority integration. Ongoing costs and funding considerations related to integration will be identified once the feasibility studies have been completed.

INTRODUCTION

A Performance Audit/Management Review Initiative was launched in late 2005 by the Board of Supervisors, with the principal objective of enhancing performance and increasing efficiency, including but not limited to the development of operational improvements and the generation of additional revenue and/or cost savings for the County. The initiative seeks to improve performance and increase efficiency through the broadening of existing performance audits and program reviews.

Further, the Initiative has two additional objectives. One is to provide skill-building opportunities for staff as part of the County's succession planning activities. The second is to enhance collaboration, teamwork and communication among staff in the County departments involved in the reviews. These objectives are outlined in the Performance/Management Review Initiative document titled *General Framework*, December 19, 2005. The General Framework is included as Attachment A.

On January 11, 2005, the Board of Supervisors established a new Department of Housing to heighten the County's focus on affordable housing needs throughout the county. Prior to the creation of the new department, the Office of Housing was a division within the Human Services Agency. In August 2005, a new Housing Director was appointed who, by early 2006, had worked with County Human Resources to reorganize the department's structure to form and hire a new management team, including a Deputy Director and Financial Services Manager who would oversee operations and finances for the new department.

The Department of Housing includes three major functions: the Housing Authority, Housing and Community Development (HCD), and Finance and Administration. Management and HCD employees are County employees. The Housing Authority is a separate, independent agency and its staff are currently not County employees. The governing body of the Housing Authority is the Housing Board of Commissioners. In San Mateo County, similar to other jurisdictions, the Board of Supervisors serves as the Housing Board of Commissioners.

The timing of the Performance Audit/Management Review Initiative launch coincided well with the formation of the Department of Housing and its management team. The Housing Director recognized the opportunity to develop a baseline business system evaluation that had inherent in the work plan an approach to seek department-wide input and feedback as well as to identify external best practices that could be applied to the department. The Housing Director volunteered his department for this first review and made himself and his staff available to the County Review Team for the duration of the review, which began in June 2006.

The County Review Team is grateful to Housing Director Duane Bay, his management team and staff for their accessibility, openness to ideas, and spirit for continuous improvement.

PROJECT APPROACH

An interdisciplinary team was assembled by the County Manager's Office to carry out the management review of the Department of Housing. Members of the team were:

- Review Team Leader: Reyna Farrales, Deputy County Manager
- Project Manager: Nancy Hetrick (County Manager's Office)
- Process Advisor: Jan Perkins, Management Partners
- Budget and Performance: Dennis O'Rourke (County Manager's Office)
- Benchmarking Coordination: Jimmy Forbis (County Manager's Office)
- Internal Controls/Financial Systems: Rick Hoaglund (Internal Audit, Controller's Office)
- Staffing/Classification/Organization Structure: Lisa Okada and Steve Rossi (Human Resources Department)
- Business Systems Processes: Tony Yuson (Information Services Department)
- Department Liaisons: Duane Bay, Director of Housing, Bill Lowell, Deputy Director; Chas Mercurio, Financial Services Manager (Housing Department)

Review Team members represented the County's internal support departments of Human Resources, Information Services Department (ISD), Controller's Office Internal Audit Division, and the County Manager's Office. Department representatives to the Review Team came with knowledge and familiarity with the Department of Housing. Many on the team had worked previously with the Department as it evaluated the business and management systems brought together through the formation of the new department. The plans developed through earlier start-up and improvement efforts served as a starting point for this review and was then augmented by interviews with Department and other County staff, department focus groups, and benchmarking/best practices research that offered insight into the possibility of achieving the vision of a high functioning, customer-driven Housing Department.

Interviews were conducted with the County Manager, Housing Director and other individuals knowledgeable about the Housing Department. Three focus groups were conducted with Housing Department staff to hear their opinions about strengths, weaknesses and opportunities for improvement. All Review Team members were encouraged to attend at least one of the focus groups. The results of the interviews and focus groups were summarized and provided to all team members (Attachment B). Information sharing and coordination was critical in obtaining results that would be useful to the County and Housing Director. The team scheduled periodic meetings to share observations, discuss findings, and reach consensus on recommendations. Management Partners outlined the project work plan, facilitated several team meetings, and advised and assisted the team and project manager during the course of the project.

Focus on Internal Business Processes and Management Systems

Given the themes and issue areas identified in interviews with County and Housing management as well as focus groups conducted with Housing supervisors and staff, the review proceeded with an emphasis on internal business processes and management systems. A focus group of Housing Department customers was not conducted. Housing management plans to conduct a customer focus group by March 2008.

The following sections of this report communicate an overview of the Department Housing; report on focus group and interview findings; identify benchmarking and best practice research results; analyze what's working and where improvements can be made; and make recommendations for change and improvement in three key categories:

- (1) General Management
- (2) Business Systems
- (3) Communications

OVERVIEW OF THE DEPARTMENT OF HOUSING

In December 2004, the Board of Supervisors accepted a report from the Board Housing Committee recommending the creation of a Department of Housing. The former Office of Housing, a division within the Human Services Agency, would be absorbed into the new department, except for the Center on Homelessness, which would remain in HSA. The new department would augment the County's existing federally funded affordable housing programs by applying new resources and leadership to countywide housing challenges. The County formally established the Department of Housing in January 2005, which began its first fiscal year of operation as a separate department in July 2005. In August 2005, a new Director of Housing was hired. The Director requested a baseline business system evaluation and volunteered the Housing Department to be the pilot department for the County's Management Review initiative.

Department of Housing – Mission Statement

The Department of Housing acts as a catalyst for increasing access to affordable rental housing, increasing the supply of workforce housing, and supporting related community development, so that housing exists for people of all income levels and generations in San Mateo County. The Department assists very low, low and moderate income residents with rental and housing assistance, housing, community and economic development financing, and provides technical assistance in partnership with non-profit organizations, public agencies and the private sector to improve the quality of life in the community.

Department of Housing – Budget Overview

With a budget of \$79 million and 66 positions, the Department is comprised of three functional areas: the county's public Housing Authority; Housing and Community Development (HCD); and Finance and Administration. The Housing Authority provides public housing and rental subsidies through federal Housing and Urban Development (HUD) funded Section 8 assistance programs with a budget of \$66 million and 47 positions. HCD provides financial and technical assistance for affordable housing and community development projects with a budget of \$13 million and 19 positions. Finance and Administration has 9 positions that support both the Housing Authority and HCD.

Departmental management has been able to maximize non-General Fund resources for ongoing operations, requiring no General Fund support. Reserve levels have been significantly improved recently in HCD. Reserves are currently budgeted at approximately \$826,000, which represents 6.8% of Net Appropriations.

Programmatically, the Housing Authority has performed well recently, achieving a "Highest Performer" status in HUD's Section 8 ratings for 2005 and 2006. However, the Authority has operated at a deficit for three years because it was not able to reduce operating costs in response to declining federal funding, and substantially depleted its reserves. Management has adjusted the agency's cost structure to a break-even, and will continue to reengineer programs and processes to build reserves and respond to continuing cost pressures.

Legally the Housing Authority is a separate public agency, for which the Board of Supervisors serves as the Board of Commissioners. Senior management (Director, Deputy Director, and Financial Services Manager) and HCD employees are County employees; Authority employees, however, are not County employees. This structure results in a disparity in employment policies, hiring practices, and pay scales. Operationally, some business systems are integrated (e.g., email, headquarter facilities), while other business systems are separate and mostly redundant (e.g., payroll, accounting, budget, federal systems interfaces, purchasing, satellite facilities). The overhead burden resulting from these inefficiencies is magnified by the small size of the department.

