



COUNTY OF SAN DIEGO
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CLERK OF THE BOARD
OF SUPERVISORS

COUNTY OF SAN DIEGO

BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

AGENDA ITEM

DATE: June 8, 2021

11

TO: Board of Supervisors

SUBJECT

FRAMEWORK FOR THE FUTURE: STRENGTHENING COUNTY SERVICE DELIVERY AND CONTRACTING (DISTRICTS: ALL)

OVERVIEW

Each year, the County of San Diego delivers billions of dollars of vital public services aimed at building strong and sustainable communities. Nearly a quarter of the county's annual budget is allocated to contracted goods and services, with over \$1.3 billion spent each year in categories such as behavioral health, public health, emergency services, and information technology. The county maintains an active portfolio of 2,200 service contracts with a total value of over \$11.7 billion. The current service delivery approach can be improved to better align with public sector best practices and the county's new framework for the future. We need to shift to a broader framework that asks, "how do we strategically approach service delivery to ensure the best services that lead to better life outcomes for all San Diegans".

While the county provides many services directly through County staff, another key element in the service delivery system are the many experienced, high-quality, and highly skilled contracted organizations. We need to continue to support effective service providers by providing resources and flexibility to implement, monitor, and improve programs over time. This mirrors a broader trend in public sector best practice where simple cost reduction is increasingly giving way to careful, strategic, long-term decision-making. This suggested new framework continues to strongly support the delivery of services at the best possible value but broadens the set of considerations around what constitutes best value. It also moves us towards a service delivery model that is more strategic, transparent, streamlined, client focused, community centered, and outcomes oriented.

Today's action requests the Chief Administrative Officer (CAO) to develop a community engagement process to seek input on the "Draft Service Delivery Framework" documented in

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this letter. It also requests that the CAO consult with the Board's Fiscal Subcommittee to refine the community engagement process and then take steps to implement it and incorporate feedback from stakeholders, service providers, and impacted individuals into a report to the Subcommittee. Finally, after completion of the community engagement process, the CAO is requested to develop draft service delivery, contracting, and procurement policies based on feedback from the community engagement process in addition to guidance and refinement from the Fiscal Subcommittee. These draft policies will be delivered to the Fiscal Subcommittee for further refinement and stakeholder input before the final policies come back to the full County Board of Supervisors for consideration.

We urge you to join us in supporting this effort.

RECOMMENDATION(S)

SUPERVISOR TERRA LAWSON-REMER AND CHAIR NATHAN FLETCHER

1. Direct the Chief Administrative Officer to develop a community engagement process and timeline to solicit stakeholder feedback and comments on the "Draft Service Delivery Framework" described in this letter. Outreach and engagement may include public hearings, workshops, meetings with service providers, network associations, impacted individuals, and service organizations, involving both entities who do and who do not currently contract with the county. Report back with the process and timeline within 60 days to the Fiscal Subcommittee for consideration and refinement.
2. Direct the Chief Administrative Officer to implement the community engagement process and create a report summarizing the findings of the community engagement process. Report back to the Fiscal Subcommittee within 60 days from the completion of the community engagement process.
3. Direct the Chief Administrative Officer to develop draft service delivery, contracting, and procurement policies based on feedback from the community engagement process in addition to guidance and refinement from the Fiscal Subcommittee. Assess and evaluate the operational and fiscal impacts as factors in developing and implementing the new policies.
4. Direct the Chief Administrative Officer to refer any costs associated with implementing the above items during Fiscal Year 2021-22 budget deliberations and adoption.

EQUITY IMPACT STATEMENT

To serve the community more equitably, this action seeks to increase transparency and provide an inclusive service delivery process that leads to better outcomes. The action will expand opportunities for underrepresented communities as well as for a diversity of service delivery organizations, including smaller community-based entities.

