STAFF REPORT

Meeting Date: January 26, 2016

To: Honorable Mayor & City Council

From: Carol Lynch, Assistant City Attorney

Subject: INDEPENDENT INVESTIGATION REGARDING THE REMOVAL OF TREES FROM PARCELS 12 & 13 ON NOVEMBER 21 AND 22, 2015.

Attachments: Report from Kevin Kearney and attached proposals

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INTRODUCTION

On January 5, 2016, the City Council received a report from the City Attorney's Office regarding the removal of trees and vegetation from Parcels 12 and 13, which occurred on November 21 and 22, 2015. Following the removal of the trees, the City Manager directed the City Attorney's Office and City Staff to review what happened, analyze any mistakes that were made, and make recommendations regarding how City systems and procedures can be improved. After the City Council received the report on January 5th, the City Council directed that an independent investigation be conducted by a person or firm that is not connected with the City. This report discusses the scope of work for the independent investigation and seeks confirmation from the City Council regarding the content of the proposed scope of work. The report also discusses options for the process to retain the services of an investigator and requests direction from the City Council about that process.

DISCUSSION

At the January 5, 2016 City Council meeting, Staff was given direction to move forward with a process to obtain the services of an independent consultant to review the events regarding the removal of the trees and vegetation from Parcels 12 and 13. During the meeting, the Council discussed having the investigation concluded in time for a presentation to the City Council in March.

Scope of Work for the Investigation:

Following is a draft of the proposed Scope of Work for the independent investigation:

> The City Council of the City of Beverly Hills would like to retain the services of a consultant that is completely independent from the City and is experienced in conducting investigations and preparing reports for governing bodies or boards of directors of public or private entities.
>
> The City Council would like the consultant to conduct an investigation and prepare a report for review by the City Council and the public regarding all of the circumstances, including, without limitation, the meetings, communications and events, that led up to the removal of approximately ninety-six trees from two properties within the City of Beverly Hills on November 21st and 22nd 2015. The report should identify errors that were made and include recommendations to the City Council regarding how City procedures could be improved to avoid such a circumstance from occurring again within the City. Conclusions of the investigation should be presented along with a set of recommendations of measures to be implemented to improve the review and public notification process and to improve accountability within the City organization.
>
> In conducting the investigation, the consultant should at a minimum review all reports, letters, emails, and newspaper articles leading up to the removal of the trees on November 21st and 22nd. The consultant also should conduct interviews of the individuals who were involved with the removal of the trees, including city staff members, representatives of West Coast Arborists, representatives of Beverly Hills Land Company and representatives of the California State Department of Substances Control ("DTSC"). The consultant may at their discretion interview other interested parties and members of the public. It also is recommended that the consultant review the report that was prepared by the City Attorney's office; watch the video of the January 5th City Council meeting, and watch the video of the town hall meeting that will have been conducted on January 27, 2016.

Staff is seeking confirmation from the City Council that the proposed scope of work is acceptable.

<u>The Process for Selecting an Investigator.</u>

Staff originally contemplated having the City Council review and approve the Scope of Work at the January 26, 2016, meeting followed by issuance of a formal Request for Proposals ("RFP") to qualified firms, both within and outside of California to conduct the investigation. Often, an RFP process is open for at least thirty days. With these timeframes, it is projected that the completed report would be presented to the City Council in May, which is beyond the March deadline that staff understood to be the City Council's direction on January 5th.

The City Council's discussion about the March timeline focused on completing a plan about what to do to rectify the problem conditions on the Parcels, including the replacement of trees and vegetation that were removed. Because the investigation will provide information that will inform the decisions about the plan and how to proceed, it is prudent to have the investigative report be completed prior to the development of the plan, which created the need to move forward expeditiously.

Accordingly, after further evaluating the project and the timeline, Staff determined that it would be advisable to send out a Request for Information ("RFI") to consultants to determine if it is feasible to complete the investigation by the March deadline. The RFI is a less formal process that does not require the lengthy timeline that is required to conduct a formal RFP. Issuing an RFI allowed Staff to solicit proposals from consultants and present the results to the City Council at this meeting on January 26, 2016, to afford the opportunity for the report to be completed in March, should the Council determine that this is the preferable course of action.

To provide the Council with the option of selecting a firm at the time it reviews the scope of services, staff contacted fifteen potential consultants. In addition, the City Attorney's Office contacted former Mayor Robert Tanenbaum, who referred two out-of-state law firms. Of the seventeen total consultants and law firms, Staff sent the RFI to the thirteen consultants and firms that expressed interest in performing the investigation. Staff ultimately received five completed proposals. For more information on the RFI process, including how the consultants were identified, please refer to Mr. Kearney's report, which is attached. The five proposals also are attached. However, Staff has redacted the financial portion from each proposal, in the event that the Council wishes to pursue the RFP process, so that these proposers will not be adversely affected by having their financial proposals disclosed prior to the issuance of an RFP.

If the City Council agrees with using the RFI process and selecting one of the five proposals that were submitted, following is an approximate timeline for that process:

Task	Date
Council Meeting	January 26, 2016
Prepare Contract	By January 29, 2016
Contract Signing	February 1-5, 2016
Start Work	February 8, 2016
Consultant Returns Report to City	February 22, 2016
Report Due for Council Meeting Packet	February 24, 2016
Oral Report Made to City Council	March 1, 2016

The City Attorney's Office and Staff are requesting direction from the City Council regarding the process that the Council would like to follow to retain the independent consultant to conduct the investigation. Following are four potential options from which the Council could choose a consultant:

1. The Council could decide to move forward with one of the proposals that were received in response to the Request for Information that was recently sent out. Of the thirteen consultants/firms that had expressed interest, five proposals were received based on the timeline of having the investigation concluded in time for the oral report to be made to Council during the March 1, 2016 City Council meeting. If the Council selects this option, it is recommended that the Council authorize the City Manager or the City Attorney to sign a contract up to $80,000. This amount would cover the cost of the highest proposal that has been received to date, should the Council select it.

2. The Council could form a Sub-Committee to further examine the proposals that already were received and conduct one or more interviews. In this option, the Sub-Committee would be provided the ability to choose a proposal on behalf of the Council. To meet the March 1, 2016 timeline, the Sub-Committee would need to convene and choose a consultant by Friday, January 29, 2016, so that the preparation of the consultants' contract could occur on

Monday, February 1, 2016. If the City Council elects to move forward with this option, it is recommended that the Council authorize the City Manager or the City Attorney to sign a contract up to $80,000. This amount would cover the costs of the highest proposal, should the Sub-Committee select it.

3. The Council could form a Sub-Committee to further examine the proposals that already were received, conduct interviews, and make a recommendation to the entire City Council. To meet the March 1, 2016 timeline, the Sub-Committee would conduct their review and report back to the Council on their recommendation at the February 2, 2016 City Council Meeting. To meet this deadline, the Sub-Committee would need to meet on Wednesday, January 27, 2016 or Thursday, January 28, 2016. This would allow the Agenda Report to be finalized and publicly posted on Friday, January 29, 2016, for the meeting on February 2nd.

4. The Council could decide to review and approve the Scope of Work listed in this report tonight and direct Staff to proceed with a formal Request for Proposal process. Due to the additional time that will be needed to conduct that process and select an investigator, it is estimated that a final report would not be presented to the City Council until a Council meeting in May.

CONCLUSION:

Given the concerns about transparency and independence, the City Council has directed that an independent consultant conduct an investigation and prepare a report for the City Council. Staff is seeking direction from the City Council regarding the process that should be followed for retaining the services of an independent consultant and the scope of work that the consultant is to follow.

Carol Lynch, Assistant City Attorney

Attachment 1

CITY OF BEVERLY HILLS

POLICY AND MANAGEMENT

MEMORANDUM

TO: Mahdi Aluzri, City Manager and Laurence Wiener, City Attorney

FROM: Kevin Kearney, Senior Management Analyst

DATE: January 26, 2016

SUBJECT: SOLICITATION OF PROPOSALS FROM COMPANIES, CONSULTANTS, AND FIRMS FOR THE INDEPENDENT INVESTIGATION OF EVENTS SURROUNDING PARCELS 12 & 13

ATTACHMENTS:
1. Request for Information
2. Proposal – KH Consulting Group
3. Proposal – Managing Results, LLC
4. Proposal – Matrix Consulting Group
5. Proposal – Novak Consulting Company
6. Proposal – PrimeSource Project Management

INTRODUCTION

In response to the City Council's directive at the January 5, 2016 Council meeting, the City Attorney's Office created a detailed Scope of Work for the independent investigation to present at the January 26, 2016 Council meeting. To determine if the independent investigation could be conducted expeditiously without the need of preparing a formal request for proposals, the City Manager directed Staff to create and send out a Request for Information (RFI) to solicit a thorough, independent investigation of the events surrounding Parcels 12 and 13. Staff located 15 potential consultants, and Former Mayor Robert Tanenbaum referred two law firms that are located outside of California. Of the 17 total consultants and firms that were identified, Staff sent the RFI to 13 of the interested consultants and firms. Staff ultimately received five completed proposals.

DISCUSSION

Staff and the City Attorney's Office drafted a Request for Information based on the City Attorney Office's draft Scope of Services. The RFI provided recipients with an introduction of the project; a short background of the events that occurred; the purpose of the RFI; a description of the City's requirements for the project; a description of information the City is requesting; a short description of how the City will review the information, and a description on how recipients can respond to the RFI. To provide background and context, the RFI included a link to the City Attorney Office's report from the January 5, 2016 Council meeting, as well as a link to the recorded video of the meeting.

The RFI stated that a response is needed no later than Monday, January 18, 2016. This date, unfortunately, did not account for City Hall being closed on Monday due to the Martin Luther King, Jr. holiday. As a result, Staff made it clear through follow up emails and calls to all companies that had expressed interest in the RFI that responses were not due until Tuesday, January 19, 2016.

On Wednesday, January 13, 2016, Staff started crafting the Request for Information based on the discussions from the previous Council meeting, and Staff began compiling a list of independent consultants for the project. Consultants' names and contact information were located by exploring past City consultant services, doing a broad internet search, and researching sponsors from local government advocacy organizations like the International City/Council Management Association (ICMA), the California City Management Foundation (CCMF), the League of California Cities and the Municipal Management Association of Southern California (MMASC).

By Thursday, January 14, 2016, the RFI had been finalized, and Staff had compiled a list of 14 potential consultants whose skills may match the scope of work for the upcoming project. The following is the list of consultants:

	Consultant Name	Office Locations
1.	Cerrell	Los Angeles (CA)
2.	Dewberry	Multiple Locations
3.	Ernst & Young, LLP	Multiple Locations
4.	KH Consulting Group	Los Angeles (CA)
5.	Kosmont Companies	Manhattan Beach (CA)
6.	Management Partners	Costa Mesa (CA), San Jose (CA), Cincinnati (OH), Altamonte Springs (FL)
7.	Manaing Results	Crested Butte (CO)
8.	Matrix Consulting Group	St. Louis (MO), Mountain View (CA), Dallas (TX)
9.	Mercer Group, Inc.	Atlanta (GA), Santa Fe (NM)
10.	Novak Consulting Group	Cincinnati (OH)
11.	PMW Associates	San Clemente (CA)
12.	Pricewaterhouse	Multiple Locations
13.	Urban Futures Inc.	Orange (CA), Walnut Creek (CA), Bakersfield (CA), El Dorado Hills (CA)
14.	Willdan	Multiple Locations

Based off the list, Staff contacted or attempted to contact all 14 potential consultants. Once initial phone contact was established, Staff provided a brief history of the project and summarized the Scope of Services requested, and Staff assessed the consultant's interest in the project. If the consultant was interested, Staff sent the RFI via email on Thursday. As a result of the contact or attempted contact over the phone with all 14 potential consultants on Thursday, the following results were achieved:

- 10 companies expressed interest and an RFI was sent via email. These included:
    1. Dewberry
    2. Ernst & Young, LLP

3. KH Consulting Group
4. Management Partners
5. Managing Results
6. Matrix Consulting Group
7. Mercer Group, Inc.
8. Novak Consulting Group
9. Priccewaterhouse
10. Urban Futures, Inc.

- 2 companies stated that they did not perform the requested services
  1. Kosmont Companies
  2. Cerrell
- 2 companies were unresponsive.
  1. PMW Associates – phone message was unreturned
  2. Willdan – contact was made. Staff was told follow up would occur but never happened

By Friday, January 15, 2016, Staff had received email confirmations from a few consultants that they would review the RFI. From those companies that had expressed interest, but where Staff had not received confirmation of receiving the RFI over email, Staff either confirmed receipt of the RFI through a follow-up phone call or left a message on a voicemail.

On Friday, January 15, 2016, the City Attorney's Office contacted Former Mayor Robert Tanenbaum regarding recommendations that he may have for companies to perform the City's upcoming project. He recommended two law firms that are located out of state. Staff contacted both firms by phone to collect email addresses to send the RFI. Staff obtained the appropriate contact information, and the RFIs were sent via email. Emails were sent after business hours. Below are the two law firms recommended to Staff by Former Mayor Tanenbaum:

	Legal Firm Name	Office Locations	Contact Name
1.	Sprague and Sprague	Philadelphia (PA)	Richard Sprague
2.	Scoptetta, Seiff, Kretz and Abercombie	New York (NY)	Nicholas Scoptetta

On Monday, January 18, 2016, Staff attempted to contact the two legal firms to confirm that they received the RFI sent via email on Friday. Staff called Sprague and Sprague and left a message; however, Staff was advised that the firm was currently in the process of dissolving, and it could be possible that a response may be delayed as a result. In contacting Scoptetta, Seiff, Kretz and Abercombie, Staff was advised that they would not be responding to the RFI. No reason was provided. On Monday, Staff also received notification that Dewberry would not be submitting a proposal to the City. However, Dewberry recommended that Staff contact PrimeSource Project Management. Staff attempted to contact PrimeSource Project Management by phone on Monday, but was unsuccessful.

By Tuesday, January 19, 2016, PrimeSouce Project Management returned Staff's call and expressed interest in the project. Staff sent the consultant the RFI. All Consultants and legal firms were advised that the City needed a response from the RFI by Tuesday. As of Tuesday, five proposals were received and are attached in this report. Below are the names of those who submitted proposals:

Consultant Name

1. KH Consulting Group
2. Managing Results, LLC
3. Matrix Consulting Group
4. Novak Consulting Group
5. PrimeSource Project Management

CONCLUSION

Staff contacted 15 potential consultants. In addition, the City Attorney's Office contacted Former Mayor Robert Tanenbaum, who referred two out-of-state law firms. Of the seventeen total consultants and law firms, Staff sent the RFI to the thirteen consultants and firms that expressed interest in this project. From the thirteen that received RFIs, five ultimately submitted proposals back to the City for consideration.

Attachment 1

CITY OF BEVERLY HILLS
REQUEST FOR INFORMATION

I. INTRODUCTION

The City of Beverly Hills invites consulting firms to submit written statements detailing their professional experience and history providing consulting services related to conducting investigations and preparing reports for governing bodies or boards of directors of public or private entities.

II. BACKGROUND

On November 21 & 22, 2015, approximately ninety-six trees and vegetation from Parcels 12 and 13 in the City of Beverly Hills were removed. Following the removal of the trees, the City Manager directed the City Attorney's Office and City Staff to review what happened, analyze the mistakes that were made, and make recommendations for how City systems and procedures can be improved. This presentation was made to the City Council on January 5, 2016.

A copy of the City Attorney Office's report can be found here:
http://beverlyhills.granicus.com/MetaViewer.php?view_id=2&event_id=2504&meta_id=280864

At the conclusion of the report, the City Council directed City Staff to locate potential consultants to conduct a thorough, independent investigation of the events.

The recorded video of the January 5, 2015 City Council meeting can be found here:
http://beverlyhills.granicus.com/MediaPlayer.php?view_id=2&clip_id=4673

III. PURPOSE OF REQUEST FOR INFORMATION

The City of Beverly Hills is seeking a consultant to conduct an investigation of all of the circumstances, including, without limitation, the meetings, communications and events, that led up to the removal of approximately ninety-six trees from two properties within the City of Beverly Hills on November 21 and 22, 2015, and prepare a report to the City Council following the completion of the investigation. The report should include recommendations to the City Council regarding how City procedures could be improved to avoid such a circumstance from occurring again within the City.

IV. DESCRIPTION OF CITY'S REQUIREMENTS

(a) **Services Required by City of Beverly Hills** - The City is seeking a highly skilled consulting firm to provide the following services:

(i) Investigate the circumstances leading up to the events on November 21

and 22, 2015

(ii) Gather information through the review of emails, memoranda, videos, newspaper articles, site visits, and interviews with City Staff, property owner, state agencies and the arborist that removed the trees. Staff estimates that approximately ten (10) to fifteen (15) individuals will need to be interviewed.

(iii) Formulate recommendations regarding improvements in City procedures as a result of the investigation

(iv) Provide a written and an oral report to the City Council at the conclusion of the investigation

(b) **Knowledge and Skill Sets Required by City of Beverly Hills** - The specific knowledge and skill sets that the prospective consultant(s) should possess are as follows:

(i) *Information Gathering* – Ability to collect information. Information may be collected through interviews of staff and other parties who were involved with the removal of the trees, the review of documents, including emails and a visit to the site

(ii) *Information Analysis* – Ability to analyze and summarize the information that is collected

(iii) *Organizational Review and Provide Recommendations* – Ability to formulate findings and make recommendations regarding how City procedures could be improved to avoid such a circumstance from occurring again within the City

(c) **Timeline of Project Required by City of Beverly Hills** - Consultants responding to this request must understand and agree to the timeline for this project. The timeline to complete this work is 14 days, but could potentially be approximately one month. The start date of the project will begin at the end of January with the conclusion of the investigation and the report due to the City as early as February 22, 2016.

V. DESCRIPTION OF INFORMATION REQUESTED

Consultants interested in responding should submit information including:

1. Approximate project costs; approximate costs should include travel and one (1) presentation to the City Council potentially on March 1, 2016.
2. Brief description of related experience

3. List of relevant/similar projects
4. List of previous projects performed with the City, if applicable
5. Any other relevant materials or information

VI. REVIEW OF INFORMATION

Upon receipt of the requested information, City representatives will evaluate the materials, and based on those materials, create a list of consultants to call for additional information. The City may also create a list for a formal Request for Proposal process or a consultant may be chosen from the information provided.

VII. HOW TO RESPOND

If you wish to respond to this Request for Information, please email your response no later than Monday, January 18, 2016. For submissions and questions, please email them to Kevin Kearney at kkearney@beverlyhills.org. Questions can also be directed to Mr. Kearney at (310) 285-1014.

Attachment 2

KH
CONSULTING
GROUP
MANAGEMENT
CONSULTANTS

1901 Avenue of the Stars, 2nd Floor
Los Angeles, CA 90067
tel 310.203.5417 / fax 310.203.5419
www.KHConsultingGroup.com

January 18, 2016

Attn.: Kevin R. Kearney, Sr. Management Analyst
City Manager's Office
City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210
KKearney@BeverlyHills.org

Subject: *Proposal in Response to the Request for Information (RFI) for an "Investigation of the Removal of Approximately 96 and Vegetation from Parcels 12 and 13 in the City of Beverly Hills on November 21 and 22, 2015"*

Dear Kevin:

Thank you for your call last Thursday and for including KH Consulting Group (KH) in this Request for Information (RFI) distribution. We are writing to confirm that we can provide consulting services related to conducting investigations and preparing reports for governing bodies or boards of directors of public or private entities," as defined in the RFI.

Background

On November 21 and 22, 2015, approximately 96 trees and other vegetation were removed from Parcels 12 and 13, approximately five acres of land located between Civic Center Drive and Santa Monica Boulevard in Beverly Hills. The property owner, Beverly Hills Land Company (BHLC), contracted West Coast Arborists (WCA) to remove the trees.

Due to concerns raised regarding the processes and procedures involved with the tree removal, the City Manager directed the City Attorney's Office and City staff members to review and analyze the process and to make recommendations for improvement. The internal investigation culminated in a report to the Beverly Hills City Council on January 5, 2016, which:

- Outlined the timeline of events
- Highlighted mistakes or lessons learned
- Proposed recommendations and next steps

Upon the presentation of the report and after public comment, the City Council requested that an independent third-party investigation be conducted.

Methodology

Objectives and Scope

To that end, KH proposes to ***investigate the City's administrative processes and procedures***, surrounding Parcels 12 and 13 and the removal of the trees and vegetation on November 21 and 22, 2015. The purpose of the investigation is to answer a number of questions that fall into three general categories of inquiry:

1. What happened?
2. What mistakes were made and why? What lessons can the City of Beverly Hills learn from these mistakes?
3. What steps need to be taken to right any wrongs incurred and avoid similar events from happening in the future?

Outline of Tasks

1. **Document Review**. KH will conduct a document review of related City Council presentations (PPT), emails, memoranda, videos, newspaper articles, and other related materials. We will also review relevant State and City ordinances and City permitting procedures, including flowcharts outlining how the review and approval processes should occur.

   KH has done a preliminary review of the January 5th Beverly Hills City Council meeting. Once the project begins, KH will do a more-through review of the recording to catalogue the questions and comments to inform our work and ensure that the breadth of issues raised are covered in the investigation.

2. **Conduct Site Visit**. KH will conduct a site visit to Parcels 12 and 13.

3. **Conduct Interviews**. KH will conduct interviews with:

   - City Council members
   - Involved City staff including the Director of Community Services
   - BHLC representative(s)
   - Department of Toxic Substance Control (DTSC) representative(s) and any other related state agencies
   - Union Pacific representative(s)
   - WCA representative(s)
   - The City Arborist
   - Ashley Consulting Arborists representative(s)
   - Other involved parties as is appropriate

The RFI approximates that 10 to 15 individuals will be interviewed. KH approximates that that number could go as high as 20 to 25.

4. **Prepare Draft Investigation Report**. KH will analyze the information gathered through the document review and interview processes to formalize findings and recommendations to improve related City processes and procedures. The report will contain:

   I. Table of Contents
   II. Executive Summary
   III. Background Information
   IV. Findings
   V. Recommendations, including Action Steps

5. **Deliver Investigation Report Findings and Recommendations to the Beverly Hills City Council**. KH will provide a written report and an oral presentation to the Beverly Hills City Council, sharing investigation findings and resulting recommendations. On the basis of the presentation, KH will incorporate any additional input to the report before issuing the Final Report.

KH's Related Experience

Headquartered in Los Angeles since 1986, KH Consulting Group (KH) has served more than 200 clients in 25 states and 9 foreign countries. KH is a full service management-consulting firm, offering services in:

- Governmental investigations, management audits, performance reviews, and special studies
- Process improvements
- Strategic planning
- Organizational design, productivity enhancement, and change management
- Business reorganization and financial restructuring
- Human resources
- Stakeholder engagement

More than 70% of KH's clients are governmental agencies.

Our corporate philosophy emphasizes a strong commitment to our clients. Our charter is to:

- Serve our clients in achieving their objectives
- Offer practical and achievable recommendations
- Establish a rapport that makes our final recommendations shared conclusions
- Enable our clients to accomplish specific objectives for reasonable investments of time and money

- Treat the information developed during the course of our work confidentially
- Document our findings and recommended actions in well-honed reports which serve as useful references during implementation
- If needed, assist in implementing or monitoring the implementation of recommendations

Relevant Projects

KH is certified to perform management audits and performance reviews, as per the U.S. Government's Yellow Book Standards.

KH conducts governmental investigations in keeping with U.S. Government Yellow Book Standards.

KH has master agreements to provide audit and related services for the following agencies:

- Office of the City Controller, City of Los Angeles: Master Agreement (since 2001) to perform Management Audits and Special Studies
- Office of the Auditor-Controller, County of Los Angeles: Master Agreement (since 1994) to perform Management Audits and Special Studies
- Los Angeles World Airports (LAWA): Master Agreement to perform Audit Services

Among our governmental clients served and projects that involved investigations are:

Governmental Entity	Sample Investigations Performed
City of Los Angeles, Office of the Mayor	▪ Development Reform, involving process improvements in land use and permitting procedures in 11 departments, including: ○ Building & Safety ○ City Planning ○ Engineering (including City Forestry) ○ Fire
City of Los Angeles, Office of the Controller	▪ 2016 Industrial, Economic, and Administrative Survey of Los Angeles World Airports (LAX) – in progress; to be completed February2016 ▪ 2008 Industrial, Economic, and Administrative Survey of Los Angeles World Airports (LAX, VNY, ONT, PMD) ▪ 1999 Industrial, Economic, and Administrative Survey of Los Angeles World Airports(LAX, VNY, ONT, PMD) ▪ 2011-2012 Los Angeles Department of Transportation ▪ General Services Department (GSD) Performance Audit of Asset Management Division (AMD) and Development of a City Asset Strategy
County of Los Angeles	▪ Internal Services Department (ISD) – Management Audit ▪ Department of the Registrar-Recorder – Efficiency Review
City of Beverly Hills	▪ Performance Audit of Economic Development

Governmental Entity	Sample Investigations Performed
County of Los Angeles Civil Grand Jury – KH has conducted 17 individual audits since 1999	▪ 2011-2012 ○ An Investigation of How to Mitigate Needless Child Deaths ○ An Investigation of How to Position the County of Los Angeles to Address Seniors' Needs under Healthcare Reform ▪ 2007-2008 – An Investigation of the Future of Youth Aging Out of the Child Welfare System ▪ 2006-2007 ○ Investigation of Pharmaceutical Processes in the County Department of Health Services ○ Investigation of How the Department of Children and Family Services (DC&FS) and the Probation Department Assess the Quality of Services Provided by the Juvenile Group Homes ▪ 2005-2006 ○ Review of Emergency Communication ○ Organizational Effectiveness Review of a LAUSD Program ▪ 2004-2005 – Real Estate Collaboration ▪ 2003-2004 ○ Management Audit of Community Redevelopment Agencies located in the County of Los Angeles ○ Management Audit of Domestic Violence Programs in Community and Senior Services (CSS) ○ Management Audit of Custody Assistants ○ A Management Review of the Effectiveness of Civil Gang Injunctions (CGIs) ▪ 2002-2003 – Investigative Audit of Senior Services and the Community and Senior Services (CSS) Department ▪ 2000-2001 ○ Management Audit of the Recruitment Strategies and Programs in the Los Angeles Police Department (LAPD) in comparison to other police departments, including Signal Hill Police Department ○ Management Audit of the Public-Private Partnerships in the County's Department of Health Services (DHS) ▪ 1999-2000 ○ Management Audit of the Sheriff's Department, Inmate Welfare Fund (IWF) ○ Management Audit of the County of Los Angeles, Department of Children & Family Services (DC&FS), Foster Family Agencies
Childrens Hospital Los Angeles	▪ Human Resources Management Audit
First 5 Orange County	▪ Management Audit and Strategic Planning
City and County of Denver	▪ Human Resources (Civil Service System) Management Audit

RFI Skill Requirements

Our skills align with those required in the RFI and for this investigation:

- ***Information gathering*** – On the basis of our investigations to date, KH has a demonstrated track record in gathering significant amounts of information in relatively short periods of time.
- ***Information analysis*** – KH has conducted investigations on a broad array of issues, including land development, land use, building permitting processes, and urban planning.
- ***Organizational review and recommendations development*** – Our areas of specialties include strategic, organizational, and process improvements. Our recommendations are detailed and outline actions needed to implement them.
- ***Formal presentations before governing bodies*** – KH has presented before many governing boards, including the City of Beverly Hills City Council, County of Los Angeles Board of Supervisors, City of Los Angeles City Council and its various committees, Orange County Board of Supervisors, and board of trustees at colleges and universities.

Appendix A contains a "***KH Know-How Update***" that outlines our projects to date in the public sector, including links to various KH reports and investigations. The "***KH Know-How Update***" also contains a description of our prior work for the City of Beverly Hills.

Proposed Investigation Consultants

KH's President, Gayla Kraetsch Hartsough, Ph.D., will provide quality assurance and will guide the process. The KH consultants, who will be the lead investigators are both KH Vice Presidents, have worked with the City of Beverly Hills, and have 10 or more years of experience with public sector investigations:

- Heather Sims, KH Vice President – Project Manager in charge of the day-to-day activities of the project
- Charlotte Maure, KH Vice President

All three of them worked on Development Reform in the City of Los Angeles, teach public policy at the University of Southern California (USC), and have performed numerous governmental investigations, as highlighted in the next table.

Governmental Entity	Gayla Kraetsch Hartsough, KH President	Heather Sims, KH Vice President & Project Manager	Charlotte Maure, KH Vice President
City of Los Angeles, Office of the Mayor	✓	✓	✓
City of Los Angeles, Office of the Controller	✓	✓	✓
County of Los Angeles (audits)	✓		
County of Los Angeles (strategic planning)	✓	✓	✓

Governmental Entity	Gayla Kraetsch Hartsough, KH President	Heather Sims, KH Vice President & Project Manager	Charlotte Maure, KH Vice President
City of Beverly Hills	✓	✓	✓
County of Los Angeles Civil Grand Jury	✓	✓	✓
Childrens Hospital Los Angeles (CHLA)	✓	✓	✓
City and County of Denver	✓		

Their biographies are provided as Appendix B.

Project Costs and Timing

Project Costs

The table below provides an outline of the tasks, proposed consultant hours, and cost. Because of the short timeline, we have assigned seasoned consultants who can complete the work expeditiously.

Project Tasks	KH Project Director	Investigatory Consultants	Support Staff	Total Hours	Cost
	Gayla Kraetsch Hartsough	Heather Sims Charlotte Maure	Yvonne Nguyen		
Task 1: Document Review					
Review documents, including relevant State and City ordinances, City permitting procedures, etc.		8.00	1.00	9.00	
Summarize document review findings	1.00	4.00		5.00	
Task 2: Conduct Site Visit					
Schedule site visit to Parcels 12 and 13		0.25		0.25	
Conduct site visit to Parcels 12 and 13		2.00		2.00	
Task 3: Conduct Interviews					
Schedule interviews		2.00	1.00	3.00	
Design interview guide/fact-finding requirements		1.00		1.00	
Conduct interviews	8.00	40.00		48.00	
Summarize interview findings	1.00	8.00		9.00	
Task 4: Analyze/Prepare Draft Investigation Report					
Draft Investigation Report, including Analysis and Development of Recommendations	2.00	40.00	3.00	45.00	
Review Draft Investigation Report	2.00	2.00		4.00	
Revise and Deliver Final Plan	1.00	8.00	1.00	10.00	
Task 5: Deliver Investigation Report Findings and Recommendations to the Beverly Hills City Council					
Prepare City Council Presentation	2.00	24.00	2.00	28.00	
Deliver Investigation Report Findings and Recommendations to the Beverly Hills City Council	2.00	4.00		6.00	
Revise as-needed and issue Final Investigation Report	1.00	8.00	0.90	9.90	
PROJECT COST SUMMARY					
Total Professional Hours	**20.00**	**151.25**	**8.90**	**180.15**	
Hourly Rates					
				TOTAL	

KH works on a fixed-fee basis and will not exceed the outlined costs unless an agreed-to change in scope occurs. KH bills on a time-and-material basis; we bill monthly for the work completed

in the prior month. If KH can complete the work in less time, we will not bill the City of Beverly Hills for the outstanding balance.

Our consulting team resides in the greater Los Angeles area so we will have no other out-of-pocket expenses.

Timing

KH is aware of and agrees to the timeframe for this work, which is between 14 and 21 days – all to be completed within one month or less. KH is prepared to begin work at the end of January. KH also understands that the investigation may have to be completed as early as February 22, 2016; however, we believe that this project may require.21 days because of the challenges in scheduling interviews. The City Council presentation is slated for March 2, 2016.

To this end, if chosen, we would like to review the Work Plan with you as soon as possible to confirm the project tasks and time line, and solicit input regarding documents to be reviewed, individuals to be interviewed, and related details.

❖ ❖ ❖ ❖ ❖ ❖ ❖ ❖ ❖ ❖

We value the opportunity to work with the City of Beverly Hills again. If we have not understood your needs completely, we would be happy to modify our approach to meet your needs precisely. Moreover, if you have any questions, please do not hesitate to call or email Charlotte, Heather, or me (gayla@khcg.com).

Heather Sims or myself are authorized to represent the firm and negotiate a contract.

Sincerely,

Gayla

Gayla Kraetsch Hartsough, Ph.D.
President

Attachments.

KH

Appendix A – "KH Know-How Update"

KH Know-How

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KH CONSULTING GROUP, MANAGEMENT CONSULTANTS
Vol. XXVIII No. 1
2015

KH Responds to Public Sector Needs

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KH Know-How

Inquiries about our services may be directed to:

Gayla Kraetsch Hartsough, Ph.D., President

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DYNAMIC TIMES DEMAND DYNAMIC RESPONSES

Businesses and governments worldwide face rapid and unexpected changes. They face new demands from managers, workers, customers, and oversight groups. The scale of large businesses has grown through mergers and alliances, fueled by advances in technology that make global enterprises more sustainable. Ironically, the same technology has fostered the proliferation of small businesses that depend on computer and communication capabilities that barely existed 15 years ago.

This growth has brought about interesting and unusual changes. Once the dominant institution in telephone communications, AT&T was split into several parts by court decision and then overtaken by smaller, more agile rivals. At one point, there was a body of opinion that its day as a major force in telecommunications was nearly done. Recently, it has reemerged as an integrated telecommunications giant, buying out one of its major successor firms. U.S. Air, frequently mentioned as one of the weakest U.S. airlines, has been purchased by a rival – America West – and revitalized under its old name.

The world today is experiencing a period of remarkable technological and economic expansion. India and China are making breathtaking advances, while the European Union has expanded to include most of Eastern Europe. Despite well-publicized difficulties, the United States, Canada, and Mexico are forging a powerful economic alliance that promises to dominate the New World. Pacific Rim countries are also working in closer economic cooperation. A key measure of progress in this area is that poverty is no longer considered inevitable. Rather, the world is beginning to address destitution as a social ill that calls out for action. This stance is a watershed change.

The real cost of transportation continues to fall. Air cargo is no longer reserved for immediately perishable or high-value items. Specialized planes carry aircraft subassemblies from Japan and China to Seattle for final assembly at Boeing. At the same time, the cost of sea freight, fueled by containerization and ships considerably larger than aircraft carriers, are making possible the dispersion of production facilities to almost every corner of the globe.

Access to capital is now worldwide and without interruption. Major capital markets are linked by instant news on the internet – and increasingly by direct alliances – so that it is possible to trade many securities 24 hours a day, seven days a week, from any point in the world.

Population is rising. While, theoretically, there are enough resources for everyone, there is a lack of adequate distribution. Some people have more goods and services than they appear to need, while others are destitute. This concern is especially evident in the United States in the area of health care.

There is concern about the cost and consequences of the way energy is produced and used. Users need to become more efficient and reduce the impact of energy consumption on the environment. The answers to these needs lie in a combination of technological, political, and social change that presents a considerable challenge. In addition, effective action in this area must be global, requiring use of emerging worldwide information and communications networks to their fullest extent.

In the public sector, KH services address these developing challenges and shifting demands. KH's clients in local government struggle to change their organizational structures, learn new ways to work, and invest in the technology they must have to meet the expectations of their constituents. Port and airport clients find that they need better strategies, improved organization design, and better ways to adopt emerging technology. Security is a major concern, and the design of police and security organizations within these agencies is a high priority.

KH's educational clients struggle with escalating expectations emanating from both students and faculty. Community aspirations are also driving significant changes. All of this must be balanced with traditional missions in environments where resources cannot be increased as rapidly as cumulative expectations. This represents a thorny problem in strategic design, and it requires innovative ways to measure and communicate the accomplishments of the colleges.

KH develops practical, workable recommendations. More importantly, KH builds the consensus so critical to rapid adoption of new ways of working. Consensus, in turn, allows KH clients to reap the benefits of improved strategy, organizational design, and Balanced Scorecard performance measurements in a timely fashion.

KH SERVICES OFFERED

KH is a full-service management consulting firm. We offer services in:

- Strategic Planning
- Organizational Design
- Business Process Re-engineering
- Human Resources
- Information Technology (IT)

In the public sector, KH focuses on improving performance for a wide range of essential services, programs, operations, and administrative functions. We work with client organizations to create new visions of success, and we deliver the tools and support to make these visions real. Our larger studies primarily involve:

Strategic Planning. KH's Strategic Planning practice:

- Facilitates strategic planning and assists with preparation of strategic plans or master plans
- Analyzes customer satisfaction; evaluates different scenarios for service delivery
- Assesses an organization's resources (staffing, capital, facilities, etc.) and competencies to determine if they are sufficient for achieving the desired strategic directions
- Assesses environmental and competitive issues
- Conducts market research, including community needs assessments and opinion surveys
- Evaluates options (acquisitions, divestitures, mergers) available to enterprises and selects among them
- Structures strategic initiatives to achieve strategic goals and objectives
- Defines policies, objectives, and goals for building a long-term competitive advantage
- Delineates strengths, weaknesses, opportunities, and threats (SWOT analysis)
- Prepares Balanced Scorecards for accountability and achievement of Strategic Plans
- Analyzes an organization's external environment and competition
- Analyzes market position and opportunity; evaluates different scenarios for product, geographic, and service diversification
- Conducts Board and management planning retreats

Organizational Assessments and Management Audits. Even the most successful organizations periodically need an outside assessment of current management, operations, and organization design. These reviews provide executive management and elected boards with an improved understanding of the existing organization, and sharpened insights on where improvements can be made. KH has developed a comprehensive, thorough, and highly cost-effective approach to these assignments. A typical evaluation includes:

- Use of one or more advisory groups, including union representatives, to ensure that the study addresses constituent concerns
- Broad-based input from the community, employees, and management for stakeholder and customer input
- In-depth probing into problem areas
- Thorough review of findings and recommendations with management, advisory groups, and others affected by the outcomes
- Integration of recommendations with existing strategies, operations, and plans

Business Process Reengineering. The conflict created when rising standards and expectations collide with declining revenues requires radical change. For many public sector entities today, incremental change will no longer suffice. Reengineering takes advantage of analytical techniques and advanced technology, proven in the private sector, to improve productivity and quality of services significantly for organizations that:

- Face serious financial difficulty, necessitating major cost reductions, improved service, quality, or higher service levels
- Currently perform adequately, but foresee changes that will severely challenge them
- Lead their peers and want to maintain their status

MASTER AGREEMENTS

KH has a number of Master Agreements with governmental agencies, including:

Office of the Chief Administrative Officer, County of Los Angeles: Master Agreement (2001-2016) to perform Strategic Planning, Customer Service, Performance Measurement, and Special Studies

Office of the Auditor-Controller, County of Los Angeles: Master Agreement (since 1994) to perform Management Audits and Special Studies

Office of the City Controller, City of Los Angeles: Master Agreement (since 2001) to perform Management Audits and Special Studies

Public Utilities Commission (PUC) of Pennsylvania: Master Agreement (pre-approved list of consultants) to perform Management Audits

State of California, Department of General Services (DGS): Master Agreement to perform Business Management Consulting Services

Los Angeles World Airports (LAWA): Master Agreement to perform Audit Services

County of Los Angeles, METRO: Master Agreement to perform Management Audit and Performance Review Services

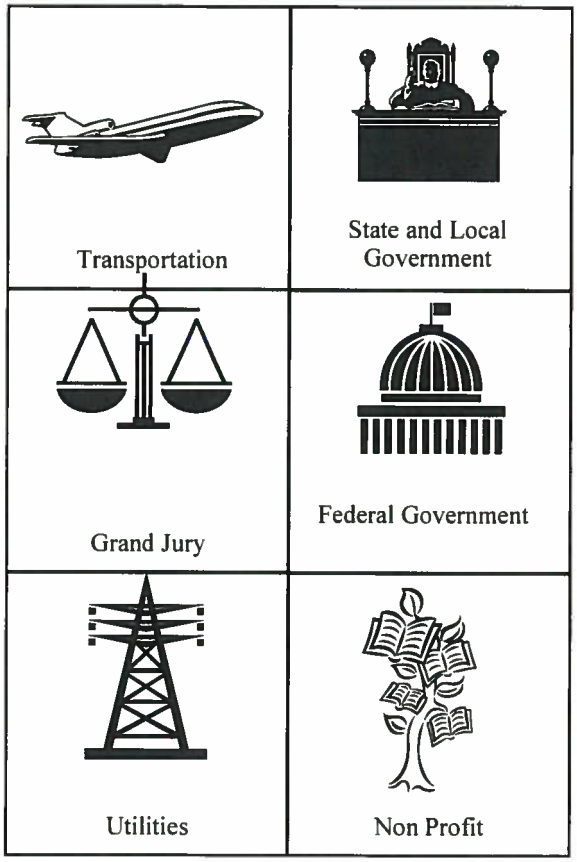
To be certified as a firm capable of performing management audits, KH has completed several Peer Reviews and is in compliance with the **U.S. Government's GAGAS (Yellow Book)** requirements.

Representative KH Public Sector Projects

The following projects show the size and scope of projects we can manage. We conduct small and large studies – both in terms of dollar amount and complexity of management issues. KH has performed more than 200 consulting studies in 25 states and 6 foreign countries.

We have a track record of providing our clients with a thorough and well-documented set of alternatives for their consideration. The detailed processes that lead to conclusions ensure that the alternatives developed are all feasible and applicable. Our approach to sharing developing ideas throughout the study ensures "buy-in" and commitment to the final recommendations, thus facilitating implementation.

KH's public sector expertise encompasses:



TRANSPORTATION

Ground Transportation

City of Los Angeles, Department of Transportation (LADOT)

▶ Comprehensive Management Review, 2011

In recent years, LADOT has had a series of problems ranging from high-turnover at the General Manager level to unethical practices of Traffic Officers in Parking Enforcement & Traffic Control, which resulted in damaging media coverage. The Office of the City Controller identified a number of short-comings in its 2011 audits in the areas of traffic control, citation processing, and meter collections. Therefore, on the basis of its audits and in response to the Mayor's request, The City of Los Angeles Office of the Controller (Controller) engaged KH Consulting Group (KH) to conduct a Comprehensive Management Review of the Los Angeles Department of Transportation (LADOT).

Given the need for meaningful and lasting change within LADOT, KH took a different approach from traditional management audits, namely, to facilitate a "change management approach" and work directly with LADOT management and staff, while retaining the independence of an external review.

KH conducted the Comprehensive Management Review in two Phases. Phase I was a reconnaissance to identify the key areas for improvement, starting with the Management Review objectives. The City Controller and LADOT agreed to the opportunities requiring improvement that KH identified. During Phase II, KH formed Action Planning Teams (APTs) to focus on each improvement opportunity. KH performed the following tasks in Phase I and Phase II:

- Identified LADOT's strengths to form the foundation for addressing opportunities for improvement in Phase II
- Completed more than 40 interviews with LADOT staff members – many on multiple occasions.
- Completed 22 interviews with City officials and other governmental agencies that interface with LADOT
- Completed a review of documents relevant to the major processes and issues to be addressed by the Action Planning Teams (APTs)
- Conducted an online survey of 919 LADOT managers and employees regarding the kinds of work they do, and their assessment of key activities, work culture, and processes within the Department.
- Recommended needed changes in the Department's Organization Structure and Delegated Authorities
- Formed seven Action Planning Teams (APTs) to:
  - Begin a process of management and cultural change that would result in more openness and innovation
  - Identify best practices within the City and in other municipalities that could provide models to be adapted to LADOT needs
  - Focus on Department-wide collaboration to bring together representatives of all of the key units to work toward common goals
  - Develop and recommend systems that appear seriously underdeveloped or altogether missing

The Comprehensive Management Review of the Los Angeles Department of Transportation was released by the Los Angeles City Controller on April 30, 2012 and a copy can be found at: http://controller.lacity.org/stellent/groups/electedofficials/@ctr_contributor/documents/contributor_web_content/lacityp_020305.pdf

▶ Administrative Operations Review

KH was retained by the Los Angeles Office of the City Controller to conduct an administrative survey of this LADOT's human resources, financial, and procurement support services to:

- Identify duplicative work activities within LADOT's administrative, management, and supervisorial employees who are co-located in the new LADOT headquarters.
- Define critical administrative and management functions needed to support various field operations.
- Prepare recommendations that will provide LADOT with an opportunity to:
  - Maximize staff efficiencies through proposed allocation of management, supervisory, and administrative resources to achieve optimum levels of productivity
  - Realign job functions to eliminate work duplication and provide adequate supervisory, management, and administrative support in all major operations
  - Identify key performance and management measures of administrative functions that align

with stated LADOT goals and desired outcomes
  - Plan for resources and staffing adjustments to better meet changing dynamics and economic conditions that will impact public transportation and parking management, and
  - Increase use of available technologies and training to achieve greater staff/operational efficiencies
- Identify administrative systems, policies, and practices that impair or inhibit the proper administrative functioning of LADOT.

Orange County Transportation Authority (OCTA)

GARDEN GROVE, CALIFORNIA

▶ Efficiency Review of the Employment Section

OCTA employed 1,600 individuals to manage, maintain, and operate its transportation system, serving Orange County, California. Each year, approximately 340 individuals were recruited for either new positions or vacant positions. KH was retained to improve the overall efficiency of OCTD's recruitment activities because of the lag-time in filling vacant positions.

As part of the review, KH analyzed hiring trends, interviewed hiring authorities, met with departments that routinely interfaced with Employment Section personnel, and surveyed 340 employees who were hired within the last year. Using a participatory approach, KH reviewed its findings at various stages with Employment Section staff, resulting in uniform acceptance of our recommendations.

The efficiency review resulted in changes in recruitment strategies and consolidation of previously fragmented work activities, thereby simplifying the recruitment process and shortening the turnaround time.

Airports

Los Angeles World Airports

City of Los Angeles, Department of Airports (Los Angeles World Airports (LAWA))

The Department of Airports is also known as Los Angeles World Airports (LAWA), which includes Los Angeles International Airport (LAX) and Ontario International Airport (ONT), both full-service airports; Van Nuys Airport (VNY), a general aviation airport; and Palmdale Regional Airport (PMD).

▶ LAWA: 2008 Industrial, Economic, and Administrative (IEA) Survey

The Los Angeles City Charter mandates the performance of an Industrial, Economic, and Administrative (IEA) Survey at least once every five years for the Department of Airports (also called Los Angeles World Airports or LAWA). As specified by the City Charter, the IEA Survey is a third-party management audit, conducted under the joint supervision of the Offices of the Mayor, the City Controller, and the Chief Legislative Analyst (CLA) representing the City Council and in consultation with LAWA Executives and managers and other City officials. KH conducted the last IEA Survey of LAWA in 1999.

The scope of the IEA Survey covers LAWA's strategic issues, management, administration, and operations carried out by nearly 3,800 employees at the four Airports. KH conducted a variety of fact-finding tasks, including:

- Completed 195 interviews with City officials, LAWA Executives and managers, other governmental leaders, and LAWA airline and non-aviation customers
- Conducted an online IEA External Stakeholder Survey, completed by 3,258 individuals
- Conducted 5 focus groups with 152 external stakeholders and opinion leaders (e.g., citizen, community, business, and political opinion leaders) regarding their perceptions and concerns
- Surveyed 2,639 LAWA employees (of 3,800 total employees), representing the management, professional, technical, and support staff with computer access
- Benchmarked LAWA's Airports against 25 domestic and international airports around the world that have similar characteristics

The 500-page final report documents the strengths and challenges and presents recommendations pertaining to:

- ***Strategic focus*** – worldwide trends and economic downturn, regional challenges, lack of rail access, planning for the future airport infrastructure requirements, environmental initiatives, external relations, facility planning, and financial and risk management
- ***LAWA airport operations*** – property and concessions, law enforcement, airport maintenance, LAX, ONT, PMD, and VNY
- ***LAWA corporate*** – purchasing and contract administration, information technology, building an effective work culture, human resources, organizational development, and governance and City relations

The full LAWA 2008 IEA Survey Final Report is available on the website of the Office of the Controller, City of Los Angeles at:

http://controller.lacity.org/stellent/groups/electedofficials/@ctr_contributor/documents/contributor_web_content/lacityp_008260.pdf

LAWA: 1999 Industrial, Economic, and Administrative (IEA) Survey

KH also completed the 1999 IEA Survey (management audit) of LAWA. The City's Co-Managers included representatives from the Offices of the Mayor, City Administrative Officer, and Chief Legislative Analyst.

KH developed a model for conducting the IEA Survey that focused on positioning LAWA to be "world class and cutting edge." As part of our fact-finding, KH conducted 166 interviews with City officials, LAWA executives and managers, other governmental leaders, and LAWA airline and non-aviation customers; conducted site visits of LAWA's Airports; benchmarked the LAWA Airports against 10 domestic and international airports; and conducted 20 focus groups with 213 external stakeholders and external leaders.

The recommendations addressed areas of improvement in governance, air transportation leadership, regional transportation planning, intra-City relationships, strategic business planning, organizational structure, external affairs, environment implementation, master planning, accounting and financial reporting, administration, facilities planning, engineering and construction management, and asset management.

The Co-Managers approved the Final Report. LAWA executives implemented the strategic business processes and new organizational structure.

LAWA: Airport Police and Security Organizational Design

The objectives of this organizational design project were to assess LAWA's airport safety, security, and related facilities policies, procedures, and organization, concentrating on Airport Police's administrative overhead functions, traffic, changes from Public Law 107-71, "The Aviation and Transportation Security Act," and collaboration with Federal security organizations and the Los Angeles Police Department (LAPD).

The scope included airport police, security, safety, and traffic management operations at all LAWA airports: LAX, ONT, VNY, and PMD. The effort involved an extensive review of documents; tours of airport police operations; more than 62 interviews with management, 5 focus groups (with Traffic Officers, Access Control Officers, Airport Police Officers, Airport Police Sergeants, Field Training Officers, and ONT Airport Safety Officers (ASOs)), union representatives, LAPD, and Federal Security representatives; analysis of operations; and administrative and interpretation of the Virtual CEO survey (completed by 79 individuals).

KH recommended an Airport Police and Security organizational infrastructure to manage common functions across all airports with specific restructuring within each of the individual airports from an operational perspective. The new structure assumed that Orange and Yellow Alerts were the new standard operating mode and applied an Incident Command matrix model for day-to-day operations.

LAWA: Project Management of Engineering- and Inspection-Related Projects

KH conducted an initial fact-finding effort – extensive interviews, document reviews, and review of flow charts – that led to an all-day retreat with the Engineering & Project Management Division (EPMD) managers and the Deputy Director to identify agreed-to strengths, opportunities for improvement, and next steps. The outcome was the formation of 4 Work Groups that KH team members facilitated to identify strategies for addressing EPMD mission and values, streamlining work processes, analyzing staffing requirements, and identifying human resource improvements.

Organizational Review of LAWA's IT

In reviewing the LAWA IT organization, KH examined several aspects of IT from both the internal and IT customer perspective.

IT Organizational Performance. KH captured both quantitative and qualitative information in this area. The quantitative information was collected via a survey that rated several standard IT areas. This survey was provided to both the CIO direct reports and representatives of the IT customer base. KH obtained the qualitative information through one-on-one interviews with the same group of people.

IT Operational Performance. As part of understanding the operational side of the IT organization, KH surveyed the degree of formality and ability to audit aspects of the IT organization across the CIO's direct reports.

IT Accountability, Responsibility, and Decision-Making. A final part of the review was to address the areas of accountability, responsibility, and decision-making within the IT organization. For this review, KH used a combination of interviews and a survey of IT process areas assigned to the CIO's direct reports.

LAWA: Organizational Restructuring

LAWA had maintained the CEO-COO structure KH had designed during the IEA Survey in 1999. Since

9-11, LAWA's world had changed – new Federal security requirements, reduced air travel, increased need to modernize the airports, etc. In November 2005, LAWA retained KH to conduct a two-phase organizational design project. Phase I was the restructuring of the executive team (1st two levels under the CEO) into four core businesses. Phase II was the realignment of all of the core business functions, including the reallocation of approximately 3,700 employees. KH facilitated several dozen meetings with the LAWA lines of businesses to review organizational options for the core businesses, divisions, sections, and units.

Port Authority of New York and New Jersey (PANY&NJ)

- Activity Analysis of Engineering Functions

  (SUBCONTRACT TO URS GREINER, INC. AND BOOZ ALLEN HAMILTON)

  KH prepared Activity Analysis functional and physical dictionaries, describing what work tasks the Engineering Department performs, and how work is physically performed (e.g., meetings, analysis, written communications, etc.). In total, KH administered the Activity Analysis survey to approximately 1,000 employees in various locations around greater New York City and New Jersey. KH then compiled the Activity Analysis survey data and produced a series of Activity Analysis reports that displayed how Engineering employees spent their time – by organizational level, by project stages, and in terms of full-time equivalents, actual labor costs, et al. URS Greiner and Booz Allen then used this information as part of their analysis of needed improvements and recommendations.

Ports and Airports

Port of Oakland (California)

- Activity Analysis of Port, Airport, and Real Estate Operations

  (SUBCONTRACT TO BOOZ ALLEN HAMILTON)

  KH conducted a multi-faceted Activity Analysis to benchmark the work activities of employees at the Port of Oakland Divisions, including the Airport, Harbor, and Property Management. The Activity Analysis forms, dictionaries, and survey process were customized by a KH-led work group of key managers from the revenue and administrative organizations. Booz Allen used the results to test hypotheses that focused on ways to change the organization's effectiveness so that long-term financing of development projects for the next five years could be justified. The project was completed on time and within budget.

Ports

Port of San Diego

- Assessment of Strategic Alternatives

  (SUBCONTRACT TO BOOZ ALLEN HAMILTON)

  KH assessed key strategic alternatives for the sea port, airport, and real estate divisions of the Port of San Diego. The effort focused on identifying programs that would increase short-term revenues and support long-term capital projects that the Port anticipated. Among the programs considered were: new policies for Port real estate leases, expansion of shipping and rail facilities, and environmental initiatives. The KH consultants led the environmental studies and provided an assessment of communication strategies to stress the positive impacts the Port has on communities in the San Diego area. The report and discussions with the Board were later used in the development of a new five-year strategic plan for the Port of San Diego.

Port of Los Angeles, Harbor Department, City of Los Angeles

- Port of Los Angeles: Work Simplification of Support Functions Performed in the Executive Office

  KH analyzed the administrative, secretarial, and clerical support activities. The purpose of the study was to address work-related issues, including workflow, administrative and clerical staff responsibilities, and office layout. We focused on:

  - Reactions to and perceptions of existing work procedures and reporting relationships
  - Characteristics of positions and functional activities
  - Feasibility of alternative work arrangements

  The outcomes of these interviews included: (a) an understanding of the current situation and the modifications desired and (b) identification of organizational and work processes that needed additional clarification. The results were summarized in a written report and the recommendations adopted.

  KH then assisted with the implementation of the recommendations and further refinement of the action steps. Most of the implementation work involved periodic updates and monitoring of support staff's reactions to the alternative work methods and procedures and consolidated work efforts.

- Port of Los Angeles: Organizational and Operational Effectiveness Study

  (SUBCONTRACT TO BOOZ ALLEN HAMILTON)

  The Board of Commissioners at the Port of Los Angeles retained Booz Allen to perform an organizational and operational effectiveness study of

the Port. Booz Allen subcontracted with KH to apply Activity Analysis to the Port. KH designed the questionnaire and collected surveys from 708 incumbents. In addition, we analyzed the Activity Analysis reports, considering:

- How work was physically performed
- Functions performed
- Primary customers within the Port, within the City, and outside of both the Port and City
- Primary providers of information or services, and the quality of the services provided

KH developed a computer model of staffing levels in terms of full-time equivalents, labors costs, and relative importance of work performed, by organizational structure, and management hierarchies.

▶ Port of Los Angeles: Reengineering Strategies

The Port of Los Angeles established a Strategic Planning Task Force to oversee a wide-sweeping change process to ensure the Port's competitiveness and success in the second half of the 1990s and beyond. As the "steering committee" for the change process, the Task Force worked with Port senior management on a Working Committee and a variety of employee Action Teams to develop a cost-effectiveness plan. The Task Force formed two types of Action Teams: Functional Action Teams and Policy and Procedure Action Teams.

The Port of Los Angeles retained KH to work directly with the Functional Action Teams in their initial efforts and later to help in developing strategies to overcome City, political, and personnel (e.g., Civil Service) barriers to implement adopted recommendations. The Functional Action Teams' role was to identify opportunities to improve overall cost-effectiveness and productivity, with particular emphasis on their respective operational areas, namely:

- Administration, including Management Services, Personnel, Information Systems, Purchasing, and Risk Management
- Finance, including Accounting, Treasury, etc.
- Marketing and Customer Service, including Strategic Planning, Communications, Wharfingers, Police, Port Pilots, Marketing, and Real Property
- Construction and Maintenance (C&M), including seven Support Teams in the areas of Administration; Crane and Electric; Gardening and Warehouse; Machine, Boat and Garage; Maintenance, Carpentry, Pile Driving, Roofing, and Painting; Plumbing; and Street Maintenance, Water and Land Clean-up, and Equipment
- Development, including Construction Management, Engineering, and Environmental Affairs

Each Action Team attended at least six formal meetings with KH. In addition to the 120 to 150 meeting hours, Action Teams met informally to brainstorm ideas, prepare background information, and refine their change proposals for the next meeting. Each Functional Action Team was actively involved, highly committed, and willing to face some hard issues confronting the Port of Los Angeles. Some of the recommendations addressed "softer" operational concerns that would enhance overall effectiveness. Other recommendations were hard-hitting with major cost savings. Yet other recommendations had critical strategic implications and presented innovative approaches for the Port in the future.

KH team members facilitated the meetings, addressing cost-effectiveness strategies and alternatives. The Functional Action Teams generated many change proposal ideas – all of which were debated, some rejected, many consolidated, and 119 remained.

KH then reviewed, refined, and reconstructed these change proposals into formal recommendations. KH's role was to ensure consistency in the presentation of the recommendations across Functional Action Teams, and strengthen their arguments where feasible; understand the Functional Action Teams' ideas; help them to form their ideas; where appropriate challenge their thinking; and finally, ensure they considered all possibilities.

After KH's refinement of the change proposals into recommendations, all Action Teams reviewed their respective recommendations before finalization. The teams identified opportunities to reduce costs by millions of dollars in the areas of finance, marketing, real estate, maintenance and construction, engineering, human resources, purchasing, risk management, etc.

Port of Long Beach

LONG BEACH, CALIFORNIA

▶ Benchmark Comparisons with the Port of Los Angeles

(SUBCONTRACT TO BOOZ ALLEN HAMILTON)

Booz Allen retained KH to collect benchmark Activity Analysis data from the Port of Long Beach. KH worked with 22 senior and division managers to collect data on work performed by approximately 290 employees. The benchmark data was then used to compare the two Ports: Port of Long Beach and Port of Los Angeles.

South Australia Department for Transport, Energy and Infrastructure

ADELAIDE, SOUTH AUSTRALIA, AUSTRALIA

▶ Activity Analysis to Assess Overhead Functions

(SUBCONTRACT TO PAK-POY & KNEEBONE CONSULTING ENGINEERS, LTD.)

The South Australian Department for Transport, Energy and Infrastructure (formerly Department of

Marine and Harbours) was interested in applying U.S. productivity tools to its operations. KH established a two-year strategic alliance with Pak-Poy & Kneebone Consulting Engineers, Ltd., in Adelaide, Australia, to become partners in delivering such tools to Australia.

Working with Pak-Poy & Kneebone, KH applied its Activity Analysis approach to administrative positions in this state governmental agency. The study team was intimately involved with three of the strongest unions in Australia. Because KH instilled a participatory approach to Activity Analysis, the result was widespread acceptance of our recommendations.

During the course of the study, KH trained the South Australian team in the Activity Analysis approach, including dictionary development, employee surveys, and interpretation. Cost savings for the Department exceeded $1.2 million in the first year.

STATE AND LOCAL GOVERNMENT

City of Los Angeles

City of Los Angeles, Office of the Mayor

- City of Los Angeles, 2011 Development Reform Strategic Plan

In January of 2011 the City of Los Angeles Mayor's Office launched the Development Reform initiative and the City retained the services of KH to assist with this effort. To make development more seamless, predictable, and transparent across the City, Development Reform is focused on implementation and change management. To achieve an action-oriented solution, the KH Team:

- Focused on work-to-date (100 studies already completed), flow-charted 43 processes, and identified strategies and tactics for making real-time and lasting change
- Worked with the City to produce a Strategic Plan with Action Plans that outline what should be done, why it should be done, who should do it, when it should happen, and what is the magnitude of investments needed to make the changes a reality
- Worked with more than 100 City employees on 10 Implementation Improvement Teams to review ideas submitted for improving development services and to develop the Action Plans
- Worked with the City's Development Reform Advisory Committee (DRAC), a group of outside industry stakeholders to garner and implement critical feedback on Development Reform efforts
- Solicited widespread input from both industry and community groups through 11 forums around the City and an online survey, which was available to the general public and City employees
- Wrote the draft Strategic Plan with 9 Strategic Priorities and complementary Action Plans

The Development Reform Strategic Plan was finalized and adopted by the Mayor in August 2011 and can be viewed at:

http://www.losangelesworks.org/resources/uploads/Dev_Reform_Strategic_Plan_Vol_1.pdf

City of Los Angeles, Office of the City Controller

- Comprehensive Management Review, City of Los Angeles, Department of Transportation (LADOT) – See Transportation Projects

- General Services Department (GSD) Performance Audit

  The City Controller first retained KH to audit the performance of the Asset Management Division (AMD) in the GSD. KH used a comprehensive asset management model to identify potential areas for improvement in the management of the City's real property assets.
  The over-arching recommendations were that AMD move toward a strategically coherent approach to property management, and simplify the transactions and the processes for their review. AMD should revise its mission to reflect a focus on strategy/policy development and for reporting on key asset management issues.

- City Asset Strategy

  As a result of that audit, the City Controller had KH focus on issues that the City of Los Angeles should address in developing a strategy for managing its real estate assets city wide.

City of Los Angeles, Personnel Department

- Human Risk Factors Conference

  KH worked with the City's Personnel Department and conducted a needs assessment and organized a half-day training conference for all department heads, assistant directors, and key human resources heads. The conference consisted of a panel, which discussed recent media events regarding departmental employees, followed by a series of discussion groups on:

  - Leadership
  - Media relations
  - Employee relations

- Training Needs Assessment

  KH worked with City employees to evaluate the training needs of managers. Skill areas studied were computer technology, human relations, and administration. Working with panels of employee work groups, KH developed dictionaries of skills to assess the current skill repertory, the criticality of the skills, and the frequency of use of the skills among a sample of managers from a variety of City departments. Skill repertories of the same managers were also evaluated by their supervisors. Areas of deficiency were identified and training recommendations across the 38 departments were developed. KH retained ETI and Slaughter and Associates to assist on this project.

- Review of Personnel Practices

  (SUBCONTRACT TO DAVID M. GRIFFITH AND ASSOCIATES)

  KH was a member of the team that performed a management audit of the City's Personnel Department. KH's primary focus was on the City's Human Resources Information Systems (HRIS).

City Council of Los Angeles

- Update of Merit Pay Plan for Department Heads

  During the mid-1980s, the City of Los Angeles retained KH because of prior work Dr. Kraetsch Hartsough, KH President, performed while with Towers Perrin. With Towers Perrin, she designed and implemented a merit pay plan for motivating general managers to improve City departments' operations and productivity. She also developed individual goals and performance standards with each of the general managers. As part of the study, she presented the study results and responded to Council members' questions during three executive closed sessions and one open session of the City Council. At the time, this study was considered to be innovative for large governmental operations because of the application of private sector pay concepts to top City officials.

  Since then, the City Council retained KH for Dr. Kraetsch Hartsough to reassess the Merit Pay Plan after it had been in place for four years. The Phase I assessment involved extensive interviews with the Mayor, Deputy Mayor, City Council members, Commissioners, General Managers, and City Administrative Office staff. After a formal presentation in an open session before the City Council, the Council adopted all 12 of KH's recommendations for improving the Plan. For Phase II, KH prepared a manual on the Merit Pay Plan for internal City use.

City of Los Angeles, Department of Water and Power

- KH was retained by the City of Los Angeles Department of Water and Power (DWP) to perform a Best Practices Management Audit of the Human Resources Division (HR). The services performed by DWP HR included:
  - Labor Relations
  - Employment
  - Training and Development
  - Occupational Health
  - HR IT
  - Workers Compensation
  - Employee and Retiree Benefits Administration.

  KH developed a set of potential issues from an initial assessment, which included a review of recent audits, interviews of labor representatives and HR managers, document reviews, focus group discussions with HR staff members, and customer surveys. KH then facilitated a meeting of a cross-section of HR staff to prioritize the key issues to be addressed, and then developed and administered an external benchmarking survey to better understand service standards for those key issues. KH facilitated working groups, championed by HR Managers, to develop action plans for those issues, which included:
  - Training
  - Metrics
  - Process Improvement
  - HR Culture
  - Strategy and Organization Structure
  - Customer Service.

  Finally, KH facilitated a process reengineering effort for the employment process, and developed with HR staff an organizational metrics system that prepares monthly statistics for each section, and for the Division as a whole.

City of Los Angeles, Department of Transportation

- See KH Transportation project descriptions

City of Los Angeles, Department of Airports, Los Angeles World Airports (LAWA)

- See KH Transportation project descriptions

City of Los Angeles, Harbor Department, Port of Los Angeles

- See KH Transportation project descriptions

City of Beverly Hills

City of Beverly Hills, Economic Development

- Performance Audit

The City of Beverly Hills Government (City) contracted with KH to conduct a performance audit of the contracted visitor marketing and economic development functions provided through the Beverly Hills Chamber of Commerce (Chamber) and the Rodeo Drive Committee. The audit was overseen by an Ad Hoc Committee of the Beverly Hills City Council, including the Mayor of Beverly Hills. KH conducted extensive research, including:

- Interviewed local elected representatives, City business leaders, and City staff
- Conducted focus groups of business leaders within the City
- Surveyed residents and businesses within Beverly Hills, as well as other California cities
- Conducted an Activity Analysis survey of the work performed within the Chamber
- Benchmarked best practices of other cities
- Performed a salary survey of Chamber staff engaged in the contract

The performance audit revealed a variety of areas for improvement. Although the Chamber was performing the functions called for in the contracts, KH recommended changes in the contracts between the City and the Chamber to focus on performance outcomes and flexibility. In addition, KH recommended the development of a strategic plan to prioritize and focus work performed in visitor marketing and destination management. KH suggested that the Visitors Bureau & Convention Center be set up as an independent, non-profit organization.

County of Los Angeles

County of Los Angeles, Office of the Assessor

▶ Development of a Strategic Plan and Ethical Work Culture

The Assessor's Office is at a pivotal time and needs to become more accountable, efficient, and effective, particularly given the recent arrest of the elected Assessor and other Assessor employees facing allegations of taking bribes. This controversy has occupied the Assessor's Office for nearly a year has raised questions and allegations of impropriety in its policies and practices. The investigations have brought into question: a) the integrity and fairness of the assessment process and b) the motivations, actions, and honesty of some individuals within the Office and others associated with it.

The increased scrutiny has also served to reveal a number of systematic and structural deficiencies within the organization. Simultaneously, property tax revenues, as well as dependent special assessments, had declined during a period of great fiscal and economic challenges.

In these difficult circumstances, it is imperative that public trust in the Assessor's Office and the services it provides be restored.

The interim department head, appointed by the County Board of Supervisors, brought in KH to assist with developing a strategic plan and using the strategic planning project to rebuild the culture. KH worked with approximately 100 managers and employees on Action Planning Teams (APTs) to develop the following Action Plans around 8 areas of Strategic Focus:

Strategic Focus: Nurturing an Ethical Culture

- Action Plan 1: Code of Conduct
- Action Plan 2: Enforcement and Protection of Employees and the Public
- Action Plan 3: Training and Development on Ethics
- Action Plan 4: Restoring Public Trust
- Action Plan 5: Gift and Gratuity Policy

Strategic Focus: Fiscal Forecasting Model

- Action Plan: Developing a Fiscal Forecasting Model

Strategic Focus: Positive Culture Transformation

- Action Plan 1: Internal Communication and Customer Service
- Action Plan 2: Staff Development Program
- Action Plan 3: Office Morale Program

Strategic Focus: Human Capital and Organizational Development

- Action Plan 1: Recruiting and Developing Individuals with Ethical Orientations
- Action Plan 2: Professional Development and Succession Planning
- Action Plan 3: Chain of Command and Delegation of Authority

Strategic Focus: Technology and IT

- Action Plan 1: Business Solutions Process and Structure
- Action Plan 2: Short-Term Business Solutions
- Action Plan 3: Medium-Term Business Solutions
- Action Plan 4: Transformational Business Solutions

Strategic Focus: Public Affairs and Communication Team (PACT)

- Action Plan 1: Create a professional PACT
- Action Plan 2: Support the implementation of the Strategic Plan and respond specifically to other APT's outlined initiatives for the PACT
- Action Plan 3: Develop specific Action Plan initiatives for how the PACT can best serve the Office of the Assessor in the next two years

Strategic Focus: Policies and Processes

- Action Plan: Use Procedural Revisions to Encourage Positive Change

Strategic Focus: Metrics and Accountability

- Action Plan 1: Metrics Dashboard
- Action Plan 2: Data Maintenance

County of Los Angeles, Department of Beaches and Harbors

▶ Development of a Strategic Plan

The County of Los Angeles Department of Beaches and Harbors (DBH) specifically provides management of Marina del Rey and County-owned or operated beaches. DBH's role is to enhance public access and enjoyment while maximizing County revenue through professional and accountable asset management. This role includes Marina lease administration and leasehold redevelopment and constant interface with other County Departments, including DPW and DRP.