Table 1 on the next page summarizes the degree to which the Housing Authority uses separate systems and support functions. A detailed Housing Authority Integration Matrix is attached as Attachment D.

**Table 1
HOUSING AUTHORITY
STRUCTURE, SYSTEMS AND SUPPORT**

Housing Authority (HA) * Structure, Systems and Support Functions	Separate from County	County	Blended (County/HA)
Governing Board – Board of Supervisors acts as Housing Board of Commissioners			X
Executive Management – are County employees		X	
Financial Management System	X		
Chart of Accounts	X		
Budgeting System	X		
Fiscal Policies and Procedures	X		
State/Federal Financial Reporting			X
Banking Services		X	
Tenant and Landlord Collections	X		
Employer – Non-Executive Management staff are Housing Authority employees	X		
Representation/Labor Relations	X		
Employee Relations			X
Grievance Process	X		
Human Resources Policies and Procedures	X		
Payroll and Paycheck Processing	X		
Hiring Process			X
Benefits Administration	X		
Retirement Plans	X		
Staffing Classifications			X
Training and Development Programs			X
Legal Support			X
Contract Administration			X
Risk Management	X		
Case Management System	X		
Check payments and disbursements	X		
Technology (IT) Support		X	
Computer Network		X	
Website Support		X	
Vehicle Fleet Acquisition and Maintenance	X		
Operator/Phone Reception		X	
Leased Office Space (Real Property Services)		X	
Program Planning		X	
Performance Measures			X
Customer Satisfaction Surveys			X

* Housing and Community Development (HCD), also under the Department of Housing, fully utilizes County systems, policies and procedures.

FOCUS GROUPS / INTERVIEW FINDINGS

At the start of the project, the Review Team conducted interviews with the County Manager and Housing Director. The team also met with Housing managers to obtain a general overview of the department and its programs and services. In addition, three staff focus groups were held. Two were comprised of non-management employees within the Housing Department, and one was with supervisor and management employees. Individual team members conducted a total of 24 interviews with executive managers in the County and staff of the Housing Department. The complete notes from the focus groups are provided in Attachment B.

Focus group participants were asked to identify what is working well within the Housing Department and what could be improved. The specific questions and the summarized focus group responses follow:

1. What do the employees in the Housing Department do well?

Competent, committed staff members run the programs of in the Housing Department. The participants in the focus groups noted that they believe they are providing good customer service, despite reductions in staff due to budget restrictions. They believe they provide services in an effective manner and that staff members work well together. They cited the ability of staff to work independently, manage large caseloads, and be flexible and adaptable to continuous changes occurring in the Department.

2. What could the Housing Department improve?

Focus group members and interviewees noted the challenges of creating a new department. Those challenges are exacerbated by having Housing Authority employees separated from the County. Participants recognized Housing Authority employees may feel like “second class” employees because of their separate employment status. Focus group input on the subject of what the department could improve centered around two important themes: 1) the need for department integration and employee equity, and 2) improved communication.

Review Team members heard that integration of Housing Authority and other Housing Department staff is impeded by a long history of division, program silos, and separate financial and administrative systems. Employees of the Housing Authority are on a different compensation schedule and policies and procedures are inconsistent between Housing Authority operations and the rest of the Housing Department. Following the focus groups and interviews, a matrix was created to illustrate the ways in which the Housing Authority either uses or is separate from County systems (see Attachment D). The issue of remote office locations was raised during the focus groups and interviews in context of the Department attempting to become an integrated operation.

Communication throughout the department and out to regional offices was cited as needing improvement. Communication with clients and other jurisdictions and agencies was also cited as needing more clarity and frequency of information. Additionally, employees and managers expressed strong interests in more cross-training and knowledge sharing, information on a variety of levels (from high level vision to operational activities), and clarity about expectations of them given the new Housing Department.

3. What systems could be improved?

Department management and focus group participants acknowledged technology is outdated and ineffective. An analysis of the technology needs of the Housing Department had been initiated prior to commencing this management review, and comments in the focus groups and interviews noted that Department staff were looking forward to and anticipating the improvements. Issues identified in focus groups and interviews included problems with using the Housing Authority’s case management system (MLS) for financial purposes vs. using County systems (case management vs. finance and administration needs); underutilization of the website; having an

outdated website; a desire for greater use of online forms and applications; need for document imaging; and need for updating the Housing Department's software and hardware.

4. What training opportunities should be provided?

Managers and employees alike noted a strong interest in obtaining more training. Additional and timelier training in a variety of areas was cited. Housing Authority employees are not currently meeting HUD-mandated training requirements. HUD requires program-specific training on program regulations. A number of other program compliance trainings were cited as a need. In addition, focus groups identified a need for professional development training in the areas of communication, customer service, conflict resolution, and others. Technical training was raised as an immediate need, particularly in light of new software and hardware coming soon. Employees and managers expressed strong interests in more cross-training and knowledge sharing, information on a variety of levels (from high level vision to operational activities), and clarity about expectations of them given the new Housing Department.

Review Team members heard that there is no formal system for developing individual training and development plans and no appointed training coordinator to assist with training registration.

5. What do we hear from our customers about what they like? Don't like? How could we improve our services to them?

Focus group participants said customers appreciate having one point of contact for inspections and eligibility (use of the case management structure). They like the timeliness of reimbursement. Having offices located in convenient locations throughout the county was identified as a positive. Department staff are seen as responsive and available to help.

Customers do not like tight HUD oversight and regulation. Many of the programmatic issues customers have with the department relate to HUD requirements. They do not like the monitoring that continues years after entry into a program.

Focus group participants felt they could address the concerns of customers by improving how they communicate changes in HUD regulations; conducting an orientation for future clients (set realistic expectations) and a refresher/update "orientation" for existing clients; improving access to information through the website; distributing a quarterly newsletter; and streamlining and simplifying information that is distributed.

6. What other suggestions do you have for the Review Team to consider?

Stakeholder and partner interactions and relations were identified as needing focus and attention. Members of the focus groups and interviews said there is a need for the new comprehensive approach to Countywide housing issues that is intended through the new Housing Department. To achieve that, focus group participants and the individuals interviewed said it will be important to strengthen working relations, communications and planning with other jurisdictions and agencies. Additionally, better marketing of programs and objectives will be needed.

BENCHMARKING COMPARISONS WITH OTHER JURISDICTIONS

To learn more about how Housing Departments and Authorities operate in other jurisdictions, and to identify best practices that can be applied to the San Mateo County Housing Department, the Review Team conducted a benchmarking study. Nine comparison jurisdictions were identified based on reference jurisdictions used for the County Organizational Review (March 2006) and through interviews with the Housing Director and the County Manager. Given that integration of staff, management systems, and support services, was a theme that was identified from the interviews and focus groups, the comparison served primarily as a vehicle to identify best practices in these areas.

The comparison jurisdictions included the following:

- Alameda County
- Contra Costa County
- Marin County
- Santa Clara County
- Sonoma County
- Housing Authority of the City and County of Sacramento
- City of Alameda
- City of San Jose
- City of Vacaville (for Solano County)

Jurisdiction	Public Housing Units	Housing Vouchers	Employees
San Mateo County Housing Authority	180	4,343	60
Santa Clara County Housing Authority	555	16,000	217
City of San Jose Housing Department	0	11,397*	65
Alameda County Housing Authority (City of Dublin contract)	230 County 150 Dublin	6,900	81
Contra Costa County Housing Authority	1,158	6,781	122
City of Vacaville/Solano County (contracted)	0	250	37
Sonoma County	0	2,722	46
City of Alameda	120	1,675	44
City and County of Sacramento - Housing Authority	3,200	11,000	300
Marin Housing Authority	600	2,000	75

* Housing Authority of Santa Clara County administers all Section 8 vouchers for the City of San Jose.