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FISCAL IMPACT

Funds for this request are not included in the Fiscal Year 2020-21 Operational Plan, and there is no fiscal impact associated with this request in Fiscal Year 2020-21. If approved, Fiscal Year 2021-22 initial costs and revenue required to staff and support the Draft Service Delivery Framework are estimated to be \$275,000 with a projected staffing impact of 2.0 FTEs in the Department of Purchasing and Contracting. This request will be referred to budget for consideration during the Fiscal Year 2021-22 budget deliberations and adoption. The funding source will be Department of Purchasing & Contracting Internal Service Fund Fund Balance. There will be no change in net General Fund costs and 2.0 additional staff years.

There may be operational impacts to departments for increased contract management as these policy changes are implemented. These potential impacts and resultant costs are unknown at this time. Additional fiscal impacts to departments unknown at this time include potential increases to contract costs which may result from changes to contracting policies. Staff will return to your board with future staffing recommendations as appropriate through the annual budget process. The funding sources are anticipated to be a combination of program revenues and general purpose revenues.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

Each year, the County of San Diego delivers billions of dollars of vital public services aimed at building strong and sustainable communities. Nearly a quarter of the county's annual budget is allocated to contracted goods and services, with over \$1.3 billion spent each year in categories such as behavioral health, public health, emergency services, and information technology. The county maintains an active portfolio of 2,200 service contracts with a total value of over \$11.7 billion.

For decades, the county's approach to service delivery, contracting, and procurement has been dominated by the approach of "better, cheaper and faster". This has led to outsourcing functions that are typically aligned with County operations. The importance of price can also crowd out other important policy considerations, such as high-quality employment standards, local hiring, cultural competency, and innovation that could lead to better and more reliable services for all San Diegans, greater economic justice, and better alignment with the County's *Live Well San Diego* vision.

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The current approach can be improved to better align with public sector best practices and the county's new framework for the future. We need to shift to a broader framework that asks, "how do we strategically approach service delivery to ensure the best services that lead to better life outcomes for all San Diegans." This mirrors a broader trend in public sector best practice where simple cost reduction is increasingly giving way to careful, strategic, long-term decision-making. Indeed, this more comprehensive approach often results in long-term cost savings due to reduced staff turnover and increased productivity. This proposed new framework continues to strongly support the delivery of services at the best possible value but broadens the set of considerations around what constitutes best value.

We recognize that organizations and businesses that contract with the county are integral partners and share in our commitment to build healthy, safe, and thriving communities. These entities face many challenges, such as limits required by inter-governmental funding streams, like Medi-Cal, that limit the rates paid for professional services, as well as administrative burdens. In response, many service providers have had to pursue philanthropic funding to complement their budgets and ensure high quality and tailored services to meet individuals needs of residents on the county's behalf.

The COVID-19 crisis has made the county's delivery of critical services more important than ever. Even as the case rates begin to decline, county services will continue to play an essential role in COVID-19 emergency response as well as the long-term roadmap to recovery. In addition, as an anchor institution and third largest employer in the region, the county's policies around service delivery, contracting, and purchasing play a key role in the regional economy. We must leverage our service delivery portfolio to accelerate a sustainable and just recovery: promoting highquality employment standards, robust local hiring, outcomes-based monitoring and reporting, and a deep commitment to transparency and accountability. This proposal aims to utilize our role and influence as a responsible employer and funder to promote good jobs across the region that pay competitive wages, receive fair benefits and provide good worker conditions.

Today's action outlines a framework to make County service delivery more strategic, transparent, streamlined, comprehensive, and outcomes oriented. This letter also calls for a strong community engagement process to listen to stakeholders, service providers, and impacted individuals. New policies will be developed and refined over the coming months with significant stakeholder input and finalized policies will come back to the full County of San Diego Board of Supervisors for consideration. We anticipate the new policies would be adopted for the 2022-23 fiscal year.

Section 1: Draft Service Delivery Framework

The following draft framework contains key elements on service delivery, contracting, and procurement. The community engagement process should obtain input and feedback on this draft framework. **Service Delivery Assessment Tool** - the following outlines elements of the

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proposed tool that the county can use to guide strategic decision-making when determining the best service delivery model.

