SHARED SERVICES

Setting a framework for the City of Houston and Harris County to explore ways to jointly provide services and improve efficiency

Prepared for:
Mayor Sylvester Turner
In November 2017, the City of Houston, together with financial advisory firm PFM, LLC, released a report entitled Ten Year Financial Plan for the City of Houston: A Plan for Fiscal Sustainability and Economic Growth (PFM Report). The city paid PFM $568,000 for its work to produce the plan.

The plan confronts Houston’s significant fiscal challenges and sets forth 60 recommendations which could potentially result in a minimum of $300 million in new revenue or savings over the course of a ten-year period. To date, the city has implemented five recommendations with an additional seven in the works.

The purpose of this document is to discuss one recommendation which has not been implemented and is not yet in progress: the launching of a shared services working group to explore opportunities for consolidation of services between the City of Houston and Harris County. This recommendation is listed in the PFM Report as having a “high” budgetary impact, meaning ultimately, sharing more services with the county could potentially provide more than $10 million in savings.
The PFM Report cites the Government Finance Officers Association recommendation of shared services as a best practice: “Shared services take advantage of economies of scale by aggregating like services across the organization or between organizations. They also promote best practices by organizing services into ‘shared-service centers’ that are focused on the most efficient/effective performance of that service and that are subject to result-based accountability via formal service-level agreements with customers.”

While **saving money is the key objective**, there are other reasons to explore sharing services.¹ These include:

1. **Stimulating innovation**
2. **Improving decision making**
3. **Building on complementary strengths**
4. **Transferring knowledge & skills**
5. **Increasing quality of service**
6. **Improving working relationships**

RECOMMENDED PRACTICES FOR PURSUING SHARED SERVICES

Shared services efforts sometimes fail because local officials are unable to lay a solid foundation for their cooperative efforts. It is essential to start a program on the right footing to ensure success.³

**Be inclusive:** Participants spearheading the shared services effort will typically keep it within the core group until plans are fully designed. This approach may appear exclusive to those on the outside, which may create animosity and resistance toward the program.

**Involve elected officials:** It is essential elected officials and key decision makers are involved and express support for shared services early in the process. Otherwise, time and effort will be wasted on the development of a program that might not receive required approvals and funding.

**Involve staff:** Shared services can be perceived as a threat by city and county employees who are concerned about loss of responsibility and jobs. In some cases these impacts are real. However, these concerns can be allayed with careful planning and effective communications. For example, positions can be abolished as vacancies or retirements occur.

***Homsy, George, Bingxi Qian, and Mildred Warner. 2013. “Shared Services in New York State: A Reform that Works” p 5-7.***

RECOMMENDED PRACTICES FOR PURSUING SHARED SERVICES CONT’D

Start with an easy project: It is best to begin with a basic shared service project. Less complex projects are quicker to develop a consensus among participating parties. They are typically limited in their financial risk and scope, with a greater potential for success. These qualities ensure support for future cooperative efforts.

Communicate effectively: Communication is key in sharing services. It is most effective to diversify communication methods and reinforce messages. If all parties are not well informed, decisions made will be based on perceptions and assumptions rather than facts.

Study options thoroughly: There are numerous ways of organizing and funding intergovernmental programs. A thorough analysis and presentation of options can provide participating parties with the information needed to support the program.

Select a realistic program: Cooperative programs should look at the practicality and feasibility of the shared service, while also considering financial implications. Joint purchasing that focuses on bulk purchasing but does not include the critical quantity thresholds necessary to produce savings through economies of scale will not achieve all expected goals.

Focus on shared benefits: Shared services should be a win/win situation for all participants. The city and county should benefit from the cooperative approach rather than one gaining at the expense of the other.

Take cost avoidance into account: Not all cooperative ventures produce immediate cost savings; however, there may be an opportunity for future savings and cost avoidance. For instance, initial costly purchases might avoid escalating maintenance or lease agreements in the long run.

Consider secondary impacts: When calculating savings, it is critical to consider how shared services impact expenditures and revenues in other areas. Officials should be mindful of how changes, such as staffing, might impact service levels or other operations in the short and long term.

