



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

VACANT
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: February 25, 2025 and March 11, 2025

09

TO: Board of Supervisors

SUBJECT

RECEIVE AN UPDATE ON THE COUNTY OF SAN DIEGO'S STRATEGIC PLANNING PROCESS, ADOPTION OF AN ORDINANCE AND AMENDMENTS TO BOARD POLICIES RELATED TO THE COUNTY'S FINANCIAL POLICIES FOR ALIGNMENT TO THE STRATEGIC PLAN (2/25/2025 - first reading; 3/11/2025 - second reading unless ordinance is modified on second reading) (DISTRICTS: ALL)

OVERVIEW

The County of San Diego (County) is responsible for hundreds of programs, some of them mandated by the State and federal governments, as well as those that the local community and Board of Supervisors (Board) identifies as priorities and needs. These programs provide vital services and support to the region. To plan, operationalize, and evaluate its operations, the County engages in a robust strategic planning process and uses a tool called the General Management System (GMS). These processes ensure that the County is able to respond to and provide the services the community relies on it for. To respond to community needs, the County updated its General Management System, Strategic Plan, Mission, Vision, and Values on January 11, 2022 (9). The reimagined governing documents for the County built upon the success of the past, identified opportunities for improvements, and provided the ongoing foundation to ensure the County's operations are aligned with the Board's priorities and communities' needs.

The action before the Board today is to receive an update on the implementation of the County's Strategic Plan which serves as the basis for the annual operational planning process. This action also presents the Board with an update on the development and implementation of Key Performance Indicators that will be used to measure the County's long-term success of achieving its strategic initiatives. The General Management System lays out that operational planning occurs annually and is in alignment with the Strategic Plan's direction. To ensure the success of achieving strategic initiatives, today's action will also update several key financial policies to promote the alignment between financial planning activities and advancement of the strategic plan.

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RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

On February 25, 2025:

1. ~~Receive a staff presentation.~~
2. ~~Approve amendments to Board Policy B-29, Fees, Grants, Revenue Contracts—
Department Responsibility for Cost Recovery (Attachment D, on file with the Clerk of
the Board of Supervisors).~~
3. ~~Approve amendments to Board Policy B-65, Financial Management and Long-Term
Obligations Policy (Attachment F, on file with the Clerk of the Board of Supervisors).~~
4. ~~Approve the introduction of the Ordinance:~~

~~AN ORDINANCE AMENDING ARTICLE VII OF THE SAN DIEGO COUNTY
ADMINISTRATIVE CODE, RELATING TO BUDGET AND FINANCIAL
PROCEDURES AND APPROPRIATION, REVENUE AND STAFFING
LIMITATIONS~~

~~If, on February 25, 2025, the Board takes action as recommended, then, on March 11, 2025:~~

5. ~~Consider and adopt the Ordinance:
AN ORDINANCE AMENDING ARTICLE VII OF THE SAN DIEGO COUNTY
ADMINISTRATIVE CODE, RELATING TO BUDGET AND FINANCIAL
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EQUITY IMPACT STATEMENT

Equity is both a Strategic Initiative in the County's Strategic Plan and a County value. The Equity County value means that we apply an equity lens to appropriately design programs and services so that underserved communities have equitable opportunities. The County does this by using data driven metrics, lived experiences, and the voices of our community through all policies and programs. Strategic Planning and Evaluation and Accountability are core components of the County's General Management System. To effectively measure success of the Strategic Plan, a team of staff experts from across the County who possess unique subject matter expertise and extensive operational knowledge were brought together to review the Strategic Plan and collaborate on the creation of Key Performance Indicators. The team considered the Board of Supervisors' priorities, internal data requirements and availability, community needs, and the needs of our workforce in this process. The resulting Key Performance Indicators will provide a

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transparent view into the County's operational performance and a clear vision for the County's Strategic Plan.

SUSTAINABILITY IMPACT STATEMENT

Today's action to receive an update on the County's Strategic Plan and the implementation of Key Performance Indicators contributes to County of San Diego Sustainability Goal #1 (Engage the Community) and #2 (Provide Just and Equitable Access). The County's Strategic Plan lays out the path for County operations into the future and includes specific strategic initiatives of Community, Equity, and Sustainability. In addition, adding Key Performance Indicators as a method of measuring success ensures access to information on how the County's services and programs are performing at a broader scale. Receiving this update provides the Board with the opportunity to reaffirm the ongoing commitments within the Strategic Plan and set the vision for continuous improvement in all areas of County services and programs.

