



JOEL ANDERSON
SUPERVISOR, SECOND DISTRICT
SAN DIEGO COUNTY BOARD OF SUPERVISORS

AGENDA ITEM

DATE: April 8, 2025

18

TO: Board of Supervisors

SUBJECT: ESTABLISHING A COUNTY ARTIFICIAL INTELLIGENCE (AI) POLICY FRAMEWORK AND GOVERNANCE STRUCTURE TO SAFEGUARD TRANSPARENCY, EQUITY, AND ACCOUNTABILITY IN AI USE AND PROVIDING DIRECTION ON THE FUTURE OF COUNTY TECHNOLOGY (DISTRICTS: ALL)

OVERVIEW

Recent advances in artificial intelligence (AI) and related transformative technologies have provided the County of San Diego (County) with unprecedented opportunities to drive economic growth and enhance public services. On June 4, 2024 (13), the San Diego County Board of Supervisors (Board) voted to approve the establishment of an *ad hoc* subcommittee (Subcommittee) of the Board for the purposes of better understanding and leveraging transformative technologies including, but not limited to, AI to make County services more responsive, efficient, and accessible to all. The Subcommittee also provided input to the Chief Administrative Officer on current and future information technology (IT) and telecommunication needs, services and strategies, including the use of AI; and on how advances in AI, smart robotics, IT and telecommunication services could be aligned with the Board's strategic objectives.

AI presents transformative opportunities for government operations, enhancing service delivery, increasing efficiency, and improving decision-making. However, it also brings significant challenges, including ethical considerations, transparency, bias, security, and privacy risks. To address these challenges, it is imperative for the County of San Diego to establish a clear AI policy framework and governance structure that ensures responsible AI usage.

Over the past several months, the County has convened AI-focused subcommittee meetings to assess AI adoption, governance, and its impact on County operations. The first subcommittee meeting, held on October 16, 2024, provided foundational knowledge on AI, including an introduction to ChatGPT and other generative AI technologies, key legislative developments, and current County AI initiatives. The second subcommittee meeting, on January 15, 2025, focused on the role of AI in workforce transformation, IT infrastructure, and strategic AI implementation. These discussions, along with the February 27th CAO Memo titled "Research, Best Practices, and Recommendations on Transformative Technologies and Artificial Intelligence," informed the recommendations in this Board action, which seek to establish governance, vendor management

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policies, an AI incident response plan, and workforce training while also reviewing County technology infrastructure and innovation funding utilization.

AI technologies must be leveraged strategically to improve service delivery without compromising equity, privacy, or public trust. By implementing a governance framework, establishing an AI incident response plan, enhancing vendor accountability, and expanding workforce education efforts, the County will ensure responsible AI adoption that aligns with its strategic priorities. These measures will enable the County to remain at the forefront of technological advancements while safeguarding the best interests of employees, residents and businesses.

Today's action is directing the CAO to develop and implement a robust AI governance framework that ensures transparency, accountability, and responsible AI use across all County departments. This includes strengthening oversight of AI procurement and vendor management, establishing clear guidelines on ethical AI usage, ensuring compliance with existing legal and regulatory frameworks, supporting and training our County workforce, and fostering collaboration with external stakeholders to drive responsible AI adoption. Additionally, this effort will provide a structured approach to identifying and mitigating AI-related risks, safeguarding data privacy, and enhancing public trust in AI-driven government operations.

RECOMMENDATION(S)

SUPERVISOR JOEL ANDERSON

1. Direct the Chief Administrative Officer (CAO) to develop and implement a County AI governance framework that ensures responsible AI use, data privacy compliance, and adherence to ethical standards, including meeting and conferring with represented employee groups, and return to the Board with an update in 60 days.
2. Direct the CAO to establish an AI incident response plan and return to the Board with an update in 180 days to address risks associated with AI bias, security breaches, and unintended policy implications.
3. Direct the CAO to clearly outline the next steps for the County IT contract expected to begin in 2028 by engaging and informing the full Board of Supervisors and members of the public for a fair and competitive process for the selection of the next IT prime contractor(s) and return to the Board in 180 days.
 - a) Investigate whether the current IT contract meets best practices on topics including but not limited to customer service, employee support, costs, risk, liability, innovation, competition, security, single or multisource providers, etc... and determine how improvements can be made in future contract(s).
4. Direct the CAO to create AI procurement guidelines that include vendor engagement guidelines, to enhance compliance requirements, improve vendor and County relationships, and establish transparency measures such as public dashboards tracking AI-related vendor contracts.
5. Direct the CAO to hire a consultant to conduct an independent Countywide assessment of IT and telecommunications needs, including an audit of active technology solutions across