DBH retained KH to prepare a Strategic Plan. As part of this effort, KH interviewed the leadership team and conducted 6 focus groups of managers and supervisors. KH conducted a one-day strategic-planning retreat, including DBH managers and supervisors, Division Chiefs, the Deputy Director, the Chief Deputy Director, and the Department Director to discuss DBH's Strengths, Weaknesses, Opportunities, and Threats (SWOT); Mission, Vision, and Values; and Strategic Priorities. The Strategic Planning Retreat provided the opportunity for the participants to communicate openly across Division lines and develop a strategic direction. Strategic Planning Work Groups were formed to develop Action Plans to accomplish objectives for each of the

4 Strategic Goals for DBH identified and agreed to at the Strategic Planning Retreat.

The DBH 2011-2013 Strategic Plan was released in February 2011 and can be found at: http://file.lacounty.gov/dbh/docs/cms1_157228.pdf

Strategic Plan Update

DBH retained KH in 2012 to update its 2011-2013 DBH Strategic Plan. As part of this effort, KH interviewed the leadership team and conducted a half-day retreat with, including DBH managers and supervisors, Division Chiefs, the Deputy Director, the Chief Deputy Director, and the Department Director. Participants celebrated DBH's accomplishments regarding their Strategic Plan; revisited the DBH values and Strategic Priorities; discussed the applications of performance measurement as an addition to the Strategic Plan; and participated in team building exercises.

Input from the interviews and retreat has been incorporated in the Draft DBH Strategic Plan Update, and it is currently in the initial review stage at DBH.

County of Los Angeles, Treasurer and Tax Collector (TTC)

Development of a Strategic Plan

The Treasurer and Tax Collector (TTC) retained KH to update their Strategic Plan, which KH assisted TTC to develop in 2005. KH worked with TTC to produce the departmental Strategic Plan to be implemented over a three- to five-year period. Acting as a "strategic navigator", KH:

- Coordinated a series of meetings with the Executive Team to frame out the key strategic issues to be addressed
- Facilitated sessions with a cross-section of TTC staff to define the direction and outcomes to be achieved for each strategic issue
- Worked with the Executive team to prioritize the recommendations
- Designed an action planning process for the Department to follow

Strategic Plan Update

TTC retained KH in 2010-2011 to develop a new Strategic Plan since it had accomplished all of its goals in its 2005 Five-Year Strategic Plan.

County of Los Angeles, Probation Department

Goals for the County-wide Strategic Plan

The Office of the CEO retained KH to develop the goals related to Probation for the County-wide Strategic Plan for 2012-2013. The goals focused on the challenges facing Probation in terms of closing its budget gap and positioning itself to absorb the increased workload with the transition of inmates from the State penitentiaries to the County jails and Probation system. The goals were presented at the Department head meeting at Descanso Gardens in December 2011.

County of Los Angeles Public Library

Strategic Planning

KH assisted with the development of the Strategic Plan for the Public Library system. In addition to document reviews, fact-finding, management interviews, and focus group discussions, KH conducted 33 Q^2 focus group sessions (an in-depth, disciplined interview strategy to obtain both Quantitative and Qualitative perspectives), involving almost 500 stakeholders, throughout the County. This information was used as input to the SWOT analysis for the strategic planning retreats.

KH facilitated a second management development program for the leaders of the Integrated Library System (ILS) implementation teams; supported the "refresh" of the Strategic Plan; and was engaged for a third year to support the management and organizational development of the Collections Development unit.

As a result of Strategic Planning, the Public Library received a 2006 Top Ten Award from the County of Los Angeles Quality and Productivity Commission for positioning the library as a contemporary information/community center to meet the changing needs of the 21st century customer.

County of Los Angeles, Department of Public Health, United Homeless Healthcare Partners

The County of Los Angeles is home to the largest population of homeless people in the United States. On any given night, more than 88,000 individuals are homeless and on the streets of the County. Every year, more than 250,000 people will experience homelessness in the region. The Departments of Health Services and Public Health are addressing the healthcare needs of the County's homeless through a strategic planning process that involves a coalition of service providers, public agencies, related organizations, and foundations.

Strategic Planning

KH assisted with:

- Convening the diverse organizations concerned with homeless healthcare and directing the development of a strategic plan that will close the gaps between the need and available services
- Testing various models of governance, service delivery, and policy development
- Identifying best practices in this area and adapting them to fit the region

- Establishing a formal network of organizations called United Homeless Healthcare Partners (UHHP) that is now a project of Community Partners, an incubator of non-profit organizations
- Securing grant funding to continue UHHP
- Producing a regional planning conference attended by 200 homeless healthcare providers and advocates from across Los Angeles County

County of Los Angeles Sheriff's Department

▶ Strategic Planning

KH facilitated a process addressing the needs of current and formerly incarcerated people and communities for successful re-entry. The project's goal was to reduce recidivism through implementation of evidence-based practices in treatment, services, and policy. Participants included local, county, and state public agencies and non-profits service providers and advocates. This process resulted in a strategic plan encompassing Los Angeles County.

Since 2000, KH has assisted 30% of the Los Angeles County departments with developing their Strategic Plans.

Of these, 66% have retained KH to assist with implementation, update the Strategic Plans, or prepare the next generation of Strategic Plans.

Los Angeles County Office of Small Business (OSB)

▶ Initial 2002-2005 Strategic Plan

Los Angeles County has more than 10,000 community-based enterprises (CBEs) and 2.5 million small businesses. KH was retained to assist in preparing a Strategic Plan that addressed OSB's future directions. In preparation, OSB surveyed County departments to determine:

- What is their small business outreach if any?
- How much activity do they have with small businesses?
- What is their budget for small business initiatives?
- How much staff do they allocate?

In addition to working with OSB staff and involved managers, KH facilitated meetings with the OSB Commission to ensure needed review and buy-in. KH interviewed 12 key leaders and developed meeting agendas, summaries, and action plans as required.

Some of the issues explored were:

- What are OSB's major strengths, weaknesses, opportunities, or threats (SWOT)?
- What OSB programs, services, or efforts proved to be most effective?
- What are the implications of the already defined vision, values, organizational goals, and strategies set for the County?
- What are the key strategic challenges for OSB in the next three years?

KH recommended OSB form a Strategic Planning Work Group to guide the strategic planning process. This Work Group served as the focal point for the strategic planning effort and included a cross-section of OSB, OSB's Executive Committee, and other County representatives or key users or beneficiaries of OSB's programs and services.

To plan the future OSB strategy, some of the key questions asked were:

- What should be the OSB mission and program activities?
- How should the OSB be structured – organizationally, financially, and physically?

KH conducted three planning retreats with the Strategic Planning Work Group. The core participants in the retreat included: OSB Commissioners and staff; County representatives and partners (CIO, ISD, CAO, and Affirmative Action); and others deemed appropriate. The outcome was a three-year Strategic Plan for OSB.

▶ 2008-2013 Strategic Plan Update

In 2008, the Los Angeles County Small Business Commission retained KH to update its Strategic Plan and prepare the Commission's 2007-08 Annual Report. KH worked with the Executive Committee of the Commission to identify its accomplishments and remaining goals. KH coordinated a survey of the full Commission, as well as a meeting of the members. Within three months, the plan was updated, and the Commission submitted it and its Annual Report to the County Board of Supervisors.

County of Los Angeles Department of Public Social Services (DPSS)

▶ Change Management Plan and Organizational Readiness Assessment

Subcontractor to Cambria Solutions, Inc.

KH, was responsible for preparing a Change Management Plan/Organizational Readiness Assessment for changes being implemented by the Department of Public Social Services (DPSS) for the County of Los Angeles. DPSS engaged Cambria Solutions, with KH as a subcontractor, to develop an organizational readiness assessment and an implementation plan for the re-engineering of their model of service provision. The service provision change, which affected client – worker relations for virtually the entire 8000+ person agency, was being integrated with the replacement of the DPSS case management system, LEADER, with LRS.

KH prepared an initial high-level stakeholder analysis, assessing the initial internal and external stakeholder reaction to the change, using the stakeholder analysis as a baseline for developing a roadmap for the Change. This roadmap included the approach for determining who within the agency would participate in the implementation of the elements of change management, and for the timing of major milestones within those elements. The primary elements included:

- Change Management
- Communications
- Training
- Knowledge Transfer

The plan was prepared in concert with the implementation plan for the project, and included the approach for integrating change management and implementation planning with the LRS implementation schedule. KH supported the development of a top leadership vision for the change, including strategic goals, and advised departmental staff in communications efforts during the development of the plans.

Los Angeles County Department of Public Health (DPH)

▶ Development of a Strategic Plan

KH facilitated a year-long process to create the 2005-2007 Strategic Plan for DPH. The process involved many DPH leaders and managers. All the Strategic Plans support Los Angeles County's eight Strategic Initiatives – Service Excellence, Workforce Excellence, Organizational Effectiveness, Fiscal Responsibility, Children and Families' Well-being, Community Services, Health and Mental Health, and Public Safety – as the framework within which to structure planning.

KH developed draft Action Plans that translated DPH's Strategic Initiatives into suggested action steps, time lines, and processes to improve performance iteratively into the near future. KH also provided a variety of guidelines and tools to assist Work Groups and Sub-Groups to achieve success.

One of the Action Plans was on bioterrorism, including response and collaboration with fire departments and law enforcement. KH helped facilitate an all-day simulation of a small pox break-out with DPH employees, applying an Incident Command model.

KH also prepared six White Papers on the key factors for successful implementation, including organizational options to achieve the Strategic Plan as DPH became a stand-alone department.

County of Los Angeles, Office of the Chief Executive Officer (CEO), Office of Unincorporated Area Services (OUAS)

▶ Development of a Strategic Plan

KH was retained to assist the OUAS to work with approximately 17 County departments and other stakeholders in developing a strategic plan for delivering municipal services to approximately one million residents in unincorporated areas of the County of Los Angeles. KH reviewed various documents on municipal services provided, departmental surveys, related budget information, and the County's overall plan. In addition, KH interviewed various departmental heads to solicit their input on strategic issues. KH designed and conducted a series of strategic planning retreats with more than 60 stakeholders and held follow-up planning meetings. The outcome was a Strategic Plan with an Action Plan, which the County's Board of Supervisors approved. The Strategic Plan outlined 7 major and new initiatives, involving:

- **Action Plan – Model A: A County Civic Center Complex**, built in East Los Angeles and potentially the expansion of the complex concept to other unincorporated communities
- **Action Plan – Model B: Make-Buy-Sell-Annex Analysis** of unincorporated "islands" surrounded by incorporated areas
- **Action Plan – Model C: Access Model**, which involves the development of web sites, community guides, kiosks, toll-free help lines, and other applications of technology to assist the public in accessing County services and information
- **Action Plan – Model D: Strategic Service Area and Lead Department**, which entails formal collaboration of County departments to meet specific Countywide needs or to coordinate services within a given community

- **Action Plan – Model E: Economic Development and Revitalization**, which has led to the identification of 5 unincorporated areas where concerted investments and efforts will be made over a sustained time period to revitalize them economically
- **Action Plan – Model F: Emergency Management Planning**, involving the development of a plan for the community of Topanga, coordinated with the County's Office of Emergency Management, Fire Department, Sheriff's Department, and 8 other County and State agencies
- **Action Plan – Model G: Improvement of Management Processes**, including performance measurements and cost accounting of municipal services

Over an eight year period, KH assisted with implementing specific Action Plans and Strategic Models. Assistance entailed identifying unincorporated communities for piloting strategic models, conducting focus groups with community groups to assess their needs and priorities further, facilitating emergency management planning initiatives, and developing performance measurements for municipal services.

Topanga Canyon: Emergency Preparedness

Over a four-year period, KH designed and facilitated an emergency management planning process with Topanga Canyon stakeholders – community members and organizations, as well as county and state public agencies – which produced a collaborative emergency response strategy consisting of:

- Topanga Disaster Survival Guide (http://www.topangasurvival.org)
- Planning Guide for sharing lessons learned in Topanga with other communities

The following guiding principles formed the approach to this project:

- Engage the community with the appropriate public agencies in the planning and communication processes
- Build on the assets already in place in the community
- Solicit a strong commitment from all involved stakeholders
- Provide the unincorporated area with the same level of hazard and community-specific planning that the law mandates that cities provide for their residents

Florence-Firestone: Pilot Project Assessment

(KH PRIME, EPSTEIN & FASS ASSOCIATES SUBCONTRACT)

Florence-Firestone is an older, urban neighborhood in southeast Los Angeles County which is home to over 60,000 residents facing challenges of disinvestment, poor property maintenance, gang-related crime, illiteracy, and unemployment.

KH assessed the Lead Department Model pilot project, the Florence-Firestone Community Enhancement Team (FFCET). The assessment compared the project to a best-practice model of Community Governance, described in the newly published book "Results that Matter" by Paul Epstein. The KH Evaluation Team was also asked to identify issues to be considered before duplicating the model and project in other unincorporated areas.

The Evaluation Team started its assessment using a self-evaluation completed by FFCET team members, augmenting information in that assessment with interviews, reviews of written material and reports, a tour of the community, and interactions with County and community groups.

FFCET has been widely recognized as a successful project by the County, National Association of Counties (NACo), and the American Public Works Association. Even more importantly, community leaders working with the project believe that the County is more responsive and effective at solving many problems. This success is directly attributable to the project's focus on:

- Three core skills described in the Effective Community Governance model – Engaging the Community, Measuring Results, and Getting Things Done
- The project's attention to advanced practices of Community Problem Solving and Organizations Managing for Results

The Evaluation Team also found areas where those skills and related practices could be improved. FFCET leaders deserve credit for wanting to evaluate FFCET against best practices that had not been documented at the start of the project, and viewing the recommendations as opportunities for FFCET to become more effective.

The project received the Best Interagency Cooperation Award from Los Angeles County's Quality and Productivity Commission in 2005 because of Collaboration for Performance Management with the Department of Public Works with Department of Animal Care and Control, Department of Parks and Recreation, County of Los Angeles Public Library, Department of Regional Planning, and Sheriff's Department.

County of Los Angeles, Department of Regional Planning (DRP)

Initial Strategic Plan, 2001

DRP retained KH to prepare a Strategic Plan, a succession plan (called a Strategic Workforce Plan), and performance measurements. As part of this effort, KH conducted two strategic planning retreats, 12 strategic work groups, and a series of executive management meetings. The performance measurement system integrated the anticipated outcomes from the Strategic Plan, Management Appraisal and Performance Plan (MAPP), and key performance indicators into a Scorecard format.

Strategic Plan Update, 2009

KH was retained to update DRP's Strategic Plan, succession plan, and performance measurements. KH also facilitated Organizational Culture Workshops with DRP staff members and individual coaching sessions for DRP leadership.

In addition, KH launched the DRP Strategic Planning Implementation Team (SPIT). KH developed and facilitated workshops designed to provide SPIT with the tools and knowledge necessary to:

- Encourage Department-wide collaboration
- Develop and promote Strategic Action Plans
- Sustain a lasting forum for strategic thought, action, change

County of Los Angeles, Department of Public Works (DPW)

Development of a Strategic Plan

KH was retained to prepare a Strategic Plan for the DPW. For this complex project, KH reviewed dozens of documents, including a survey of staff perceptions of the Department undertaken by DPW during the course of the strategic planning effort. KH staff conducted approximately 50 individual interviews, as well as a series of 6 focus group discussions of strategic issues facing the department.

These sessions were used to identify key strategic issues confronting the Department. KH then designed and facilitated two strategic planning retreats, each involving 40 to 80 individuals. These helped the Department articulate its goals and values as an institution, briefly assess its current condition, and identify key strategic initiatives.

To stimulate creative thinking and innovative approaches, KH offered a variety of business models for participants to adapt and modify to DPW's needs. The outcomes of these retreats were a series of strategic initiatives that were passed on to working groups for development into action plans. Eight working groups developed 13 action plans that will guide the Department's major initiatives over the next three to five years.

In addition, KH designed and delivered briefing sessions for middle managers, aimed at keeping them informed of developments in the strategic plan, and building support for its implementation. The quality and accuracy of the report were ensured by a group of senior managers who functioned as an oversight committee. This group regularly reviewed progress on the strategic plan, screened report drafts, and provided guidance to the effort. The draft Strategic Plan was submitted to DPW for final review. KH was retained to assist with the implementation process.

DPW was the first public sector entity to ever receive an Association of Strategic Planning (ASP) award.

County of Los Angeles, Community Development Commission (CDC)

Development of a Strategic Plan

KH initially reviewed documents and conducted 20 management interviews, 15 focus groups, and in-depth analysis of the strengths, weaknesses, opportunities, and threats (SWOT) at the CDC. Next, KH conducted three strategic planning retreats with more than 80 internal participants that focused on CDC's SWOT analysis, mission, values, customers and stakeholders, and strategic priorities. The outcome was a list of strategic priorities which 4 work groups are further analyzing the areas of fiscal responsibility and diversity, expansion of services, community assessment, strategic cost management, transitional strategies to break the cycle of poverty, streamlining of internal processes, and internal and external communications. These areas were further refined in preparing the Strategic Plan.

County of Los Angeles, Internal Services Department (ISD)

In 1987, the Board of Supervisors in the County of Los Angeles merged six departments to form the ISD, offering County departments a range of services, including purchasing, data processing, telecommunications, architecture and engineering, construction project management, real estate, warehousing, fleet and parking management, safety police, maintenance, custodial services, and mail services. A part of this new department's mandate was the requirement that it become customer service oriented and entrepreneurial – the net result was to be "zero net added cost" to the County. Simultaneously, the other County departments – ISD's

customers – were told that they could purchase services from ISD if they desired and found their costs and services competitive; otherwise, they could contract for such services with outside vendors and suppliers.

ISD: Management Audit

(SUBCONTRACT TO HARVEY ROSE ACCOUNTANCY CORPORATION)

Working with Harvey Rose Accountancy Corporation, KH performed a management audit of ISD under the aegis of the County's Internal Auditor and Board of Supervisors. The purpose of the audit was to determine if the "experiment" started in 1987 was working. This audit confirmed the improvements that were accomplished through the consolidated department and ISD's management commitment to its new competitive role.

ISD: Organizational Structure

As an outgrowth of the Management Audit, KH analyzed approximately 320 management positions and restructured the first four management levels under the Executive Director. By widening spans of control, a management level was eliminated, resulting in $2.6 million in savings.

ISD: Generic Job Classifications and Compensation

The overall objective of this management study was to minimize and "deep class" a number of classifications in ISD. The scope of the study was limited to 63 management classes with 209 incumbents, 18 marketing classes with 20 incumbents, 116 professional and technical classes within ISD's Information Technology Service (ITS) organization with 1,352 incumbents, and all 21 purchasing and contracting classes with 88 incumbents. In total, the 320 classes were reclassified into 65 new generic or "deep class" classifications. Prior to implementation of the generic job classifications, KH developed a Broad Pay Band (BPB) approach to compensation.

ISD: Organizational Structure of ISD's Facilities Operations Service (FOS)

KH conducted a retreat to explore and analyze different organizational models for improving customer service for maintenance operations, alternations and improvements, and custodial services in ISD's Facilities Operations Service.

ISD: Strategic Planning for ISD Services and Development of a Balanced Scorecard and a Customer Service Program

(IBM, SUBCONTRACTOR TO KH)

ISD had developed a Strategic Plan for the department but the Executives wanted to drive the ISD Strategic Plan down through the organization with its major Services and lines of businesses developing their own Strategic Plan on how to best support the ISD Strategic Plan. KH worked with the ISD, a subgroup of Strategic Sponsors, and four Service Strategic Planning Teams. KH worked with ISD to conduct two large forum presentations with workshops for approximately 350 of its executives and managers.

KH also conducted a total of 12 Workshops with smaller forums in four strategic planning cycles to develop five Strategic Plans for Facilities Operations, Purchasing and Central Service, Administration and Finance Service, Customer Service, and Information Technology Service (using IBM as a partner).

KH then applied a Balanced Scorecard model to help ISD focus on the high-priority measurements for monitoring and measuring success. The Balanced Scorecard required an iterative process to develop high priority metrics for ISD's four Services; the Department as a whole; and for accountability reporting to the Board of Supervisors, CAO, and ISD customers. In general, the ISD Executives had taken a bold move by pioneering Balanced Scorecards with KH in the County for the first time.

ISD: Strategic Planning for ISD Services

In 2012, ISD requested that KH work with its five Services in preparing their respective Strategic Plans. As a result of this process, four ISD-wide strategic initiatives were identified in the areas of marketing/branding, human capital development and management, communications, and customer service. KH also updated ISD's vision, mission, and values.

In 2013, ISD retained KH to assist with development of the Action Plans to support the strategic priorities identified in 2012.

County of Los Angeles, Internal Services Department (ISD), Information Technology Service (ITS)

ITS is one of four services in ISD in the County of Los Angeles. It provides data processing, customer applications, computer operations, and telecommunications services to County departments. In total, it has a staff of more than 850 professional and technical employees. KH assisted this large government services organization ($180 million in revenues) with strategic planning, project management, and technical assistance during a series of projects to restructure the IT organization and operations and launch new, downsized lines of computing business.

ITS: Restructuring of Information Technology (IT) Organization

Initially, KH assisted senior ITS management in identifying and evaluating different models for this organization. This study focused on analysis of the current practices versus "best practices" from private industry. A range of scenarios was developed and

tested over a three- to four-month period to identify workable alternatives, while the organization concurrently benchmarked its performance against other large, mainframe computing centers. In addition, KH developed financial frameworks to test the impact of restructuring operations, improve efficiencies, and communicate financial implications to this client's customers as an alternative to outsourcing the data center and related operations.

Subsequently, KH assisted management in the computing services branch of the organization in developing cost savings ideas and related implementation plans, involving reengineered workflows, accelerated implementation of advanced systems administration tools and techniques, and improved standardization and customer service throughout the operation.

ITS: Launching of New Lines of Computing Business

KH worked with ITS management to implement a new line of business for computing services. Initial assistance included definition of production roles and responsibilities, standards, production turnover procedures, conversion cost/benefit frameworks, and production workflows and staffing levels. Ongoing assistance included development of a two-year tactical plan for the new, multi-million dollar line of business, selection and implementation of operations and systems administration tool sets, and development of marketing plans.

ITS: Tactical Planning for Mid-Range Services, Application Downsizing Feasibility Study

KH developed a tactical plan to guide deployment of the lines-of-business and related staff functions. As part of this project, KH worked closely with client and vendor technical and managerial staff to design the configuration of the new processing center, assess cost/benefit factors to guide conversion of mainframe operations to new platforms, and establish distributed and client/server computing policies and infrastructure requirements. KH also assisted in developing financial projections and customer service agreements for key systems and supporting components of the infrastructure. Deliverables included a comprehensive report outlining mid-range systems tactics, revenues, operating costs, and required investments. As a result of this project, management rationalized and continued funding support for mid-range initiatives, while most other areas underwent dramatic budget cut-backs.

In addition, KH assisted in the ongoing analysis of feasibility for conversion candidates, and designed a reusable analytical framework and standards to help guide the conversion planning process. KH also helped to plan for reengineering of data center facilities, relocation of certain components to new data center facilities, relocation of certain components to new data center facilities, and establishment of network monitoring and control facilities.

ITS: Streamlining and Competitive Advantage Analysis

KH worked with ITS management to identify strategies to reduce its operating costs by 10 percent per year for the next ten years, for a total ten-year reduction of approximately 65 percent. Moreover, the organizational alignments and staffing levels were adjusted to be more supportive of models found in private outsourcing companies.

ITS: Market Study

KH conducted an external market study to determine receptivity of other public sector or non-profit entities to use a facility similar to ITS (as a non-profit entity) for outsourcing services. Such a facility would compete with private sector corporations vying for public sector contracts.

County of Los Angeles, Department of Health Services (DHS)

Reengineering and Change Enablement of Human Resources Functions

(SUBCONTRACT TO ACCENTURE AND APM)

DHS employed more than 24,000 employees, working in five major medical center networks. Because of a Federal agreement, DHS had to restructure its operations by reducing its expenses by at least $300 million. As part of a $15 million reengineering effort of County health operations, KH's role was to reengineer human resources functions.

The basic structure of the reengineering efforts for human resources was the formation of a Human Resources Core Team with two Co-chairs. Human resources was divided into functional areas for in-depth review by seven Human Resources Work Groups, each headed by a Work Group Leader, including:

- Work Group No. 1: Classification
- Work Group No. 2: Workforce Reduction
- Work Group No. 3: Placement of Impacted Employees
- Work Group No. 4: Hiring and Testing
- Work Group No. 5: Incentives and Awards
- Work Group No. 6: Position Control
- Work Group No. 7: Human Resources Functions

The Core Team and each Work Group had further representation from DHS management; human resources management – both from headquarters and within the facilities; facility management; the County's Chief Administrative Office (CAO); Department of Human Resources (DHR); the Auditor-Controller;

employee representatives; and various labor representatives from Local 660, Local 434, and BTC. In total, more than 82 individuals were involved in the Core Team or one or more of its Work Groups. Meetings were held over a six-month period. Some of these meetings were weekly; others were semi-monthly. Most lasted all day, some half days.

Extensive work was devoted to understanding how the processes currently worked; this effort was accomplished through flow charting; review of manuals, policies, and procedures; and overview of other structures in place. Once all participants had a good grounding in the current processes, the Work Groups then developed and critiqued the strengths, weaknesses, opportunities, and threats (i.e., SWOT analysis) to build consensus on the major areas requiring improvement. These opportunities for improvement became the basis for developing recommendations. All the recommendations were summarized in an Executive Summary and elaborated on in detailed Concept Papers, one per Work Group. Each recommendation had an action plan, including proposed accountability for its implementation (if adopted), time lines, and expected outcomes. The Human Resources Core Team reviewed each recommendation; some were adopted, others modified, and some rejected before being subjected to DHS's executive review.

The Work Groups also balanced the human resources recommendations from DHS headquarters, medical centers, and other facilities to ensure they did not conflict with each other and aligned with human resources "best" practices (or, at least, "better" DHS practices). For example, some facilities wanted to achieve some of their targets through centralized testing for hiring; in contrast, DHS headquarters wanted to achieve part of its target by decentralizing testing. Because these two testing strategies were in conflict with each other, two Work Groups (No. 4 and No. 7) had to analyze the entire process to determine how testing could be performed most cost-effectively while meeting user needs within DHS. Consequently, the focus of the Human Resources Work Groups' efforts was on overall net savings to DHS (and not just a myopic focus on savings to reach stand-alone facility or DHS targets). The Human Resources Work Groups generated cost savings that met the established targets. Across DHS and the facilities, savings of $1.7 million in human resources functions were identified and adopted.

The most notable accomplishment was the bringing together of diverse perspectives in the County to consider ways to reengineer or streamline human resources from a process and user perspective. In addition to DHS's human resources professionals meeting at times for the first time on such intense issues, few previous meetings had such integral involvement of CAO, DHR, and Auditor-Controller representatives. Unlike Department-wide functions that are unique to DHS, few human resources functions are unique to DHS and often required complementary changes to how the County in general approached human resources. Consequently, the recommended change required buy-in from DHS, as well as the CAO, DHR, and other County departments. The labor and employee representatives were a further enhancement to the work efforts because they served as a further check and balance. Fundamentally, DHS had to view human resources differently if it were to manage its work force more effectively. These concepts were outlined in a separate White Paper, prepared independently by KH.

County of Los Angeles, Department of Human Resources (DHR)

Under KH's master agreement with the County of Los Angeles, KH has performed a number of studies and services for DHR.

▶ DHR: Management Appraisal and Performance Plan (MAPP) Study

KH designed MAPP for approximately 1,300 top level County managers. MAPP, replacing an outdated individually-oriented, performance-based pay plan (PBP), focused on defining County- and department-specific priorities and the achievement of related goals. Throughout the study, KH worked closely with the Ad Hoc Panel charged with developing the plan and with DHR, which would administer the plan.

The fact-finding component of the study included the review of all documents relating to the old plan, as well as structured interviews and focus groups with all groups involved with or affected by the plan, including plan participants, their department heads, the Board of Supervisors, the CAO, and DHR. As part of consensus building throughout the plan design component, KH consultants presented findings and plan concepts to the Ad Hoc Panel, department heads, the CAO, and other key constituents to ensure the plan met broad department, County, and participant requirements.

As a result, MAPP was designed to address current County concerns, including management accountability for individual and departmental performance, recognition and reward for outstanding performance, and compensation and appraisal fairness. Furthermore, it is designed to enhance and complement departmental planning efforts, the development of relevant and measurable goals, and the communication of department and County priorities.

▶ DHR: Implementation Assistance through Training

The County retained KH to implement a comprehensive training program to ensure successful plan implementation, as well as periodic refresher training.

KH conducted MAPP Orientation Training with 800 County managers and 150 human resources professionals. The County managers were trained in small group sessions of 20 to 30 managers so that particular attention could be given to customizing the development of their respective performance objectives to their departmental strategic, budgeting, and operational plans.

KH was retained mid-year to train all managers (approximately 400 people) who would be conducting interim performance reviews of MAPP employees.

DHR: Strategic Planning

KH was retained to assist DHR with identifying key strategic issues and developing Action Plans to address those issues. The strategic planning process included several meetings and a retreat with DHR senior staff members to complete an environmental scan and identify strategic priority areas. Interdivisional work groups developed objectives and Action Plans to address the key strategies, and develop measures to assess their success.

County of Los Angeles, Board of Supervisors – Executive Office

The Executive Office of the Board of Supervisors of Los Angeles County serves as the general clerk for the County's vast operations and provides general support to both the Board and the Commissions active throughout the County. The Executive Office performs services for the Board of Supervisors and its many commissions.

Board of Supervisors' Executive Office: Organization Review and Workflow Reengineering

KH conducted an organizational review of the Executive Office and a detailed assessment of the property tax Assessment Appeals operations. Findings enabled the Executive Office to restructure and support new areas of demand, adjust to changing business conditions within the County, and improve the efficiency of staff operations.

Executive Office's Assessment Appeals Board (AAB): Application Processing and Audit

KH worked with the Board of Supervisors, Executive Office, and its Assessment Appeals Board (AAB) to address several issues associated with the dramatic increase in Applications for Reduction of Assessment. During the mid-1980s, the AAB typically received 5,000 applications per year. With new legislation, recessionary housing prices, and recent disasters (e.g., earthquakes, riots, fires, floods, etc.), Los Angeles real estate prices declined, thereby increasing the number of application appeals to 45,000 by 1994. During that same time period, the AAB had addressed the increased workload by relying on a contingency work force.

KH was retained to reorganize specific processing aspects of AAB to help it address its backlog. In addition to the significant tasks described below, KH worked with the AAB and the Executive Office to identify stakeholders in the Assessment Appeals process and to enlist their participation in various efforts to improve processing.

- Working closely with AAB, Executive Office, and County Counsel, KH established and implemented detailed review and reject processing procedures for "Applications for Reduction of Assessment."
- Using temporary space and new temporary employees, KH supervised the processing of approximately 40,000 applications, covering approximately 55,000 parcels.
- KH established audit criteria and supervised an audit of more than 20,000 "Applications for Reduction of Assessment" and AAB System files to determine accuracy and completeness of application processing.
- KH established user-friendly access to the AAB System and Assessor Property Data Base information for use by new temporary employees.
- KH also helped with the development and review process for the subsequent year's application form.

This experience provided KH the opportunity to become familiar with the details of the County property tax procedures and inter-dependencies of the AAB with the other four County departments (Registrar-Recorder, Assessor, Auditor-Controller, Treasurer-Tax Collector) that are part of the property tax system.

Board of Supervisors' Executive Office: Ongoing Implementation Assistance

KH continued to work with this client to implement key recommendations, and to further automate and refine the Assessment Appeals operations.

County of Los Angeles, Department of the Registrar-Recorder

Efficiency Review

KH conducted a review of the efficiency of designated Registrar-Recorder functions for the County of Los Angeles, using interviews and surveys to collect information from employees. Comparative information was also collected from neighboring counties to evaluate the potential for changing Los Angeles County's operations.

Proposition 10

The California Children and Families Commission (Proposition 10)

The California Children and Families Commission, created by Proposition 10, supports children from prenatal to age 5 by creating a comprehensive and integrated system of information and services to promote early childhood development and school readiness. The initiative, approved by voters in November 1998, added a 50 cent-per-pack tax to cigarettes and a comparable tax to other tobacco products. Proposition 10 generates approximately $700 million annually, which supports the State initiatives and all of the counties.

Each county has set up agencies to administer their share of Proposition 10 revenues and develop innovative solutions to address the unique issues faced by prenatal to 5-year-olds in their jurisdictions. KH has worked with two of these agencies.

- First 5 LA: Multiple Tasks

  KH has supported First 5 LA since its inception through a variety of assignments: an organizational review, a senior management development program, a compensation review, executive coaching, and facilitation of the Board's annual performance review of the Executive Director.

- First 5 Orange County: Management Audit and Strategic Planning

  KH has undertaken two assignments with First 5 Orange County: 1) a management audit and reorganizational study and 2) the facilitation of a human resources strategic plan.

City and County of Denver

Denver Civil Service System

DENVER, COLORADO

- Human Resources Management Audit

  The City and County of Denver (referred to as "the City") retained KH to identify ways to improve specific human resources practices that affect Career Service employees. This undertaking was part of a series of management review initiatives that the Mayor spearheaded through the Management Review Oversight Committee (MROC).

  The scope of this project was based on the human resources issues that Career Service employees identified in an Employee Opinion Survey (EOS).

  As a result, the project scope involved the following human resources areas: hiring and promotion; supervision and training; evaluation of the Performance Enhancement Program (PEP); discipline, grievances, and dispute resolution; communications; and benefits. KH assessed how these functions were both designed and delivered by: (a) the Career Service Authority (CSA), an independent authority established in 1954 in Denver to provide personnel services, and (b) the City's departments and agencies.

  In conducting this project, KH reviewed human resources documents and interviewed more than 70 individuals, including department and agency heads, managers and personnel assistants, key CSA managers and staff, the Mayor, and City Council members. In addition, KH conducted 9 focus groups with 99 management and employee representatives (randomly selected from the earlier EOS project) to discuss alternative approaches. All employment categories of Career Service employees were represented in these focus groups. Of the 99 focus group participants, 93 individuals completed a brief KH survey. KH also met with the Ad Hoc Human Resources Panel, which served as a review panel on behalf of the MROC. The Ad Hoc Human Resources Panel consisted of 17 members, including external human resources experts from the private sector, a City Council member, department management, CSA management, Career Service employees (also randomly selected), and an American Federation of State, County, and Municipal Employees (AFSCME) representative. KH's findings and recommendations were subjected to multiple reviews with this Panel, the MROC, CSA, Finance, the Mayor's Cabinet, City Council representatives, and Career Service employees. The Mayor and City Council adopted these recommendations in concept and CSA has proceeded in developing strategies for their implementation.

State of California

State of California, Office of the Chancellor for the Community Colleges

- Strategic Planning

  KH designed and facilitated a two-day retreat of the Economic Development Program Advisory Committee (EDPAC) to explore ways that:

  1) Education Workforce Development could become more future-focused and forward-thinking

  2) EDPAC could contribute to this new focus

CalOptima

Health Care Reform

ORANGE COUNTY, CA

- Strategic Planning

As the second largest health insurer and only Medi-Cal provider in Orange County, CalOptima is a county-organized, health system that administers health insurance programs for one in seven residents and almost one-third of the county's children.

It offers three major programs: 1) Medi-Cal (California's Medicaid Program) for low-income families, children, seniors, and persons with disabilities; 2) OneCare (HMO SNP) (a Medicare Advantage Special Needs Plan) for low-income seniors and persons with disabilities who qualify for both Medicare and Medi-Cal; and 3) through the PACE Program, a new $7-million adult day care and primary care facility. Approximately 85% of its members and budget of $1.456 billion are dedicated to Medi-Cal programs. CalOptima employs 500 employees.

CalOptima retained KH to assist it in developing its strategic plan in light of Health Care Reform, including the Patient Protection and Affordable Care Act. The challenges were great because CalOptima has higher Medicaid enrollment than 18 state programs and higher Special Needs Plan enrollment than 28 states.

The strategy had to start with CalOptima's members and its commitment to: provide members with access to quality health care services, integrate and coordinate care to ensure optimal health outcomes for all our members, and integrate physical and behavioral health. From there, the necessary changes in the fiscal, internal, and staff capacity to achieve these goals were identified.

The "**Strategic Plan 2013-2016: Better. Together.**" portion that is a public document is available at: https://www.caloptima.org/en/~/media/Files/CalOptimaOrg/NewsandPublications/StrategicPlan2013-16_Web.ashx

In addition, a separate document delineates detailed Action Plans with objectives to achieve the new strategic priorities.

County of Orange (California)

KH has performed three projects for the County of Orange – the first during bankruptcy (whose findings helped the County to demonstrate to Wall Street that it was fiscally sound in how it compensated its employees), the second after bankruptcy for motivating those managers who remained with the County, and the third to develop strategies to attract a quality workforce.

- Orange County: Compensation Survey

  During the County's bankruptcy, KH conducted a Confidential Compensation Survey to compile compensation market comparisons for 57 specific benchmark positions for the County of Orange. The objective of the KH report was to provide an ***objective and comprehensive comparison of compensation*** among a wide variety of employers. Therefore, data reflected both public and private sector employers in three market areas: local Orange County, Greater Southern California, and All Other California.

The 24-page survey instrument requested general information about the participating employer and salary information for the benchmark positions, presented as capsule position descriptions. It further requested a wide variety of information about the other components of compensation in terms of their cost to the employer, and about recruitment experiences and compensation policies.

In identifying potential survey participants, KH ensured adequate representation from the private and public sectors, as well as firms of different sizes, different industries, and different California market areas in which County of Orange competes. We also contacted organizations that would be able to match some of the less common benchmark positions. The report categorized the potential and actual participants by market area, sector, and size.

The KH team mailed survey instruments to 1,204 potential organizations to participate, and systematically followed up every contact by telephone, letter, or fax to encourage participation, answer questions, and request completed surveys.

In the final analysis, survey participants provided base salary data for the 57 benchmark positions, for a total of ***1,604 matches representing more than 45,938 incumbents***. We believe that this high participation rate was a direct result of the intense and personal contact with potential participants. Simple and weighted averages were provided for the base salary

AN ORANGE COUNTY PERSPECTIVE:

Debunking the Myth of Overpaid County Workers: Study Should Reduce Skepticism for Civil Employees

"…The Board of Supervisors was right to order the study …. Even without a bankruptcy, government needs to spend taxpayers' money wisely. Monitoring private sector salaries can help ensure that county staff are not overpaid…."

"Supervisor William G. Steiner said the salary study, done by KH Consulting Group, was probably the most comprehensive examination of pay comparisons done in the county."

-- Los Angeles Times, Orange County Edition, June 2, 1996

Additional coverage was reported in other issues of the **Los Angeles Times** and the **Orange County Register**.

for each position. More than 35% of all matches were from the Public Sector. Of the 103 private sector matches, 51.5% were from "large" firms (more than 500 employees), 32.0% from "medium" firms (between 100 and 500 employees), and 16.5% were from "small" firms (fewer than 100 employees). Specifically, 43.7% of all private sector matches were from Orange County businesses.

This project was widely published in the ***Los Angeles Times*** and the ***Orange County Register*** and discussed on National Public Radio (KFWB) and other venues. Taxpayers, community groups, and investors were concerned about whether the County was overpaying its employees. Moreover, the data were useful for the County to approach Wall Street in documenting prudent fiscal controls to come out of bankruptcy.

Each survey participant received a complimentary copy of the 150-page **Confidential Compensation Benchmark Survey: Participant Report**, supplemented with a customized report showing their pay levels relative to survey findings. Several hundred additional copies were sold to the public.

▶ Orange County: Pay-for-Performance and Performance Appraisal for Managers

KH designed a new pay-for-performance and performance appraisal system for more than 800 County managers. The process involves interviewing all department heads; conducting focus groups with a stratified, random sample of managers, administrators, and staff analysts; sharing findings and design options with a task force; and designing a new plan.

▶ Orange County: Compensation, Recruitment, and Retention Study

The County of Orange Human Resources Department retained KH to conduct a three-phase workforce-focused project.

- **Phase 1:** To follow-up the earlier compensation survey, KH designed, created, facilitated, and analyzed an online Confidential Compensation Survey of California Public and Private sector organizations. Compensation and benefits data were collected on 54 benchmark positions representing 67,312 incumbents.
- **Phase 2:** KH designed, organized, and facilitated a Recruitment and Retention Workshop. The purpose of the workshop was to discuss strategies to strengthen the County's ability to address these challenges. The workshop consisted of expert presentations on the workforce issues, recruitment, and retention; an expert panel discussion; and a brainstorming session.
- **Phase 3:** KH worked with County of Orange Human Resources personnel to develop an ongoing compensation analysis program as part of the County's strategic goal of "attracting the best and the brightest" to the County of Orange workforce.

County of San Bernardino

County of San Bernardino, General Services Group, Department of Information Services

SAN BERNARDINO, CALIFORNIA

▶ Strategic Planning Retreat

KH facilitated a Strategic Planning offsite retreat involving the Director and Division Chiefs of this IT organization. Over the course of the two-day sessions, KH identified and discussed numerous issues and developing trends which either currently or in the near term affect the County and its IT organization and operations. Issues discussed included IT cost containment, reengineering of platforms and applications to use new developments in technology (e.g., client/server computing, etc.), and upgrades to the infrastructure to support new diverse technologies.

Deliverables from the session included a "target" for the new organization and a high-level tactical plan to guide key activities over the upcoming 18-month period. In addition, KH prepared an informal report outlining key issues, areas to consider for outsourcing or privatization, "best practice" alternatives for administrative functions, areas of technology or infrastructure needing to be addressed (i.e., as prerequisites to migration into client/server computing), and an outline of roles/responsibilities for a new "matrixed" organization structure.

GRAND JURY

County of Los Angeles 2011-2012 Civil Grand Jury (CGJ)

▶ An Investigation of How to Mitigate Needless Child Deaths

KH set up a Steering Committee composed of representative from the:

- County of Los Angeles, Department of Children and Family Services (DCFS)
- County of Los Angeles, Department of Mental Health (DMH)
- County of Los Angeles, Department of Public Health (DPH)
- District Attorney's Office
- Harbor-UCLA Medical Center
- Inter-Agency Council on Child Abuse and Neglect (ICAN)
- County of Los Angeles, Department of Coroner
- Los Angeles City Attorney's Office
- County of Los Angeles, Sheriff's Department – Special Victims Bureau
- Los Angeles Police Department (LAPD), Juvenile Division – Abused Child Section

KH facilitated a collaborative process with these participants to develop recommendations that would mitigate the number of children who die each year in the custody of the Department of Children & Family Services. Besides a robust set of recommendations, new, cooperative working relationships were developed between these agencies that should bode well for future positive changes.

The study results were published and can be found at http://grandjury.co.la.ca.us/Final%20Grand%20Jury%20Report/FINAL%20REPORT%202011-2012%20LOS%20ANGELES%20COUNTY%20CIVIL%20GRAND%20JURY.pdf (see page 175).

▶ An Investigation of How to Position the County of Los Angeles to Address Seniors' Needs under Healthcare Reform

KH facilitated a review of the impact of the Affordable Care Act on Seniors in Los Angeles County. Working with the Department of Health Services (DHS) and Grand Jury members, a pilot project was proposed to provide seniors with the opportunity and required supports to "age in place." The focus of the pilot project is to develop a spectrum of preventive services to deal with and push off the natural physical and mental decline as people age providing them with a much higher quality of life. The evaluation is to determine if this model is a lower cost alternative vs. costly acute care and "warehousing" of seniors.

The study results were published and can be found at: http://grandjury.co.la.ca.us/Final%20Grand%20Jury%20Report/FINAL%20REPORT%202011-2012%20LOS%20ANGELES%20COUNTY%20CIVIL%20GRAND%20JURY.pdf (see page 335).

County of Los Angeles 2007-2008 Civil Grand Jury (CGJ)

▶ An Investigation of the Future of Youth Aging Out of the Child Welfare System

The CGJ selected KH to investigate the Department of Children and Family Services (DCFS) and Probation Department (Probation) programs to prepare transition age youth (TAY) for their exit from "the child welfare system." KH performed the following tasks:

- Site visits to facilities and discussions with service providers, including probation officers and social workers
- Interviews with key officials at DCFS, Probation, Department of Mental health (DMH), Los Angeles County Office of Education (LACOE), and Judge Nash of the Children's Court
- A half-day Entrance Conference in a workshop format with the Los Angeles County Deputy CEO and key officials from DCFS, Probation, Department of Public Social Services (DPSS), LACOE, and DMH. The purpose of the format was to solicit their support of the investigation and their ideas for improvement of the TAY system
- Research of:
  - TAY best practices used in other jurisdictions
  - Analysis of data provided by DCFS, Probation, DMH, and other services
  - A survey of TAY currently in DCFS and Probation
- Extensive discussion of data findings and conclusions with DCFS, Probation, and DMH officials
- An Exit Conference with the 15 officials who attended the Entrance Conference to review the CGJ draft findings, conclusions, and recommendations to ensure factual accuracy of the data they provided, review recommendations, and solicit final suggestions to be considered in the report

The CGJ made a series of recommendations to strengthen the services provided, improve the information systems, and implement a more comprehensive output-oriented evaluation of how TAY children were faring, both in the system and once they had left the system.

The study results were published and can be found at: http://grandjury.co.la.ca.us/gjury07-08/2007-08FinalReport.pdf (see page 21 of the PDF document).

County of Los Angeles 2006-2007 Civil Grand Jury (CGJ)

Investigation of Pharmaceutical Processes in the County Department of Health Services

KH reviewed the existing inpatient pharmacy process at the following Los Angeles County medical centers:

- Los Angeles County + USC Medical Center
- Harbor-UCLA Medical Center
- Rancho Los Amigos Medical Center
- Olive View Medical Center

For this investigation, KH:

- Reviewed documents, including processes, procedures, training and evaluation protocols, reports, and class specifications
- Conducted interviews and site visits
- Developed new flow charts for key processes at each medical center (existing flow charts were reviewed where available)
- Identified areas of risk
- Researched best practices of pharmacies nation-wide

As a result of this study, KH recommended that the County:

- Continue to invest and expand investments in technologies that reduce the likelihood of error, moving towards Computerized Physician Order Entry
- Train and deploy additional Clinical Pharmacists
- Provide 24-hour pharmacist coverage at all facilities
- Improve Department-wide medical error trend analysis
- Build a "Safe and Just" culture within the Department to encourage medical personnel and pharmacists to report all errors, thereby improving the Department's ability to take preventive action when trends emerge

The study results were published and can be found at http://grandjury.co.la.ca.us/gjury06-07/2006-07FinalReport.pdf (see page 16 of the PDF document).

Investigation of How the Department of Children and Family Services (DC&FS) and the Probation Department Assess the Quality of Services Provided by the Juvenile Group Homes

The 1996-1997 CGJ investigated Juvenile Group Homes in the County of Los Angeles and found evidence of "...significant financial abuses and illegal and inappropriate use of foster care funds" that were often "not expended in accordance with federal, state, and local laws and regulations."

A decade later, on behalf of the 2006-2007 CGJ, KH:

- Collected and analyzed demographics and recorded grievances committed at Juvenile Group Homes
- Explored opportunities for improvement
- Researched trends or best practices found elsewhere
- Applied what was learned toward progress in foster care and probation administration, service provision, and the ultimate well-being and success of children going through the system
- Identified the standards threshold that Juvenile Group Homes need to meet and maintain as set by DC&FS and the Probation Department

The study results were published and can be found at http://grandjury.co.la.ca.us/gjury06-07/2006-07FinalReport.pdf (see page 139 of the PDF document).

County of Los Angeles 2005-2006 Civil Grand Jury (CGJ)

Review of Emergency Communication

In the wake of the Hurricane Katrina disaster, the 2005-2006 CGJ asked KH to assist in its review of emergency communication in Los Angeles County. KH also included in the review: 7 Departments within the County of Los Angeles, 4 Departments within the City of Los Angeles, 3 other cities within Los Angeles County, and a school district.

With the CGJ, KH focused on:

- **Public Education and Communication** – the implementation and development of adequate communication plans and programs to encourage individuals and communities to prepare for emergencies, and to provide critical information should an emergency occur
- **Communication Interoperability** – the technologies, protocols, and procedures needed to ensure clear, coordinated voice and data communications within agencies, among agencies in the same jurisdiction, and among jurisdictions during emergencies

The targeted jurisdictions submitted relevant documents and were interviewed extensively. To identify best practices in emergency communication,

KH benchmarked more than 15 jurisdictions outside of Los Angeles County and interviewed Los Angeles City and County staff who provided emergency assistance to New Orleans and Mississippi after Hurricane Katrina.

KH found that the County of Los Angeles is a standard-setter in emergency preparedness, widely viewed as having excellent planning and cooperation in all aspects of emergency response. KH recommended enhancing and building on initiatives underway, including those for:

Public Education

- Expand Office of Emergency Management staff within the CAO's office
- Apply social marketing approaches to increase public compliance with emergency preparedness recommendations
- Provide basic emergency preparedness materials in additional languages
- Increase the number of Los Angeles County and City of Los Angeles staff who have emergency plans and supplies in place for their families
- Increase availability of low- or no-cost emergency preparedness options to vulnerable groups
- Increase community-based programs (such as Community Emergency Response Team (CERT) and ham radio programs)

Communications Interoperability

- Support county-wide communication interoperability using a standards-based shared platform
- Continue to support Los Angeles Regional Tactical Communications System, a radio system that can patch together the channels and frequencies of various agencies responding to an emergency
- Continue to pursue the adoption of promising communication technology, using life-cycle costing in the evaluation of the new systems and requiring vendors to support and provide parts and materials for the equipment throughout its projected useful life

The study results were published and can be found at http://grandjury.co.la.ca.us/gjury05-06/LACGJFR_05-06.pdf (see page 59 of the PDF document).

▶ Organizational Effectiveness Review of a LAUSD Program

The CGJ retained KH to review:

- LAUSD after-school programs at 437 elementary schools in Los Angeles County
- Permissive recreational program offered at 435 schools with staffing provided directly by the Beyond the Bell (BTB) branch of LAUSD
- Comprehensive programs provided by 19 community-based organizations under contract to BTB, including academic assistance, enrichment, recreational, and nutrition activities offered at 315 schools

As part of the study, KH:

- Interviewed and met with BTB officials, after-school program contractors, and a State Evaluator
- Designed and distributed an online survey to key stakeholders and analyzed the 730 responses
- Trained CGJ members and provided guides for site visits to 47 schools to observe the after-school programs and facilitate discussions with both after-school staff and school administrators

The study results were published and can be found at http://grandjury.co.la.ca.us/gjury05-06/LACGJFR_05-06.pdf (see page 139 of the PDF document).

County of Los Angeles 2004-2005 Civil Grand Jury (CGJ)

▶ Real Estate Collaboration

The CGJ identified five city departments or municipal entities within the County of Los Angeles as appropriate venues for the review of a spectrum of approaches to real estate collaboration. These agencies included:

- The County of Los Angeles
- The City of Los Angeles Asset Management Division (for Council-controlled Departments)
- The City of Los Angeles, Department of Water and Power
- The City of Long Beach (as an example of an independent city within Los Angeles County)
- The Metropolitan Water District of Southern California

With the CGJ, KH identified processes and procedures that would enhance the effectiveness of the management of real estate assets. The analysis included assessing the value of a consolidated database of available and needed real property among jurisdictions, and establishing both formal and informal channels of communication.

The study results were published and can be found at http://grandjury.co.la.ca.us/gjury04-05/LACGJFR_04-05.pdf (see page 264 of the PDF).

County of Los Angeles 2003-2004 Civil Grand Jury (CGJ)

Management Audit of Community Redevelopment Agencies located in the County of Los Angeles

Along with the CGJ's Public Integrity Committee, KH was retained to assess the Community Redevelopment Agencies (CRAs) of the following three cities in the County of Los Angeles:

- City of Carson
- City of Lancaster
- City of Irwindale

The study results were published and can be found at http://grandjury.co.la.ca.us/gjury03-04/LACGJFR_03-04.pdf (see page 464 of the PDF).

Management Audit of Domestic Violence Programs in Community and Senior Services (CSS)

In performing a management review of CSS's Domestic Violence Programs, KH completed the following tasks:

- Data gathering and analysis of CSS's 3 Domestic Violence Programs
- Extensive review of documents
- 10 interviews with CSS managers and staff
- 13 interviews with Domestic Violence Council (DVC) representatives and other County departments affiliated with the Domestic Violence Program
- The design and implementation of a CSS-Domestic Violence Provider Survey, which 36 of 47 providers completed (a 77% response rate)
- 8 site visits to shelters in the County
- A review and analysis of a sampling of CSS contracts with shelters
- A review of the monitoring instruments, budgets, and program statistics
- Identification of State-wide programs
- Review of "Best Practices" in other jurisdictions

The study results were published and can be found at http://grandjury.co.la.ca.us/gjury03-04/LACGJFR_03-04.pdf (see page 74 of the PDF).

Management Audit of Custody Assistants

KH performed a management review of the Los Angeles County Sheriff's Department (Sheriff), focusing on the: a) expanded use of Custody Assistants in the Custody Division and b) use of Custody Assistants in the Court Services Division. KH:

- Assessed progress made by the Sheriff's Department in implementing the 1996-1997 CGJ recommendations for using Custody Assistants in the Men's Central Jail and any further implementation within the Custody Operations Division and Correctional Services Division
- Analyzed the feasibility of extending the use of Custody Assistants by the Court Services Division in the lock-up areas of the Los Angeles County Superior Courts
- Determined the staffing level of Deputies and Custody Assistants for performing their duties for the Superior Court system and, in turn, the potential cost savings with a change in the staffing

The project included extensive document review, 21 interviews with management and staff, 9 site visits to custody and court facilities, and focus groups with deputies and custody assistants. Total savings calculated with the recommended staffing configuration exceeded $20 million.

The study results were published and can be found at http://grandjury.co.la.ca.us/gjury03-04/LACGJFR_03-04.pdf (see page 330 of the PDF).

A Management Review of the Effectiveness of Civil Gang Injunctions (CGIs)

The management review's objective was to determine the efficiency and effectiveness of CGIs in the City and County of Los Angeles. The scope encompassed the CGI efforts in the City of Los Angeles (Los Angeles Police Department (LAPD) and the City Attorney's Office) and the County of Los Angeles (Los Angeles Sheriff's Department (LASD) and the District Attorney's Office). The management review tasks were to:

- Review research and other literature pertaining to CGIs
- Gather financial and performance data and other information
- Conduct approximately 20 interviews with gang-related law enforcement experts and officials from the Los Angeles County District Attorney's Office, Los Angeles City Attorney's Office, Los Angeles County Sheriff's Department (LASD), Los Angeles Police Department (LAPD), Pasadena Police Department, and Lodestar Management Research, Inc., the third-party monitor of the Community Law Enforcement and Recovery (CLEAR) program
- Conduct interviews with residents and community leaders in neighborhoods subject to CGIs
- Conduct four site visits with police officers and deputies, sergeants and lieutenants assigned to the LAPD Northeast Division, LAPD Pacific Division, LAPD Southeast Division, and LASD Lennox Substation
- Compare and contrast the experiences with CGIs in the City of Los Angeles with those in unincorporated areas of Los Angeles County –

during the course of the study, an additional point of comparison with the City of Pasadena was added

- Analyze data on reported serious crimes to identify the impact of CGIs on a neighborhood

The study results were published and can be found at http://grandjury.co.la.ca.us/gjury03-04/LACGJFR_03-04.pdf (see page 177 of the PDF document).

County of Los Angeles 2002-2003 Civil Grand Jury (CGJ)

▶ Investigative Audit of Senior Services and the Community and Senior Services (CSS) Department

KH investigated senior programs and services available through:

- The Community and Senior Services (CSS) Department in the County of Los Angeles
- Community-based organizations (CBOs) that are funded by CSS
- Local cities in the County (but excluding the City of Los Angeles, which is funded separately from CSS)

Therefore, the perspective of the CGJ considered the needs of the County's senior population, and not just those served by CSS today. The County's seniors, age 65 or older, is 926,673 or 10% of the residents. The Investigative Audit was far-reaching and involved extensive CSS interviews, document reviews, data analysis, a survey of cities regarding their senior programs, site visits to 15 senior centers with interviews with CBOs and city representatives, and ***input from more than 4,000 seniors in response to written surveys***:

- ***General Senior Population Survey*** – a written survey (in both English and Spanish) mailed to a stratified, random sample of 17,000 County seniors with 15% or 2,601 responding
- ***A Senior Stakeholder Survey*** – a written survey distributed on site to 1,770 current users of senior services offered by the County, CBOs, or cities

Some of the recommendations in the Investigative Audit are concurrent with planned improvements that CSS is undertaking. The recommendations cluster into three areas:

- ***Rising Demands and Needs for Senior Services and Programs*** – Seniors make up 27% of the County residents, including 10% who are age 65 or older and 17% who are between the ages of 55 and 64. Within the next 5 to 10 years, the potential growth of seniors is at least 73% in the County. Overall, **senior survey respondents rate senior services used as effective (54%) but are unaware of most senior services or programs.** Fifty percent or more respondents were not aware of 9 of the 11 services offered through CSS funding. Senior programs are not aggressively advertised because of an inability to meet potential demand.
- ***Improved Accountability: Fiscal and Outcomes-Oriented*** – The recommendations built on the need for: 1) fiscal efficiency and effectiveness, resulting in streamlined and innovative senior programs and services and 2) results driven and outcomes orientation.
- ***CSS Organizational Change*** – The recommendations focused on the need for a major organizational transformation to achieve CSS's proposed strategic directions.

The study results were published and can be found at http://grandjury.co.la.ca.us/gjury02-03/grandjury02-03.pdf (see page 108 of the PDF document).

County of Los Angeles 2000-2001 Civil Grand Jury (CGJ)

▶ Management Audit of the Recruitment Strategies and Programs in the Los Angeles Police Department (LAPD) in comparison to other police departments, including Signal Hill Police Department

LAPD had been facing shortfalls in its target recruitment levels. KH was retained to analyze LAPD's recruitment strategies and programs. The assessment involved benchmarking LAPD's processes against other police departments locally and nationally. KH conducted extensive interviews within LAPD, the City of Los Angeles's Personnel Department, and with other jurisdictions and developed a series of recommended improvements.

The study results were published and can be found at http://grandjury.co.la.ca.us/gjury2000-2001/gj2000-2001.pdf (see page 212 of the PDF document).

▶ Management Audit of the Public-Private Partnerships in the County's Department of Health Services (DHS)

KH analyzed approximately $54 million in contracts between DHS and private clinics in providing non-ambulatory (clinical) medical services. KH conducted site visits, reviewed contracts, and interviewed DHS and clinical managers regarding the partnerships, monitoring procedures, and related commitments.

The study results were published and can be found at http://grandjury.co.la.ca.us/gjury2000-2001/gj2000-2001.pdf (see page 77 of the PDF document).

County of Los Angeles
1999-2000 Civil Grand Jury (CGJ)

- Management Audit of the Sheriff's Department, Inmate Welfare Fund (IWF)

  At the direction of the CGJ Audit Committee, KH conducted a management audit of the IWF, which averages approximately $35 million in revenues from services provided to inmates (e.g., collect telephone calls, canteen, etc.). KH documented the history of the IWF, its legislative requirements, historical uses, and current situation. KH interviewed more than 39 individuals involved with the IWF as commissioners, managers, vendors, etc. KH also reviewed innovative practices in other Sheriff operations, using IWF funds.

  The outcome was a series of recommendations submitted to the CGJ that encouraged strategic planning for the multi-year use of these funds to maximize their benefits. As per State of California legislation, the primary purpose of the funds should be for the health, welfare, and education of inmates. Other recommendations focused on governance, innovative program development, and financial accountability. KH encouraged the Sheriff's Department to use the funds for piloting new programs that would benefit inmates and help other jurisdictions learn from the County's experiences. In this way, the Sheriff's Department could become a national leader of programs that make a difference in terms of inmate recidivism and integration into society.

  The study results were published and can be found at http://grandjury.co.la.ca.us/x1z2.pdf (see page 232 of the PDF document).

- Management Audit of the County of Los Angeles, Department of Children & Family Services (DCFS), Foster Family Agencies

  At the direction of the CGJ Audit Committee, KH conducted a management audit of the Foster Family Agency (FFA) model employed at DCFS. DCFS contracts with approximately 75 FFAs to recruit, screen, train, and support foster families to meet the County's need for foster homes. Approximately 8,000 children are housed in FFA foster homes. During the last decade, DCFS has received ongoing negative press regarding its organization, placement of foster children, internal politics, lack of accountability, etc. Our area of focus was on the selection, training, and monitoring of FFA foster parents, investigation of complaints and abuse, and information and communication.

  Our fact-finding was extensive involving 23 interviews, focus groups with 32 DCFS social workers, document review, 25 site visits to FFAs, 8 focus groups with 50 foster parents, attendance at Blue Ribbon Task Force meetings, meetings with the FFA Steering Committee, review of 25 randomly selected investigation case files, site visits to 5 investigated foster families, and survey of "best practices" in other states. KH chose to focus on establishing a "context for change." This context for change was to help DCFS make the FFA model more viable, including the initial assessment and placement of children into foster care; case management and caseload; investigations; FFA foster parent roles and responsibilities; FFA foster family recruitment, training, orientation, and monitoring; tracking of decertified foster family homes; quality assurance; and FFA operations.

  The study results were published and can be found at http://grandjury.co.la.ca.us/x1z2.pdf (see page 104 of the PDF document).

FEDERAL GOVERNMENT

Federal Housing Finance Board (FHFB)

WASHINGTON, D.C.

▶ Strategic Planning and Governance Structure

(SUBCONTRACT TO FIRST BOSTON CORPORATION AND THE 12 FEDERAL HOME LOAN BANKS)

The FHFB embarked on a major strategic planning effort to redefine its role in U.S. housing for the balance of the decade.

Phase I – Critique of Strategic Planning Papers. As a subcontractor to First Boston Corporation in New York City, during Phase I, KH critiqued 12 papers the Federal Home Loan Banks had prepared on the topics of governance, customer base, capital, regional structures, and other relevant topics.

Phase II – Governance and Structure of the Federal Home Loan Bank System. KH then performed its own independent analysis of how the FHFB should govern the Federal Home Loan Bank System, including its governance structure, regional structure, and accountabilities. As part of the fact-finding, KH conducted site visits at the Federal Home Banks in San Francisco, New York, Atlanta, and Des Moines. The recommendations involved a new configuration to the FHFB and a regional structure more reflective of those found in Freddie Mac and Fannie Mae.

Federal Home Loan Bank of Boston

▶ Organizational Design Study

The Federal Housing Finance Board had mandated that the Federal Home Loan Bank of Boston reduce its budget by $2 million. As a result of this mandate, the Federal Home Loan Bank of Boston retained KH to assist with restructuring its management structure to respond to these cost reduction requirements while ensuring the achievement of its mission. In response, KH developed a short-term organizational structure and then outlined its organizational options in the longer term.

Sepulveda Veterans Administration (VA) Medical Center, U.S. Veterans Administration

SEPULVEDA, CALIFORNIA

▶ Efficiency Review and Productivity Assessment, Using Activity Analysis (Contract No. SB9-87-1-1610/V665P-1297-87)

(SUBCONTRACT TO SLAUGHTER & ASSOCIATES, A MBE)

As part of a series of mandated efficiency reviews by Congress, KH conducted four efficiency reviews at the Sepulveda VA Medical Center; these efficiency reviews focused on Medical Information Service, Maintenance and Repair Services in Engineering Service, Dietetic Service, and Office Operations. We analyzed each organization's current situation, including organizational structure, staffing levels, budgetary constraints, and work processes. We also defined required work inputs and outputs, linked to performance standards and acceptable quality levels of performance. By applying our computer-aided Activity Analysis approach, we could determine labor costs and baseline performance for 350 employees. In collaboration with VA management, we defined opportunities to contain costs and reallocate available resources, amounting to a savings of at least $500,000 per year.

U.S. Department of Labor (USDOL), Employment and Training Administration, Unemployment Insurance Service

WASHINGTON, D.C.

▶ Contingency and Disaster Recovery Planning

USDOL retained KH to assist the 53 State Employment Security Agencies (SESAs) in developing contingency and disaster recovery plans. Phase I involved documenting what the SESAs were doing regarding contingency and disaster recovery planning. KH conducted site visits at six SESAs and surveyed nine other SESAs.

During Phase II, KH prepared a Technical Assistance Guide (TAG), outlining how SESAs could:

- Develop their recovery strategies
- Prepare their own Disaster Recovery Plans (DRPs)
- Test and train their SESAs on the DRPs
- Update and disseminate DRP information

Phase III entailed conducting two two-day workshops – one on the East Coast and one on the West Coast – on the TAG for more than 100 SESA and USDOL attendees.

U.S. Department of Health and Human Services, Health Care Financing Administration (HCFA)

WASHINGTON, D.C.

▶ Medical Records Review
(Contract No. 7570511 75092780)

KH completed medical record reviews of 2,500 Medical records randomly selected at five California hospitals. In total, the KH study team identified cost savings of approximately $400,000.

U.S. Department of Health and Human Services (DHHS), Health Resources and Services Administration (HRSA)

BASED IN WASHINGTON, D.C., CONTRACT COVERED SIX STATES

▶ Evaluation of $50 Million in Title VII Grant Monies Awarded to Colleges and Universities
(Contract No. 240-88-0064)

KH evaluated the impact of $50 million in Title VII construction grants at historically black colleges and universities (HBUCs) involved in health education fields:

- Florida A&M University's Pharmacy School
- Howard University Dental School
- Howard University Medical School
- Meharry College of Dentistry
- Meharry College of Medicine
- Morehouse College of Medicine
- Tuskegee University's Veterinarian School
- Xavier University's Pharmacy School

The focus of the evaluation was on the effect these construction grants have had in recruiting, retaining, and graduating underrepresented (minority) students. Moreover, the U.S. Federal Government wanted to determine whether the facilities built with Title VII funds were still meeting the educational and research needs of the institutions.

KH's evaluation found that the grants had made a critical difference in recruiting students, improving institutional pride, and delivering quality educational programs. Finally, DHHS was interested in learning whether minority alumni tended to practice in areas that have traditionally been underserved medically in the past. Both quantitative and qualitative aspects were evaluated.

CONSORTIUMS AND COLLABORATIONS

KH has worked on a number of public-private-nonprofit collaborations, involving large governmental agencies, educational districts, and nonprofit organizations working together to bring about change.

Los Angeles Regional Adult Education Consortium (LARAEC)

Los Angeles, Burbank, Culver City, and Montebello, CA

KH was retained by the Los Angeles Regional Adult Education Consortium (LARAEC) to facilitate a collaborative effort resulting in the development of the Regional Comprehensive Plan as required in the AB 86 Adult Education Consortium Planning Grant. The LARAEC district members include:

- Los Angeles Community College District (LACCD)
- Los Angeles Unified School District (LAUSD)
- Montebello Unified School District (MUSD)
- Culver City Unified School District (CCUSD)
- Burbank Unified School District (BUSD)

KH designed and facilitated 5 half-day workshops with more than 100 participating stakeholders from the LARAEC member districts, including district leadership, faculty, teachers, staff, students, local business partners, and community partners. The common goal for all stakeholders was to seize the opportunity to work together in rethinking and redesigning a sustainable regional adult education system that will better meet the educational and workforce training needs of adults. Key components were:

- Curriculum alignment
- Assessment and placement alignment
- Student support services, including counseling
- Design of bridges and pathways into CTE programs
- Collaboration with businesses and other partners
- Leverage technology for student learning and increased data sharing

South Los Angeles Transit Empowerment Zone (SLATE-Z)

Los Angeles, CA

KH recently worked with more than 50 non-profit, educational, and governmental organizations (including LATTC, LAUSD, Los Angeles Office of the Mayor, University of Southern California, Brotherhood Crusades, Community Coalition, and LA's Promise) to develop a strategy for creating a Promise Zone in South Los Angeles, as part of a U.S. Housing & Urban Development (HUD) application.

Three pillars of change were identified around the transit lines running through South Los Angeles:

- Economic revitalization
- Education – College to Careers
- Community revitalization

Each of the pillars had two goals and three subgoals.

KH continues to work with SLATE-Z to launch some of the initiatives, particularly in the areas of college to careers and economic revitalization.

NON-PROFIT

Tierra del Sol Foundation

SUNLAND, CALIFORNIA

KH has been facilitating and coaching management in the areas of:

- Strategic planning
- Accountability/decision-making accountabilities
- Risk management
- Performance metrics
- Leadership development

LA Speaks! Greater Los Angeles Area 2010 Business Survey Results

GREATER LOS ANGELES, CALIFORNIA

KH conducted a major survey of businesses in 2010 because of the significant economic downturn in the greater Los Angeles area. KH conducted the survey for free and worked in collaboration with several organizations to encourage participation:

- National Association of Women Business Owners-Los Angeles (NAWBO-LA)
- County of Los Angeles, Office of Small Business, Internal Services Department
- City of Los Angeles, Office of Economic and Business Policy, Office of the Mayor
- Black Business Association
- Counselors to America's Small Business, SCORE
- Los Angeles County Business Federation (BizFed)
- Los Angeles Regional Small Business Development Center (SBDC) Network
- Metropolitan Water District of Southern California
- Regional Hispanic Chamber of Commerce
- UCLA Anderson School of Management, Management Development for Entrepreneurs

Overall, 2,003 people participated in the LA Speaks! survey. This response rate makes the LA Speaks! survey one of the largest business surveys of its kind in Los Angeles County, particularly given the large representation of women- and minority-owned businesses.

The survey respondents were primarily business owners or partners who are entrepreneurial, ethnically diverse, and

college educated. Their businesses represented a spectrum of business sizes, industries, and longevity with most in business for a long time.

