



COUNTY OF SAN DIEGO

BOARD OF SUPERVISORS

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

AGENDA ITEM

DATE: November 18, 2025

21

TO: Board of Supervisors

SUBJECT

EXPLORING SAVINGS, REVENUE ENHANCEMENTS, AND CONTRACTED SERVICE OPTIMIZATION THROUGH AN AD HOC FISCAL TRANSPARENCY AND ACCOUNTABILITY SUBCOMMITTEE (DISTRICTS: ALL)

OVERVIEW

Each fiscal year, the County of San Diego (County) develops an annual budget based on anticipated revenue from County property taxes, the state and federal government and other sources, such as grants and fees. On June 24, 2025 (6), the Board of Supervisors unanimously adopted a structurally balanced budget through the County's \$8.63 billion Fiscal Year 2025-26 Operational Plan.

On July 22, 2025 (8), September 22, 2025, and September 30, 2025, the Board received reports on potential County impacts resulting from federal and State budget actions, where it was highlighted that the County could be responsible for tens of millions, if not hundreds of millions, in increased costs to provide services related to the healthcare, food, and housing needs of thousands of San Diegans.

The County currently spends approximately \$2.2 billion annually through contracts for the procurement of goods and services, including construction projects. The County has also entered into agreements that provide the County with additional revenue. On August 26, 2025 (29), the Board approved updates to the County's procurement policies to increase competition in contracting by reducing barriers, increasing access and making it easier for small and local businesses, including Social Equity Enterprises, to conduct business with the County. These policy changes, which became effective on September 25, 2025, also provide an opportunity for the County to explore the potential for new revenue enhancements through the review of County contracts, the application of recent policy changes to existing contracts, and potential changes to contracting policies, standards and procedures. This analysis will enable the County to determine if cost savings and revenue enhancements can be realized by applying recent policy changes to existing contracts and by thoroughly analyzing outdated contracts and upcoming contract renewals for additional fiscal benefits and service outcome improvement opportunities.

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RECOMMENDATION(S)

SUPERVISOR JOEL ANDERSON AND CHAIR PRO TEM PALOMA AGUIRRE

1. Establish an ad hoc subcommittee of this Board, entitled the Ad Hoc Subcommittee on Fiscal Transparency and Accountability (Subcommittee), and appoint Supervisor Joel Anderson and Chair Pro Tem Paloma Aguirre for the purpose of reviewing County contracts and agreements to identify actions that can be taken to reduce costs and enhance revenue received by the County. The actions to be taken by the Subcommittee will include, but will not be limited to, the following:
 - a. Review and analyze contracts awarded prior to January 1, 2021, to determine if procurement policy changes since that date can and should be applied to those contracts and to consider any potential fiscal benefits through the reprocurement or restructuring of those contracts;
 - b. Work with the Chief Administrative Officer (CAO) to explore the potential for currently contracted services to be performed by County staff to create economies of scale and reduce costs;
 - c. Work with the CAO to enhance County policies and procedures related to key performance indicator development, measurement, tracking, and accountability measures for current and future contracted services.
 - d. Determine if contracts with terms in place that exceed a total of five contract years should undergo an earlier reprocurement process to allow for additional vendor competition to achieve revenue enhancements to the County;
 - e. Determine which contracts, agreements or investments currently provide the greatest level of economic return to the region, and which could provide additional economic benefits if awarded to local vendors;
 - f. Review existing County revenue agreements to determine if renegotiations are appropriate to enhance revenue to the County; and
 - g. Work with the CAO to identify any changes to County contracting policy, standards or practices, that could increase competition, improve service outcomes, and enhance revenue through future procurement submittals and the awarding of contracts.
2. Once the purposes outlined above have been achieved, the Subcommittee will conclude its work.

EQUITY IMPACT STATEMENT

By identifying costs savings and new revenue opportunities for the County, this item will help ensure that essential food, health, fire preparedness, public safety, and housing services remain accessible to all residents and close any service gaps that disproportionately affect marginalized and underserved communities across San Diego County.

SUSTAINABILITY IMPACT STATEMENT

The recommended actions will enhance the County's fiscal and operational sustainability, including the identification and implementation of sustainable purchasing practices. This will

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help to ensure the County will be able to continue to provide equitable access to essential County services and programs for our region's underserved populations.