Share total cost: It is important to identify and share all associated costs when establishing shared services. If hidden costs arise in the aftermath, participants will not support future efforts.

CONDUCTING A COOPERATIVE STUDY

Which services to share? This answer begins with a joint city/county study of specific focus areas. Research provides the following guidance for conducting a cooperative study:

Develop a mission statement and goals: Participants frequently focus on the particular organizational options for providing and sharing services (e.g. consolidated water operation), rather than focusing on their ultimate goals (e.g. more efficient and cost effective services). ⁴

The “3 E’s” test can determine if a proposed idea or arrangement meets these goals:
1. **Economy** – Will the proposed cooperative arrangement reduce the current program’s costs now or in the future?
2. **Efficiency** – Will the proposed cooperative arrangement improve the current delivery of program services?
3. **Effectiveness** – Will the proposed cooperative arrangement allow local governments to deliver needed services that are qualitatively improved or that each would find difficult to provide individually?

**Decide upon viable options for accomplishing the mission and goals:** For example, if one of the goals is to make service delivery more efficient and cost-effective, viable options include consolidating the services and perform on a joint basis, having either the city or county perform all of the services for the other, or designating a lead to perform coordinating and administrative functions for the cooperative activity.

**Agree on a process:** After deciding on viable options, design an evaluation process. Issues to consider include the makeup of the steering committee, whether subgroups should be used to study individual services, timelines for completing the study’s various stages, how the progression of the study will be communicated, and whether to use outside consultants to assist with the study and potential funding sources.

**Identify stakeholders:** It is essential to involve all major stakeholders who will later influence the implementation of the recommendations of the study. These representatives should have an opportunity to participate in the study process, as their approval is key. Stakeholders may include: members of governing bodies of municipalities and counties; key employees and/or department heads; city/county legal; local business organizations; community members; and municipal employee union or labor representatives.

**Identify a steering committee:** Establishing a steering committee is an important component of the study. Members will receive, review, and evaluate relevant information to make recommendations to governing bodies. The committee should include key people with the necessary authority to direct the study.

**Identify whether subgroups are needed:** It may be time consuming for the steering committee to study several diverse issues and/or services simultaneously. Depending upon the scope, the steering committee might create subgroups to study separate service areas or issues. Subgroups may also include subject matter experts that are not part of the steering committee.

**Decide whether outside consultants are needed:** It may be useful to employ the assistance of an outside consultant. This is necessary when technical knowledge or expertise in a service area is needed to study operations effectively.

**Complete the study:** Using the established process, the steering committee oversees the completion of the study’s work. The steering committee should receive periodic reports on the study’s progress from any subgroups, monitor timelines, and evaluate results and recommendations. If subgroups are used, the steering committee should standardize the progress and final reports submitted by the subgroups to ensure the information needed is uniformly developed. The steering committee will be responsible for issuing an oral and/or written report to the governing bodies of the city and county.
The PFM Report highlights key areas where Houston could gain efficiencies by sharing services with the county and/or other governmental agencies:

**PUBLIC HEALTH SERVICES**
Most large cities combine city/county public health programs, services, and initiatives. The City of Houston has its own Houston Health Department (HHD) and Harris County has Harris County Public Health (HCPH). These two agencies provide essentially the same services including disease prevention and control, immunizations, food safety, and environmental health. HHD provides these services to residents within the city limits, HCPH to residents in unincorporated Harris County. PFM recommends exploring ways to jointly provide these services.

**MWSBE CERTIFICATION**
Currently, the Office of Business Opportunity is responsible for certifying MWSBE vendors. A COH certification is accepted by nine other agencies/governments in the region, including METRO and the Port of Houston, but the City of Houston does not accept any certifications from these other agencies, essentially performing work for free with no reciprocation. PFM’s suggestion is to create regional standards for certification so vendors could be interchangeably certified at any of the organizations/governments within that regional agreement and those certificates would be accepted regionally. This is possibly something that could be overseen by the Houston-Galveston Area Council.