- The survey respondents represented businesses that generated approximately $11 billion in revenue.
- Most of the respondents (85%) were business owners or partners: 85% of the women and 86% of the men responding.
- Almost two-thirds (60%) of all respondents were female –a sizeable sample.
- 74% of the businesses had been in operation for more years than 5 years, indicating more mature and sustainable businesses.
- Approximately one-half of the respondents wee White/Caucasian (56%), followed by Black/African-American (20%) and Hispanic, Asian, or Pacific Islander (19%).
- 52% have some type of certification: Small Business Enterprise (SBE) (48%), Minority Business Enterprise (MBE) (24%), or Woman Business Enterprise (WBE) (25%).
- Most of the respondents (73%) were college educated in contrast to the general County population where 28% have a college degree or higher.
- Approximately 95% hired full-time employees, 78% hired part-time employees, and 80% used contractors or freelancers.

In comparison to Los Angeles County in general, the survey respondents' businesses represented more businesses with 50 to 499 employees (7.9% of the respondents versus 3.7% of the County) and fewer small businesses with less than 50 employees (90.5% of the respondents versus 96.2% of the County).

The survey participants provided insights regarding the economic outlook, business sustainability strategies, access to capital barriers, state and local challenges, social media and networking opportunities, social responsibility, and work culture, given the recession.

Getty Conservation Institute (GCI) of The J. Paul Getty Trust

KH was retained to design a matrix structure and human resources tools to support the new strategic directions of GCI, one of five institutes at The J. Paul Getty Trust.

▶ Design of a Matrix Organizational Structure

The GCI concluded that its mission should be to manage conservation projects through international partnerships and contracted experts. Therefore, given the new project orientation, a matrix structure model was determined to be the optimal approach.

KH worked closely with GCI executives, project managers, and employees to understand what had worked in the past, what were the unique project challenges, and what kinds of organizational structures would help manage the complexities of operating more than 100 projects worldwide. The outcome was a matrix structure designed along discipline lines (science, conservation, communications and information, and administration) and projects themes (heritage recognition, monuments, artifacts, new knowledge about the field ("think" tank).

▶ Accountability and Decision-Making Matrices, New Job Descriptions, and Performance Appraisal Plan

After the adoption of the new structure, KH revised the job descriptions, worked closely with the Operations Committee to develop accountability and decision-making matrices for the new structure, and designed a new performance appraisal plan that linked performance to the Strategic Plan and project initiatives.

The California Children and Families Commission (Proposition 10)

The California Children and Families Commission, created by Proposition 10, supports children from prenatal to age 5 by creating a comprehensive and integrated system of information and services to promote early childhood development and school readiness. The initiative, approved by voters in November 1998, added a 50 cent-per-pack tax to cigarettes and a comparable tax to other tobacco products. Proposition 10 generates approximately $700 million annually, which supports the State initiatives and all of the counties.

Each county has set up agencies to administer their share of Proposition 10 revenues and develop innovative solutions to address the unique issues faced by prenatal to 5 year olds in their jurisdictions. KH has worked with two of these agencies.

▶ First 5 LA: Multiple Tasks

KH has supported First 5 LA since its inception through a variety of assignments: an organizational review, a senior management development program, a compensation review, executive coaching, and facilitation of the Board's annual performance review of the Executive Director.

▶ First 5 Orange County: Management Audit and Strategic Planning

KH has undertaken two assignments with First 5 Orange County: 1) a management audit and reorganizational study; and 2) the facilitation of a human resources strategic plan.

LA★VETS

LOS ANGELES, CALIFORNIA

▶ Management Audit

This demonstration project's objective was to form a public-private sector partnership to address the issue of formerly homeless veterans in the Los Angeles area; Los Angeles has a population of approximately 270,000 homeless veterans. A real estate developer entered into the partnership with the Century Housing Authority and the Westside Veterans Administration (VA) Medical Center's Comprehensive Homeless Center. Financed through the Century Housing Authority (with $5.6 million in funding), the developer remodeled the former dormitory at Northrop University, renamed the Westside Residence Hall. The Hall is located in Inglewood, near the Los Angeles International Airport (LAX). The VA screened potential residents and furnished counselors and random drug testing. Residents were required to be drug-free and non-alcoholic to remain residents. The new center assisted veterans by furnishing career, transitional, and personal counseling, as well as job counseling and training opportunities to seek employment. In exchange, the veterans paid rent for a room in a suite and two meals per day.

KH was retained to conduct a management audit to determine how the model could be enhanced and if the model could be replicated. Much of the success of the program was the result of the dedication, hard work, and long hours of the developer who had a vision of providing a network of such facilities throughout the United States. Century Housing was concerned that the model was dependent on a single entrepreneur. During the course of the audit, the developer finally began to turn a modest profit of 5% once the facility exceeded 300 residents. KH completed the audit and the model has since been expanded to the former naval facility in Long Beach for formerly homeless veterans and families and individuals seeking low income housing. A management team operates the original Westside site on a day-to-day basis, thereby freeing the entrepreneurial developer to pursue new projects. To date, more than 1,250 homeless veterans, including 325 current residents, have been served at Westside Residence Hall. More than 80% graduate from Westside with sobriety, new social and technical skills, and hope for a positive future. Moreover, the Department of Veterans Affairs (VA) conducted a review that estimated that more than $14 million in taxpayer dollars are saved annually in decreased re-hospitalization costs.

Los Angeles Universal Preschool (LAUP)

▶ Performance Measurement

LAUP is an independent public benefit corporation created in 2004 and funded by First 5 LA. LAUP's goal is to make voluntary, high-quality preschool available to every 4-year-old child in Los Angeles County, regardless of their family's income, by 2014.

LAUP is guided by a 10-year Master Plan developed by hundreds of educators, parents, government officials, and business and community leaders. To build this plan, LAUP is bringing resources together from across the county in support of early childhood education. When LAUP has reached full scale, funded classrooms will serve more than 100,000 4-year-olds.

KH supported the Executive Director and its Personnel Committee in the development of performance criteria for the Executive Director.

National Mental Health Association of Greater Los Angeles (NMHA)

▶ Strategic Planning

(SUBCONTRACT WITH TOWERS PERRIN)

After inheriting a $25-million Trust, NMHA retained KH to conduct interviews to determine the best use of the new funds. KH interviewed 50 mental health opinion leaders, including psychiatrists, psychologists, social workers, service providers, family members of mental health patients, legislators, and other association professionals. KH also interviewed major foundations in the Los Angeles area to solicit their input.

Public Health Foundation Enterprises, Inc. (PHFE)

CITY OF INDUSTRY, CALIFORNIA

▶ Strategic Planning

KH worked with the Board of Trustees and the Executives of PHFE to develop its first strategic plan. This process involved four all-day, off-site retreats with board members and PHFE executives and managers.

KH was then retained to assist with implementation of the new plan.

Special Olympics Southern California (SOSC)

LOS ANGELES, CALIFORNIA

▶ Board Policies and Procedures

SOSC is the largest state organization of the Special Olympics International. The Board of Directors retained KH to update its policies and procedures. KH interviewed the individual Board members; offered advice regarding different policy options, particularly in such areas as Board membership, roles, responsibilities, and financial management; and prepared draft policies and procedures. KH presented these policies and procedures at a SOSC Board retreat

and then made the necessary revisions. The Board then adopted the policies and procedures.

World Vision International (WVI)

Worldwide Distributed Human Resources Functions

KH determined which WVI human resource functions were best performed centrally; which should be performed in the donor nations (primarily in North America, Europe, and Australia); and which should be performed in the field in Asia, Africa, and South America. As part of this study, KH conducted a survey worldwide, performed extensive interviews, and identified what functions could best be performed on a decentralized focus.

Note: While with Towers Perrin, Dr. Kraetsch Hartsough developed a strategic plan for worldwide recruitment of expatriates and contract employees, particularly in the health care professions, to meet staff shortages in undeveloped countries. These systems allowed WVI to recruit ten times the number of individuals recruited in the past by increasing current recruitment staffing levels by three.

Pasadena Senior Center (PSC)

PASADENA, CALIFORNIA

Strategic Planning and Operations Review Study

PSC was one of eight recipients of an $80 million endowment from the Margaret Bundy Scott Trust Fund. Each year, PSC was to submit a proposal to the Trust Fund, outlining its needs, requesting special funding, and demonstrating how the funding would complement its proposed strategic directions.

In the initial years of the Trust, PSC received marginal funding because of a lack of a well-formulated, articulated strategic plan. The PSC Board of Trustees retained KH to conduct a strategic planning study. KH surveyed 10,000 Pasadena households (with individuals aged 50 or older) to determine senior citizens' needs. KH designed the mailed survey and coordinated the sorting, mailing, and compilation of results. We also worked closely with City of Pasadena officials regarding program needs for the elderly. As part of our analysis, we reviewed program requirements for education, recreation, and services for senior citizens. KH then conducted a series of goal-setting workshops with the Board of Directors. As a result of the objectives established in these workshops, KH worked with Board members and staff to develop specific strategies, tactics, and plans for achieving the goals.

KH also completed an organizational and operations review of PSC's structure, staffing, facility constraints, and management processes, including financial systems. Since then, PSC received the needed funding to build a new, state-of-the-art Senior Center.

W. M. Keck Foundation

LOS ANGELES, CALIFORNIA

Operations Review

SUBCONTRACT WITH TOWERS PERRIN

During Phase I, KH surveyed 320 grant applicants concerning the Foundation's image, procedures, selection criteria, etc. KH designed the telephone survey, conducted the survey with The Gallup Organization, and analyzed the results. During Phase II, KH assisted with developing operating policies and procedures for the Foundation.

ASH (Action on Smoking and Health)

WASHINGTON, D.C.

Board Retreat

KH facilitated a Board retreat for ASH, focused on prevention of smoking.

Los Angeles City Employees Association (LACEA)

Compensation and Merit Pay Plan

For the LACEA Board, KH developed a Merit Pay Plan, applying pay-for-performance concepts, for all LACEA management and employees. KH also established a new pay plan, with base pay scales competitive with local market conditions.

WHY HIRE KH?

In these dynamic times, boards, corporate executives, educational leaders, elected officials, and public sector administrators retain KH because of their need to:

- Bring about change from within
- Accomplish specific initiatives despite internal time pressures and staff constraints
- Remain or become a regional, state, national, or international leader
- Acquire special expertise and tools
- Solicit a fresh perspective, as well as independence, objectivity, and discretion
- Bypass both "politics" and natural resistance to examination and change, particularly in environments with diverse agenda
- Solicit external, professional opinions without the risk of prejudice (i.e., internal managers may be defensive when their operations are under review)
- Obtain insights into "best practices" and "lessons learned" at other comparable organizations
- Have nothing taken for granted, including data that might otherwise be overlooked or unused (e.g., consultants can ask "naive questions" such as "why are you doing that task that way?")
- Leverage respected external authorities before their boards or executive team

Additional descriptions of KH firm capabilities, including a general KH firm brochure, are available upon request.

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KH

Appendix B – KH Team Biographies

Heather R. Sims, KH Vice President

FOCUS: As a trained anthropologist, Heather Sims applies knowledge of socio-cultural processes and a combination of qualitative and quantitative analytical skills to ensure an inclusive and holistic approach to every project. She is the **Organizational Culture and Stakeholder Engagement Practice Lead** and specializes in the development and facilitation of stakeholder engagement techniques and tools and stakeholder input analysis as part of change management and strategic-planning efforts; organizational cultural analysis; research implementation; benchmark investigation; and market assessment.

REPRESENTATIVE CLIENTS:

City of Beverly Hills

- **Performance Audit of Contracted Visitor Marketing Services and Economic Development Programs** – Designed, facilitated, and analyzed an online survey and supporting focus groups of Beverly Hills stakeholders; performed a compensation comparison of the Beverly Hills Conference and Visitors Bureau (CVB) and comparable CVBs

City of Los Angeles

- **Development Reform Strategic Plan** – facilitated three Implementation Improvement Teams focused on communications, work culture, and environmental/CEQA process improvements to develop Action Plans; conducted the external stakeholder surveys; and facilitated town hall meetings with business, industry, and community constituents
- **Department of Transportation (LADOT) and Office of the Controller** – as part of a Comprehensive Management Review of LADOT for the City Controller, conducted the employee survey with more than 900 respondents and analyzed the work culture components as input to the Strategic Plan
- **City of Los Angeles, Office of the Controller – Industrial, Economic, and Administrative Survey of Los Angeles World Airports (LAWA) –**
  - Facilitated an online survey of LAWA Employees, capturing information from more than 1,500, about work culture and work activities.
  - Designed, facilitated, and analyzed an online survey of LAWA's external stakeholders to gain a greater understanding of their needs and concerns. By implementing social marketing techniques, 3,258 responses were solicited. A number of focus groups were also held at each of the LAWA airports to gather qualitative data and to validate the survey results.
- **City of Los Angeles, Department of Airports (Los Angeles World Airports (LAWA))** – Assisted with planning and facilitating a series of staff development workshops for the LAWA Environmental Management Division.
- **City of Los Angeles, Department of Airports (Los Angeles World Airports (LAWA))** – Assisted with documentation of the recommended organizational structure and development of related position descriptions.

County of Los Angeles

- **County of Los Angeles, 2006-2007 Civil Grand Jury, Education Committee** – As part of a larger County of Los Angeles Grand Jury investigation, designed, facilitated, and analyzed an online survey of youth "aging out" out of the County of Los Angeles Department of Children and Family Services (DCFS) and Probation Department systems. The survey collected, from first-hand users, information about the effectiveness of programs provided for independent living preparation; suggested improvements for existing programs; and suggestions for new programs and services.

- **County of Los Angeles, 2005-2006 Civil Grand Jury, Education Committee** – Designed, facilitated, and analyzed an online survey available to users and providers of the Los Angeles Unified School District's Beyond the Bell Branch after-school programs
- **County of Los Angeles, 2005-2006 Civil Grand Jury, Safety Committee** – Provided research support for an investigation of the County of Los Angeles' communication capabilities and capacity during public disaster emergencies.
- **Department of Beaches and Harbors (DBH)** – assisted with the facilitation and development of the DBH Strategic Plan, including the design and facilitation of a one-day retreat; design and facilitation of action planning work groups and the development of action plans in 2010. Developed a presentation for the DBH Director to use in sharing the strategic plan internally and with external stakeholders. Lead consultant on the update of the strategic plan in 2012, including the design and facilitation of a retreat with 60 participants
- **Public Library (Library)** – assisted in the strategic planning and overseeing an all-staff meeting for 650 Library employees separated among 30 breakout strategic planning discussion workshops. Provided research and analysis support for ongoing leadership development training program.
- **Department of Regional Planning (DRP)** – assisted with the facilitation and development of the DRP Strategic Plan. Launched the DRP Strategic Planning Implementation Team (SPIT) to:
  - Encourage Department-wide collaboration
  - Develop and promote Strategic Action Plans
  - Sustain a lasting forum for strategic thought, action, change
  - Department of Public Health (DPH)
  - Designed and implemented a visual presentation for the DPH Director that provides information and guidance concerning the DPH Strategic Plan to a variety of audiences around the United States.
  - Assisted with planning and facilitating of a strategic planning retreat with DPH administration. Participated in designing and implementing an internal department newsletter. Provided research and analysis support for other strategic planning activities.
- **County of Los Angeles Department of Public Health (DPH)** – designed and implemented a visual presentation that provides information and guidance concerning the DPH Strategic Plan to a variety of audiences around the United States.
- **County of Los Angeles, Department of Public Heath (DPH)** – Assisted with planning and facilitating of a strategic planning retreat with DPH administration. Participated in designing and implementing an internal department newsletter. Provided research and analysis support for other strategic planning activities.
- **County of Los Angeles, Public Library (CoLAPL)** – Assisted in planning and overseeing an all-staff meeting for 650 CoLAPL employees separated among 30 breakout strategic planning discussion workshops. Provided research and analysis support for ongoing leadership development training program.
- **County of Los Angeles, Unincorporated Areas Services (UAS)** – Provided research and benchmarking support.

County of Orange

- **County of Orange, Department of Human Resources (DHR)** – designed, created, facilitated, and analyzed an online Confidential Compensation Survey of Public and Private sector organizations throughout the state of California. Compensation data was collected for more than 67,000 incumbents for 54 benchmark positions

PRIOR WORK EXPERIENCE:

- **U.S. Fish and Wildlife Service, National Wildlife Refuge System**, Cultural Resource Management, Visitor Services and Communications Division

EDUCATION:

- Masters of Applied Anthropology (M.A.A.), University of Maryland College Park, focus in Resource Management and Cultural Processes
- B.A., Anthropology, University of Louisville, Summa Cum Laude

Charlotte Maure, KH Vice President

FOCUS: Charlotte Maure's consulting experience applies a combination of executive coaching, metric development, strategic assessment, and executive experience to help leaders and their teams exert focused, cohesive, results-oriented change in bureaucratic and politically charged environments. She has produced strategic and operational plans, developed leaders and teams, and designed effective organizational performance measurement systems, including Balanced Scorecards.

Charlotte brings more than 20 years executive experience to her consulting and coaching practice, and has used coaching, strategic planning, change management and team development for her entire career. As an executive, she managed multi-million dollar organizations. As a project manager, she has led international teams in Fortune 100 organizations, including Asia/Pacific, Europe and the Middle East.

REPRESENTATIVE CLIENTS

City of Beverly Hills

- **Economic Development Department** – Led a team auditing the contract between the City of Beverly Hills and the Chamber of Commerce, leading to changes in contract structure, organizational responsibilities, and strategic approach to economic development activities performed by the Chamber. Performed follow-on work to design outcome measures for new contract administration

City of Los Angeles: Office of the Controller

- **Comprehensive Management Review, Department of Transportation (LADOT)** – As part of a Comprehensive Management Review of LADOT for the City Controller:
  - Coordinated Action Planning Teams working on administrative processes and management performance
  - Participated on organizational design team recommending improved structures related to administrative processes
  - Advised General Manager on priorities relating to administrative process changes
- **Industrial, Economic, and Administrative (IEA) Surveys of Los Angeles World Airports (LAWA), 2008, 1999** – Performed administrative and financial sections of audit, including assessing HR, Procurement, Budgeting, Accounting, Concessions, and Properties functions at LAWA
- **Management Audit of General Services Department Asset Management** – Led a team responsible for a performance audit of the Asset Management Division of the General Services Department of the City of Los Angeles. She and her team:
  - Evaluated the efficiency, effectiveness, and controls of the Division in achieving its mission and accomplishing its goals in managing the City's real properties
  - Evaluated whether leasing activities of the Division resulted in maximizing lease revenues within public policy guidelines
  - Determined if long-term leases entered into by City offices/departments were reasonable, including an evaluation of whether it is cost-effective for the City to purchase the properties instead of entering into long-term leases
  - Evaluated whether the Division effectively analyzed space utilization needs of the City's workforce, such as reconfiguring existing/available spaces versus leasing additional office spaces, and

- Assessed the effectiveness of GSD's role in connection with the Municipal Facilities Committee (MFC).

- **Administrative Operations Review, Department of Transportation (LADOT), 2005** – Team member assessing this City Department's HR, financial, and procurement support services to:
  - Identify duplicative work activities within LADOT's administrative, management, and supervisorial employees who are co-located in the new LADOT headquarters
  - Define critical administrative and management functions needed to support various field operations
  - Prepare recommendations that will provide LADOT with an opportunity to: a) Maximize staff efficiencies through proposed allocation of management, supervisory, and administrative resources to achieve optimum levels of productivity, b) realign job functions to eliminate work duplication and provide adequate supervisory, management, and administrative support in all major operations, c) identify key performance and management measures of administrative functions that align with stated LADOT goals and desired outcomes, d) plan for resources and staffing adjustments to better meet changing dynamics and economic conditions that will impact public transportation and parking management, and e) increase use of available technologies and training to achieve greater staff/operational efficiencies
  - Identify administrative systems, policies, and practices that impair or inhibit the proper administrative functioning of LADOT

City of Los Angeles Department of Water and Power (DWP)

- **Human Resources Division (HR) Best Practices Management Audit** – KH team member assisting the City of Los Angeles Department of Water and Power (DWP) to perform a Best Practices Management Audit of the Human Resources Division (HR). She facilitated working groups to develop action plans for identified strategic issues and she is currently assisting with a process reengineering effort and developing a Division-wide organizational metrics system.

County of Los Angeles, Civil Grand Jury –

- **Avoiding Code Blue: Safeguards for Patient Medications, 2007** – Team member assessing County hospital compliance with procedures and policies, adequacy of policies safeguarding hospital inpatients in the administration of medications, and existing inpatient medication use processes at four County hospitals; identifying areas that pose the greatest risks of medication error; offering recommendations that reduce risk; and seeking best practices at each hospital and medical centers outside the County that should be adopted throughout the system
- **Emergency Communications within Los Angeles County, 2006** – Team member assessing adequacy of communications to the public about emergency preparation, and evaluating whether the County of Los Angeles and other jurisdictions within the county have the technologies, protocols, and procedures needed to ensure clear, coordinated voice and data communications within agencies, among agencies in the same jurisdiction, and among jurisdictions during emergencies
- **Recruitment and Development, LAPD and Signal Hill Police Departments, 2001** – Led team in comparing recruitment and evaluation practices between the City of Signal Hill Police Department and LAPD in wake of Rampart Division problems, including:
  - The hiring process for the police departments of a large and small city to determine if the hiring process is effective and if the final hiring decisions

are fair and impartial

- The documented ongoing evaluation process by each city of officer's activities, work product (quality and quantity), and continual qualifications to serve as an officer

- **Asset Management** – Led team to identify workable models for collaboration among government agencies responsible for the acquisition, sale, and management of real estate assets in Los Angeles County. The primary focus of the investigation was publicly owned and leased real estate devoted to operational and headquarters activities, e.g., office space, public space, and warehouse space, as contrasted with public housing, roadways, or economic development.
- **Effectiveness of Civil Gang Injunctions, 2004** – Served as a team member in assessing the statistical effectiveness of Civil Gang Injunctions in reducing crime rates, and whether crime rates in surrounding areas were negatively impacted. The project established that the injunctions were effective in reducing using statistically valid measures.
- **Department of Public Social Services (DPSS)** – In the wake of the replacement of the DPSS case management system, LEADER, with LRS, was part of the team responsible for preparing a Change Management Plan and Organizational Readiness Assessment. Charlotte prepared an initial high-level stakeholder analysis, assessing the initial internal and external stakeholder reaction to the change, using the stakeholder analysis as a baseline for developing a roadmap for the Change. Charlotte also supported the development of a top leadership vision for the change, including strategic goals, and advised departmental staff in communications efforts during the development of the plans.
- **Department of Beaches and Harbors (DBH)** – assisted with the facilitation and development of the DBH Strategic Plan, including the design and facilitation of action planning work groups and the development of action plans
- **Treasurer & Tax Collector** – Coordinated an initial strategic planning effort, including planning retreats and action planning workshops. Designed a performance measurement system based on LA County's *Performance Counts* system. Returned 5 years later to update the plan after the Department successfully completed the initial plan.
- **Department of Regional Planning,** – Lead team member for the 1999 Strategic Plan and 2008 update, including identifying organization-wide strategic issues; developing succession planning approach, and coordinating the development and implementation of performance measurements; including outcome and workload measures. In 2008, designed and implemented Executive Team coaching program, including managing team of coaches offered to all Senior Staff members, and coaching the Acting Executive Director. Program designed to assist the Executive Team in implementing changes from the Strategic Plan.
- **Chief Administrative Office, Office of Unincorporated Area Services**– Assisted in the development of a Strategic Plan, facilitating meetings of 19 County Department directors and other key stakeholders to select six different service models to improve County provision of municipal services. Assisted in the facilitation of a meeting to update the strategic plan in 2010.
- **Chief Administrative Office, Office of Unincorporated Area Services** Facilitated the development of a plan to implement 311 response services coordinating with plans prepared by service provider
- **Internal Services Department** – Lead Consultant in designing the strategic plan for the Purchasing and Procurement Division; assisted with the

development of Balanced Scorecard measures for the entire Department

- **Department of Public Health** – Coordinated a planning effort involving two County departments and multiple not-for-profit service providers to improve delivery of healthcare to the County's homeless; assisted in the implementation of the plan
- **Department of Human Resources** – Led a department-wide team to develop a mission and plans covering improvements in supporting County departments as they planned, recruited, hired, trained and developed staff. Designed a performance measurement approach with the Department.
- **Office of Small Business** – Led a strategic planning process of the Small Business Commission for the County of Los Angeles, coordinating with the staff of the Office of Small Business so that the priorities of the Commission could be addressed.
- **Department of Public Works** – Part of a team that facilitated a Department-wide Strategic Planning effort. Facilitated the development of action plans in the financial and administrative support services of the Department.

OTHER WORK EXPERIENCE:

- Schilling & Maure, Principal – Executive coaching and project management
- Payden & Rygel, Senior Operations Manager
- Port Authority of New York and New Jersey, Deputy Director, Chief Operating Officer, General Services Department – As a executive at the Port Authority of NY and NJ, Charlotte pioneered "Cost of Doing Business" studies, in which she compared internal costs of performing the support services in her Division and Department provided to the Authority with costs for contracting out the same services. She factored in all divisional and departmental overheads, contract administration costs, labor and materials for the services. Annual analyses were performed for standard, "contractable" services such as duplicating, graphic design, stockroom/materials management functions, records storage, fleet management and photography. For services that were not possible to effectively contract out such as purchasing, Charlotte developed unit cost levels to compare to industry standards.

EDUCATION & TRAINING:

- B.A., *cum laude*, History, Vassar College
- Master of Public Administration, Intergovernmental Management, University of Southern California
- Certified Integral Coach, New Ventures West
- Certified Trainer, Affirmative Action/EEO, Interaction Management, and Meeting Planning
- Certified Trainer, "Coaching to Excellence," New Ventures West

Gayla Kraetsch Hartsough, Ph.D., President

FOCUS: Dr. Gayla Kraetsch Hartsough has been President of KH Consulting Group (KH) since 1986. KH specializes in strategic planning, organizational design and restructuring, marketing, human resources, information systems, and business process reengineering. ***She has extensive expertise in organization change, public policy, strategic planning, human resources, service delivery, community needs assessments, and stakeholder buy-in.***

REPRESENTATIVE CLIENTS: KH has served more than 200 clients in 25 states and 9 foreign countries.

Much of KH's work involves local, state, and federal governmental agencies; higher education and K-12 educational systems; non-profit organizations; transportation systems; utilities; and health care providers.

Her clients include the County of Los Angeles (15 departments), City of Los Angeles (6 departments), Los Angeles World Airports (LAX, ONT, VNY, PMD airports), Telstra Enterprise & Government (Australia), University of California at Los Angeles (UCLA), Port Authority of New York-New Jersey, County of Orange (California), City of Beverly Hills, San Francisco Community College District, Port of Los Angeles, Los Angeles Community College District, University of Southern California, City and County of Denver, Childrens Hospital Los Angeles, and the County of Los Angeles Civil Grand Jury.

PRIOR WORK EXPERIENCE:

- **Towers Watson** (then Towers Perrin), Managing Consultant, in Washington, D.C., and Los Angeles

EDUCATION:

- B.S., Northwestern University, School of Communications
- Masters, Tufts University
- Ph.D. and Masters, University of Virginia
- Post-doctorate, Woodrow Wilson National Fellowship, Princeton, NJ

AWARDS, BOARDS, & COMMUNITY SERVICE:

- University of Southern California, Guest Lecturer (2010-Present)
- National Association of Women Business Owners (NAWBO)-LA, former Board Member
- Awards and Citations:
  - One of the top 50 women at 50+ in Los Angeles by BTW (2007)
  - National Finalist for the White House Fellows Program
  - Phi Delta Kappa, Member
  - Cited in the Marquis Who's Who in America, Who's Who in the World, and other similar publications
- Organization of Women Executives (OWE), Member/former President and Board Member
- Women's Leadership Council, Member
- For Northwestern University: Council of 100, Member; School of Communication's National Advisory Council, served 12 years; Northwestern University Entertainment Alliance (NUEA-West), former Board Member
- Earth Protect, Inc., Advisory Council Member
- Published more than 20 articles and chapters in books on public sector, research, and management issues

Attachment 3

City of Beverly Hills, CA
Request for Information

Response Due: January 19, 2016

Submitted By:

Managing Results, LLC (MR)
'A Weidner Company'
21 Neville Way
Crested Butte, CO 81224
865-567-5192

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Note: Due to the length of the Example Reports listed in Section #5 above, they have been included as a second attachment.

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Consulting Methodology Intellectual Property

Managing Results, LLC (MR) Methodology (both standard and modified) is the proprietary intellectual property of MR. The MR methodology contains, and is imbedded in various methodologies, trade secrets, software, definitions, graphics, presentations, and guidelines that are the sole proprietary intellectual property of MR. Through this proposal and after a contract has been signed, MR is providing a non-exclusive, perpetual license for use by the City of Beverly Hills, CA of the MR Methodology. Much of the MR Methodology is contained but is not limited to the copyrighted Managing Results Resource Guide to Strategic Business Planning. Beverly Hills may use it only for its own internal purposes and shall keep the MR Methodology confidential, and under no circumstances will the City of Beverly Hills or other staff or agencies of Beverly Hills, except as agreed by MR in writing, disclose the MR Methodology to other third parties, either individuals, or governmental or private sector organizations. All changes or derivative work made to the MR Methodology shall remain the exclusive property of MR. Notwithstanding the foregoing; all information produced by the City of Beverly Hills utilizing the MR Methodology, shall be considered the exclusive property of Beverly Hills.

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1. Approximate Project Costs

Process: Tasks	Cost
Investigation Plan a) Includes working with the City's designated Point of Contact to communicate and confirm the Investigation Plan, exchange existing documents and materials, coordinate scheduling and ensure open lines of communications and cooperation throughout the investigation. • Includes 1 ½ days of working with City's designated Point of Contact, 1 consultant	
Information Gathering and Analysis – Onsite #1 *b)* Includes interviews with ten to fifteen individuals including City Staff, property owner, state agencies, arborist and others parties involved with the removal of the trees. • Includes 5 days onsite, 1 consultant with associated travel	
Information Gathering and Analysis – Onsite #1.1 *c)* Includes onsite information gathering and analysis including but not limited to the review of contracts, ordinances, budgets, performance reports, emails and a visit to the site. • Includes 5 days onsite, 1 consultant with associated travel	
Preparation of Report to the City Council d) Includes compiling, analysis and formulation of Report to the City Council. • Includes 5 days of compiling the information gathered onsite, additional analysis and the formulation of findings and recommendations, 1 consultant	
Oral Report and Presentation to the City Council *e)* Includes creating Final Report and delivery of Oral Presentation to the City Council on or near March 1, 2016. • Includes 1½ days for creating the final written report and PowerPoint Presentation for City Council, 1 day onsite for delivery of presentation, 2 consultants with associated travel	
TOTAL PRICE	

Note: Travel costs are estimated using present market prices and the per diem lodging and food rates as set by the U.S. General Services Administration. Only actual travel costs will be submitted for reimbursement.

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2. Brief Description of Related Experience

Introduction

Managing Results, LLC (MR), formerly Weidner, Inc., is a Colorado based firm that has a national reputation for helping governments focus on their customers. Over the past 19 years, consulting and software products provided by MR have helped over 70 governments and many not-for-profits and private businesses get focused and stay focused on results for customers.

The circumstances surrounding the City's issue regarding the removal of trees along Santa Monica Boulevard lends itself to the approach MR brings to the work. Beyond the handling/management of the current situation, the Council is centrally concerned about the impact on customers/residents.

We are non-partisan and never take sides. Our investigations are thorough but understandable in their summary. Our recommendations are impartial, very clear, and direct without pulling a punch; for management, they are operationally actionable. We are unaffiliated and unfamiliar with any of the parties involved in the current Beverly Hills situation.

An important part of our approach will be to assess some of the following dynamics of the current situation:

Management

1. What decisions were made, by whom, and when, leading up to the removal of trees? How were those decisions made; how were they vetted? Upon what basis were decisions made – legislation, regulation, policy, practice, relationships?

2. What was/is the role of the council, manager, staff and vendors in the current situation and others like it?

3. Who had authority to make which decisions in this matter? Upon what authority were decisions made? Was that authority exceeded?

4. What was/is the organizational decision discipline for implementing policy before, during and after the event – in terms of acknowledgement, recovery and response?

5. What information about this matter was available, who had it and when?

6. What did residents know about this situation, and when? Who shared that information with residents?

7. What efforts were made and by whom to address this situation before, during and after the events?

8. What is the nature of the contracts and relationships between the City and West Coast Arborists and the Beverly Hills Land Company?

9. Is this contract performance-based? What services are specified in the contract(s)? What is the duration of the contract(s)? Are there measures and consequences specified in the contract(s) for lack of, unauthorized, or otherwise improper performance/actions?

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10. Who supervises these contract(s)? What is their authority?

11. Who is accountable and for what? What is the organizational culture related to accountability?

Residents

12. What is the typical practice of the City in terms of eliciting public input for decisions related to beautification and land use considered important by the community to quality of life?

13. What options can now be considered to remediate the situation? What do residents believe should be done to remediate the situation?

14. What additional actions would help restore trust between the City and residents?

Specific Examples

Below are a few specific examples of investigations/assessments provided by MR.

- *State of Vermont*

  In 2010, former Vermont Governor Jim Douglas commissioned an Affordable Housing Study with the following three requirements:

  > "1. Conduct an in-depth review of the existing organizational structures and business processes of the five state affordable housing entities and make recommendations to improve their effectiveness and increase efficiencies;
  >
  > 2. Recommend policies and procedures to ensure loan receivables held by the state affordable housing entities are managed in a fiduciary-oriented manner to ensure these substantial assets are available as a current and future resource for additional investments in affordable housing; and
  >
  > 3. Provide a written report to the Governor and the General Assembly no later than September 1, 2010, containing all findings and recommendations to achieve the purposes of this Executive Order."

  Review of the existing organizational structure and process included gathering information provided by the 5 agencies working on Affordable Housing. Weidner's review included analysis of agency roles, performance reports, budgets, programmatic and organizational structures. Weidner worked with agency staff to develop inventories of services and performance measures for each program to ensure clarity of services provided by the agencies. Further, Weidner conducted a financial analysis of several major local housing agencies to assess their ability to repay the loans provided by the State, which is cited in the Report.

  The State convened a Committee of Housing advocates and stakeholders to provide input throughout the study and to identify measurable results that could be achieved in Affordable Housing.

  Weidner/Managing Results', LLC Report focused on:

  - Merging housing agencies

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- Consolidating and streamline housing delivery
- Requiring loans to be repaid
- Measuring performance in terms of results
- Generating savings to produce more affordable homes and apartments

It is interesting to note that the Affordable Housing agencies reviewed in the report opposed our recommendations and persuaded members of the legislature to convene a special legislative committee to rebut the report. CEO Marv Weidner and Chief of Consulting Services William Aaron appeared before the committee. This process followed partisan lines. The Governor whose administration commissioned the study was from a different political party than the members of the legislative committee. When that Governor termed out, the subsequent Governor who was from the other political party ignored the report. No facts in the report were ever found to be incorrect. The report is included in the second attachment provided to the City (Section #5).

- *Gunnison Valley Tourism Association*
  The Gunnison County, CO Board of Commissioners acts as the Local Marketing District (LMD). The LMD is responsible for administration of taxes collected by local hotels for hotel stays. By ballot measure approved by residents, the revenues are to be used for marketing the County and generating the tourism portion of the County's economy. In 2014, the LMD asked Managing Results, LLC to conduct a study of how the funds were being administered and provide recommendations for how to structure the administration. The funds were being administered by a volunteer board known as the Tourism Association (TA) and an Executive Director.

  The assessment included:

  - The effectiveness of the marketing efforts compared with the Valley's market comparables
  - Whether or how the TA leveraged the Valley's Brand in marketing efforts
  - Philosophy or approach of the TA to marketing the Valley
  - Key relationships between the TA and the LMD, two local Chambers of Commerce, Economic Development Groups and the Regional Transit Authority
  - How visitors are communicated with and handled when visiting the Valley
  - How potential visitors are approached by the TA
  - Relationship between the TA Board and Executive Director
  - How revenues are used and for what performance results
  - Communications with the community

  Recommendations covered the following:

  - Models for success
  - Governance Structure
  - Board Role and Make-up
  - Roles and Responsibilities of the LMD, TA and Executive Director
  - Integrated Management System – Performance-Based Contracts
  - Unified calendars and call-in center
  - Marketing emphasis of One Valley – One Economy

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- Role of Chambers of Commerce
- Define marketing – before and after visitors arrive

The report was expectedly controversial among some of the previous board members. However, the LMD implemented all of the recommendations in the report and received broad community support for it. In 2015, for the first time in history, the Gunnison Valley outperformed the market. The report is included in the second attachment provided to the City (Section #5).

- *Chester County, PA, Pinal County, AZ, Office of Hawaiian Affairs*
  In the three jurisdictions mentioned above, Weidner/Managing Results, LLC provided an extensive organizational cultural assessment. In each case we analyzed:

  - What is the organizational perspective of customers and how are customers valued?
  - What is the focus on customers in service delivery?
  - How both internal and external communications move up, down and sideways?
  - How is authority understood, delegated and manifest?
  - How is accountability manifest?
  - How are decisions made?
  - Decision discipline after a decision has been made?
  - How and what information is used in decision making?
  - Who can make what decisions?
  - What is the culture of decision-making?
  - How are decisions communicated?

  The reports provided in each case, while they are public documents, were considered confidential and Weidner/Managing Results, LLC does not share them.

Consulting Team Experience

The distinguishing characteristic of the MR proposal is the unique depth of the Consultant Team's experience. MR's team includes individuals who have themselves had the specific responsibility for assessing, designing, implementing and sustaining transparent and accountable management systems and cultures during their respective careers.

- *Marv Weidner (Crested Butte, CO)*
  Marv Weidner is the founder and CEO of Managing Results, LLC. He has a background of more than 20 years of senior government experience. Over the course of his government career, Marv led three enterprise-wide initiatives. His last position was Director of Policy and Strategic Planning for the State of Iowa where he led the Governor's Managing for Results efforts that included the development of agency and enterprise strategic planning, performance budgeting and performance accountability systems. For five years prior, Marv was the head of economic assistance policy and led Iowa's highly successful welfare reform initiative. In his first ten years in state government he led Iowa's innovative refugee resettlement program, recognized by the State Department as the best in the nation.

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Marv founded Managing Results in 1998 and has since led engagements with 70+ jurisdictions across the country delivering strategic planning and performance management products and services.

Marv has been the lead consultant for numerous enterprise-wide Managing for Results and cultural change initiatives in some of the nation's best-managed governments. Marv's team has successfully helped some of America's best managed governments build transparent and accountable management system that integrates strategic business planning, program performance, accounting, program-structured/performance-informed budgeting, and individual performance planning. Using MR methodologies, MR's customers now repurpose over $37 Billion in annual budgets on results for customers. And likewise, Marv and his team have served some very challenged governments.

Marv has often been asked to keynote, chair and sponsor national conferences. His workshops on Cultural Change Management, Performance Budgeting and Integrated Management Systems Focused on Results and Continuous Improvement consistently receive excellent ratings by participants.

- *Marty Weidner (Crested Butte, CO)*
  Marty Weidner is the co-founder and President of Managing Results, LLC. She has 19 years of government experience with the City of Austin and the State of Texas, leading major organizational change initiatives, strategic planning efforts and providing organizational development and business consultation services to City departments, including assessments, interventions, and team and community group facilitations to meet specific business objectives

  As a core Corporate Team member, she helped design the City of Austin's Managing for Results system that won the City an A- from Governing Magazine's Government Performance Project. She also was the lead facilitator and trainer throughout implementation, and as a core member of the Corporate Review Team, provided in-depth review of every department's Strategic Business Plan. Marty was also primarily responsible for the design and implementation of a pay-for-performance appraisal system, and developed the methodology that successfully integrated and aligned employee performance plans and measures with strategic business plan measures and results.

  Marty has been involved in every one of MR's government and private sector projects. She has designed and facilitated strategic and business planning in jurisdictions like Metro Nashville, Washington D.C., Seattle WA, Maricopa Co. AZ, Franklin Co. OH, the State of North Dakota, the Smithsonian Institution, Pinal County, AZ, Oklahoma City, OK, Las Vegas, NV and Clackamas County, OR.

  As an example, Marty led the development and deployment of Nashville Metro's Results Matter Initiative, which integrated strategic business planning, performance budgeting, performance management, and performance reporting into a results-focused management system. She was primarily responsible for facilitator training, strategic business planning, design of Metro-wide Review, and redesign of the employee performance appraisal system.

  Marty is the primary designer of MR's products including the *MFR Live* and *MFR People* dashboard systems.

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- *Charles Curry (Austin, TX)*
  Charles Curry is a Senior Managing Consultant with Managing Results, LLC. He has 27 years of senior government experience. He served as the Budget Officer for the City of Austin, Texas for twelve years. In that capacity he was the principal champion of the City's well-known Managing for Results efforts, which received an A- from Governing Magazine's Government Performance Project. As the Budget Officer, he provided the organizational leadership that made it possible for the City to begin designing its Managing for Results system in December of 1999 and to then present a fully integrated Performance Budget to the City Council in early summer, 2000, with every city department presenting a strategic business plan organized around both strategic and business results, and budgeted accordingly by activities. Charles created several strategic corporate level processes that helped City managers internalize Managing for Results, such as the Corporate Review and the executive performance appraisal process.

  Charles is a well-known national speaker, speaking regularly for professional organizations, including GFOA. He is an educator on Managing for Results and has taught in the graduate program in Public Administration at Southwest Texas State University in San Marcos and the graduate program in Human Services at St. Edwards University in Austin. Before coming to Austin, Charles was the City Manager in Orange, Texas. Charles was the Project Director for MR's project with the District of Columbia and he was the lead for Budget Implementation in the Metro Nashville Managing for Results project. He is our in house budgeting expert and continues to bring extensive knowledge to all of MR's projects, with leading involvement with the City of Long Beach, Los Alamos County, Oklahoma City, the State of New York and the Vermont Housing Study.

- *Joel Fleschman (Austin, TX)*
  Joel Fleschman is the Chief Learning Advisor and a Senior Consultant with Managing Results, LLC. Since joining the MR Team in 1995, Joel has facilitated decision-making and change management initiatives around organizational structure and culture, strategic direction, network and lines of business mapping and growth strategies. Joel led the organizational cultural assessments for Chester County, PA, Pinal County, AZ and the Office of Hawaiian Affairs.

  Joel is also a private practitioner as a Psychotherapist specializing in relationship therapy, treatment of mood disorders and cardiac health. He is the co-founder of Hearts and Minds, a Center for Prevention and Reversal of Heart Disease at the Heart Hospital of Austin. Joel provides psychosocial diagnostic protocols to the EW-1 Executive Health program at the Heart Hospital of Austin under the auspices of Hearts and Minds and implements an integrative cardiac medicine practice using evidence-based treatment protocols for the prevention and treatment of heart disease.

  Joel is involved with the Bridge Project Advisory Task Force, a collaborative initiative between Austin Child Guidance Center and The University of Texas School of Social Work to develop a Center for Excellence for the evidenced-based treatment of child psychiatric disorders; the Mayor's Advisory Council for Fitness, tasked to facilitate Austin becoming the fittest city in the nation; and is the Vice President for Strategic Planning for the Board of Directors of AIDS Services of Austin. Joel holds a MSW-Health and an MPH from Tulane University.

3. List of Relevant/Similar Projects

Below is a listing of projects where MR has provided assessment services once or on multiple occasions in partnering with jurisdictions to create transparent and accountable management systems that are

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focused on results for customers and the community. Where links are available, they have been provided below:

Cities and Counties:

1. ADAMH Board of Franklin County, OH - http://www.adamhfranklin.org/about-us/managing-for-results/
2. Arvada, CO - https://arvada.org/government/focus
3. Austin, TX - https://www.austintexas.gov/financeonline/finance/financial_docs.cfm?ws=1&pg=1
4. Austin Office of Sustainability, TX
5. Baldwin County, AL
6. Chester County, PA - http://chesco.org/index.aspx?NID=504
7. Chula Vista, CA
8. Cincinnati, OH
9. Clackamas County, OR - http://www.clackamas.us/performance/
10. Clark County, NV
11. Detroit, MI
12. District of Columbia
13. El Paso, TX
14. Franklin County, OH - http://budget.franklincountyohio.gov/about/budgeting-for-policy-results-and-outcomes.cfm
15. Gahanna, OH - http://www.gahanna.gov/departments/finance/goforwardgahanna.aspx
16. Gunnison County, CO - http://www.gunnisoncounty.org/172/Strategic-Planning
17. Hamilton County, OH
18. Hennepin County, MN
19. Jackson County, MO
20. Jefferson County, CO
21. Key Biscayne, FL
22. La Plata County, CO
23. Las Vegas, NV - http://www.lasvegasnevada.gov/Government/13566.htm
24. Long Beach, CA – http://www.longbeach.gov/finance/media-library/documents/city-budget-and-finances/budget/budget-documents/fy-07-adopted-budget-webpage/focus-on-results/
25. Los Alamos County, NM
26. Maricopa County, AZ - http://www.maricopa.gov/mfr/
27. Moffat County, CO
28. Montgomery County, TN
29. Montrose County, CO
30. Nashville, TN - http://www.nashville.gov/Finance/Management-and-Budget/Strategic-Management-Team.aspx
31. New York City, NY
32. North Dakota Dept of Health and Human Services, ND
33. Oklahoma City, OK - http://data.okc.gov/applications/lfrforcitizens/forms/LFRMetrics
34. Oklahoma Division of Oil and Gas Regulation, OK
35. Olympia, WA
36. Omaha, NE
37. Orange County, FL
38. Park University, Parkville, MO - http://www.park.edu/promise/viewbook.html
39. Pinal County, AZ - http://www.pinalcountyaz.gov/departments/mfr/Pages/Home.aspx
40. Pinellas County, FL

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41. Polk County, FL
42. Riverton City, UT
43. Saguache County, CO - http://saguachecounty.net/images/docs-downloadable-by-department/commissioners-downloadable-docs/Strategic_Plan/Saguache_County_Strategic_Plan_June_12_2015.pdf
44. Seattle, WA
45. Wayne County Michigan

States:

1. Hawaii (Office of Hawaiian Affairs) - http://www.oha.org/strategicplan
2. Michigan
3. New York
4. North Dakota
5. Ohio (Attorney General's Office)
6. Oklahoma
7. Utah
8. Vermont

Other Agencies:

1. Alcohol, Drug and Mental Health Board of Franklin County, OH
2. Colorado Water Quality Control Division
3. Federal Highway Administration
4. Gunnison-Crested Butte Local Marketing District & Tourism Association
5. Interstate Oil and Gas Compact Commission
6. National Aeronautics and Space Administration
7. Natural Resource Conservation Service
8. Pension Benefit Guaranty Corporation
9. Sheriff's Office of Pinellas County
10. Port of Long Beach
11. Smithsonian Institution
12. United States Forest Service
13. United States Marine Corps
14. United States Navy, Japan

Universities:

1. Park University - http://www.park.edu/promise/
2. Western State Colorado University

NOTE: In addition to working with government customers, MR has worked with over 40 private businesses.

4. List of Previous Projects Performed with the City, if applicable

N/A

5. Any Other Relevant Materials or Information

Included in the second attachment provided to the City are two example reports that resulted from MR providing similar services to those requested in the RFI. The reports are as follows:

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- State of Vermont: Enhancing Investments in Affordable Housing
- Gunnison River Valley Local Marketing District Report and Recommendations

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City of Beverly Hills, CA
Request for Information:

Other Relevant Materials and Information:

State of Vermont: Enhancing Investments in Affordable Housing (Pages 2-173)

Gunnison River Valley Local Marketing District Report and Recommendations (Pages 174-217)

Response Due: January 19, 2016

Submitted By:

Managing Results, LLC (MR)
'A Weidner Company'
21 Neville Way
Crested Butte, CO 81224
865-567-5192

State of Vermont: Enhancing Investments in Affordable Housing

Assessment Report

Prepared For:

Vermont Department of Economic, Housing & Community Development

Prepared By:

Weidner, Inc.
611 South Congress Ave.
Suite 430
Austin, TX 78704

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I. Executive Summary

Mandate For Assessment

On March 18, 2010, Vermont Governor James H. Douglas issued Executive Order 02-10, Enhancing Investments in Affordable Housing. This Executive Order directed the Commissioner of the Department of Economic, Housing and Community Development (DEHCD) to "explore the redesign of, and business process improvements to, the state affordable housing delivery system to achieve savings and efficiencies which shall be used to make additional direct investment in affordable housing."

The Executive Order directed the Commissioner to, in conjunction with the state's affordable housing agencies, to:

> "1. Conduct an in-depth review of the existing organizational structures and business processes of the five state affordable housing entities and make recommendations to improve their effectiveness and increase efficiencies;
>
> 2. Recommend policies and procedures to ensure loan receivables held by the state affordable housing entities are managed in a fiduciary-oriented manner to ensure these substantial assets are available as a current and future resource for additional investments in affordable housing; and
>
> 3. Provide a written report to the Governor and the General Assembly no later than September 1, 2010, containing all findings and recommendations to achieve the purposes of this Executive Order."

Prior to the issuance of the Executive Order, in late 2009 an internal "tiger team" of Vermont state employees conducted a review "to profile and review key financial data of Vermont's affordable housing delivery system and to suggest and explore opportunities to enhance the efficiency of the system." This report reviewed financial information for the primary organizations involved in the delivery of affordable housing in Vermont:

- Vermont Housing Finance Agency (VHFA)
- Vermont State Housing Agency (VSHA)
- Vermont Housing and Conservation Board (VHCB)
- Housing Foundation, Inc.
- Department of Economic, Housing and Community Development (DEHCD)

This review highlighted questions regarding the network of nonprofit organizations that provides much of the state's affordable housing, opportunities for the state agencies to deliver services more efficiently, and practices for the repayment of loans for affordable housing.

Following the issuance of the Executive Order, the Commissioner of DEHCD selected Weidner, Inc., in May 2010 to conduct the assessment study.

Project Scope

This assessment included the four primary state organizations involved in providing affordable housing:

- Vermont Housing Finance Agency (VHFA)
- Vermont State Housing Agency (VSHA)
- Vermont Housing and Conservation Board (VHCB)
- Department of Economic, Housing and Community Development (DEHCD)

The Housing Foundation, Inc., was not included in this review. The review was conducted in June, July and early August 2010.

Weidner would like to acknowledge and thank the staff of these four agencies for their efforts to provide requested information and their cooperation.

This assessment consisted of three primary elements:

Identification of Priorities & Results – Working with a Strategic Leadership Group, identify a focused set of Priorities and Strategic Results for the delivery of affordable housing for the people of Vermont.

Organizational Assessment – Identifying for each of the four organizations their affordable housing programs, and within each program identifying the services provided, performance measures for the delivery of those services, and the resources that support the program's accomplishments. Individual and collective organizational structures and operational practices were reviewed. Guided by the Priorities and Results identified by the Strategic Leadership Group, two Key Processes – the financing of new affordable housing construction and the financing of affordable housing renovation/rehabilitation – were identified and reviewed to identify opportunities to improve efficiency and effectiveness.

Review of Loan Repayment – Understanding whether deferred loan repayments for are a necessary and appropriate tool for affordable housing.

Each section identifies recommended actions for the State of Vermont around affordable housing. These recommendations are summarized below as well.

Summary Recommendations

I. Priorities and Results

Establish a concise, measurable, customer-focused set of Priorities and Results for affordable housing in Vermont. Determine whether the Results developed by the Strategic Leadership Group can, in fact, be measured in cases where there is some question about this. In cases where the Result cannot be measured, identify a replacement Result that is similar in focus and scope and is similarly time-defined, measurable, and customer-focused.

Set targets for performance levels and timeframes. Establish and document the methods and definitions for the Result measures to ensure the definitions and processes for measurement are clear and consistent.

Establish a timetable for the regular reporting and review of performance in achieving these Results. A quarterly review is often effective.

Provide for periodic regular reviews and updates to the Results to ensure targets for performance and timeframes are still relevant given changes in the environment, economy, and other significant areas.

II. Organizational Assessment

One Consolidated Affordable Housing Agency for the State of Vermont should be established. The programs of the Vermont State Housing Agency and the Vermont Housing Finance Administration, along with the affordable housing-focused programs of the Vermont Housing Conservation Board and the Department of Economic, Housing and Community Development should be consolidated into one Affordable Housing Agency for the State of Vermont.

Program performance should be clearly aligned to Priorities and Results. Programs should measure their performance in ways that demonstrate their contribution to the accomplishment of Priorities and Results.

Select programs should be consolidated. Opportunities for consolidation of programs include:

- The present Multifamily Housing programs in VHCB and VHFA should be combined into one program.
- The Single Family Program in VHCB and the Single Family Mortgage Finance program in VHFA should be combined into one program.
- The Neighborhood Stabilization Program in DEHCD and the Neighborhood Stabilization: Home Acquisition and Rehabilitation Program in VHFA should be combined into one program.

Most programs should remain intact. The remaining affordable housing programs should be brought into a consolidated agency intact.

Conservation programs should not be included in the consolidated affordable housing agency. The conservation-focused programs in VHCB should not be included in a consolidated affordable housing organization as they focus on distinctly different customers and goals, objectives and results for customers.

Select DEHCD programs should not be included in the consolidated affordable housing agency. The Vermont Community Development Grants program should not be included in a consolidated affordable housing agency.

Assess if other agencies' programs belong within the consolidated affordable housing organization. Other programs should be considered for opportunities for increased performance and/or savings by including them in this reorganization.

Create a customer-focused organizational structure. Using the programs as the "building blocks" it is possible to design a new affordable housing agency that has a focus on results for customers as an inherent part of the structure.

Key Processes should be combined. With this new structure, the Key Processes of financing for new construction and for renovation/rehabilitation can become one process, managed by one organization, instead of multiple processes coordinated across VHFA, VHCB, and DEHCD.

A Consolidated Public Board should govern the consolidated affordable housing agency. Vermont places a clear premium on a strong public voice in its affordable housing efforts. The State should ensure that this priority is maintained as it improves its systems and processes to improve performance and efficiency.

Performance should be measured on a systematic basis across all affordable housing programs. The result and output measures identified in the Program Assessments, with the addition of the recommended measures to align programs to the achievement of Priorities and Results, provide a framework for this.

Annual performance targets should be set and progress toward those targets measured and managed. Targets for expected performance provide managers and leaders with a tool to understand the sufficiency of current performance.

Performance data should be made widely available to employees. With performance data available to employees at all levels, that data can be used to support fact-based decision-making and encourages employees to contribute to a focus on how performance can be improved.

Performance data should be reported to the public. Performance data that illustrates the impact on affordable housing and the accomplishment of Priorities and Results should be presented to the Governor, Legislature and public in a way that is clear, understandable, and accessible.

Establish a program-level performance budget for affordable housing in Vermont. The Program Assessments provide a framework for the connection of resources to purpose and performance.

Program-level performance targets should be identified during the budget process. Setting targets for performance at the program level provides accountability and transparency around the level of performance the program will seek to deliver.

Changes in program resource levels and performance targets should be related. The relationship between resources and performance should be correlated, with performance targets and resource levels aligned to each other.

Present the performance budget for affordable housing to the public. Performance budgets provide an effective communications tool for demonstrating transparency and accountability.

III. Repayment of Loans

The governing Board, either a consolidated entity or the VHCB Board, should adopt a clear policy that requires the repayment of VHCB loans except in extraordinary circumstances. A consistent requirement for the repayment of loans will ensure nonprofits/projects are focused on providing for the repayment of these debts, which is intended to increase the amount of money available for affordable housing. Further, this recommendation will help ensure that questions of favoritism and equity cannot arise.

Develop a full policy analysis for the repayment of loans with options and recommendations that:

- **achieve the repayment of the loans;**
- **limit the impact on the cost of rents and ownership for individuals;**
- **increase the amount of funds available for affordable housing; and**
- **are fiscally achievable and sustainable by the local/regional housing organizations, recognizing that some restructuring may need to occur in those entities**.

Project funding recommendations should clearly identify and include loan repayment. Project funding recommendations presented to the Board for approval should specifically and clearly address the project's capacity to repay the loan under consideration.

The Board, either a consolidated entity or the VHCB Board, should set targets or ranges for the degree to which affordable housing supports lower income occupants. As previously noted, Vermont's affordable housing provides more housing to individuals/families with lower incomes than the national average. The Board should be clear whether, and to what extent, this is the desired result.

The ability of nonprofits/projects to repay loans should be regularly assessed and reported. This monitoring should include all loans to nonprofits/projects, including those already funded.

Establish a tenant income database. A system that gets tenant income data out of forms, where it cannot be reviewed and analyzed, and into a database where it can be, is an essential step for management.

Conduct a consistent annual review of all tenant incomes with accompanying adjustments of rents. Reviewing this at a regular interval ensures that rental revenues are being collected in a fair and consistent manner against tenants' ability to pay.

Adopt a clearly stated, consistent standard for measuring rent burden against tenant income.

Use increased rent collections for debt repayment. Enhanced revenues from the more consistent collection of income-appropriate rents should be required to support debt repayment.

Loans with short-term maturities should be restructured, where needed, to ensure repayment. Although the analysis was limited by the small number of short-term loans, the impact on nonprofit operations of requiring repayment for loans with maturities in the short-term is still evident and will require a flexible response.

Full repayment of loans by the maturity date should be expected. Repayment of loans should be part of the cost of doing business.

Nonprofit organizations should be monitored for financial health and supported in making changes to be sustainable. If a nonprofit is demonstrating sustained and increasing financial weakness, the availability of the affordable housing units it manages is at risk.

Resources should be made available to nonprofits to help them manage repayment. The State offers technical assistance grants to nonprofits; these should be focused on providing help in implementing changes as needed to support repayment.

Commentary on Recommendations

The dollars at stake are significant: from 2008 to 2010, Vermont invested nearly $211 million in building and maintaining affordable housing – almost all of which was either state funds or federal funds that the state manages.

The need is great: an additional 13,000 units of affordable housing will be needed between 2009 and 2014, according to the 2010 Vermont Housing Needs Assessment. How Vermont chooses to provide affordable housing can make a difference.

Earlier this year, the National Performance Management Advisory Commission released its report, "A Performance Management Framework for State and Local Government: From Measurement and Reporting to Managing and Improving." The Commission was created by 11 national government-focused organizations, including the Council of State Governments, the National Conference of State Legislatures, the Government Finance Officers Association, the National Association of State Budget Officers, and the National Association of State Auditors, Comptrollers and Treasurers. As the report notes:

> Performance management, while continuing to assure appropriate controls through effective processes, has expanded the meaning of accountability and protecting the public interest to encompass achieving results that benefit the public. While bureaucratic processes focus on preventing bad things from happening, performance management adds a focus on assuring that government actually produces positive results. Performance management is becoming the new standard for public-sector management.
>
> Underlying this transition is the recognition that:
>
> - Rationality is the underlying force of performance management. Public managers at all levels are able to make better decisions when the process is informed by relevant data.
> - A process approach to accountability is not sufficient. Officials, managers, and employees at all levels must be accountable not just for following processes but for producing results the public needs.
> - Performance management is not only a professional expectation for public officials and employees but also an ethical expectation.
> - While politics will always be an important force in the governmental environment, there must also be a place for accurate, timely, and unbiased information for high-level decision making as well as for day-to-day management.

It is our experience having worked with hundreds of organizations at all levels of government for more than a decade that accomplishing the above – changing organizational culture and systems to focus more on the customer and on results – takes leaders interested in making the change. This change requires leaders willing to take the risk to improve government operations and customer experience. Explaining away customer-focused results – and turning them into simple outputs and thus shifting the focus back on the organization and away from customers – are organizational behaviors that communicate a resistance to change and increased accountability. In our experience, this is common and is what we experienced while preparing this report.

This is a defining moment for the State of Vermont in regard to Affordable Housing. The State can continue on the same path and get the same results. This choice represents traditional government culture where the focus is in preserving the status quo for the organization, not being accountable for results, not reporting on what is being accomplished in terms of results, and continuing to wonder what you are getting for your money. People who need and want affordable housing may or may not be getting what they need.

The alternative is a new way of doing business that keeps pace with management practices being established by federal, state, and local government organizations across the country – including many of those recognized as among the best-managed governments in America – that manage for results. The focus is on making a difference and being accountable for making that difference. It means streamlining government services so as much of the available resources as possible go to the desired results, which are clearly defined and accountably measured and reported. This change requires leaders willing and able to lead the change. It also requires changes in what gets measured, what gets done and tying resources to those results in a performance-based budget.

The recommendations contained herein are intended to define these choices as clearly as possible for decision makers in the hope that, in this defining moment, the State will chose a path of managing for results for customers.

I. Identification of Priorities and Results

On June 21 & 22, 2010, Weidner consultants led a Strategic Leadership Group through a process to identify the most important Priorities and Results for the State of Vermont in Affordable Housing.

Strategic Leadership Group

The State assembled a Strategic Leadership Group made up of 11 people. This group includes:

Tayt Brooks, *Commissioner, DEHCD*
Sheryl Larsen, *Community Development Block Grant Board Chair*
Dagyne Canney, *Realtor, VHFA Board*
Bart Frisbe, *Builder, VHFA Board*
Chris Hart, *Housing Authority, VHCB Board Chair*
Tom Weaver, *Builder, VHCB Board*
Fred Peet, *Real Estate Attorney, VSHA Board*
Julie Kelliher, *Staff Attorney, DEHCD*
Max Von Hollweg, *Attorney dealing with Business Law and Public Finance*
Tori Pesek, *Department of Finance and Management*
Allan Hunt, *Former Executive Director, VHFA*

Advising the Strategic Leadership Group in a non-voting manner are the executive staff of the Vermont State Housing Agency, the Vermont Housing Finance Administration, and the Vermont Housing and Conservation Board.

The Strategic Leadership Group was assembled to guide the creation of Priorities and Results for Affordable Housing for the State of Vermont. Members of the Strategic Leadership Group were also invited to submit written responses on the draft Assessment Report; those responses are included in Appendix J. Aside from this involvement, the members of the Strategic Leadership Group were not involved in other aspects of this assessment and, as such, did not influence the findings and recommendations. Such findings and recommendations are Weidner's and Weidner's alone.

Prioritization Process

Weidner facilitators led the Strategic Leadership Group through a day and a half process to identify:

- A limited set of the highest Priorities for Affordable Housing in the State of Vermont; and
- Desired Results for achieving those Priorities for Affordable Housing in the State of Vermont that are specific, customer-focused, and time-defined.

The identification of Priorities and Results is an essential first step in this work and provides an array of benefits.

Ability to Identify Shared Priorities and Results. Establishing clear, measureable, customer-focused Priorities and Results provides a significant benefit for affordable housing in Vermont in that it provides an opportunity to bring additional clarity to what matters most. This framework provides a basis for the State to arrange and align resources for affordable housing to ensure that changes are made to drive improved results for customers for years to come, to judge the effectiveness of those resources in achieving the desired results and to make future resource allocation decisions that are informed by the impact they will have on the people of Vermont. It also provides guidance for this Assessment report.

These Priorities and Results provide an important enhancement to the existing system(s) of planning and prioritization for affordable housing in Vermont, which is not focused on measurable performance – and where it does identify performance measures, it does not do so in terms of a focus on results for customers. For example, the draft 2010-2015 HUD Consolidated Plan around Affordable Housing for the State of Vermont identifies:

- A limited set of *Objectives*, such as "Provide Decent Housing"
- Under each Objective, a set of *Goals*, such as "Increase the Supply of Rental Housing"
- Under each Goal, general statements about *Strategy*, *Objective and Outcome*, and *Actions*, such as:

> *Strategy*: House families and individuals at low-income levels, with special preference to projects housing families and individuals at or below 30% of area median income.
> *Objective and Outcome*: Decent Housing and Availability: Develop or rehabilitate affordable rental housing for individuals at or below 30% of median income over the next 5 years.
> *Actions*: Non-profit Housing Development, private housing development, major and minor rehabilitation

This list outlines "to do" items – many if not most of which are continuation of current strategies and services – without actually identifying any measurable results of those strategies. They are written so broadly that almost any future action could be undertaken and fall within the Consolidated Plan. In summary, the Consolidated Plan meets the requirements of funding agencies but is not a useful document in providing accountability around results or management information to know what progress is being made.

Performance is addressed in another section of the draft HUD Consolidated Plan, called *Performance Indicators*. However, these are largely, if not completely, presented as outputs, representing what the agencies will do but not the impact it will have on the

public or the State. For the objective "Increase the Supply of Rental Housing," for example, sample Performance Indicators include:

- the number of affordable units
- the number of accessible units
- the number of Energy Star units
- the number of new units constructed in designated downtowns and village centers

These outputs, especially in the absence of annual targets, by themselves do not indicate how effectively results are being provided for customers. Performance measures can answer critical questions, such as, What is the demand for affordable units? How long are people in need of affordable housing waiting for a home? What number of new affordable units is acceptable performance? None of this is assessed or communicated using the Performance Indicators.

Focus on Results for Customers. It is not uncommon that public sector organizations have a strong focus on themselves and on their processes, rather than on the customer and what matters to the customer. Without a clear focus on the customer and the results that matter to the customer – and the mechanisms to measure and therefore manage those results – organizations cannot be clear about their impact, only their activity.

Transparency Around Performance. With clarity around the needed Results for customers, the progress in delivering those Results can be monitored, managed and made more clear and understandable to everyone. Where desired Results are not clear and are not monitored and reported, there is little basis beyond anecdotal information to judge effectiveness and efficiency. This significantly hinders leaders in making informed decisions on the allocation of limited resources in ways that deliver the needed Results. It further makes it impossible to know what strategies, funding mechanisms and agencies are successful in achieving results.

Focus on Influencing the Right Results. Citizens expect that the public sector is about more than just spending money and delivering services – they expect that public sector organizations are influencing results. In identifying clear, measurable, customer-focused results, organizations have the tools to recognize and seek to influence those results. Most often, results are not controlled by any public entity. For example, Police don't control the crime rate; if they did there would be no crime. But we do as a society believe the Police *influence* the crime rate and in devoting significant resources to that effort we want to know what impact those resources are expected to have. Likewise, no organization or organization(s) controls the results around affordable housing for Vermont – but the expectation is clear that organizations should be focused on those results, do all they can to influence them and be accountable for reporting results for citizens.

As more than one participant in the Strategic Leadership Group session commented during the facilitation process, the problem with the existing approach is that there are too many priorities, which make it a challenge to focus efforts and align resources. The

identification of clear Priorities and Results for affordable housing provides an opportunity to provide that focus and alignment.

Fostering Innovation. With a focus on results – and not simply on strategies, or "to do" items – organizations are able to assess more clearly whether their strategies are working and can more quickly make adjustments to help drive better results. The need to pursue particular strategies because "that's how we do things" is replaced by constantly asking if the strategies in place are the best ones and are delivering the results our customers need.

Priorities and Results

Weidner consultants led the group through an assessment of the issues and trends affecting the customers for affordable housing in Vermont. With those issues and trends identified, members of the Strategic Leadership Group chose the top Priorities. The Strategic Leadership Group then worked within each Priority to identify the Results that were most essential for that Priority and to select measures for those Results.

Priorities

1. Meet the Needs for Affordable Housing
2. Successfully provide affordable housing for changing customer profiles
3. Maintain affordable stock that is safe and good quality
4. Create and maintain affordable housing that aligns with community values and development *(consistent with historic settlement patterns in Vermont)*

Priorities & Results

Priority 1 – Meet the needs for affordable housing

By 20XX, reduce the waiting list for publicly subsidized rental affordable (costing 30% or less of annual income) housing by XX%, from XX to XX

By 20XX, increase by __% (from XX to XX) the people whose income allows them to purchase a median-priced home in their County for no more than 30% of their annual income

Maintain current (20XX) % of level of homeownership (X% of Vermonters who own their own home)

By 20XX, # of new affordable rental units provided per $1,000,000 of annual expenditure

By 20XX, # of affordable rental units maintained per $1,000,000 of annual expenditure

By 20XX, cost per rental square foot constructed will be $XX, compared to $XX in 20XX

By 20XX, cost per square foot of residential units constructed will be $XX, compared to $XX in 20XX

By 20XX, maintenance/operation cost per rental square foot provided will be $XX, compared to $XX in 20XX

Priority 2 – Successfully provide affordable housing for changing consumer profiles

By 20XX, populations with special needs will be provided appropriate affordable housing, as evidenced by:

- % of people with chronic and persistent mental illness, from XX to XX
- % of frail elders who would otherwise need nursing home care, from XX to XX
- % of people being released from incarceration, from XX to XX
- % of homeless, from XX to XX
- % of youth aging out of foster care, from XX to XX

Priority 3 – Maintain affordable housing stock that is safe and in good quality

By 20XX, preserve XX% (XX of XX) publicly financed projects (xx units of xx units) in need of preservation

Maintain present level (xx units) of affordable housing stock (public investment)

By 20XX, rehabilitate XX% of substandard publicly financed affordable housing rental units in need of rehabilitation

Priority 4 – Create and maintain affordable housing that aligns with community values and development *(consistent with historic settlement patterns in Vermont)*

By 20XX, increase by XX% (from xx units to xx units) the number of affordable housing units located in downtowns, growth centers and new neighborhoods

By 20XX, XX% of community-originated affordable housing proposals financed

By 20XX, XX% of financed projects that meet more than three state-identified housing objectives

By 20XX, XX of financed projects completed/occupied

Response

The Vermont organizations that provide Affordable Housing – DEHCD, VSHA, VHFA, and VHCB – were, as the subject matter experts, asked to provide performance and timeframe targets for the Results.

In response to that request, the organizations did not provide performance and timeframe targets. Instead the leadership of VHFA, VSHA and VHCB proposed significant changes

to the Results, including the identification of a new, fifth Priority area that the Strategic Leadership Group did not identify. In addition, as part of that package the VHFA provided extensive commentary attempting to explain why the majority of the Results the Strategic Leadership Group identified either could not be measured or should not be used.

