



Harris County, Texas

1001 Preston St., Suite 934
Houston, Texas 77002

Staff Report

File #: 21-3174

Agenda Date: 6/29/2021

Agenda #: 454.

		YES	NO	ABSTAIN
To:	Harris County Commissioners Court	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Through:	Lina Hidalgo, Harris County Judge	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prepared By:	Amanda Rocha, Policy Analyst	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Judge Lina Hidalgo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Comm. Rodney Ellis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Comm. Adrian Garcia	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Comm. Tom S. Ramsey	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Comm. R. Jack Cagle	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Subject: Request for discussion and possible action to create a County Administrator position and realign department operations and request for executive session to discuss the potential appointment of a County Administrator
Project ID (If applicable):

Purpose and Request:

Request by the County Judge for discussion and possible action to create a County Administrator position and realign department operations under a streamlined organizational and reporting structure to improve coordination and services and provide more transparent, strategic, responsive, and accountable County governance, with an initial budget of \$2 million, and request for executive session to discuss the potential appointment of a County Administrator and for possible action to be taken concerning such appointment upon return to open court.

Background and Discussion:

[INSTRUCTIONS: In this section should concisely provide any background and analysis that the Commissioners Court needs to fully understand the action being requested. Please limit background to 3-4 sentences and include any reference to when this item was previously considered by Court. Background should include reference to study or order that led to this item or if the item is a result of compliance with any specific law or statutory requirements.]

Fiscal Impact: No financial impact. N/A

[INSTRUCTIONS: A short description of the cost of the request and where you are requesting funding from. No more than 2 sentences. In addition please fill out the table below. This includes financial impact to the current fiscal year and subsequent fiscal years along with the source of funding (general fund, grant, etc.). If the amount is within the current budget, please indicate the amount from 'Existing Department Budget'. If all of or part of the request is a new expense, please indicate funding source in the space provided.]

Fiscal Summary			
Expenditures	FY 20-21	FY 21-22 Projected	Future Years Projected [3 additional years]
Service Impacted: C <i>Administrator position and</i> <i>[Please provide service or</i> <i>will be used]*</i>	N/A	\$2,000,000	N/A
Existing Budget	N/A	N/A	N/A
Additional Appropriation R	N/A	N/A	N/A

Total Expenditures	N/A	\$2,000,000	N/A
Funding Sources	N/A	N/A	N/A
Existing Department Budget	N/A	N/A	N/A
Please Identify Funding Sources Special Revenue, Grant, etc.	N/A	N/A	N/A
[General Fund]*	N/A	\$2,000,000	N/A
Total Sources	N/A	\$2,000,000	N/A

Alternatives: N/A

[INSTRUCTIONS: In this section you should briefly discuss any viable alternatives, including the benefits and consequences of each. Include subtitles on the first line of each alternative to identify it. If appropriate, the financial impact of each alternative can be discussed. If taking no action is a viable alternative it should also be discussed, including any financial or other impacts that would result.]

Alignment with Strategic Objective: N/A

[INSTRUCTIONS: Please write out the Department Strategic Objective impacted by this item.]

Attachments: Court Letter and Backup Document

[INSTRUCTIONS: Please include a list of backup for this item with a short description of each if more than one.]

Presented to Commissioners Court

June 29, 2021

Approve: Judge Hidalgo / A. Garcia

*See attached order

June 29, 2021

Approve: Judge Hidalgo / A. Garcia

ORDER OF COMMISSIONERS COURT
Creating Position of, and Appointing, County Administrator for Harris County

The Commissioners Court of Harris County, Texas, convened at a meeting of the Court at the Harris County Administration Building in the City of Houston, Texas, on June 29, 2021 with all members present except none.