- a. **Capacity and Timeliness:** can the service be performed adequately, competently, and satisfactorily by County staff, or is it possible to recruit such County personnel to perform the service for the period of time the county needs the service?
 - b. **Strategy:** is the service part of a long-term County priority or line of business where there are significant strategic or organizational benefits to developing internal expertise and/or a workforce pipeline in this subject area?
 - c. **Technical Nature:** is the service of an extraordinary professional or technical nature that is strategically and operationally best served by third-party firms?
 - d. **Conflicts of Interest:** is the service one that may have potential conflicts of interest that make the service more appropriate for contracted service delivery?
 - e. **Performance:** which service delivery method is more likely to result in the highest quality and result in the best outcomes for the target population, both in the short and long-term?
 - f. **Innovation:** are there new and unique service delivery options, including partnership, collaborations, and crowdsourcing that can result in program innovation. Can innovative service delivery be paired with robust monitoring and evaluation?
 - g. **Cost:** which service delivery method will result in the best value? When considering service delivery methods, proposals should consider the full costs of service delivery models to ensure parity in employment, wage, and benefit standards, and are in line with industry and County compensation levels. Further, the cost comparison should include direct, indirect, and transitional costs.
 - h. **Geography:** is the service one that would be best delivered through a county-wide (centralized) effort or through localized effort at a regional, sub-regional, community, or neighborhood scale? What service delivery method would more likely result in the community's highest quality and best outcomes to be served?
2. **Responsible Contracting Policies** - the following policy elements and program concepts should be considered to ensure responsible contracting.
- a. **Performance-based Contracting** –The Department of Contracting and Procurement could partner with the new Office of Evaluation, Performance, and Analytics to provide feedback and input on monitoring and evaluation, and performance-based contracting within the service delivery philosophy, organizational culture, and day-to-day contract management operations. As part of this effort, develop a plan to maximize service delivery innovation, flexibility, and learning within the contract monitoring process to prioritize the needs of clients and communities and delivering services that lead to improved outcomes.

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For example, where appropriate, contracts could incorporate concepts like Continuous Quality Improvements (CQI) and embed periodic reviews of the service delivery methodology. In this way, service providers can periodically have the opportunity to submit recommendations to the county for mid-course program adjustments that would lead to greater efficiency and nimbleness, better services, and better outcomes.

- b. Worker Retention Policy** - qualifying service contracts should provide for the continuation of work for eligible employees working under a contract that is closing. The successor contractor should retain eligible employees from the predecessor contractor for a minimum period of time under the new contract.
- c. Wage and Benefits Standards Policy** - qualifying service contracts should pay employees a competitive wage, adhere to fair work week scheduling policies, and provide benefits in line with industry and County standards.
- d. Culturally Specific and Responsive Services** - evaluating service contract proposals in light of cultural humility or linguistically specific services required to appropriately reflect and respond to the needs of the communities being served.
- e. Diversity and Inclusivity in Contracting Plan** - ensure full access among all potential service providers for business opportunities and encourage supplier diversity to address any potential disparities in county contracting. This could include:
 - **Education and Capacity Building** – “How to do business with the County workshops” and small business advisory service, technical assistance, and other resource support, especially for smaller community-based organizations who may find County contracting challenging due to requirements.
 - **Outreach** – Ensure diverse and underrepresented communities are included in future opportunities.
 - **Community Engagement** – Assess and identify potential barriers to enhancing access for underrepresented portions of the service provider and business community. Convene the Inclusivity in Contracting Group (ICG) to inform and guide the Diversity and Inclusivity in Contracting Plan.
 - **Regional Collaboration** – Establish regional baseline data and goals with other San Diego anchor institutions and business associations and assess the regional provider landscape to identify opportunities to continue to encourage diversity in contracting.
- f. Minimum Qualifications Program** - firms must demonstrate high-quality employment and work product to be considered for service contract proposals. The program should consider elements like:
 - licensing and bonding

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- wage violations, hour violations, or OSHA violations,
- compliance with all federal, state, and local regulations,
- history of violation of previous policy or contracts

3. Accountability and Transparency

While the county provides public access to individual contracts through the BuyNet digital platform, portfolio-wide summary data is not easily accessible. In the spirit of accountability and public transparency, the Department of Procurement and Contracting should develop a digital platform and regular reports that are easy to access by the public, and searchable.