Both the proposed changes to the Results and the commentary on the Strategic Leadership Group's Results are attached to this report as Appendix A.

The commentary provided on the Strategic Leadership Group's Priorities and Results was primarily focused on two tasks: attempting to explain why the Results could not be collected, or attempting to explain why the Results should not be collected.

There are some Results for which the commentary suggests the measurement data cannot be obtained. Given the extensive discussion during the work session as to whether Results could be measured, as well as a lack of concerns raised by agency staff during onsite followup sessions, assertions that the data cannot be obtained require additional discussion. If the data cannot in fact be obtained for a given Result, a Results-focused measure needs to be identified that can meet the objectives of the measure in question, not just discard the measure.

There are also a number of the results for which the commentary suggests the Result, while it can be measured, should not be a Result for Affordable Housing in Vermont. For example, the Strategic Leadership Group identified five different measures around the cost of providing affordable housing, and the commentary suggests that none of them should be used.

For the first four Results:

- By 20XX, # of new affordable rental units provided per $1,000,000 of annual expenditure
- By 20XX, # of affordable rental units maintained per $1,000,000 of annual expenditure
- By 20XX, cost per rental square foot constructed will be $XX, compared to $XX in 20XX
- By 20XX, cost per square foot of residential units constructed will be $XX, compared to $XX in 20XX

The following commentary was provided:

> *Quantifying a goal of the number of units per million dollars could incent simplistic, poorly built housing developments in easier-to-develop locations. Vermont's stated priorities (and those confirmed by this process here) are instead to focus on households with additional housing barriers like special needs*

populations (who can be costlier to house), building in downtowns, elderly developments (which often come with service plans and elevators which can be costly) and high quality, energy efficient housing. Sometimes a higher upfront investment during a development's construction can create long-term savings to the project (especially in terms of energy savings).

The commentary essentially suggests that the Results identified by the Strategic Leadership Group should not be tracked and reported because they might be misused. In that regard it is important to note that efficiency measures were not proposed without accompanying measures of quality and effectiveness. In fact, the Strategic Leadership Group proposed specific measures for the provision of housing for those groups with additional housing barriers such as the elderly. The response also proposes the elimination of those specific measures of effectiveness in meeting the needs of those target populations. By eliminating all measures of efficiency policy makers are denied information on how the public's money is being used and leaves decision-makers at all levels unable to judge for themselves the efficiency and effectiveness of the work being done.

For the fifth Result around cost:

- By 20XX, maintenance/operation cost per rental square foot provided will be $XX, compared to $XX in 20XX

The following commentary was provided:

Maintaining housing will increase over time, for inflation if for no other reason. In addition to inflation there are unavoidable increased costs such as higher utility costs, increased contracts for maintenance contracts, higher expenses when additional services are needed (like a snowy winter requiring more plowing or a frosty spring that requires repaving). It would be unadvisable to require future housing projects to set aside a decreasing amount of funds for operations and maintenance; the state runs the risk of needing to step in and infuse additional resources if adequate reserves are not available.

The Result does not demand that the change in maintenance/operation cost per square foot be reduced over time, as the commentary seems to assume. The Result only provides a framework by which to make the best projection about what will happen to costs and to seek to influence that Result. Taxpayers assume that as stewards of public funds, no matter the source, the state's affordable housing organizations will use their ability to influence the Result to ensure those funds are used as effectively and efficiently as possible. Again, this signals a reluctance to evolve from process- and output-based management systems to a result-oriented system focused on performance measures designed to better enable decision-makers at all levels to judge for themselves the efficiency and effectiveness of the work to be done.

The suggested changes to the Priorities and Results shift the focus significantly away from Results to the strategies and responsibilities the State's Affordable Housing agencies are already executing.

For example, in proposing the elimination of the five cost measures as outlined above, the proposed changes would suggest a new Priority be added, "Effectively Utilize Resources," with the following measures suggested as Results:

1. *Sustain the proportion of housing units funded by federal resources at approximately XX% annually.*
2. *Sustain the proportion of federal housing funds spent on housing at approximately XX% annually.*
3. *Maintain statutory directed dedicated funding for Housing and Conservation (49.5% of transfer tax receipts).*
4. *Maintain Vermont's contribution to overall housing expenditures at XX% of sources reflected in "Housing Budget and Investment Plan."*
5. *Maintain Vermont's track record in attracting competitive federal resources (such as HUD 202/811, RD 515, VA, etc.)*

These measures are all focused on the availability and use of funding in an aggregate sense and the success in maintaining funding streams. They do not address effectiveness or efficiency in delivering services with these resources.

Similarly, where Results were identified by the Strategic Leadership Group to assess how well the need for affordable housing is being met, the suggested changes would largely replace those Results with measures of output: increasing the number of affordable rental housing units by a certain number, and increasing the number of lower-priced homeownership housing units by a certain number. These measures do not help decision-makers understand how effectively the need for affordable housing is being met; they merely count the new units brought online, without any context for understanding if those numbers signal acceptable performance, or not. These measures hold the Legislature responsible for providing funding rather than holding the agencies responsible for effective use of that funding.

Finally, in this same Priority, there are two new suggested measures that were not discussed at all during the work session with the Strategic Leadership Group:

- *Incrementally increase the number of pre-purchase homebuyer education and counseling to XX potential buyers.*
- *Incrementally increase the number of foreclosure counseling and prevention sessions to XX households.*

As written, these measures reflect a significant focus on staff effort and not on the end result for customers. What, for example, is the result for the customers of the foreclosure

counseling and prevention sessions – will there be fewer foreclosures among participants? This is presumably the desired result, or something like it. Should the focus be only on the number of people who participate, or also on the impact on the participants? And if we can't demonstrate the effectiveness of providing this service, is seeking to deliver it to more people the most effective and efficient use of limited resources?

Recommendations

The State of Vermont has created the basis of a strong set of Priorities and Results that aligns well with existing planning work, such as the HUD Consolidated Plan, and provides opportunities to enhance the focus on the state's performance in providing affordable housing for its citizens. To ensure that beginning is preserved and progress continues, the following recommendations are made:

Identify whether the Results developed by the Strategic Leadership Group can, in fact, be measured in cases where there is some question about this. In cases where the Result cannot be obtained, identify a replacement Result that is similar in focus and scope and is similarly time-defined, measurable, and customer-focused.

Set targets for performance levels and timeframes. Establish and document the methods and definitions for the Result measures to ensure the definitions and processes for measurement are clear and consistent.

Establish a timetable for the regular reporting and review of performance in achieving these Results. A quarterly review is often effective.

Provide for periodic regular reviews and updates to the Results to ensure targets for performance and timeframes are still relevant given changes in the environment, economy, and other significant areas.

III. Organizational Assessment

During the month of July 2010, following the meeting of the Strategic Leadership Group and the identification of Priorities and Results, consultants from Weidner, Inc. conducted on-site assessments of the four Vermont state housing agencies included in the scope of this work: the Vermont State Housing Agency, the Vermont Housing Finance Agency, the Vermont Housing and Conservation Board, and the Department of Economic, Housing and Community Development.

The on-site assessments of each of the organizations included two deliverables:

- Clear, consistent Program Assessments for each agency
- Outlines of selected Affordable Housing Key Processes as they occur within each agency

The creation of Program Assessments and outlines of Affordable Housing Key Processes provide the basis for understanding how effectively these agencies align to accomplish the Priorities and Results around affordable housing in Vermont. Using this information recommendations were made around key systems and processes including organizational structure, the measurement and management of performance, and the allocation and alignment of resources.

Program Assessments

A summary presentation of the Program Assessments is included in this report as Appendix B. Given that two of the organizations, the DEHCD and VHCB, have programs that are not focused on affordable housing, those are not included in this summary presentation.

For VHCB, all programs were reviewed during the on-site assessment meetings. This was necessary to be clear about which programs are aligned in support of affordable housing, which programs are aligned in support of conservation, and which programs support both.

The complete Program Assessments for the four agencies' affordable housing programs are included in this report as Appendix C. The Program Assessments for VHCB's conservation-focused programs are also included in this report as Appendix D.

Program Assessments were created by Weidner consultants using the same consistent approach across all of the affordable housing organizations. The Assessments were created from written information supplied by the organizations in advance of the on-site visits; from interviews with program and organization staff during the on-site meetings; and from additional information requested after the interviews.

This consistent approach provides clarity around the critical elements of each Program in a concise, consistent presentation. Each Program Assessment includes:

- Program Purpose – This concise statement identifies the name of the program, a summary of services provided, the customer(s) for the services, and the intended result for the customer(s). This purpose statement – often only one sentence in length – provides a quick, easy-to-understand description of the program's purpose, and does so in a way that is consistent across programs and organizations. These were developed working with program staff during the on-site meetings and afterwards via e-mail.

- Inventory of Services – This is an inventory of the services that are delivered to customers, internal and/or external, through the program. To the extent possible, services are defined in terms of the deliverable, tangible or intangible, that the customer receives. This helps to provide for a more concise, clear presentation of services and to avoid lengthy narrative descriptions of internal processes. These were developed working with program staff during and after the on-site meetings.

- Performance Measurements of Results – This includes one or more measures of the outcomes that the program seeks to achieve for its customers. These measures are specific and customer-focused, and are most often expressed as a percent or ratio. Results measures provide powerful tools to understand a program's effectiveness. Results measures were developed working with program staff during and after the on-site meetings to ensure the measures were meaningful, collectible, and useful for program management. Organizations were then asked to provide data for their results measures for 2008, 2009 and 2010, and where that data was provided it is included as part of the Assessment.

- Performance Measurements of Outputs – This includes one or more measures of the outputs of services delivered to customers. These measures are specific and measurable and reflect the focus on services as the deliverables provided to customers, tangible or intangible. Output measures were developed working with program staff during and after the onsite meetings to ensure the measures were meaningful, collectible, and useful for program management. Organizations were then asked to provide data for their output measures for 2008, 2009, and 2010, and where that data was provided it is included as part of the Assessment.

- Staff Support of Program – To bring clarity to the level of staff support invested in each program, the organizations were asked to identify the time each employee invested in the program(s) that he/she supports. This was accomplished by allocating time to each program on a percentage basis. Using this information, each program's staff support in terms of salary dollars and full-time equivalents (FTEs) was identified. The information presented in this section was supplied by agency staff.

- Resource Profiles – This provides for a breakdown of the budgets and funding sources for each program. Affordable housing is financed through a wide array of funding streams, with different funding sources often pulled together to support the same program. The information presented in this section was supplied by agency staff.

The Program Assessment framework provides a consistent approach for communicating and understanding the purpose of each program in a clear, concise manner. This clarity is not often a feature or focus of traditional communications, which can include compliance/funder reports, annual reports, and other narrative-heavy documents. Using the Program Assessment framework, the contribution of each program to the accomplishment of the Priorities and Results becomes more clear. This provides a powerful tool to help accelerate the achievement of the Priorities and Results around Affordable Housing in Vermont.

- Organization leaders can monitor their program performance measures and can thus understand their progress toward the accomplishment of the Priorities and Results. Corrective action can be taken as needed to address lagging performance.
- Because performance measures are associated with resources (every performance measure is tied to a specific program, and each program includes a Resource Profile) leaders and stakeholders can also see the projected and actual results produced by a change in resources (how many more or less rental units would be rehabilitated with a given increase or decrease in available resources, for example).
- Program managers more clearly understand the performance expectations for their programs and can focus their limited attention more effectively on what is most important to accomplish.
- Employees at all levels can better understand how their efforts align to support the accomplishment of the Priorities and Results.

The identification of specific, quantitative performance measures for each program that assess the accomplishment of results and the delivery of outputs offer organization leaders and program managers powerful, effective tools. Using these programs and performance measures, leaders and managers are able to move beyond the "reporting compliance" approach that is too often the way work is done, where performance information is:

- gathered only in response to requirements for reports to funders or others and used only for reporting,
- collected too infrequently to help inform management decisions that can improve performance, and
- not shared with managers and other employees and treated as not relevant to their work.

The performance measures for results and outputs identified for each program were created by program staff in consultation with the Weidner consultant. This was done to help ensure that the performance measures were understood by program staff and useful for management of the program and communication of its performance. Regular collection and analysis of the performance measurements for these programs can provide a powerful catalyst for improved performance.

Further, the creation of both result and output measures will help to provide for a more balanced and complete approach to managing the programs. For example, if performance is only measured by outputs, a program could seek to increase outputs – but may unknowingly be less effective at the same time. Similarly, a focus on delivering results without an accompanying understanding of outputs could result in losses of efficiency; that is, effectiveness may increase, but it may mean output is reduced in order to achieve higher levels of results.

In addition, the regular measurement and use of results-oriented performance measures keeps managers focused on efforts to deliver results for their customers that go beyond those areas where they have significant control. This idea is easy to understand by considering a result such as the crime rate – while law enforcement does not control the crime rate, citizens expect them to influence it and devote significant public resources to that task. It is clear that focusing on results can deliver improved performance. Weidner customer governments have, by maintaining a consistent focus on performance and particularly on results, have been able to demonstrate clear improvements in results in a wide variety of government functions.

The framework of programs and performance measures identified by Vermont's affordable housing agencies with assistance from Weidner consultants also provides the State of Vermont with an opportunity to significantly improve the levels of accountability and transparency around the provision of affordable housing in Vermont. Public pressure for better information about the performance of government has significantly increased in recent years. A wide array of prominent government-related national organizations – including the Governmental Accounting Standards Board, the Government Finance Officers Association, the National Conference of State Legislatures, the National Association of State Budget Officers, and the Association of Government Accountants – have called for state and local governments to significantly expand their use and reporting of performance information to improve accountability and demonstrate transparency. The Federal Government continues to push forward to make Federal agencies more accountable for the results they deliver – and more transparent about how effectively they are delivering them.

Program Assessments: Response

Weidner facilitated the majority of the elements of the Program Assessments during the onsite assessment meetings with staff and afterwards via e-mail, with agencies asked to submit additional information where it was not available in the onsite meetings on:

- Three years of annual data for Program Results Measures
- Three years of annual data for Program Output Measures
- Approximate levels of staff resources devoted to each Program
- Funding sources and information for each Program

Weidner consultants confirmed with agency leadership as part of the onsite assessment meetings that this was available and could be provided by an agreed-upon deadline. To varying degrees, however, the agencies reported struggling to provide this information, with much of the data being provided after the initial deadlines. Agencies also reported that gathering this information required significant effort, as it was not readily available. For example, in several cases the performance data that was available was only for performance since the establishment of a program – it was not readily available by year and required additional effort to produce, which clearly suggests this information is not being used to manage and is not made available on a regular basis to interested stakeholders.

In their submissions of the additional information for the Program Assessments, the agencies to varying degrees also made significant edits to the elements of the Program Assessments that had been developed and confirmed during the onsite assessment meetings. The Program Assessments as presented and assessed in this report reflect suggested edits made by the organizations following the work done by the Weidner consultant with program staff. Changes of note include:

- Loss of Identified Programs. In preparation for the onsite assessment meetings with VHCB, and guided by the Priorities and Results identified by the Strategic Leadership Group, the Weidner consultant had identified three programs around multifamily affordable housing: the Multifamily Rental New Construction Program, the Multifamily Acquisition Rehabilitation Program, and the Multifamily Rental Preservation Program. The Weidner consultant and VHCB staff developed a Program Assessment for each of these three during the onsite assessment meetings. When the additional information for the Program Assessments was submitted these three Programs had been combined into one larger Multifamily Housing Program. This reduces the agency's transparency around this function, particularly in regard to the use of resources for new construction vs. rehabilitation.

- Additional Programs Identified. VHCB created a new program, Conservation Stewardship, after the onsite assessment meetings, with staff completing the elements of the Program Assessment without assistance from Weidner, including a Purpose Statement and Performance Measures. This demonstrates an understanding of the function and value of the Program Assessment framework and a willingness to be clear about performance for this function.

- Changes to Program Assessment Elements. When the additional information for Program Assessments was submitted, VHFA and VHCB in particular submitted

their Program Assessments with extensive suggested edits. Suggested edits to the Program performance measures developed with the Weidner consultants were significant. The impact of many of the suggested changes, similarly to what was seen in the agencies' response to the Priorities and Results as identified by the Strategic Leadership Group, was to provide a greater focus on the organization's outputs, rather than on results for customers. Some suggested edits replaced a measure with a general statement of strategy or intent that cannot be measured. Other suggested edits aggregated measures in ways that made the information less clear and less transparent, or offered measures more driven by data that is already collected rather than by what customers and decision-makers might want to know.

Key Processes

Outlines for the selected Key Processes of

- Financing of New Affordable Housing Construction
- Financing of Affordable Housing Rehabilitation/Renovation

are included as Appendix E.

Any effort that seeks to understand and improve operational and work processes must begin by choosing the process, or processes, to improve. This means clearly identifying the criteria and approach by which a process is selected focused improvement efforts.

For this assessment, to ensure the processes selected for review were key processes – that is, were essential to the delivery of affordable housing in Vermont – Weidner consultants reviewed the Priorities and Results as identified by the Strategic Leadership Group. The Key Processes chosen for the assessment have a direct impact on the Priorities and Results. Given these, Weidner identified two candidate processes for review and analysis, which were approved by the Commissioner of the Department of Economic, Housing and Community Development.

Weidner consultants worked with agency staff and leaders as part of the on-site assessment visits to map the Key Processes as they are carried out in their organizations. This permitted each agency to be clear about the steps of the process in their organization and where the process cut across different programs. Steps where the process involved resources external to their organization were also highlighted. This also enabled a comparison of processes across the organizations to assess how the processes are connected, as well as identifying areas of overlap.

Process maps were created for DEHCD, VHFA, and VHCB. VSHA said that because it does not provide financing for the development or rehabilitation of affordable housing, it does not conduct either of these two Key Processes, and thus no process maps were developed for that agency.

Findings from Program Assessments and Key Processes

The clarity provided by the Program Assessments and outlining the Key Processes enables the following observations about the structure, systems and processes of the agencies focused on affordable housing in Vermont:

- The organizations are primarily structured around the existence of different funding streams. This is not uncommon, as the historical pattern in government has often been to create a new organization when a new funding stream or program approach was established. In addition, some funding streams require that funds be accounted for separately and organizations have accommodated this accounting requirement with a separate organizational structure. Separate accounting of funds can be accomplished in a variety of ways without mandating an organizational structure.

- The organizations have overlapping and similar customers. All the agencies provide services to a variety of customers, with considerable overlap among groups, such as individuals and developers, who are served by all agencies.

- Program purposes are complementary. Programs across the different agencies demonstrate purposes that align and reinforce to address different elements of affordable housing for Vermont. Programs do not appear to be at cross-purposes.

- Significant coordination is already occurring across agencies. In many operational ways, the agencies – particularly VHFA and VHCB – cooperate and coordinate. Examples of this include:

    - The creation of a "common application" for developers interested in applying for funding, which, while still having to be submitted to different agencies, reduces the paperwork burden on applicants
    - Staff consultations across agencies as part of the Key Processes to help ensure applications are taking advantage of available funding resources
    - Establishment of joint policies, such as the "Policy on the Conservation of Energy and Water in Residential Properties" produced jointly by VHFA and VHCB as noted in the 2004 ICF study of nonprofit affordable housing developers
    - Shared information/management systems across organizations, particularly VHCB and VHFA, which was evident during Weidner's request for information in preparation for the on-site assessment visits
    - Both VHCB and VHFA use the Federal grants management expertise that exists at DEHCD

- Performance information is not consistently used as a management and communications tool. Little performance information appears to be widely

available or systematically used in management decisions or agency communication efforts.

- Several programs identify vendors as customers. Vendors – primarily developers who access public resources to build affordable housing – are identified by several programs as customers. While these vendors play an important role in delivering affordable housing in Vermont, identifying them as customers focuses the program on delivering results for the vendors. Instead, programs should be holding vendors accountable as "performance partners" for delivering results for customers. The Strategic Leadership Group identified customers for affordable housing in Vermont as people in need of affordable housing and the communities in which affordable housing is located.

- The Key Processes are very similar to each other. The processes for approving new construction and renovation/rehabilitation of affordable housing are strongly similar for VHCB and VHFA, with differences in some of the information and staff analysis/reviews required. For DEHCD the Key Processes appear to be identical to one another.

- The Key Processes are very similar across VHFA and VHCB, with greater differences seen with DEHCD. The processes for approving new construction and renovation/rehabilitation of affordable housing are structured similarly across VHFA and VHCB, with the primary differences being in the information and staff analysis/reviews required. Timing is also coordinated. This is a reflection of the efforts by agency staff, as noted above, to reduce duplication of services and to streamline the processes for applicants. DEHCD's Key Processes are different structurally in terms of the timing for the provision of resources and do not appear to be as integrated with VHFA and VHCB's processes.

Findings on Operational Alignment to Priorities and Results

Weidner's experience in working with a vast array of governmental entities at all levels, of all sizes, and of all functions provides clear lessons on how systems and processes must be structured to focus on and improve effectiveness and efficiency. To deliver outstanding long-term performance and achieve the results needed by customers, organizations must:

- Be clear about the long-term outcomes they need to achieve
- Clearly and consistently align and focus their operations to accomplish those outcomes

With the creation of the Priorities and Results around affordable housing by the Strategic Leadership Group, Vermont's affordable housing agencies have a clear, time-defined, measurable, and customer-focused set of outcomes.

The creation of Program Assessments provides an important tool to assess how well the operations of Vermont's affordable housing agencies are aligned toward the accomplishment of those Priorities and Results and to strengthen that alignment and focus. Weidner consultants worked with program staff to clearly identify the purpose of each program as well as result and output performance measures to assess the performance of the program. This clarity provides a way to understand how each agency views its programs in terms of the results it is expected to accomplish.

Weidner's experience is clear that long-term customer-focused outcomes, such as those identified by the Strategic Leadership Group, can only be significantly influenced by having the operations of the organization directly aligned to support those outcomes. Programs need to understand their purpose and measure and manage their performance on a regular basis by using the same outcomes – the same measures – as stated in the long-term results.

For example, for a Police department to influence the reduction of the crime rate, the programs of that department have to be clear that their purpose and performance are measured by that outcome. The power of this approach is evident in the hundreds of law enforcement agencies across the nation that have gotten clear that they do influence the crime rate and are aggressively measuring and managing performance to make that result a reality for their customers.

A review of the Program Assessments was conducted by Weidner consultants to assess how the agencies understand and describe program performance in terms of results and to match those measures against the Results as identified by the Strategic Leadership Group.

From that review, there is a clear opportunity for increased alignment between how programs have defined success – how they understand their purpose and how they will measure performance – and the Results identified by the Strategic Leadership Group. Strengthening this alignment will help ensure that employees and managers are focused on their contributions to, and influence on, the Priorities and Results.

It is also clear that there are multiple programs across the affordable housing agencies that contribute directly to the achievement of the identified Results. No one organization or program has the resources to achieve the results; it will require focused effort, which becomes much more difficult if the needed programs, people and resources are in different organizations and not aligned together.

As previously noted, Weidner experienced a reluctance on the part of the agencies toward acceptance of many of the defined customer-focused outcome measures. This was evident in the agencies' responses to the Priorities and Results around affordable housing as defined by the Strategic Leadership Group and, to varying degrees, in the response to suggested edits to program performance measures. In several instances where the Results were discussed as important program performance measures, they were rejected. The input received from the agencies retained a process and organizational focus, as opposed

to a result-oriented focus based on performance measures necessary for maximizing performance in terms of results for customers.

The impacts of not accepting customer and result-focused performance measures are important:

- The primary focus is internal, on outputs and processes, and not on the results customers need and expect
- Performance information is made less clear and transparent
- Performance data becomes less useful for decision-makers and citizens
- Organizations are not aligned around the accomplishment of results
- The State cannot be certain of what it is getting for its money and efforts around affordable housing

To help ensure the state of Vermont has the systems and processes in place to drive the accomplishment of the Priorities and Results around affordable housing, and based on our understanding of affordable housing programs through our research and on-site meetings, Weidner has identified programs that should adopt additional performance measures. These programs are outlined in Appendix F.

Comments on Recommendations

Weidner's recommendations are made to deliver clear end results:

- systems and processes supporting the delivery of affordable housing in Vermont will be aligned to provide the most effective and efficient services possible, and
- performance information will be broadly available and used to help drive accountability, transparency, and informed decision making.

Weidner's recommendations are focused on both efficiency and effectiveness. Keeping a focus on both helps to ensure that the recommended changes strike a balance, so that the focus is not just on cost, but on what gets done with those resources. In this time of increasing constraints on government resources and increasing demands for services, this balance is important.

Vermont, more so than many governments, understands the importance of this dual focus. The State's recent efforts to address its funding gap through improved processes are well known and go beyond the wholesale budget cutting that many governments resort to. They also demonstrate a willingness to ask a question too few governments ask: what can we do to improve our effectiveness and become more efficient?

It should also be noted that the State is assessing its affordable housing delivery system, not with an eye to cutting budgets, but with the intent of ensuring resources allocated to the provision of affordable housing are as fully devoted to direct services to customers as possible.

The four separate affordable housing organizations reviewed in this assessment were each created at different times and generally in response to new funding sources. Although almost accidental, this is typical of how many government programs evolve. Our recommendations are designed to offer the State an opportunity to design and structure an organization focused on affordable housing performance results and built on efficiency.

Each organization has an executive director (one is a Commissioner) and administrative staff that supports its operations as a separate organization. To help guide the agencies there are, as noted in the Tiger Team report, four separate Boards with a total of 37 members.

It is worth asking: are these organizational structures required or needed to deliver the best results in affordable housing for Vermont?

As resources continue to be constrained at all levels of government across the nation and as the demand for increased effectiveness grows, there is a strong trend toward organizational consolidation as a way to increase efficiency and effectiveness. Examples of this trend are also seen in affordable housing:

- Earlier this year the State of New York consolidated its Division of Housing and Community Renewal and its NYHomes organization under a single management structure. The agencies will continue to exist as separate entities, with the appointment of a single President/Commissioner to lead both agencies and to create a single management structure for the two agencies. According to the State of New York, this consolidation will "create a clear chain of command, enhance the decision-making process, place resources under one roof and provide partners and customers with one-stop shopping that will help to lower costs and accelerate the development process. Integration is good public policy and is the most efficient way to finance and facilitate the development and preservation of affordable housing."

- The U.S. Department of Housing and Urban Development is using program consolidation as a tool to improve efficiency and effectiveness. As HUD Secretary Shaun Donovan said in June of this year discussing the new Preservation, Enhancement and Transformation of Rental Assistance Act:

  > "With 13 different programs, each with its own rules, managed by three operating divisions with separate field staff, it does not take a housing expert to see that the patchwork of rules and regulations that families have to navigate today doesn't make affordable housing more accessible - but less…
  > "[T]he complexity of HUD's programs is part of the problem. Today, families are required to fill out dozens of applications processed by scores of administrators simply to have a decent chance of receiving the assistance they need. This bill will allow us to merge other programs with

our core Section 8 program, creating new opportunities for long-term property based contracts to preserve these units."

Weidner believes there are significant advantages to be realized by the State of Vermont from consolidation of its affordable housing organizations. As noted, there are a number of organizational factors in place that support the consolidation of affordable housing in Vermont:

- organizations have overlapping and similar customers
- program purposes are complementary
- significant coordination is already occurring across agencies, creating good working relationships among some staff
- Key Processes are similar across organizations

Another factor in favor of consolidation relates to the size and scope of the organizations. With approximately 130 full-time equivalent employees working to support affordable housing across the four agencies, the scope and scale of any consolidated organization will be manageable.

Finally, the framework provided by the Program Assessments provides an important and easy way to understand and manage the structure of an organization that is focused, not only on the management of processes, but more importantly on customers and results for customers.

In summary, while the current basis for how the organizations are separately structured is based on the management of different funding streams and processes, there is now an opportunity to examine how the organizations can be better structured and aligned to deliver results for customers.

Recommendations

A Consolidated Affordable Housing Agency for the State of Vermont should be established. The programs of the Vermont State Housing Agency and the Vermont Housing Finance Administration, along with the affordable housing-focused programs of the Vermont Housing Conservation Board and the Department of Economic, Housing and Community Development should be consolidated into one Affordable Housing Agency for the State of Vermont.

Program performance should be clearly aligned to Priorities and Results. Programs should measure their performance in ways that demonstrate their contribution to the accomplishment of Priorities and Results.

Select programs should be consolidated. Opportunities for consolidation of programs include:

- The present Multifamily Housing programs in VHCB and VHFA should be combined into one program. Both focus on the same outcomes; are the primary programs supporting the Key Processes; and already demonstrate significant staff cooperation and collaboration across agency lines.
- The Single Family Program in VHCB and the Single Family Mortgage Finance program in VHFA should be combined into one program. Both focus on the same outcomes.
- The Neighborhood Stabilization Program in DEHCD and the Neighborhood Stabilization: Home Acquisition and Rehabilitation Program in VHFA should be combined into one program. This reflects the fact that this is actually one program, with DEHCD administering a federal grant and VHCB and VHFA among the subgrantees.

Most programs should remain intact. The remaining affordable housing programs should be brought into a consolidated agency intact. They provide separate outcomes and do not appear to be duplicative.

Conservation programs should not be included in the consolidated affordable housing agency. The conservation-focused programs in VHCB should not be included in a consolidated affordable housing organization as they focus on distinctly different customers and goals, objectives and results for customers.

Select DEHCD programs should not be included in the consolidated affordable housing agency. The Vermont Community Development Grants program should not be included in a consolidated affordable housing agency. The Community Development Grants Program has a broader purpose than affordable housing; approximately half of the funds awarded through this program go towards projects identified as affordable housing, while the remainder go to other projects with different intentions/results.

The State of New York included their Community Development Block Grant funding process in their recent affordable housing consolidation effort, which is presumably a reflection of the results they seek to drive around affordable housing with these funds. If Vermont wants to provide a similar focus for its Community Development Program, integrating this program with a consolidated affordable housing agency should be considered.

It is our understanding that the HUD Consolidated Plan program in DEHCD is required by HUD to remain aligned with the Executive Branch of Vermont State Government. Given this understanding, we do not recommend including this program in a consolidated affordable housing agency, though clearly this program will have a strong relationship with that agency.

Assess if other agencies' programs belong within a consolidated affordable housing organization. Agency staff indicated there are numerous examples of additional affordable housing-focused programs located in other state agencies. While assessing these programs is beyond the scope of this project, these other programs should be

considered for opportunities for increased performance and/or savings by including them in this reorganization.

Create a customer-focused organizational structure. Using the programs as the "building blocks" it is possible to design a new affordable housing agency that has a focus on results for customers as an inherent part of the structure. This structure will help align focus and performance.

Administration

Administration Program (consolidated)
Legal Program
Housing Policy Analysis Program
Grants Management Program

Developing & Maintaining Affordable Housing

Multifamily Housing Program (consolidated)
Neighborhood Stabilization Program (consolidated)
Multifamily Housing Asset Management Program
Housing Development Program
Property and Asset Management Program
Energy Efficiency Program
Lead Hazard Reduction Program
Mobile Home Parks Program

Affordable Housing for Individuals and Families

HUD McKinney Vento Homeless Assistance Program
Housing Opportunities for People With AIDS (HOPWA) Program
Section 8 Contract Administration Program
Section 8 Housing Choice Voucher Program
Single Family Housing Program (consolidated)

Building Capacity of the Affordable Housing Network

Support for Non-Profit Delivery System Program
State Charitable Housing Investment Tax Credit Program

Funding Affordable Housing

Capital Access Program

Key Processes should be combined. With this new structure, the Key Processes of financing for new construction and for renovation/rehabilitation can become one process, managed by one organization, instead of two processes coordinated across the VHFA and the VHCB. An outline of the suggested Consolidated Key Processes can be found in Appendix G.

- The process of agencies doing ad hoc coordination around proposals for new construction or renovation/rehabilitation across agency lines is eliminated in favor of a "one-stop shop." Developers will need to file only one application, one time, with the new consolidated organization, and one funding decision will be made. With the two existing processes, applications seeking funding from both organizations have to be completed twice, filed twice, and approved twice.

- The staff of the consolidated agency that are involved in these Key Processes will have a clear focus on coordinating the information and options for all available state, federal and other resources to an applicant. This will also help ensure consistency in decision-making.
- With one point of control and decision in the consolidated Key Processes, resources can be more efficiently and effectively targeted to support the accomplishment of Priorities and Results for affordable housing.
- The high degree of collaboration and coordination that is already occurring across separate agencies in support of these Key Processes validates the wisdom of removing organizational barriers through consolidation and helps to ensure consolidation of these Key Processes will not be difficult.

A Consolidated Public Board should govern the consolidated affordable housing agency. Vermont places a clear premium on a strong public voice in its affordable housing efforts. One of the primary ways this is provided is through the governance and decision-making for the organizations and programs via the Boards for VSHA, VHCB, VHFA, and the Community Development Grant program. The State should ensure that this priority is maintained as it improves its systems and processes to improve performance and efficiency.

The new consolidated affordable housing organization should continue to be guided and advised by a Board of diverse individuals with an interest and background in affordable housing. Assigning the consolidated organization as a function or arm of an existing branch of state government would diminish that. This new Board should follow the examples set by the existing Boards and be composed of members appointed by the executive and legislative branches, with members bringing a strong interest in affordable housing and diverse perspectives that will help advance the work of the organization.

The average size of each of the existing Boards for VHFA, VSHA and VHCB is slightly more than nine people. A Board for the new consolidated organization should similarly consist of 9-10 members.

Advantages of a Consolidated Affordable Housing Agency

Coupling a consolidation/restructuring of the current multiple agency approach with a new focus on performance and results for customers is at the heart of our recommendations.

- Improved focus on achieving Priorities and Results. Within one organization, leadership can more clearly and consistently focus resources, people and systems on the accomplishment of the Priorities and Results. Language, beliefs and behaviors – the elements of an organization's culture – can all be more effectively oriented around performance and results for customers. Multiple organizations with different leaders, all with different approaches and levels of investment in achieving results for customers, will not be as effective in achieving those results for customers.

- Improved accountability and transparency around achieving Priorities and Results. With several organizations at work on the same things and the same customer, accountability for performance is dispersed, and it becomes easier to be less clear and focused on results for customers because of what other organizations have or have not done. Time and effort are required to coordinate across agency lines. With one organization, the lines of accountability and the flow of information can be much more effectively managed.

- Improved alignment of resources to achieve Priorities and Results. With a decision-making process in place that is focused on results for customers, instead of several agencies making decisions with varying degrees of focus, resources can be allocated in the most effective ways to deliver those results. One example of how the State's multiple agency approach prevents this from occurring is how HOME grant funds are used. The funds are administered by the VHCB and can be used to provide rental assistance to affordable housing projects, although VHCB will not allow them to be used in that way. DEHCD and VSHA staff indicated they were in favor of using HOME funds this way. If Vermont were allocating resources to achieve clearly defined results for customers, this use of HOME funds could be a useful strategy.

- Improved performance. Weidner's experience is clear that improved focus, accountability and transparency around performance results in better performance. As Dick Grote, a respected expert in performance appraisal, has noted:

  "Goal setting directly increases productivity. Research on goal-setting programs has found that companies that introduced systematic goal-setting programs enjoyed an average 39 percent increase in productivity. Interestingly, the size of the benefit varied dramatically among the employees, with the key differentiating factor being the amount of management support. In those companies where top management lent strong support to the goal-setting initiative, there was an average 57 percent increase in productivity; but in those companies where there was little top management support, the increase was a paltry 6 percent."

It is important to note that the above benefits speak directly to significant concerns Vermont has voiced as it seeks to strengthen its systems and processes to maximize effectiveness and efficiency in affordable housing. Based on our observations and experience with the current organizational structure and culture, we do not believe the State will be successful in improving efficiency and effectiveness in affordable housing without a consolidated organization that is committed to doing all that it can to achieve Priorities and Results that are focused on customer-based performance measures.

- Improved efficiency and savings. The consolidation of organizations and programs provides clear opportunities to eliminate redundancy and redirect resources to support affordable housing. A review of the Program Assessments, staff rosters, and staff

roles provides the following conservative estimates for annual salary savings in Administration positions, using low salary ranges for positions:

Consolidation from three Executive Directors to one:	$220,000
Consolidation of duplicate office managers to one:	$40,000
Consolidation of duplicate communications staff to one:	$55,000
Consolidation of office/admin assistants from five to three:	$60,000
Consolidation of Senior Administration from five to four:	$75,000
Total	$450,000

These recommendations would reduce the total salary expenses for staff involved in Affordable Housing by approximately 7.5% of total annual salary expense.

If the savings are left with the consolidated agency, what will result is that a total of $450,000 of additional resources from a variety of sources will be made newly available to support the direct provision of affordable housing in Vermont, instead of supporting the cost of doing business.

There are other programs that should be further analyzed over time for potential savings once the consolidated agency is established.

- At present, staff at both VHFA and VHCB conduct financial reviews of submitted applications. The 2004 ICF report on affordable housing nonprofits noted there was duplication of effort, praising it as providing a good "second look." As staff from VHFA noted in a conversation with a Weidner consultant, there is some duplication of effort, though given the separate reviews that are also done it is not clear how much. Weidner recommends that once the consolidated agency is established and the programs merged, the leadership of the new agency should be tasked with analyzing the effort and providing a recommended reduction within six months. Given the current level of staff supporting this process, a reduction of one or two positions would be a reasonable expectation.
- At present, VHCB has two attorneys on staff and VHFA has a General Counsel and a Legal Coordinator. The degree to which legal resources may or may not be duplicative in a consolidated agency should be reviewed. Again, once the consolidated agency is established and programs merged, this warrants closer examination.

- Improved focus on customers. With one affordable housing agency, customers have a "one stop shop" they can access to better understand the resources available to them. Weidner's experience is clear that customers do not care at all about how organizations are structured – they want services and results provided in an accessible, convenient manner. A consolidated agency also supports a smoother transition of customers from one program to another – a customer whose economic situation has improved such that they are able to leave subsidized rental housing and

purchase a home can be served more effectively by programs within one organization. This creates a seamless continuum of service for the customer.

- Increased opportunity for additional consolidation. With the creation of a single affordable housing agency the State's commitment to delivering results in this area will be very clearly demonstrated. This can provide an opportunity for other programs in state government that are also affordable housing related – but which are located in other agencies solely or primarily because of their funding source – to be brought into the consolidated organization.

Notes on Implementation of Consolidation

- Conservation programs. At present the Vermont Housing Conservation Board has, in addition to the affordable housing programs included in this Assessment, four programs dedicated to conservation:

  - Conservation Stewardship Program
  - Vermont Farm Viability Enhancement Program
  - Farmland Conservation Program
  - Natural Area, Recreation and Historic Property Conservation Program

  There is also a fifth program, the VHCB AmeriCorps Program, with a diverse focus that reflects the program's work to provide nonprofit organizations with AmeriCorps Members to provide volunteer recruitment, environmental education, and some affordable housing services.

  As noted previously, these programs are not recommended for inclusion in a consolidated affordable housing agency, as they contribute to significantly different results. We have provided Program Assessments for them, so the State has a framework to measure and manage the performance of these programs as well.

  To achieve the maximum savings possible from the creation of one affordable housing agency, Weidner would recommend that these five programs be assigned to an existing State agency where their results would align with that agency's purpose and goals. That agency should be prepared to support these programs administratively, with the possible exception of legal resources. Weidner would also recommend that their performance be regularly measured and reported to ensure they are continuing to perform as expected, in order for decision makers to respond if performance falters.

- VHCB receives state funding via a dedicated funding source to its Trust Fund. These funds are used each year to support both affordable housing and environmental projects. The VHCB Board establishes a general guideline for how funds are split each year. As the affordable housing and environmental programs are moved to their new organizations, the distribution for these funds should be divided to reflect the

change as well. This division should be made in an equitable and sensible manner, such as looking at distribution patterns over the past five years and using an average.

- One of VHCB's programs included in this assessment, the Support for Non-Profit Delivery System Program, has provided significant levels of direct funding and technical support to Vermont's affordable housing and conservation non-profits. As these programs are moved to their new organizations, the funds for this program should be divided to reflect the change as well.

- During Weidner's on-site assessment interviews it was noted by DEHCD that there does not exist a central list or system for tracking all affordable housing projects in Vermont, with projects funded by Community Development Grants tracked separately. It is not clear whether this is the case. If it is, the consolidated affordable housing agency should be provided the information needed in a timely manner to ensure those projects are included in the inventory of affordable housing in Vermont.

- The establishment of a consolidated affordable housing agency will require adjustments to existing state legislation/requirements. In completing this assessment Weidner noted that while Vermont's legislation can be altered according to local preference, changes to federal requirements are significantly more challenging to influence. As previously noted, this is the primary reason the HUD Consolidated Plan Program was not recommended for inclusion in the new agency.

- Employees of Vermont's affordable housing agencies are not presently located together. VHFA's employees are located in Burlington. This should not be a barrier to creation of a single organization – dispersed branches of organizations are a common occurrence – but some employees may need to relocate as processes are combined and further streamlined.

Measuring, Managing and Reporting Performance

The process of performance management – broadly defined as regularly measuring performance using quantitative measures, using that performance data to systematically inform management and improve performance, and reporting performance inside and outside of the organization – is recognized as an essential process for public sector organizations committed to working as effectively and efficiently as possible.

At present, the state's affordable housing agencies are measuring and reporting performance with a primary focus on reporting their compliance to regulations. As noted previously, the agencies do not now understand and manage their performance in terms of delivering customer-oriented results. Throughout our programmatic assessments we encountered a strong preference on the part of the agencies to focus more on internal processes and outputs rather than on customer-focused measures of impact. Performance data is not made widely available or regularly reviewed and analyzed.

In Weidner's experience working with more than 50 jurisdictions and hundreds of individual departments at all levels of government, the benefits of a systematic process to measure, manage and report performance are significant and consistent.

- **Improved performance**. A systematic performance management process will drive organizations to improve performance. Managers and leaders, once equipped with performance data, can use that data to inform their decisions and improve effectiveness and efficiency. Employees at all levels understand that performance data is not just submitted to meet reporting requirements but is an essential part of the way the organization does business. As an example of improved performance, in Maricopa County, Arizona, the County's systematic approach to performance management increased employee satisfaction with the County's prescription drug benefit program while at the same time reducing annual costs of the program by millions of dollars.

- **Improved transparency**. Performance information can provide unparalleled transparency for people inside and outside an organization into their operations and their impact. Metropolitan Nashville & Davidson County established a section on their website to report performance information to citizens, drawing more than 10,000 unique visitors each year.

- **Improved organizational focus and alignment to customers**. Organizations that consistently define and assess their performance more effectively keep their organizations focused on performance. Employees have a clear line of sight to how they influence the results that matter to customers – and they recognize that they do influence those results. Employees of the organization that managed funds for indigent health care in Maricopa County saved more than $25 million in county expenses in one year by focusing on improving the result.

- **Rapid and effective corrective action taken where needed**. Performance management provides an early warning system for when challenges arise that could threaten the organization's performance. In Long Beach, California, leadership used a systematic approach to performance management to transform an Animal Control organization that was embroiled in a very public organizational crisis to an agency delivering unprecedented levels of performance in less than 18 months' time.

- **Innovation is encouraged**. Performance management drives an ongoing focus to provide the most effective processes and strategies. Managers and leaders are supported in looking beyond "doing things the way we've always done them." They are instead led to ask, "Is this the best way to deliver this result?" The Fire Department in Austin, Texas, used performance management to focus on getting first responders more quickly to the scene of an emergency. They improved their performance – without spending funds on additional staff and facilities – by measuring and managing how long it took firefighters to get suited up and get on the trucks.

It is also worth noting that the federal Department of Housing and Urban Development (HUD) is increasing its focus on performance management. In the new HUD strategic plan one of the five priorities is "Transform the Way HUD Does Business," which specifically includes improvement of performance management and accountability.

Recommendations

Weidner would make the following recommendations to improve the process and systems for performance management in affordable housing. The creation of a consolidated affordable housing agency will be essential to ensuring this process is strengthened and maintained to produce the maximum benefit for Vermonters.

Performance should be measured on a systematic basis across all affordable housing programs. The result and output measures identified in the Program Assessments, with the addition of the recommended measures to align programs to the achievement of Priorities and Results, provide a framework for this.

Annual performance targets should be set and progress toward those targets measured and managed. Targets for expected performance provide managers and leaders with a tool to understand the sufficiency of current performance. This enables resources and attention to be devoted to areas where performance is clearly lagging.

Performance data should be made widely available to employees. With performance data available to employees at all levels, that data can be used to support fact-based decision-making and encourages employees to contribute to a focus on how performance can be improved.

Performance data should be reported to the public. Performance data that illustrates the impact on affordable housing and the accomplishment of Priorities and Results should be presented to the Governor, Legislature and public in a way that is clear, understandable, and accessible.

Aligning and Allocating Resources to Drive Performance

An essential element in building a strong, systematic process for performance management is how funds are allocated and used. The relationship between available resources and levels of performance is essential to providing accountability and transparency around the effective and efficient use of limited public funds.

As already observed, Vermont's affordable housing agencies and programs are significantly defined by their funding streams, with the focus on those different funding streams having largely driven the creation of the different affordable housing agencies. The focus is on managing the money that is spent to ensure regulatory compliance. There

is no system to relate spending those funds to desired results. The impact of spending millions of dollars each year for affordable housing in Vermont is largely limited to anecdotes and outputs, neither of which speaks to results for customers.

Performance budgeting – the process by which performance information is systematically connected to funding sources and allocation decisions – can take many forms and is an increasingly common practice in government at all levels. Weidner customers at all levels of government budget more than $30 billion each year that is informed by and has a clear relationship to performance. Examples include:

- Maricopa County, Arizona – annual budget approximately $2.2 billion
- Austin, Texas – annual budget approximately $2.8 billion
- Metro Nashville/Davidson County, Tennessee – annual budget approximately $1.9 billion
- City of Oklahoma City, Oklahoma – annual budget approximately $840 million

Each of these large, complex local governments has had their performance budgeting processes in place for several years and uses the same performance budgeting approach for the many and varied functions of their government. Austin has used a consistent performance budget process for more than a decade. Performance budgeting is effective and sustainable even for large, complex organizations.

The value of performance budgeting is widely recognized. The Pew Center on the States has studied and assessed how states measure and manage performance for more than a decade. As they noted in their February 2009 report *Trade-off Time: How Four States Continue to Deliver*:

> Our research has shown that results-based budgeting systems can aid states during economic downturns by cutting wasteful spending on programs that are not showing results, and directing resources to programs that evidence has shown to be more effective. Such an approach also can provide lasting benefits, laying the foundation for a leaner, more effective government during the next economic upturn.

The process of performance budgeting provides significant benefits, including:

- **Connected funding levels and results**. Performance budgeting establishes clear and consistent information to assess the effectiveness and efficiency of programs, particularly where funds are connected to measures of results. performance measure – with these dollars, we produced this many hours of police patrol, for example – but without measurements of the resulting crime rate there is little context to understand if that number of patrol hours is what it can and should be. Budgeting for results would allow the Governor and Legislature to allocate money to achieve results rather than simply funding the organization.

- **Better informed resource allocation decisions**. Too often resources are spent the way "we've always done it." Performance budgeting provides a consistent process to determine if resources are aligned as they need to be to accomplish needed results. It also provides a way to allocate new resources to needed results and to be clear about the impacts of funding reductions.

- **Stronger focus on managing performance**. Employees at all levels of an organization can see that performance is tied to funding, which sends a clear message that performance management is a key process to how that organization does business.

- **Improved transparency**. Decision makers at all levels as well as the public can better understand how effectively and efficiently limited resources are being used.

Recommendations

Weidner would make the following recommendations to strengthen the process for allocating and managing funds to drive performance in affordable housing for the State of Vermont. The creation of a consolidated affordable housing agency will be essential to ensuring this process is strengthened and maintained to produce the maximum benefit for Vermonters.

Establish a program-level performance budget for affordable housing in Vermont. The Program Assessments not only provide a useful, consistent framework for understanding purpose and measuring performance. They also provide a framework for the connection of resources to purpose and performance.

Program-level performance targets should be identified during the budget process. Setting targets for performance at the program level provides accountability and transparency around the level of performance the program will seek to deliver.

Changes in program resource levels and performance targets should be related. The relationship between resources and performance should be continuous. Requests for expanded funding should clearly communicate the impact on performance, and particularly on results. Funding reductions should similarly identify corresponding impacts on performance. This can be done by ensuring performance targets and resource levels are kept aligned to each other.

Present the performance budget for affordable housing to the public. Performance budgets provide an effective communications tool for demonstrating transparency and accountability. Citizens are able to better understand how tax dollars are being used and the results being provided with them.

IV. Repayment of Loans

While VHFA recycles its loan receivables to generate additional lending capacity for its programs, VHCB has deferred the repayment of loans in several cases. The Tiger Team report suggests that this policy reduces the availability of funds to support the development of additional affordable housing. VHCB has suggested that this is an important tool in preserving the availability of affordable housing in Vermont, and that, according to a Nov. 9. 2009 memo from VHCB Executive Director Gus Seelig to DEHCD Commissioner Tayt Brooks, "The [VHCB] Board understands that our loans may need to be refinanced and deferred. It is and will be the Board's practice to evaluate each project on a case by case basis."

Weidner was asked to review this practice as part of its overall assessment. In doing so Weidner has identified two dimensions of the issue that need to be addressed: a policy dimension and a financial dimension.

Policy Dimension

The first questions that need to be addressed in considering the repayment of loans are ones of policy. Is this approach to offering "soft/deferred debt" in common use by funders of affordable housing across the nation? And if so, is it a tool the state of Vermont should use in providing affordable housing?

Weidner's research reveals that while information on the frequency and amount of loans made using this technique is not readily available, the deferral of debt for affordable housing, such as has been done by VHCB, is a commonly used financial tool for housing trusts and similar funding organizations across the nation. The stated rationale for providing "soft/deferred debt" as a financing tool is that it makes the provision of housing for lower-income residents possible, and particularly in perpetuity.

Understanding, then, that this is one of the tools available to support the provision of affordable housing in Vermont, it is also important to be clear about the implications of this particular tool for the State's approach to accountability and transparency.

One significant impact of using "soft/deferred debt" is that it reduces the pool of funds available to support the creation of additional Affordable housing. The Tiger Team report noted that at the time of the report VHCB had deferred more than $8 million in loans, which represents funds that are not recycled to provide additional affordable housing.

VHCB has explained that the use of "soft/deferred debt" is necessary to ensure that the housing developments against which the debt is held are able to both continue to operate and to continue to provide housing at a low cost. As the 2004 ICF report on the nonprofit housing network in Vermont noted, Vermont provides affordable housing to more households with lower incomes than the national average. Agencies have said without

"soft/deferred debt" affordable housing projects would be forced to raise rents, which would displace at least some of current residents.

By deferring loan repayments VHCB has effectively made an important policy decision about the affordable housing dollars it controls: relieving developers from responsibility for repayment of loans made today is more important that the availability of funds to provide additional affordable housing in the future.

This is a valid policy choice, but it is not the only choice available. This policy choice should be very transparently and thoughtfully made. VHCB's case-by-case approach to loan repayment has obscured this policy decision.

This lack of clarity takes on real importance as agencies begin to focus their efforts and measure their performance in achieving the Priorities and Results in affordable housing. If the impacts of using "soft/deferred debt" are not made apparent, decision makers will be unable to judge the effectiveness of the resources they are committing to achieving the desired results. They will also not be able to make future resource allocation decisions that are informed by the impact they will have on the people of Vermont. They can make the decisions but they will not be well-informed about the implications.

The lack of clarity around repayment of loans is apparent in several ways:

- Recommendations for funding affordable housing projects submitted to the VHCB Board for approval do not require the nonprofit/project to address how loans will be repaid in the financial projections. VHCB loans are frequently structured as low/no interest loans with the obligation due at the end of the term of the loan. Weidner reviewed two examples of project recommendations submitted to the VHCB Board for approval:

    - VHCB #2009-035 (May 15, 2009), River Bend Senior Housing/Enosburg Falls. Developer is the Housing Foundation, Inc. Loans: $402,165 in VHCB funds, $395,000 in HOME funds.

    - VHCB #1988-020-002 (May 25, 2008), Salmon Run. Developer is the Champlain Housing Trust. Loans: $700,000 in VHCB funds.

  A review of the financial models used to support the staff recommendation for funding were able to connect planned debt payments to satisfy loans made by other organizations. There were no funds that could be identified as dedicated to supporting repayment of the VHCB loans.

  Thus, neither project included in its financial model the ability to pay back the VHCB loan at maturity. Given the size of the loans, an unrestricted funding source that becomes available at maturity that can pay them off in full is very unlikely, short of assuming additional debt.

This suggests these loans are designed not to be repaid and that the expectation held by the nonprofit and VHCB is that they will be deferred.

- The VHCB Board has adopted a policy that decisions on using "soft/deferred debt" will be made on a case-by-case basis. This creates an expectation on the part of nonprofit developers that repayment of debt is not a priority. It also means that the criteria or policy used to make those decisions is not transparent, which could mean decisions become political or politicized.

Given the above, it is reasonable to conclude that the existing process for approving and managing these loans to nonprofits/projects does not provide transparency around the impacts of decisions made and does not provide accountability for the repayment of these loans.

Financial Dimension

Vermont's affordable housing agencies suggest that the deferral of debt payments is an important element of the state's ability to provide housing at a lower cost, and thus to house lower-income residents than comparable states. In a memo provided to the Board of the VHFA Board following the publication of the Tiger Team report, VHFA Executive Director Sarah Carpenter said of the question of "soft/deferred debt":

> *Many of the comments concerning enhancing "Net Asset Management" for VHCB relate to solutions that would mean raising rents and lowering affordability of the units.*

Balancing this perspective is the analysis offered in the Tiger Team report, which notes that the deferral of debt prevents the recycling of funds for use to finance additional affordable housing. As previously noted, the Tiger Team report says that at the time of the report the VHCB had deferred loan payments of more than $8 million which could have financed additional affordable housing.

Given the state's interests in continuing to provide affordable housing for low-income Vermont residents and in expanding the availability of affordable housing, it is appropriate to ask if there exist options that can help satisfy both interests. Can these debts be repaid, and what is the impact of doing so?

This assessment looked at two issues in response to this question:

- Collection of income-appropriate rents
- Financial capacity of non-profit affordable housing providers

Financial Dimension: Collection of Income-Appropriate Rents

The Tiger Team report suggests that there may be an opportunity to increase the revenues collected from occupants of rental affordable housing units by collecting the full amount they are eligible to pay, up to 30% of household income, as identified through a more frequent review of tenant incomes. From the Tiger Team report:

> *Requiring annual or periodic income certifications with associated rent adjustments based on established affordability standards offers a fair and reasonable opportunity to raise additional revenue from individuals with expanding incomes who benefit from the state's low and moderate housing funding investments.*

In particular the Tiger Team report noted that for the 26-unit Stonehill Project in Middlebury, there appeared to have been material growth in the incomes of residents for the period reviewed, and thus increased opportunity to collect additional rental revenue.

The collection of income-appropriate rents is an important process to provide resources for affordable housing and to ensure affordable housing tenants are paying their "fair share." There is significant opportunity for improvement in this process.

- Tenant income data is not available in a database. As Sarah Carpenter, Executive Director of VHFA, noted in a memo to Weidner, the present process involves data submitted via forms and is not collected in a standard electronic format. As a result, "To compute a rent\income as a percentage on all VHCB units is a monumental task, probably involving over 5,000 computations." Carpenter reported that to compile the reports that are presently used took staff several days of effort.

- Process is managed to satisfy regulatory compliance, not collect revenue. To date, the collection of income-appropriate rents has been managed with a primary focus on complying with regulatory requirements. The process that meets those requirements – including using sample data and providing infrequent reviews at differing intervals – is not consistent or thorough enough to ensure income-appropriate rents are being collected.

While improvements in the process of collecting income-appropriate rents are likely to yield increased rental income, it will not in itself provide a stream of revenue of sufficient size and stability to repay outstanding loans.

There is not always a direct relationship between increases in tenant incomes and the level of rent to be paid. For example, while the Tiger Team noted an increase in the incomes of the residents of the Stonehill Project of more than $126,000 for the period reviewed, an analysis by VHFA of the additional rents that could be collected from this increased income, given federal and other regulations, identified an increase in collections of approximately $3,000/year. For occupants of Low-Income Housing Tax

Credit (LIHTC) units, HUD rules establish a "ceiling rent" that they pay once their income passes 140% of area median income, and they pay that ceiling rent as long as they occupy the unit. The next available unit then must be converted to a LIHTC unit.

It should also be noted that as tenant incomes rise, additional housing options become available and tenants may choose to leave. They are then likely to be replaced by lower-income tenants with more limited housing options, likely reducing the rent that can be collected.

On September 1, 2010, VHFA provided Weidner with an assessment of more than 5,000 tenant incomes to review income levels and current rent burden. Their review noted that that the majority of tenants are paying close to 30% of their income for rent. This agrees with other evidence we have noted that, while income-appropriate rents need to be more regularly reviewed and adjusted, doing so is extremely unlikely to produce a sufficient income stream to support loan repayments.

Financial Dimension: Capacity of Non-Profit Affordable Housing Providers

An important consideration in understanding the issues surrounding the use of "soft/deferred debt" is the financial capacity of the non-profit housing developers to make loan repayments to VHCB. To effectively assess this, Weidner reviewed the overall current financial position of the nonprofit organizations; loans from VHCB to nonprofits with maturities in the short-term future; and the longer-term capacity of nonprofits to support existing VHCB loans.

The nonprofit organizations included in this review are the ones included in the Tiger Team report:

- Champlain Housing Trust/Burlington Land Trust/Lake Champlain Housing
- Cathedral Square Corporation
- Housing Vermont
- Gilman Housing Trust
- Central VT Community Land Trust
- Windham Housing Trust (Brattleboro Area Community Trust)
- Rutland County Community Land Trust (Housing Trust of Rutland County)
- Rockingham Area Community Land Trust
- Addison County Community Trust
- Regional Affordable Housing Corp.
- Twin Pines Housing Trust
- Lamoille Housing Partnership

For these reviews, the nonprofit financials used were the audited financial statements for 2007, 2008 and 2009 for the nonprofits as provided by VHCB. A current review of the

financial position of Vermont's 11 affordable housing nonprofits for the most recent three years – 2007, 2008 and 2009, is presented in Appendix H. The audited financial statements provided were not in a consistent format.

This review shows that while most of the state's affordable housing nonprofits appear to be in an acceptable financial position, economic weakness is having an impact.

- Seven of the nonprofits had expenses exceed revenues over the three year period, with the trend accelerating over time. Two agencies – Cathedral Square Corporation and Regional Affordable Housing Corporation – had expenses exceed revenues for each of the past three years.
- Eight of the 11 nonprofits had less unrestricted cash available in 2009 than 2008.

This provides important context when considering the relative financial position of Vermont's affordable housing nonprofits in light of the economy and their capacity to repay their loans.

Financial Dimension: Loan Repayment

Analysis of the capacity of the state's affordable housing nonprofits to repay the loans outstanding to VHCB is performed in two ways: short-term (through the end of 2014) and long-term (to loan maturity).

Both approaches are needed because many, if not most, of the VHCB loans are structured so that they are payable in a lump sum at maturity. For those loans due in the short term, the current financial position of the organization with the loan is important to understanding capacity to repay that lump sum. For loans due in the longer term, the current financial position has less influence.

Loan Repayment Capacity: Short-Term

An inventory of outstanding affordable housing loans provided by VHCB was reviewed to identify loans made to affordable housing nonprofits that are due to VHCB with maturity dates that fall before the end of 2014. The intent was to take a sample of the loans due in that time frame and, given the current financial position of the sponsoring nonprofit, review the organization's capacity to repay those loans.

The inventory of loans identified a total of 21 loans funded by the VHCB Housing Trust (13) and the HOME program (8). Of those 21 loans, eight were made to affordable housing nonprofits included in this review.

Of those eight, six are feasibility loans made to three of the affordable housing nonprofits and totaling less than $35,000 all together. Repayment of feasibility loans is not an issue.

The remaining two loans were both made to the Addison County Community Trust:

- Loan 1990-048-001: Town and Country (Otter Creek), $266,000, maturity date: 1/15/2011
- Loan 1991-072: Hillside Manor, $98,872.16, maturity date: 3/31/2013

Maturity dates listed above are from the loan inventory provided by VHCB. The inventory also says that the balance on each loan as of 6/30/09 was the same as stated above.

The 2009 audited financials for the Addison County Community Trust indicate that both of these loans are second mortgages on the properties and that monthly payments have been deferred. The audited financials show the maturity dates for the loans as 3/31/2013 for the Hillside Manor loan and 1/15/2015 for Otter Creek loan. Though this takes the Otter Creek repayment slightly out of the review time frame of the end of 2014, the difference is not material.

Repayment of the principle on the loan in full on the above maturity dates would require the Addison County Community Trust to reserve the following funds:

	Loan Repayment Reserve Amount Required Per Year						
Year	**Hillside Manor**	**Oak Creek**	**Total**		**Reserve Required as a % of 2009 Total Expenses**	**Reserve Required as a % of 2009 Total Revenues**	**Reserve Required as a % of 2009 Unrestricted Cash**
2010	$12,758	$20,462	$33,219		2.1%	2.3%	24.6%
2011	$38,273	$61,385	$99,658		6.2%	7.0%	73.8%
2012	$38,273	$61,385	$99,658		6.2%	7.0%	73.8%
2013	$9,568	$61,385	$70,953		4.4%	5.0%	52.5%
2014	--	$61,385	$61,385		3.8%	4.3%	45.4%
Total	$98,872	$266,000	$364,872				

This projection assumes the organization has no funds set aside for loan repayment as of 9/1/2010 and begins reserving cash in consistent increments sufficient to meet the maturity dates for the loans.

Meeting the cash reserve requirements for these short-term loans cannot be done from existing cash and would require the dedication of a significant portion of operational resources. Given that the Addison County Community Trust lost $187,462 in 2009, there is not a clear level of existing capacity to meet this obligation without a significant change in the operations of the Trust. There is no indication from the audited financials that funds have been reserved for repayment; the existing deferral of loan payments on both loans is also an indicator of this.

If the financial position of the organization improves materially by the end of 2014, it may be in a better position to repay the loan obligations.

This assessment is limited because of the limited number of loans with maturity dates in the short-term and because both loans have been made to one organization, and the current financial position of that organization has a significant influence on the analysis. It does suggest, however, that the disruptive effects of requiring repayment of loans due in the shorter terms can be significant and should be considered carefully.

Loan Repayment Capacity: Long-Term

Four affordable housing nonprofits were selected for analysis of their capacity to repay all of their outstanding affordable housing loans to VHCB. The four nonprofits selected were:

- Gilman Housing Trust
- Rutland County Community Land Trust (Housing Trust of Rutland County)
- Rockingham Area Community Land Trust
- Regional Affordable Housing Corp.

These were selected to provide a representative sample. They provide a range of units, staff sizes, loan maturities, and strength of financial position. Using the number of units provided by each organization from the Tiger Team report, they provide between 20% to 25% of the state's nonprofit affordable housing units. The Tiger Team report did not identify the number of units provided by the Housing Trust of Rutland County. Loans were identified using the audited financial statements from each organization.

Outstanding loans to VHCB were identified from each organization's 2009 audited financial statements. For this analysis, it was assumed that

- the organizations had no funds reserved for loan repayment,
- they were going to begin reserving funds beginning 9/1/2010 for full loan repayment by the maturity dates, and
- they were reserving consistent amounts on a monthly basis.

There are a small number of loans, identified in the repayment schedule, that are structured so that repayment will be due by a certain date or upon sale of the property; these are excluded from the calculation. The schedule that shows the breakdown of the loans is presented in Appendix I.

Repayment of outstanding loans to VHCB in full on the maturity dates would require the organizations to reserve the following funds each year on average.

Agency	Average Annual Reserve Amount Required	Reserve Required as a % of 2009 Total Expenses	Reserve Required as a % of 2009 Total Revenues	Reserve Required as a % of 2009 Unrestricted Cash
Gilman Housing Trust	$71,399	1.5%	1.3%	12.7%
Housing Trust of Rutland County	$8,650	0.7%	0.8%	16.9%
Regional Affordable Housing Corporation	$302,272	14.0%	17.0%	76.0%
Rockingham Area Community Land Trust	$12,159	0.7%	1.1%	14.0%

For the Gilman Housing Trust, the Housing Trust of Rutland County and the Rockingham Area Community Land Trust, this analysis suggests that full repayment of the VHCB loans can be made without requiring significant adjustments to operations or requiring and extraordinary financial response. Changes in financial position, unless catastrophically negative, are unlikely to have an impact on repayment ability.

For the Regional Affordable Housing Corporation, the analysis highlights the challenge the organization faces as reflected in its recent financial performance. The agency has experienced net losses for each of the past three years that have grown larger each year; for 2009, the expenses exceeded income by an amount that was 20.7% of income. Unrestricted net assets dropped by 5.6% from 2008 to 2009. Further assessment is needed to understand the financial situation of this organization.

One concern expressed by Vermont's affordable housing agencies in support of deferring loans is that repayment of loans will have a material impact on rents.

Agency	Housing Units	Average Required Reserve per Month per Unit
Gilman Housing Trust	604	$9.85
Housing Trust of Rutland County	N/A	N/A
Regional Affordable Housing Corporation	211	$119.38
Rockingham Area Community Land Trust	410	$2.47

The average financial impact per unit on funding the repayment of loans is not significant for the Gilman Housing Trust and the Rockingham Area Community Land Trust, while the average financial impact per unit on the Regional Affordable Housing Corporation is material.

Recommendations

The implementation of the recommended process improvements below will be made easier by the establishment of a consolidated affordable housing entity. However, all of the following recommendations can be implemented within the current structure and should be addressed forthwith.

Recommendations – Policy

The governing Board, either a consolidated entity or the VHCB Board, should adopt a clear policy that requires the repayment of loans except in extraordinary circumstances. A consistent requirement for the repayment of loans will ensure nonprofits/projects are focused on providing for the repayment of these debts and that questions of favoritism and equity cannot arise. The initial financial analysis would indicate that some if not most of the local/regional housing organizations have the capacity to repay the loans described in the analysis. To make that possible, some loans will need to be restructured and renegotiated. There are numerous options within a repayment policy. These options include changes in term or partial repayment. Weidner supports the Tiger Team's recommendation that if there is not a clear policy decision requiring repayment, the valuation of the net loans receivable to the Trust Fund will need to be reviewed for accuracy.

Develop a full policy analysis for the repayment of loans with options and recommendations that

- **achieve the repayment of the loans**
- **limits the impact on the cost of rents and ownership for individuals**
- **increases the amount of funds available for affordable housing, and**
- **is fiscally achievable and sustainable by the local/regional housing organizations, recognizing that some restructuring may need to occur in those entities.**

Project funding recommendations should clearly identify and include loan repayment. Project funding recommendations presented to the Board for approval should specifically and clearly address the project's capacity to repay the loan under consideration. If repayment of the loan would have a significant financial impact on the project, two scenarios should be presented for review that show that impact.

The Board, either a consolidated entity or the VHCB Board, should set targets or ranges for the degree to which affordable housing supports lower income occupants. As previously noted, Vermont's affordable housing provides more housing to individuals/families with lower incomes than the national average. The Board should be clear whether, and to what extent, this is the desired result. This result may be the desired result. It is not free, however, but is part of the cost for how Vermont has chosen to do business, including the use of "soft/deferred debt." The Board should measure and report this result – the 2004 ICF report uses the measures of the percentage of HOME rental housing units that serve households below 50% of Area Median Income and below 30% of Area Median Income. The Board should set targets or ranges for this result and regularly and consistently report the performance data. In this way the Board can clarify its desired result and measure its success in meeting it.

The ability of nonprofits/projects to repay loans should be regularly measured and reported. The most straightforward way to ensure loans are repaid is to have principal

and interest repaid regularly, as is the case with most loans. Should the loans be structured so that payment is deferred, nonprofits/projects should regularly report their progress in accumulating reserves to permit the payment of their debt, and this data should be reported to the Board and others. This monitoring should include all loans to nonprofits/projects, including those already funded. This creates greater accountability for the nonprofits/projects around repayment of their loan and greater transparency around their success in doing so.

Recommendations – Financial: Income-appropriate rents

Establish a tenant income database. A system that gets tenant income data out of forms, where it cannot be reviewed and analyzed, and into a database where it can be, is an essential first step. Once this is done the analysis of incomes vs. rents can be done more systematically and efficiently, both of which are prerequisites for further focus on collecting the income-appropriate rents.

The need for a database system to manage this has been recognized by the agencies and it appears they are already moving ahead to address this need. VHCB Executive Director Gus Seelig communicated with Weidner via e-mail in mid-July that, "As we thought about issues that need follow-up I have discussed with Sarah Carpenter plans to enter all tax credit residents into a data base to determine % of income paid for rent. This work would commence the week of [J]uly 26."

Weidner would suggest that, should resources to support this implementation be an issue, the State consider accessing the funds made available to affordable housing nonprofits for support and technical assistance.

Conduct a consistent annual review of all tenant incomes with accompanying adjustments of rents. Reviewing this at a regular interval ensures that rental revenues are being collected in a fair and consistent manner against tenants' ability to pay. If incomes increase, tenants are paying their fair share; if incomes drop, tenants are not unduly burdened.

Adopt a clearly stated, consistent standard for measuring rent burden against tenant income.

Use increased rent collections for debt repayment. Enhanced revenues from the more consistent collection of income-appropriate rents should be required to support debt repayment. This should be measured and reported.