A quorum was present. Among other business, the following was transacted:

**ORDER CREATING POSITION OF, AND APPOINTING,
COUNTY ADMINISTRATOR FOR HARRIS COUNTY**

~~Commissioner~~ Judge Hidalgo introduced an order and made a motion that the same be adopted. Commissioner A. Garcia seconded the motion for adoption of the order. The motion, carrying with it the adoption of the order, prevailed by the following vote:

Vote of the Court	<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Judge Lina Hidalgo	✓	□	□
Comm. Rodney Ellis	✓	□	□
Comm. Adrian Garcia	✓	□	□
Comm. Tom Ramsey, P.E.	□	✓	□
Comm. Jack Cagle	□	✓	□

The County Judge thereupon announced that the motion had duly and lawfully carried and that the order had been duly and lawfully adopted. The order thus adopted follows:

IT IS ORDERED that:

- Harris County creates and funds the position of County Administrator for Harris County, including the creation of the Office of the County Administrator, to coordinate and oversee the activities and functions of County departments that currently report to Commissioners Court, to supervise day-to-day operations and long-term strategic planning efforts, and carry out any other duties adopted as part of the transition plan.
- David Berry is appointed to serve as County Administrator for Harris County, effective immediately, while retaining his position as the County Budget Officer and, until a replacement is hired, also retaining his position and duties as the Director of Budget Management.
- The County Administrator shall develop an organizational structure and transition plan to

guide the realignment of department operations under the County Administrator and an associated organizational and reporting structure consistent with best practices for Commissioners Court approval within 45 days. The organizational and reporting structure will not apply to elected officials, who will be included only for the purposes of increasing coordination, and will not include the employees and functions of Commissioners Court offices.

4. The County Administrator shall have the authority to appoint and dismiss all employees of the Office of the County Administrator and all department heads reporting to the Office of the County Administrator per the forthcoming organizational and reporting structure. Appointment and dismissal authority will be effective upon Commissioners Court approval of the transition plan. Such authority will not extend to positions that must be appointed by Commissioners Court according to Texas statute, in which case appointments should be made by Commissioners Court on the recommendation of the County Administrator.
5. The initial budget for the Office of the County Administrator shall be \$2,000,000.00 (Two-Million Dollars).
6. The County Administrator is authorized to retain an outside consultant to support transition planning and implementation, and utilize authorized search firms to assist in recruiting key positions under the new organizational structure.
7. The Harris County Attorney shall assign one or more attorneys to assure that the creation of the position of County Administrator and Office of the County Administrator, and the organizational structure of the office comply with all legal requirements, and conduct a legal review of the organizational structure and transition plan before the County Administrator seeks Commissioners Court approval.
8. All County departments shall take all necessary steps to support the County Administrator's efforts to develop and implement an organizational structure and transition plan to realign County management and reporting functions under the County Administrator position.
9. All Harris County officials and employees are authorized to do any and all things necessary or convenient to accomplish the purpose of this Order.



LINA HIDALGO

June 24, 2021

AGENDA LETTER -- Partial Executive Session item

Commissioners Court
1001 Preston, 9th Floor
Houston, Texas 77002

Dear Commissioners:

The following item is requested for the June 29, 2021 Commissioners Court agenda:

Request for discussion and possible action to create a County Administrator position and realign department operations under a streamlined organizational and reporting structure to improve coordination and services and provide more transparent, strategic, responsive, and accountable County governance, with an initial budget of \$2 million, and request for executive session to discuss the potential appointment of a County Administrator and for possible action to be taken concerning such appointment upon return to open court.

Sincerely,

A handwritten signature in black ink, appearing to read "Lina Hidalgo".