The benchmarking study examined operations in eleven areas. Consideration was given to the effect each of these criteria has on customer service and how improving each area could ultimately provide better service. Attachment C provides a summary of data and comparative analysis for the eleven areas examined.

Best Practices Observations

Organizational structures for housing authority and housing and community development functions varied among comparison jurisdictions. Staff interviewed in each jurisdiction indicated that their specific structure reflected the needs of their community and available resources. Entities that were identified as fully integrated (i.e., Vacaville/Solano County) felt they benefited by residing under a single umbrella and reported performing at a high level as a result of being integrated. Employees in an integrated environment have greater opportunity to gain experience in different areas of housing operations. This assists in recruiting and retaining employees and provides a stable compensation structure that does not rely on fluctuating federal funding. These employees remain with the organization longer and thus provide services that are more professional, efficient and effective. San Mateo County has taken a first step toward integration by creating a stand alone Department of Housing. The County's housing operations will benefit further through increased operational integration.

Organizations that permitted employees of both the housing authority and housing department to participate in county/city sponsored training (Vacaville/Solano County, City/County of Sacramento) provided an opportunity for employees to obtain new skills which promoted professional growth and increased retention rates. Integrated training also helps reduce costs and eliminates redundancies by sharing resources. Employees of the San Mateo County Housing Authority currently perceive limited access to County training opportunities.

Entities that have integrated their financial software (San Jose/Vacaville; Housing Authority of the City and County of Sacramento) are able to exchange information in a common financial language that is consistent throughout the entire organization. San Mateo County Department of Housing uses the County's IFAS system for HCD financial management while the Housing Authority uses MLS-Emphasis software. Moving Housing Authority financials to IFAS would provide greater fiscal oversight and reporting capability.

The San Mateo County Housing Authority is typical among most comparison organizations as it relates to payroll and human resource functions. The SMC Housing Authority functions are administered separately from Housing Department and County operations. Organizations that were integrated (Vacaville/Solano County, Sonoma County, City/County of Sacramento) were able to provide employee services by a single department and thus better integrate employees into the overall organization.

In evaluating the data provided by reference jurisdictions, many recurring themes evolved, but ultimately the theme that persisted was that jurisdictions that felt they were performing at a high level and providing the best assistance to the populations that required their services, were those that were integrated into the overall government structure. Not only did entities believe this provided the most efficient customer service, but they felt it also eliminated many problems associated with fragmented housing operations. The benefits of integration included opportunities for employees to receive diversified training, more consistent and accurate personnel support, and problems associated with recruiting and retention were lowered due to employees seeking opportunities within the organization.

FINDINGS AND RECOMMENDATIONS

Based on results from interviews and focus groups, as well as the benchmarking study, the Review Team focused its efforts on three key areas:

- (1) General Management
- (2) Business Systems
- (3) Communications

I. General Management

Planning, Performance Measurement and Budget/Finance

What Was Reviewed

Prior and current fiscal year budget documents were used to analyze both the Housing Authority and Housing and Community Development (HCD) in terms of recent revenue and expenditure levels and trends, Fund Balances, Reserves, and General Fund support or Net County Cost (NCC). The Department's Outcome-Based Management (OBM) Program Plans and Performance Measures database were used to review key Department initiatives, contributions to the County's Shared Vision 2010 goals and commitments, and program objectives, as well as the current set of measures being used to track progress in achieving established performance targets. Members of the department's management team were interviewed to discuss key concerns and plans for continued refinement of performance indicators. Input from the Focus Group sessions was reviewed to identify specific issues for follow-up. Results of the benchmarking study were reviewed for comparative analysis and applicability to the department.

What Is Working Well

The Department's budget is balanced between revenues and expenditures, with a total of approximately \$79 million for the Housing Authority and HCD combined. The Department complies with direction from County management to function as a "Zero Net County Cost" operation and, as a result, is permitted under County fiscal policy to retain 100% of all year-end Fund Balance achieved (by comparison, the maximum that may be retained by departments requiring NCC support is 75%). Departmental management has been able to maximize non-General Fund resources for ongoing operations.

HCD reserve levels have recently been significantly improved. Beginning in FY 2006-07, the HCD program has achieved compliance with County fiscal policy requiring General Fund programs to set aside 2% of their Net Appropriations in Reserves. Reserves are currently budgeted at approximately \$826,000, which represents 6.8% of Net Appropriations and thus significantly exceeds the minimum requirement.

The Department is currently reconstructing financial statements for the past three years, implementing a series of cost control measures, and developing a business plan to recover financial health in all programs. A financial model has been developed for optimizing Federal Housing Assistance Payments (HAP) voucher program expenditures. This model proved quite accurate in a hypothetical testing applied to FY 2004-05 data and is now being used to improve budgetary monitoring and control. A similar model is currently under development for Moving To Work (MTW), another large voucher program.

Departmental management has developed action plans and implementation schedules for achievement of identified goals and objectives. A new set of OBM performance measures was developed for FY 2006-07 to align more closely with the Department mission. Data is already available, so the new measures immediately "went live" with no down time required for development of data collection methodology. Establishment of performance measures for all major

program activities puts the Department on the leading edge in comparison to other jurisdictions surveyed in the benchmarking review—wherein such measures are typically limited to Federal SEMAP Section 8 monitoring only.

Customer satisfaction with the Housing Authority has consistently been high. The Countywide performance standard target of 90% has been exceeded each of the past three years.

Federal performance rating of the Department's Section 8 program is high in comparison with programs in surrounding counties. The overall rating received from HUD's Section Eight Management Assessment Program (SEMAP) placed San Mateo County in the "Highest Performer" group for each of the two most recent years. By contrast, most other Bay Area counties are rated at the "Troubled" program level.

Where Improvements Can Be Made

Following development of long-term planning and performance priorities by top management, effort is now needed to expand the level of participation and "buy in" throughout the Department in refining and prioritizing identified goals and objectives, as well as timelines for implementation.

Certain performance figures, trend history, and data collection methodology information are missing or incomplete in the Department's OBM performance measures database. Lack of complete information makes it difficult for adequate review and reporting by both Department management and the County Manager's Office; information gaps will also have a negative impact on succession planning for staff that assume data management responsibility in the future. There are occasional disconnects between performance data contained in Board of Supervisors agenda reports and the comparable data in the OBM database. There is currently no central coordinator or "point person" assigned specifically to the OBM database or customer satisfaction surveys.

Customer satisfaction surveys are being utilized in the Housing Authority but not in HCD. Historically, County CARES Survey sampling has been limited to some Section 8 tenants. This was appropriate when the Department's functions were part of the Human Services Agency (HSA), since the Housing Authority is the largest component of Housing and Section 8 tenants are by far the most numerous group of customers served. Now that the Department is separate from HSA, expansion of customer satisfaction surveys to all housing programs and a broadly representative base of stakeholders—in both the Housing Authority and HCD—presents an opportunity to obtain valuable direct feedback on programs and operations from additional customers such as landlords and program partners and non-profit organizations. Certain Federal performance measures, such as the SEMAP assessments referenced above, could also be incorporated into the departmental OBM set of measures.