Recommendations – Financial: Loan Repayment

Loans with short-term maturities should be restructured, where needed, to ensure repayment. Although the analysis was limited, the impact on nonprofit operations of

requiring repayment for loans with maturities in the short-term is still evident. If unclear expectations around loan repayment to date have led organizations to conclude their loans will be deferred and have not prepared for repayment, they will need time to build up reserves to repay them. These loans should be restructured with regular monitoring of the funding of repayment reserves to ensure the funds are reserved appropriately.

Full repayment of loans by the maturity date should be expected. Repayment of loans should be part of the cost of doing business. Nonprofits that are viable organizations should be able to provide for that cost of doing business.

Nonprofit organizations should be monitored for financial health and supported in making changes to be sustainable. If a nonprofit is demonstrating sustained and increasing financial weakness, the availability of the affordable housing units it manages is at risk. The State should regularly monitor the nonprofit organizations and, where issues are noted, provide technical and other assistance to help ensure sustainability. If the nonprofit is not viable as a going concern, the State should identify ways to help keep that affordable housing available that are sustainable.

Resources should be made available to nonprofits to help them manage repayment. The State offers technical assistance grants to nonprofits; these should be focused on providing help in implementing changes as needed to support repayment.

Appendix A

Proposed Changes by VHCB, VHFA and VSHA to Priorities and Results Identified by Strategic Leadership Group, with Commentary by VHFA

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Statewide housing measurements

Clearly, the State of Vermont's ability to achieve its priorities and reach the performance measurement goals discussed below is based heavily on available resources. It will also require a full continuum of housing efforts by multiple traditional partners (DEHCD, VHCB, VHFA, and VSHA) as well as partners who work on housing efforts but are not typically regarded as "housing organizations" such as the Agency of Human Services (for special needs housing, Weatherization and lead based paint) and the Department of Public Service (for housing code enforcement).

The state should continue to ensure the following thresholds are met for **100% of all** publically funded projects receiving limited subsidy resources:

- Projects must respond to proven market demand, evidenced by low vacancy rates, a need for a specific type of housing and other measures;
- Projects must prove an effective use of public funds;
- Projects must further fair housing; and
- Projects must agree to perpetual affordability.*

[*Projects relying primarily on amortizing debt should maintain a minimum of 30 years of affordability]

In addition, the following performance measurement goals are set for the established priorities:

Create and maintain affordable housing that aligns with community values and develop housing consistent with historic settlement patterns in Vermont

1. By 20XX, increase, preserve or enhance by XX% (from XX units to XX) the number of affordable housing units located in or adjacent to downtowns or village centers.
2. By 20XX increase or enhance the by XX% (from XX units to XX) the number of affordable units in growth centers and new neighborhoods that are consistent with Vermont's historic settlement pattern.
3. By 20XX, ensure XX% of all publically funded projects are community-originated. This could include burned out blocks, responding to acute local economic distress, or attempting to economically or socially integrate communities.
4. By 20XX, XX% of housing funded shall meet two or more State priorities
5. By 20XX, XX% of housing funded shall meet three or more State priorities

Maintain affordable housing stock that is affordable, safe and of good quality

1. Annually preserve XX% of the highest priority units as determined by the Preservation Council.[1]
2. Preserve X% of second tier priority projects as determined by the Preservation Council.[1]
3. By 20XX, improve the energy efficiency of X housing units (funded through Weatherization, Regional Greenhouse Gas Initiative and other energy efficiency funds).
4. Annually, ensure XX% of all publically subsidized housing units funded are for rehabilitation.
5. By 20XX, rehabilitate X homeownership units in need of such work.
6. By 20XX, bring XX additional units up to code because of public housing investment.
7. By 2014, increase the number of low or moderate income families receiving lead paint removal/remediation assistance to xx.
8. By 20XX, Vermont's Department of Public Safety or municipal officials will inspect X% of the state's rental units.

Meet the needs for affordable housing

1. By 20XX, incrementally increase the number of affordable rental housing units by XX.
2. By 20XX, incrementally increase the number of lower priced homeownership housing units by XX.
3. Supporting the state's homeownership market requires adequate stock at all price points, affordable interest rates, available and affordable mortgage insurance, infrastructure to support the units themselves, and available financing of mobile homes and condominiums. Many of these factors are out of the control of state agencies and policies, but should be supported by statewide agencies.
4. By 20XX, increase the number of perpetually affordable homeownership units by XX% to XX homes through development of a federal demonstration program.
5. Strive to keep the homeownership rate in Vermont above XX%.
6. Incrementally increase the number of pre-purchase homebuyer education and counseling to XX potential buyers.
7. Incrementally increase the number of foreclosure counseling and prevention sessions to XX households.

[1] *Vermont created a cross-agency Preservation Council as a part of its work on the MacArthur Foundation grant. This group has created a matrix to prioritize existing assisted housing projects to judge their impact on the state's housing stock if they were to not be preserved. For example, this takes into account if the project has rental assistance and places a higher priority on losing scarce deep subsidy funded by the federal government. It is most efficient to utilize this existing data set in an attempt to measure performance on preserving units.*

Successfully provide affordable housing for changing customer profiles

1. Preserve X% of existing publically subsidized units that have rental assistance.
2. By 20XX, incrementally increase the number of units with Section 8, Rural Development, Section 202 or Section 811 rental assistance by XX.
3. By 20XX, incrementally increase the number of transitional housing and/or permanent housing with service agreements and service funding by XX units.
4. Decrease the number of people who are homeless by XX by 20XX.
5. By 20XX, incrementally increase the number of accessible or universally designed units by XX.
6. By 20XX, XX% of publically funded rental projects will have service supports.

Effectively utilize resources

1. Sustain the proportion of housing units funded by federal resources at approximately XX% annually.
2. Sustain the proportion of federal housing funds spent on housing at approximately XX% annually.
3. Maintain statutory directed dedicated funding for Housing and Conservation (49.5% of transfer tax receipts).
4. Maintain Vermont's contribution to overall housing expenditures at XX% of sources reflected in "Housing Budget and Investment Plan."
5. Maintain Vermont's track record in attracting competitive federal resources (such as HUD 202/811, RD 515, VA, etc.)

Priorities & Results

1 – Meet the needs for affordable housing

By 20XX, reduce the waiting list for publicly subsidized rental affordable (costing 30% or less of annual income) housing by XX%, from XX to XX

- *Every housing project in Vermont (515 to date) has a separate waiting list. No one agency funds every housing project so no one agency would have the authority to request this information. If multiple agencies requested this information there would undoubtedly be overlap of projects and people. It also is impossible to separate out units that are deeply subsidized to 30% vs. those that are below market rate because that is not tracked by managers. Many waiting lists close periodically when they are too long and don't reflect an accurate measure of demand because housing projects may stop taking names of interested tenants. Finally, they are purged regularly to shorten the lists and keep them accurate so this data will be affected by when the last purge of the list was done.*

By 20XX, increase by __% (from XX to XX) the people whose income allows them to purchase a median-priced home in their County for no more than 30% of their annual income

- *Since this measure requires knowing the annual incomes of all home buyers in the state (to calculate how many are paying less than 30% of their income) this would be impossible to track since private lenders provide mortgages would never supply such sensitive information.*
- *If we used available Census data, that – at best – is a three year rolling average of historical results (5 years for 2 of VT's 14 counties) and so one can't compare data unless there is more than four or six years later. There are also huge error ranges with this data because it's based on such small sample sizes at the county level.*
- *During that time there would undoubtedly be fluctuations in home values, interest rates, and incomes, which would make such a measure less meaningful. Additionally, some households choose to spend more than 30% of their income early in their earning careers, knowing that there's potential for increased earnings in the future, while for others, paying 30% of their income for housing is too high a burden considering their health care and/or child care costs.*
- *In an effort to get at what we think the group intended, we suggested:* ***By 20XX, incrementally increase the number of lower priced homeownership housing units by XX****. And* ***By 20XX, increase the number of perpetually affordable homeownership units by XX% to XX homes through development of a federal demonstration program****.*

Maintain current (20XX) % of level of homeownership (X% of Vermonters who own their own home)

- *We are not positive that Vermont's current homeownership rate is sustainable, nor have we heard anyone discuss if it should be. VT already has the 8th highest homeownership rate in the nation. It spiked 1.5% from the year prior, and is 2.2%*

from the average over the decade, which was already at an all time high. How do we know that a spike like that is sustainable? Recent national market trends have shown us that an overly inflated homeownership rate is unsustainable and inadvisable.

- *At the same time, the state's homeownership rate can be a good measure of policies and programs, so we did include a modified version of this by saying:* ***Strive to keep the homeownership rate in Vermont above XX%.***

By 20XX, # of new affordable rental units provided per $1,000,000 of annual expenditure

- *Quantifying a goal of the number of units per million dollars could incent simplistic, poorly built housing developments in easier-to-develop locations. Vermont's stated priorities (and those confirmed by this process here) are instead to focus on households with additional housing barriers like special needs populations (who can be costlier to house), building in downtowns, elderly developments (which often come with service plans and elevators which can be costly) and high quality, energy efficient housing. Sometimes a higher upfront investment during a development's construction can create long-term savings to the project (especially in terms of energy savings).*
- *To get at the idea behind this point of increasing the efficiency of allocating limited resources, we propose adding a standalone priority of "****effectively utilize resources****."*

By 20XX, # of affordable rental units maintained per $1,000,000 of annual expenditure

- *See above.*

By 20XX, cost per rental square foot constructed will be $XX, compared to $XX in 20XX

- *See above.*

By 20XX, cost per square foot of residential units constructed will be $XX, compared to $XX in 20XX

- *Duplicative of above?*

By 20XX, maintenance/operation cost per rental square foot provided will be $XX, compared to $XX in 20XX

- *Maintaining housing will increase over time, for inflation if for no other reason. In addition to inflation there are unavoidable increased costs such as higher utility costs, increased contracts for maintenance contracts, higher expenses when additional services are needed (like a snowy winter requiring more plowing or a frosty spring that requires repaving). It would be unadvisable to require future housing projects to set aside a decreasing amount of funds for operations and maintenance; the state runs the risk of needing to step in and infuse additional resources if adequate reserves are not available.*

 # 2 – Successfully provide affordable housing for changing consumer profiles

By 20XX, populations with special needs will be provided appropriate affordable housing, as evidenced by:

- % of people with chronic and persistent mental illness, from XX to XX
    - *The Vermont Department of Mental Health does not know the total population of adults with serious and persistent mental illness. Their best estimate is based on a Federal Register notice from 1999 that they inflate using 2006 population estimates.*
    - *More importantly, it would break federal fair housing laws to require or even request that managers collect this information from tenants since it is illegal for managers to ask tenants.*
- % of frail elders who would otherwise need nursing home care, from XX to XX
    - *This is not a housing measure. The demographic and natural realities of aging tell us that many will need nursing home care, regardless of if those frail elders ever choose to move to a nursing home. There are no housing programs that can impact an elder's need for care.*
    - *If the intent is to increase the proportion of frail elders who need nursing home levels of care but instead reside in community based housing, according to the Department of Disabilities, Aging and Independent Living, there is no agreed upon definition of "frail elder" and the state does not have current estimates of this population nor staffing to calculate them. We have before, and are willing to again, provide a list of all subsidized projects to the Agency of Human Services if they would like to attempt to track this.*
- % of people being released from incarceration, from XX to XX
    - *Again, this is not a housing measure. The state's laws and criminal justice system and the number of people being incarcerated in the first place affect the proportion of people being released. Communities with an abundance of affordable public housing projects do not see a reduction in incarceration rates, in fact many see the opposite.*
    - *If the intent is to measure the number (or proportion) of ex-offenders living in assisted housing, according to the Vermont Department of Corrections, they do not, cannot, and don't foresee ever collecting that information. We are willing to provide DOC with a listing of all subsidized housing projects if they would like to track this. We anticipate DOC's confidentiality rules would prevent them from identifying to us everyone being released.*
- % of homeless, from XX to XX
    - *This is a measure that will be greatly impacted by social service funding trends, successful community care providers, and adequate resources such as rental assistance and affordable housing. That being said, it's a good measure of a successful housing policy and so it's included in the proposed measures.*
- % of youth aging out of foster care, from XX to XX
    - *This is not a housing measure but instead based solely on the number of youth in the foster care system in the first place, which has little to do with housing.*

- *If the intent is to measure youth aging out of foster care who move into assisted housing, the Vermont Department of Children and Families does not track if youth reside in assisted or subsidized housing units. We are willing to provide DCF with a listing of all subsidized housing projects if they would like to track this. We anticipate DCF's confidentiality rules would prevent them from identifying to us all youth aging out of foster care.*

#3 – Maintain affordable housing stock that is safe and in good quality

By 20XX, preserve XX% (XX of XX) publicly financed projects (xx units of xx units) in need of preservation

- *While this is a great measure, we felt like it should acknowledge that with the coming need for so many housing projects to need preservation, that it's more important to preserve some projects over others. That is why we utilized the tool created by the Preservation Council to prioritize these using several factors. The proposed measurement is instead:* ***Annually preserve XX% of the highest priority units as determined by the Preservation Council****. And* ***Preserve X% of second tier priority projects as determined by the Preservation Council****. And* ***Preserve X% of existing publically subsidized units that have rental assistance****.*

Maintain present level (xx units) of affordable housing stock (public investment)

- *This appears to be repetitive of the indicator above?*

By 20XX, rehabilitate XX% of substandard publicly financed affordable housing rental units in need of rehabilitation

- *While housing units may be "in need of rehabilitation," it's impossible to determine when they're in need of rehabilitation. A project may need only a little rehab work and may not be a priority for funding, but then over time as the project's needs increase, it eventually rises up the priority list to the point when it's considered for scarce funds. So to measure a percentage of all housing projects in need of rehabilitation would require (1) an agency to request this information from all projects (and no one agency funds all 515 housing projects in the state); and (2) a team to determine when a project is "in need of rehabilitation." We agree with the sentiment of this measure, so we proposed:* ***Annually, ensure XX% of all publically subsidized housing units funded are for rehabilitation****.*

 # 4 – Create and maintain affordable housing that aligns with community values and development *(consistent with historic settlement patterns in Vermont)*

By 20XX, increase by XX% (from xx units to xx units) the number of affordable housing units located in downtowns, growth centers and new neighborhoods

- *This is a good goal and was included in the revised draft.*

By 20XX, XX% of community-originated affordable housing proposals financed

- *This was a difficult performance measure to track since the definition of "community-originated" is vague, but it's a good goal so we included it with a proposed definition for "community-originated."*

By 20XX, XX% of financed projects that meet more than three state-identified housing objectives

- *This is a good goal and was included in the revised draft.*

By 20XX, XX of financed projects completed/occupied

- *100% of all financed projects become completed or occupied at some point, so this measure did not seem worth tracking.*

Appendix B

Summary Presentation of Program Assessments for Affordable Housing Programs of DEHCD, VHCB, VHFA, and VSHA

Department of Economic, Housing and Community Development *(Housing-Related Only)*

Program Name	Primary Customer	Result	Sample Result Measure(s)	Sample Output Measure(s)	Staffing Level (FTEs)	Financial Magnitude*	Funding Sources
Administration	DEHCD staff	Adequately perform their duties	Staff turnover rate	Number of staff supported	1.3	$249,768	Federal funds, state general fund
State Charitable Housing Investment Tax Credit	Eligible housing organizations	Raise money for the development of affordable housing	Percent of eligible organizations filing applications; percent of available funding allocated	Number of training sessions per year	0.1	$5,677	State general funds
Grants Management	Agency staffs and grantees	Compliance with federal and state requirements	Percent of agency audits without findings	Number of environmental reviews; number of Davis Bacon reviews	1.4	$134,407	Federal funds, state general fund
HUD Consolidated Plan	HUD, state organizations that receive HUD funding	Obtain federal funding for housing, environment, and economic development	Plan filed by deadline	Number of public hearings	0.4	$312,357	Federal funds, state general fund
Vermont Community Development Grants	Vermont municipalities	Develop or preserve affordable housing	Percent of housing grant applications submitted that are funded	Number of housing applications submitted	2.5	$5,406,641	Federal funds, state general fund
Mobile Home Parks	Mobile home park residents and owners	Decent affordable mobile home housing	Percent of meetings with nonprofits in attendance	Number of registration reviews conducted	0.6	$69,046	Federal funds, state general fund
Neighborhood Stabilization	Eligible organizations (municipalities, developers, state agencies)	Acquisition and redevelopment of foreclosed, blighted and abandoned properties	Meet or exceed set aside for individuals at 50% of area median income	Number of new affordable housing units created	0.6	$84,242**	Federal funds

**Operational and Program Expenses, 2009*

*** $9.4 million in grants awarded in 2009 and expressed as expended in 2010*

Vermont Housing Conservation Board *(affordable housing programs only)*

Program Name	Primary Customer	Result	Sample Result Measure(s)	Sample Output Measure(s)	Staffing Level (FTEs)	Financial Magnitude*	Funding Sources
Administration	VHCB staff, stakeholders, grantors	Meet goals/have information to make decisions	Successfully meet budget goals (no measure); develop programs and funding sources (no measure)	Number of funding awards supported; number of staff supported	3.4	$336,487	Federal funds, state funds
Energy Efficiency	Owners of affordable rental housing	Improved energy efficiency	Percent savings in utility costs	Number of units receiving energy-focused rehabilitations	0.5	$2,077,506**	Federal funds, RGGI
Housing Opportunities for People with AIDS (HOPWA)	Households with at least one person with HIV/AIDS	Housing stability, improved access to care and support	Percent of clients getting care according to case management plan	Number of households served	0.3	$400,000	Federal funds
Lead Hazard Reduction	Low income housing residents; general public	Mitigation of lead hazards	Administer HUD grant to maximize children protected & housing units made safe (no measure)	Number of units with lead hazard reductions completed	4.1	$2,150,000	Federal funds, state funds
Legal	VHCB Board and staff	Compliance with laws and regulations	Conduct business of VHCB in a manner consistent with applicable laws and regulations (no measure)	Number of real estate transactions with drafted legal documents completed	1.7	$173,092	State funds
Support for Non-profit Delivery System	Nonprofit housing and conservation organizations	Better fulfill their roles	Quality project applications received from representative geographic area	Number of technical assistance workshops provided	0.8	$1,221,133	State funds, federal funds
Multifamily Housing	People in need of affordable housing; local communities	Safe, healthy affordable housing	Number of permanently affordable multi-family units of housing created or preserved; number of projects funded that meet dual goals of housing and conservation	Number of housing units rehabilitated; number of housing units constructed/added	5.8	$8,937,184	State funds, federal funds
Single Family	People in need of affordable housing; people with disabilities in need of affordable housing	Purchased single family homes; accessibility modifications made to residences	Leveraged investment from non-governmental sources	Number of households receiving down payment assistance; number of households receiving accessibility modifications	1	$1,495,986	State funds

**Program Funding, FY2009*

***Funding for this Program was noted as being assigned to 2010.*

Vermont Housing Finance Administration

Program Name	Primary Customer	Result	Sample Result Measure(s)	Sample Output Measure(s)	Staffing Level (FTEs)	Financial Magnitude*	Funding Sources
Administration	Agency staff	Have the tools they need to perform their duties; employee development and satisfaction	Ratio of expenses to budget; employee satisfaction rate with Admin	Budget dollars administered; number of staff supported	8.1	$ 1,234,528	Interest Income, Miscellaneous Income, Transfers
Single Family Mortgage Financing	Low- to moderate-income homebuyers	Able to purchase and stay in homes	Loan volume; percent of borrowers earning less then median income	Number of loans purchased	9.5	$ 901,822	Tax exempt Bonds (Production from bonds), Federal New Issue Bond Program, Warehouse Line of Credit, Interest on Realtors Trust Accounts
Multifamily Housing Development	Housing developers	Create and preserve low-income housing	Percent of available tax credits deployed annually; percent of projects funded with perpetual affordability covenants	Loan volume per year	4.6	$ 53,646,724	Bonds; tax credits (state and federal), TCAP (stimulus funds)/Home; 1602 exchange program (stimulus funds), MacArthur/ Citizens, Agency Funds
Multifamily Housing Asset Management	Affordable Housing residents, owners and regulators	Financial viability maintained and affordability preserved	Number of foreclosures; permanent loan portfolio balance	Number of projects/units monitored	7.2	$ 627,667	Fees, Miscellaneous income, and Transfers
Capital Access	VHFA programs using bonds/other capital funds	Timely access to funds at lowest rates	Return on average assets; net income	Bonds issued	3.4	$ 612,173	Transfers
Housing Policy Analysis	VHFA and other agencies	Promote programs; external agencies work with VHFA to advance the mission	Percent of internal customers satisfied with information provided	Number of community presentations; number of research reports	2.2	$ 221,047	Transfers; fees for service
Neighborhood Stabilization: Home Acquisition and Rehabilitation Program (HARP)	Homebuyers	Create long-term affordable homes from foreclosed properties	Funds committed/% of available funds	Number of homes purchased; number of homes completed and sold	1.3	$ 7,510,971	Grants from HUD/DHCA, Program Income: Home Sales

**Operational and Program Budget Funds, FY2010*

Vermont State Housing Agency

Program Name	Primary Customer	Result	Sample Result Measure(s)	Sample Output Measure(s)	Staffing Level (FTEs)	Financial Magnitude*	Funding Sources
Non-Direct Administrative	VSHA employees	Meet program goals	Staff turnover rate	$$ volume in payments sent annually	15	$1,098,992	HUD; Fee income
Housing Development	Developers; eligible individuals/families	Creation of new decent, safe, affordable housing	Percent of applications that receive funding	Number of units renovated; number of units constructed	1.1	$79,483	Fee income
Property and Asset Management	Tenants and property owners	Safe and decent housing	Percent of charged rents collected each month	Number of multifamily properties managed	25	$551,442	Fee income
HUD McKinney Vento Homeless Assistance Program	Homeless individuals and families	Obtain and maintain housing	Percent of homeless (individuals and families) receiving services	Number of homeless individuals and families served	4.3	$1,332,796	HUD
Section 8 Contract Administration Program	Landlords; low income tenants	Preserve existing project-based housing	Percent of on-site performance reviews completed	Number of units; number of on-site performance reviews	2.4	$20,303,915	HUD
Section 8 Housing Choice Voucher Program	Low income tenants; landlords	Obtain and maintain a decent, safe, affordable rental or owned home	Percent of eligible applicants housed; percent of homeownserhip participants that become homeowners	Number of units leased; number of homeownership homeowners	21.4	$20,672,800	HUD

**Operational and Program Expenses, FY2009*

Appendix C

Program Assessments for Affordable Housing Programs of DEHCD, VHCB, VHFA, and VSHA

Appendix C-1

Program Assessments for Affordable Housing Programs of DEHCD

Dept of Economic, Housing & Community Dev't
Division of Housing
Program Assessment

Program

Program Name

Mobile Home Parks (MHP)Program

Program Services & Customer(s) for Services

- Registration reviews
- Registration verifications
- Data base maintenance
- Data base updates and files
- MHP Reports (i.e. to Legislature)
- Create lot rent form and set mediation threshold
- MHP lot rent increase reviews & approvals
- Lot rent database and files
- Letters of non-compliance
- Mediator training
- Mediation facilitation
- Mediator fee payments
- MHP sale notice reviews
- MHP closure notice reviews
- Park resident & non-profit org meetings)
- First Stop Grant
- Review quarterly First Stop grant reports and invoices
- Data and statistics (i.e. MHP sale data lists)
- Technical assistance
- Inquiry resolutions
- Referrals

Customers: MHP residents, MHP owners, property appraisers, attorneys, state and federal agencies, nonprofits

What is the intended result of the program?

The purpose of the Mobile Home Parks Program is to provide annual park registration, lot rent mediation, First Stop grant, sale and closure reviews, and information and to facilitate resident and non-profit organization meetings so that mobile home residents can access their rights and achieve decent affordable mobile home housing.

Performance Measures

Result(s)

1. % of meetings with non-profits in attendance'08_**100%**____ '09_**100%**____ '10_**100%_(thru 8/18/10)**___
2. % of MHP sales that result in non-profit ownership'08_**0%**____ '09_**0%**____ '10_**0%_thru 8/18/10)**___
3. % of park sale notices where resident meeting was held '08_**23%**____ '09_**14%**____'10_**20% (thru 8/18/10)**_____

Output(s)

1. # of registration reviews conducted'08 **245** '09 **244** '10 **51 (thru 8/18/10)**
2. # of lot rent increase reviews '08_**133**__ '09_**144**__ '10 **69 (thru 8/6/10)**
3. # of MHPs that increase rents '08_**133**____ '09_**144**____ '10_**69 (thru 8/6/10)**____
4. # of sale notice reviews conducted'08 **13** '09 **7** '10 **10 (thru 8/18/10)**
5. # of mediation sessions '08_**6**____ '09_**2**____ '10_**2 (thru 8/6/10)**____
6. # of sale meetings held with residents and non-profits'08_**3**____ '09_**1**____ '10_**2 (thru 8/6/10)**____
7. # of closure meetings held with residents and non-profits'08_**0**____ '09_**0**____ '10_**0**___

Program Staff

- Arthur 60%

Program Expenditures

'09

Personal services	$51,883
Operating	$13,020
Grants	$4,143
	$69,046

Dept of Economic, Housing & Community Dev't
Division of Housing
Program Assessment

Program	
Program Name	Administration
Program Services & Customer(s) for Services	Information Technology (IT) • Hardware installations and support • Software installation and support • Communications (phones, internet access) • Disaster recovery site management • Trainings • Website maintenance Legal • Contract reviews • HR Legal Issue Resolutions • Litigation management • Legal consultations Customers: employees
What is the intended result of the program?	The purpose of the Administration Program is to provide leadership and administrative support so DEHCD staff can have the tools they need to adequately perform their duties.
Performance Measures	***Result(s)*** 1. Staff turnover rate '08_43%_ '09_17%_ '10_0%_ ***Output(s)*** 1. # of staff supported '08__7__ '09__6__ '10__4__
Program Staff	• Tayt Brooks % housing __50%__ • Julie Kelliher % housing __35%__ • Kitty Sweet % housing _25%_ • Bill Noyes % housing _15%_
Program Expenditures	$'09__249,768___ '10___135,548____

Dept of Economic, Housing & Community Dev't
Program Assessment

Program	
Program Name	HUD Consolidated Plan
Program Services & Customer(s) for Services	• Timeline • Advisory group meetings • Draft Plan • Public hearings • Final Plan • Application forms and certifications Customers: state agencies, municipalities, nonprofits, Vermonters, HUD
What is the intended result of the program?	The purpose of the HUD Consolidated Plan Program is to secure citizen input and to provide coordination services to state agency staff in order to apply for federal formula funds for housing and community development from the U.S. Department of Housing and Urban Development so that Vermont can obtain funding and provide decent housing, assure a suitable living environment, and expand economic opportunities for Vermont's citizens.
Performance Measures	***Result(s)*** 1. Report filed on time 2. Receipt of federal funding for CDBG, HOME, and Emergency Shelter Grants (ESG). ***Output(s)*** 1. # of public hearings '08_2__ '09_2__ '10_2___
Program Staff	• Arthur 35% • Josh 5% • Ann 2%
Program Expenditures	'09 Personal Services $35,776 Operating $8,980 Grants $267,601 (HOME funds to VHCB) $312,357

Dept of Economic, Housing & Community Dev't
Division of Housing
Program Assessment

Program	
Program Name	Grants Management Program (CDBG, HOME, Neighborhood Stabilization Program (NSP), HUD Special Purpose Grants, and Tax Credit Assistance Program (TCAP))
Program Services & Customer(s) for Services	• Regulation review and written analyses • Environmental reviews • Environmental documentation reviews • On-site payroll compliance reviews (Davis-Bacon labor standards compliance) and reports • US Dept of Labor reports • Minority Business Enterprise reports • Electronic invoice reviews and approvals • Electronic cash requisition reviews • Electronic cash draw downs Customers: agency staff, VHCB staff, CDBG municipality applicants, CDBG municipality grantees; VHFA staff; Developers, Administrators, Consultants, Municipal attorneys, CPA's, Project/Partnership attorneys, and HUD Officials – Regional and Headquarters • Technical Assistance • New grantee trainings • On-site income certification reviews • IDIS reports • DRGR Quarterly reports • SF-272 Federal Financial Reports • Final reports • Consolidated Annual Performance Evaluation Report (CAPER) for HUD • Closeout Agreement Management for loans under closed grants • Review and analyze municipal single audit reports • Review and analyze Subrecipient/Project Partnership Audit reports
What is the intended result of the program?	The purpose of the Grants Management Program is to provide written analyses, compliance reviews, and cash management services to agency staffs and grantees so that they can be in compliance with Federal and State requirements, receive Federal funds, and complete affordable housing projects.
Performance Measures	***Result(s)*** 1. %of Agency audits without findings '08_100%_ '09_100%____ '10_100%____

Output(s)

1. # of environmental reviews '08_30____ '09_45____ '10__35___
2. # of Davis Bacon reviews '08_25____ '09_33____ '10_28____
3. # of HUD requisitions '08_96____ '09_110____ '10_145____
4. # of HUD draw downs quarterly'08_15__ '09_32____ '10_45____
5. # of new grantee trainings '08_6____ '09_6____ '10__12___
6. # of income certification reviews '08_15____ '09__15___ '10__23___
7. # of audit reviews '08 35; '09 32; '10 45 (with NSP)
8. # of onsite monitoring/unit inspections '08 15; '09 23; '10 32
9. # of Closeout Agreements report reviews '08 105; '09 108; '10 115
10. Program Income secured '08 $163,573.89; '09 $135,602.76 ; '10 $125,500

Program Staff

- Ann Kroll CDBG 25%; NSP 60 %; HOME 5%; HUD EDI_.5%;TCAP_.5% [82.5% housing]
- GRM (senior analyst) CDBG _22%; NSP _5%; HOME 10_%; HUD EDI_2%;TCAP_1% [27% housing]
- LD (specialist) CDBG 30 %; NSP 10__%; HOME_2_% [27% housing]

Program Expenditures

'08 $_104,061 housing $200,118 total
'09 $_134,407 housing $235,802 total
'10 $_97,576 housing $226,921 total

Dept of Economic, Housing & Community Dev't
Division of Housing
Program Assessment

Program	
Program Name	State Charitable Housing Investment Tax Credit (HITC) Program
Program Services & Customer(s) for Services	• Charitable threshold rate determinations • Application reviews • Application assistance • Tax credit certificates • Year end report reviews • Ongoing monitoring of available certificates • Trainings Customers: Eligible housing organizations/charities (8), Vermont Department of Taxes, individual taxpayer
What is the intended result of the program?	The purpose of the State Charitable Housing Investment Tax Credit program is to provide charitable threshold rate determinations, tax credit certificates, application assistance and state tax credit services to eligible housing organizations so that they can raise money for the development of affordable housing and to encourage other nonprofit housing agencies to become eligible.
Performance Measures	***Result(s)*** 1. % of eligible housing organizations that file applications annually '08_**12.5%**____ '09_**0%**____ '10_**0% (thru 8/6/10)**____ 2. % of $5M available that is allocated '08_**73%**____ '09_**66%**____ '10_**(not available)**____ 3. % of housing charity $ raised that is disbursed for affordable housing '08_**100%**_____'09_**100%**_____'10_**n/a**_____ ***Output(s)*** 1. # trainings per year '08_**0**____ '09_**1**____ '10_**0**____ 2. # of applications per year'08_**1**____ '09_**0**____ '10_**0 (thru 8/6/10)**____ 3. $ raised by housing charities each year '08_**$483,340**_____ '09 **$323,477**_____ '10 _**n/a**____
Program Staff	• Arthur 5.3% •
Program Expenditures	'09 Personal Services $4,539 Operating $1,138 $5,677

Dept of Economic, Housing & Community Dev't
Division of Housing
Program Assessment

Program	
Program Name	Neighborhood Stabilization Program
Program Services & Customer(s) for Services	• Workshops • Technical assistance (T.A.) consultations • Application assistance • Application reviews • T.A. discussions and application completions • Written analyses (to Board and ACC Secretary) • Presentations (to Board and ACC Secretary) Customers: Municipalities, housing developers, VHCB, VHFA, Homeownership Centers (HOC's) • Conditional award letters • Post award meetings and T.A. • Grant agreements • Loan Agreements, Mortgages • Subsidy Covenants • Tracking loan receivables (Program Income) • Electronic cash requisition receipt and reviews • Grantee/Borrower T.A. • Grantee/Borrower report reviews and approvals • Weekly, Monthly, Quarterly reporting to HUD regional office • Oversight monitoring • Final Report
What is the intended result of the program?	The purpose of Neighborhood Stabilization Program is to provide application information, technical assistance, and funding to municipalities, developers and state agencies so they can acquire and redevelop foreclosed, blighted and abandoned properties for eligible tenants and homeowners.
Performance Measures	***Result(s)*** 1. Have fully obligated $19.6M as of March 2010 and expended 48% of the funds, and met and exceeded the 25% set aside to benefit individuals at 50% AMI at 28.4%. ***Output(s)*** 1. # of foreclosed single family homes purchased '10 ___43___ 2. # of foreclosed single family homes renovated and resold '10 __4__ 3. # of multi-family units acquired '10 104_____ 4. Total # of new affordable rental housing units '10 _104____
Program Staff	• Ann Kroll 60%
Program Grant Awards	Total Grant Awards. '09 0 '10 $ $19M Total Grant Expenditures '10 $_9,396,607 __
Program Expenditures	Admin Expenditures '09 $84,242

Dept of Economic, Housing & Community Development
Division of Housing
Program Assessment

Program

Program Name	Vermont Community Development Grants Program
Program Services & Customer(s) for Services	• Workshops • Technical assistance (T.A.) consultations • Application assistance • Application reviews • T.A. discussions and application completions • Written analyses (to Board and ACC Secretary) • Presentations (to Board and ACC Secretary) • Conditional award letters • Post award meetings and T.A. • Grant agreements • Electronic cash requisition receipt and reviews • Grantee T.A. • Grantee report reviews and approvals • Final Report Customers: Municipalities, housing developers, tenants & homeowners
What is the intended result of the program?	The purpose of the Vermont Community Development Housing Grants Program is to provide Community Development Block Grant application information, technical assistance, and funding to municipalities so they can develop or preserve affordable housing units for eligible tenants and homeowners.
Performance Measures	***Result(s)*** 1. % of all applications started that are submitted '08_74%_ '09_76%_ '10_71%__ 2. % of housing grant applications started that are submitted '08_100%____ '09__90%___ '10__100%___ 3. % of all applications submitted that are funded '08_86%____ '09_77%____ '10__63%___ 4. % of housing grant applications submitted that are funded '08__67%___ '09__78%___ '10__58%___ 5. % of grants funded are successfully completed __90%____ 6. % of housing grants funded are successfully completed _98%___ ***Output(s)*** 1. # of applications started '08__39___ '09__41___ '10__56___ 2. # of housing applications started '08__9__ '09__10___ '10_ 12____ 3. # of applications submitted '08__29___ '09_ 31____ '10_ 40____ 4. # of housing applications submitted '08__9___ '09__9___ '10___12__ 5. # of award letters '08__25___ '09__24___ '10__25___ 6. # grant agreements '08__24__ '09__22___ '10__25___ 7. # of projects completed '08_31_ '09_36__ '10_23_ 8. # of beneficiary units funded (housing) '08_186_ '09_414_ '10_261_ 9. Average cost per Sq. ft @ application for rental housing grants ' 08 $224_ '09 $268_ '10 $192 10. Average cost per unit @ application for rental housing grants '08 $232,491 '09 $215,744 '10 $211,532 11. Average cost per unit @ application for homeownership assistance grants '08_N/A____ '09_$17,151___ '10_$18,331____
Program Staff	Average % of time on Housing Grants Program for 2008-2010 • Josh H 50%

- Cindy Blondin 50%
- EB 50%
- LR 50%
- CB 50%

Program Grant Awards

Total Grant Awards. '08 $4,978,998 '09 $8,995,833 '10 $8,928,813
Housing Grant Awards '08 $2,603,498 '09 $3,302,540 '10 $3,330,000

Program Expenditures

Admin expenditures and grant expenditures

Total Admin exp. '08 $421,974 '09 $589,350 '10 $453,078
Housing Program Admin exp. '08 $112,848 '09 $144,335 '10 $114,821

Total Grant Expenditures '08 $9,272,762 '09 $6,335,270 '10 $5,009,050
Housing Grant Expenditures '08 $_6,424,112_ '09 $5,406,641 '10 $3,702,466

Appendix C-2

Program Assessments for Affordable Housing Programs of VHCB

Vermont Housing and Conservation Board Program Assessment

Program	
Program Name	Administration Program
Program Services & Customer(s) for Services	Administration • Board and committee support • Human Resource services (policies, benefit services and contracts, compensation, placements, advertising) • Compensation analysis • Personnel management and administration • Public information (annual reports, pamphlets, response to requests for information) • Check disbursement request approval for both project & program expense, Finance • GASB 34 and A-133 Single Audits • Payroll • Budget • Program income and expenditure analysis • Financial reports • Quarterly financial • Statements • Financial support for all program managers • Benefits administration • Benefits compliance reports • Accounts Payable • Financials for Federal grant agreements • Organizational monitoring (performance partners) • Website • Physical plant maintenance, and building management • Grant agreements • Commitment letters • Database (perf info) • Staff supervision, coordination and support • Supply purchases • Performance partner organizational monitoring • Performance Partner technical assistance • Contracts for third party services • Staff trainings • Events planning and implementation • Representing Board in contacts with State administration, legislature, local governments, the press. community groups and Congressional outreach • Organizational planning • Program planning and resource development to enhance housing and conservation programs • Interagency Planning • Budget preparation • Developing new and additional programs and funding • Policy development

customers: employees of the organization

What is the intended result of the program?

The purpose of the Administration Program is:
To provide leadership, direction and support to the organization so it can meet their program and statutory goals.
To provide financial information and analysis to internal and external stakeholders so they can have the information they need to make decisions
Financial information to grant authorities so they can have the information they require and support services to agency staff so they can perform their duties

- Bank deposits
- Grantee financial report and audit reviews
- Quarterly, annual grant reports
- Capital asset schedules
- Loan portfolio
- Billing and collection (accounts receivable)
- IT purchases
- Budgets
- Accounting System
- IT management & support

Performance Measures

Result(s)

1. .Successfully meeting budget goals
2. Developing complementary programs and funding sources
3. Maintaining updated public information
4. Staff turnover **08** _**0**__ **09** _**1**__ **10**_**2**__ est.
5. audit reports with no findings **08** _100__ **09** 100___ **10** no yet done___ est.
6. % of monitoring reports receiving "commendable or outstanding" Federal response **08** 100___ **09**_100__ **10** 100___ est.
7. Quarterly HOME grant HUD ranking **08** ___ **09**___ **10** ___ est.
8. % of reporting deadlines met **08** 100_ **09**_100 **10** 100___ est.

Output(s)

1. # of funding awards supported **08** 105___ **09** 110_ **10**_115__ est.
2. # of staff supported **08** 27.5_ **09** 27___ **10**_25.75__
3. # of program evaluations completed **08** _2__ **09** _2__ **10**_2__ est.
4. # of IT requests filled 400/yr
5. # of press responses 30/yr
6.

Program Staff	• Gus Seeling 30___% • Larry Mires _40___% • Pam Boyd _20___% • Gretchen Calcagni (to be Marcy) 20% • Laurie Graves 100% • Kathy Barrows __60% • Kym Andrews/ John 70%	
Program Budget (FY)	Funding Sources	Funding
	Federal grant funds (through allocation plan)	**08** 39,218 **09**_39,218 **10** 145,688
	State funds	**08** 270,093 **09**_297,269 **10** 134,838
	Other funding grants	**08**___ **09**____ **10**_11,419

Vermont Housing and Conservation Board Program Assessment

Program	
Program Name	Energy Efficiency Program
Program Services & Customer(s) for Services	• Technical assistance (design options, energy screening protocols • Energy audits & screening • Project prioritization • Integration of energy sector partners and funding • Energy efficiency modification recommendations • Funding for modifications
What is the intended result of the program?	The purpose of the Energy Efficiency Program is to provide funding and technical assistance to affordable rental housing unit owners for rehabilitations that will improve energy efficiency, lower energy consumption and lower costs.
Performance Measures	***Result(s)*** 1.__% or greater savings on utility cost (goal is 25%, actuals: ____ ____ **10_no results yet**___ est add 11 ***Output(s)*** 1. # of units receiving energy focused rehabilitations ____ ____ **10_no results yet**___ estadd 11 2. # of sq. ft. of space receiving energy rehabilitation ____ ____ **10_no results yet**___ est add 11 3. # of jobs created ____ ____ **10_no results yet**___ est add 11 4. # of KWh of alternative energy installed ____ ____ **10_no results yet**___ est add11
Program Staff	• Craig Peltier 30% • **Polly Nichol**__5____% • **Kathleen Kanz**__5___% • **Willa Davidian**_5_____%
Program Budget (CY)	Funding Sources Funding ARRA - SEP ____ ____ **10_$**1,982,600___ RGGI ____ ____ **10_**$94,906___

Vermont Housing and Conservation Board Program Assessment

Program	
Program Name	Housing Opportunities for Persons with AIDS (HOPWA)
Program Services & Customer(s) for Services	• Tenant Based Rental Assistance (though a contract with VSHA) • Emergency Housing Assistance (aka STRMU - short term rent, mortgage, utility assistance) provided through the ASOs • Supportive services (case management provided through the regional AIDS Service Organizations)) • Customers: individuals and/or households with at least one member living with HIV/AIDS
What is the intended result of the program?	The purpose of the HOPWA Program is to provide housing assistance and supportive services to individuals and/or households with at least one member living with HIV/AIDS in order to help clients maintain housing stability, improve access to care and support, and reduce the risks of homelessness.
Performance Measures	***Result(s)*** 1. % of clients who had contact with a case manager/benefits counselor consistent with the schedule specified in client's individual service plan. **08** 99_ **09**_98 **10**_98 est 2. % of clients who have a housing plan for maintaining or establishing stable on-going housing **08**_99 **09**_100_ **10**_100_ est 3. % of clients with stable or temporarily stable housing outcomes at year end **08**_95_ **09**_94_ **10**_95 est ***Output(s)*** 1. # of households served **08**_195___ **09**_144_ **10**_144_ est
Program Staff	• Willa Davidian _15___% • Kathleen Kanz 15____% • •
Program Budget (HOPWA FY)	Funding Source — Amount HOPWA Grant — 08 $400K 09 $400K 10 $476,667

Vermont Housing and Conservation Board Program Assessment

Program		
Program Name	Lead Hazard Reduction Program	
Program Services & Customer(s) for Services	• Lead hazard reduction • Public education classes (mandatory training for rental property owners, day care center and others) • Public presentations on lead safety • Lead paint testing • Resident relocation plans • Property eligibility determinations • Prequalified lead abatement contractor list • Quality control monitoring • Standard inspection and hazard reduction protocols • Hazard assessment reports Customers: low income families with children Property owners General public	• Bid specifications (for abatements) • Contract document reviews • Contractor payments • Grant applications • Lead safety campaign (partner with Vermont Health Department) • Technical assistance services to property owners • Hazard reduction procedures average cost database
What is the intended result of the program?	Remove lead hazards from low-income housing and provide education and training to the general public to mitigate lead hazards in other structures.	

Performance Measures

Result(s)

1. Administer HUD Lead Hazard Control Grant in a way that maximizes the number of children protected and housing units made safe.
2. Provide assistance to mitigate lead paint hazards in the homes of children with elevated blood lead levels.
3. Increase the number of lead safe homes and apartments available for occupancy by low-income Vermont families.
4. Train contractors, property owners, maintenance personnel, child care providers, and others to work safely around lead paint.
5. Serve as a resource to enhance public awareness of lead paint safety and the specific legal requirements of Vermont's law and the EPA Renovation, Repair and Painting Rule.

1.

Output(s)

1. # of units with lead hazard reductions completed **08_105__ 09_146__ 10_95___** est.
2. # of government supported housing units with lead hazard reductions completed **08_55__ 09_101__ 10 __46**
3. # of children assisted **08_44__ 09_39__ 10 _45__** est
4. # of public education events **08_311__ 09_298__** 10 __300
5. # of persons trained 08_750__ 09_804___ 10 __866

Program Staff

- Ron Rupp 100%
- Marty Bonneau 100%
- Diane Mackay 100%
- Bob Zatzke 100%
- Kym Andrews 10%

Program Budget (CY)

	FY 2008	FY 2009	FY 2010
HUD	1,000,002	2,000,000	1,500,000
STATE		150,000	150,000

Vermont Housing and Conservation Board Program Assessment

Program	
Program Name	Legal Program
Program Services & Customer(s) for Services	• Real estate legal documents • Contracts, agreements and award reviews • Stewardship enforcement of covenants and conservation easements • Review federal law and regulations • Legal advice and opinions • Policy development • Board legal advice • Work with performance partners to conform legal documents to new federal program requirements or lender requirements Customers: Board, agency staff, performance partners, landowners
What is the intended result of the program?	The purpose of the Legal Program is to provide legal advice and services to the Agency Board and staff so they can have the information they need to comply with applicable laws and regulations.
20Performance Measures	***Result(s)*** 1. Conduct business of VHCB in a manner consistent with applicable law and regulations 2. Assist staff and Board in accurately interpreting ambiguities in law and regulation 3. Refined and amended legal documents to reflect new programs and policies ***Output(s)*** 1. # of real estate transactions with drafted legal documents completed **08**_227 **09** 210 **10**_220__ 2. # of grant agreements, awards reviewed **08** 100 **09**_110 **10**_100 3. # of legal issues/disputes addressed with staff in conservation stewardship, housing covenants or Board requests 08: 20 09:30 10: 50
Program Staff	• Jim Libby 80% • Elizabeth Egan 90%
Program Budget (CY)	Funding Sources State funds **10**_176,600 Funding **08**_169,200 **09**_173,092

Vermont Housing and Conservation Board Program Assessment

Program		
Program Name	Support for Non-profit Delivery System	
Program Services & Customer(s) for Services	• Technical assistance • Organizational Grants • Organizational development Customers: I non-profit housing and conservation organizations	• Workshops and conferences • Organizational development support, including Board development, succession planning, executive transitions • Operational awards • Support for systems and programs that facilitate more effective management • Assist with policy planning and fundraising • Assistance with financial and physical assessment of nonprofit-owned affordable housing • Consultant to assist with feasibility analysis of potential preservation projects • Assistance with analyzing financial operations and challenges and maintaining appropriate systems and reporting • Assisting conservation groups in appropriate stewardship activities for historic properties, fee-owned lands and conservation easements • Assisting delivery partners with developing alternative funding sources
What is the intended result of the program?	The purpose of the Program is to provide technical assistance and development support to local nonprofit housing and conservation organizations so they can better fulfill their role in providing affordable housing and land conservation in their community.	

Performance Measures	***Result(s)*** Quality project applications received from representative geographic area 08: 22 09: 24 10: 22 Property management and property stewardship in place at local level 100% ***Output(s)*** **1.** # of technical assistance workshops provided **08 _7__ 09 _6__ 10_10__** est **2.** # of site visits conducted **08 12___ 09 10___ 10_21__** est **3.** # of one-on-one technical assistance efforts 7 6 7 **4.**
Program Staff	• Polly Nichol • **Larry Mires 15%** • **Rick DeAngelis 10%** • **Karen Freeman 20%** • **Nancy Everhart 10%** • **Gus Seelig 5%** • **Polly Nichol 15%**
Program Budget (CY)	Funding Source Amount State funds **08**_1,103,218 **09**_1,044,960 **10** 747,051 Home Grant **08**_174,757__ **09**_176,173 **10**_171,223

Vermont Housing and Conservation Board Program Assessment

Program	
Program Name	Multifamily Housing Program
Program Services & Customer(s) for Services	• Funding for the acquisition and rehabilitation or new construction of multifamily rental property • Feasibility study grants • Site visits and/or inspection of existing structures • Grant eligibility determination • Grant application receipt and project underwriting • Review of market analyses • Economic viability analysis • Proposal alignment review with Consolidated Plan, VHCB board adopted priorities and enabling legislation • Project maintenance and operations expense projection reviews; development budget reviews • Property appraisal review • Proposal federal funding requirements review • Relocation plan review • Environmental and Section 106 reviews • Cost estimate review and comparison with development budget • Capital replacement and maintenance recommendations • • Coordination with other funders • Board memos and support to facilitate decision making • Review and feedback on architectural plans and specifications • Construction document reviews • Review of commitment letters and grant agreements • Review of documents in preparation for project closing • Requests for disbursement of funds • Grant record keeping and reporting • Federal program monitoring support • Grantee monitoring • File reviews for resident income eligibility • Periodic property inspections • Policy development • Grants for funding capital needs assessments for preservation projects • Tracking capital needs assessment status and replacement reserve levels • Working with property owners on asset management issues • Identification of new funding sources for multi-family housing and applications to such sources Customers: lower income households, local communities
What is the intended result of the program?	The purpose of the Multifamily Housing Program is to provide funding and stewardship related services so that low income households will have access to safe, healthy, affordable housing and local communities will benefit from community development solutions including new construction, acquisition and rehabilitation of multi-family apartment buildings as appropriate.

Performance Measures

Result(s)

1. # of permanently affordable units of multi-family housing created or preserved **08 619 09 364 10_554** est.***
2. # of projects funded that meet VHCB's dual goals of housing and conservation **08 14_ 09 5 10 8** est.***
3. # of projects located in downtowns, village centers or growth centers **08 18 09 11 10 14_** est.***
4. # of at-risk units preserved **08 257 09 228 10 367** est.***
5. % of projects that are service supported and/or serve special populations including but not limited to frail elders, people with chronic and persistent mental illness, homeless households, people being released from incarceration **08 33%_ 09 25% 10 33%** est.***
6. # of projects in which identified health or safety threats were corrected **08** 6 **09** 3 **10** 3
7. # projects funded in which there are additional community development impacts **08** 13 **09** 7 **10** 8
8. % of total units required to serve households with income below 50% median, 80% median, median **08** 26%, 40%, 4%, **09** 29%, 45%, 8% **10** 32%, 54%, 8%
9. # mobile home park lots preserved **08** 0, **09** 0, **10** 28
10. # Vermont Communities assisted **08** 18, **09** 13, **10** 15
11. % of projects that meet two or more VHCB priorities **08** 100%, **09** 100%, **10** 94%
12. % of projects that meet two or more HUD Consolidated Plan priorities **08** 96%, **09** 100%, **10** 100%

Output(s)

1. unable to do this now; could in future# of housing units acquired and rehabilitated **08 24_ 09 14 10 9**est
2. # housing units constructed (or added) **08**_348 **09**_176_ **10**_182__est
3. # housing units preserved **08**_274__ **09**_219__ **10**_409__est
4. # housing units with rental assistance preserved **08** 192, **09** 198, **10** 193
5. # housing units with rental assistance added **08** 86, **09** 40, **10** 111
6. Average other dollars leveraged per VHCB dollar awarded – see spreadsheet already submitted
7. Total average development cost per unit – see spreadsheet already submitted
8. Total average development cost per square foot – see spreadsheet already submitted
9. Total average construction cost per unit – see spreadsheet already submitted
10. Total average construction cost per square foot – see spreadsheet already submitted
11. Average development cost per unit new construction – see spreadsheet already submitted
12. Average development cost per unit rehabilitation – see spreadsheet already submitted
13. Average construction cost per unit new construction – see spreadsheet already submitted
14. Average construction cost per unit rehabilitation – see spreadsheet already submitted

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***measures contribute to Priorities and Results

Program Staff

- Polly Nichol 70__%
- Rick DeAngelis_70_%
- Willa Davidian 80__%
- Craig Peltier 70__%
- Ariane Kissam 50__%
- Kathleen Kanz 80__%
- Gus Seelig 30%
- Larry Mires 20%
- Pam Boyd 30%
- Kathy Barrows 20%
- Gretchen 25%
- Jim Libby 10%

Program Budget (SFY)

Funding sources: Property Transfer Tax **08** $6,214,002 **09** 5,570,464 **10_$**1,559,741__

Capital Construction Bill __ **10**_1,000,000__

HOME grant program **08** 3,180,237 **09** $3,166,720 **10_3,145,666__**

HUD Economic Development Initiative (EDI) **08**$ 1,000,000 **09** $2,000,000 **10**_4,143,140 **($1.835M is pass through funding for non-housing projects)**

Neighborhood Stabilization Program ___ **10_2,947,800__**

MacArthur Foundation **10 369,795**

Vermont Housing and Conservation Board Program Assessment

Program	
Program Name	Single Family Program
Program Services & Customer(s) for Services	• Track program awards and customers • Down payment Assistance for new and existing affordable* homes • Funds for land and construction for Habitat and vocational education program home construction • Closing cost assistance for low-income homebuyers • Rehab loans for low-income homeowners • Funds for accessibility modifications through the Home Access Program • Resale restrictions that create permanent affordability • Review of individual purchases, resales, and refinancing • Monitoring of stewardship of resale restricted homes • Review of grant applications from non-profit sponsors • Review of commitment letters and grant agreements • Review of documents in preparation for project closing • Review of requests for disbursement of funds for Home Access Program Customers: Low income households, potential homeowners, people with physical disabilities needing accessible housing, local communities *Affordable: A buyer's income eligibility is limited to 100% or less of median income, except for Habitat projects which are limited to 70% or less of median income.
What is the intended result of the program?	The purposes of the Single Family Program are to (1) provide funding through nonprofit intermediaries to assist low income households in purchasing permanently affordable homes and (2) provide funding to Habitat for Humanity and vocational education programs so they can acquire land and construct permanently affordable single family homes for sale to low income households (3) provide funding for the Home Access Program to make accessibility modifications in residences occupied by people with disabilities.
Performance Measures	***Result(s)*** 1. $ leveraged investment from non-governmental sources **08**_$9,376,620 **09** $7,273,133 **10 $2,606,625**_ est 2. additional subsidy generated through captured appreciation **08**_$604,075 **09**_$919,739 **10** $394,700 est

Output(s)

1. # of households receiving down payment assistance **08** 73 **09**_60 **10**_21 est
2. # of homes built by Habitat or vocational education programs **08**_3 **09** 6 **10**_4 est
3. # of resold units remaining affordable 08 21 09 36 10 14 est
4. # of households receiving accessibility modifications **08**_40__**09**_29__**10**_67__

Program Staff

- Polly Nichol 10_**%**
- Rick DeAngelis_**20%**
- Ariane Kissam 50**%**

Program Budget (SFY)

Funding sources:	Property Transfer Tax	**08** $1,643,140 **09**$1,495,986 **10** $295,527
	General Fund	**08**___ **09**___ **10_$1,000,000**__
	Dept. of Aging & Independent Living	**10 $100,000**____

Appendix C-3

Program Assessments for Affordable Housing Programs of VHFA

Vermont Housing Finance Agency
Program Assessment

Administration Program

Program Name	Administration

Program Services & Customer(s) for Services	Human Resources
	• Handle all personnel related matters
	• Manage all benefit related contracts and negotiations
	• Conduct an award winning health awareness program
	• Head agency wide fundraising campaign for United Way
	
	Responsible for facilities and office management (100+ yr old building)
	• Includes lease (on building next door)
	
	Information Technology (IT)
	• Hardware and software installations and support (including maintenance contracts)
	• Network design, implementation and support
	• Communications (phones, internet access)
	• Disaster recovery site management
	• Data warehouse development
	• Help Desk Management
	• User software Training
	• IT Project Management
	
	Administration
	• Board of Commissioner's administration
	• Budget Management
	• Executive Management team coordination/support
	• Office management, including:
	  o Reception
	  o Mail
	  o Supplies
	• Check and invoice tracking
	
	Finance
	• Investment portfolio management (getting best rates on funds (i.e. Guaranteed Investment Contract)
	• Cash management (fraud protection, risk analysis)
	• Financial accounting including maintaining over 60 ledgers in support of the Agency's programs and funds, including one for each bond issuance
	• Board financial reports and presentations
	• Interim quarterly financial statements
	• Year end audited financial statements
	• Vendor payments
	• Cash Receipts
	• Financial reports
	• Accounts Payable ledgers and reconciliations
	• General ledger reconciliations
	• Bank statement reconciliations
	• External Audit co-ordinations
	• Manage IRS audits
	• Accounting standards updates (GASB 31 and GASB 53)
	• A133 Single Audit for Federal Funds co-ordination
	• Budget document and analysis
	• Compliance Reporting
	• 3rd Party information requests (rating agencies, NCSHA, etc.)
	• Financial forecasts
	• 3rd party relationship management (rating agencies, financial partners, etc.)
	• Establish and enforce Agency financial policies and procedures
	• Process and staffing

reviews/recommendations

Customers: VHFA staff, Board, bondholders/investors, vendors

Legal
- Contract reviews
- HR Legal Issue Resolutions
- Litigation management
- Legal consultations

What is the intended result of the program?

The purpose of the Administration Program is to provide administrative and operational support so VHFA staff can have the tools they need to adequately perform their duties; and to create/maintain a culture that fosters employee personal development, pride in work accomplished and overall satisfaction with working at VHFA. The Administrative Program is also responsible for producing financial information to meet the needs of bondholders and investors, financing partners and government entities

Performance Measures

Result(s)

1. Ratio of actual operations expenses to budget

08 -2.0% 09 -7.7% 09-Revised Budget -6.4% * 10 -5.2% est.**

*Due to the economic downturn in 2009, the Agency revised it's budget mid year - including staff reductions and other operations cutbacks.

*FY2010 number is based on projected actual as actual numbers are not completed at this time

2. % of staff stating they are satisfied with administration services

08 N/Av 09 N/AV 10 N/AV est.

- Will look to create a survey and distribute to staff in the coming months.

3. Retention rate

08 95.3 % - exclusive of 1 eliminated position

09 97.4 % - exclusive of 3 eliminated positions

10 94.9 %

Output(s)

1. $ Operations expense budget amount administered

08 $4,541,517 09 $4,430,044 10 $3,939,162

2. # of staff supported

08 43 w/40.5 FTE 09 39 w/36.1 FTE 10 39 w/ 36.2 FTE

3. # of IT work orders responded

08 541 * 09 348 10 269 **

Work orders responded to only represent user requests and not system maintenance or large IT projects.

* FY2008 had high work orders due to two major software conversions.

** In FY2010 there were IT staff reductions of 11.4%, plus a change in help desk case management, which lowered the cases responded number.

4. # of sets of ledgers(funds) managed, including one for each bond issuance

08 _ 61___ 09__ _62___ 10 ___57_____ est.

5. # of trust accounts managed

08 _ NA ___ 09__ 198____ 10 __187_____ est.

6. # of cash accounts managed

08 _ 12___ 09__ 12____ 10 __16_____ est.

7. # of material weaknesses/significant deficiencies reported in annual audit:

08 __0__ 09 _0___ 10 _TBD___

Program Staff

- Sarah Carpenter 20%
- Dave Adams 10%
- Pat Loller 100%
- Martha Panton 100%
- Sylvia White 100%
- Rick Jean 80%
- Sherri Mullin 15%
- Chris MacAskill 95%
- Thomas Connors 10%
- Tim Gutchell 60%
- Scott Baker 30%
- Lisa Clark 55%
- Martha Fleming 20%
- Sue Joachim 45%
- Senior Staff Accountant 75%

- Michelle Packard 20%
- George Demas 10 %
- Renee Couture 10 %
- Kathy Cawley 15 %

Program Budget (FY)

Operating Budget

Expenses: $1,234,528

Income:

Interest income – investments: $7,500

Misc. income: $15,900

Transfers: $1,211,128

Vermont Housing Finance Agency
Program Assessment

Single Family Mortgage Financing Program

Program Name	Single Family Mortgage Financing
Program Services & Customer (s) for Services	• Single Family program development, implementation, operation and ongoing administration (including work with the GSE's, mortgage insurers and others) • Work with participating lenders for delivery of VHFA single family loan programs and loan servicing • Promote VHFA programs through lender outreach, training and marketing efforts • Work closely with Home Ownership Centers, lenders; and Realtors to provide homebuyer education • Website development, design and maintenance to provide information to homebuyers, lenders and the general public • Respond to consumer requests and referral to a NeighborWorks Home Ownership Center or a participating lender • Loan reviews and other program monitoring required ensuring compliance with program rules and regulations. Down-payment and closing cost assistance through bonds or IORTA funds • Pipeline monitoring and follow up with U.S. Bank on loan securitization/deliveries to GSEs Customers: Low to Moderate homebuyers – both potential and homeowners who currently have a VHFA Loan • Coordinate with and monitor loan servicing performance by Graystone Solutions and originating lender (loans prior to 5/2009 and U.S. Bank on loans originated after 5/1/2009) • Monthly review of delinquent loans • Lender consultations to recommend alternative action to cure a delinquency when appropriate • Portfolio preservation and loss mediation through Loan modifications (when feasible) short sales or pre-foreclosure sales • Referral to Neighborworks Home Ownership Center for delinquency intervention and budgeting assistance • Provide information and reports to rating agencies and maintain current ratings through portfolio and production management Finance • Accounting and loan servicing support to homeownership department and to participating lenders Legal

	• Contract reviews • Legal consultation • Litigation management Policy and Planning • Website design maintenance • Data capturing and reporting
What is the intended result of the program?	The purpose of the Single Family Mortgage Financing Program is to finance and promote homeownership opportunities for low and moderate income Vermonters, with a goal to enable income eligible homeowners to purchase homes and to stay in them.
Performance Measures	Homeownership program performance measures are based on production (i.e number of loans originated and purchased by VHFA) and portfolio performance management (delinquencies, foreclosures, and loan losses).

Result(s

	FY 2008	FY 2009	FY 2010
Volume of production (Millions) (includes loans and securities)	$124.1	$37.5	$15.0
Number of loans purchased	865	287	113
Percentage of VHFA borrowers earning less than median income	89%	90%	TBD
VHFA's market share as % of loans purchased within VHFA purchase price limits	18%	TBD	TBD
% of loans in portfolio that were in foreclosure on June 30 (whole loans only)	0.89%	0.90%	1.37%

All "TBD" can be retrieved at a later date.

Output(s)

	FY 2008	FY 2009	FY 2010
Whole loan portfolio balance on June 30 (in millions)	$532.7	$558.5	$464.7
Mortgage Backed Securities portfolio balance on June 30 (in millions)	$0	$ 0	$46.5
Number of loans in whole loan portfolio on June 30	5,547	5,632	4,662
Number of loans in MBS portfolio on June 30	0	0	523

Average VHFA delinquencies based on # of whole loans in portfolio	5.81%	6.44%	8.48%*
Single family loan losses (whole loans)	$166,087	$80,487	TBD
Number of homeowners assisted with IORTA funds	81	43	TBD

**Sharp increase due to securitization.*

Program Staff

	Percentage
• Pat Crady	100%
• Jacklyn Santerre	100%
• Erin Perrin	100%
• Veronica Devos	100%
• Polly Thibault	100%
• Carolyn Mossey	100%
• Pat Lafond	100%
• Kathy Cawley	85%
• Rick Jean	10%
• Sherri Mullin	50%
• Sue Joachim	55%
• Tim Gutchell	5%
• Martha Fleming	60%
• Scott Baker	10%
• Michelle Packard	10%
• Senior Staff Accountant	5%
• George Demas	10%
• Renee Couture	10%
• Dave Adams	20%
• Sarah Carpenter	10%
• Craig Bailey	10%
• Leslie Black-Plumeau	15%
• Maura Collins	5%

Program Budget (FY)

Operating Budget

Expenses: $849,822

Income:

Fees: $11,000

Misc: $3,500

Transfers: $835,322

Program Budget

Tax Exempt Bonds

08: $145.5 million 09: $50.0 million 10: $0

Note for FY 2011: VHFA has $100 million bonds in escrow with the Treasury under the Federal New Issue Bond Program. Available if used by 12-31-2010 which is unlikely.

Production is more accurate reflection of funds used from bonds issued above and is as follows:
08: $124.0 million 09: $ 37.5 million: 10: $15.0 million

Warehouse Line of Credit (Funds Available)
08: $0 09: $0 10: $20 million

IORTA
08: $98,368 09: $63,500 10: $52,000 est.

Vermont Housing Finance Agency
Program Assessment

Multifamily Housing Development Program

Program Name Multifamily Housing Development

Program Services & Customer(s) for Services

- Conduct initial interviews to assist housing developers with loan and tax credit project applications and program information
- Process, underwrite and close multifamily permanent and construction loans
- Underwrite loan and tax credit project proposals for financial feasibility and program compliance
- Develop, implement and maintain program policies & procedures for existing and new programs
- Deliver project presentations and recommendations to the VHFA Board of Commissioners
- Responsible for oversight and construction loan monitoring including review of scope of work, building design plans and specification.
- Evaluate and process loans to obtain HUD Risk Share (mortgage insurance)

Customers:
For-profit and not-for-profit housing developers and the consultants. Beneficiaries include contractors, vendors with the ultimate beneficiaries being Vermont's, low income renters.

- Update and maintain Qualified Allocation Plan to remain current with Federal Rules and Regulations, and consistency with State Housing Priorities
- Establish criteria for evaluation tax credit applications
- Administers Vermont State tax credit program including awards to projects
- Administers TCAP (federal economic stimulus) program including:
  - Project underwriting
  - Reporting to HUD
  - Monitoring
  - Technical assistance
- Administers 1602 tax credit exchange program (federal economic stimulus)
  - Project underwriting
  - Reporting to US Treasury
  - Monitoring
  - Technical assistance
- Provides research and reviews to VT Dept of Taxes to establish statewide capitalization rates annually.

Legal

- Prepare and close loan documentation.
- Contract reviews.
- Legal consultation.
- Litigation management.

What is the intended result of the program?	The purpose of the Multifamily Housing Development Program is to provide loans and tax credits to multifamily housing developers including for-profit and non-profit housing sponsors so they can create and preserve housing to low and moderate income Vermonters. Multifamily Development coordinates and assists Multifamily Management with portfolio asset management most notably on construction loans, and to facilitate preservation transactions that are initiated in Asset Management.

Result(s)

Meet the affordable housing needs of Vermonters consistent with State housing policies and priorities including:

1. Percent of available State and Federal Tax Credits deployed annually
   2008: 100% 2009: 100% 2010: 100%
2. Percent of MF Projects funded with perpetual affordability covenants
   2008_____ 2009_____ 2010 _____ (To be determined)
3. Percent of MF Projects funded with units targeted to households at or below 30% of Area Median Income
   2008_____ 2009_____ 2010 _____ (To be determined)
4. Percent of MF Projects funded in Designated downtowns, village centers, and new neighborhoods
   2008_____ 2009_____ 2010 _____ (To be determined)
5. Percent of MF Projects funded to provide for Special Needs Housing
   2008_____ 2009_____ 2010 _____ (To be determined)
6. Percent of MF Projects funded that meet other State Housing priorities as determined from time to time:
   2008_____ 2009_____ 2010 _____ (To be determined)

#s 2-6 above are measurements that we can report on within the next week or so, but this information has not been previously automated so we are working on tallying the results.