Whether it's firms competing with one another, reporters, government watchdog groups, or members of the public who want to know where their tax dollars are going, the public must have easy and user-friendly access to this information. Such transparency reports should consider information such as: basic vendor information such as entity names, related entities, Doing Business As names (DBA), corporation legal status (for example: nonprofit, s-corporation, governmental agency, etc.), current operational leadership and board of directors, and have searchable options such as procurement solicitation documents, list of all agencies competing for procurement and awardees without having to officially log into the system.

Section 2: Process for Developing the Board Policies

The following list outlines anticipated next steps in the process for robust community and stakeholder engagement, Subcommittee refinement, and drafting of new Board policies.

- 1. Community Engagement Process Development:** The Chief Administrative Officer should develop a robust community and stakeholder outreach process to seek input on the "Draft Service Delivery Framework". This process may include public hearings, forums, roundtables, and meeting with service providers, network associations, impacted individuals, and service providers who do and do not currently contract with the county. Staff should consider the best method for securing robust and honest feedback from service providers, including third-party facilitators and anonymous surveys.

The Fiscal Subcommittee members will provide on-going guidance and direction to the Chief Administrative Officer and staff to refine and provide additional guidance on the community engagement process.

- 2. Community Engagement Process Implementation:** The Chief Administrative Officer should implement the final community engagement process and create a report summarizing the findings of the community engagement process, including feedback,

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comments, and suggested revisions. Report back to the Board Fiscal Subcommittee within 60 days from the completion of the engagement process.

- 3. Drafting Board Policies:** Upon completing the community engagement process and community engagement report, the Chief Administrative Officer should draft consolidated board policies on service delivery, contracting, and procurement. This process should include an assessment of the impacts of new board policies. A comprehensive evaluation of the County service delivery compared to other similar counties should be conducted in advance of drafting the policies. Report back to the Fiscal Subcommittee with the draft policies for further guidance and refinement.
- 4. Fiscal Subcommittee Refinement and Engagement:** The Fiscal Subcommittee will further refine the draft policies providing additional guidance and direction. The finalized proposed board policies would be recommended to the full County of San Diego Board of Supervisors for consideration and adoption.
- 5. Board of Supervisors Consideration:** At the recommendation of the Fiscal Subcommittee, the full Board will consider the new board policy for adoption. It is anticipated that the new board policies would be in effect no earlier than FY 2022-23

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Live Well San Diego Initiative in the county's 2020-2025 Strategic Plan, and its vision for a San Diego that is Building Better Health, Living Safely and Thriving by ensuring that policies and practices related to County service delivery and contracting meet the needs of clients and communities.

Respectfully submitted,



TERRA LAWSON-REMER
Supervisor, Third District



NATHAN FLETCHER
Chair, Fourth District

ATTACHMENT(S)

N/A

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AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED

Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

January 12, 2021 (11) Framework for our Future: Realigning Policies that Govern County Resources and Contracting

BOARD POLICIES APPLICABLE:

- A-81: Procurement of Contract Services
- A-87: Competitive Procurement
- A-90: Outside Auditor: Length of Contract
- A-97: Protest Procedures for Award of Contracts
- A-133: Provide guidelines for staff levels in the Health and Human Services Agency
- B-39a: Disabled Veterans Business Enterprise (DVBE) Program
- B-63: Competitive Determination of Optimum Service Delivery Method
- B-53: Small Business Policy
- B-67: Environmentally Preferable Procurement
- B-166: Procurement of Products and Services from Other Governmental Agencies (OGAs) including the California's Prison Industry Authority (PIA)
- F-40: Procuring Architectural, Engineering, and Related Professional Services

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

ORIGINATING DEPARTMENT: Districts 3 and 4, Board of Supervisors

OTHER CONCURRENCE(S): N/A

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