Lina Hidalgo
Harris County Judge

LH/at

BACKGROUND

Harris County has a unique opportunity to align its organizational and reporting structure with best governance practices and to streamline government operations to improve services to its residents. Against the backdrop of consecutive natural and man-made disasters and deepening inequality and poverty, there is a clear urgency for Harris County to provide more strategic, accountable, and results-driven governance.¹ The proposed County Administrator would have as its full-time mission to break down silos that currently exist across county departments and the various offices of elected officials to leverage the resources and expertise within the County to meet the needs of residents and the intent and objectives of Commissioners Court.²

The County's current organizational and reporting structure, under which over 20 departments report directly to Commissioners Court, "[i]nhibit[s] the County's ability to address functional problems that span departments...[p]rohibits collaborative, program oriented solutions...[and h]ampers the flow of both vertical and horizontal communications and coordination."³ In 2019, Commissioners Court approved an agreement with PFM Consulting Group, Inc. (PFM) to conduct an Organizational and Operational Review ("Operational Review") of Harris County government. Published in November 2020, the Harris County Operational Review Final Report ("Final Report") reaches the following overall conclusion:

For Harris County to continue to grow and prosper in the face of its external and internal challenges, County government must implement reforms to become more efficient, effective and resilient, and to address long-standing equity issues experienced by people in diverse communities across the county. It must build the basic infrastructure of governance necessary to meet the moment and augment this new stronger framework with a commitment to innovation and stakeholder engagement.⁴

Establishing a county administrator and realigning departments under a streamlined organizational and reporting structure will better position the County to optimize its performance, approach tough challenges more strategically and proactively, and ensure programs and services achieve intended outcomes.

OVERVIEW OF ORGANIZATIONAL STRUCTURE

The County Administrator would be charged with day-to-day oversight of County government and provide guidance and coordination to all County departments. The County Administrator would be appointed and subject to removal by a majority of the Court.

¹ Benton, Edwin, J., *County Service Delivery: Does Government Structure Matter?* Public Administration Review, Vol. 62, No. 4 (Jul.-Aug., 2002), pp. 471-479 ("[E]fforts to modernize county government structure may enable county officials to respond successfully to increasing citizen demands for a higher level of current services as well as expand the menu of services.") Appointing an administrator is one way to modernize local government in order to satisfy the needs of a rapidly changing and growing population.

² Freeman, J., et al., *Agency Coordination in Shared Regulatory Space*, Harvard Law Review, Vol. 125, No. 5 (March 2012) ("[B]ecause of its ad hoc nature, informal coordination can also prove somewhat limited and transitory. And even if stable, such arrangements, as a Congressional Research Service report points out, 'still lack officially fixed memberships and responsibilities,' making them hard to identify and evaluate, and potentially suspect from a transparency and accountability perspective.")

³ PFM Consulting Group, Inc., *Harris County Operational Review Final Report* (Nov. 2020), pg. 39.

⁴ *Final Report*, pg. 28.

The County Administrator would operate under an organizational and reporting structure that provides clear points of coordination with elected officials and other County agencies and clear and measurable performance metrics to enhance accountability. Departments would operate under a strategic and transparent framework intended to facilitate and, in certain cases, require much more coordination, collaboration, and accountability.

Drawing on models from across the country—the County Administrator would appoint and oversee deputies and managing directors⁵ charged with coordinating and overseeing department activities and functions based on specific policy domains. All non-elected departments currently reporting to Commissioners Court would instead report to and through the County Administrator and the aforementioned direct reports as created and assigned.⁶ The County Administrator would then work with Commissioners Court to set major goals each year and provide regular updates on the County's progress toward those goals.

JOB RESPONSIBILITIES

As an initial matter, the County Administrator will have the following duties and responsibilities:

- Serves as the County Budget Officer.
- Maintains the authority to appoint and dismiss deputies, managing directors, and other department heads, except where a position must be appointed by Commissioners Court according to Texas statute, in which case appointment should be made by Commissioners Court on the recommendation of the County Administrator.
- Develops and presents regular reports to Commissioners Court on county performance related to identified outcomes and metrics approved by Commissioners Court.
- Develops and presents the County's long-range strategic plan for consideration and approval by Commissioners Court.
- Coordinates the development and execution of strategic goals and objectives, performance management, and sound fiscal management with significant responsibility to proactively identify and resolve issues to ensure ongoing County operations.
- Provides guidance and coordination to all County departments to ensure that County business is conducted in the most efficient and cost-effective manner.