Output(s) (includes rental and homeownership figures)

1. VHFA Loan Volume Per Year
   - New Units 08: $47,770,538 09: $6,674,661 10: $13,700,723
   - Preservation Units 08: $38,458,880 09:$5,066,358 10: $39,567,788
   - Adaptive Re-Use 08: $5,379,041 09: $280,000 10: None in VT
   - Newly Assisted Units 08: n/a 09: n/a 10: n/a

2. Percent of Units Funded by VHFA vs All Units Funded*
   - New Units 08: 61% (328 units) 09: 91% (105 units) 10: 70% (52 units)
   - Preservation Units 08: 87% (518 units) 09:96% (225 units) 10: 100% (294 units)
   - Adaptive Re-Use 08: 100% (35 units) 09: 100% (29 units) 10: No units in VT
   - Newly Assisted Units 08: n/a 09: n/a 10: n/a

3. Percent of MF Projects Funded by VHFA vs All Projects Funded*
   - New Units 08: 93% (14 projects) 09: 83% (5 pjts) 10: 67% (2 pjts)
   - Preservation Units 08: 83% (24 pjts) 09: 71% (5 pjts) 10: 100% (10 pjts)
   - Adaptive Re-Use 08: 100% (2 pjts) 09: 100% (3 pjts) 10: No projects in VT
   - Newly Assisted Units 08: n/a 09: n/a 10: n/a

** All units/projects funded during a fiscal year will be impacted based on what year a project is counted in. It's possible VHFA may count x number of units were funded in FY08 based on the date the loan closed for VHFA, but VHCB may report y number of units were funded in FY08 because they're using their loan/grant closing date which may be different.*

Program Staff	**Percentage**
• Joe Erdelyi	100%
• Cindy Reid	100%
• Josh Slade	100%
• Sarah Carpenter	15%
• Dave Adams	20%
• George Demas	30%
• Renee Couture	40%
• Nina McDonnell	25%
• Tim Gutchell	25%
• Martha Fleming	5%
• Senior Staff Accountant	15%
• Maura Collins	5%
• Leslie Black-Plumeau	5%

- Craig Bailey 5%

Program Budget (FY)	**Operating Budget** Expenses: $546,724 Income: Fees: $302,250 Transfers: $244,474			
	Program Budget			
	Bond Funds	08 $31.4 mil	09 $10.2 mil	10 $25.6 mil
	Tax Credit Equity	08 $23.0 mil	09 $5.6 mil	10 $11.3 mil
	TCAP	08 $N/A	09 $N/A	10 $4.2 mil
	1602 Exchange	08 $N/A	09 $N/A	10 $11.7 mil
	MacArthur/Citizens	08 $N/A	09 $N/A	10 $0.3 mil
	Agency Funds	08 $1.1 mil	09 $.4 mil	10 $-0

Vermont Housing Finance Agency
Program Assessment

Capital Access Program

Program Name	Capital Access

Program Services & Customer(s) for Services	**Finance**
	Bonds
	• The majority of the Agency's funding is provided from the proceeds of sales of tax-exempt and taxable bonds and notes. The Finance Department partners with the Legal Department and the Bond Working Group (external financial partners, underwriters, counsels, etc.) over a 2-3 month period to structure, price and execute the sale of tax-exempt bonds
	• There are several variables in structuring a bond (production volume timing, negative arbitrage, maturities, etc.)
	• A critical step is the due diligence of structuring a bond deal is analyzing the size, structure and pricing of similar bonds that recently went to market.
	• Bond sales are executed through a "selling group" of bond investment
	• Finance provides Bond secondary market support on bonds (calls from bondholders)
	• Manage Private Activity Volume Cap
	• Compliance reports
	Lines of Credit
	• Another major source of funds for the Agency is Lines of credit through banks (TD Bank, Key Bank, Citizens)(used for general funds, construction loans, and multifamily loans). The various lines of credit typically renew annually or every two years
	New Federal Program
	• Issue bonds (escrow bonds)
	• New documents and reporting requirements related to the Department of Treasury's special program for state Housing Finance Agencies
	
	Legal
	Bonds
	• Draft legal documents, including:
	  o Resolutions for VHFA's Board of Commissioners to consider
	  o Bond indentures (single document which creates program)
	  o Series supplement documents
	  o Bond certificates
	  o Agreements
	  ▪ Trustee
	  ▪ Liquidity
	  ▪ Remarketing Agents
	  ▪ Underwriters
	  o Bond insurance contracts
	  o Legal opinions

	banks or private placement • Asset management is done through trustees (manage multiple reserve funds) • Loans are now pooled and securitized into Mortgage backed securities • Finance works with the Financial Advisor and the trustees to manage Bond debt service (payments, transfers, redemptions) • Bonds are restructured/refunded as necessary Customers: VHFA programs using bonds and other capital funds for mortgages and loans, bondholders	o Legal reports • Renegotiation of liquidity providers and other 3rd parties Role with lines of credit • Approvals • Compliance loan agreements • Sub-notes by project • Renegotiation as lines expire and are renewed Role with special funding (TCAP 1602) • Legal documents • Program requirements • Program compliance analysis Role with MacArthur Grant (Citizens Bank) • Negotiated documents • Legal opinions • Approvals • Program reporting Legal Consultation Litigation Management
What is the intended result of the program?	The purpose of the Capital Access Program is to provide bond and other capital funds so programs can have timely access to the funds at the lowest rates possible.	
Performance Measures	***Result(s)*** 1. Return on average assets 08 .25% 09 -.39% 10 .06% est 2. Net income/(loss) 08 $2.2 mil 09 $(3.4) mil 10 $500k est	

Output(s)

1. $ amount of bonds issued –Single Family ($millions)

08 _$187___ 09_$50_____ 10___$0____ est

2. $ amount of bonds issued –Multi-Family ($millions)

08 __$46.4__ 09__$9.3____ 10__$30.7_____ est

3. $ amount of additional capital funds raised ($millions) (available on lines of credit)

08 __$52.7__ 09_$43.8__ 10__$54.9__ est

4. # of bond or notes issued

08 _27__ 09___4___ 10__13_____ est

5. $ amount of outstanding debt managed – Single Family ($millions)

08 __$674__ 09___$590___ 10__$615.5_____ est

6. $ amount of outstanding debt managed – Multi Family and General Fund ($millions)

08 __$155.4__ 09__$148.7___ 10__$168.3___ est

Program Staff	**Finance**	**Percentage**
	• Thomas Connors	90%
	• Scott Baker	60%
	• Lisa Clark	45%
	• Michelle Packard	60%
	• Sarah Carpenter	20%
	• Dave Adams	5%
	• George Demas	25%
	• Renee Couture	20%
	• Sherri Mullin	15%
Program Budget (FY)	**Operating Budget** Expenses: $612,173 Income: Transfers: $612,173	

Vermont Housing Finance Agency
Program Assessment

Housing Policy Analysis Program

Program Name	Housing Policy Analysis

Program Services & Customer(s) for Services	• Created and maintains the HousingData.org website, which includes:
	  o Statewide community-level data
	  o Comprehensive Directory of Affordable Rental Housing
	  ▪ Vacancy listing of subsidized units
	  o Housing Needs Assessment Guide
	  o External data reports
	• Provides research and analysis
	  o To the state Legislature, advocates, state partners, grant writers, academics, housing professionals, and municipalities
	  o Produce topical written reports, including:
	  ▪ Annual Housing and Wages Report
	  ▪ Housing Issue Papers (5 to date)
	  ▪ Housing Needs Assessments
	  o Routine agency reporting:
	  ▪ Internal program reports, evaluations and measurements
	  ▪ Annual report
	  ▪ Business partner data requests (rating agencies, NCSHA, fed officials)
	• Specific Housing Policies
	  o Raise the importance and role of housing in other agencies' planning efforts
	  o Engage community and state partners in planning for and responding to
	• Housing Advocacy
	  o State and federal legislative liaison and affordable housing advocate
	  o Serve on (and sometimes chair) legislative committees (typically 2 per year)
	  o Guide communities in land use planning, housing regulations, and policies
	• Agency's public affairs
	  o Write and publish press releases
	  o Create an interactive social media presence
	  o Propose story ideas and serve as resource and source to media
	  o Create and maintain agency website, and business partner extranet
	• Community resource
	  o Provide analysis of federal programs and legislation to Congressional delegation and community partners
	  o Host only statewide housing conference
	  o Conduct presentations at schools, business groups, professional organizations furthering VHFA's mission and promoting VHFA programs
	  o Create and maintain websites for affordable housing partners
	  o Publicize new housing research and best practices
	  o Respond to external data requests

	homelessness and special needs housing o Promote specific housing policies to external customers such as permanent supportive housing, universal design and employer assisted housing Customers: Internal VHFA, VHFA's Board, Media, State Partners (AHS, DET, VHCB, DEHCD, VSHA), Advocates, Homeless Service Organizations, Municipalities, Realtors, Legislature, Home Ownership Centers, Business Community, Housing Developers, Researchers	• Strategic planning o Draft, maintain, and manage the Agency's strategic plan o Hold and facilitate annual Board strategic planning sessions o Coordinate the Agency's Risk Assessment Management efforts Legal o Monitor, review and comment on proposed legislation and regulations.
What is the intended result of the program?	The purpose of the Housing Policy Analysis program is to provide housing research, policy analysis, information referral, planning tools and technical assistance to promote the Agency's programs and to help external agencies work in partnership with VHFA to meet the Agency's mission.	
Performance Measures (FY)	***Result(s)*** 1. % of internal customers who state they are satisfied with the information provided 08: n/a 09: n/a 10: n/a est *Will include this in the future survey planned by the Administration Dept.* 2. % of expenditures generated by fees for services 08: 0% 09: n/a 10: 12% *There was no fee-for-service activity for this program before FY09, but in FY09 the agency combined two departments and therefore determining the program's budget for the year is difficult. Knowing that the total income from fees was $8,152 I estimate the percentage was less than 5%.*	

Output(s)

1. # of website visitors on vhfa.org
08: n/a* 09: 45,534 10: 46,577
* We changed web analysis firms mid-year 2008 and previous data isn't available.

2. # of website visitors on housingdata.org
08: n/a* 09: 21,467 10: 19,053
* We changed web analysis firms mid-year 2008 and previous data isn't available.

3. # of community presentations conducted
08: n/a 09: n/a 10: 7

4. # of participants at housing conference
06: n/a 08: 500 10: 500 est.

5. # research reports published
08: 5 09: 3 10: 3

6. # blog postings published
08: 61* 09: 257 10: 306
**Blog launched March 2008*

7. # of public comments submitted
08: n/a 09: n/a 10: n/a
* While we can begin to track this going forward, it will need to be done with some established procedures so that we are consistent. We can possibly report prior year activity once we've drafted procedures for what to include.

8. # of legislative issues followed (state and federal):
08: n/a 09: n/a 10: n/a
* While we can begin to track this going forward, it will need to be done with some established procedures so that we are consistent. We can possibly report prior year activity once we've drafted procedures for what to include.

Program Staff

	Percentage
• Sarah Carpenter	20%
• Dave Adams	10%
• Maura Collins	90%
• Leslie Black-Plumeau	75%
• Craig Bailey	80%
• George Demas	5%

Program Budget (FY)	**<u>Operating Budget</u>** Expenses: $221,047 Income: Fees for Service: $25,605 Transfers: $195,442

Vermont Housing Finance Agency
Program Assessment

Neighborhood Stabilization: Home Acquisition and Rehabilitation Program (HARP)

Program Name	Neighborhood Stabilization: Home Acquisition and Rehabilitation Program	
Program Services & Customer(s) for Services	• Seek out foreclosed homes from lenders and Realtors. • Perform initial screening to determine eligibility and appropriateness of home for the HARP Program • Work with the Home Ownership Centers to conduct due diligence, define scope of work and determine acquisition price and rehab estimates • Work with Realtors to negotiate purchase contracts and close to acquire homes • Work with Home Ownership Centers for contractor bids, construction oversight, and resale of homes. • Provide home buying subsidies either via a Shared Appreciation Land Trust Model or 0% 2nd mortgage model depending on market area acceptance Customers: HUD/State of VT DHECD, Contractors, Home Ownership Centers, Realtors, Homebuyers	• Sell HARP homes subject to affordability covenants to assure compliance with federal program requirements • Sales price analysis (less of appraised value or 90% of total acquisition costs, subsidies at $75,000/$50,000 not to exceed 50% of value) • Sell units to Home Ownership Centers (who immediately sell to identified buyer) • Meet the program intent and requirements of the Housing and Economic Recovery Act by committing all $7 million by September 30, 2010 • Meet program compliance and reporting requirements to the VT DHECD and to HUD Legal • Contract reviews • Legal consultation regarding compliance with grant requirements • Litigation management

What is the intended result of the program?

The purpose of the Neighborhood Stabilization: Home Acquisition and Rehabilitation Program is to provide acquisition, rehabilitation and the resale of foreclosed single family housing to employ contractors in the housing trades; provide economic benefits to the State of Vermont; restore blighted properties to safe, decent, energy efficient and marketable standards; stabilize and improve neighborhoods; and provide long-term affordable homes to homebuyers of Vermont.

Performance Measures

Result(s)

	FY 2008	FY 2009	FY 2010
Funds committed	N/A	N/A	$ 7,472,869
Program income generated	N/A	N/A	$ 408,700

	FY 2008	FY 2009	FY 2010
Number of homes purchased	N/A	N/A	30
Number of homes under construction	N/A	N/A	34
Number of homes completed and sold	N/A	N/A	4
Average household income as % of AMI for homes sold	N/A	N/A	TBD
Number of contractors employed	N/A	N/A	TBD

Program Staff

	Percentage
• Dave Adams	15%
• Lori Gilding	100%
• George Demas	5%
• Sherri Mullin	10%
• Chris MacAskill	5%

Program Budget (FY)

Operating Budget

Expenses: $102,271

Income:

Fees: $100,000

Transfers: $2,271

Program Budget

Funding Source	Funding		
Grant from HUD/Department of Housing and Community Affairs(DHCA)	08 $ N/A	09 N/A	10 $7.0 mil.
Program Income:			
Home Sales	08 $ N/A	09 0.0	10 $408,700

Vermont Housing Finance Agency
Program Assessment

Multifamily Housing Asset Management		
Program Name	Multifamily Housing Asset Management (includes Loan Servicing, Portfolio Performance Management, HUD Contract Administration, Tax Credit Compliance Monitoring & Preservation)	
Program Services & Customer(s) for Services	• Multifamily Asset Management Officers perform tax credit compliance monitoring required under Section 42 (IRS) Code • Review annual Owner Certification and Project Status reports • Tenant file reviews and verify tenant eligibility • Verify tenant income/rent level compliance • File IRS violation reports including safety violations/tenant income requirements • Conduct project inspections annually to monitor physical condition and status of capital needs • Review and approve withdrawals from projects' restricted reserve accounts • Risk assessment – identify project needs and capital improvements required and determine resources available and workout strategy • Monitor loan/project status as part of agency risk management. Includes maintenance and oversight of MF Watch List and development of troubled project workouts • Manage MF portfolio performance to maintain agency credit ratings and bondholders expectations. • Work in concert with bond	• Maintain/update Directory of affordable rental housing • Administer Act 68 and 75 requirements for & with Vermont Tax Department • Monitor and track project operating expense to establish and maintain benchmarks • Approve project operating budgets and monitoring of financial reports • Review property audited financial statements for regulatory/program compliance • Provide technical assistance to property owners and managers and appraisers • Provide resident service coordination support to VT Resident Service Coordinators and New England Resident Service Coordinators) • Review/update appraisal standards • Monitor/update property insurance coverage/requirements • Review Fair Housing/Civil Rights compliance • Provide resident service coordinator certifications • Approve resident service plans • Participate in Loan review committee decisions. Provide rental assistance payments (TRACS) • Process rent/utility allowance increases

	working group to provide data necessary for bond documents and bond structure • Bond rating agency request responses • Work with project owners to facilitate financial restructurings (in concert with MF Development), encourage preservation agreements, in exchange for favorable financing terms, to ensure long-term financial feasibility, and to capitalize building improvements • Work with project owners to facilitate transfer of ownership with preservation agreements or subsidy covenants that result in preservation of units in the affordable housing inventory Customers: HUD, IRS, Tenants in all VHFA monitored projects, Owner/Managers, Bond Holders	• Process HAP Contract renewals • HAP Contract compliance • Housing project needs analysis (renovations such as energy efficiency/fiscal restructuring) • Conduct HUD Management & Occupancy Reviews (MORs) • Participate in statewide Preservation Council: strategy, outreach, analysis and restructuring. Underwriting assumption reviews for new projects • Participate in statewide energy funding programs by conducting web-based surveys and as member of VT Fuel Efficiency Partnership Governing Board Legal • Contract reviews • Legal consultation • Litigation management
What is the intended result of the program?	The purpose of the Multifamily Housing Asset Management Program is to provide compliance monitoring and project oversight for all loans and program responsibilities so that the asset value is maintained, projects continue to be financially viable and the affordability for all tenants is preserved. To manage the multifamily loan portfolio to minimize risk to the Agency, while preserving and increasing the Agency portfolio, and the affordable rental housing inventory.	
Performance Measures	***Result(s)*** 1. Number of Foreclosures 08 1 09 1 10 1 est 2. Permanent loan portfolio balance 08: $132.3 million 09: $146.4 million 10: $144.3 million 4: Loan losses 08: $346,093 09: $3,600 10: TBD	

Output(s)

1. Total Number of Projects / Units Monitored (All Programs)
   08 265 / 7317 09 276 / 7513 10 280 / 7555

2. Number of affordable housing loans / Units monitored:
   08 139 / 4762 09 138 / 4766 10 134 / 4585 est.

3. Number of housing projects / units under VHFA HAP Contract Administration:
   08 73 / 2194 09 75 / 2130 10 74 / 2114 est.

4. Number of Tax Credit Projects / Units Monitored
   08 189 / 3985 09 196 / 4262 10 203 / 4449 est.

5. Number of Project/Units under Preservation Agreements
   08 73 / 2356 09 73 / 2356 10 74 / 2368 est.

Program Staff

	Percentage
• Sam Falzone	100%
• Kim Roy	100%
• Nina McDonnell	75%
• Ann-Marie Plank	100%
• Kathy Curley	100%
• Erin Philbrick	100%
• Sarah Carpenter	15%
• Dave Adams	20%
• Rick Jean	10%
• Sherri Mullin	10%
• Tim Gutchell	10%
• Martha Fleming	15%
• Michelle Packard	10%
• Staff Accountant	5%
• Maura Collins	5%
• Leslie Black-Plumeau	5%
• Craig Bailey	5%
• George Demas	15%
• Renee Couture	20%

Program Budget (FY)

Operating Budget

Expenses: $627,667

Income:

Fees: $395,240

Misc.: $45,952

Transfers: $186,475

Program Budget

Funding Source **Funding**

No Programs Requiring Funding beyond operating expenses are

applicable to Asset Management. Loans are funded in MF Development. Interest income shown above is generated as a result of multifamily loans produced and tax credits awarded by the Agency.

Appendix C-4

Program Assessments for Affordable Housing Programs of VSHA

Vermont State Housing Authority
Program Assessment

Program	
Program Name	Housing Development Program
Program Services & Customer(s) for Services	• Affordable housing project identification • Feasibility reviews • Presentations and Informational meetings • Completed applications • Funding Administration • Project Management/Coordination Customers: Development partners, tenants
What is the intended result of the program?	The purpose of Housing Development Program is to provide consultations, project analysis, and completed applications for financing to development partners and local or statewide financing agencies and banks to purchase, develop or restore multi unit complexes or mobile home parks so that eligible individuals and families can have a decent, safe, affordable home. (Strong focus is placed on infrastructure improvements, health and safety, livability, energy efficiency, and handicap accessibility.)
Performance Measures	***Result(s)*** 1. % of applications that receive funding '08_75%__ '09__100%___ '10_2 applications just submitted ***Output(s)*** 1. # of units renovated '08_____ '09_20____ '10_30____ 2. # of units constructed '08_____ '09_16____ '10 10_____
Program Staff	• Richard Williams _5-7__% • Krister Adams, Housing Development Specialist 100% •
Program Budget (CY)	Expenditures $79,483 (2009) $81,061 (2008)

Vermont State Housing Authority
Program Assessment

Program	
Program Name	HUD McKinney Vento Homeless Assistance Program
Program Services & Customer(s) for Services	Shelter + Care • Grants administration • Annual application submission • Annual 'point in time' homeless count • Housing vouchers • Sponsor (community organization) service compliance reviews • Technical assistance and training Supportive Housing • Grants • Direct services and case management • Sponsor (community organization) service compliance reviews • Technical assistance Customer: chronically homeless and disabled individuals and families; HUD; landlords who benefit from HAP. HOPWA (subgrantee of VHCB) • Eligibility assessments • Housing Vouchers • HQS (housing quality standards) inspections • Completed applications • Annual income recertifications • Rent reasonableness determinations • Housing assistance payments • Reports (to VHCB) Customer: individuals and families with AIDS; VHCB (grantee) and private landlords – who benefit from the HAP
What is the intended result of the program?	The purpose of the HUD McKinney Vento Homeless Assistance Program is to provide housing assistance and direct services to homeless individuals and families and technical assistance to sponsors so that homeless individuals and families can receive supports needed to obtain and maintain housing. (HOPWA provides rental assistance to lower income individuals and families living with AIDs. These applicants are not necessarily homeless)
Performance Measures	***Result(s)*** 1. % homeless individuals receiving services '08_76%_ '09_78%____ '10__77%___ 2. % homeless families receiving services '08_24%____ '09_22%____ '10_23%____ 3. % of previously homeless individuals receiving services that are housed '08___71%__ '09__77%___ '10__76%___ 4. % of previously homeless families receiving services that are housed '08_29%____ '09_23%____ '10__24%___

Output(s)

1. # homeless individuals served '08__429___ '09 444__ '10__516___
2. # homeless families served '08_137____ '09__128___ '10_158____

Program Staff

- Kathleen Berk, Director _10-15___%
- Daniel Blankenship, Grants Administrator 100%
- Cliff Bergh, Director, Field Services – 15%
- Field Representatives – 15%
  Paul Butler, Pamela Christie, Zeke Cyr, Katherine Hoffer, Jane Dougherty, Jean Saysani, Carter Zenlea, Maureen Sargent, Cheryl Premont, Theresa Lee
- Jenny Hyslop, Coordinator, Housing Program Services – 15%
- Intake Specialists – 15%
  Bethany Lunn, Elizabeth Cookson
- Kathleen Coburn, Client Services Coordinator – 15%
- Client Services Technicians – 15%
  Barbara Beyor, Heather West, Darcy Goodale, Letitia Tardie, Linda Usle, Patricia Hutchins

Program Budget (CY)

Funding Sources: HUD
Expenditures
2009 $ 644,915 Shelter + Care; $687,881 Supportive Hsng
2008 $ 622,999 Shelter + Care; $ 607,185 Supportive Hsng

Vermont State Housing Authority
Program Assessment

Program	
Program Name	Non-Direct Administrative Program
Program Services & Customer(s) for Services	HR and Admin • Fair Housing complaint investigations and determinations Administration • Phone consultations and referrals (to staff &various agencies; provide general program information) • Notarized applicant & client documents • Portability coordination, reports & forms • Applicants & clients hearings • Generate & mail monthly reexam packets to clients • Mail information materials to clients & applicants; mail monthly HAP payments to landlords Human Resources • Negotiates, purchases & administers employee benefits (health/dental; flexible spending plans; employee assistance program; retirement; wellness; Long term care) • Leave time forms & information • Job descriptions; position/salary classifications (at hire, revisions) • Human Resource Policies & procedures • Workers' Comp Claims & referrals • Unemployment Claims • Reasonable accommodations • Worksite assessments • Recruitment, employee orientations & exit interviews • Performance Evaluation directions • Collective bargaining negotiations &liason with union • Compliance with federal & state laws &required reporting Finance and Info Systems • Rental receipt validations • Rent receipt • Bank deposits • Reports (to property managers) • Payments ➢ Vendor (e.g. snow plowing) ➢ Housing Assistance (HAP) ➢ URP's (utility reimbursement payments) • Family Self Sufficiency escrow transfers • Paychecks • HUD requisitions • HUD Budgets • VSHA Budget • Planned and ad hoc internal and external reports • Tenant certifications (year end report on rent paid) • Collections of delinquent (rent owed) accounts • Delinquent account certifications (to Tax Dept's off-set program) • Collections of fraudulent payments (voluntarily or after Inspector General finding) • Maintenance of Delinquency Data Base (data from VSHA and local hsng authorities) • 1099 and W 2 statements • Audit preparation • Network Administration • Computer services and trainings (hardware, software, email, internet) • Data storage and protection • Technical Assistance • Website maintenance

	Customers: employees; tenants; landlords
What is the intended result of the program?	The purpose of the Non-Direct Administrative Program is to provide information and support to VSHA employees and program tenants so employees can meet their program goals and tenants can obtain and maintain housing.
Performance Measures	***Result(s)*** 1. Staff turnover rate '08_10%___ '09___13%__ '10_7%___ 2. $ submitted via Tax Set Off Program '07 $557,523 '08 $643,485 '09 $648,343 3. $ received via Tax Set Off Program '07 $66,648 '08 $83,340 '09 $75,637
	Output(s) 1. # staff employed at VSHA for 15 years or more'08_19____ '09_19____ '10_19____ 2. Total payments sent annually '08 55,000 '09 57,000 '10 60,000 (est) Total receipts annually '08 26,000 '09 27,500 '10 29,000 (est)
Program Staff	HR and Administration Arlene Shorten-Goodrich, Director James Gallagher, Administrative Assistant/Office Services Coordinator Deborah Hickory, Administrative Assistant (10% to above administration and 90% to Property and Asset Management functions) Olga Mustafic, Administrative Assistant/Housing Program Technician (80% to above administration and 20% to Contract Administration functions) Betsy Shapiro, Office Assistant Finance and Information Systems Thomas Peterson, Director Kelly Pembroke,Assistant Director, Finance & Information Systems Ann Blanchard, Accountant Lindsay White, Accountant Kathleen Kemp, Accountant Maddalena DeVito, Accountant George May, Accountant Lauri Arsenault, Accountant
Program Budget (CY)	Expenditures $1,098,992 (2009) $1,049,635 (2008)

Vermont State Housing Authority
Program Assessment

Program	
Program Name	Property and Asset Management Program
Program Services & Customer(s) for Services	*Property Management – Multi Family Properties (can be project based vouchers) --* • Housing counseling • Application assistance • Placement letters • Informational updates (waiting list, eligibility status, application status, notification of vacancy, notification of disposition if denial or removal • Finalized applications • Lease up meetings • Monthly Rent Collections • Lease enforcement activities • 24/7 property maintenance • Annual recertifications • Service coordination • Move out meetings *Property Management- Mobile Home parks (no rental assistance)* • Housing Counseling (What is for sale? Any vacant lots?) • Referrals to other parks • Application assistance • Finalized applications • Lease up information (rules, security deposit,1st mo rent, bill of sale of home) • Monthly lot rental collections • Lease enforcement activities • 24/7 property maintenance • Water service operations • Waste water service operations • Snow removal, trash removal, lawn care • Tenant advocacy services • Community building services • Service coordination • Move out meetings (close out of tenancy)	*Asset Management* • Development Design Reviews • Scope of work consultations (what owner will do with physical property) • Budget estimates and reviews • Funding commitment reviews • Scope of services review (what VSHA will do as prop mgr) • Relocation Plans • Project mgmt services • Completed Documents (for closing) • Lease up/marketing plans • Open House sessions *Asset Management after property occupied* • Operating budgets • Reports (mo, Q, annual) • Capital Needs assessment • Capital Plan • Housing Assistance Payments (contract renewals for Section 8 NC/SR) • Financial Management Services (debt, receivables) • Property assessment appeals Customers: applicants, tenants/lease holders, property owners

What is the intended result of the program?	The purpose of the Property and Asset Management Program is to provide application and lease up assistance, property maintenance services, and asset development and maintenance services to tenants and property owners so that tenants can reside in safe and decent housing.
Performance Measures	***Result(s)*** 1. % of charged rents collected each month(multi family)'08 __94__ '09 __95__ '10 __95__ 2. % of charged rents collect each month (MHPs) '08 __91__ '09 __92__ '10 __92__ ***Output(s)*** 1. # multi family properties managed '08 __24->25__ '09 __25__ '10 __25__ 2. # mobile home park properties managed '08 __18__ '09 __18__ '10 __18->17__ 3. Total # of properties asset managed '08 __42->43__ '09 __43__ '10 __43->42__
Program Staff	• Susan Kuegel, Director • Service Coordinators – Elizabeth Tabor, Penny Pike (16 hours = 40%) • Site Managers – Edna Morrie, Jack Howard, Fran White, Susan Batchelder, Helen Eldred • Site Technicians – Lisa Moreno, Penny Pike (24 hours = 60%) • Site Specialists – Jane Paronto, Nichole Ariste • Mobile Home Park Managers, Thomas Young, Doreen Phillips • Mobile Home Park Specialist – Malinda Moser • Property Superinendents – Andrew Jette, Richard Timmerman, Allen Perkins, Richard Putney, Timmy Lanctot, Vincent Williams, Richard Pearson, Brent Adkins, Wayne Grube • Maintenance Infrastructure Manager – Michael Hall • On site service personnel
Program Budget (CY)	Expenditures $551,442 (2009 salaries) $499,403 (2008 salaries)

Vermont State Housing Authority
Program Assessment

Program	
Program Name	Section 8 Housing Choice Voucher Program Section 8 Moderate Rehabilitation Program
Program Services & Customer(s) for Services	• Phone consultations • Application information • Eligibility assessments • Completed applications • In-home interview/voucher program briefings • Voucher delivery • Voucher briefings (education session) • Housing advocacy/problem resolution • Housing retention advocacy • HQS (housing quality standards) inspections • Rent reasonableness determinations • Payment standard determinations • Housing Assistance Payments (rent) • Loans (for accessibility modifications ENABLE) • Annual income recertifications • Interim income recertifications • Enterprise Income Verifications EIVs • Data Matches • Individual Assessments • Self Sufficiency Plans • Case Management Services • Savings/escrow Accounts • Referrals to Homeownership Centers • Home Ownership affordability determinations • Mortgage assistance payments • Commitments of project based subsidies • Relocation Housing Search • 50058 Tenant certifications Customers: Low and very low income applicants and tenants (including homeless, veterans, elderly, disabled and families); Landlords; HUD
What is the intended result of the program?	The purpose of the Section 8 Housing Choice Voucher Program is to provide application assistance, tenant advocacy, and services to eligible individuals and families and housing assistance payments and services to landlords so that eligible individuals and families can obtain and maintain a decent, safe, affordable rental or owned home.

Performance Measures

Result(s)

1. % of HUD contracted units leased up yearly '08_100%__ '09_98%____ '10_98%____
2. % of eligible applicants housed '08_50-75%___ '09_50-75%____ '10__75%___
3. % of homeownership participants that become homeowners '08_19%____ '09_8%____ '10__35%___
4. % of self sufficiency graduates with escrow accounts '08_100%____ '09_100%____ '10_100%____]

Output(s)

1. # of applications processed '08 wait list closed '09 600 (opened 10/1/09) '10 3000
2. # of units leased (families housed) '08_3101____ '09_3145____ '10_3375____
3. # of homeownership homeowners '08____64_ '09__67___ '10__71___
4. # of self sufficiency plans '08_120____ '09__106___ '10_169____
5. # tenants provided relocation search '08_0___ '09 __ 74__ '10__8___
6. # of homes modified (ENABLE) '09 1 '10 1

Program Staff

- Kathleen Berk, Director __50-60___%
- Cliff Bergh, Director, Field Services - 85%
- Field Representatives – 85%
  Paul Butler, Pamela Christie, Zeke Cyr, Katherine Hoffer, Jane Dougherty, Jean Saysani, Carter Zenlea, Maureen Sargent, Cheryl Premont, Theresa Lee
- Jenny Hyslop, Coordinator, Housing Program Services – 85%
- Intake Specialists – 85%
  Bethany Lunn, Elizabeth Cookson
- Kathleen Coburn, Client Services Coordinator – 85%
- Client Services Technicians – 85%
  Barbara Beyor, Heather West, Darcy Goodale, Letitia Tardie, Linda Usle, Patricia Hutchins
- Self-Sufficiency Case Managers – 100%
  Garrath Higgins, Telma Patterson, Denise Beasley

Program Budget (CY)

Funding Sources: HUD

Expenditures:

	Admin	Housing Ass't Payment (HAP)
2009 $20,672,800	$2,954,991	$17,998,553
2008 $20,846,435	$2,820,864	$18,294,213

Vermont State Housing Authority
Program Assessment

Program

Program Name	Section 8 Contract Administration Program *[audit categories Sub Rehab, New Const, Contract Administration]*
Program Services & Customer(s) for Services	• Tenant referrals • Management and occupancy program compliance reviews • Document Owner Compliance • Housing inspections (for TCA – traditional contract administration portfolio) • Tenant complaint investigations • Rent increase review and approvals Customers: Landlords/owners; low income tenants; HUD • 50059 tenant certification • Monthly Section 8 vouchers reviews, verifications and authorizations • Property owner training • Technical assistance • Relocation housing search • Processed claim • Expiring section 8 contract renewals • Opt-Out and Contract Terminations • Resident data (to HUD) • Life threatening health & safety issue resolutions • Monitor physical inspection results
What is the intended result of the program?	The purpose of the Section 8 Contract Administration Program is to provide HUD's Office of Multifamily Housing Programs required oversight, management, direction and administration so that tenants can occupy and preserve existing projected based housing.
Performance Measures	***Result(s)*** 1. % of on site performance reviews completed '08100%_____ '09_100%____10 100%_____ 2. % of proposed contract renewals, and rent increases reviewed '08_100%____ '09__100%___ '10__100%___ 3. % of tenant complaints investigated '08_100%____ '09_100%____ '10_100%____ ***Output(s)*** 1. # of units '08 3051 '09 3051 '10 3051 2. # of on site performance reviews conducted '08__116___ '09__115___ '10 115 3. # of rent increases reviewed '08_74____ '09_87____ '10_76____ 4. # of tenant complaints '08__104___ '09_116____ '10_87____
Program Staff	• Kathleen Berk, Director _35-40____% • 2 Section 8 Contracts Administrators 100% Catherine Rice, Jennifer Cameron
Program Budget (CY)	Funding Sources: HUD Expenditures: $ N/A (2010 projected)

	Admin	Housing Ass't Payment (HAP)
2009 $20,303,915	$215,175	$20,088,740
2008 $19,826,857	$193,854	$19,630,003

Appendix D

Program Assessments for Conservation Programs of VHCB

Vermont Housing and Conservation Board Program Assessment

Program

Program Name

Conservation Stewardship Program

Program Services & Customer(s) for Services

- Technical assistance
- Training workshops
- Conflict resolution
- Multi-party mediation
- Capacity building for community and small non profit stewardship programs
- Conservation policy recommendations and development
- Easement approvals and amendments
- Ensure sustainable public access to conserved acres
- Facilitate active and viable management of productive farmland for farmers
- Real estate and legal document reviews
- Conservation easement monitoring and enforcement
- Stewardship memorandums of understanding and partnership services

Customers: farm and forestland owners; community/nonprofit/state land managers; municipalities; general public; community members

What is the intended result of the program?

The purpose of the Conservation Stewardship Program is to ensure that VHCB's investment in the perpetual protection of farmland, natural areas, public recreation lands and historic properties is maintained for the future benefit of the general public, while remaining responsive to the needs of landowners and evolving land management strategies to maximize the ecological, recreational and/or economic viability of the conserved land base.

Performance Measures

Result(s)

1. % of VHCB-funded projects remaining available for easement purposes
   08 100% 09 100% 10 100%

Output(s)

1. % of VHCB-conserved lands monitored annually 08 100 09 100 10 N/Av
2. # of easement violations 08 4%__ 09 3.5%__ 10 in progress

Program Staff	• Billy Coster 80% • Nancy Everhart 10% • Jim Libby 10% • Elizabeth Egan 10%	
Program Budget (SFY)	Funding Source State **$81,300_**	Funding **08 $75,200 09 $77,700_ 10**

Vermont Housing and Conservation Board Program Assessment

Program	
Program Name	VHCB AmeriCorps Program
Program Services & Customer(s) for Services	• Volunteers • Housing/residential services • Youth out-of-school time programming • Environmental Education sessions • Energy Conservation improvements Customers: sponsoring organizations and AmeriCorps members
What is the intended result of the program?	The purpose of the AmeriCorps Program is to provide services to sponsoring organizations so they can better fulfill their mission and to provide training and service opportunities for AmeriCorps members so they can transition to school or employment.
Performance Measures	***Result(s)*** 1. % of sponsoring organizations who report significant positive changes including enhanced capacity to provide client services **08*__n/a____ 09*___n/a___ 10*__n/a____** est. *We collect this information once in a grant round, of which we are currently in the process through our External Evaluation; the most recent data I can provide would be from 2006.

Output(s)

1. # of volunteers recruited **08**_ 929_____ **09**_1,299_____ **10**_1,300_____ est.
2. # of volunteer hours provided **08**_11,316.5_____ **09**_8,553.75_____ **10**_10,000_____ est.
3. # of affordable housing residents and homeless receiving housing services
   08_4,220__ **09**_14,154_ **10**_9,000_ est.
4. # of youth provided out-of-school time programming and mentoring
   08_2,930_ **09**_9,308_ **10**_5,000_ est.
5. # of affordable housing units receiving health and safety assistance
   08_55__ **09**_354_ **10**_500_ est.
6. # of acres receiving stewardship services (tree planting, improved accessibility) **08** 11,931_ **09**_17,459_____ **10**_15,000_ est.
7. # of individuals receiving environmental education
   08_2,800__ **09**_11,622_ **10**_10,500_ est.

Program Staff

- Joan Marie Misek 100%
- Francis Sharpstene 100%
- Pam Boyd 5%

Program Budget (CY)

Funding Source	Funding
Americorps grant	**08**_378,000_ **09**_400,000 **10** $378,000
VHCB state funds	**08** 223,000 **09** _188,328 **10$**215,000

Vermont Housing and Conservation Board Program Assessment

Program	
Program Name	Vermont Farm Viability Enhancement Program
Program Services & Customer(s) for Services	• Business planning assistance • Technical assistance • Grants for capital improvements and equipment • Public information • Customers: farmers; general public; agricultural related businesses (slaughterhouses, meat processing, grain processing) • Referrals for agricultural development organizations, business planning programs and private consultants • Farm Viability Program database • Training, professional development and networking
What is the intended result of the program?	The purpose of the Farm Viability Program is to enhance the economic viability of Vermont farms by offering business planning, financial and technical services and other forms or assistance .
Performance Measures	***Result(s)**** 1. (not able to measure this every year)% of participating farmers who say they have increased profitability **08___96%__ 09 ___85%__ 10___51%**__** est. 2. % of participating farmers who say they have experienced an improved quality of life **08___N/A__ 09 ___82%__ 10__53%**___** est. (question not asked in 2008) 3. % of participating farmers who say the Program has had a positive impact on their farm business. **08 __80%__ 09_100%___** 10 71%** * NOTE: measured based on farmer reporting with 50-80% farmer participants responding ** 2010 results are heavily impacted by a major dairy crisis and 40-year lows for conventional milk; large percentage of participating farmers responded "unsure due to unusual market or other factors".

Output(s)

1. # of farms newly enrolled **08__44___ 09 ___42__ 10__37___** est.
2. # of farms receiving grants **08__12___ 09 ___16__ 10___31__** est.
4. # of farms receiving implementation assistance **08___44__ 09 ___N/A*__ 10___25__** est.
3. Total # of farms served **08__146___ 09 __94___ 10__135___** est.
4. # of agriculture related businesses receiving grants **08__N/A*___ 09 __4___ 10___5__** est.

* funding not available this particular year for this purpose.

Program Staff	• Ela Chapin _100_% • Nancy Everhart 10% • Ethan Parke 10__% • Gus Seelig 5% • Pam Boyd 10% • Gretchen Calcagni 10% • **Summer intern _100 % (.25 FTE)_** • •

Program Budget (SFY)	Funding Source	Funding		
	VHCB State funds	**08** 513,811	**09** 514,019	**10** $284,000
	Fed USDA funds	**08**_432,000	**09** 600,000	**10** $236,000
	Foundations	**08** 40,000	**09** 50,000	**10** $200,000

Vermont Housing and Conservation Board Program Assessment

Program	
Program Name	Farmland Conservation Program
Program Services & Customer(s) for Services	• Purchasing development rights and affordability option on farmland in active agricultural use • Project analysis • Technical assistance (budget analysis, alternative funding recommendations) • Training workshops • Ag. Advisory Committee and Board recommendations • Conservation policy recommendations • Reviews for other values: historic/archeological, natural resource, public recreation • Configuration analysis and appraisal cost-share • Facilitation of farmland transfers and reinvestment in farm businesses • Protection of good agricultural soils • Grants administration: review of Commitment letters, grant agreements • Real estate and legal document reviews • Administration and Grants management of federal funds • Customers: farm owners; general public; community (municipalities)
What is the intended result of the program?	The purpose of the Farmland Conservation Program is to provide technical assistance and funding to protect in perpetuity agricultural lands for agricultural use and other conservation values,for the future benefit of the farm owners, general public and the community. (10 VSA 303(3)(B),10 VSA 321(4)(c))
Performance Measures	***Result(s)*** 1. % of conserved farm parcels in agricultural use 08 100% 09 100% 10 100% 2. # of farm transfers as a result of sale of development rights 08 - 12 09- 9 10__10 ***Output(s)*** 1. # of farms conserved 08 26 09 24 10 25 2. # of acres of farmland conserved 08 4,459 09 4,363 10 3,894 3. # of acres of prime/statewide soils conserved 08 09 10 (Can be determined in future)

Program Staff	• **Nancy Everhart 60%** • **Ethan Parke 80%** • **Karen Freeman 50%** • **Billy Coster 5%** • **Gus Seelig 15%** • **Larry Mires 15%** • **Pam Boyd 20%** • **Kathy Barrows 10%** • **Gretchen Calcagni 20%** •	
Program Budget (SFY)	Funding Source State **10** 1,948,895 Fed Farmland Protection **10** 3,100,000	Funding **08**_2,677,671 **09** 2,360,744 **08**_3,000,000 **09**_3,000,000___

Vermont Housing and Conservation Board Program Assessment

Program	
Program Name	Natural Area, Recreation and Historic Property Conservation Program
Program Services & Customer(s) for Services	• Technical assistance • Feasibility grants • Training sessions • Public access to open land, forests and wildlife areas • Expansion of state parks • Watershed protection Customers: general public; local communities • Archeological and historic resources protection • Habitat and endangered species (plant and animal) protection • Public access to water • Public access to trail corridors • Financial viability reviews • Grants administration: review of Commitment letters and Grant agreements Real estate and legal document reviews •
What is the intended result of the program?	The purpose of the Natural Area, Recreation and Historic Property Conservation Program is to provide technical assistance and funding for the purchase of property interests to protect and preserve in perpetuity the state's historic properties, important natural areas and, recreational lands for the benefit of the general public, to improve the quality of life for Vermonters. (10VSA 302)
Performance Measures	***Result(s)*** 1. 1. # of projects protecting important natural areas (as defined in 10 VSA 303(6) 08 09 10 Report in future 2. # of projects providing public access to water 08 09 10 report in future 3. Miles of trails protected 08 09 10 report in future ***Output(s)*** 1.# of acres conserved **08 _1917___ 09 _1263___ 10**_1200___ est 2.# of historic properties preserved **08 _5___ 09 __3__ 10**_3___ est 3.# of conservation/preservation projects funded **08 _20___ 09 __11__ 10**_12 est 4. # of projects that support economic vitality or foster community use and engagement 08 17 09 10 10 5. total project leverage 08 3,100,000 09 4,000,000 10 4,900,000 6.

Program Staff	• Nancy Everhart 20% • Billy Coster 15% • Ethan Parke 10% • Karen Freeman20% • Gus Seelig 10% • Larry Mires 5% • Pam Boyd 15% • Gretchen Calcagni 10% •

Program Budget (SFY)	Funding Sources State **10** 1,014,514 Fed Transportation Enhancement (T-21)	Funding **08** 2,453,922 **09** 2,226,533 **08**_100,000 **09** 200,000 **10** 200,000

Appendix E

Outlines of Key Processes of Financing New Construction and Renovation/Rehabilitation of Affordable Housing for DEHCD, VHCB, and VHFA

DEHCD -- New/Renovation Construction Review and Approval

	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Applicants (municipalities)		Applicants submit application information into DEHCD system.				
Community Development Program	Staff deliver a grant application workshop 2x/yr; attended by municipal staff, developers, consultants, VHCB, VHFA. Dialogue begins with VHCB, VHFA as needed; if application is for scattered site housing, likely not an overlap.		Admin staff conduct a Threshold Review for eligibility (confirm that all documents are attached; application is 100% complete).	Community Development regional specialist conducts a Threshold Review, reviewing for consistency with discussions that have occurred. Reviews are focused on compliance with CDBG requirements.	Community Development specialist conducts a detailed review. Discussions held with DEHCD Commisisoner and Legal resource. Policy decisions are made regarding proposal elements that are not acceptable, e.g., per unit costs.	Staff communicate with applicant for detailed info as needed. Under Commissioner's name, the written staff analysis and outstanding questions of the project is sent to applicant and the Board. The applicant has one week to respond back to DEHCD.
Secretary of the Agency of Commerce and Community Development						

DEHCD -- New/Renovation Construction Review and Approval

	Step 7	Step 8	Step 9
Applicants (municipalities)			
Community Development Program	VCDP Board reviews applications and makes recommendations to the Secretary of the Agency of Commerce and Community Development. VCDP Board meets six times/year.		Conditional award letter is sent to sucessful applicant. A post award meeting is scheduled. Once conditions are agreed upon, the grant award is issued.
Secretary of the Agency of Commerce and Community Development		Secretary reviews and approves/rejects recommendations of VCDP Board.	

VHCB - Construction Review & Approval (New & Rehabilitation)

	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
Applicant	Applicant initiates conversation with VHCB staff about a new housing project they are considering or a local problem		Applicant may submit application for profject feasibility funding grant (optional)		Applicant receives feasibility funding grant (if applicable) for "cost of project" feasibility study.	Applicant submits application for project implementation funding .	
Multifamily Housing Program		VHCB staff provide funding source information, state priorities, problem identification. May refer to Federal funding staff for funding guidelines or Energy staff for energy funding information.		VHCB staff reviews application for project feasibility funding, preliminary review of project for alignment with state priorities, identifiable red flags. Staff may approve project feasibility funding grants up to 15% without Board action.			VHCB staff initiates underwriting process reviewing the design, projected operation/maintenance costs, economic viability, historical preservation requirements, market/need analysis in the case of new construction.
Legal Program							
Other affordable housing agencies							

VHCB - Construction Review & Approval (New & Rehabilitation)

	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14	Step 15
Applicant						Applicants may choose to pull their application.		
Multifamily Housing Program	***REHAB ONLY: Examination of current building. Maintenance requirements assessed. If the rehab/preservation project involves property currently used for affordable housing a marketing study may not be needed. Rehab/preservation projects involving federal funds have relocation requirements.***		Executive Director meets with underwriting team to review information, progress.		VHCB staff notifies applicants whose applications will be recommended for deferral or rejection.		VHCB staff makes recommendation to Board.	VHCB Board approves or rejects grants or loans (approval may have conditions attached).
Legal Program		Review of legal and permit questions with Counsel as needed						
Other affordable housing agencies				Underwriting team has informal converations with other state agencies (VHFA, CDBG program staff and other agencies administering federal programs with similar federal requirements) to coordinate recommendations for best possible project.				

VHFA -- Construction Review and Approval (New and Rehabilitation)

	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9
Multiple Agencies	Development of a statewide needs assessment for affordable housing in Vermont that is market driven	Development of a Consolidated Plan which details priorities for affordable housing							
Applicants					Applicant initiates conversation with staff		Perform the feasibility study which includes preliminary assembly work including site selection, client base, etc.		Submits application for funding to VHFA which includes market studies and appraisals
VHFA/VHCB/ VDCP and Housing Vermont						Fund a pre-application feasibility study on the types of projects			
VHFA Multifamily Housing Development			Development of an Allocation Plan (includes set aside by type of project, criteria for developing projects, etc.)	Board Approves the Allocation plan				Conduct pre-application conference with developers	
VHFA Multifamily Asset Management									
VHFA (Loan Committee)/ Multiple Programs									

VHFA -- Construction Review and Approval (New and Rehabilitation)

	Step 10	Step 11	Step 12	Step 13	Step 14	Step 15	Step 16	Step 17
Multiple Agencies								
Applicants						Provides additional information or makes adjustments to projects to ensure positive outlook		
VHFA/VHCB/ VDCP and Housing Vermont								
VHFA Multifamily Housing Development	Develops Underwriting package including pro forma documents and spreadsheets	Reviews Assumptions, does site visits, reviews market studies	VHFA Construction Engineer review scope of work	***REHAB ONLY:Reviews issues and other items pertaining to renovations, examine exisiting homes and project sites***	Determine if project has a positive or negative outlook. Negative Outlook - developer is notified to fix problems. Positive Outlook goes to next step			Board approval or disapproval of funding the project
VHFA Multifamily Asset Management	Reviews projected revenues, expenditures and compares to benchmarks for similar projects			***REHAB ONLY: Reviews actual budgets and expenditures of projects in operation***				
VHFA (Loan Committee)/ Multiple Programs							Loan Committee drafts Board Recommendations	

Appendix F

Programs Aligning to Affordable Housing Priorities and Results for DEHCD, VHCB, VHFA and VSHA

Priority 1 -- Meet the Needs for Affordable Housing	DEHCD	VSHA	VHFA	VHCB
XX% reduction in the waiting list for publicly subsidized rental affordable (costing 30% or less of annual income) housing	Vermont Community Development	Section 8 Contract Admininstration, Property and Asset Management; Housing Development	Multifamily Housing Development	Multifamily Housing
XX% increase in the people whose income allows them to purchase a median-priced home in their County for no more than 30% of their annual income	Vermont Community Development; Neighborhood Stabilization	Section 8 Housing Choice Voucher	Single Family Mortgage Financing; Neighborhood Stabilization: Home Acquisition and Rehabilitation Program (HARP)	Single Family
XX% of Vermonters who own their own home	Vermont Community Development; Neighborhood Stabilization	Section 8 Housing Choice Voucher	Single Family Mortgage Financing; Neighborhood Stabilization: Home Acquisition and Rehabilitation Program (HARP)	Single Family
# of of new affordable rental units provided per $1,000,000 of annual expenditure	Vermont Community Development	Housing Development	Multifamily Housing Development	Multifamily Housing
# of affordable rental units maintained per $1,000,000 of annual expenditure		Property and Asset Management; Section 8 Contract Administration	Multifamily Housing Asset Management	Energy Efficiency
XX $ cost per rental square foot constructed	Vermont Community Development	Housing Development	Multifamily Housing Development	Aligned -- Multifamily Housing has this measure
XX $ cost per square foot of residential units constructed	Vermont Community Development; Neighborhood Stabilization		Single Family Mortgage Financing; Neighborhood Stabilization: Home Acquisition and Rehabilitation Program (HARP)	
XX $ maintenance/operation cost per rental square foot		Property and Asset Management; Section 8 Contract Administration	Multifamily Housing Asset Management	Energy Efficiency

Priority 2 -- Successfully provide affordable housing for changing consumer profiles	DEHCD	VSHA	VHFA	VHCB
% of people with chronic and persistent mental illness provided appropriate affordable housing	Vermont Community Development		Multifamily Housing Development	Multifamily Housing
% of frail elders who would otherwise need nursing home care provided appropriate affordable housing	Vermont Community Development		Multifamily Housing Development	Multifamily Housing
% of people being released from incarceration provided appropriate affordable housing	Vermont Community Development		Multifamily Housing Development	Multifamily Housing
% of homeless provided appropriate affordable housing	Vermont Community Development	HUD McKinney Vento Homeless Assistance Program	Multifamily Housing Development	Multifamily Housing
% of youth aging out of foster care provided appropriate affordable housing	Vermont Community Development		Multifamily Housing Development	Multifamily Housing

Priority 3 -- Maintain affordable housing stock that is safe and in good quality	DEHCD	VSHA	VHFA	VHCB
XX% of publicly financed projects in need of preservation that are preserved	Vermont Community Development		Multifamily Housing Development	Multifamily Housing
Maintain present level (xx units) of affordable housing stock	Vermont Community Development; Mobile Home Parks; Neighborhood Stabilization	Property and Asset Management; Housing Development	Multifamily Housing Development; Single Family Mortgage Financing; Multifamily Housing Asset Management; Neighborhood Stabilization: Home Acquisition and Rehabilitation Program (HARP)	Multifamily Housing; Energy Efficiency; Lead Hazard Reduction; Single Family
XX% of substandard publicly financed affordable housing rental units in need of rehabilitation that are rehabilitated	Vermont Community Development		Multifamily Housing Development	Multifamily Housing

Priority 4 -- Create and maintain affordable housing that aligns with community values and development *(consistent with historic settlement patterns in Vermont)*	**DEHCD**	**VSHA**	**VHFA**	**VHCB**
XX% increase in the number of affordable housing units located in downtowns, growth centers and new neighborhoods	Vermont Community Development	Housing Development	Multifamily Housing Development; Neighborhood Stabilization: Home Acquisition and Rehabilitation Program (HARP)	Multifamily Housing
XX% of community-originated affordable housing proposals financed	Vermont Community Development; State Charitable Housing Investment Tax Credit		Multifamily Housing Development	Multifamily Housing
XX% of financed projects that meet more than three state-identified housing objectives	Vermont Community Development		Multifamily Housing Development	Multifamily Housing
XX% of financed projects completed/occupied		Housing Development	Multifamily Housing Development	Multifamily Housing

Appendix G

Outline of Key Processes of Financing New Construction and Renovation/Rehabilitation of Affordable Housing for Consolidated Organization

Consolidated Agency -- Construction Review and Approval (New and Rehabilitation)

	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9
Applicants	Applicant initiates conversation with Agency staff		Eligible applicant may submit application for feasibility funding grant (optional)			Perform the feasibility study which includes preliminary assembly work including financial anlaysis, site selection, client base, etc.		Applicant submits application for funding to Agency	
Consolidated Agency, Community Development Program (DEHCD), Housing Vermont					Fund a pre-application feasibility study on the types of projects; funding sources coordinated by agency staff				
Consolidated Multifamily Housing Development		Agency staff provide technical assistance to applicant including Priorities, processes, available resources		Agency staff review application for feasibility study funding in light of selection criteria. Staff may approve limited scale funding grants.			Agency staff conducts preapplication conference with applicant		Agency staff reviews application. Develops underwriting package, reviews design, projected operation/ maintenance costs, economic viability, case for construction.
Multifamily Asset Management									Reviews projected revenues, expenditures and compares to benchmarks for similar projects
Legal									

Consolidated Agency -- Construction Review and Approval (New and Rehabilitation)

	Step 10	Step 11	Step 12	Step 13	Step 14	Step 15	Step 16	Step 17
Applicants						Provides additional information or makes adjustments to projects to ensure Positive outlook. Applicants may choose to pull their application.		
Consolidated Agency, Community Development Program (DEHCD), Housing Vermont								
Consolidated Multifamily Housing Development	Reviews Assumptions, does site visits, reviews market studies. Construction Engineer reviews scope of work.	***REHAB ONLY: Reviews issues and other items pertaining to renovations. Exam exisiting homes and project sites***		Agency Director meets with staff to review information, process	Determine if project needs additional adjustments and/or has a positive or negative outlook. Negative Outlook - developer is notified to fix problems. Positive Outlook goes to next step		Staff, including Loan Committee, prepare recommendations for funding for Board.	Board approves or rejects recommendations. Approval may have conditions attached.
Multifamily Asset Management		***REHAB ONLY: Reviews actual budgets and expenditures of projects in operation***						
Legal			Review of any legal and permit questions with Counsel					

Appendix H

Overview of Financial Position of 12 Vermont Non-Profit Affordable Housing Organizations, 2007-2009

Financial Summary for Vermont Affordable Housing Nonprofits, 2007 - 2009

Addison County Community Trust, Inc.

	12/31/2009	12/31/2008	12/31/2007
Unrestricted cash	$ 135,107	$ 213,486	$ 202,221
Total Assets	$ 9,055,224	$ 8,764,586	$ 8,359,221
Net Assets			
Unrestricted Net Assets	$ 2,186,113	$ 2,373,575	$ 2,341,160
Permanently Restricted Net Assets	238,330	238,330	238,330
Total Net Assets	$ 2,424,443	$ 2,611,905	$ 2,579,490
Support & Revenue	$ 1,427,164	$ 1,337,655	$ 1,433,221
Expenses	1,614,626	1,302,347	1,130,784
Net Income	$ (187,462)	$ 35,308	$ 302,437

Cathedral Square Corporation

	9/30/2009	9/30/2008	9/30/2007
Unrestricted cash	$ 744,405	$ 763,477	$ 526,304
Total Assets	$ 12,001,262	$ 11,717,204	$ 11,822,964
Net Assets			
Unrestricted Net Assets	$ (1,173,700)	$ (1,166,704)	$ (1,088,238)
Permanently Restricted Net Assets	2,696,180	2,786,746	2,877,312
Total Net Assets	$ 1,522,480	$ 1,620,042	$ 1,789,074
Support & Revenue	$ 6,065,523	$ 5,623,440	$ 4,901,394
Expenses	6,163,047	5,792,486	5,135,912
Net Income	$ (97,524)	$ (169,046)	$ (234,518)

Central Vermont Community Land Trust, Inc.

	12/31/2009	12/31/2008	12/31/2007
	Consolidated	Unconsolidated	
Unrestricted cash	$ 431,975	$ 301,621	$ 503,861
Total Assets	$ 8,973,135	$ 9,403,132	$ 9,413,445
Net Assets			
Unrestricted Net Assets	$ 3,145,127	$ 2,873,897	$ 3,073,468
Restricted Net Assets	3,638,131	3,466,409	3,276,443
Total Net Assets	$ 6,783,258	$ 6,340,306	$ 6,349,911
Support & Revenue	$ 2,506,974	$ 2,423,989	$ 2,594,543
Expenses	2,579,226	2,612,902	2,412,766
Net Income	$ (72,252)	$ (188,913)	$ 181,777

Financial Summary for Vermont Affordable Housing Nonprofits, 2007 - 2009

Champlain Housing Trust, Inc.

	9/30/2009	9/30/2008	9/302007
Unrestricted cash	$ 1,801,909	$ 2,138,398	$ 2,741,407
Total Assets	$ 44,457,934	$ 43,148,453	$ 41,793,670
Net Assets			
Unrestricted Net Assets	$ 29,135,079	$ 26,567,960	$ 23,870,132
Restricted Net Assets	2,646,610	3,695,639	3,498,870
Total Net Assets	$ 31,781,689	$ 30,263,599	$ 27,369,002
Support & Revenue	$ 9,789,514	$ 9,979,089	$ 9,226,673
Expenses	7,222,395	7,281,261	7,100,582
Net Income	$ 2,567,119	$ 2,697,828	$ 2,126,091

Gilman Housing Trust, Inc.

	6/30/2009	6/30/2008	6/30/2007
Unrestricted cash	$ 561,283	$ 129,050	$ 158,550
Total Assets	$ 23,870,598	$ 18,744,075	$ 17,414,433
Net Assets			
Unrestricted Net Assets	$ 6,690,809	$ 5,050,277	$ 4,738,996
Restricted Net Assets	1,743,881	1,743,881	1,603,575
HUD Capital Advances	2,544,200	2,544,200	2,544,200
Total Net Assets	$ 10,978,890	$ 9,338,358	$ 8,886,771
Support & Revenue	$ 5,528,537	$ 3,164,043	$ 3,175,460
Expenses	4,788,202	2,850,234	2,676,142
Net Income	$ 740,335	$ 313,809	$ 499,318

Housing Trust of Rutland County

	12/31/2009	12/31/2008	12/31/2007
Unrestricted cash	$ 51,265	$ 33,740	$ 68,524
Total Assets	$ 5,633,887	$ 5,730,458	$ 5,639,853
Net Assets	$ 2,951,501	$ 3,164,923	$ 3,385,386
Support & Revenue	$ 1,078,692	$ 1,621,716	$ 1,351,730
Expenses	1,292,094	1,842,179	1,273,244
Net Income	$ (213,402)	$ (220,463)	$ 78,486

Financial Summary for Vermont Affordable Housing Nonprofits, 2007 - 2009

Lamoille Housing Partnership, Inc.

	6/30/2009	6/30/2008	6/30/2007
Unrestricted cash	$ 145,710	$ 266,023	$ 272,446
Total Assets	$ 2,130,382	$ 2,238,017	$ 2,035,685
Net Assets			
Unrestricted Net Assets	$ 1,432,675	$ 1,679,180	$ 1,463,717
Restricted Net Assets	249,879	272,224	285,515
Total Net Assets	$ 1,682,554	$ 1,951,404	$ 1,749,232
Support & Revenue	$ 402,863	$ 819,281	$ 641,946
Expenses	440,645	606,383	546,576
Net Income	$ (37,782)	$ 212,898	$ 95,370

Regional Affordable Housing Corp.

	9/30/2009	9/30/2008	9/30/2007
Unrestricted cash	$ 395,584	$ 540,471	$ 316,357
Total Assets	$ 16,919,149	$ 17,500,727	$ 15,838,046
Net Assets			
Unrestricted Net Assets	$ 798,771	$ 846,283	$ 809,063
Restricted Net Assets	5,694,812	6,104,402	5,371,837
Total Net Assets	$ 6,493,583	$ 6,950,685	$ 6,180,900
Support & Revenue	$ 1,756,262	$ 1,798,372	$ 1,880,283
Expenses	2,213,365	2,082,253	2,178,076
Net Income	$ (457,103)	$ (283,881)	$ (297,793)

Rockingham Area Community Land Trust

	9/30/2009	9/30/2008	9/30/2007
Unrestricted cash	$ 87,052	$ 170,470	$ 159,641
Total Assets	$ 5,273,269	$ 6,887,235	$ 5,553,026
Net Assets			
Unrestricted Net Assets	$ 971,287	$ 1,674,392	$ 1,500,386
Restricted Net Assets	2,657,963	2,888,417	2,302,039
Total Net Assets	$ 3,629,250	$ 4,562,809	$ 3,802,425
Support & Revenue	$ 1,138,583	$ 3,549,541	$ 1,343,772
Expenses	1,841,688	3,375,535	1,349,940
Net Income	$ (703,105)	$ 174,006	$ (6,168)

Financial Summary for Vermont Affordable Housing Nonprofits, 2007 - 2009

Twin Pines Housing Trust

	9/30/2009	9/30/2008	9/30/2007
Unrestricted cash	$ 318,298	$ 317,363	$ 433,853
Total Assets	$ 3,161,446	$ 3,949,123	$ 3,000,550
Net Assets			
Unrestricted Net Assets	$ 2,133,383	$ 1,924,656	$ 1,833,986
Restricted Net Assets	269,669	286,682	286,682
Total Net Assets	$ 2,403,052	$ 2,211,338	$ 2,120,668
Support & Revenue	$ 984,455	$ 822,194	$ 724,458
Expenses	794,930	747,551	702,505
Net Income	$ 189,525	$ 74,643	$ 21,953

Windham Housing Trust, Inc.

	12/31/2009	12/31/2008	12/31/2007
Unrestricted cash	$ 970,135	$ 1,466,932	$ 1,164,635
Total Assets	$ 9,585,532	$ 10,037,615	$ 9,588,066
Net Assets			
Unrestricted Net Assets	$ 978,292	$ 1,140,903	$ 1,044,938
Restricted Net Assets	6,353,365	6,072,384	5,833,875
Total Net Assets	$ 7,331,657	$ 7,213,287	$ 6,878,813
Support & Revenue	$ 2,019,441	$ 3,401,467	$ 2,578,547
Expenses	1,887,750	2,459,804	1,882,545
Net Income	$ 131,691	$ 941,663	$ 696,002

Housing Vermont

	12/31/2008	12/31/2007 Restated	12/31/2006 Restated
Unrestricted cash	$ 70,401	$ 135,159	$ 50,623
Total Assets	$ 9,371,564	$ 10,965,912	$ 7,541,971
Net Assets			
Unrestricted Net Assets	$ 5,237,496	$ 4,977,433	$ 4,842,149
Restricted Net Assets	0	911,120	0
Total Net Assets	$ 5,237,496	$ 5,888,553	$ 4,842,149
Support & Revenue	$ 2,959,054	$ 2,993,987	$ 2,897,692
Expenses	2,698,991	2,598,839	2,216,388
Net Income	$ 260,063	$ 395,148	$ 681,304

Appendix I

Repayment Requirement Analysis for VHCB Loans for Selected Affordable Housing Non-Profits

Affordable Housing Loans Due to VHCB, with Average Montly and Annual Repayment Requirements

NOTE: Assumptions include zero existing reserves for repayment; repayment in full for principal and interest at maturity date; and start date for repayment reserves is 9/1/2010.

Affordable Housing Nonprofit	Project Name	Outstanding Loan Obligation	Interest Rate	Maturity Date	Average Repayment Reserve Needed, per Month	Average Repayment Reserve Needed, per Year
Rockingham Area Community Land Trust	Gage Street	$ 61,683	0.0%	6/30/2029	$ 273	$ 3,276
	Chester Depot	$ 64,841	0.0%	4/12/2021	$ 509	$ 6,109
	Tuckerville Mobile Home Park	$ 32,777	1.0%	4/1/2023	$ 231	$ 2,774
	Total, Rockingham Area Community Land Trust				$ 1,013	$ 12,159

Affordable Housing Nonprofit	Project Name	Outstanding Loan Obligation	Interest Rate	Maturity Date	Average Repayment Reserve Needed, per Month	Average Repayment Reserve Needed, per Year
Regional Affordable Housing Corp.	Carrigan Lane	$ 300,000	0.0%	11/1/2026	$ 1,546	$ 18,557
	"	$ 176,230	0.0%	11/1/2026	$ 908	$ 10,901
	"	$ 45,500	0.0%	11/1/2026	$ 235	$ 2,814
	Cora B. Whitney	$ 123,000	0.0%	July 2028	$ 575	$ 6,897
	"	$ 50,000	0.0%	July 2028	$ 234	$ 2,804
	"	$ 47,000	0.0%	July 2028	$ 220	$ 2,636
	"	$ 258,000	6.02%	July 2028	$ 1,969	$ 23,632
	Patchin Place	$ 14,000	0.0%	Oct 2029	$ 61	$ 734
	Manchester Knoll	$ 450,000	0.0%	Dec 2029	$ 1,948	$ 23,377
	"	$ 198,100	6.47%	Dec 2029	$ 1,502	$ 18,021
	Ben-South	$ 180,000	0.0%	Oct 2030	$ 747	$ 8,963
	"	$ 240,000	0.0%	Jan 2031	$ 984	$ 11,803
	"	$ 135,000	5.63%	Jan 2031	$ 928	$ 11,138
	"	$ 80,000	6.09%	Oct 2030	$ 576	$ 6,914
	"	$ 31,500	0.0%	Oct 2030	$ 131	$ 1,568
	"	$ 54,000	0.0%	Jan 2031	$ 221	$ 2,656
	"	$ 25,000	5.63%	Jan 2031	$ 172	$ 2,067
	Arlington Village Center	$ 575,000	0.0%	3/8/2032	$ 2,227	$ 26,720
	"	$ 65,470	5.69%	3/8/2032	$ 440	$ 5,285
	"	$ 177,250	5.69%	3/7/2032	$ 1,192	$ 14,308
	"	$ 147,750	4.6%	3/8/2032	$ 903	$ 10,834
	Manchester Commons	$ 311,428	0.0%	Dec 2033	$ 1,116	$ 13,395
	"	$ 400,000	11.58%	Dec 2033	$ 4,144	$ 49,732
	Downtown Crossing	$ 266,000	0.0%	10/31/2037	$ 1,291	$ 15,495
	"	$ 28,000	4.88%	10/31/2037	$ 201	$ 2,411
	"	$ 100,000	4.88%	10/31/2037	$ 718	$ 8,612
	Total, Regional Affordable Housing Corp.				$ 25,189	$ 302,272

Affordable Housing Nonprofit	Project Name	Outstanding Loan Obligation	Interest Rate	Maturity Date	Average Repayment Reserve Needed, per Month	Average Repayment Reserve Needed, per Year
Housing Trust of Rutland County	259 Marble Street	$ 68,000	0.0%	8/4/2020	$ 571	$ 6,851
	"	$ 17,850	0.0%	8/4/2020	$ 150	$ 1,798
	Total, Housing Trust of Rutland County				$ 721	$ 8,650

Affordable Housing Loans Due to VHCB, with Average Montly and Annual Repayment Requirements

Affordable Housing Nonprofit	Project Name	Outstanding Loan Obligation	Interest Rate	Maturity Date	Average Repayment Reserve Needed, per Month	Average Repayment Reserve Needed, per Year
Gilman Housing Trust	(no project name provided)	$ 2,000	0.0%	(i)		
	Newport Senior	$ 325,000	0.0%	5/29/2049	$ 699	$ 8,388
	"	$ 160,000	0.0%	5/29/2049	$ 344	$ 4,130
	"	$ 200,000	0.0%	5/29/2049	$ 430	$ 5,162
	Derby Line Gardens	$ 260,000	0.0%	Jan 2038	$ 793	$ 9,512
	Glover	$ 300,000	0.0%	(ii)		
	"	$ 77,000	0.0%	(iii)		
	Hotel & Kidder	$ 8,500	0.0%	8/31/2014	$ 177	$ 2,125
	"	$ 349,145	0.0%	7/1/2025	$ 1,961	$ 23,538
	Lind Homes	$ 140,000	0.0%	(iv)		
	"	$ 168,264	0.0%	8/1/2028	$ 945	$ 11,344
	Matthewson	$ 120,000	0.0%	May 2027	$ 600	$ 7,200
	Island Pond Properties	$ 226,300	0.0%	(v)		
				Total, Gilman Housing Trust	$ 5,950	$ 71,399

(i) when buyer ceases to occupy the property

(ii) 4/19/2036 or upon the sale of the property

(iii) 5/23/2036 or upon the sale of the property

(iv) $5,000 payment due upon sale of 7 units; remainder deferred

(v) 1/15/2015 or upon sale of property

Appendix J

Comments from SLG and Responses from the Commissioner

Comments from the Strategic Leadership Group and the Commissioner's Responses:

The Governor's Executive Order 02-10 directing this in-depth review and analysis of the organizational structures and business processes of the State's affordable housing entities set a September 1, 2010 deadline to finalize and submit this report to the Governor's Office. Given the level of detailed analysis that was undertaken during this process, a one and a half month extension was necessary to allow for the reconvening of the Strategic Leadership Group and time for its members to provide substantive, written comments. Many of the Strategic Leadership Group members expressed the desire to reconvene to review and discuss the findings and recommendations of Weidner's draft report before it was finalized. Many members also felt strongly that they needed more information to provide well-informed, substantive comments.

The reconvened meeting of the Strategic Leadership Group was held on September 28, 2010 to provide an opportunity for the Weidner Group to present the draft Report's findings and recommendations and to answer any questions the group members may have. The September 28, 2010 meeting was also designed to provide an opportunity for the group members to collectively discuss those findings and recommendations prior to submitting written comments on the draft Report. The executive directors of VHFA, VHCB, and VSHA also attended and participated in the question and answer portion of the Weidner Group's presentation.

The following is a summary of the substantive comments received from the members of the Strategic Leadership Group in response to the draft Report as presented at their September 28, 2010 reconvened meeting and the Commissioner of DEHCD's responses to them:

Comments were received generally in support of the recommendation to move away from process and organizational-based performance measures and to adopt and implement customer and result-focused performance measures. Members of the group generally agreed there was a need to adopt and implement result-based performance measures for the State's affordable housing delivery system that are focused on the customer rather focused on the process or "to do" items. Some members expressed a need to better understand how performance budgeting works; one member expressed frustration that there was no baseline to be used to determine how the agencies are currently performing; one member suggested additional effort should be undertaken to further develop the performance measures outlined in the report; and one member suggested that the input from the affected Agencies and their boards would be helpful.