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departments, and return to the Board in 180 days with an update. Transfer appropriations of \$300,000 from Finance Other, Services and Supplies, to County Technology Office, Services and Supplies to fund the independent assessment of IT and telecommunications needs.

6. Direct the CAO to develop a workforce education and training plan on AI literacy, ethical AI use, and potential workforce uses, in collaboration with labor organizations and County employee resource groups.
7. Direct the CAO to implement an Innovation Fund strategy to best leverage \$1.0 million in annual Innovation Fund resources by engaging Board office, County Departments and Offices.
 - a) CAO to conduct an annual presentation to the Board on the County's innovation strategies, including the Innovation Fund, with input from the community, the Board and County staff.
 - b) CAO to provide an annual report on the foregoing activities.
8. Direct the CAO to explore funding mechanisms, including state and federal grants, to support AI innovation and technology upgrades while ensuring alignment with sustainability goals.

EQUITY IMPACT STATEMENT

AI technologies have the potential to either mitigate or exacerbate existing inequities. By establishing proper safeguards, these risks can be mitigated. Meanwhile, the responsible use of AI can increase the effectiveness of current County staff and programs that provide services to our community's most vulnerable residents.

SUSTAINABILITY IMPACT STATEMENT

By integrating AI solutions into County operations, we can enhance efficiency and reduce environmental impact through optimized resource allocation. AI-driven automation and data analytics can improve sustainability initiatives such as energy management in County buildings and broadband accessibility. Additionally, responsible AI governance will ensure that emerging technologies align with ethical and environmental best practices, reducing risks associated with high-energy consumption AI models.

FISCAL IMPACT

Funds for the actions requested in Recommendation 1-4 and 6-8 are included in the Fiscal Year 2024-25 Operational Plan based on existing staff time in the County Technology Office and Department of Purchasing and Contracting funded by General Purpose Revenue and Charges for Current Services to County departments through the Purchasing Internal Service Fund. There will be no change in net General Fund cost and no additional staff years. There may be fiscal impacts associated with future related recommendations which staff would return to the Board for consideration and approval.

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Funds for the actions requested in Recommendation 5 are included in the Fiscal Year 2024-25 Operational Plan in Finance Other based on funds redirected from a cancelled enterprise IT project. If approved, this request will result in costs and revenue of \$300,000. The funding source is General Purpose Revenue. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

The proposed AI governance framework will foster a responsible and innovation-friendly environment for businesses engaging with the County. By providing clear procurement guidelines and transparent vendor management, businesses will have greater confidence in partnering with the County on AI-related initiatives. Furthermore, ensuring AI accountability will contribute to a stable economic climate, where businesses and residents benefit from reliable and ethical AI-driven public services.

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

On June 4, 2024, the Board approved the formation of an AI-focused Subcommittee to assess how transformative technologies, including AI and smart robotics, can enhance public services and align with the Board's strategic objectives. As part of this effort, the County has launched a County Engage webpage to gather community input and ensure AI policies reflect public priorities.

The first Subcommittee meeting on October 16, 2024, provided foundational knowledge on AI and its growing role in government. Experts discussed the expansion of generative AI, including ChatGPT, and its applications in various sectors such as education, customer service, and healthcare. Representatives from the National Association of Counties (NACo) provided a broad overview of AI legislation at the federal, state, and local levels, helping attendees understand the evolving regulatory landscape. The County's Chief Information Officer (CIO) presented on AI integration efforts within the County, detailing key use cases and areas where AI can enhance service delivery.