RATIONALE FOR REALIGNMENT

Improve Coordination

- The County's current practice of having over 20 departments report directly to Commissioners Court creates a highly siloed approach with each department focused primarily on its own operations, funding, and personnel. As a result, we miss opportunities to increase efficiency and effectiveness through coordination and collaboration.
- Under a more streamlined administrative structure, the County can establish the mechanisms and incentives needed to facilitate coordination within and among departments and apply its resources more efficiently and effectively to improve the outcomes of programs and services, meet challenges, and eliminate redundancies.

⁵ In the *Final Report*, PFM proposes creating four Deputy County Administrators that would report directly to the CA and oversee departments based on focus area. Rather than proceed exactly along these lines upfront, this document outlines a process whereby the County Administrator will have 45 days to develop and propose an organizational chart to Commissioners Court for approval that may include one or more deputies or other positions to support the new structure.

⁶ *Final Report*, pg. 72.

- The County's toughest challenges—from resiliency to natural disasters, to improving public safety, to enhancing health and opportunity—are bigger than any one department.
 - For example, given the many factors related to and stakeholders involved in flood control and other resilience efforts, it is imperative that we have a more coordinated approach to managing and weighing priorities for investments in resiliency and that we can achieve synergies across departments throughout the development and implementation of short- and long-range strategies.

Enhance Accountability

- When the Commissioners Court sets policies and objectives, there is often no clear accountability, reporting structure, or ownership, and long time periods can pass with limited or no action.
- A point of accountability would ensure that planning and implementation are responsive to the goals and objectives of Commissioners Court, carried out effectively over time, and measured to determine whether intended outcomes are achieved.
- Centralized administrative ownership will be especially impactful in ensuring accountability during implementation of Countywide policy initiatives that involve a variety of County stakeholders.

Strengthen Oversight

- Commissioners Court is a legislative body that currently oversees more than 20 departments. Ideally, the Court should focus on setting policy, rather than also administering and overseeing day-to-day operations of the County.
- Currently, there is no central entity tasked with looking holistically across Harris County agencies to streamline operations and determine areas where they can share or leverage existing efforts to meet the intent of Commissioners Court.
- Better day-to-day oversight is needed to ensure departments do not continue to engage in overlapping, sometimes even contradictory activities, which can increase the risk of not only duplication of effort, but also mission failure.

BEST PRACTICES

Two independent operational reviews conducted 20 years apart have recommended reorganization to remedy the same intractable issues.

- Among others, PFM makes these key findings that validate the need for deep, structural changes to align County government with best practices and maximize its public value:
 - "Harris County frequently misses opportunities to increase efficiency and effectiveness through coordination and collaboration."⁷
 - "County government's historic focus on 'roads and bridges' and other selected infrastructure has left other departments under-resourced and unfocused."⁸
 - "In the absence of clear strategy or defined goals, there has been little focus on use of data for management."⁹
 - "Harris County government has developed over time in a vacuum, with seemingly little attention to best practices or standards from other large local governments."¹⁰ As such, the County has frequently operated in a manner

⁷ *Final Report*, pg. 7.

⁸ *Final Report*, pg. 12.

⁹ *Final Report*, pg. 13.

¹⁰ *Final Report*, pg. 13.

inconsistent with best practices and in ways that may be detrimental to efficient and effective operation.

- “Many processes lack transparency and the opportunity for meaningful public input, and departments provide limited opportunity for input on policy and programs.”¹¹
- This approach has gone largely unchanged through multiple administrations. Over 20 years ago, the County commissioned the 1997 KPMG Organization Review Report (“KPMG Report”), which proposed (to no avail) creating a new organization for County government to address issues substantially summarized by the following portion of its report: “There are no routine management team meetings to discuss countywide policy and coordination...Departments function largely as separate operating entities.”¹²

County administrators have been used by local governments to streamline operations for decades. Transitioning to a county administrator structure is consistent with other large county governments in Texas and nationally.