Commissioner's Response: Performance management is becoming the new standard for public-sector management raising the standard for transparency and accountability by producing quantifiable results. Performance management requires that desired results be clearly defined and accountably measured and reported. The Weidner Group explained that because this is not happening in Vermont there is no baseline from which to measure the agencies' current performance. Instead, the State's affordable housing priorities are generally identified as outputs,

representing what the agencies will do, but not the impact they will have. The desired Results identified by the Strategic Leadership Group provides the beginning framework for fully developing performance measures that are time-defined, measurable, and customer-oriented and, more importantly, show that it is possible to develop these performance measures within Vermont's existing affordable housing system. The Weidner Group spent the majority of its time over the course of the summer conducting in-depth Program Assessments of the four state affordable housing agencies. Each Program Assessment, among other things, includes one or more performance measurements for results that were developed working with program staff during and after on-site meetings to ensure the measures were meaningful, collectible and useful for program management. The Weidner Group has offered to present and discuss all of its findings and recommendations to the boards of each of the affected agencies.

Comments were received regarding the recommendation to consolidate the State's housing entities into one organization. Several members of the Strategic Leadership Group commented that a more in-depth cost/benefit analysis of consolidation is needed but that it is appropriate to look at various ways, including consolidation, to more efficiently and effectively deliver government services. One member questioned how one Board overseeing many different programs will have sufficient time and energy to scrutinize and evaluate projects and programs to the same degree they currently provide. One member wondered whether consolidation will actually result in savings while one stated that the fact that our current affordable housing process has duplication is unquestionable.

Commissioner's Response: The Weidner Group worked with staff from each of the four state affordable housing entities to identify and outline the key processes involved with the financing of new affordable housing construction and affordable housing rehabilitation/renovation. The recommendation to consolidate the affordable housing functions of the four state entities is based on the in-depth Program Assessments conducted by the Weidner Group which concluded that while the organizations have overlapping customers, complimentary programs, and similar processes, they are generally structured around different funding sources and not around common goals and purposes. Consequently, performance information is not widely available or systematically used and key systems and processes among the four affordable housing agencies are not adequately aligned to provide the most efficient and effective services to a clearly identified customer.

Some comments reflected a desire for a broad public process to develop the findings and recommendations contained in the Report.

Commissioner's Response: The Department hired professionals with extensive expertise to conduct an independent analysis of the business processes at the four state affordable housing entities. The focus of the analysis was to determine the extent to which current processes are designed to achieve customer-oriented results, and to make necessary recommendations. The Program Assessments conducted by the Weidner Group involved hundreds of hours of staff time

from the staff of the affected agencies and the collections and review of thousands of pages of data. This level of focused analysis is most effectively done by a disinterested, dedicated team with experience in conducting such analysis.

Some comments reflected a concern that the tone of the draft report should recognize the accomplishments of the four state affordable housing entities and that there is no evidence that the current system is "broken."

Commissioner's Response: The Weidner Group explained the tone reflected its experience while conducting its analysis. It also noted that part of its charge was to look at the existing organizational structures and processes of the state affordable housing entities and to assess whether those processes are in alignment and to make recommendations to best provide results for customers. The Weidner Group also explained that there is no baseline from which to measure the current performance of the state entities' efforts because existing performance measurements are generally structured around compliance reporting and on outputs rather than on quantifiable, customer-focused results; and because key data is not always systematically collected, shared or managed.

One comment questioned why the Vermont Community Development Program is not suggested to be included as part of a consolidated agency because it has an economic development component but VHCB can be included even though it has a dual mission.

Commissioner's Response: The Report recommends retaining the Vermont Community Development within DEHCD in large part because the HUD Consolidated Planning functions housed at DEHCD are generally aligned with the Executive Branch of government. The Report does consider the inclusion of the Vermont Community Development Program in a consolidated agency depending on how the HUD funds it administers are allocated between affordable housing and other activities.

One comment suggested that the Report should have made reference to the documents and reports that were reviewed in the preparation of the Report.

Commissioner's Response: The Weidner Group reviewed thousands of pages of documents including various public reports, agency-specific reports, and relevant program data. In some cases, the data that was needed did not exist and had to be compiled by the agencies during the course of the Program Assessments. The findings and recommendations are supported by the data reviewed.

Local Marketing District

Report and Recommendations

October 14, 2014

Provided by

Managing Results, LLC

Crested Butte South, CO

Managing Results

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Local Marketing District Report & Recommendations

The following report, including recommendations, is submitted by Managing Results, LLC, a consulting and software company located in Gunnison County, Colorado, at the request of the Gunnison River Valley Local Marketing District (LMD).

This report includes the charge given by the Local Marketing District, background information, description of the process used to develop the recommendations, organizational models as options and specific recommendations for a governance structure designed to achieve the best tourism results for the Valley.

Charge from the Local Marketing District (LMD)

Managing Results, LLC's (MR) methodology is called Managing for Results. MR has worked with over 70 government jurisdictions and over 1700 individual departments, offices or commissions; and annually MR's customers budget over $37B tying resources to measurable results. Customers range in size and location from Maricopa Co., AZ to the State of New York, from the District of Columbia to the City of Arvada, CO, the City of Austin to the City of Long Beach, from the State of Vermont's Public Housing Review to the Office of Hawaiian Affairs, from the City of Oklahoma City to the City of Seattle, from the US Marines to the US Forest Service.

The charge to Managing Results, LLC (MR) from the LMD is to develop a set of recommendations for a governance structure for the use of LMD funds to market the Valley and achieve the best results. Managing Results, LLC was asked to use a consultative process focused on organizations and individuals involved in marketing the Valley. Specifically the scope of work was as follows:

A. Clarifying roles and responsibilities between the Gunnison River Valley Local Marketing District and the Gunnison/Crested Butte Tourism Authority.

B. Clarifying roles and responsibilities between the Gunnison/Crested Butte Tourism Authority and the two Chambers of Commerce located in the City of Gunnison and Crested Butte/Mt Crested Butte.

C. Developing strategies/recommendations for improving cooperation and collaboration between the Local Marketing District, Tourist Authority and the two Chambers.

D. Identifying specific results and recommendations to improve accountability for utilization/appropriation of Local Marketing District funds. This may include the creation of a unified business plan between the Tourist Authority and the partner chambers.

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E. Structuring the use of LMD funds to achieve the best tourism results for the Gunnison Valley.

F. Developing ideas and strategies for how to achieve the best tourism results for the Gunnison Valley.

Much is at stake. Tourism makes up approximately 50% of the Valley's economy, Over 1900 jobs in the Valley are dependent on tourism. Tourists annually spend over $150M in the Valley. So what can we do to improve?

It is not that we are failing. We have a relatively small amount of resources - $1.2M+ - and we must maximize the impact of those limited resources. We are competing with some tourism areas that have larger marketing budgets and are better organized with more integrated efforts than ours in the Valley. The LMD's limited resources must be leveraged with other major marketing entities in the Valley and the special events created and supported by the communities. The input MR received through the interviews and facilitated sessions illustrate that there is much we can do to go from 'ok to great' in our tourism economy.

The 2011Radcliffe Report, commissioned by the Tourism Association (TA) Board, found – "The most fundamental challenge that will prospectively limit the County from maximizing the full potential of its visitor industry is fragmentation among industry and governmental leaders." MR's recommendations are very much focused on overcoming this challenge.

There is a small contingency among those we consulted who were involved in the establishment of the current arrangement and who are understandably committed to that arrangement.

However, there is a broad consensus among those we interviewed who believe strongly that there are aspects of the current model that restrain the Valley from realizing our full potential. There is significant interest among those interviewed to change the current arrangement to improve marketing results. Certainly there is unanimity among all of those we interviewed that the collaboration among the players in the tourism economy in the Valley is significantly lacking, as the Radcliffe Report pointed out.

It is most important to observe that marketing is not measured by increases and decreases in lodging and sales tax and visitors from one year to the next or even over time. The true measure of marketing performance is whether we are doing better than the tourism economy in Colorado when it is improving, as it is at the writing of this report, and when the economy is slumping - is the Valley doing better than our competitors in fighting a downward trend? The TA's marketing efforts are not currently being measured in this way. Presently the Valley is riding the economy, staying close but slightly behind the average of our competitors.

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So how are we doing? As reported by the Tourism Associated, we are doing better than in years past. However, a report from the Colorado Association of Ski Towns (CAST) dated August 13, 2014 shows that among 27 ski locations in Colorado, the 3-year average increase in sales tax revenues from 2011-2014 is 19.58%. Over the same period the Gunnison-Crested Butte Valley sales tax revenues increased 15.4%.

The most recent statistics show that the number of visitors and dollars spent in the Valley by visitors is higher than last year (2013) -- as is the entire tourism economy in Colorado. The same CAST report shows the average 1-year increase of sales tax revenues from 2013 to 2014 across the same 27 locations was 6.68% -- the Valley experienced a 6.4% increase.

So the question is - what governance structure will produce the best marketing decisions that produce the best tourism results for the Valley?

Background

The following information is derived from a Memorandum written April 21, 2014 by Gunnison County Attorney, David Baumgarten, outlining the organization, relationship and governance of the Gunnison River Valley Local Marketing District (LMD) and the Gunnison/Crested Butte Tourism Association (TA). The Memorandum is attached.

Historically, the Gunnison County Lodging Tax Panel and a 1.9% Lodging Tax were approved by voters in the general election on November 6, 1990. On November 5, 2002 Gunnison County voters approved the ballot measure to levy a 4% Lodging Tax and establish the Local Marketing District. The Local Marketing District was renewed and the Lodging Tax extended by the Gunnison voters on the ballot on November 3, 2009.

The Gunnison County Board of Commissioners constitutes an ex officio board of directors of the Local Marketing District (LMD) pursuant to C.R.S 29-25-108(1)(a). And pursuant to C.R.S. 29-25-111(1)(f), the LMD has the statutory authority of management, control, and supervision of all the business and affairs of the District and of the operation of District services.

The Tourism Association is a non-profit corporation of the State of Colorado and an independent, non-government entity separate from the LMD. The TA was not created by ballot measure or by any action approved by Gunnison County electors. The relationship between the LMD and the TA is a contractual relationship and as such the TA is an "independent contractor" to the LMD.

MR notes that the two Chambers of Commerce in the Valley are independent organizations and are not currently under contract with the LMD or the TA. Both Chambers receive some funding from the County.

Process

The process MR engaged to reach the recommendations requested by the LMD included one-on-one interviews, facilitated group meetings, and consultations with marketing professionals inside and outside the Valley.

The timeline of the process started in April with interviews, the first facilitated meeting on June 26, additional and some repeat interviews in July and August, and a second facilitated meeting on August 22. Additional interviews were conducted following the August 22 meeting.

The first set of interviews in May and June were structured around two key questions:

1. From your perspective, what are the most critical issues and trends related to tourism on the horizon—both for the county as a whole and for the Tourism Association—over the next 5 years?

2. 3-5 years from now, what results would you most like to be able to say have been accomplished?

Following the first set of interviews, MR convened the first facilitated work session which included the two Chamber and TA executive directors, members of their respective boards and the LMD Chair. Participants developed a list of the most important issues facing the tourism economy in the Valley, a draft set of Strategic Results for tourism and an initial set of Services that would be required to achieve those Strategic Results (attached). During this initial session, the stated intention was to develop these products without regard to the current structure or whether it would change.

The second round of one-on-one interviews in July and August focused on asking for ideas on the best strategies and structure for achieving the best results for the Valley's tourism economy. Many of those individuals interviewed in the first round were also interviewed in the second round with additional community members added in the second round.

In the second facilitated work session on August 22, the draft Strategic Results were reviewed and others were added. Three different models that emerged in the interviews for achieving the best tourism result were discussed – coordination, integration and consolidation models. The models are discussed below.

Following is the draft set of results developed by the participants in the June 26 meeting for the LMD to consider. These results will be further reviewed and refined by the LMD and integrated into Strategic Business Plans for the use of LMD funds.

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- Integrated Seamless Access
    - By 2017, tourism customers will experience an integrated, seamless online valley-wide point of *access available through* multiple technologies that facilitates rich exploration of tourist 'experiences' and provides easy, immediate, and barrier-free travel arrangements, bookings, updates, and related concierge-type services.

- Unified Message
    - By 2015, tourism customers will experience an integrated, valley-wide unified message through all media that communicates our distinguishing characteristics and *is* consistent with our "Brand".
- Experience-Focused Messaging
    - By 20XX, tourism messaging about the Valley will be driven by identified customer expectations and desired experiences
- Return Visitors
    - By ____, XX% visitors will be returning visitors (rate of return)
    - By ____, XX% surveyed return visitors describe positive experiences as part of their decision-making to return to Gunnison/Crested Butte
- Tourism Income
    - By 2019, $175 million in travel spending will be realized annually in Gunnison County, representing a XX% increase over 20XX

In the August 22 meeting, the participants suggested that results measuring how the Valley's tourism economy performance compares to other locations should be added.

The best measure of marketing impact is that we would out perform our competitor locations both when the economy is improving and when the economy is slowing:

- Competition
    - By 20XX, the Valley will exceed the state-wide Colorado average of tourist locations (or a select sub-group of competitor locations) for visitors and spending by 3% or more when the tourism economy is improving or slowing

Attached are the list of the people who were interviewed and the Agenda's for the two facilitated meetings.

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Organizing for Success – Models for Achieving Results

Three different models emerged during the interviews and MR presented those for discussion at the second work session. They are:

- Coordination Model
- Consolidation Model
- Integration Model

Coordination Model

The Coordination Model is best described as a variety of players and stakeholders in the marketing effort, and some who are not involved, who are brought together on a representative style board and expected to make decisions and work together effectively. The Tourism Association (TA) Board is an example of the Coordination Model. The TA by-laws stipulate that marketing efforts will focus on promoting Chamber Members. Some Chamber Members see value in this and want the current arrangement to remain unchanged. A significant portion of businesses in the Valley are not Chamber Members and are not included in marketing funded by LMD Lodging Tax funds.

Representatives of different sectors of the economy and various organizations, plus an advisory group, currently make up the Tourism Association Board. As previously mentioned, the TA is a non-governmental, not-for-profit, independent contractor to the LMD. For the past 12 years, since 2002, the LMD has provided a sole source contract for all Lodging Tax funds to the TA Board. In turn, the TA Board has hired staff to carry out the majority of marketing functions, along with various sole source contracts to vendors of marketing services.

The Coordination Model is often focused on representatives of different types of businesses or organizations and, in order to work well, depends on the willingness of individuals representing those businesses and organizations to collaborate together. Participants are expected but not required to work well together.

The focus for participants is often on keeping the resources and core strategies of their organizations safe and intact. That is very different from a results orientation where participants bring their respective resources to bear on a set of commonly held results. Results oriented, accountable, performance-based contracts are not a part of this model.

The Coordination Model works well when the mission is generally for the mutual benefit of members. Examples include professional organizations, religious organizations and clubs. When specific expertise is needed to make decisions, such as marketing decisions, the Coordination Model creates representative boards that then depend on staff to develop strategies and deliver services. Often it is staff that

make leadership and broad direction decisions since the board members either lack specific expertise or become accustomed to deferring to staff.

In the current arrangement, coordination and collaboration between the TA and the Chamber-managed Visitors' Centers has not been functional for some years and collaborative planning and execution is rare. This is largely because there is not in play a systemic view of marketing in the Valley or of the local economy. Roles, responsibilities and accountability are unclear and diffused. Critical information related to the tourism economy is often not shared among the players. A systemic approach where marketing players and stakeholders are working together to achieve a common set of results and where relationships are built on mutual accountability for performance is simply not present.

When marketing resources are not systematically coordinated, the entire Valley underperforms our potential to achieve marketing results and grow our economy. One interviewee likened the current marketing efforts to a scull crew without a crew master, all rowing at different rhythms, out of sync with each other and lagging behind other crews who are rowing in sync and speeding ahead.

Consolidation Model

The Consolidation Model is one where autonomous organizations consent to becoming a part of a single new, larger organization. This model would see the two Chambers of Commerce and the TA, or other contractor organization, become one organization. In all of MR's consultations during this process, there is no real interest or suggestion from participants that this could or should happen in the Valley. This model is not considered realistic in the Valley. However, after a few years of successful integration of efforts and success, new options may emerge.

Integration Model - Recommended

The Integration Model brings autonomous organizations together into a shared mission through performance-based contracts or agreements. This model is built on a systems approach to marketing and is designed to create that system through performance-based contracts and agreements. In this report, 'contracts' include the exchange of money for services and 'agreements' are signed contracts but do not include the exchange of funding.

When asked "where does marketing begin and where does it end", the consensus of interviewees is that it begins when a potential visitor hears about the Valley and learns about the experiences they can have in the Valley through word of mouth or through out-of –Valley marketing efforts. Interviewees said further that marketing does not end when visitors arrive, step off the plane or park their vehicle. In-Valley marketing occurs through the Visitor's Centers where visitors get information about where to get those experiences, eat, shop and stay the night. This is normally the

purview, though not exclusively, of Chambers and marketing efforts of individual businesses.

Further, in-Valley marketing continues in the service experiences that visitors have with local businesses, and the experiences they have with people they meet along the way while they are here. Several interviewees clarified that marketing does not start and stop with winter or summer campaigns but should be a continuous process year-round.

The key to success is that out-of-Valley and in-Valley marketing efforts must be fully coordinated in an integrated marketing system. In the current arrangement, out-of-Valley and in-Valley marketing efforts are not coordinated and certainly not integrated. The out-of-Valley is very much an experiential call to action – to come to the Valley for those experiences--and in-Valley marketing connects visitors to those experiences. The expectations created through out-of-Valley marketing need to be fulfilled or exceeded by in-Valley experiences.

A marketing system for the Valley would include out-of-Valley marketing before visitors arrive and in-Valley marketing when visitors are here among us. The consensus among interviewees is that an integrated and coordinated system for marketing the Valley does not currently exist but must be created if we are to effectively compete in the future.

The key to building an Integration Model is governance. The governance structure must be intentionally designed to create a system of marketing efforts, resources and results. If not specifically designed to create an integrated system of efforts, the governance structure will create something altogether different. The governance body is responsible for establishing overall strategic direction and developing expected strategic results, and ensures that marketing services, whether delivered by staff or by contractors, are true to that direction. The tie that binds the system together is performance-based contracts in exchange for funding. Governance body decision-makers must have expertise in marketing and be capable of making performance-based decisions to create a system of successful marketing.

Performance-based contract(s) are awarded for delivery of specific services and the achievement of specific results as specified by the governance body. These contract(s) require collaboration among partners, including the sharing of information. Importantly, the Integration Model does not fund organizations per se with the hope that they will deliver the right services. Rather, the Integration Model funds specific marketing services tied to measurable results. This is the difference between 'hoping for results' and 'managing for results'. Further, a performance-based budget is developed that ties a level of service delivery to a level of performance results to a level of funding.

In the case of some marketing partners, performance agreements are developed without funding because the mission to market the Valley is shared without an

exchange of funding. Examples of performance-based contracts would be between a Marketing Board of Directors (MBoD), explained below, and the contractors receiving funds and providing services. Examples of performance agreements may be with WSCU, CBMR and GVH, though none of those organizations should be barred from receiving LMD funds and holding contracts. However, their marketing missions are very clear (students, visitors and patients respectively) and there is naturally a high degree of alignment between their desired results and the LMD/MBoD desired results, with or without funding.

A note about information sharing -- good decisions require timely, accurate and complete information. The Integration Model and related performance-based relationships literally run on good information. In the Governance Recommendations below are ways to ensure that information is shared among decision-making marketing partners.

In the Integration Model, the governance structure requires that the LMD, as the funding organization, and the MBoD, as the board with critical expertise, work together to establish high-level strategic results. For example, it is anticipated that while the LMD would set broad direction, the MBoD would have the expertise to develop metrics and determine high level strategies. Once those strategic results are approved by the LMD, the MBoD would award and execute performance-based contracts for specific services. Performance based contracts would include levels of services to be delivered and expected results and would include performance measures, including targets, tied to the funding. It should be obvious in the Strategic Business Plan and performance-based budgets submitted to the MBoD that there is a level of funding tied to a level of performance.

Emphasis in performance-based contracts is both on outputs (number of services) and results (impact on the customer). It is never enough to contract for effort or activities; it is essential to the success of the Integration Model to also contract for expected results or accomplishments. In other words, the MBoD will be very interested in the return on investment (ROI) for services purchased, and would expect to see ROI described in the proposals they receive. For instance, the LMD and MBoD want to achieve integration, or at least consistency and connectivity, of the various websites marketing the Valley. The MBoD might contract with a firm for those specific results, evaluate those results and the performance of the vendor, and then report that performance to the LMD in their quarterly meeting.

In the Integration Model, all contracts and agreements are integrated together to achieve results and all parts of the system work together. An example of a systemic and integrated approach -- an event mostly focused on one end of the Valley would be marketed through all out-of-Valley marketing efforts and all in-Valley marketing through contracted Visitors' Centers and performance partners. The customer would see this event highlighted in vacation planners on-line and in hard copy, on websites and all print media, on a consolidated events calendar, and in all social media. Potential visitors would hear about the event when calling in and visitors

would hear about the event through the Visitor's Centers when they stop in. Related 'apps' developed for the Valley would provide all pertinent information for how and where to participate in the event, as well as all other events in the Valley. The entire Valley marketing system would focus on the event, not just the event organizers and the Chamber where the event is happening.

The Valley is one economy and the marketing efforts must behave like a system focused on the entire Valley. Anything less sub-optimizes the use of all marketing funds for the businesses and 1900 individuals whose jobs depend on the 50% of our economy tied to tourism.

Governance Recommendations

MR's recommendations are solely focused on and driven by the question of "what governance structure will deliver the best results for visitors to the Valley and for our local economy?" The LMD asked MR to look less at detailed activities and more at governance as the greatest opportunity to make improvements. Governance, as referenced here, is the organizational structure used for making decisions regarding the use of LMD funds to market and achieve tourism results for the Valley. Having the right governance structure in place is the key to creating an integrated system for marketing the Valley.

The recommendations are written as what 'would' happen if these recommendations are followed.

Recommendations - Local Marketing District (LMD)

The Board of County Commissioners would continue as an ex officio board of directors for the Local Marketing District. The LMD would continue, as the 1990, 2002 and 2009 ballot measures require, to have the authority to provide management, control and supervision of the use of the Lodging Tax revenues. The Board of County Commissioners is elected to provide leadership, fiduciary responsibility and policy oversight to Gunnison County Government.

By Colorado Revised Statute the BoCC, acting as the LMD, has discretionary authority of approving what marketing programs would be funded using the Lodging Tax Revenues. However, the BoCC/LMD members are not elected because of their tourism marketing experience or expertise and further they have expressed their desire to not be involved in tactical marketing decisions. The LMD, in their 'management, control, and supervision' oversight role, would delegate specific marketing decisions to a Board of committed members of the community who are experts in marketing with emphasis on experience in marketing tourism economies. The LMD would, therefore, expect the Board, with its expertise, to regularly assess the Valley's position relative to its competitors in the tourism market, and to then develop draft strategic and operational results that are capable of advancing the

Valley's market position relative to its competitors. MR has interviewed several individuals with this senior level marketing experience who are also committed members of the community.

Recommendations - Marketing Board of Directors (MBoD)

Under this proposed governance structure, the LMD would not make specific marketing strategy decisions. The LMD would appoint a seven-member board of marketing experts known as the Marketing Board of Directors (MBoD). On behalf of the LMD, the MBoD would make decisions on how to use all of the Lodging Tax revenues to market the Valley. The MBoD would ensure that there is a unified, integrated and systematic approach to marketing the Valley and achieving tourism results.

The MBoD structure would ensure that a team of individuals with appropriate marketing expertise are making contract decisions, setting direction, establishing broad priorities, and making tactical and staffing decisions. Marketing expertise and decision-making abilities are the core characteristics of the MBoD members that will keep the focus on results and on building an integrated marketing system that will produce those results.

Anytime an organization believes that it is entitled to public funds, in this case, LMD Lodging Tax funds, after a time that leads to strong, even extraordinary, efforts to maintain and protect the organization itself and its sole source funding status. From a customer perspective, from a performance perspective, an entitlement mentality takes an organization off of its core purpose.

To ensure that an entitlement mentality does not develop within the MBoD, the MBoD would be required to submit an annual Strategic Business Plan and operate under a performance agreement with the LMD. The MBoD would be responsible and accountable to the LMD for results achieved, as mutually agreed upon with the LMD at the beginning of the performance period and as delineated in the Strategic Business Plan. Measurable performance regarding tourism results achieved by the MBoD would be evaluated annually by the LMD. It is important to note that evaluation of results in an ongoing discussion that occurs throughout the year; gaps that emerge are mutually discussed by the LMD and MBoD, and new strategies responding to business environment changes or other dynamics are also mutually agreed upon.

Key to its success, the recommendation is that the MBoD be structured and operated such that another self-perpetuating bureaucracy is not created. The MBoD is a decision making body. The MBoD would be an appointed by the LMD and would be responsible for overall strategic decision-making as well as ensuring those decisions are executed through operational performance contracts for services and staffing.

The MBoD would not be a County organization. The MBoD would have independent, non-profit legal status with contracting and hiring authority. The LMD may ask the County Attorney to develop recommendations for the legal status of the MBoD and develop the necessary documents. The MBoD would create additional efficiencies in the use of LMD funds because it is not focused on building and developing an organization, but rather, can remain focused on making marketing decisions and seeing that those decisions are executed.

The members of the MBoD, with the exception* noted below, should have real-world marketing experience and expertise, as well as senior business decision-making experience. These skill sets would ensure that the MBoD is both qualified and capable to make marketing decisions for the Valley.

Success depends on getting the right people in the room to make the right decisions for the right reasons.

Membership

The MBoD would be a creation of the LMD and the membership of the MBoD would be as follows:

- 2 Residents of the Valley who 1) have current or past extensive, senior marketing experience, 2) view the economy of the Valley as one interdependent and interconnected economic system, 3) have experience as a senior decision maker, and 4) are committed community members

- 2 Residents of the Valley who 1) have current or past business experience providing services to visitors in the Valley, 2) view the economy of the Valley as one interdependent and interconnected economic system, 3) have marketing knowledge, and 4) are committed community members

- 1 Resident of the Valley* who has extensive senior leadership, decision making and management experience in a field other than marketing

- Marketing Director of Crested Butte Mountain Resort

- Marketing Director of Western State Colorado University

One Economy

It cannot be emphasized enough that the Valley is one economy with remarkably unique venues and opportunities operating within that economy. What happens anywhere in the Valley has impacts elsewhere in the Valley in terms of jobs, business, branding impact and tourism revenues.

This is a significant issue as well as an opportunity for broad education across the Valley. MR observed that individuals whose understanding of the economy of the

Valley as one interdependent and interconnected economic system also view marketing the Valley is a system of interdependent and interconnected efforts. Salaries and profits derived from tourism are spent with local businesses on coffee, food, gas, services, construction supplies, etc., - the list goes on as tourism dollars cycle within the local economy. Focusing on ours vs. yours, north vs. south, insiders vs. outsiders, my organization vs. your organization perpetuates the economic struggles faces by the Valley's residents, especially those whom we expect to deliver unforgettable experiences and customer service to our tourism visitors.

We must see prosperity as a goal for everyone.

Integrated Marketing System

All contracting and strategic decisions the MBoD makes are expected to create, build and strengthen the integrated, systemic approach discussed above in Organizing for Success (page 7). The tie that makes the integrated marketing system work is performance-based contracts for services and operational results, and agreements with key, non-LMD funded, partners. The MBoD would make funding decisions that reinforce the integrated, systemic approach that turns marketing the Valley into one system instead of many organizations acting independently.

Strategic Business Plan

The MBoD would submit an annual Strategic Business Plan which would include, at a minimum, an assessment of the tourism market (Colorado and regionally), how the Valley is performing relative to the market, the strategies and services the MBoD intends to deploy in the coming year to achieve marketing results for the Valley, and how those results, strategies and services will be measured and evaluated. The LMD would approve the MBoD Strategic Business Plan and the proposed annual performance budget.

Performance metrics, both results and outputs, will include targets and will be tied to a level of funding. In this manner, specific funding levels are tied to specific expected results, so that funds are spent strategically. The MBoD is encouraged to include its marketing partners and community stakeholders in developing the assessment portion of the Strategic Business Plan. The MBoD will measure how the Valley is doing relative to competitor locations and the Colorado tourism economy as a whole.

The Strategic Business Plan should be realistic in measuring the impact/influence marketing has on the tourism economy; experts MR consulted estimate this to be a 5%-10% difference. It is well documented that it is possible to measure the impact marketing strategies have on the tourism economy in the Valley. The MBoD will measure the 'return on investment' (ROI) for its marketing campaigns. The Strategic Business Plan should lead with those types of measurement; simply reporting outputs and increases and decreases due to fluctuations in the economy are not sufficient or accurate measures of marketing success.

The Strategic Business Plan would also illuminate how the MBoD is building an integrated system to market the Valley. The Plan would clarify how partners are collaborating together to achieve results, where those collaborations need work, and proposed strategies to achieve more effective integration. The Strategic Business Plan would include coordination/integration with the overall economic strategy of the County, with special events, customer fulfillment. The Plan should illuminate how LMD funds will be leveraged to their maximum benefit and the ROI for proposed marketing strategies is recommended.

Decouple Chamber Membership

Throughout the interviews, the requirement that LMD funds be used to market only Chamber members is viewed as significantly limiting efforts to market the Valley as a whole. Ironically, this requirement has focused the TA on promoting Chamber membership.

The LMD/Lodging Tax funds are paid by visitors, are public funds and as such should be used to market the entire Valley. Chamber membership should be disconnected from LMD funding and membership on the MBoD. Rather than specific businesses being marketed because they are Chamber members, the LMD funds should be used to market Experiences available in the Valley, such as River or Winter/Snow Experiences.

Given the historical tie of LMD-funded marketing efforts to Chamber membership, it is understandable that many members believe the LMD funds should be used to market their specific business or their sector of the economy rather than the entire Valley as a whole. This logically leads to the fragmentation of marketing efforts.

Market the Valley's 'Experiences'

Focusing on the tourism customer, LMD funds would be used to market the year round 'EXPERIENCES' available in the Valley – experiences interesting to our tourism customers. This was a key aspect of the advice given to MR through the consultative process. There is very strong consensus to disconnect the use of Chamber membership from the use of LMD funds, and to market 'Experiences' the customer can have in the Valley.

Marketing the unique 'Experiences' available in the Valley, rather than Chamber members per se, reinforces a systemic focus rather than a business-specific focus. When we market the Winter/Snow Experiences available in the Valley it will naturally bring along those businesses involved in delivering the services and opportunities associated with that experience. The same would be true of the Mountain Biking experience, the River -Fishing/Rafting experience, the Hunting experience, the Ranching experience, the Wildflower experience, the Hiking experience, the Mountain Town Shopping experience, the Remote Location experience, etc., etc. The unique Experiences available in the Valley can easily be marketed within the umbrella of our unique Brand as well.

The Valley's Brand

In the first year, 2015, the MBoD would engage in a process to provide a clear, concise articulation of the Gunnison-Crested Butte Valley Brand. The Brand seems obvious from most individuals we interviewed; however, those marketing the Valley are not consistently articulating the Brand. There is not consensus on how best to articulate the Valley's Brand. Past branding studies, customer and community consultations, at the discretion of the MBoD, may be included in the process. Any additional branding studies should focus on what our customers believe they are buying.

The TA is currently considering funding a branding study and we recommend putting a hold on that study.

Following articulation of the Brand, the MBoD would work with the Chambers of Commerce, municipalities and marketing partners to help businesses and community organizations align their individual brands to the Brand for the Valley, In this manner, a clear and consistent 'Brand' message for the Valley can be used in all marketing efforts funded by the LMD and MBoD. Chambers will then be in an excellent position to help their members align customer service practices to the Valley's Brand. Non-LMD funded companies and organizations marketing the Valley will be invited to use the Brand in their marketing and customer service efforts as well.

Marketing and Economic/Prosperity Development Integration

Because the Valley is one economy, the LMD and MBoD are encouraged to integrate tourism marketing and other economic/prosperity development efforts. The two efforts should be parallel rails on the same set of tracks, coordinated and aligned to mutual goals. The MBoD and LMD are encouraged to build business development into marketing strategies and to build bridges with economic/prosperity development efforts.

For example, when individuals, families and business owners come to the Valley as tourists and then return to make the Valley their first or second home and relocate their business here, these two efforts – tourism and economic/prosperity development – are leveraged to enhance both. A question to ask and answer is – do our tourism marketing strategies encourage visitors to take up residence and to move their businesses here?

Examples of this dynamic abound – Kinko's was started by a tourist who came to Santa Barbara to surf. Some competitor destinations, like Steamboat, are specifically using their tourism marketing strategies to encourage 'location neutral businesses' to relocate there. We can do the same or better given the quality of life available in the Valley.

Accountability
The MBoD would be accountable and responsible to the LMD for the performance achieved using LMD funds. The MBoD would submit an annual Strategic Business Plan and proposed performance budget, which the LMD would review and approve. Further, on a quarterly basis, the MBoD would present quarterly performance reports, and would convene joint discussions and consultations as needed.

Performance-Based Contracts
MBoD's contracts for services would be performance-based and should be competitively bid no less frequently than every 3 years and more often whenever deemed appropriate. Sole source contracts should be the rare exception. This will ensure that the MBoD is tapping into the best service providers in the market and the most up-to-date methods for achieving marketing results. Service providers will be expected to achieve results. Without competitive bidding, the conversation becomes one about sustaining the organizations receiving the funds rather than achieving results for the local economy.

Authority
The MBoD would have contracting and hiring authority. The MBoD would account for all funds expended and the MBoD shall have no other purpose than to promote and market the Valley.

Performance Reports
The MBoD would provide quarterly results oriented performance reports delivered in a presentation to the LMD. The performance reports would include, at a minimum, progress on results year to date compared to annual targets approved in the annual Strategic Business Plan, strategies and contracts the MBoD is employing to achieve the results, and proposed course corrections when results are not being achieved.

The LMD may also ask the MBoD to provide an Annual Report to the community on the results achieved, with particular emphasis on how tourism results impact jobs and prosperity. This should be timed to begin when the MBoD has the resources to produce the report.

Information Sharing
The MBoD would develop a holistic, strategic approach to information gathering, management and sharing. The MBoD should convene and lead regularly scheduled, probably quarterly, marketing updates where the MBoD, Visitor's Centers and other performance partners would share their latest information about what is happening in the tourism economy in the Valley, the State and the Region. This is designed to inform everyone's decision making and to reinforce that we are operating in one economy, within an integrated market system, all under one Brand. The MBoD should, at its discretion, engage companies and associations with high-value market information to share information in support of marketing decision-making in the Valley. Opening up this opportunity, the Crested Butte Mountain Resort has offered

to share its information. For these and other shared-information efforts to be successful and sustained, high-impact organizations will need to see their input as valued and important to the Valley-wide marketing decision-making.

Secure Database

The MBoD would develop a process and a secure database, if appropriate, where research conducted and information gathered by services it funds, the Visitor's Centers and all private organizations willing to do so, may share that information for data-driven marketing decision making. The aforementioned quarterly meetings are another way of sharing this information.

Coordinated Websites, Apps

The MBoD would develop and execute a plan to coordinate the various web sites marketing the Valley in a way that creates a seamless experience for the tourist looking at the Valley. This may be one integrated web site, a combined portal or a consistent look and feel among the sites where the user can easily get to the experiences and services they want. At a minimum, the various websites must make it easy to find services found on each other's sites. To remain competitive, we must make it easy for our customer to find us and access the services they are interested in when they get here. The MBoD would determine the best way to accomplish the integration of web-based marketing efforts already underway in the Valley.

To be competitive, the Valley needs a tourist-focused 'app'. Crested Butte, Vail and Telluride have apps designed for visitors. Although we do not directly compete with Singapore, it is worth noting that their visitors receive a smart phone for the duration of their visit with the 'Singapore app's' preloaded.

The MBoD can explore coordination with other vendors like TripAdvisor to help potential visitors find us and come to the Valley. Coordination with other on-line vendors leverages LMD funds and reaches visitors 'shopping' via the web, particularly those who are 'mobile' shoppers.

Unified Events Calendar

A missing piece of important data is how many or what portion of visitors, or what characteristics of visitors, our events bring to the Valley. This is a measurement that should be made by the MBoD and used for future marketing strategies. Currently, some large and some smaller events in the Valley are not actively marketed with LMD funds. Interviewees suggested that events have a significant impact on the Valley's tourist economy.

All organizations in the Valley should be polled and their events included on a single, unified Annual Events Calendar. Efforts should be made over the next two years to sequence events to maximize participation by visitors and residents. Reno, NV, has done this with great success.

The MBoD would consider holding two meetings each year to coordinate winter and summer calendar events throughout the Valley and ensure the unified events calendar is complete. This should happen well in advance of the season so the information is available when potential visitors are shopping.

Unified Call-in Number for the Valley

The MBoD would develop and execute a plan to create a call-in number for tourist information for the Valley where they can get integrated information on the Valley. Currently, the caller has to choose between two parts of the Valley, reinforcing the notion of up-Valley vs down-Valley rather than the entire Valley with many unique Experience offerings. Some folks in the Valley think in terms of up-Valley and down-Valley but our visitors, who are our customers, do not.

Fulfillment

In the past, the Visitor's Centers received funding for fulfillment for sending out vacation planners. The charge for fulfillment included some off-set funding for other services provided through the Visitors' Centers such as greetings, information, referrals and in-person vacation plans. For cost savings reasons, the decision was made a few years ago that fulfillment would be handled through a third party vendor who uses bulk mail to send out vacation planners. The Visitor's Centers have never received LMD funding for the in-Valley services to provided to visitors through the Visitor's Centers.

If vacation planners are easily accessed and consistently downloadable from websites, fulfillment becomes a minor and secondary part of marketing. Competing destinations have long since given the majority of their marketing efforts over to electronic and mobile media, including vacation planners.

The MBoD should assess how quickly phone-in requesters receive Vacation Planners, and the percentage of requesters who download Planners or who 'view' Planners and proceed to book overnight stays, events and Experiences. Where possible, the MBoD should compare this data to our competitors.

MR recommends that the MBoD look at both the cost and the results being achieved by the current fulfillment arrangement. Results should be evaluated in terms of how long the potential customer waits to receive the vacation planner, which would have everything to do with whether the potential customer comes here or goes elsewhere. Disconnecting cost from desired results can be ultimately more costly.

Stipend

Expertise and the level of responsibilities expected for the MBoD suggests that members should receive a minor stipend for serving on the Board as well as reimbursement of expenses. By 'minor', we suggest something on the order of magnitude of $3,000 per year or $250 per meeting.

Board Training
The LMD should support Board Member training for the MBoD. The training should focus on board decision making processes, data-driven decision making, performance measurement, communications, managing for results, performance-based contracting and budgeting, partnering for results and other topics the LMD and MBoD believe would be essential skills for success. These same topics must also be within the capability of any and all staff the MBoD may hire.

Staffing
The MBoD may decide to hire a director and/or staff, including considering current TA staff, or they may chose to subcontract for assistance in implementing their marketing strategies, or a combination. If staff are hired, then it is essential that the hires bring the systems perspective, results orientation, collaboration and partnership building skills, and up-to-date marketing skills that the MBoD requires to achieve their stated results. Knowledge of how to market and support events and group sales should be part of their capacity.

Transition
In the transition from the current arrangement to the MBoD, it will be important to manage continuity of marketing efforts currently underway. Some options the LMD may consider include the following: 1) the Tourism Association could respond and propose to provide these services for a period of time, 2) existing staff could be asked to continue to provide marketing services underway, or 3) retain a marketing consultant to oversee marketing operations, possibly using existing staff, for six months until the MBoD is established and ready to make decisions.

Recommendations – Visitors Centers

Marketing System – Visitor's Centers
There is strong consensus that in-Valley marketing that occurs through the Visitors' Centers is a critical component to marketing the Valley.

The current arrangement is that the Visitors Centers do not receive LMD funding. Funding decision are made by the TA Board under the sole source agreement with the LMD. In years past, the Visitor's Centers were provided funding from the TA for 'fulfillment' or sending out vacation planners. That funding ended some five years ago. Funding for the other in-Valley marketing services provided by Visitor's Centers has been funded by the Chambers and has not been supported by LMD Lodging Tax funds. In-Valley and out-of-Valley marketing services are not coordinated or integrated.

Funding for In-Valley Marketing Services

Contemplating how a marketing system for the Valley might be structured, MR considered the importance of Visitor's Centers as in-Valley marketing. All interviewees indicated that the Visitor's Centers play an important role in in-Valley marketing.

The largely non-functioning relationship between the TA and Chambers has, over the past several years, exemplified the leadership fragmentation pointed out in the Radcliffe Report and has led to significant disconnects in marketing the Valley. This is not as much an issue of personality as it is an issue of structure -- the current Coordination Model has not achieved the coordination or collaboration of marketing efforts, let alone created a system. Out-of-Valley and in-Valley marketing efforts are not tied together and do not act in any way as a system for marketing the Valley.

Going forward, to build a systemic approach to marketing the Valley, MR recommends that the LMD and MBoD specifically invite the Visitor's Centers to submit Strategic Business Plans to the MBoD for Visitor Center services. The MBoD may do this through an RFP for those services. This approach requires the Visitor's Centers to compete for funding and undoes the history of leaving the Visitor's Centers out of the marketing system. If the Visitor's Centers are successful in competing for the funds, this provides a transition for integrating Visitor's Centers into the Valley marketing system.

Strategic Business Plan

The Strategic Business Plan should outline the services they propose to provide and the Plan will detail how their performance will be evaluated. The Strategic Business Plan will include, at a minimum, the performance measures for both outputs and results to measure their customer service performance, describe how they will gather and share information with other members of the Valley's marketing system, strategies and requirements for collaboration with the MBoD and other organizations participating in the Valley's marketing system, how the Visitor's Centers will integrate with the MBoD website, strategies for marketing the Experiences identified by the MBoD, how the Visitor's Centers will integrate with the Unified Events Calendar, a plan for modernizing the Visitors' Centers (including the use of technology), accounting procedures for the distinct and separate use of LMD funds for the approved service, and a match to the LMD funds (see below). '

The types of services provided through the Visitors' Centers that could be included in the Strategic Business Plan include greetings; information responses; referrals; in-person-developed vacation plans and schedules; event calendars; free bus schedules; amenity descriptions, locations and photos; telephone inquiry responses; materials requests fulfillments; specific Experience descriptions, locations and photos; etc., etc.

Funding and Match

Funding levels for the Visitor's Centers should be based on the Strategic Business Plan each Visitor's Centers submits to the MBoD. MR recommends that if the Visitor's Centers are successful in receiving funding, they should be required to provide a match equal to 30% of the funds received from the MBoD. This should allow the Visitor's Centers to operate at a higher level of performance, modernize the customer experience with up-to-date technology and signage, and incentivize the Visitor's Centers and their municipal partners to continue to invest in the Visitor's Centers. Volunteers from the community should be emphasized in the workforce at the Visitors' Centers. Funding for services delivered through the Visitors Centers could free up other Chamber resources for business support services.

Chamber Members

Interviewees expressed understanding that the LMD Lodging Tax funds are public monies, collected from visitors to the Valley, to be used by the LMD to market the Valley -- the entire Valley -- not Chamber members only. Thus, the Visitor's Centers, should they choose to propose and contract with the MBoD to deliver LMD-funded marketing services, may initially face some challenges integrating services to be Valley-wide rather than member-specific services only. However, MR would suggest that ultimately all members would benefit from prosperity throughout the Valley.

Additional Items

Legal Documents

The BoCC/LMD should request that the County Attorney determine what legal documents may be necessary to implement their decisions and develop those forthwith.

Attachments in Order

#1 Gunnison County Attorney Memorandum dated April 21, 2014
#2 Product from the First Facilitated Meeting – Issues, Draft Strategic Results, Services
#3 List of Interviewees
#4 Agenda's of Facilitated Meetings

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Attachment #1
Gunnison County Attorney Memorandum dated April 21, 2014
Note: In copying the document into the Report some of the original formatting was lost.

TO: Paula Swenson Phil Chamberland

Jonathan Houck Matthew Birnie Russ Forrest

FROM: David Baumgarten Rachel Magruder

MEMORANDUM

RE: Organization, Relationship and Governance of the Gunnison River Valley Local Marketing District and the Gunnison/Crested Butte Tourism Association

DATE: April 21, 2014

The intent of this memo is to identify the purpose, statutory authority, organizational structure, governance and relationship of the Gunnison River Valley Local Marketing District ("Local Marketing District") and the Gunnison Tourism Gunnison/Crested Butte Tourism Association ("Tourism Association"). This memo also provides informational history of the entity preceding the two, the Gunnison County Lodging Tax Panel, along with relative aspects of Memorandums of Agreement between the Gunnison River Valley Local Marketing District and the Marble Tourism Association and with the Marble Crystal River Chamber of Commerce.

An associated issue addressed by this memo is whether either organization is subject to the "Colorado Open Meetings Law".

A. Executive Summary.

In this memo you will find that pursuant to C.R.S. 29-25-108(1)(a) the Board of County Commissioners constitutes an ex officio board of directors for the Local Marketing District and pursuant C.R.S. § 29-25-111(1)(f) has the statutory authority of management, control, and supervision of all the business and affairs of the district and of the operation of district services therein.

Also, as reiterated in the Memorandums of Agreement referenced herein, the Board of County Commissioners is the administrator of funds collected from the

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Rachel Magruder, Paralegal

Local Marketing District tax revenues and has discretionary authority of approving what marketing programs will be funded.

The Tourism Association is a non-profit corporation of the State of Colorado and an independent, non-governmental entity separate from the Local Marketing District.

The relationship between the Local Marketing District and the Tourism Association is a contractual relationship. Specifically, the Tourism Association is an "independent contractor" of the Local Marketing District.

B. Gunnison County Lodging Tax Panel. 1. Purpose.

The purpose for establishing the Gunnison County Lodging Tax Panel ("Panel") was to provide an opportunity for the Board of County Commissioners to levy a county lodging tax, available by statute, of no more than two percent on the purchase price paid or charged to persons for rooms or accommodations for advertising and marketing local tourism. C.R.S. § 30-11-107.5(1).

2. Establishment.

Pursuant to C.R.S. § 30-11-107.5(3)(a) the Board of County Commissioners adopted Resolution No: 1990-19 which proposed that a ballot issue be submitted to the electors of Gunnison County, Colorado for approval of a county wide lodging tax. The ballot issue was approved at the November 6, 1990 general election and the Panel was thereafter established.

Resolution No: 01-19 changed the name of the panel from "Gunnison Lodging Tax Panel" to the "Gunnison County Tourism Panel".

3. Organizational Structure and Governance.

The Panel's responsibility was to carry out the administration of the lodging tax revenues for advertising and marketing tourism. C.R.S. § 30- 11-107.5 (1).

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Rachel Magruder, Paralegal

The number of members of the panel could be no less than 3 members pursuant to C.R.S. §30-11-107.5(4)(a) The members were appointed by the tourism industry within the municipalities and/or unincorporated areas from which the lodging tax was collected and selected by the Board of County Commissioners. Vacancies occurring during a member's term could be appointed by the panel. Bylaws, Article 5.

The Board of County Commissioners identified the composition and criteria for selection of panel members in Resolution No: 1990-19 at paragraphs 3 (A)(1) through (6) which divided members into two sub- committees, the Crested Butte Sub-committee and the Gunnison Sub- committee, each consisting of 4 members per sub-committee. The Board of County Commissioners had the authority and opportunity for amending the composition and criteria for selection of members of the local marketing district panel.

The Panel's respective responsibilities were identified in Resolution No: 1990-19 at paragraphs 3.A (7) through (9) which state:

"(7) The revenues generated by the lodging tax shall be used only to advertise and market tourism in Gunnison County, Colorado. No revenue collected from such lodging tax shall be used for any capital expenditures, with the exception of tourist information centers.

(8) To the extent feasible the Panel shall advertise and market tourism for the benefit of those unincorporated areas and municipalities from which the lodging tax revenues originated.

(9) The Crested Butte Sub-committee shall administer the lodging tax revenues originating in the Towns of Crested Butte, Mt. Crested Butte and Marble and the Gunnison Sub-committee shall administer the lodging tax revenues originating in the City of Gunnison, the Town of Pitkin and all unincorporated areas of Gunnison County. For the purpose of the lodging tax, all sales are deemed to originate at the place where the actual rooms or accommodations are located.

(10) Not-withstanding subparagraphs (A)(8) and (A)(9) above, the Panel shall have the right to allocate all or part of the lodging tax revenues for advertising and marketing or tourism within Gunnison County as a whole on condition that such county-wide advertising

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Rachel Magruder, Paralegal

and marketing is approve by a majority of the Panel and majorities of both sub-committees."

All revenue collected from the lodging tax, with exceptions as identified in C.R.S. § 30-11-107.5(2) were credited to a special fund designated as the county lodging tax tourism fund. The fund shall used only to advertise and market tourism in accordance with C.R.S. § 30-11-107.5(4) (b) and (c) and to reimburse the general fund of the county for the cost of the election in accordance with C.R.S. §30-11-107.5(3)(d). No revenue collected from such county lodging tax shall be used for any capital expenditures, with the exception of tourist information centers.

The Board of County Commissioner's Resolution No: 02-32 amended the requirements for composition of the Gunnison Sub-committee as identified in Resolution 1990-19, paragraph 3.A (5).

The Board of County Commissioners ceased to utilize the Gunnison County Tourism Panel and entered into a contractual relationship with the Gunnison/Crested Butte Tourism Association.

Please note that on September 24, 2003, the Panel submitted its "Final Report".

C. Gunnison River Valley Local Marketing District. 1. Purpose.

The public purpose of local marketing districts is "to promote the health, safety, prosperity, security and general welfare of the inhabitants thereof, the property owners therein, and all the people of the state; will promote the continued vitality of commercial business area within local governments; and to be of special benefit to the property within the boundaries of any district....and is essential to continued economic growth of the state." C.R.S. § 29-25-102.

The services granted within a local marketing district are:

a. Organization, promotion, marketing, and management of public events;

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Rachel Magruder, Paralegal

b. Activities in support of business recruitment, management, and development;

c. Coordinating tourism promotion activities. C.R.S. § 29-25- 111.

2. Establishment.

As a means of coordinating marketing efforts in the Gunnison Valley, on September 5, 2002 through Resolution No: 2002-47, the Board of County Commissioners approved the proposal for establishing the Local Marketing District and identified the ballot issue language for the November 5, 2002 general election which included:

a. Should the ballot issue be approved, to repeal the existing lodging tax of 1.9% effective July 1, 2003; and

b. Local Marketing District taxes, not to exceed 4%, would be levied from July 1, 2003 through January 1, 2011.

On September 17, 2002, through Resolution No: 02-51, the Board of County Commissioners expressed further support of the Local Marketing District.

The ballot issue was approved by electors on November 5, 2002 and the Local Marketing District was established pursuant to the Local Marketing District Act, § 29-25-101, et. seq.

On February 18, 2003, through Resolution No: 2003-16, a 4% lodging tax was established to begin July 1, 2003 and an interfund program loan for interim funding of the Local Marketing District was approved so that work programs could be initiated prior to beginning the July 1, 2003 tax collection.

On October 7, 2003, through Resolution No: 2003-49, the discontinuance of the 1.9 % lodging tax on June 30, 2003 was reaffirmed.

On December 22, 2003, through Resolution No: 2003-71, the Board approved further funding of another interfund program loan for Local Marketing District.

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On July 21, 2009, the Gunnison River Valley Local Marketing District, through Resolution No.1, presented and authorized the ballot issue for the November 3, 2009 general election for extension of the District's marketing and promotion tax beyond its current expiration date of the January 1, 2011.

In Resolution No: 09-42, the Board of County Commissioners expressed support for renewal of the existing Local Marketing District marketing and promotion tax to appear on the November 3, 2009 ballot. The electors approved the extension.

3. Organizational Structure and Governance.

The Board of County Commissioners is the governing board of the Local Marketing District pursuant to C.R.S. § 29-25-108(1)(a) which states:

"... if the governing body of a single local government creates the district, such governing body shall constitute ex officio the board of directors of the district."

Though the Board of County Commissioners has the opportunity of appointing a separate board of directors for the Local Marketing District, the Board of County Commissioners, through Resolution No: 2002-47, which proposed the creation of the Local Marketing District along with the language for the ballot issue, clearly stated that "The Board of County Commissioners shall be the ex officio governing body of the District."

4. Powers of the Local Marketing District.

The powers of the Local Marketing District are identified in C.R.S. § 29-25- 111(1) (f) through (h) which include:

"(f) To have the management, control, and supervision of all the business and affairs of the district and of the operation of district services therein;

(g) To appoint an advisory board of owners of property within the boundaries of the district and provide for the duties and functions thereof;

(h) To hire employees or retain agents, engineers, consultants, attorneys, and accountants;"

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In addition to any other means of providing revenue for a district, the board has the power within the district to levy a marketing and promotion tax on the purchase price paid or charged to persons for rooms or accommodations...." C.R.S. § 29-25-112.

D.Gunnison/Crested Butte Tourism Association. In January 2002, the Board of County Commissioners and local municipalities began working with the private sector to assess the effectiveness of current making efforts and to address changes in the current approval to enhance the effectiveness. As a result of this effort, on September 9, 2002 the Tourism Association was formed. The Tourism Association is a separate, independent, non-governmental entity in itself and registered with the Secretary of State as a non-profit corporation of the State of Colorado. Its mission as stated in the Bylaws is to market our valley-wide community as a year-round destination and to promote a quality visitor experience. Funding acquired for the marketing is also identified in the Bylaws of the Tourism Association under Article IV, Section 3, which states that the Tourism Association will be funded based upon the annually approved budget by the Local Marketing District Board of Directors.

E.Marble Tourism Association. Members of the Marble Tourism Association consist of all the lodging establishments located within the Upper Crystal River Valley portion of Gunnison County. The Marble Tourism Association was formed on November 21, 2003 and is a separate, independent, non-governmental entity in itself and registered with the Secretary of State as a non-profit corporation of the State of Colorado.

F.Organizational Contractual Relationships.

1. Gunnison River Valley Local Marketing District Intergovernmental Agreement (Term October 22, 2002 through October 22, 2003).

7

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Prior to electorate approval, and in anticipation of the establishment of the Local Marketing District, on October 22, 2002, Gunnison County, the City of Gunnison, the Town of Mt. Crested Butte and the Town of Crested Butte, entered into the Gunnison River Valley Local Marketing District Intergovernmental Agreement ("IGA").

The purpose of which was to establish a cooperative approach to the administration of funds generated by the Local Marketing District with the intent to market the valley-wide community as a year-round destination and to promote a quality visitor experience. This IGA contemplates approval of the establishment of the Local Marketing District, a 4% tax levy along with the approval of an Admissions Tax by the Mt. Crested Butte electorate.

The IGA allocates to the Board of County Commissioners, the discretion of administration of the 4% tax revenue of the Local Marketing District in paragraph 2(b):

"The Board of County Commissioners of Gunnison County, Colorado will allocate the proceeds of the 4% lodging tax revenue to fund the marketing program or programs presented by the Gunnison/Crested Butte Tourism Association as approved by the Board of County Commissioners."

The IGA also allocates to the Town Council of Mt. Crested Butte, the discretion of administration of up to 75% proceeds from the Mt. Crested Butte Admission's Tax in paragraph 2(d):

"The Town of Mt. Crested Butte will allocate up to 75% of the proceeds from the admission's tax to fund the marketing program or programs presented by the Gunnison /Crested Butte Tourism Association as approved by the Town Council of Mt. Crested Butte."

Further administration of the Local Marketing District is identified in paragraph 3 of the IGA:

"The Gunnison River Valley Local Marketing District shall be administered by the Board of County Commissioners and appropriate representation from financially contributing signatories

through a contract with the Gunnison/Crested Butte Tourism Association."

2. Memorandums of Agreement between Board of the Gunnison River Valley Local Marketing District of Gunnison County, Colorado and Mt. Crested Butte Town Council and Gunnison/Crested Butte Tourism Association. (Annual Agreements 2004-2009)

These Memorandums of Agreement identify, among other things, the amount of support funds to be allocated from the Local Marketing District to the Tourism Association along with the amount of support funds to be allocated from Mt. Crested Butte to the Tourism Association, approval of expenditures and future work programs.

The Memorandums from 2004 through 2008 specifically state the relationship between the Local Marketing District, the Town of Mt. Crested Butte and the Tourism Association as donor and donee.

"The relationship between the Board of the Gunnison River Valley Local Marketing District, the Town of Mr. Crested Butte and Gunnison/Crested Butte Tourism Association is that of donor and donee. Gunnison/Crested Butte Tourism Association is not an agent of the Board of the Gunnison River Valley Local Marketing District or the Town of Mt. Crested Butte and neither the Board of the Gunnison River Valley Local Marketing District nor the Town of Mt. Crested Butte are not responsible for the acts or omissions of Gunnison/Crested Butte Tourism Association its officers, employees or agents."

The 2009 Memorandum specifically states that the Tourism Association is an "independent contractor" of the Local Marketing District and the Town of Mt. Crested Butte.

"The relationship of the Gunnison/Crested Butte Tourism Association to the Board of the Gunnison River Valley Local Marketing District and the Town Council of Mt. Crested Butte is that of an independent contractor, performing marketing functions pursuant to this Agreement. Gunnison/Crested Butte Tourism Association is not an agent of the Board of the Gunnison River Valley Local Marketing District or the Town Council of Mt. Crested Butte, and neither the Board of the Gunnison River Valley Local

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Marketing District nor the Town Council of Mt. Crested Butte is not responsible for the acts or omissions of Gunnison/Crested Butte Tourism Association its officers, employees or agents."

All of these Memorandums state substantially, although not exactly, the same language for the administrative of funds among the parties.

"The Board of the Gunnison River Valley Local Marketing District is responsible for the administration of the funds collected from the Local Marketing District lodging tax and Town Council of Mt. Crested Butte is responsible for the administration of the funds collected through the admissions tax within the Mt. Crested Butte corporate limits."

3. Memorandums of Agreement between the Gunnison River Valley Local Marketing District of Gunnison County, Colorado and the Gunnison/Crested Butte Tourism Association. (Annual Agreements 2010-2013; Annual 2014 ongoing)

These Memorandums identify, among other things, the amount of support funds to be allocated from the Local Marketing District to the Tourism Association, approval of expenditures and future work programs and also specifically state that the Tourism Association is an "independent contractor" of the Local Marketing District.

"The relationship of the Gunnison/Crested Butte Tourism Association to the Board of the Gunnison River Valley Local Marketing is that of an independent contractor, performing marketing functions pursuant to this Agreement. Gunnison/Crested Butte Tourism Association is not an agent of the Board of the Gunnison River Valley Local Marketing District, and the Board of the Gunnison River Valley Local Marketing District is not responsible for the acts or omissions of Gunnison/Crested Butte Tourism Association its officers, employees or agents."

All of these Memorandums state substantially, although not exactly, the same language for the administrative of funds among the parties.

"The Board of the Gunnison River Valley Local Marketing District is responsible for the administration of the funds collected from the Local Marketing District lodging tax and Town Council of Mt.

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Crested butte is responsible for the administration of the funds collected through the admissions tax within the Mt. Crested Butte corporate limits." (Remember: The Board of County Commissioners is the governing board of the Local Marketing District.)

4. Memorandums of Agreement between Board of County Commissioners of Gunnison County, Colorado and Gunnison/Crested Butte Tourism Association. (Annual Agreements 2003, 2004, 2009, 2013; Annual 2014 ongoing; 2010 Agreement expires December 31, 2015)

These Memorandums of Agreement between Board of County Commissioners of Gunnison County, Colorado and Gunnison/Crested Butte Tourism Association were entered into in response to the Tourism Association's request to the Board of County Commissioners for assistance with personnel administration of the Tourism Association.

Though the Board of County Commissioners agreed to provide administration of payroll functions for the Tourism Association, to ensure understanding and clarification that the Tourism Association was and is still a separate independent entity, there is "hold harmless" language identified in the first two MOAs and in the later MOAs there "independent contractor language.

"In carrying out its obligations and activities under this Agreement, Tourism Board is acting as an independent contractor and not as an agent, partner, joint venture or employee of Gunnison County. The Tourism Board does not have any authority to bind Gunnison County in any manner whatsoever."

5. Memorandums of Agreement between the Gunnison River Valley Local Marketing District of Gunnison County, Colorado and Marble Tourism Association. (Annual Agreements 2004 – 2005)

In these Memorandums of Agreement between the Local Marketing District and the Marble Tourism Association it was agreed that all lodging tax revenues from Marble lodging establishments received by Gunnison County would be reallocated to the Marble Tourism Association for marketing efforts within the Marble community.

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All of the Memorandums of Agreement note that the Board of the Local Marketing District is responsible for the administration of the funds collected from the Local Marketing District Lodging Tax and also note that the relationship between the Local Marketing District and the Marble Tourism Association as a donor and done relationship.

6. Memorandums of Agreement between the Gunnison River Valley Local Marketing District of Gunnison County, Colorado and Marble Crystal River Chamber of Commerce. (Annual Agreements 2011 – 2013; Annual 2014 ongoing)

In the Memorandums of Agreement between the Local Marketing District and the Marble Crystal River Chamber of Commerce it was again agreed that all lodging tax revenues from Marble lodging establishments received by Gunnison County would be reallocated to the Marble Crystal River Chamber of Commerce for marketing efforts within the Marble community. The 2014 Memorandum is duplicative of the other agreements with the exception that it identifies a specific amount to be reallocated to the Marble Crystal River Chamber of Commerce.

All of the Memorandums of Agreement note that the Board of the Gunnison River Valley Local Marketing District is responsible for the administration of the funds collected from the Local marketing District Lodging Tax and also note that the relationship between the Local Marketing District and the Marble Crystal River Chamber of Commerce as a donor and done relationship.

(In our records we do not have any Memorandums of Agreement between the Local Marketing District and the Marble Tourism Association or the Marble Crystal River Chamber of Commerce for the years 2006 through 2010.)

F. Entity Compliance with Colorado Sunshine Law; Open Meetings Law; C.R.S. §24-6-401 et. seq.

1. Is the Gunnison River Valley Local Marketing District subject to the Open Meetings Law?

Yes. Pursuant to the Open Meetings Law. C.R.S. §24-6-402(1)(a), the Local Marketing District is a formally constituted body of a political subdivision of the state. Furthermore, C.R.S. §29-25-108(4) specifically

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states that "The meetings of the board shall be subject to the provisions of part 4 of article of title 24, C.R.S."

2. Is the Gunnison/Crested Butte Tourism Association subject to the Open Meetings Law?

No. The Colorado Open Meetings Law at C.R.S. §24-6-402(1)(a) defines "local public bodies" to which the requirements of the Open Meetings Law apply to be:

"...any board, committee, commission, authority, or other advisory, policy-making, rule-making, or formally constituted body of any political subdivision of the state and any public or private entity to which a political subdivision, or an official thereof, has delegated a governmental decision-making function but does not include persons on the administrative staff of the local public body." (*Emphasis added.*)

While it could be argued that the Board of County Commissioners has indeed delegated a "governmental decision making function", if the Board of County Commissioners were to desire, to make it clear in the future, that the Open Meetings Law requirements apply, this could be accomplished by:

1. An amendment to the Memorandums of Agreement clearly stating the applicability of the Open Meetings Law; or

2. A unilateral declaration of that applicability by the Board of County Commissioners as a condition of further funding.

Please know that the statutes, resolutions, IGA and memorandums of agreement identified herein are available and will be provided upon request.

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#2 Product from the First Facilitated Meeting – Issues, Draft Strategic Results, Services

Managing Results	*Managing Results, LLC* *managing-results.com* **GUNNISON/CRESTED BUTTE LOCAL MARKETING DISTRICT FACILITATION SESSION NOTES**

Assessment of the Future

Identifies major current and future trends that will significantly affect tourism in Gunnison Valley over the next 1-5 years.

- Small but steady growth in tourism expected to continue;
- Fixed customer base
- Mountain destinations are in a highly competitive environment
- Overcrowding continuing to be experienced at other mountain resorts
- Current marketing environment very different than in past, continuing to evolve rapidly
    - More customer driven
    - More individualized approaches
    - Very significant impact of technology
    - Content management more important
    - Deals, especially package deals, expected by customers
- Broader customer base anticipated for entire county
- Mountain resorts developing "all-season" experiences and products
- Customers want high quality experiences – high value vs. focus on discounts
- More tourism development
- Customer spending is on rise
- More marketing options than in recent past
- Customers easily experience confusion
    - Difficulty finding
    - Difficulty choosing

    - Difficulty navigating
- Misinformation experienced by customers once here
- Lack of understanding – RE: our community, assets, etc
- Concept of "One Economy" – not a broad understanding across valley of how growth in one area of valley and/or business sector positively affects others
- "Laid-back" atmosphere is valued, and can be considered a market distinguisher but also leads to inconsistent customer service, acceptance of service delivery mediocrity
- Opportunities for Customer Service to be highlighted as a market distinguisher
    - "When you come here, you're family!"
- Growth and impact of new technologies cannot be overstated
    - Use of multiple devices by customers rising
    - Rapidly increasing use by customers of exclusive use of mobile devices and tablets
    - More destinations offer mobile apps; use of mobile apps dramatically increasing across all industries, including travel and tourism, increasing customer expectations that mobile apps should be available to them
    - Rise of tourism decisions based on TripAdvisor 'membership' marketing and ratings, other web-based ratings, social media, etc
- Special Events – presents huge opportunities for branding, marketing (as opposed to listing events or providing calendars)
- More sophisticated measures being developed and used by tourism businesses
- Ease of transportation is critical to travelers
- Valley's Bus system is an asset
- Ease of air transportation to and from Gunnison/Crested Butte considered a critical success factor; additional routes to and from Houston and Chicago have been successful
- Airline "load rates" are increasing
- Destinations are utilizing more public/private partnerships
- Destinations creating "One-Stop-Shop" options
- Customers no longer responding well to diffused, scattershot messages
- Customers require a seamless experience when booking rooms and experiences

- Customers want individualized options that recognize their desires
- Customers have little or no tolerance for barriers or delays when making travel arrangements
- Destinations are promoting "experiences"--people want a variety of memorable experiences that can appeal to different members of their family
- Valley-wide workforce shortages continue to present problems for tourism-related businesses
- Lack of affordable housing continues to exacerbate workforce difficulties faced by tourism businesses

Branding Language Options

- Most Friendly
- Remote
- Fun and Funky
- Real Colorado
- Real Deal
- Endless Opportunities
- Popping Up With Greatest Ease *Not sure what this is*
- Experience the Emotional Connections That Are Possible (*Is this a tactic or language?)*

Strategic Results

- Integrated Seamless Access
  - By 2017, tourism customers will experience an integrated, seamless online valley-wide point of access *available* through multiple technologies *that facilitates rich exploration of tourist 'experiences' and provides easy, immediate, and barrier-free travel arrangements, bookings, updates, and related concierge-type services*
- Unified Message
  - By 2015, tourism customers will experience an integrated, valley-wide unified message that communicates our distinguishing characteristics and *is consistent with our "brand",*

- *Additional option: By 20XX, XX% of individual experience messages, ads, banners, etc. will be consistent with and/or aligned with our unified message*

- Experience-Focused Messaging
  - By ____, tourism messaging will be driven by customer expectations and desired experiences

    Alternate: By ____, XX% of website designs and updates, "package" offerings, ads, banners, social media postings, and other messaging products will be driven by identified customer expectations and desired experiences

- Return Visitors (*Changed original measure to 2 measures)*
  - By ___, XX% visitors will be returning visitors (rate of return)
  - By ___, XX% surveyed return visitors describe positive experiences as part of their decision-making to return to Gunnison/Crested Butte
  - *Additional option: By ___, XX % negative customer feedback items that are resolved to the customer's "delight" and/or acted upon in the form of new product offerings and messaging about those new offerings*

- Tourism Income
  - By 2019, $175 million in travel spending will be realized annually in Gunnison County, *representing a XX% increase over 20XX*
  - *Additional option: By ___, XX% of targeted businesses can describe measurable benefits gained, directly or indirectly, from increased travel spending in the valley*

Services and Products

- Integrated and Seamless Access
  - Airline Schedules
  - Amenity Descriptions *and Photos*
  - Broadband Internet Connections
  - *Customer Ratings and Accolades*
  - Event Calendars
  - *"Experiences" Photos*
  - Free Bus Service Schedules
  - Interactive Website *Design?*

- Multiple Device Designs and Access
- Multiple Platform Designs and Access
- *Ongoing Interactive Website Updates*
- Search *Optimization Tools and Reports*
- Single Tourism Information Portal

➢ Unified Message

- Local Messaging Campaign
- Market Research Reports
- Message Aligned Customer Experiences *Not sure what this means*
- Travel Messaging Campaign
- Unified *Valley-Wide* Message
- *Individual Area/Sector Aligned Messages*
- Unified Messaging Business Consultations
- Unified Messaging *Business Assistance Seminars*

➢ "Experience"-Focused Messaging

- Consumer Research Reports
- Customer "Experience"-Focused Marketing Campaigns
- Customer Feedback Tools and Reports
- Customer Generated Content Postings
- Social Media Interactions
- Social Media Postings and Updates

➢ Return Visitors

- Customer Conflict Resolutions (*How about "Problem-Solving Sessions" instead?)*
- Customer Service *Business Seminars*
- Customer Service *Feedback Tools and* Reports
- Local Customer Service Campaigns
- Workforce Development Initiatives

➢ Tourism Income

- Shared Data Intelligence Reports
- New Product Offerings

- New Event Offerings
- New Service Offerings

#3 List of Interviewees

Aaron J. Huckstep – Mayor Crested Butte
Andy Eflin – Board President of CB/Mt. CB Chamber
Bill Nesbitt – Board Member of Gunnison Chamber; Ex Officio of Gunnison Chamber
Bob Drexel – Mayor of Gunnison
Brian Barker – Advisory Board Member of TA; WSCU; Gunnison Chamber
Carl Ribaudo – Strategic Marketing Group, South Lake Tahoa, CA
Carolyn Riggs – Advisory Board of TA
Chris Cares – Managing Director, RRC Associates, Boulder, Cox
Dan Marshall – Former Executive Director CB/Mt. CB Chamber
David Clayton – Mayor of Mt Crested Butte; Ex-Oficio of CB/Mt. CB Chamber
David Ochs – Executive Director of CB/Mt. CB Chamber; Advisory Board of TA
Erica Mueller – CBMR
Ethan Mueller – CBMR
Frank Johnson – General Manager, Vail Mountain Lodge, Vail, CO
Ian Billick – Rocky Mountain Biological Laboratory
Jake Callicutt – VP of Executive Committee of TA; Lodging Mgr
Jeff Moffett – Board Member of TA
Jen Bickford – Board Member of TA
Jim Mcdonald – President of Executive Committee of TA; Board Member of TA
Joe Fitzpatrick – Crested Butte Town Manager
John Norton – Consultant, Former TA Board Member
Jonathan Houck – Board of County Commissioners/LMD
Ken Coleman – Gunnison City Manager
Ken Stone – Board Member of TA, Lodging Owner/Manager
Mara Kalow – Gunnison Valley Hospital
Mark Schumacher – Business Owner, Former TA Board Member
Pam Loughman – TA Executive
Paula Swenson – Board of County Commissioner, LMD, Advisory Board of TA
Phil Chamberland – Board of County Commissioners/LMD
Rob Santilli – CEO, Gunnison Valley Hospital
Russ Forrest – Gunnison County Development Director
Ryan Johnson – Board Member of TA; President of Board of Gunnison Chamber
Scott Clarkson – Secretary of Executive Committee of TA; CBMR
Stu Ferguson – Gunnison City Council
Tammy Scott – Advisory Board of TA; Executive Director of Gunnison Chamber

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#4 Agenda's of Facilitated Meetings

From Email sent to participants:

Date/Time: Wednesday, June 25th, 2014
7:00 am — 11:00 am

Location: Gunnison Holiday Inn Express
Board Room

Facilitators: Marv Weidner, Managing Results, LLC
Marty Weidner, Managing Results, LLC

Participants:

Tourism Association Executive Director
Tourism Association Board Chair/President + 1 additional Board Member
Gunnison Chamber of Commerce Executive Director
Gunnison Chamber Board Chair/President + 1 additional Board Member
Crested Butte/Mt. Crested Butte Chamber of Commerce Executive Director
Crested Butte/Mt. Crested Butte Chamber Chair/President + 1 additional Board Member
Crested Butte/Mt. Crested Butte Chamber Incoming Chamber Executive Director
Russ Forrest, Community Development Director
LMD Chair

Agenda:

Welcome/Overview
Purpose Statement Review
Identification of Tourism Issues and Trends
Development of Tourism Strategic Results
Conclusion

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LMD-Sponsored Work Session
August 22, 2014

Welcome and Introductions

Overview of Process and Progress to Date

- Additional Information

Review Results

Strategies for getting the best tourism results for the valley

- When does marketing begin and when does it end?
- Models for success
- What does integration look like? How is it accomplished?
- What does accountability for the use of LMD funds look like?