The second Subcommittee meeting, held on January 15, 2025, explored the impact of AI on the workforce and IT infrastructure. A representative from the City of San Jose's GovAI coalition shared case studies on how AI can support policy implementation, compliance monitoring, and public communication initiatives. Experts from UC San Diego addressed AI-driven job displacement and opportunities for workforce upskilling, emphasizing the importance of developing training programs that equip County employees with AI literacy and technical skills. The County CIO provided a comprehensive overview of existing IT contracts and funding mechanisms, discussing how the County can leverage its Innovation Fund to support AI-driven projects and modernization efforts.

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Established in the agreement between the County and Peraton is the Innovation Fund, which both parties allocate up to \$500,000 each annually for a combined \$1,000,000 per year. This fund has allowed for many exciting pilot programs and technologies to be studied by the County. However, due to various factors, the annual allocations have not been fully utilized potentially leaving money on the table for new programs or technologies to be studied. On the other hand, it is understood that incorporating new technologies into the County enterprise can be expensive, which would render pilot programs unproductive if costs are too prohibitive for operational implementation. Additional engagement with Board Offices, County Departments and Offices along with the development of a comprehensive strategy and annual presentations on past, current and future use of the Innovation Fund would increase participation in the exciting opportunities available and build confidence that the Fund is being utilized to its full potential.

The CAO is directed to develop and implement a robust AI governance framework that ensures transparency, accountability, and responsible AI use across all County departments. This includes strengthening oversight of AI procurement and vendor management, establishing clear guidelines on ethical AI usage, ensuring compliance with existing legal and regulatory frameworks, and fostering collaboration with external stakeholders to drive responsible AI adoption. Additionally, this effort will provide a structured approach to identifying and mitigating AI-related risks, safeguarding data privacy, and enhancing public trust in AI-driven government operations. The CAO will return to the Board with an update in 60 days on the progress of the governance framework.

Furthermore, an AI incident response plan must be developed to address risks such as AI bias, security breaches, and unintended policy implications. AI presents unique challenges in terms of ethical considerations and unintended consequences, making it imperative to establish a proactive approach to mitigating these risks. This plan will ensure that County departments can swiftly respond to emerging AI-related issues and uphold public trust in government technology.

A clear roadmap must also be outlined regarding the County IT contract expected to begin in 2028. This includes engaging and informing the full Board of Supervisors and members of the public to ensure a fair and competitive process for selecting the next IT prime contractor. Additionally, the CAO will investigate existing contract mechanisms, such as the unlimited liability clause, to determine if they hinder innovation or impact other important service areas such as customer service, employee support, costs, risk, liability, innovation, competition, security, single or multisource providers, and determine how improvements can be made in future contract(s) by reviewing examples from other jurisdictions for best practices.

The County must also implement a structured AI procurement policy that strengthens vendor engagement, enhances compliance requirements, and ensures transparency in AI-related contracts. This will include the creation of public dashboards to provide visibility into AI vendor contracts, fostering greater accountability and trust between the County and its technology partners.

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Recognizing the importance of IT and telecommunications infrastructure in AI and technology adoption, the CAO will hire a consultant to conduct an independent Countywide assessment of IT and telecommunications needs. This assessment will include an audit of active technology solutions across departments and will ensure that the County has a modern and efficient telecommunications framework to support its growing AI capabilities. The findings of this assessment will be presented to the Board within 180 days.

The County must also focus on workforce preparedness in light of AI adoption. A comprehensive workforce education and training plan will be developed in collaboration with labor organizations and County employee resource groups. This plan will ensure that employees have the necessary skills to work alongside AI systems to increase employee efficiency.

Lastly, to better leverage the County and Peraton combined \$1.0 million in annual Innovation Fund resources, the CAO is directed to implement an Innovation Fund strategy that fosters engagement between Board offices, County Departments, and Offices. By strategically utilizing these resources, the County can accelerate AI-driven innovation while maintaining fiscal responsibility.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

This action supports the County's vision of Live Well San Diego and aligns with the 2024-2029 Strategic Plan by enhancing transparency, improving digital governance, and ensuring responsible AI usage. By prioritizing ethical AI policies and sustainable technology investments, the County will continue to foster an inclusive, innovative, and forward-thinking environment for all residents and businesses.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Joel Anderson', with a long horizontal flourish extending to the right.

JOEL ANDERSON
Supervisor, Second District

ATTACHMENT(S)
N/A