The County's primary budget and financial systems—BRASS (Budget Reporting and Analysis Support System) and IFAS (Integrated Fund Accounting System)—are being utilized in HCD but not in the Housing Authority. The Housing Authority is by far the larger of the two budgets with an operating budget of \$66.6 million or 84% of the total Department. Currently, the County budget document for the Housing Authority is constructed first in Excel worksheets and then entered into BRASS as single line items within each major expenditure object and revenue class. It is indicated in the budget document that the Housing Authority is not part of the County budget and is included "for informational purposes only." Budget monitoring and control are performed within the Housing Authority's separate, stand-alone accounting system. The Authority therefore cannot take advantage of the efficiencies and analytical capabilities available through BRASS and IFAS. Another impact is that the County Manager's Office and Controller's Office have limited capability of providing support and assistance for the Housing Authority, or conducting independent fiscal review and analyses.

Federal funding for housing is being scaled back. Long-term financial planning models are needed to address continued HUD funding cutbacks, prioritize the allocation of limited resources, and maintain fiscal health. The current

year's budget was built on the assumption of a 20% reduction in Federal sources. Budget balancing will require a concerted effort to reduce expenditures and generate new revenues wherever possible, as well as expanded leveraging of existing sources.

Fiscal and contracting policies are not always consistent with County practices. Although a series of cost control and collections measures are being developed (including collection efforts on delinquent receivables, interfund transfers, signature policy, and staff travel), additional opportunities exist for increased standardization and consistency to increase financial control and operational efficiency.

General Management Recommendations: Planning and Goal Setting

1. Hold a Department-wide planning and goal-setting retreat to prepare FY 2007-08 Program Plans and Budgets.

There have been many changes in the new Department over the past two fiscal years including top management transition and development of new Agency Initiatives, Program Plans, and OBM measures. With the FY 2007-08 budget cycle, a Department-wide planning retreat would serve as a means of reviewing and sharing the new directions, setting priorities, obtaining broadly-based input as to worthwhile enhancements and revisions, and increase staff commitment to these plans. Completion timeframe for implementation is short term (3-4 months).

2. Integrate planning and goal setting process with Shared Vision 2010 and 2025.

A fundamental part of the planning process for FY 2007-08 should be to ensure integration with the Shared Vision commitments and goals that have been adopted by the Board of Supervisors and serve as an overarching planning roadmap for the County. Completion timeframe for implementation of alignment to Shared Vision 2010 is medium term (5-9 months). The Department should be an active participant in Shared Vision 2025 community planning efforts.

3. Expand staff involvement in program and budget planning.

The department staff has participated in this organization review and has demonstrated a broad knowledge and commitment to program improvement. As an adjunct to the recommended Department planning retreat and continuing thereafter, staff input into program and budget planning will continue the process of soliciting valuable input from a variety of staff perspectives. Completion timeframe for implementation is long term (1-2 years).

4. Develop a focused action plan for implementing goals that includes measurable objectives and timetables for completion.

One output of the recommended planning retreat should be a focused action plan that identifies overall planning goals, their relationship to Shared Vision 2010, performance indicators that will document achievement of established objectives, and an implementation schedule. Completion timeframe for implementation is medium term (5-9 months).

General Management Recommendations: Performance Measures and Customer Surveys

5. Designate and train a program coordinator for OBM and customer satisfaction/Federal surveys.

There is currently no central coordinator assigned specifically to the OBM database or customer satisfaction surveys. A central "point person" would provide continuity and improve efficiency in coordination with Department staff and management as well as the County Manager's Office (CMO) on program development and reporting. Completion timeframe for implementation is medium term (5-9 months).

- 6. Incorporate appropriate Federal performance measures into departmental program plans.**
Performance measures currently required in Federal reporting should be reviewed to determine if there would be value in adding selected indicators to the Department's OBM set. Completion timeframe for implementation is medium term (5-9 months).
- 7. Complete documentation in performance measures database and reporting systems.**
In the OBM database, completion of all remaining data fields such as trend narratives and data collection/calculation methodology will facilitate analysis and reporting by both Department management and the CMO, reduce the potential for disconnects between data reports and Board of Supervisors agenda items, and ensure the preservation of important information for department succession planning purposes. Beginning with the Headline Measures as top priority, completion timeframe for implementation is medium term (5-9 months).
- 8. Add customer satisfaction surveys to HCD program.**
Currently, customer satisfaction surveys are conducted in HA but not HCD. Adding a customer survey in HCD would provide direct customer feedback on program effectiveness and suggestions for improvement. This could be accomplished through use of the standard Countywide Cares survey instrument, which can be "customized" for specific program needs, thus providing basic comparability with other County departments. Completion timeframe for implementation is medium term (5-9 months).
- 9. Expand survey distribution to broader base of stakeholders.**
Customer satisfaction surveys should be taken from the most broadly based sampling of stakeholders practical in order to receive input from a variety of perspectives such as tenants/residents, other service recipients, landlords, community-based organizations, and other partnering agencies and County departments. Completion timeframe for implementation is medium term (5-9 months).

General Management Recommendations: Budget and Finance

- 10. Utilize the County budget system (BRASS) and establish budget monitoring and control systems that fully comply with County and Federal reporting requirements.**
The County's BRASS budget system is currently being used in HCD but not HA. Implementing BRASS in HA will greatly improve the efficiency of budget preparation and monitoring, allow the Department to take advantage of the analytical capabilities of BRASS, enable the Department to receive increased support and assistance from the CMO in budget preparation and control, and facilitate budgetary review. Completion timeframe for implementation is long term (1-2 years).
- 11. Ensure staff participation in all County fiscal trainings.**
Department staff would benefit from participation in fiscal trainings such as the extensive series of courses offered under the Fiscal Officer Training Academy (FOTA). Directly relevant coursework that would enhance staff capability and job performance in budget and finance includes: Budget Development for Fiscal Officers; Introduction to Budget Monitoring; Position Control; BRASS Basics and Reports/Views; and a series of mini-tutorials on such topics as Appropriation Transfer Requests (ATRs), Fund Balance, and Budget Development for Program Managers. Completion term is ongoing.
- 12. Complete development and utilization of financial models for major voucher programs.**
It has been noted that the Department has developed a financial model for optimizing Federal Housing Assistance Payments (HAP) voucher program expenditures, and that another model is under development for the Moving To Work (MTW) program. Potential for development of additional models should be reviewed. Completion and utilization of such models will improve financial forecasting and budgetary control,

facilitate prioritizing the allocation of limited resources, and assist in addressing continued reductions in Federal funding. Completion timeframe for implementation is medium term (5-9 months).

13. Develop a comprehensive business plan to achieve and sustain Housing Authority financial health.

The Department is currently reconstructing consolidated financial statements for the past three years, implementing a series of cost control measures, and developing a comprehensive business plan. Such activities will serve to recover and maintain financial health in all programs. Completion timeframe for implementation is long term (1-2 years).

General Management Recommendations: Fiscal Policy Compliance

14. Conform Housing Authority fiscal policies to existing County practices.

The Department has recently conformed a number of its fiscal policies and procedures to County practice. This includes inter-fund transfers, direct deposit and draw down of HUD receipts, cash receipts processing, Section 8 HAP/UAP processing, vendor payables process, payroll processing, and signature policy. This effort should be continued so that policies are consistent, easier to administer, and better understood by employees. Another potential benefit is reduced audit risk. Completion timeframe for implementation is long term (1-2 years).

15. Integrate Housing Authority contracting processes with County procedures.

Contract processing in the HA should follow County procedure to the maximum extent feasible. Except where Federal requirements differ, integrated contracting policies and procedures will increase the efficiency of contract preparation within the Department, coordination with other departments such as County Counsel, and in obtaining approval at both the CMO and Board of Supervisors levels. Completion timeframe for implementation is long term (1-2 years).

16. Identify options for recovering tenant/landlord receivables, including County Revenue Services, to determine the best approach.