Next Steps
Adjourn

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Attachment 4

Response to Provide Organizational Consulting and Investigation Services

CITY OF BEVERLY HILLS, CALIFORNIA

matrix
consulting group

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matrix consulting group

January 18, 2016

Kevin Kearney, Senior Management Analyst
City Manager's Office
City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210

Dear Mr. Kearney

The Matrix Consulting Group is pleased to present our response to the City of Beverly Hills Request for Information regarding conducting an organizational review and investigation regarding the events surrounding the removal of trees on two lots. We are pleased to provide the enclosed response for your review and consideration.

The team we have assembled for this assignment is without equal in the consulting industry. It consists of individuals with both local government and consulting experience who are supported by a firm that has conducted over 800 projects for local governments since being founded in 2003. Our depth is summarized as follows:

- We were founded in 2002 with a targeted focus on assisting local governments address their unique operational needs. Our exclusive market and service focus is management, financial, staffing and operations analysis of local government.

- Our firm has conducted over 75 organization-wide studies of cities and counties around the country. Our representative client list includes:

Albany, New York
Albuquerque, New Mexico
Augusta, Georgia
Barstow, California
Brattleboro, Vermont
Chatham County, Georgia
DeKalb County, Georgia
Deltona, Florida
Franklin Twnshp., New Jersey
Fort Morgan, Colorado
Goodyear, Arizona
Half Moon Bay, California
Hall County, Georgia
Johnson County, Kansas
Lathrop, California
Lawrence, Massachusetts
Los Angeles, California
Monroe County, Michigan
Monrovia, California
Montpelier, Vermont
North Miami Beach, Florida
Orland Park, Illinois
Orleans, Massachusetts
Palo Alto, California
Peoria County, Illinois
Portsmouth, Virginia
Poway, California
Rancho Mirage, California
Rancho Palos Verdes, Calif.
Raymore, Missouri
Roseville, California
San Clemente, California
San Rafael, California
Spokane, Washington
Sunnyvale, California
University at Albany-SUNY
Walnut Creek, California
Waltham, Massachusetts
Washington State Ferries
Washoe County, Nevada
Wayland, Massachusetts
West Covina, California

- As noted above, we have also conducted over 800 studies encompassing every government function. Of relevance is our work evaluating public works and

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California, Illinois, Massachusetts, Texas, Washington

community development functions, as an understanding of best practices in these areas will be important in this engagement. Representative clients include:

Public Works Studies		
Albany, NY	Lake Worth, FL	**Sacramento, CA**
Alexandria, VA	Lee's Summit, MO	**San Clemente, CA**
Amherst, NH	**Los Angeles, CA**	**San Luis Obispo, CA**
ACWA, CA	Lynchburg, VA	**San Mateo, CA**
Barstow, CA	Maricopa County, NV	**Santa Clara Valley Water Dist, CA**
Beverly Hills, CA	**Millbrae, CA**	**South Coast Water District, CA**
Brattleboro, VT	**Monrovia, CA**	Spokane, WA
Denton, TX	**Napa County, CA**	Springfield, MA
Hermiston, OR	**North County Water Dist., CA**	**Sunnyvale, CA**
Imperial Irrig. Dist., CA	**Oakland, CA**	Tualatin Valley Water Dist. OR
Irvine, CA	**Palo Alto, CA**	White Plains, NY
Community Development / Permitting Studies		
Coral Gables, FL	Hilton Head Island, SC	Oro Valley, AZ
Beverly Hills, CA	Johnson City, TN	**San Francisco, CA**
Cupertino, CA	Kissimmee, FL	**San Jose, CA**
DeKalb County, GA	Lawrence, KS	**Santa Monica, CA**
Des Moines, WA	Lee's Summit, MO (two studies)	Southlake, TX
East Palo Alto, CA	**Los Angeles, CA**	Springfield, MA
Greenville, SC	Manatee County, FL	Sunrise, FL (two studies)
Gwinnett County, GA	**Mountain View, CA**	West Palm Beach, FL
Hanover County, VA	**Oceanside, CA**	Westminster, CO

- We have extensive prior experience working with the City of Beverly Hills including evaluations of both the Public Works and Community Development Departments (as well as the Police Department). This prior work may be beneficial to understanding processes and procedures utilized.

- It should be noted that our proposed project team did not work on any of the prior studies conducted for Beverly Hills. This is important for the objectivity of the team to independently determine whether the processes followed were appropriate, where accountability lies, and the appropriate steps for preventing future problems. Our lead analyst, Alan Pennington, is a former Assistant City Manager in Illinois and currently leads our General Consulting practice.

We look forward to an opportunity to further discuss our proposal, background and proposed approach to providing service to the City and appreciate the opportunity to respond to this Request for Information. If we can answer any questions, please do not hesitate to contact either myself at 650.858.0507 or rbrady@matrixcg.net or Alan Pennington at 618.692.9085 or apennington@matrixcg.net.

Richard P. Brady
Matrix Consulting Group

Richard Brady
President

1. PROJECT APPROACH AND COST ESTIMATE

This section of our proposal outlines a summary of the proposed approach to providing services to the City of Beverly Hills and the estimated cost to provide these services.

1. SUMMARY SCOPE OF WORK PROPOSAL.

The following table summarizes the approach and tasks that would be undertaken to provide services to the City of Beverly Hills for this engagement.

Implementation Step	Description of Work Activities
Task 1 **Data Collection and Interviews**	The purpose of this task is to acquire the factual basis for the evaluation. This will be accomplished through the conduct of interviews will all relevant parties including: City of Beverly Hills employees involved in the situation, City Council members (if desired), external parties involved in the situation including state agencies, owners or agents of the property, contractors (i.e. – arborist that removed the trees), etc. It is estimated by the City that the number of interviews required will range between ten (10) to fifteen (15) individuals. The specific individuals would be identified through a joint effort between the consultants and the City. To provide a level of inclusiveness, we would propose holding one public meeting to enable interested parties to provide input to the project team. Additionally, the project team will review relevant documentation such as City policies and procedures, permitting processes, prior investigation reports and communications, Council meetings on the topic, etc. Documents such as emails, memoranda, videos, newspaper articles, etc. would be gathered, reviewed and evaluated. Appropriate site visits to the site under review would be conducted.
Task 2 **Analysis and Report Development**	In this task, the project team will analyze the appropriateness of the City's policies, procedures, and technology utilization relative to this situation. We would assess the appropriateness of the processes in place and compare to best practices seen in other local governments. Following this, we will develop a report that outlines the key timelines and facts leading up to the situation and specific recommendations for modification to City policies, procedures, or permitting processes to address issues identified. Specific recommendations will be developed to enhance provision of services, and prevent future recurrence.

Implementation Step	Description of Work Activities
Task 3 **Presentation of Findings**	This task is the presentation of the final report, including findings and recommendations, to the Beverly Hills City Council. We understand that the date of this presentation will be set by the City but is potentially scheduled for March 1, 2016. The consultant commits to providing both a written report and an oral presentation to the Council.

Modifications of the proposed approach will be developed as needed based upon work conducted by the project team to ensure a comprehensive, independent and thorough evaluation of the situation.

2. PROPOSED PROJECT SCHEDULE.

We are aware of the City's need to have services provided to the City within a very tight timeframe. As outlined in the RFI, the City indicated that services must be completed within a 14 day time period but potentially a timeframe up to one month. We acknowledge this requirement and can allocate resources to meet this need. We do request a three-week timeframe which would best allow for the provision of services because of for the need for lead time in scheduling interviews, several of which are not directly under the control of the City.

3. PROPOSED PROJECT COST.

As shown, we are proposing to provide the review and investigation for the City of Beverly Hills for a total not to exceed total cost of

Task	Lead Consultant	Consultant	Total Hours
1. Interviews and Data Collection	32	40	**72**
2. Report Development	16	16	**28**
3. Presentation	8	0	**8**
TOTAL HOURS	**56**	**56**	**108**
RATE PER HOUR			
TOTAL COST			
TRAVEL-RELATED EXPENSE			
TOTAL PROJECT COST			

We typically invoice monthly for actual time and expenses incurred in providing services.

2. FIRM BACKGROUND AND EXPERIENCE

This section of our proposal provides introductory information regarding the Matrix Consulting Group related to our firm history and services provided, information regarding our qualifications to conduct this evaluation and investigation for the City of Beverly Hills and details regarding our specific experience performing similar evaluations.

1. OVERVIEW AND HISTORY OF THE FIRM

The Matrix Consulting Group's only business focus is the provision of organization and management analytical services to governmental entities, principally local municipal governments. Our firm's history and composition are summarized below:

- We were founded in 2002. However, the principals and senior staff of our firm have worked together in this and other consulting organizations *as one team* for between 10 and 30 years.

- While our firm is headquartered in California we have regional offices in Illinois, Massachusetts, Texas, and Washington. We have 15 full time and 5 part time employees.

- We provide a wide range of analytical services to local government, including the following:

  - Administration (Finance, Purchasing, HR, IT)
  - Community Development (planning and permitting functions)
  - Fire and Emergency Medical Services
  - Law Enforcement (police, corrections, courts)
  - Organizational Structure Analysis
  - Parks, Recreation and Community Services
  - Public Works and Utilities

We are proud of our experience and our success rate in terms of implemented recommendations which generally exceeds 85%.

2. PROJECT METHODOLOGIES.

We believe that several aspects of our overall approach to providing service are worth noting as they are part of our internal project management system that ensures the provision of quality services to our clients. These aspects are described in the paragraphs below.

(1) Project Management.

One critical success factor in conducting a project of this size and complexity in an efficient, timely, and effective manner is project management. The Matrix Consulting Group utilizes project management approaches that assure that (a) efficiencies can be achieved in the gathering and analysis of information; (b) disruption to the day-to-day operations of the City can be minimized; and (c) later tasks can build upon the results of earlier ones so that backtracking and redundant work effort (and unnecessary costs to the City) can be avoided.

(2) Information Gathering.

Equally important to the success of the project are the methods that we will use to collect, analyze, and present information in order to formulate findings and develop and assure acceptance of recommendations. These tools enable us to gather information efficiently and quickly. Examples of the tools that we will employ in this project include the following:

- **Documentation Collection and Review.** During a study of this nature, we will gather and review extensive documentation that provides insight, context, and background relative to the situation under review.

- **Interviews.** The conduct of interviews is a critical component of our approach to gathering data and developing a foundational basis for our evaluation.

The Matrix Consulting Group has developed and fine-tuned over the years these information gathering tools and techniques.

(3) Data Analysis.

The Matrix Consulting Group uses a number of proven analytical methodologies in studies such as this. Of particular note for this engagement, we would evaluate relevant business practices utilized by Beverly Hills against recognized industry best practices. The analysis of best practices for services, efficiency and effectiveness has been increasingly utilized in the public sector to evaluate organizations. We will utilize a list of quantitative and qualitative best practices that have been developed by the Matrix Consulting Group or by professional associations related to the operational practices that should be in place in Beverly Hills.

(4) Stakeholder Involvement,

Stakeholder involvement is a critical component of this study. The focus on employee buy-in and acceptance of the recommendations made in this study needs to commence at the beginning of the study. To achieve this, the project team would utilize the techniques presented below.

- We would conduct personal interviews with relevant employees throughout the organization to understand their involvement, or lack of involvement, in the situation under review.

- We would also interview relevant other stakeholders, including relevant state employees and community interests, to understand their perspective and involvement in the process. To address this level of involvement, we propose one community meeting to allow all interested parties an opportunity for input to the project team.

This section of the proposal describes the firm's experience providing analytical services to government, including references.

3. FIRM EXPERIENCE AND QUALIFICATIONS.

The Matrix Consulting Group has a breadth of recent experience conducting evaluations similar to the scope of services covered by the RFI issued by the City of Beverly Hills. The following sections outline our experience conducting organization-wide studies and conducting department-specific functional studies that provide the experience, context, and background to conduct a review and investigation for the City of Beverly Hills on this engagement.

(1) Experience Conducting Organization-Wide Studies.

Our experience encompasses a wide variety of organization-wide studies that included the evaluation of all aspects of local government operations. We have conducted over 75 organization-wide studies in our careers. Notable and more recent projects are shown in the following table.

Albany, New York	**Lathrop, California**	**Rancho Palos Verdes, Calif.**
Albuquerque, New Mexico	Lawrence, Massachusetts	Raymore, Missouri
Augusta, Georgia	**Los Angeles, California**	**Roseville, California**
Barstow, California	Monroe County, Michigan	**San Clemente, California**
Brattleboro, Vermont	**Monrovia, California**	**San Rafael, California**
Chatham County, Georgia	Montpelier, Vermont	Spokane, Washington
DeKalb County, Georgia	North Miami Beach, Florida	**Sunnyvale, California**
Deltona, Florida	Orland Park, Illinois	University at Albany-SUNY
Franklin Twnshp., New Jersey	Orleans, Massachusetts	**Walnut Creek, California**
Fort Morgan, Colorado	**Palo Alto, California**	Waltham, Massachusetts
Goodyear, Arizona	Peoria County, Illinois	Washington State Ferries
Half Moon Bay, California	Portsmouth, Virginia	Washoe County, Nevada
Hall County, Georgia	**Poway, California**	Wayland, Massachusetts
Johnson County, Kansas	**Rancho Mirage, California**	West Covina, California

In addition, we have extensive experience in public works and permitting studies that would be particularly relevant to this engagement as shown in the following section.

(2) Prior Department Specific Studies.

The Matrix Consulting Group has extensive experience evaluating public works and permitting processes. The following table summarizes this experience:

Public Works Studies		
Albany, NY	Lake Worth, FL	**Sacramento, CA**
Alexandria, VA	Lee's Summit, MO	**San Clemente, CA**
Amherst, NH	**Los Angeles, CA**	**San Luis Obispo, CA**
ACWA, CA	Lynchburg, VA	**San Mateo, CA**
Barstow, CA	Maricopa County, NV	**Santa Clara Valley Water Dist, CA**
Beverly Hills, CA	**Millbrae, CA**	Schaumberg, IL
Brattleboro, VT	**Monrovia, CA**	**South Coast Water District, CA**
Cuyahoga San. Eng., OH	**Napa County San. Dist., CA**	Spokane, WA
Denton, TX	**Napa County, CA**	Springfield, MA
Hermiston, OR	**North County Water Dist., CA**	**Sunnyvale, CA**
Imperial Irrig. Dist., CA	**Oakland, CA**	Tualatin Valley Water Dist. OR
Irvine, CA	**Palo Alto, CA**	White Plains, NY
Community Development / Permitting Studies		
Coral Gables, FL	Hilton Head Island, SC	Oro Valley, AZ
Beverly Hills, CA	Johnson City, TN	**San Francisco, CA**
Cupertino, CA	Kissimmee, FL	**San Jose, CA**
DeKalb County, GA	Lawrence, KS	**Santa Monica, CA**
Des Moines, WA	Lee's Summit, MO (two studies)	Southlake, TX
East Palo Alto, CA	**Los Angeles, CA**	Springfield, MA
Greenville, SC	Manatee County, FL	Sunrise, FL (two studies)
Gwinnett County, GA	**Mountain View, CA**	West Palm Beach, FL
Hanover County, VA	**Oceanside, CA**	Westminster, CO

As shown above, we have extensive experience evaluating and assessing public works operations (including tree / urban forest management functions) and permitting operations. This background is particularly relevant to this engagement.

3. RELATED / SIMILAR PROJECTS AND REFERENCES

The following table are project summaries and client references for four specific projects conducted by the firm that involved particularly difficult or controversial evaluations of governmental processes. Many of these were initiated by or at the request of the elected governing body. These project demonstrate our ability to evaluate processes, evaluate compliance with established policy or procedures, identify recommendations to enhance processes and procedures to prevent recurrence, and address public confidence and transparency.

The following table provides a summary of the project and the requested contact information for specific project references.

Client	Project Summary	Reference
Asheville, North Carolina **Police Department Management and Organizational Assessment (2015)**	The Matrix Consulting Group took an in-depth examination of all management systems in the department including human resources processes that contributed to employee retention and recruitment. The project team thoroughly reviewed and evaluated the Department compared to "best management practices" as well as the current practices of comparative cities. The study provided over 60 recommendations for the short term for the Interim Police Chief to address to stabilize the Department and for the long range to direct the Department to be a best practice agency. Recommendations covered internal and external communications, goal setting, policies and procedures, recruitment and retention as well as other human resources issues.	Paul Featherston Assistant City Manager (828) 424-5169 PFetherston@ashevillenc.gov

Client	Project Summary	Reference
Phoenix, Arizona **Management Study of the Professional Standards Bureau (2012)**	In this study of the Professional Standards Bureau (i.e., internal affairs) the project team developed recommendations to improve case processing (e.g., case assignment, training, use of systems); improve review processes and mechanisms associated with the Discipline Review Board and Use of Force Board; transparency and links to the public (e.g., Spanish language communications capabilities, records retention, website and telephone updates, reports; and outcomes (e.g., increasing maximum disciplinary periods) as well as reporting and command relationships.	Ed Zuercher City Manager (602) 262-7915 ed.zuercher@phoenix.gov
Matanuska-Susitna Borough, Alaska **School Site Selection Process (2009)**	The Matrix Consulting Group has conducted an evaluation for the Matanuska-Susitna Borough that involved the evaluation of the Borough's compliance with established policies and procedures related to the selection of a site for a new school. The study was initiated following public concern expressed regarding improper staff activities and failure to follow established procurement processes in the selection and acquisition of land for a new school facility.	Elizabeth Gray Formerly Assistant Borough Manager in MatSu Borough now City Manager in Sand Springs, OK 918.246.2500 x2501
Santa Monica, California **Management Studies of the Business and Revenue Operations Division and Parking Enforcement (2014)**	The Matrix Consulting Group was retained to conduct a management study of the Business and Operations Division including parking enforcement and citations processing, business processes, staffing, and organizational structure. Recommendations included streamlining the plan of organization, updating policies and procedures manuals, enhancing and simplifying work practices, enhancing internal controls including staffing required for daily cash reconciliation tasks and activities, etc. We have just completed a follow-up study on parking operations and the cash room associated with it.	Don Patterson Currently, Finance Director Las Virgenes Municipal Water District 818.251.2133 dpatterson@lvmwd.com

Client	Project Summary	Reference
Review of Internal Affairs, Discipline and a Cultural Assessment of the Police Department (2009) **Vancouver, Washington**	The Matrix Consulting Group took an in-depth look at the demographics of the department in terms of diversity, both from a cultural and a gender perspective. The study focused on how the department reflects the community as well as how comparative cities measure up. The project team thoroughly reviewed and evaluated the complaint investigation and disciplinary process within the agency. The VPD process was compared to "best management practices" as well as the current practices of comparative cities. Finally, the project team examined perceptions in the department with a limited scope on diversity and discipline. The examination included an internal review to identify officer's perceptions of minority opportunities and the disciplinary process, specifically their opinions regarding fairness in both of these areas.	Chris Sutter Assistant Chief 360.487.7400 Chris.sutter@cityofvancouver.us

We encourage you contact to contact these references to discuss the quality, thoroughness, and timeliness of the Matrix Consulting Group's work products especially as they related to handing difficult and sensitive issues. In addition to the references listed above, we would be happy to provide additional references for any of our prior studies conducted by the firm.

4. PRIOR WORK CONDUCTED FOR THE CITY

The Matrix Consulting Group has conducted the following work for the City of Beverly Hills:

- Organization and Management Analysis of the Public Works and Transportation Department (conducted in 2006-2007). This was a comprehensive study of the Department and included an evaluation of the urban forestry program.
- Police Department Organization and Management Study (conducted in 2008).
- Feasibility Study of Implementing a City-wide 311 System (conducted in 2007 - 2008).
- Management Study of the Community Development Department (completed in 2008).
- Analysis of Animal Services Alternatives (conducted in 2003).

The Matrix Consulting Group has extensive experience conducting operational analysis for the City of Beverly Hills. It should be noted, however, that the proposed project team for this assignment is fresh to the City and its operating environment. This strengthens the objectivity of this project team.

5. OTHER RELEVANT MATERIALS OR INFORMATION

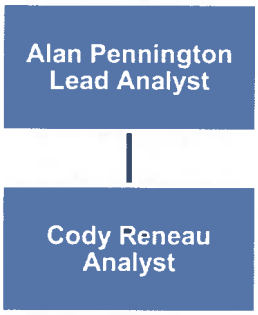
In this section of our proposal, we have background regarding the project team that would be assigned to provide services to the City of Beverly Hills. While our firm has prior experience with the City, neither of these project team members have prior work experience with the City. We believe this is beneficial in that there are no prior professional relationships with the City or specific staff members, and that they can operate independently and objectively for the City in conducting this engagement.

1. PROPOSED PROJECT TEAM.

This engagement for the City of Beverly Hills requires consultants with in-depth, extensive experience working with the public sector and an in-depth technical understanding of City operational practices in all functional areas. It is the philosophy of the Matrix Consulting Group to conduct assignments with senior staff members.

The following table outlines the proposed project team members that would be assigned to this engagement and their general areas of expertise.

Proposed Project Team
City of Beverly Hills



We commit that the staff included in our proposal are available for assignment on this engagement. Summaries of the experience of our proposed project team are provided below.

ALAN PENNINGTON – Mr. Pennington is a Vice President with the Matrix Consulting Group and is based in our Illinois (St. Louis area) office. He has over 15 years of experience as a top manager in the public sector in Illinois and Maine before joining Matrix. These top management positions included Assistant City Manager, Assistant Human Resources Director and Labor Relations Manager. He has experiencing conducting organization-wide studies for Albuquerque (NM), the Corporation for Public Broadcasting (DC), DeKalb County (GA), Fort Morgan (CO), Franklin Township (NJ),

Half Moon Bay (CA), Johnson County (KS), Montpelier (VA), Mt. Lebanon (PA), Orland Park (IL), Raymore (MO), Rancho Mirage (CA), Rancho Palos Verdes (CA), Roseville (CA), Vermont Secretary of State, and Washington State Ferries. His experience conducting studies involving development review and inspections studies includes Cary (NC), Coral Gables (FL), Cupertino (CA), Dayton (OH), DeKalb County (GA), Des Moines (WA), DeKalb County (GA), Flower Mound (TX), Franklin Township (NJ), Greenville (SC), Gwinnett County (GA), Hanover County (VA), Hilton Head Island (SC), Johnson City (TN), Johnson County (KS), Kissimmee (FL), Lawrence (KS), Lee's Summit (MO), Little Rock (AR), Manatee County (FL), Mt. Lebanon (PA), Orland Park (IL), Rancho Mirage (CA), Rancho Palos Verdes (CA), Roseville (CA), San Jose (CA), Springfield (MA), Sunrise (FL), West Palm Beach (FL), and Westminster (CO). He also has experience evaluating public works organizations including: Alexandria (VA), Charleston County (SC), Franklin (TN), Milwaukee (WI), Nashville-Davidson County (TN), and Washington County (NY). Finally, he has extensive experience evaluating administrative services including Matanuska-Susitna Borough (AK), Salt Lake City (UT), Charlotte (NC), West Virginia University (WV), Santa Clara Valley Water District (CA), Hilton Head Island (SC). Mr. Pennington has taught collective bargaining and economics at Bradley University and Eureka College and is trained in the deployment of Six Sigma for governmental agencies. Mr. Pennington is a trained mediator having received training from the DePaul University School of Law. Mr. Pennington is a member of the following professional associations: ICMA, IPMA-HR, APA, AACE, and ICC. Mr. Pennington has a BA (Public Management) and an MPA from the University of Maine. ***Mr. Pennington would serve as the lead analyst for this engagement.***

D. CODY RENEAU – Mr. Reneau is a Senior Consultant with the Matrix Consulting Group based in our Mountain View, California location. Mr. Reneau has been a consultant to local government for four years, and has assisted in analyzing surveys and processes on several management audits focusing on reviewing existing operational and organizational structures to enhance local government services. Mr. Reneau has assisted with management studies for the City and County of San Francisco in the analysis of the economic impact of proposed ordinances and an analysis of the issuance of General Bond obligations and for the City of Los Angeles in an analysis of opportunities to streamline the City's accounts payable and receivables process resulting in an estimated savings of $1.1. million annually. ***Mr. Reneau would serve as a project analyst in this engagement.***

2. RESUMES OF KEY / SENIOR PROJECT TEAM MEMBERS.

The following pages provide Mr. Pennington's detailed resumes outlining his experience, background, and prior clients.

ALAN D. PENNINGTON
VICE PRESIDENT, MATRIX CONSULTING GROUP

Background: Alan Pennington is a Vice President with the Matrix Consulting Group based in the St. Louis regional office. He has been employed by the Matrix Consulting Group since 2005. Prior to that he served for over 15 years in public sector positions in Maine and Illinois. He served in Peoria, Illinois (from 1992 to 2005), in various positions including Assistant City Manager, Assistant Human Resources Director, and Labor Relations Manager. Mr. Pennington has conducted operational studies and analysis, budget preparation, implementation of performance measurement systems, direct supervision of an emergency communications center, equal opportunity unit and a labor negotiator. Mr. Pennington is trained in Six Sigma.

Agency-Wide Studies: Participated on project teams conducting evaluations of entire city organizations. Work scope included evaluation of service levels and policies and procedures, staffing levels, evaluation of spans of control, and reviewing alternatives options for overall organizational structure.

Corporation for Public Broadcasting, Wash., D.C. Fort Morgan, Colorado Franklin Township, New Jersey Half Moon Bay, California Johnson County, Kansas Montpelier, Vermont Mt. Lebanon, Pennsylvania Orland Park, Illinois	Peoria County, Illinois Rancho Mirage, California Rancho Palos Verdes, California Raymore, Missouri Roseville, California South Coast Water District, California University at Albany - SUNY Washington State Ferries

Administrative Services: Conducted studies of administrative support services including Human Resources, Finances, Procurement, and City Clerk. Study scope of work included performance measurement, customer service (internal and external), technology utilization, staffing evaluations, policy and procedure review, and comparison to best management practices.

Avon (CT) - HR, Finance, Maintenance Charlotte (NC) - Procurement CPS Consultants (CA) – Organizational, HR Highland Park (IL) – HR Ketchikan (AK) - HR Marshall University (WV) - Procurement Matanuska (AK) - School Site Selection Missouri Department of Conservation – HR Missouri Department of Conservation – Asset Management Peoria County (IL) - HR, Procurement, Finance Portsmouth (NH) - Labor Relations, Overtime	Reno/Washoe County (NV) – Procurement Salt Lake City (UT) - Human Resources Santa Clara Valley Water (CA) - Procurement Springfield (MA) - City Clerk Springfield (MA) - Finance, Procurement Sunnyvale (CA) – Finance, Procurement Volusia County Transportation Planning Organization (FL) – Human Resources University of Maryland University College – Human Resources, Payroll West Virginia University (WV) – Procurement

Parks and Recreation: Evaluated parks and recreational functions including scope of services provided, utilization of facilities, public-private partnerships, preventive maintenance and long-range planning, and technology utilization.

Grand Rapids, Michigan Los Angeles, California	Orleans, Massachusetts Southlake, Texas

ALAN D. PENNINGTON VICE PRESIDENT, MATRIX CONSULTING GROUP	
Courts: Conducted evaluation of the Court Clerk Administrative Operations. Areas evaluated including Court Clerk utilization, training and allocation, technology, finances, human resources, revenue collection, and policies and procedures related to support the Court and Judges.	
Franklin County, Ohio (Municipal Court Clerk)	Nashville, Tennessee (Juvenile Ct. Clerk)
Community Development (Planning, Building, Code Enforcement): Evaluated the development review and permitting processes. Conducted assessment of staffing, operations, process mapping, technology utilization, performance level assessment, and customer service.	
Cupertino, California Dayton, Ohio Des Moines, Washington Greenville, South Carolina Gwinnett County, Georgia Hanover County, Virginia Hilton Head Island, South Carolina Johnson City, Tennessee Lawrence, Kansas	Lee's Summit, Missouri (Code Administration) Lee's Summit, Missouri (Planning) Little Rock, Arkansas Manatee County, Florida Marion County, Oregon San Jose, California Springfield, Massachusetts Sunrise, Florida (two studies) West Palm Beach, Florida
Public Works and Utilities: Conducted studies of full service public works departments including maintenance, fleet, traffic, engineering, and roads. Studies have focused on evaluation of maintenance management, crew sizes and staff utilization, technology, organizational structure, standard operating procedures, levels of performance management, and feasibility of shares services with neighboring governmental units.	
Alexandria, Virginia Charleston County, South Carolina Franklin, Tennessee (Water/Wastewater) Franklin, Tennessee (Fleet Management)	Milwaukee, Wisconsin Nashville-Davidson County, Tennessee Orleans, Massachusetts Washington County, New York
Public Safety: Mr. Pennington has conducted a variety of studies related to public safety areas covering the range of Police and Fire Services. On larger studies, Mr. Pennington has focused on evaluation and assessment of the Administrative Services (Human Resources, Finance, Records Administration, etc.).	
Des Peres, Missouri (Public Safety) Jacksonville, Florida Sheriff (Admin. Services) Omaha, Nebraska (Collective Bargaining) Portsmouth, New Hampshire (Collective Bargaining)	Orange County Sheriff, Florida (Admin. Services) Raymore, Missouri (Police) West Des Moines, Iowa (Fire) Winnipeg, Canada (Police)
PROFESSIONAL ASSOCIATIONS:	
American Association of Code Enforcement (AACE) American Planning Association (APA) International City/County Management Association (ICMA) International Public Management Association for Human Resources (IPMA-HR)	
EDUCATION:	
BA, University of Maine – Public Management; 1990. MPA, University of Maine – Public Administration, 1992.	

Attachment 5

City of Beverly Hills

Request for Information
Investigation of Tree Removal
On Parcels 12 and 13

January 19, 2016

The Novak Consulting Group

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The Novak Consulting Group

January 18, 2016

Mr. Kevin Kearney
Senior Management Analyst
City of Beverly Hills
455 North Rexford Drive
Beverly Hills, CA 90210

Dear Mr. Kearney,

The mission of The Novak Consulting Group is to strengthen organizations, for those they serve and those who work in them. We are dedicated to providing management consulting services to local government and nonprofit organizations. The firm was originally established as Public Management Partners in 2001. Since then, we have been providing our clients with the very best thinking and execution in organizational design, development, and improvement.

We have prepared our proposal to be responsive of the City's Request for Information and reflect the importance of the work the City has requested. Our project team for Beverly Hills is comprised of skilled professionals, seasoned in local government with direct experience in all facets of local government operations. Our team has dealt with highly sensitive issues in their professional careers and have lead, supervised, and requested investigations when potential wrongdoing by public officials was alleged or occurred, intentionally and sometimes, unintentionally.

This type of project is unique because it is the public's trust that is at stake and must be restored. We recognize the gravity of the situation and would use our position as independent consultants to opine factually on the events and make recommendations to assure the governing body and the public that proper procedures are in place to prevent future occurrences.

Please contact me at (513) 309-0444 or jnovak@thenovakconsultinggroup.com should you have any questions. We would be honored to be of service to the City in this capacity.

Sincerely,

Julia D. Novak
President

About The Novak Consulting Group

In 2009, Julia D. Novak founded The Novak Consulting Group, staffed by consultants with decades of collective experience. In the past six years we have developed a strong client base of over 165 municipalities across the country. Our firm meets a range of needs, consulting with governments in the areas of public works, public safety, human resources, finance, planning, IT, and more. We provide our clients with the very best thinking and execution in organizational design, development, and improvement. We fulfill our mission of "improving organizations for those they serve and those that work in them" by focusing on three practice areas:

- Organizational Assessment and Optimization
- Facilitation and Strategic Planning; and
- Executive Search

The Novak Consulting Group provides unparalleled service to our clients. Leaders in local government and nonprofit communities have come to rely on The Novak Consulting Group for high caliber advice developed through subject matter expertise and customized project approaches.

- **Focused expertise.** Our expertise lies in strengthening two kinds of organizations: local governments and nonprofits. We're consulting specialists rather than generalists, focusing our strengths to do a highly effective job for a very specific group of clients.
- **Flexibility to serve you better.** We employ a core staff of senior-level consultants, and draw from our pool of subject matter experts when their expertise can help us to serve you better. This approach results in a more responsive and efficient project providing the services that you desire and the results that you need.
- **Decades of collective experience.** Our associates and subject matter experts have decades of experience in strengthening local governments and nonprofit organizations. They've served in a wide range of positions, from city manager to public works director to director of management information systems.
- **Personal service from senior-level consultants.** You appreciate it when deadlines are met, phone calls are retuned, and your challenges are given in-depth, out-of-the-box thinking. While a large firm may assign your business to junior-level people, our firm and approach provides exceptional levels of personal service from senior-level consultants.

The Novak Consulting Group is a women-owned national firm led by President Julia Novak. The firm is staffed with local government professionals, including full-time associates and subject matter specialists. The firm is headquartered in Cincinnati, Ohio and our staff is based in Washington, D.C., North Carolina, Kansas City, New Hampshire, and Wisconsin, in addition to Ohio.

The Novak Consulting Group and its staff have extensive experience working with local government clients. Our focus is on providing solutions that work within the available resources and culture of the organizations we assist. The most innovative solutions in the world are valueless if they cannot be implemented or will not be accepted by the community. We pride ourselves on our ability to listen, analyze, and work with our clients to find not just a random selection of best practices taken from a manual, but real solutions that can be implemented effectively. There is no value to a consulting study

that, once completed, occupies shelf space never to be opened again. We are pleased that our prior engagements have resulted in corresponding actions by our clients to implement the recommendations.

The Novak Consulting Group would be pleased to assist the City of Beverly Hills. Because we came from local government careers, we have sat on the same side of the table as you. In this situation, we uniquely understand the sensitivities involved and would work hard to help the City ensure such a situation does not reoccur.

Proposed Employees for the Study

Our project team is made up of senior-level consultants with direct local government experience. What sets our project team apart is our ability to explore and relate to local community values while at the same time investigating realistic approaches for cost-effective solutions.

President Julia Novak – From 2003 to 2009, Julia served as a Vice President for a national consulting firm. Julia has over 25 years of experience working with and for local governments. She is a consultant, trainer, and facilitator who has worked with numerous organizations and community groups. During her local government career, she worked in Fort Collins, Colorado; Lexington, Massachusetts; Rockville, Maryland; and was City Manager of Rye, New York.

Associate Jonathan Ingram – Jonathan has over seven years of consulting experience and has developed an expertise in operational and staffing analysis. Jonathan joined The Novak Consulting Group in January 2012, having most recently served as a budget manager for the City of Cincinnati, Ohio. In addition to his expert financial analysis, Jonathan has also conducted numerous reviews of organizations while serving as a consultant.

Public Works Specialist Ron Norris, PE – Ron is a public works professional with more than 40 years of experience in leadership positions in state and local government. Most recently, Ron served as Director of Public Works for Olathe, Kansas. Ron supervised more than 300 employees and directed the consolidation of three disparate departments into one integrated, cohesive unit. He was responsible for water and sewer utilities, engineering, traffic, construction management, solid waste, and city planning. He initiated an asset management program that led to a more sustainable and comprehensive approach to utility funding and infrastructure management.

Resumes of our project team members are included as Attachment A.

Relevant Experience

Unfortunately mistakes occur in organizations and some of them are more public than others. Our team reflects upon the following situations that, while parallel and required that they be handled with upmost sensitivity, are of course not identical to the City of Beverly Hills' situation.

***"Be The Change"* Housing Initiative**
The Novak Consulting Group was hired to conduct an investigation into the establishment of a nonprofit agency by the Baltimore-Washington Annual Conference of the United Methodist Church that subsequently entered into land deals and development agreements using Annual Conference funds. This investigation reviewed the actions of a Bishop and two prominent local pastors. In addition to the financial allegations, there were also allegations of discriminatory practices by the individuals involved in

the establishment of the nonprofit. Our team was required to thoroughly investigate local regulations, review meeting minutes, articles of incorporation and the use of funds. Recommendations were made to the (new) Bishop and Annual Conference leadership to ensure proper stewardship of Church funds in the future.

Rye, New York
When Julia Novak was City Manager in Rye, New York she was made aware of a routine practice by the City's Public Works Department that was a direct violation of the Clean Water Act. The City would, during major rain and flooding events, open its sewer lines and "let out" into the Long Island Sound, adjacent to a public beach. This situation had the potential to cost the City thousands of dollars in fines, and the P.E. license of the Public Works Director was at risk. At the conclusion of the investigation all materials were turned over to the Westchester County District Attorney who conducted their own criminal investigation while the City simultaneously reviewed policies and procedures and for the first time wrote operating procedures for Public Works crews. At the conclusion of the outside investigation, the City was asked to plead guilty to a misdemeanor, pay a $1,000 fine, and both the Environmental Protection Agency (EPA) and the District Attorney were satisfied with the City's internal efforts to ensure the practice would be handled within EPA guidelines in the future.

State of Missouri
While with the State of Missouri, Ron Norris worked with a number of other departments, such as Corrections, Mental Health, and Natural Resources to conduct investigations into issues that usually involved facilities or other physical assets. The Department of Design and Construction also actively managed all general purpose facilities of state government. One of these was the Truman Building which was approximately 700.000 square feet and housed almost 3,000 employees. An incident that involved air quality in one part of the building had occurred. The result was more than 40 people taken to area hospitals. The incident required total evacuation of the building, a fire department response in full environmental gear, and two or three live television feeds as the incident unfolded.

Subsequently Mr. Norris was required to conduct a full investigation of that incident, bringing in experts from the Department of Health and others, as well as national experts on the subject of indoor air quality. The conclusion of that report was given to the Board of Public Buildings (Governor, Lt. Governor, and Attorney General), and an oversight committee of the General Assembly. This was a lengthy and formal process with considerable scrutiny.

Clients

The Novak Consulting Group has assisted numerous local governments across the country with organizational evaluations. The following is a summary of relevant engagements. We would be happy to provide additional information about these or any of our prior projects.

Reno, Nevada engaged The Novak Consulting Group in 2014 to conduct a Core Services Review of the Public Works Department and the Parks, Recreation and Cultural Services Department. These reviews included an in-depth analysis of opportunities for enhanced efficiency and effectiveness, an evaluation of existing services level standards, and an assessment of the City's true 'core services' in in both departments.

Jaime Schroeder, City Manager's Office
(775) 348-3915 schroederj@reno.gov

La Plata County, Colorado engaged The Novak Consulting Group several times since 2013 for multiple organizational assessments. Work completed to date includes staffing analyses for the La Plata County Sherriff's Department, the Human Services Department, the Motor Vehicles Department, and the Planning and Engineering Department. An assessment of General Services, which included a detailed review of facilities staffing was also recently completed.

Kelli Ganevsky, Human Resources Director
970-382-6361 Kelli.Ganevsky@co.laplata.co.us

Warrenville, Illinois engaged The Novak Consulting Group in 2014 to conduct a service level and staffing study of its Public Works Department, including all maintenance and facility management functions. The primary purpose of this study was to review operations and develop recommendations that would improve operational efficiency and effectiveness and prepare the City for the eventual retirement of key staff. The recommendations offered in the report outlined an approach designed to convert the considerable institutional experience and knowledge that existed within the department into work processes and systems that could be leveraged to ensure continued effectiveness.

Jennifer McMahon, Assistant City Administrator
(630) 393-9427 JMcMahon@warrenville.il.us

Project Schedule

A proposed project schedule is included as Attachment A. We will be prepared to begin work immediately and can conduct field work/interviews and site visits the first week of February.

Quoted Price

The total, not-to-exceed price to complete the scope of work outlined in this proposal is including all professional fees and expenses.

Work Plan

The scope of work for this investigation is laid out in the following three activities.

Activity 1: Begin Engagement

The Novak Consulting Group will begin this engagement by requesting additional background information from the City. This will include the results of the City's own investigations as well as relevant local ordinances, state laws, and administrative policies. We will also determine who we need to meet with in person during our field work and agree on dates for all project deliverables.

Activity 2: Conduct Field Work

During our site visit to Beverly Hills, we will ask to tour Parcels 12 and 13 then conduct individual interviews with people who had a role in this unfortunate denuding of the parcels.

At the conclusion of this work, a summary of our initial observations will be prepared and reviewed with the City.

Activity 3: Conduct Analysis and Prepare Recommendations

During this phase of the work our team will analyze documents, compare actual practices with written procedures, and identify safeguards that can be put in place to prevent future occurrences.

We will assess the City's operational policies and procedures, including relevant personnel rules that impact the efficient operations of the organization and delivery of program services. The project team reviews your documented policies and procedures to address and resolve the following questions:

- Are the manuals/documents complete? Do major gaps exist relating to operations?
- Are your policies and procedures updated frequently enough to reflect legal, departmental and community changes? What is the process for updating these manuals and documents?
- How are the contents of these manuals and documents and their revisions communicated throughout your organization, including availability in electronic format?
- How do practices differ from documented policy?
- How well do your customers (landowners, vendors, etc.) understand your policies and procedures, accept them, and comply with them? What form of customer outreach do you do to assure this understanding and acceptance?

The recommendations will be reviewed with the City and a presentation developed to present to City Council on March 1, 2016.

Attachment A - Project Team Resumes

Julia D. Novak, President

Education

Master of Public Administration, University of Kansas

Bachelor of Arts, George Mason University

Professional Certifications

Certified Professional Manager, International City/County Management Association

Master Facilitator, The Myers-Briggs Personality Type Indicator

Industry Tenure

27 years

Consulting, 11 years

Local Government, 16 years

Julia established The Novak Consulting Group in September 2009 when she acquired Public Management Partners. A full-time consultant for the past 11 years, she previously served as Vice President for a national local government consulting firm. Julia has more than 25 years of experience working with and for local governments. She is an established consultant, trainer, facilitator, and thought leader who has worked with over 200 different local government and nonprofit organizations across the country. Prior to consulting, Julia worked in the cities of Fort Collins, Colorado; Lexington, Massachusetts; Rockville, Maryland; and was City Manager of Rye, New York.

Julia has extensive experience as a facilitator and trainer. She has worked with elected and appointed officials and nonprofit board members across the country to conduct goal setting, develop strategic plans, and prioritize service delivery.

As a consultant, Julia has led a broad range of projects, including organization-wide assessments of nonprofit organizations and communities that serve populations as large as 1,000,000 and as small as 12,000. She has conducted focused departmental reviews in virtually every municipal service from accounting to zoos.

Julia has established herself as a thought leader in the area of governance and administration. In April 2002, Julia was one of 20 practitioners involved in the International City/County Management Association (ICMA) sponsored symposium on the future of local government administration. Her response to Dr. James Svara's paper *City Council, Roles, Performance, and the Form of Government* is included in the ICMA-published book *The Future of Local Government Administration.* In 2009, she co-authored an article with Dr. John Nalbandian in *Public Management* Magazine titled *Preparing Councils for Their Work.* In 2010, the article she co-authored with City Manager Steve Burkett, *Permission to Manage*, was the featured article on the cover of *Public Management* Magazine, stressing the importance of being intentional in managing organizations and using performance measures as a part of a management system.

In 2000, ICMA awarded Julia its Assistant's Excellence in Leadership Award for work she did building community and increasing organizational capacity as Deputy City Manager of Rockville, Maryland.

Julia has been a speaker at national conferences for ICMA, National League of Cities, and American Society of Public Administrators. She has been a featured speaker/trainer for many state associations, including those in Ohio, Vermont, New Hampshire, Pennsylvania, North Carolina, Minnesota, Washington State, the Metropolitan (D.C.) Association of Local Government Administrators, and the Illinois Assistant Municipal Managers Association.

Julia earned a bachelor's degree in government and politics from George Mason University and a master's degree in public administration from the University of Kansas. Julia was in the first class of individuals certified by ICMA as Credentialed Local Government Managers and maintains that designation. She is a Master Facilitator of the popular Myers-Briggs Personality Type Indicator and is also certified to administer several level-B psychological assessments, including the Apter Motivational Styles Profile and the Strength Deployment Inventory. She is experienced with several level-A assessments, including the Thomas-Killman Conflict Modes Inventory and the Human Element-B.

Ronald L. Norris, P.E., Public Works Specialist

Ron brings more than 40 years of experience in leadership positions in state and local government. During his career, he has been an agent for change, consolidating, and integrating services.

Education

Master of Public Administration, University of Kansas

Bachelor of Science, Civil Engineering, University of Missouri

Professional Certifications

Licensed Professional Engineer, Kansas and Missouri

Most recently, Ron served as Director of Public Works for Olathe, Kansas, a city of almost 130,000. Ron supervised more than 300 employees and directed the consolidation of three disparate departments into one integrated, cohesive unit. He was responsible for water and sewer utilities, engineering, traffic, construction management, solid waste, and city planning. He initiated an asset management program that led to a more sustainable and comprehensive approach to utility funding and infrastructure management.

Prior to that, Ron served as Director of Public Works for Lenexa, Kansas, where he was responsible for the creation of the City's "Rain to Recreation" program, providing an effective and sustainable storm water program that provided highly valued amenities to the citizens of Lenexa. For the State of Missouri, he was Director of Design and Construction, overseeing the construction, maintenance and repair of all facilities of state government, as well as the State's capital improvement program. In Liberty, Missouri, Ron was the Director of Community Development where he managed the water and sewer utilities, transportation engineering, city planning and building codes, in addition to the city's public housing authority.

During his career, Ron has held numerous leadership positions in professional associations. He served as National President of the American Public Works Association (APWA) and President of the National Association of State Facility Administrators. He was named as a Top Ten Public Works Leader by APWA and has been designated a Public Works Leadership Fellow.

Ron has undergraduate degree Civil Engineering from the University of Missouri and has a Masters of Public Administration from the University of Kansas. He is a registered professional engineer in Kansas and Missouri. He presently serves on the Advisory Council, Certification Commission, and the International Affairs Committee for APWA.

Jonathan Ingram, Associate

Jonathan Ingram has nine years of experience in local government management, most recently as a budget manager in the City of Cincinnati, Ohio Budget Office. Prior to that, Jonathan served as a management consultant and worked in the City Manager's Office for City of Highland Park, Illinois.

During his tenure with the City of Cincinnati, Jonathan was responsible for managing the development and administration of a $1 billion operating budget. In addition, Jonathan also conducted special analysis projects, served on the City's collective bargaining team and co-managed the implementation of an enterprise budget system.

Jonathan is a skilled financial analyst, with extensive experience in budget and revenue analysis; however, he also has extensive experience as a management and operations consultant to local governments in the United States and abroad.

Education

Master of Public Administration, Northern Illinois University

Bachelor of Art, Aurora University

Industry Tenure

9 years

Consulting, 5 years

Local Government, 4 years

As a consultant, Jonathan has completed operations reviews for multiple local governments, and has helped a broad range of departments, from police to public works, improve service delivery. He has developed staffing and deployment plans for City operating departments, analyzed and facilitated inter-governmental consolidations, helped local governments develop custom performance management systems and facilitated the development of long-term strategic plans.

Jonathan's special expertise is local government budgeting and finance, operations analysis, project management, public safety staffing analysis, process improvement and performance measurement. He is adept at evaluating business problems with equal consideration given to both cost and quality of service.

Jonathan earned a bachelor's degree in political science from Aurora University and a master's degree in public administration from Northern Illinois University. He is a member of the International City/County Management Association and the Ohio City/County Management Association.

Attachment B – Project Schedule

	Schedule						
	Beverly Hills, California						
	Parcel 12 and 13 Tree Removal Investigation	**start**	2	3	4	5	6
		1/25	2/1	2/8	2/15	2/22	2/29
Activity 1 - Begin Engagement							
1.1	Review and request background information						
1.2	Conduct project kick-off meeting with City						
1.3	Finalize interview list						
Activity 2 - Conduct Field Work		1/25	2/1	2/8	2/15	2/22	2/29
2.1	Conduct individual interviews with individuals who have direct knowledge of or involvement in the events						
2.2	Summarize learning						
2.3	Review City policies and procedures, applicable state law						
2.4	Summarize learning						
Activity 3 - Conduct Analysis and Prepare Recommendations		1/25	2/1	2/8	2/15	2/22	2/29
3.1	Analyze events, policies and procedures and develop recommendations for improvement						
3.2	Prepare presentation for City Council Meeting						
3.3	Present findings						

who we work for

The Novak Consulting Group

Project Type: **Organizational Assessment and Optimization (OA)** | **Executive Search (ES)** | **Strategic Planning and Facilitation (SPF)** | **Training (T)**

State	Jurisdiction	Project Type			
Arizona	Peoria		ES		
	Sierra Vista			SPF	
California	Gilroy	OA			
	Hayward			SPF	
	Manhattan Beach			SPF	
	Palo Alto			SPF	
	San Luis Obispo			SPF	
Colorado	Adams County			SPF	
	Aurora			SPF	
	Boulder	OA		SPF	T
	Fort Collins	OA		SPF	
	Greeley	OA			
	La Plata County	OA			
	Routt County			SPF	
	Westminster			SPF	
Connecticut	Greenwich		ES		
	Groton	OA			
	Manchester	OA		SPF	T
	Mansfield	OA			
	Windsor		ES		
Delaware	Kent County		ES		
	Milford		ES		
	Rehoboth Beach		ES		
Illinois	Evanston	OA			
	Geneva			SPF	
	Gurnee			SPF	
	Peoria County		ES		
	Warrenville	OA			
	Woodbridge			SPF	
Indiana	Munster	OA			
Kansas	Edgerton		ES		
	Edwardsville			SPF	
	Garden City	OA			
	Gardener			SPF	
	Roeland Park			SPF	
	Shawnee	OA		SPF	
	Unified Gov't of KCK			SPF	
Louisiana	New Orleans	OA			
Maryland	Aberdeen	OA	ES	SPF	T
	Berwyn Heights		ES		
	Cambridge		ES		
	College Park			SPF	

State	Jurisdiction	Project Type			
Maryland	Gaithersburg		ES		
	Garrett Park		ES		
	La Plata		ES		
	Maryland State Judiciary			SPF	
	New Carrollton		ES		
	Rockville	OA		SPF	
	Sykesville		ES		
Massachusetts	Franklin County	OA			
	Pioneer Valley Planning Commission	OA			
Michigan	Ann Arbor			SPF	
	Midland			SPF	
	Novi		ES		
Missouri	Clayton			SPF	
	Maryville			SPF	
	Parkville			SPF	
	Platte City	OA			
	Sikeston			SPF	
	St. Louis County			SPF	
	University City			SPF	
Nebraska	Hastings	OA			
Nevada	Reno	OA			
New Jersey	New Jersey Health Initiative	OA			
New York	Ithaca	OA			
North Carolina	Albemarle			SPF	
	Brevard			SPF	
	Cary			SPF	
	Greensboro	OA			
	Raleigh	OA		SPF	
	Swansboro			SPF	
	Wilmington	OA			
Ohio	Beavercreek Township	OA			
	Blendon Township			SPF	
	Blue Ash			SPF	
	Cincinnati	OA		SPF	
	Clearcreek Township	OA		SPF	
	Cleveland Heights	OA	ES	SPF	
	Delaware	OA			
	Delaware County			SPF	
	Delaware County EMS			SPF	

who we work for

The Novak Consulting Group

Project Type: **Organizational Assessment and Optimization (OA)** | **Executive Search (ES)** | **Strategic Planning and Facilitation (SPF)** | **Training (T)**

State	Jurisdiction	Project Type			
Ohio	Dublin	OA	ES	SPF	
	Gahanna			SPF	
	Hudson		ES		
	Oberlin	OA	ES	SPF	
	Portsmouth		ES		
	Powell			SPF	
	Sandusky		ES		
	Sharonville			SPF	
	Troy	OA			
	Upper Arlington		ES	SPF	
	Washington Township	OA	ES		
	Westerville		ES		
	Worthington			SPF	
Oklahoma	Norman	OA			
Oregon	Gresham			SPF	
	Hillsboro			SPF	
	Wilsonville	OA		SPF	
Pennsylvania	Duquesne	OA			
	Exeter Township	OA			
	Farrell	OA			
	Harrisburg	OA			
	Hazleton	OA			
	Lancaster County	OA			
	Nanitoke	OA			
	Reading	OA			
	St. Marys	OA			
Texas	Allen			SPF	
	Cedar Hill			SPF	
	Lancaster		ES	SPF	
	University Park			SPF	
	The Woodlands	OA		SPF	
Utah	Murray			SPF	
	South Jordan			SPF	
Virginia	Fredericksburg	OA			
	Hampton			SPF	
	Loudoun County		ES		
	Vienna			SPF	
Washington	Sequim	OA		SPF	T
	Shoreline		ES		T
Wisconsin	Mequon		ES		
	Washington County			SPF	

Organizations & Associations	Project Type			
Ann Arbor Transportation Authority, Michigan			SPF	
Connecticut Town and City Management Association				T
International City/County Management Association			SPF	T
Maryland Municipal League				T
Miami University of Ohio				T
Miami Valley Risk Management Authority, Ohio			SPF	
Midland Community Foundation, Michigan			SPF	
Minnesota Municipal League				T
Missouri Municipal League			SPF	
National Association of State and Local Equity Funds			SPF	
National League of Cities				T
Ohio City/County Management Association			SPF	T
Owens-Corning, Ohio			SPF	
USAID – Moldova				T
United Methodist Church:				
Baltimore Washington Annual Conference	OA			
California-Nevada Annual Conference	OA			
Connectional Table	OA			
Dakotas Annual Conference	OA			
Florida Annual Conference	OA			
Florida United Methodist Foundation	OA	ES	SPF	
General Board Of Discipleship		ES	SPF	
General Board Of Higher Education And Ministry	OA	ES		
Global Ministries	OA	ES	SPF	T
Justice For Our Neighbors			SPF	
Louisiana Annual Conference – Wesley Center			SPF	
St. John's Church, Louisiana			SPF	
United Methodist Committee On Relief	OA	ES	SPF	
Western Pennsylvania Annual Conference		ES		

Attachment 6

PrimeSource Project Management

One Civic Plaza, Suite 500
Carson, CA 90745
(424) 287-0760

January 19, 2016

Kevin Kearney
Senior Management Analyst
City Manager's Office
City of Beverly Hills
455 North Rexford Drive
Beverly Hills, CA 90210

Re: City of Beverly Hills – Request for Information – Parcels 12 and 13

Dear Mr. Kearney:

Thank you for the opportunity to review and respond to the City's Request for Information related to the Parcel 12 and 13 issue. PrimeSource has reviewed all available materials including the City Council meeting and associated discussions. We believe that PrimeSource offers the City a unique resource to address the issues presented by the activities at {Parcels 12 and 13. Our public materials present the large project management side of the company. Not shown is the large body of work by the firm principals, Karen and Tim Buresh, in dealing with publicly sensitive and confidential investigations for public agencies. PrimeSource is uniquely qualified to meet the City's need to quickly investigate the circumstances, identify areas for improvement, and prepare policies and procedures to avoid similar incidents in the future, all with both candor and discretion.

Work Plan and Project Costs

The attached spreadsheet contains a provisional work plan and estimate of associated project costs. The City Council has expressed a desire that this investigation be completed by the end of February; that is a short time frame that will require work to begin quickly, be focused, and not lose time. The draft work plan is based on the information to date including the Request for Information document and the investigation expectations as expressed by the City Council in the January 5th City Council meeting addressing this issue. The investigation should commence with a meeting of the City Manager, City Attorney and PrimeSource to confirm and define

investigation parameters and cost estimates. The City Attorney has already assembled a report and associated support documents, and has already gathered a significant portion of the relevant documents and email communications; these documents will provide a useful starting point for commencing the investigation. We will require direction on how to approach certain questions raised regarding the actions by parties outside of the City. We will require direction on how to handle determinations with potential personnel administration implications. As the investigation unfolds, we will require consultation to confirm our interpretation of various facts and issues. We understand that the City Council expects a public presentation of the final report. However, based on prior experience, we recommend that this contract be assigned to the City Attorney because of the potentially sensitive and confidential issues that may arise and which should be legally privileged.

Experience

PrimeSource is doing no other work for the City of Beverly Hills and has no conflicts with any of the parties so far identified in this matter.

Karen Buresh is a member of the California Bar with over thirty years of experience, primarily on the agency side of public works programs. Tim Buresh is a member of the California Bar and a Registered Professional Engineer with over forty years of experience, including senior leadership of large public agencies. Both Karen and Tim have performed multiple independent compliance audits for public agencies intended to verify regulatory compliance as well as internal controls compliance, typically in the wake of a breach of those standards. In addition, Karen has been called upon to perform several forensic audits of public agencies' practices and procedures and prepared written findings, much as requested by the City.

The bulk of similar work completed by our principals remains confidential. One investigation that is now public was Tim's investigation of the Belmont Learning Center for LAUSD. Belmont was a joint use school-retail-housing development that failed in part due to non-compliance with DTSC requirements for schools by the project developer. The investigation focused on addressing the systemic failures within the LAUSD organization that created the problem, which included major personnel realignments and the creation of a new Facilities organizational structure and operating procedures. The project was ultimately salvaged and completed and is serving students today and the organizational changes put in place improved the entire Facilities program.

We are very familiar with many of the issues of concern to the City Council and the community. We have extensive experience in creating successful paths for the resolution of issues posed by the handling of contaminated property. As part of the Alameda Corridor, we were required to clean up over 20 miles of railroad right of way which included, among other things, a large quantity of manmade arsenic contamination. We have worked with DTSC on dozens of other contaminated site

cleanups and are well familiar with the standard DTSC culture and process and the challenges DTSC presents. Most recently, Tim was responsible for navigating the BHUSD through the DTSC process to complete the arsenic cleanup of the BHHS site. Karen is well versed in community redevelopment and the issues presented in brownfield redevelopment, including the repurposing of railroad right of ways and the attendant liability strings that follow. Tim was the Chief Operating Officer for the LAUSD, where he was responsible for the Human Resources Department, Police department, and the lead interface with the Inspector General. This role required the definition and completion of dozens of confidential investigations as well as the overall administrative reorganization of LAUSD. We are familiar with the City of Beverly Hills and the community sensitivities. We are confident that we serve as a neutral independent who will bring credibility to the investigation and ensuing recommendations. We look forward to the opportunity to serve the City.

Respectfully,

Karen McLaurin Buresh

Karen Buresh
Chief Executive Officer

Enclosures: Draft Work Plan and Estimated Costs
Firm Profile
Resumes

PRIMESOURCE PROJECT MANAGEMENT

PROJECT LEADERSHIP PROJECT SUCCESS

City of Beverly Hills - Request for Information Parcels 12 and 13.

Draft Work Plan and Estimated Costs

Task	Schedule - Week of:					Estimated Not to Exceed Hours and Rates					
	25-Jan	1-Feb	8-Feb	15-Feb	22-Feb	Principal	Rate	Cost	Support	Rate	Cost
Kickoff - investigation definition and work plan						12			2		
Interviews of key City staff (12-15 each)						24			12		
Interviews of developer staff (2 each)						4			4		
Interviews of West Coast Arborist staff (2 each)						4			4		
Interviews of DTSC staff (2 each)						4			4		
Document search and assemble						8			4		
Document review						10			24		
Review of town hall materials (meeting Jan 27th)						4			0		
Draft report and recommendations						24			8		
Presentation and review of draft report by senior City staff						12			0		
Final report and recommendations						12			4		
Presentation to City Council (end February)						12			4		
Estimated Not to Exceed Hours and rates						130			70		

PrimeSource Project Management

PrimeSource is a VSBE engineering and project management consulting business based in Carson California less than ten minutes from the POLB offices. PrimeSource was created out of a desire and unique ability to help people and organizations facing difficult project delivery challenges. The PrimeSource team has the unique experience to see the issues clearly, confront the hard decisions and come up with innovative or non-traditional solutions. We challenge the self-imposed constraints that too often lock project teams into failure. Our client base is made up of public agencies with large capital works programs and associated issues. Our scope of work is concentrated in the early and late phases of project delivery where most of the serious issues arise.

The firm's principals, Karen and Tim Buresh offer many decades of experience with the management of large capital programs for public agencies and large industrial clients. Our experience includes the entire range of capital program roles from owner to designer, construction manager, contractor, operator and maintenance. We have been responsible for creating capital program and operational asset management systems, and then managing those systems for public agencies with tens of billions worth of assets. Assets managed have ranged from major civil and building inventories to operational assets such as vehicle fleets to informational technology systems and disposable asset bases.

PrimeSource is an intentionally small company with a core permanent staff of five. That core staff is augmented with an extensive network of senior professionals in a wide variety of disciplines who have worked with Karen and Tim over the course of our careers. The PrimeSource network brings relationships that have been built over decades.

The firm was first organized in 2010. PrimeSource became a limited liability corporation in 2013. We are a POLB designated VSBE. We have a single office in Carson,

Some example current projects include:

- **Saban Theater and Temple of the Arts** – The Saban is a gorgeous Arts-Deco theater on the National, State and local historical registers that has been preserved and is now being used as a Jewish temple, broadcast center, and concert hall. It is a vibrant and beautiful venue and considered a community jewel. Unfortunately, it happens to be located smack up against a planned MTA subway station. PrimeSource is responsible for the capital and operational asset management of the facility. This has raised especially complicated questions of existing facility conditions assessment as well as identification and tracking of external factors that can compromise the asset such as settlement due to dewatering.

PrimeSource Project Management

- **Beverly Hills Unified School District Facilities Program** – The District has five separate campuses that comprise a historic district. The District failed to adequately maintain and preserve its campuses, giving rise to a $500 million capital improvements program. Is responsible for program management overseeing the design planning and construction of the program. PrimeSource is also responsible for engineering analysis and oversight of seismic fault investigations to satisfy State regulators. PrimeSource is also the lead technical resource in evaluating a proposed subway across the high school campus .

PrimeSource Project Management

Karen Buresh - Chief Executive Officer

Karen is the Chief Operating and Administrative Officer of PrimeSource Project Management, responsible for the management of the PrimeSource business and also offering project management services and support to clients. As a former partner in a mid-sized downtown LA law firm responsible for the management of a successful practice area, Karen has extensive experience in the business of servicing large scale clients and managing teams to effectively and efficiently meet the needs of multiple clients. In addition, Karen has in-depth experience and expertise in the management and implementation of large- scale public projects, with over 20 years of experience with public agency projects and the acquisition of property for large-scale projects.

Technical Expertise:

Karen brings over 20 years of extensive project and program management experience, including:

Public Project and Program Delivery

Project Planning and Strategy

Property Acquisition

Right-of-Way Management

All Aspects of Project Property Matters

Inter- and Intra-Agency Issues, Coordination and Resolution

Pre-condemnation and Condemnation Activities

Right-to-Take Issues

Complex Valuation Issues

Construction and Regulatory Issues

Litigation Support in Administrative, Superior Court, and Court of Appeal Proceedings

Internal Team Management

In-depth Local, State, and Federal Agency Process Knowledge

PrimeSource Project Management

Karen Buresh - Chief Executive Officer

Key Projects:

Alameda Corridor Project

Los Angeles Unified School District $10 billion, 140 school Construction and Major Renovation Program

Washington/Santa Fe Grade Separation Project

Pacific Coast Highway Grade Separation Project

Professional Experience:

As a former partner in a downtown Los Angeles law firm, Karen has extensive experience in the business of servicing large-scale clients including the Port of Long Beach and managing teams to effectively and efficiently meet the needs of multiple clients. In addition, Karen has in-depth experience and expertise in the management and implementation of large-scale public projects, with over 20 years of experience with public agency projects and the acquisition of property for large-scale construction projects.

Karen has deep familiarity with every stage of the project development and property acquisition process and an unparalleled consistent record of success in handling the processes required by California and federal law. Karen has successfully represented agencies in administrative proceedings, Superior Court actions and Court of Appeal proceedings. Karen's expertise includes extensive experience working with various local State and federal agencies, including the Department of Toxic Substances, Regional Water Quality Control Boards and the Air Quality Management District in connection with major public projects.

Karen's expertise is unique and goes beyond the traditional legal consulting role. Her value to a project starts when she first comes on board; she hears her clients' needs and clients respect her advice and counsel.

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PrimeSource Project Management

Tim Buresh, P.E. - President

Tim is the President of PrimeSource Project Management, responsible for the oversight of technical and engineering matters for clients of the firm.

Technical Expertise:

Tim brings over 35 years of public and private sector expertise in the following areas:

General Management Expertise

Business Development Experience

Comprehensive Program Management Skills

Civil Design Management and Oversight

Industrial Design Management

Construction Management

Right-of-Way Management

Environmental Assessment and Mitigation Management

Strategic Planning

Human Resources Management

Information Technology Management

Forensic Engineering, Litigation Support and Testimony

Key Projects:

Alameda Corridor Project

Los Angeles Unified School District $10 billion,140 school Construction and Major Renovation Program, including the Edward R. Roybal Learning Center (formerly known as the Belmont Learning Center) in Downtown Los Angeles

Beverly Hills Unified School District Facilities Program

California Department of Corrections Facilities at Avenal, San Quentin, Corcoran, Coachella Valley and Wasco

Professional Experience:

Tim is a Senior Corporate Executive with an extensive public works background and unparalleled comprehensive experience in all aspects of project development, organizational management, construction and civil engineering. He has worked on major civil engineering throughout the United States for over 35 years in both the private and public sector.

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PrimeSource Project Management

Karen Buresh - Chief Executive Officer

Karen is the Chief Operating and Administrative Officer of PrimeSource Project Management, responsible for the management of the PrimeSource business and also offering project management services and support to clients. As a former partner in a mid-sized downtown LA law firm responsible for the management of a successful practice area, Karen has extensive experience in the business of servicing large scale clients and managing teams to effectively and efficiently meet the needs of multiple clients. In addition, Karen has in-depth experience and expertise in the management and implementation of large- scale public projects, with over 20 years of experience with public agency projects and the acquisition of property for large-scale projects.

Technical Expertise:

Karen brings over 20 years of extensive project and program management experience, including:

Public Project and Program Delivery

Project Planning and Strategy

Property Acquisition

Right-of-Way Management

All Aspects of Project Property Matters

Inter- and Intra-Agency Issues, Coordination and Resolution

Pre-condemnation and Condemnation Activities

Right-to-Take Issues

Complex Valuation Issues

Construction and Regulatory Issues

Litigation Support in Administrative, Superior Court, and Court of Appeal Proceedings

Internal Team Management

In-depth Local, State, and Federal Agency Process Knowledge

PrimeSource Project Management

Karen Buresh - Chief Executive Officer

Key Projects:

Alameda Corridor Project

Los Angeles Unified School District $10 billion, 140 school Construction and Major Renovation Program

Washington/Santa Fe Grade Separation Project

Pacific Coast Highway Grade Separation Project

Professional Experience:

As a former partner in a downtown Los Angeles law firm, Karen has extensive experience in the business of servicing large-scale clients including the Port of Long Beach and managing teams to effectively and efficiently meet the needs of multiple clients. In addition, Karen has in-depth experience and expertise in the management and implementation of large-scale public projects, with over 20 years of experience with public agency projects and the acquisition of property for large-scale construction projects.

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