**HOMELESSNESS**
PFM asserts that increased collaboration to reduce homelessness could produce long-term savings for both governments. The city and county work to reduce homelessness by increasing supportive housing regionally. These investments will produce long-term savings to the city and county governments.

**PUBLIC LIBRARIES**
The PFM Report indicates the city and county library systems could save money by reducing digital resource duplication. This may include contracts for eBooks and audiobooks, as well as programs and services like Lynda, a subscription website Houston Public Library patrons may access for free that offers video courses taught by industry experts in software, creative, and business skills.
KEY FOCUS AREAS FOR SHARED SERVICES CONT’D

LAW ENFORCEMENT
The Houston/Harris County region has over 60 law enforcement agencies and over 12,000 sworn officers spending a combined $1.6 billion per year. These include the Harris County Sheriff’s Office, the Harris County Constable Offices, the Houston Police Department, the 29 small city police forces, and more than 20 other law enforcement agencies. The PFM Report touches on coordinating and pooling police services to gain efficiencies.

INFORMATION TECHNOLOGY
PFM recommends the city consider a shared services approach for information technology (IT) services. It is recommended the city consider sharing servers and/or a data center as is done in other regions of the country (ex: City of El Paso & El Paso County). IT call centers are another possible area for consolidation as well as shared technological contracts.

Research also suggests the following services to explore for potential city/county sharing:

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<th>POTENTIAL SERVICES TO EXPLORE SHARING</th>
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<td>Animal Control</td>
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<td>Building Inspections and Maintenance</td>
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<td>Courier/Mail Handling</td>
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<td>Geographic Information Systems (GIS)</td>
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<td>Lawn and Grounds Maintenance</td>
<td>Transportation</td>
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<tr>
<td>Library Services</td>
<td>Website Design and Maintenance</td>
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CITY & COUNTY SHARED SERVICES EXAMPLES

While certainly not an exhaustive list, below are a few examples of shared services referenced in the PFM Report. Further, there are major US cities with completely consolidated city-county governments. NOTE: shared health services are covered in a latter portion of this document.

SAN ANTONIO, TX
BEXAR COUNTY share multiple services including library services, crime lab, hotel tax collection, food services and permitting, and magistration under one master interlocal agreement.

EL PASO, TX
EL PASO COUNTY share IT services via an interlocal agreement to jointly develop, operate, maintain, and enhance IT projects and resources.

MINNEAPOLIS, MN
HENNEPIN COUNTY merged separate library systems through shared services, cooperation, and reciprocal agreements giving library users access to a wide range of public library services and resources within the region and statewide.

LOS ANGELES, CA
LOS ANGELES COUNTY share a master agreement to provide workforce development and training program services to adults, dislocated workers, youth, and targeted workers.

INDEPENDENT CITIES
OAKLAND COUNTY, MI share a collaborative asset management system which collects and shares information on the status and maintenance of roads, bridges, drainage, sewer systems, and water distribution within the county.

CHARLOTTE, NC
MECKLENGEN COUNTY share IT and library services in addition to land use and environmental services such as air quality, code enforcement, solid waste, stormwater services, and geospatial information services.

ENTIRELY CONSOLIDATED
CITY & COUNTY GOVERNMENTS

Denver, CO & Denver County
New Orleans, LA & Orleans Parish
San Francisco, CA & San Francisco County
Philadelphia, PA & Philadelphia County
Honolulu, HA & Honolulu County
Miami, FL & Miami-Dade County

HOUSTON, TX
HARRIS COUNTY share a joint processing center. The facility, opened in 2019, streamlines and expedites the booking process by combining four different jail operations under one roof. The new facility frees up to 100 officers from jail duty and is projected to save more than $4 million annually in operating costs according to a 2013 city/county report.
A STARTING FOCUS ON
HEALTH

It has been inspiring to see the City of Houston and Harris County’s joint response to the COVID-19 pandemic. Right now we are in a perfect position to continue this partnership and take this collaboration one step further. Health services such as preventive care, food safety, vital statistics, disease prevention and control, and environmental health are currently performed separately by city and county governments. Consolidating these services could yield better and more cost-effective performance.