HA has begun to use the Tax Intercept Program to capture monies owed by tenants in the Public Housing and Section 8 programs. Alternative methods of achieving landlord collections are being evaluated. These actions will provide enhanced collection capability and reduce the delays in receipt of outstanding receivables. Completion timeframe for implementation is long term (1-2 years).

Human Resources

What Was Reviewed

The County's Human Resources (HR) Department interviewed the Housing management team to discuss areas of concern as well as opportunities going forward. The Housing Authority (HA), a division of the department, is comprised of non-County staff and is managed through non-County business systems (i.e., payroll). This alone creates an HR challenge. In the management team interviews and the employee focus groups, issues involving staffing were raised. HR duties are being duplicated or administered differently for HA employees and HCD/County employees, which is a source of confusion and frustration for some employees. In the focus groups, employees indicated a lack of a clear point person for HR matters as a source of anxiety. The new management team anticipates streamlining as many processes as possible with County of San Mateo procedures.

What Is Working Well

The Housing management team has taken the first steps to evaluate and explore new procedures for the human resources processes and employee training needs of the Department.

Under Federal guidelines, the Housing Authority is not required to follow civil service rules. However, even prior to the creation of the department, the Authority has used the County's Human Resources Department to recruit for most classifications. This history will assist in the transition to fully using County support systems like Human Resources.

Similarly, the Housing Authority operates under a Memorandum of Understanding (MOU) with AFSCME, which is separate but similar to the MOU between the County and AFSCME. The HA MOU expires shortly after the County's MOU with AFSCME so Housing can negotiate some of the outcomes from the County's negotiations.

Management is working to reduce functional duplication between the Housing Authority and Housing and Community Development divisions of the department.

Where Improvements Can Be Made

The Housing management team is proactive in identifying areas that need improvement and is working with Human Resources to develop personnel solutions. Housing Authority (HA) and HCD have their own procedures for Human Resources; it would be beneficial to the organization to align policies, procedures and duties with the County in order to prevent duplication and confusion.

The employee tracking system for HA payroll, classification, position control and vacancies is limited and incompatible with the County's system. It is difficult to merge the classification and position control systems because the HA has different classifications and salaries than HCD (and the County generally). The HA payroll system is manual and administered through an Excel spreadsheet. Benefits and retirement are negotiated separately rather than using those of the County. This adds to confusion and morale issues for HA employees who have difficulty navigating HR information and resources specific to them.

There is also a need for greater cross training and additional training opportunities within the Housing department. The two programs, although both housing related, operate so separately that HCD does not always understand the functions of HA and visa versa. Applying the same policies, procedures, and systems will allow for better cross training. There are other training opportunities available to everyone through the County's HR Department but there is a perception by HA employees that they are restricted from attending given their status as non-County employees. In fact, the only difference is that County employees attend the training courses for free and HA is charged a small fee for supplies. Management needs to continue to encourage all employees to attend training courses that are relevant to their positions and professional career growth.

General Management Recommendations: Human Resources

17. Convert Housing Authority employees to County positions through some combination of voluntary conversion and turnover.

By converting Housing Authority positions into County positions, the department will take a large step toward integration and unified purpose. All employees will be treated the same and operate under the same policies and procedures. This is anticipated to have a positive effect on staff morale through equity, clarity, and streamlined management approaches.

Because the cost of conversion to County compensation and benefits can be significant and ongoing, it is highly recommended that a feasibility study be conducted to determine financial impact and whether conversion can be done on a voluntary basis or as positions become vacant so the Department can plan and manage within available resources. Once the logistics for converting Housing Authority employees is written, then employees will be able to voluntarily convert to County positions. Individuals will have the option to remain a HA employee. In cases where the employee chooses to remain a HA employee rather than convert to County employment, management will convert the position when it becomes vacant.

This recommendation is long term and may take years to fully implement. The Department will work with County Counsel and Human Resources to study the automation costs associated and legal implications with

adding approximately 50 positions to the County. Completion timeframe for implementation is longer term (1-2+ years).

18. Streamline departmental human resources processes.

The existing administrative structure has two people assigned human resource responsibilities. One employee is assigned to all personnel duties for the Housing Authority and another administers personnel duties for Housing and Community Development. In the focus groups, employees expressed confusion about who to contact regarding payroll and benefits. County personnel in the department can contact the Human Resources Department with questions about payroll and benefits. Housing Authority employees do not share this resource, as their payroll and benefits are all administered internally. Assigning a single payroll/personnel specialist to handle all Human Resources functions for the department will result in consistent information to all employees and clarity about where to go with questions. The payroll/personnel specialist was recently hired and the implementation of training and streamlining the department's human resources processes is underway. Completion timeframe for implementation is medium term (5-9 months).

19. Restructure the Finance and Administration Unit for greater efficiency.

During interviews with Housing management, an interest in reviewing the structure of the Finance and Administration Unit was expressed. Currently, there is a division of finance and administration responsibilities between HCD and the Housing Authority. This structure often results in duplicative processing that could be more efficiently performed if such assignments were identified and merged. The Financial Services Manager is evaluating each employee's duties and merging duties where appropriate. The department has added a payroll/personnel specialist position and hired a Housing Authority employee to be responsible for both Housing Authority and HCD payroll and personnel. The County's HR Department will provide support in identifying areas of efficiencies by conducting a workload assessment study. Completion timeframe for implementation is medium term (5-9 months).

20. Develop a training program for all Housing Department employees.

The County offers a variety of training courses for all County employees. In the past, Housing management has not encouraged employees to attend these trainings. Focus groups revealed that some employees feel there is little growth opportunity in the department and that Housing Authority and Housing and Community Development employees are treated differently.

The department has initiated an approach whereby each employee will develop a training plan that identifies the professional and technical skills they wish to achieve. Management will use the results of these training plans to prioritize the training needs of the department. Training plans will include all mandated training requirements needed to meet HUD certification. It is important that these requirements are monitored for all designated employees. Completion timeframe for implementation is long term (1-2 years).

Internal Controls

What Was Reviewed

The Controller's Internal Audit staff on the Review Team conducted an assessment to determine general adequacy and adherence to financial and operational internal controls by the Department of Housing. External audit reports were reviewed for any reportable conditions or material weaknesses, and whether significant audit findings were being proactively addressed by Housing management. Documentation of program eligibility and program requirements for Housing Authority and Housing and Community Development programs were also reviewed, including activities currently performed by the Compliance Officer for the Housing Authority. Finally, financial and accounting systems, policies and procedures, as well as financial reporting capabilities, were reviewed to determine if adequate documentation and internal controls were in place, and if financial information is easily accessible to staff

on a regular basis for use in the ongoing financial management of the department. The scope of the assessment did not include an audit or detailed testing to ascertain the degree to which the internal controls were followed.

What Is Working Well

Housing management who were new to the department when the management review began, were fully aware of prior year audit findings and were actively taking the necessary steps to ensure that deficiencies in internal controls were being addressed. The fiscal and operational staffs appear very experienced with federal HUD policies and procedures, and are familiar with the flow of the operational and financial transactions, including when and from whom approvals were to be obtained. Program eligibility and program requirements are well documented. HCD's documentation of its programs, eligibility requirements and policies, were especially thorough.

Where Improvements Can Be Made

An independent financial audit conducted by Patel and Associates found reportable conditions with regard to internal controls, citing deficiencies that could adversely affect the Housing Authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. There were instances where one fiscal person was performing duties that should be segregated to different individuals as part of an internal control system. The Housing Director, Deputy Director, and Financial Officer are aware of the situation and have made changes, adding a new personnel/payroll position so that work assignments are redistributed to address internal control issues.