FISCAL IMPACT

There is no fiscal impact associated with today's recommended action. There will be no change in General Fund costs and no additional staff years as a result of acting on the recommendations within this Board letter.

BUSINESS IMPACT STATEMENT

N/A

THIS ITEM HAS BEEN WITHDRAWN AT THE REQUEST OF THE CHIEF ADMINISTRATIVE OFFICER

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

In 1998, the San Diego County Board of Supervisors (Board) adopted its General Management System (GMS) with the specific intent of bringing a new approach to address the financial and programmatic challenges the County of San Diego (County) faced. With a focus on instituting management disciplines and accountability, the County developed its first GMS by adapting various private sector management models to a public sector environment. The GMS was revisited in 2007 and continued along with the adoption of Board Policy A-136, Use of County of San Diego General Management System for Administration of County Operations. On January 11, 2022 (9), the Board received an update on revitalizing the GMS. This reimagined GMS¹ centers ongoing community engagement at the core of the County's management principles and includes the following components for managing County operations:

- **Strategic Planning:** A five-year plan to detail what we are doing and where we are going for the community and our employees.

¹ More information about the General Management System and the County of San Diego's vision, mission, and values is available at <https://www.sandiegocounty.gov/content/sdc/cao/gms.html>

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- **Operational Planning:** A two-year plan for prioritizing and allocating resources, both financial dollars and staff time, to the programs and services that will support the County's goals and desired outcomes. Operational planning occurs annually and is in alignment with the Strategic Plan's direction. Any challenges and changing economic conditions expected to impact the County in the coming years are considered to maintain long term solvency.
- **Evaluation and Accountability:** Consistent, data-driven analysis of programs and services to provide the public with the outcomes they need, and the Board of Supervisors with the background and results to make appropriate policy decisions.
- **Continuous Collaboration:** Working together across County departments to serve the community with the most effective, efficient, and accessible services.
- **Employee Investment and Satisfaction:** Working to engage and inspire our workforce, attract and retain talent to our organization, and highlight the meaningful contributions of our County team.

Strategic Plan and Key Performance Indicators

While County departments and programs all track various metrics and data to support operational and policy decision making, the County has been operating without established enterprise-wide Key Performance Indicators that measure the Strategic Plan's success.

Key Performance Indicators are quantifiable measurements used to gauge an organization's overall long-term performance. They assist in determining strategic, financial, and operational achievements as well as areas for opportunity to improve service delivery for our communities. Having enterprise-wide Key Performance Indicators to measure the progress towards the County's Strategic Plan aligns with the Evaluation and Accountability component of the General Management System. Key Performance Indicators will also play a vital role in the Operational Planning component of the GMS as they will give insight into if the County is meeting its stated strategic initiatives and goals which can in turn inform resource allocation decision making.

To develop the Key Performance Indicators, additional vision statements that summarize various aspects of each of the strategic initiatives' goals needed to be developed. The strategic vision statements are the overarching idea that the County believes would be achieved if all the strategic goals are met. The Key Performance Indicators then measure the success of achieving those visions. All strategic initiatives with their vision statements and Key Performance Indicators are included in Attachment A of this Board letter.

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An example of this is demonstrated in the table below for the strategic initiative of Empower:

EMPOWER	
<i>Our County team feels valued, engaged, and that they belong.</i>	
Strategic Goals <i>Workforce</i> <ul style="list-style-type: none"> Invest in our workforce and operations by providing support services and excellent customer service to ensure continuity of operations remains at its best. 	Key Performance Indicators <ul style="list-style-type: none"> Overall level of employee engagement Workforce demographics Internal career opportunities for our employees Workforce retention rate HEART customer service scores Collaboration with labor partners
<i>Community trust is strengthened by being open, responsible, and finding new ways to improve.</i>	
Strategic Goals <i>Transparency and Accountability</i> <ul style="list-style-type: none"> Maintain program and fiscal integrity through reports, disclosures, and audits. <i>Innovation</i> <ul style="list-style-type: none"> Foster new ideas and the implementation of proven best practices to achieve organizational excellence. 	Key Performance Indicators <ul style="list-style-type: none"> Percent of County programs with transparent and accessible information Processes or programs that increase efficiencies and accountability

The Key Performance Indicators will make their first official appearance in the Fiscal Years 2025-27 CAO Recommended Operational Plan. In addition, the Office of Evaluation, Performance, and Analytics will publish a public scorecard/dashboard with the Key Performance Indicators linked to existing Operational Plan metrics in September 2025, providing the Board and public with a look at where the County is in meeting its strategic initiatives.