Nationally, PFM reports public health services are often county-led. This is the case in four of the nation’s most populous cities – Los Angeles, Phoenix, San Diego and San Jose. Two of the nation’s largest cities (New York and Philadelphia) are also counties and have departments of health. Larger cities in Texas employ various different models. San Antonio has a Metropolitan Health District that operates as a city department but provides services to unincorporated parts of Bexar County as well. The City of El Paso has a public health department that provides services for the entirety of El Paso County as well as bordering cities. Similarly, Austin has an interlocal agreement with Travis County for the provision of its health and human services. Other than Houston, Chicago is the only one of the ten most populous cities that has a public health department in addition to a county-level health department.

On the next page is a listing of services currently provided by the Houston Health Department and by Harris County Public Health. Note that many of these services are overlapping.
Interlocal agreement (1985) between Austin Public Health Department and Travis County Health and Human Services to provide:

- Quality of Life (mobile health van)
- Health equity social service contracts (targeted intervention with narrow scope towards vulnerable populations experiencing disparities/inequities in health outcomes)
- Austin Healthy Adolescent (teen pregnancy prevention)
- Comprehensive public health planning
- Chronic disease prevention and control (obesity, diabetes, tobacco use)
- Sickle cell
- Communicable disease (HIV outreach, STD clinics, tuberculosis control)
- Information referral and permitting, rodent/vector, and nuisance abatement
- Health and safety code compliance
- Epidemiology and surveillance (as well as public health emergency preparedness and response)
- Health authority
- Immunizations
- Injury prevention
- Office of Vital Records

Houston Health Department
- Ambulance permits
- Special waste
- Multiservice center programming
- Vision

Harris County Public Health
- Built environment program
- Coalitions/collaborative program
- Find a lost pet
- Mobile health village
- Mosquito control education program
- Mosquito control services
- Refugee health screening
- Ryan White grant administration
- School health program
- Take out hunger
- Veterinary community outreach & education program
- Worksite wellness works
- Youth vaping prevention

HHD & HCPH Overlapping Services
- Lead hazard control program
- Food safety (permits, inspection handler, management certification, inspection results, and foodborne illness reporting)
- Non-smoking ordinance/tobacco cessation
- Swimming pools and water safety
- Vital statistics
- HIV/STD prevention program
- Tuberculosis elimination program/Hansen’s Disease
- Informatics/HIS
- Surveillance
- Laboratory/PHI lab
- Preparedness/epidemiology
- Disease prevention & control
- Chronic disease
- Drug abuse awareness & overdose prevention
- Immunizations
- Women, Infants and Children (WIC)
- Healthy Families
- Nutritional counseling
- Nurse-family partnership
- Health centers
- Pharmacy
- Client access
- Oral health/dental services
- Title X
- Air/water quality control
- Dead bird reporting (SWD)
- License a pet (BARC)
- Neighborhood nuisance (DON)
- Rescue animals (BARC)
- Shelter services (BARC)

Austin, TX
Travis County

Ryan White grant administration
School health program
Take out hunger
Veterinary community outreach & education program
Worksite wellness works
Youth vaping prevention
FORT WORTH, TX

TARRANT COUNTY

Tarrant County Public Health maintains responsibility for Health Services throughout 17 municipalities within the region. Fort Worth established a City Code Enforcement Department for food and pool inspections. Tarrant County Public Health provides the following services:

- Clinical services
- For Her Health
- Immunizations
- Tuberculosis prevention
- Disease control and prevention
- Family and health services
- Chronic disease prevention
- Community youth development
- Nurse-family partnership program
- Prematurity prevention
- WIC nutrition program
- Workforce performance management

SAN ANTONIO, TX

BEXAR COUNTY

The San Antonio Metropolitan Health District provides health services to Bexar County. Services include:

- Dental services
- Free contraception
- Immunizations
- Infant health - Healthy Start
- Infant health - WIC
- Lab services
- Rabies

EL PASO, TX

EL PASO COUNTY

Interlocal agreement establishes the City of El Paso will provide health services for the County and some cities bordering the county. Services include:

- Dental clinic
- Food inspection
- Education and promotion
- HIV prevention
- Immunizations
- CommUnity Care Center
- Hepatitis C program
- Laboratory

DALLAS, TX

DALLAS COUNTY

Dallas County is responsible for all health and human services within the county (26 municipalities), with the exception of animal control, code enforcement, inspections, and sanitation.