The County's Single Audit Report for the Fiscal Year Ended June 30, 2005, which is conducted annually to ensure compliance with federal funding requirements, noted reportable conditions in Housing, with two findings related to financial and operational compliance with program requirements. While both of these issues have been addressed, the existence of reportable conditions presents a risk of losing federal funding for Housing and other agencies in the County should the conditions continue without adequate management attention and oversight.

The review found a lack of written financial procedures, both formal or desktop, including flowcharts for the budgeting process, the claiming of revenue either through grants or other sources, financial reporting, fund transfers, and for the encumbrance and payment of expenses. Fiscal and operational staffs were able to explain the flow of transactions, timing, and approval hierarchy, but these procedures were not adequately documented. Regardless of the adherence or completeness of these informal controls, Housing staff should prepare desktop or operational procedures and flowcharts for all activities that affect financial status. Documentation of responsibilities, processes and procedures is critical to transfer working knowledge to new staff in anticipation of staff turnover and changes in assignments.

Because the Housing Department relies heavily on federal revenue streams for both the Housing Authority and HCD, the role of the Compliance Officer is critical to ensure that all funding requirements are met, including necessary approvals and documentation. The existing Compliance Officer duties are not well defined and are limited to Housing Authority programs. This position should be responsible for preparing an annual plan and schedule of programs to be reviewed for both HA and HCD, and for providing management with quarterly reports regarding compliance issues. The Compliance Officer should also be included in reviewing and approving changes to policies and procedures.

With regard to financial systems, the Housing Authority currently uses a different system (MLS) than Housing and Community Development, which uses the County's financial system (IFAS). MLS has very limited reporting capabilities, requiring staff to enter data obtained from MLS into Microsoft Excel to create spreadsheets and prepare financial reports for management purposes. The Housing Authority also uses federal (HUD) expenditure classification numbers that are different than those used by the County, requiring the entry of County codes for each financial transaction in MLS so that reconciliation and reporting can be consolidated for the entire department. The use of separate systems for financial accounting and reporting purposes creates inefficiencies when data from both systems are needed to obtain financial status for the entire department. Manual data entry into Excel to consolidate

information from both systems creates the potential for errors, which could have a negative impact on operations if the information is relied upon to make resource allocation decisions.

General Management Recommendations: Internal Controls

21. Assign responsibility outside of the Department of Housing to review all Housing audit report findings and recommendations, to review and analyze responses to audit findings, and to monitor implementation of recommendations.

Due to the existence of reportable conditions in recent audits, which could result in federal penalties or reduced levels of funding due to non-compliance, it is recommended that additional oversight be provided from outside the Housing Department to ensure that internal control issues and other audit findings have been addressed. The County may consider establishing policy that specified the appropriate steps to be taken by departments in resolving grant audit findings, including reporting requirements and providing guidance through a grants manual. Completion timeframe for implementation is medium term (5-9 months).

22. Prepare written financial policies and desktop procedures.

Written financial procedures, both formal or desktop, including flowcharts for the budgeting process, the claiming of revenue either through grants or other sources, financial reporting, fund transfers, and for the encumbrance and payment of expenses, are necessary so that employees know what is expected and have a resource that they can refer to on a daily basis as they perform their duties. Documentation of responsibilities, processes and procedures is critical to transfer working knowledge to staff through cross-training and other succession planning efforts, in anticipation of staff turnover and changes in assignments. Completion timeframe for implementation is long term (1-2 years).

23. Develop an annual compliance plan detailing which Housing programs will be reviewed, present compliance findings to the Housing management team on a quarterly basis, and include Compliance Officer in sign-off procedures.

The duties of the Compliance Officer for the Housing Authority should be expanded to include Housing and Community Development programs, and to include sign-off on changes to policies and procedures to ensure compliance with program and funding requirements, and the maximization of federal funding for the County's housing programs. The Compliance Officer should prepare an annual plan detailing all programs to be reviewed, and present a quarterly report to Housing management on status and resolution of compliance issues. Completion timeframe for implementation is long term (1-2 years).

24. Migrate Housing Authority financials to the County's IFAS System.

Using separate financial systems for the Housing Authority and Housing and Community Development creates inefficiencies for fiscal staff who process financial transactions in both systems and prepare consolidated financial reports for the entire department. Using two systems to process financial transactions also makes it difficult for Housing management to conduct timely reviews of financial status. Because IFAS is the County's financial system and Housing staff are already using it for Housing and Community Development finances, it is recommended that the Housing Authority migrate its financial accounting from MLS to IFAS. This will result in increased accuracy and timeliness of reports due to the elimination of steps currently in place to consolidate MLS data with IFAS data. The preparation of the County's financial statements will also be more efficient when Housing Authority data will reside in IFAS along with other County departments. Completion timeframe for implementation is long term (1-2 years).

II. Business Systems

What Was Reviewed

The County's Information Services Department's (ISD) review consisted of assessing three specific business system sections: hardware infrastructure; software; and business applications for the Housing Authority, Housing and Community Development and the Administration of the Department of Housing. The information gathered for this assessment was obtained by performing an automated hardware and software audit, combined with a physical inventory, and a series of interviews with department management and staff. The automated computer audit system scanned computers connected to the County network and provided a list of computer hardware configurations and applications installed on each computer.

What is Working Well

- *Operation/Case Management System (MLS) meets Department and HUD requirements*
In the late 1990's, the Housing Authority began using the current case management system, Memory Lane System (MLS). This system assists the department in tracking Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) scores, administering a Family Self-Sufficiency (FSS) program, reporting data to Housing and Urban Development (HUD), submitting data to PIH Information Center (PIC), performing HQS inspections and tracking tax credits. MLS specializes in everything that the San Mateo County Housing Authority does.
- *Use of Excel to supplement reporting and data gathering to overcome MLS system limitations*
Along with managing the Housing Authority's caseload, MLS performs many administrative functions such as payroll, budget and basic accounting. Because of the complexity involved in accessing information from MLS, several Excel spreadsheets are maintained by Housing Authority staff to track various pieces of operational and administrative information. Examples include a log of failed inspections, a listing of available units, the reasonable accommodations log and payroll reports. These Excel reports provide management with a tool to perform their analysis.
- *Implementing a plan to upgrade all workstations and servers*
Since the department reorganization separating the Office of Housing from the Human Services Agency took place to form a separate department, the management of the Department of Housing implemented an Information Technology (IT) transition plan. This plan is a collaboration among the Human Services Agency, the Information Services Department and the Department of Housing and was already underway when this review began. Many of the business systems recommendations included in this report were also addressed in the IT transition plan.

Where Improvements Can Be Made

- *Department servers and work stations are reaching end of service life.*
The current environment, while functional and meeting the current needs of the Department of Housing, is extremely limited. The equipment age, Housing systems integration with the Human Services Agency IT systems, and the complexity of certain business applications, make it difficult to enhance the technology to improve business processes. As it stands, growth and expandability are not options.
- *Remote access to the systems by HA staff stationed away from the main campus is complicated and at times unstable (VPN and Citrix).*
Department of Housing employees work at four county office locations: 264 Harbor Blvd, 2500 Middlefield 1487 Huntington and Midway Village. When employees work at offices outside of 264 Harbor, in order to connect to the Housing Authority business applications, they are required to VPN into the system and use Citrix. This has proven to be unreliable, causing difficulty in accessing critical information.

- *HA core applications: MLS, Waitlist, and Case inventory systems are dated and are difficult to support.*
The Housing Authority division of the Department of Housing administers various programs such as Rental Assistance, Moving to Work and Public Housing. Clients obtain information about the various programs that are available either through the department's website or through other agencies. Waitlists for such programs are currently tracked in an Access database.

