



REPORT

DATE: For the Agenda of June 7, 2002 **Item 110**

REPORT NO: HCR02-056

SUBJECT: Contract with U.S. Department of Housing and Urban
Development for Management Services

SUMMARY

Issue: Should the Housing Commission recommend Housing Authority approval to open negotiations with the U.S. Department of Housing and Urban Development (HUD), Los Angeles Office, to provide management services to the Housing Authority of the City of Calexico?

Recommendation: That the Housing Commission recommend Housing Authority authorization for the CEO or designee to open negotiations with the HUD-LA Office to provide management services to the Housing Authority of the City of Calexico for a limited period of time.

BACKGROUND

On May 22, 2002 the Director of the HUD-LA office called the Chief Executive Officer (CEO) to inquire if the Housing Commission would be interested in providing management oversight to the Housing Authority of the City of Calexico (CHA). The CHA has experienced management problems over the last several months, culminating in the termination of the Executive Director and dissolution of the Board of Commissioners. Currently, the CHA is being managed by staff from HUD's Troubled Agency Recovery Center (TARC) in Memphis.

DISCUSSION

Specifically, the HUD-LA office would like to execute a contract with the Housing Commission for six months with an option to extend for an additional six-month period. The scope of services would include the day-to-day management and oversight of the CHA. In addition, a complete restructuring of the CHA financial system (software,



policies, procedures) is needed. The staff from TARC has worked with CHA to revise public housing and Section 8 policies and procedures and now believe that the housing authority will be successful with strong management that can train and implement these policies.

Should the Housing Commission agree to enter into the contract, one of the conditions would be that a recruitment be opened to replace the permanent Executive Director so that Housing Commission staff could work with the selected candidate through a transition period.

Advantages

One of the revenue generating concepts proposed by the SDHC management team is to explore opportunities to market the considerable housing expertise of the staff. The opportunity in Calexico would provide a realistic opportunity to test the concept and determine the potential economic advantage. Also, the willingness of the Housing Commission to assist HUD in resolving a problematic issue would continue to build a stronger relationship and may well result in additional requests of this kind. Finally, this project would provide a training opportunity for several staff members.

Disadvantages

Calexico is about a two and a half hour drive from San Diego. Housing Commission staff assigned to this project would be away from their permanent assignments for several days at a time. The continuing workload would need to be shifted to ensure Housing Commission business is conducted without interruption. The political situation regarding the CHA is uncertain. The Board of Commissioners was disbanded by the Calexico City Council; the Council now sits as the Housing Authority. Housing Commission staff may encounter resistance from CHA staff as well as the City Council.

Should the Housing Commission proceed with negotiations, there are several conditions that would be required prior to contract execution:

- Recruitment can begin immediately for a permanent Executive Director;
- SDHC staff would provide assistance to a new Executive Director through a transition period to increase the chance of success;
- HUD would re-allocate approximately \$500,000 recently recaptured; these funds could be used to improve systems and training for staff;
- All SDHC costs (salary, benefits, travel, overhead) would be included as a monthly management fee and must be recouped;
- Any costs not included in the negotiated management fee would be at CHA's expense;
- SDHC staff assigned to the project would need access to the Calexico City Council to develop a workable relationship.

For the Agenda of June 7, 2002

HCR02-056

Page 3

The CEO believes that with these conditions, the advantages of the proposed opportunity outweigh the disadvantages and recommends that approval be given to open negotiations with HUD-LA to provide management services to the Housing Authority of the City of Calexico.

Alternatives

Do not approve the recommendation to open negotiations.

Respectfully submitted,

Approved by,

Signature on File with Original Document

Carrol M. Vaughan
Chief Operating Officer

Elizabeth C. Morris
Chief Executive Officer

/cv