To implement the Key Performance Indicators, all County departments and offices will review their existing Operational Plan metrics and seek alignment with the Key Performance Indicators. Where necessary, the CAO's office staff will collaborate with program staff to develop new metrics through existing or newly collected data that aligns with the enterprise-wide Key Performance Indicators for the Fiscal Years 2026-28 Operational Plan. During this alignment phase of implementation, the Key Performance Indicators may need to be rephrased or modified to ensure they are capturing and reporting on the best possible metrics.

Strategic Financial Policy Updates

The General Management System lays out that operational planning occurs annually and is in alignment with the Strategic Plan's direction. Any challenges and changing economic conditions

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expected to impact the County in the coming years are considered to maintain long term solvency. Today's action recommends several changes to key County financial policies to ensure financial planning activities support the strategic plan. The recommendations are:

Amendments to the General Fund Balances and Reserves Policy (Attachment B):

Amendments are recommended to the San Diego County Code of Administrative Ordinances (Administrative Code) Section 113.1 related to General Fund Balances and Reserves. The proposed amendments will directly reflect the Government Finance Officers Association (GFOA) fund balance guidelines for the general fund, which recommends a minimum of unrestricted budgetary fund balance in the general fund of no less than two months of regular general fund operating expenditures. The current Administrative Code is based on this GFOA recommendation along with additional restrictions related to the General Fund Reserve minimum requirement and calculation. This current language reflects the information available when the Administrative Code was last substantially updated to include guidance for fund balance and reserves in 2017. Since this time, the County has seen first-hand the impacts of a global pandemic and regional natural disasters, and has a fuller appreciation of the use of the General Fund fund balance and the Reserve during these impactful events. Besides the GFOA recommendation, today's updates also reflect other industry perspectives, specifically the criteria used by rating agencies in reviewing fund balance and reserves.

Proposed amendments to the Administrative Code do not change the requirement for a General Fund Reserve that is two months of General Fund expenses, but removes the specific restrictions of how the Reserve minimum is calculated and determined (i.e. to administratively allow the exclusion of one time spending fluctuations such as those related to the American Rescue Plan Act), and includes additional amendments providing guidance for uses of General Fund balances and the Reserve. This will ensure the County's financial resources are directed towards the implementation of the County's strategic initiatives, which include aligning the County's resources with services to maintain long-term fiscal stability as well as engaged, safe, resilient and healthy communities, an empowered workforce, an equitable justice system, and a sustainable environment.

Amendments to Revenue Contracts and Grants Policies (Attachment D): Amendments are recommended to Board Policy B-29 related to full cost recovery as it relates to departmental operations related to fees and pursuing funding through external revenue or grants. The recommended revisions provide guidance to departments to actively maintain fee structures and pursue funding opportunities that support the County's Strategic Initiatives as identified within the County's Strategic Plan.

Amendments to Financial Management and Long-Term Obligations Policy (Attachment F):

Amendments are recommended to Board Policy B-65 in order to clearly tie the County's long term financial planning to implementation of the County's Strategic Plan. Additionally, key

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management practices related to the use of General Fund fund balance and other one-time resources, which are noted in Administrative Code, have been restated and added.

Recommendations

The actions before the Board today are to receive an update on the County of San Diego's Strategic Planning process as well as consider and approve changes to the County's Strategic Financial Policies.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action to receive an update on the County of San Diego's Strategic Planning process is in direct alignment with the County's General Management System and its Mission, Vision, and Values.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Attachment A – County of San Diego Strategic Plan and Key Performance Indicators

Attachment B – AN ORDINANCE AMENDING ARTICLE VII OF THE SAN DIEGO COUNTY ADMINISTRATIVE CODE, RELATING TO BUDGET AND FINANCIAL PROCEDURES AND APPROPRIATION, REVENUE AND STAFFING LIMITATIONS

(Clean)

Attachment C – AN ORDINANCE AMENDING ARTICLE VII OF THE SAN DIEGO COUNTY ADMINISTRATIVE CODE, RELATING TO BUDGET AND FINANCIAL PROCEDURES AND APPROPRIATION, REVENUE AND STAFFING LIMITATIONS

(Info)

Attachment D – Board Policy B-29 (Clean)

Attachment E - Board Policy B-29 (Info)

Attachment F – Board Policy B-65 (Clean)

Attachment G – Board Policy B-65 (Info)

Attachment H- Summary of the proposed Ordinance