Once a client becomes eligible, their information is transferred to the Memory Lane System (MLS). MLS is the primary case management system for the Housing Authority. It contains information such as client demographics, client eligibility information and landlord and property information. MLS is the operations management system for the Housing Authority in that it performs the operational activities inherent in the functions of the division such as producing vouchers and rent checks. MLS is also used for performing the accounting and payroll functions for the division.

These systems are older, and are therefore unable to take advantage of newer technology and can be difficult to support.

- *Electronic Document Management Technology is currently used only with the Waitlist system.*
A client's application and other information (such as returned mail) are processed internally and those documents are then sent to a vendor to be scanned for imaging. Once imaged, these hardcopy documents are destroyed and are viewable through the Internet. The current process of scanning and imaging is expensive, and thus, in an effort to control cost, not all documents are imaged.

Business Systems Recommendations - Technology Infrastructure

25. Integrate Housing Authority payroll system with the County payroll system (PIPS).

Currently, the Housing Authority uses a paper-based timecard system and enters this information into MLS. Retirement information and salary schedules are tracked separately on Excel spreadsheets because of limitations of the current version of MLS. Excel is used extensively to maintain and report information for payroll. Examples such as calculations of benefits, calculation of retirement, and cross-functional reporting showing profit and loss are all manually entered by Housing Authority employees into Excel. By moving to the County payroll system (PIPS), many of these functions would be automated, allowing Housing Authority employees to perform other duties and limiting the possibility of human data-entry error. The department will need to study the costs associated with converting to PIPS. Completion timeframe for implementation is long term (1-2 years).

26. Merge Housing Authority budget and accounting systems with the County's systems (BRASS/IFAS).

Financial reports available from the MLS system are limited. The system allows for creating reports using the Crystal Reports reporting tool. In-depth knowledge of the database and its data structure is required to create these reports. Most Housing Authority finance staff are not trained to use Crystal Reports, and are therefore unable to create the reports to meet the department's needs. By moving to the County budget (BRASS) and financial (IFAS) systems, many of these functions would be automated, allowing Housing Authority employees to perform other duties. Completion timeframe for implementation is long term (1-2 years).

27. Purchase new servers and workstations.

After performing the equipment inventory, it was discovered that 68 of the 80 workstations are past their recommended service life. Of the remaining 12, eight will exceed service contract in less than 9 months. It is recommended that the department utilize the County's Dell Lease Program to replace as many workstations that can be included in this year's budget. This allows ISD to build workstations where the configurations can be re-used throughout the department, thereby reducing support complexity and cost.

This recommendation is currently underway as part of the IT transition plan. Completion timeframe for implementation is short term (3-4 months).

28. Simplify network environment to improve remote access.

ISD can simplify the network environment by eliminating the use of Citrix and creating a separate Virtual LAN for Department of Housing that separates them from the Human Services Agency. This makes the system more reliable and easier to support. This recommendation is currently underway as part of the IT transition plan. Completion timeframe for implementation is medium term (5-9 months).

Business Systems Recommendations - Business Processes and Applications

29. Improve Case Management business processes by:

- **Determining if newer Housing Authority case management systems better meet the department's business needs.**
- **Evaluating the feasibility of an automated Asset Management system.**
- **Identifying departmental Electronic Document Management needs (paperless system).**

The Housing Authority's case management system, MLS, has been in place since the late 1990's. Research should be performed on newer generations of similar systems that are tailored to support Public Housing Authorities. These systems may take advantage of new technologies such as the Web, wireless, and Electronic Document Management Systems (EDMS) that would eventually improve productivity and make employees more efficient.

The Housing and Community Development division could benefit from implementing an automated Asset Management System. Asset Management Systems monitor, define, optimize, and track the department's business assets and processes, thereby automating what has previously been manual. The first step is to identify what has been done in the past and to define a goal for effective management in the future.

The Department could benefit from expanding the use of Electronic Document Management Systems (EDMS). EDMS is a computer solution that gives users the ability to quickly store, locate, view, edit or print documents no matter where those documents may be located. The benefits of EDMS include:

- **Instant Access:** Finding that needle in the haystack becomes a reality. An EDMS solution can locate and retrieve any document within seconds even when there are millions of documents.
- **Simultaneous Access:** Multiple people can access and view the same document at the same time no matter where it is located.
- **Check-In / Check-Out:** When a user wants to edit a document, that document is checked out which ensures that other users cannot also edit it until it has been checked back into the EDMS.
- **Revision Management:** When a user changes a document and checks it back in, the original document is not overwritten. A new revision is created. This maintains the integrity of the original document.
- **Audit Trail:** Tracks and records every action taken within the EDMS such as who edited which document and when, or who deleted a document, etc.
- **Access Control:** A good EDMS will provide security features to restrict access to sensitive documents in a variety of ways such as document type, user, group, security level and other criteria.
- **Reduce Photocopying:** Studies have consistently shown that organizations lose much productivity because users resort to photocopying files to store them locally. This wastes time, resources and photocopying supplies.
- **Eliminate "Multiple Original Syndrome":** When several users keep their own local copies of a document, they tend to write notes and make changes on their local copy. This results in there being

multiple "living" copies of the same document which makes it difficult to get all the information about a certain document or file.

- **Reduce Physical Storage:** Once information has been scanned or otherwise captured into the EDMS, the filing cabinets and storage boxes can be significantly reduced or eliminated. This frees up floor space for more productive use or reduced for rent savings. Similarly, external warehouse storage facilities may also no longer remain necessary.
- **Retention and Disposition Controls:** Rules can be created to determine how long certain documents should stay within the EDMS and how and when to dispose of them.
- **Privacy and Regulatory Compliance:** Advanced EDMS solutions offer several important features that assist organizations in complying with new privacy and regulatory compliance laws.

In the short term, detailed requirements analysis should be performed. The implementation to fulfill the requirements would be medium and long-term goals. Completion timeframe for implementation is long term (1-2 years).

30. Improve reporting/data access by:

- **Training additional staff to generate reports from MLS**
- **Exploring methods of obtaining and providing data from other County departments**
- **Participating in the Countywide Applicable Client Records Search (ACRS) initiative**

Improving access to information for department staff can start by training employees to generate many needed reports from MLS directly. This would save staff time and minimize the errors that can occur when entering information manually into another system. This can be performed in a relatively short period of time with the cost of training being the largest expense. Completion timeframe for implementation is long term (1-2 years).

The Department could benefit greatly by sharing information with other County departments. Parcel information from the Assessor's Office and client information from the Human Services Agency are examples of information that would aid the department in conducting its business. This also can be completed in a short period of time. Completion timeframe for implementation is medium term (5-9 months).

The Countywide Applicable Client Records Search (ACRS) is a long-term County information technology goal that allows information to be searched across information system boundaries. Although the project will take many years to achieve, participation in the project can begin immediately by ensuring that all requirements and specifications for data and information to be shared conform to ACRS standards.

31. Ensure that all electronically managed data is stored on network drives conforming with County IT security policies.

The job of every security system is to connect users to the system resources to which they are authorized. At the same time, the IT infrastructure must manage resources and users so that access to programs and data are protected. The challenge is to manage and maintain a consistent security strategy to allow resource protection without negatively impacting productivity. Adopting and conforming to the County's IT Security Policies is the first step and can be completed in a short period of time. Completion timeframe for implementation is medium term (5-9 months).

32. Assess GIS applications as identified by the GIS Departmental Assessment Program and, if feasible, create a plan to implement.

