

Housing Authority - County of Los Angeles

September 3, 2008

To: Each Supervisor
From: William K. Huang, Acting Executive Director



SUBJECT: ANONYMOUS CONSTITUENT COMPLAINT

This is in response to the anonymous constituent complaint submitted to Supervisor Gloria Molina's office via e-mail on August 15, 2008. I have prepared a detailed response to the allegations. If you have any questions or require further information, please call me at (323) 890-7400 or you may call Emilio Salas, Director of Administrative Services at (323) 890-7491.

Allegation:

The new Yardi system implementation is seriously flawed. After over 5 months of delays, tremendous over budgeting, an excessive amount of staff overtime abuse and countless outside consultants' charges during the past two years and a half, the new system is still not running smoothly.

Response:

This project has not gone over budget and the overall implementation schedule is on track. The contract has a contingency to address unforeseen issues. To date this contingency has been used sparingly to include additional training and additional reports. We are closely monitoring the budget to ensure we do not exceed what has been authorized by the Board.

There was a three-month extension to the "go live" date for the Assisted Housing Division and this was reported to the CIO and our Board. This extension was granted to allow staff to focus on the June 30, 2008 SEMAP goal and provide more time for training the entire staff. Housing Assistance Payments for the month of August were successfully completed using the new system and we were on schedule for release of the September payment.

The Yardi system implementation is currently being assessed by an independent third party as recommended by the U.S. Department of Housing and Urban Development (HUD) in response to recommendations made by HUD's Office of Inspector General (OIG). The results of the independent assessment can be provided to your Board for review once it is completed. Your Board has been kept abreast of all this in the Section 8 monthly progress report.

Each Supervisor
September 3, 2008
Page Two

Allegation:

Carlos Jackson, the recently retired executive director, had continuously abused his authority by using federal funds in purchasing multiple vehicles for his business and likely personal (family) uses. He usually had several well equipped Buick sedans, all of them in mint condition, on standby so he and his family members can choose freely from the fleet.

Response:

Mr. Jackson had only one Commission vehicle assigned to him at any one time. In 2006, Mr. Jackson authorized the purchase of an alternative fuel vehicle (Toyota Prius) that was assigned to him. His previously assigned vehicle, a 2004 Buick Le Sabre, was returned to the CDC fleet and was used as a loaner whenever the vehicles of the Executive Director and Assistant Executive Director were in for service. Documentation is on file regarding the use of these vehicles.

The Commission is not aware of any personal business that was owned or operated by Mr. Jackson. We require full disclosure of any outside employment in addition to the submittal of the Statement of Economic Interest forms. Mr. Jackson disclosed part time employment as a professor for the California State University at Dominguez Hills. In reference to family members "choosing freely from the fleet", the Commission does not allow non-employees to check out vehicles.

Allegation:

Carlos Jackson had a number of workers compensation claims which cost the PHA close to \$750,000 in treatments alone. We believe none of those injuries were work related..... Now that he's retired, he will receive (or, already received) his final payout on his claims, as like all the other claimants. It is expected the payout will be many times of his last annual salary. As a matter of fact, a great number of the agency's executives are like him and have had existing workers comp claims so when they separate from the agency services they will receive hefty final payments at taxpayer's expense.

Response:

Our Workers' Compensation program has one of the best track records in the County. We have continuously reduced our claims, which have resulted in decreases to our workers' compensation insurance premiums over the years. The complainant alleges that senior management has submitted several large claims upon retirement and that the prior Executive Director will have a payout that is many times his annual salary. These allegations are absolutely false.

Each Supervisor
September 3, 2008
Page Three

Although we will not disclose confidential information regarding any individual's claims for this response, our records are readily available for review. We take great pride in the administration of the workers' compensation program and our records will reflect our excellent track record.

Allegation:

Also look into why this PHA, with only about 300 housing employees, would need to have a fleet of over 300 vehicles. We believe at the highest point this agency had about 350, if not more, cars and trucks. It was such a waste of public funds!

Response:

The Commission has a fleet of 141 vehicles that are used by the entire agency comprised of 656 staff members. The Housing Authority has 76 vehicles assigned specifically to them. The vast majority of these vehicles are for Section 8 inspectors, maintenance personnel, and the fraud unit. Our fleet has never come close to 300 vehicles.

Allegation:

Too many employees received excessive increases exceeding what's allowed in our policy. According to agency policy, any high pay increase exceptions were supposed to be timely reported to the county board but this was not the case.

Response:

The Commission's responsibility for Board notification has historically been limited to all merit increases in excess of 10%. The Commission does not have step increases and is on a pay for performance compensation system. Salary increases in excess of 10% for Acting Appointments, Promotions, Reclassifications and Status Changes have never been reported to the Board.

The Auditor Controller's office is currently reviewing our practice regarding this issue in response to an anonymous complaint they received. A meeting was held with two of their investigators on August 28th to thoroughly review our policy and practices in this regard. We will report the results of their review, although they informed us verbally that they intend on closing out this investigation.

Allegation:

The so-called competitive bidding, for the most part, is only a smoke screen. For example, one appointed housing commissioner and/or his company, has been favored continuously for subsidized low interest or no interest rate funding for projects up to millions of dollars. Isn't this a conflict of interest?

Each Supervisor
September 3, 2008
Page Four

Response:

Our procurement policies meet or exceed HUD and County regulations. The Auditor Controller's office completed a full review of our financial processes, (including procurement) as recently as 2003, which resulted in a few minor recommendations. None of the recommendations were related to potential conflicts of interest. We require full disclosure from our staff and board members regarding possible conflicts of interest related to contracting and program participation.

In reference to the appointed Housing Commissioner; Mr. Severyn Aszkenazy was appointed to the Los Angeles County Housing Commission effective August 29, 2000. Prior to recommending him for this position, Supervisor Yaroslavsky's staff inquired about any potential conflict of interest.

On their behalf, we prepared a request to County Counsel for an opinion on the matter. Based on the response, Mr. Aszkenazy can not participate in decisions relating to loans or contracts awarded by the Housing Authority to any business in which he or his wife has a financial interest. He has not violated that prohibition.

Last year, we again went to County Counsel to get a conflict of interest opinion on Mr. Aszkenazy's participation as a Housing Choice Voucher (Section 8) landlord. County Counsel responded stating that the Housing Commission is precluded from participating in or attempting to influence any Housing Commission decisions regarding his Housing Assistance Payments (HAP) contract. HAP contracts for individual landlords are never presented to the Housing Commission for consideration.

I am available to discuss this report if you have any questions.

WKH:ES

c: Lari Sheehan, Deputy Chief Executive Officer
Each Deputy