- Immunizations
- Adult and child services
- Communicable diseases
- Emergency services
- Environmental health
- Mosquito abatements
- Public health laboratories
- Veteran services

- Diseases
- Epidemiology
- Health information
- North Texas Regional Laboratory
- Health protection and response
- Environmental health
- Tarrant County Medical Reserve Corps
- Public health emergency preparedness
- Public health administration
- Health equity and community engagement
- Strategic planning

- San Antonio Lactation Support Center
- STD/HIV services
- Tuberculosis services

- Medicaid waiver
- Emergency preparedness
- County Outreach Information Network
- STD preventative medicine
- Tuberculosis control
- WIC
- Epidemiology

- Home loan counseling
- Older adult services
- Sexual health clinic
- Weather assistance program
- Welfare
- Tuberculosis clinic
- HIV grant programs
- Refugee clinic
**PHOENIX, AZ**

**MARICOPA COUNTY**

Maricopa County provides the City of Phoenix with the following services:

- Tracks diseases
- Free/low-cost health services
- Birth-5 services
- Dental services
- Domestic violence
- Mental health
- Food/clothing
- Disability services
- Senior services
- Pool inspections
- Reporting of code violations
- Restaurant ratings
- Ryan White (HIV services)
- Vital records
- Medical records
- Mental health & substance use resources
- STD / HIV Testing
- HIV treatment
- Active WIC services
- Nurse-family partnership
- South Phoenix Healthy Start
- Newborn intensive care
- Tobacco prevention
- Teen health
- Safe Sleep (SIDs prevention)
- Oral health screenings
- Heat safety
- Lead poison prevention
- Emergency preparedness
- Resources for healthy aging
- Transportation
- Jobs
- Immunizations

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**LOS ANGELES, CA**

**LOS ANGELES COUNTY**

Los Angeles County Public Health provides the following services for the city and county:

- Family health
- Preconception health
- Health insurance assistance
- Coronavirus Disease 2019 and Pregnancy
- Home visitation program
- Find a prenatal provider
- Marijuana & Your Baby
- Breastfeeding
- T-DAP outreach
- Time Off for Baby
- Black infant health
- Safe Sleep (SIDs prevention)
- Healthy Weight for Moms
- Child care
- Lead poisoning prevention
- HIV/AIDS prevention
- Vaccinations
- Food recalls
- New school immunizations requirement
- Adolescent health collaborative
- DPH Youth Advisory Council
- Air quality management
- LA County homeless initiative
- Inspections
- Vital records
- Access to clinics
- Health inspections
- Environmental health
- Climate change
- Chemical hazards
- Beaches and fresh water swim areas
- Recycled water
- Foodborne illness

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CONCLUSIONS & RECOMMENDATIONS

The realities associated with voter- and state-imposed revenue caps, economic impacts related to unforeseen emergencies or disasters - such as Hurricane Harvey and the COVID-19 pandemic, and a constantly growing population that requires increased and improved services are all factors underscoring the need to think creatively, make big changes, and figure out how to work smarter. The city and county must develop a mechanism that works to continuously improve service delivery to residents while also increasing efficiency and reducing costs associated with those services.

Working smarter means working together. As recommended by the PFM Report, I am advocating for the establishment of a joint city/county **shared services working group** to thoroughly explore areas where the city and county can better cooperate, collaborate, and consolidate. Once established, following the framework set forth in this document, joint cooperative studies should be initiated, starting with public health or a subset of public health.

The working group will act as a steering committee tasked with setting parameters for process, engagement, and policy recommendations, while calling upon and relying on subject matter expertise as needed to fit the challenge. The group will seek creative ways for the city and county to innovate and work together to meet growing demand for services on limited budgets. The shared services working group will have the opportunity to challenge government as usual, guiding Houston and Harris County toward a future of sustained growth, smart governance, and continued opportunity for all.