FISCAL IMPACT

Funds for this request are partially included in the Fiscal Year 2025–26 Operational Plan as existing staff time in the Department of Purchasing and Contracting and County departments with contracted services supported by various revenues. There will be no change in net General Fund cost and no additional staff years. Based on the recommendations of the Ad Hoc Subcommittee on Fiscal Transparency and Accountability there may be future fiscal impacts which would be presented to the Board for consideration and approval.

BUSINESS IMPACT STATEMENT

Continued efforts to prioritize small and local businesses and enhance contracting procedures will bolster local economic development. Local procurement helps create and sustain high-quality local jobs, supports small business growth, encourages entrepreneurship and contributes to a more resilient and diverse economic base. Through the efforts of the Subcommittee on Fiscal Transparency and Accountability, the County can ensure that taxpayer funds are reinvested in the local economy, creating a multiplier effect where each dollar spent locally generates additional economic activity and prosperity across the region.

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

Each fiscal year, the County of San Diego develops an annual budget based on anticipated revenue from County property taxes, the State and federal government and other sources, such as grants and fees. On June 24, 2025 (6), the Board unanimously adopted a structurally balanced budget through the County's \$8.63 billion Fiscal Year (FY) 2025-26 Operational Plan. This was accomplished through a five-month budget development process. The initial FY 2025-26 CAO Recommended Operational Plan, was shared with the public and underwent several changes based on input collected during public hearings and budget deliberations. These changes included reengineering efforts that eliminated inefficiencies by realigning and adjusting program service levels, leveraging resources outside of local revenue, focusing on mandated programs, reviewing staffing and vacancies, implementing consolidations and reorganizations, reconsidering contracts and planned projects and using County reserves.

Due to federal and State budget actions and other external factors the County anticipates continued fiscal challenges that could threaten the ongoing delivery of County services and projects during the development of future Operational Plans. For example, on July 22, 2025 (8), September 22, 2025, and September 30, 2025, the Board received reports on potential County impacts resulting from federal and State budget actions, where it was highlighted that the County could be responsible for tens of millions, if not hundreds of millions, in increased costs to provide services related to the healthcare, food, and housing needs of thousands of San Diegans.

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The County Office of Economic Development and Government Affairs continues to actively monitor actions at the State and federal level on behalf of the County as State and federal budget negotiations occur and funding decisions are made during the remainder of 2025 and throughout 2026. As these decisions are fluid and provide uncertainty as to the levels of funding that the County will ultimately receive, it is prudent for the Board to work with staff to explore potential savings and revenue enhancement opportunities. Primary areas of analysis should focus on agreements with businesses and the amount of County funding spent each year through the awarding of County contracts.

The County currently spends approximately \$2.2 billion annually through contracts for the procurement of goods and services, including construction projects. The County has also entered into agreements that provide the County with additional revenue. On August 26, 2025 (29), the Board approved updates to the County's procurement policies to increase competition in contracting by reducing barriers, increasing access and making it easier for small and local businesses, including Social Equity Enterprises, to conduct business with the County. These policy changes, which became effective on September 25, 2025, also provide an opportunity for the County to explore the potential for new revenue enhancements through the review of County contracts, the application of recent policy changes to existing contracts, and potential changes to contracting policies, standards and procedures. This analysis will enable the County to determine if savings and revenue enhancements can be realized by applying recent policy changes to existing contracts and by thoroughly reviewing contracts and agreements for additional fiscal benefits and service outcome improvement opportunities. This action, which will be performed under the direction of an Ad Hoc Subcommittee on Fiscal Transparency and Accountability, would complement the work of the Subcommittee on Sustainable Fiscal Planning through the identification of new cost savings and revenue opportunities.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

This item supports the Sustainability (Economy), Equity (Economic Opportunity), and Empower (Innovation) initiatives within the County of San Diego's 2025–2030 Strategic Plan by aligning the County's available resources with services to maintain fiscal stability and ensure long-term solvency, advancing opportunities for economic growth and development to all individuals and the community, and fostering new ideas and the implementation of proven best practices to achieve organizational excellence.

Respectfully submitted,



JOEL ANDERSON
Supervisor, Second District



PALOMA AGUIRRE
Supervisor, First District

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ATTACHMENT(S)
N/A