- All five other counties in the United States with populations over 3 million—Los Angeles County (CA),¹³ Cook County (IL),¹⁴ Maricopa County (AZ),¹⁵ San Diego County (CA),¹⁶ and Orange County (CA)¹⁷—have an appointed county administrator, making Harris County the largest county in the nation without a county administrator or manager.
- In Bexar County, departments report to the Commissioners Court through a county manager. Bexar County’s Office of the County Manager was established by the County Commissioners Court in an effort to develop a more effective and cost-efficient re-organization of the functions, offices, and departments that report to Commissioners Court.¹⁸
- Dallas County’s County Administrator, under the direction and authority of Commissioners Court, coordinates the development and execution of strategic goals and objectives. The County Administrator oversees the performance and fiscal management processes, and works closely with the budget office on the annual budget process and implementation.¹⁹
- Maricopa County’s County Manager is the chief administrator of Maricopa County, Arizona and oversees more than 40 appointed departments in carrying out the vision of the elected Board of Supervisors. The Board of Supervisors appoints the County Manager.²⁰
- Cameron County’s Office of the County Administrator serves as the chief operating and staff officer for the Commissioners’ Court. The County Administrator directs and

¹¹ *Final Report*, pg. 7.

¹² *Final Report*, pg 39.

¹³ Los Angeles County, *Chief Executive Office*, available at: <https://ceo.lacounty.gov/meet-fesia-davenport/>.

¹⁴ Cook County, *About the Office of the Chief Administrative Officer*, <https://www.cookcountyil.gov/agency/office-chief-administrative-officer>.

¹⁵ Maricopa County, *County Manager*, available at: <https://www.maricopa.gov/313/County-Manager>.

¹⁶ San Diego County, *Chief Administrative Office*, available at: <https://www.sandiegocounty.gov/content/sdc/cao.html>.

¹⁷ Orange County, *Welcome from the County Executive Officer*, available at: <https://www.ocgov.com/gov/ceo/resources/welcome>.

¹⁸ Bexar County, *Office of the County Manager*, available at <https://www.bexar.org/449/County-Manager>.

¹⁹ *Final Report*, pg 72.

²⁰ Maricopa County, *County Manager*, available at: <https://www.maricopa.gov/313/County-Manager>.

supervises the day-to-day operations of all non-elected county departments and agencies that are under the direct control of the Commissioners Court.²¹

- The Tarrant County Administrator is appointed by the Commissioners Court. The Administrator and his staff oversee and implement the directives of the Commissioners Court.²²
- El Paso's Chief Administrator's Office is responsible for the day-to-day operations under the direction and authority of the Commissioners Court; and management of a broad range of services provided by El Paso's various departments. The Chief Administrator coordinates the development and execution of strategic goals and objectives, as well as the development, implementation and evaluation of County policies, procedures, and contracts. Among many other responsibilities, the Chief Administrator works closely with the Budget & Fiscal Policy Department on the annual budget process and implementation.²³

INITIAL TRANSITION STEPS

Initial Budget and Resources

- Initial budget of \$2M to develop an organizational plan and administrative structure.
- Authorize the County Administrator to:
 - Hire one or more third-party consultants with the relevant expertise to support planning and implementation.
 - Utilize one or more search firms to assist in recruiting key positions under the new organizational structure.

Timeline for Transition Plan

- Initial timeline of 45 days to submit an organizational structure and transition plan to Commissioners Court.
- Note: The transition plan should include a proposed timeline for implementation with additional details regarding each phase, including initiatives and milestones, and provide measurements of success for each phase.

²¹ Cameron County, *County Administrator*, available at: <https://www.cameroncounty.us/county-administrator/>.

²² Tarrant County, *County Administration*, available at: <https://www.tarrantcounty.com/en/administration.html>.

²³ El Paso County, *County Administrator - About Our Office*, available at: <https://www.epcounty.com/admin/about.htm>.