



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 012
For Agenda Of: January 14, 2020
Placement: Departmental
Estimated Time: 30 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Mona Miyasato, County Executive Officer
Director(s)
Contact Info: Jeff Frapwell, Assistant County Executive Officer

SUBJECT: **KPMG Operational and Performance Review - County Executive Office**

County Counsel Concurrence

As to form: N/A

Other Concurrence:

As to form: NA

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Receive a report by KPMG and staff on an Operational and Performance Review of the County Executive Office (CEO);
- b) Provide direction, as appropriate; and
- c) Find that the proposed actions do not constitute a "Project" within the meaning of the California Environmental Quality Act, pursuant to 14 CCR 15378(b)(2), as it consists of general policy and procedure making.

Summary Text:

This is the first of a series of reviews by KPMG consultants, which will evaluate all 21 departments in the County over a four-year period to improve efficiency, effectiveness and service delivery. The County contracted with KPMG in May 2019, following a competitive process, to conduct these operational and performance reviews as part of Renew '22. These were funded by the Board of Supervisors to provide a high-level assessment of departments, identify strengths and opportunities, benchmark financial and operational areas with similar jurisdictions. The County Executive Office elected to be the first department reviewed.

KPMG’s report “Improving Performance to Better Serve Our County Residents: Departmental Review of the County Executive Office” is attached along with the Executive Summary. In addition, the County Executive Office’s brief response and implementation timeline is also attached.

Overview of the County Executive Office

The County Executive Office has 36 FTE among its primary areas: Executive Management/Administration; Budget and Research; Clerk of the Board; Office of Emergency Management; and Risk Management. (Note: previously it was 37 but one position was transferred to ICT in General Services).

The Department’s budget is \$42.2 million, of which \$34.7 million is attributed to Risk Management and its related funds. Absent Risk funds, the budget is \$7.5 million.

The County Executive Office’s responsibilities are to:

- Implement the Board of Supervisor’s policy directives, and achieve the County’s overall mission, goals and objectives.
- Work with departments to create a government that embodies County values: trust, ethics, accountability, professionalism, innovation, and customer-focused quality public services.
- Manage the day-to-day operations and functions of County government and prepare the organization to address future challenges.
- Prepare the annual budget for the Board’s consideration and operate as intergovernmental agent. The CEO provides oversight of all appointed directors and departments except County Counsel, and completes their annual performance reviews and determines their merit raises. Since 2009, the Board has ultimate authority in hiring and firing appointed department directors.

Overview of KPMG Recommendations

In brief, the report identifies recommendations for the following:

- (1) Systems and process to better drive the entire county organization and departments (“Enterprise enablement”);
- (2) Internal system changes to enable high performance within the County Executive Office management (“Office Enablement”); and
- (3) Opportunities for improvements in the department program/division areas of Clerk of the Board, Budget and Research, Office of Emergency Management and Risk Management (“Program Recommendations”).

(1) Enterprise Enablement Recommendations

Eleven recommendations are provided. Of most significance and impact are recommendations related to the countywide strategy and performance. While Renew '22 is focused on improving internal or organizational operations, KPMG suggests a need for unified expression of community or external goals,

possibly through long-term community indicators that express the Board's priorities that can be used to measure progress. These could then be used to develop data-driven performance measures at each level of the organization to ensure progress. Community goals were last developed in 1998 and revised in 2006, and a proposal to update through a strategic planning process was not accepted due to the financial challenges and uncertainty at the time.

This recommendation will focus departments in achieving clearer outcomes most desired by the Board and community, make progress on them, improve strategic alignment and cohesion, and provide more meaningful performance measures, which some departments have been challenged by in the past. This will be dependent on departments implementing better data collection systems and processes to facilitate reporting of measures.

The County Executive Office agrees with these recommendations in general, with some differences on specific actions. Implementing actions will occur over five years, but many will occur sooner, within the next 6 to 24 months, except for areas that may require additional resources or budget.

Staff will return to the Board for further discussion on longer-term community goals and indicators.

(2) Office Enablement Recommendations

Nine recommendations relate to improving systems and process for internal management of the department. Most significant are the recommendations for a strategic integration and coordination position, realigning roles and responsibilities of the Assistant County Executive Officers (ACEOs), and structuring an approach to succession planning. With the recent and expected departure of executive staff in the office, these recommendations are more prescient. A review of the CEO's office structure is occurring now with these recommendations in mind.

The CEO's office agrees with the recommendations in general; implementation will begin over the next 12 months except for areas that may require additional resources or budget, which will be reviewed in the future.

(3) Program Recommendations

Seventeen recommendations were provided related to divisions of the County Executive Office: (a) Clerk of the Board, (b) Budget and Research (c) OEM, and (d) Risk Management. Regarding OEM, the report discusses how to operate if OEM were to move to the Fire Department, with the recommendation that OEM could function under the Fire Department during steady state to leverage their capacity and capabilities required for planning, testing, training and exercises; but during large activations, OEM could liaise with the CEO's office to ensure countywide coordination. This issue will be brought to the Board for further consideration.

The CEO's office agrees with these recommendations in general and will begin implementation in the next 12 months.

Background:

The Board approved the contract with KPMG for nine departments ("year one" or first phase) which was amended on October 1, 2019. The contract cost is \$1,235,000 for reviews of nine departments. Currently completed or in progress include County Executive Office, General Services, Human Resources, Planning

and Development, and Public Health. The next four departments – Sheriff, Public Defender, District Attorney and Probation – will begin in 2020.

Performance Measure:

Performance measures will be developed in conjunction with the report recommendations and included in the budget to track progress and cost/benefit of the operational and performance reviews.

Fiscal and Facilities Impacts:

The KPMG contract has been budgeted in the current year budget. Most recommendations provided by KPMG do not involve additional resources or budget; and if implemented will likely result in efficiencies of cost, time savings or improved outcomes. Some areas of improvement, however may involve additional resources, which will be evaluated through the annual budget process. For most of those, KPMG suggests further evaluation and tracking before recommending additional staff or resources.

Attachments:

1. Presentation
2. Executive Summary of KPMG Report
3. KPMG Report: *Improving Performance to Better Serve Our County Residents: Department Review of the County Executive Office*
4. County Executive Office Response and Implementation Timeframe

Authored by:

Mona Miyasato, County Executive Officer