Geographic Information Systems (GIS) provide a means of accessing and analyzing spatial information. Through GIS, map data are stored, manipulated and analyzed to support departmental responsibilities. GIS is used as a tool to organize and plan for the methods of meeting those responsibilities.

The benefits of GIS technology are profound. As a geographic information management and analysis tool, it delivers opportunities for:

- **Better decision-making, service and responsiveness** to residents by providing staff and management with the information needed to respond quickly to problems or concerns, to provide quality service, and to make sound, equitable decisions, which take into account all pertinent issues and impacts. Displaying a proposed development for a new housing unit geographically compared to its proximity to public transportation is a simple example of how GIS reporting could benefit the Department of Housing.
- **Improvement in the quality and timeliness of services**, particularly through use of GIS capabilities, often integrated with the Internet, to respond to information requests of residents and businesses asking questions that are geographically related. An example of a benefit from GIS reporting is displaying locations of housing units on a map or providing directions to a department facility overlaid onto a street-map.
- **Productivity gains** by greatly reducing the redundancy, labor, and cost in accessing information, integrating multiple data sources, performing complex analyses, and presenting information in map form. Staff efficiency for access and analysis of information gains with GIS in the range of 20 to 60 percent have been observed in government agencies. Indications are that time now spent in compiling and processing data can be reduced by well over 40 percent through the use of geographic information standards and better coordination in data administration.

Integrating GIS reporting into the Department of Housing computer systems would be a medium and long-term endeavor but in the near term, determining requirements can be performed. Completion timeframe for implementation is long term (1-2 years).

III. Department Communications

Focus groups and staff interviews revealed a need to assess department communications and recommend improvements.

What Is Working Well

Since the new Department of Housing was created, a new management team has been hired. Having a new Director, Deputy Director and Financial Services Manager has increased communication in the department due to changes and new expectations. The all department, manager, and supervisory level meetings have increased the information flow to and from personnel. Informational and cross-training sessions among the groups are beneficial to improve communication among the divisions in the department. Many of the HCD Specialists and Housing Occupational Specialist (Housing Authority) employees rarely work together. Information sharing sessions designed to teach one another about job duties and individual roles in the department have helped build understanding.

Staff *Solution Teams* called "Tiger Teams" have been established to resolve department problem areas. These teams have brought personnel together that normally wouldn't work with one another. These teams also give individuals the opportunity to take a lead role in problem solving. For example, a four-member team worked together to reduce the number of storage locations needed by the department. Their recommendations resulted in a savings of \$9,000. Recognizing team achievements at all-staff meetings reinforces and communicates department priorities.

Where Improvements Can Be Made

Although Management has taken the first steps to better communicate internally, there are still improvements that can be made. Program staff work independently and do not view their programs as a piece of the larger Housing puzzle. Since Housing staff are located at different sites, communication and information are disseminated across multiple work sites. There has been a lack of communication regarding staff training opportunities because it is not understood by all that they could be eligible to take training courses. Many stakeholder organizations contribute to the County's commitment to provide affordable housing to all, but a single repository for all housing resources does not exist. The website is under-utilized and does not provide dynamic or transactional information. As previously noted, inadequate business systems limit reporting capacity, which in turns challenges the department's ability to effectively communicate across division lines and externally.

Communications Recommendations

33. Enhance department website to provide dynamic and transactional information.

Web Transaction is an activity, or group of activities, that is responsible for performing some application-specific work through the Web. Industry surveys reveal a dramatic increase in the number of companies utilizing the Web for their service delivery. Web transactions are powerful tools because they join the department's communications with a target audience to the department's application or inquiry form. Users can have direct communication with the department as they see information displayed on the website. With the click of a mouse, they will transmit their inquiry or application directly to the Department of Housing. Thus, the entire process will be faster and more cost effective.

In the short term, detailed requirements analysis should be performed. Implementation of the full recommendation would constitute medium and long-term goals. Completion timeframe for implementation is long term (1-2 years).

34. Consolidate office locations where feasible, to enhance overall team effectiveness and integration of the department.

Consolidating all 66 Housing employees in one location will improve communication currently "lost in transmission" as a result of Housing Authority and HCD employees being located at different sites.

Consolidation of offices will contribute toward efforts to fully integrate the department, creating more opportunities to conduct problem solving across functions and to identify more possibilities to leverage resources in order to address specific housing needs in the county. Savings will also be generated from the reduction in leased office space. The implementation of this recommendation is under construction at this time. Housing's Harbor building is being remodeled to accommodate more employees who are being relocated from the Daly City and Belmont offices. Completion timeframe for implementation is short term (3-4 months).

35. Create a department Intranet to provide information on department activities and procedures.

The intranet is an internal network of computers that talk via Internet Protocols. An intranet is essentially a private Internet. This tool can allow access to material for people allowed entrance into the intranet. On the intranet, the department can publish draft reports, project progress reports, post human resource information and use it as a bulletin board for other detailed information. This can be a valuable tool for the department's internal communication plan.

The near term steps would be to gather requirements of what would be included within a department intranet site. Completion timeframe for implementation is long term (1-2 years). Maintaining the content posted on an intranet site requires constant up-keep and would become an on-going support activity.

36. Communicate all department training opportunities and requirements via a department intranet site.

There is currently a misunderstanding about training opportunities and mandated training. Employees are confused on who to contact regarding training opportunities and what training courses are available to them. By posting training opportunities and requirements on the intranet it allows employees to obtain information at anytime and to be understood by everyone who is interested. The detailed requirements analysis can be completed in the next 5-9 months. Completion timeframe for implementation is long term (1-2 years).

37. Improve communication of department objectives in light of County commitments and goals and how individual programs contribute to department success.

The Department of Housing should conduct Outcome-Based Management sessions to review the commitments and goals of the department. By reviewing the department overview and program plans, staff from HCD and the Housing Authority will increase their understanding of the common goals and how they should more closely work together to improve performance. This will allow all staff to communicate with each other about their program plans and objectives, and improve communication in the department. The completion timeframe for implementation is medium term (5-9 months).

38. Integrate or link the website to companion/stakeholder websites (HOPE, Housing Leadership Council).

Web links can provide fast access to recommended companion/stakeholder websites. This builds a relationship between two websites by sharing content. Developing detailed requirements/work plan and executing the work plan can be performed in short to medium term. Completion timeframe for implementation is long term (1-2 years).

CONCLUSION

The success of any newly created organization depends highly on its management's ability to lead its employees and other stakeholders toward a shared vision, mission, goals and objectives. While the new department is charged with overseeing the County's affordable housing efforts, including the Housing Authority and Housing and Community Development, the Authority continues to operate independently in terms of its own management and support systems, personnel and fiscal policies and procedures.

The differences in operating the Authority have resulted in a great deal of management inefficiencies due to the use of multiple systems, policies and procedures. The lack of integration also creates barriers to collaboration and teamwork among Housing staff, limiting opportunities to cross-train and implement succession planning efforts to address staff turnover and retirements. The lack of integration ultimately impedes the Department's ability to operate efficiently and to maximize economies of scale and other opportunities to allocate limited resources toward one of the top priorities of county residents.

Integration Issues and Benefits

The previous Findings and Recommendations section provides specific issues and recommendations regarding the need for Housing Authority integration with County systems. While there are significant legal and personnel issues and costs associated with integration, which need more in-depth study and analysis, the major benefits of integration include:

- Increased opportunities to optimize the use of federal Housing and Urban Development (HUD) funding to address specific housing needs of county residents through collective efforts of Housing Authority and HCD staff
- Management's ability to operate efficiently without duplicative systems, policies and procedures
- Succession planning through increased cross-training and promotional opportunities for staff
- Economies of scale through the use of County agreements with support departments, vendors and suppliers