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SHORING UP COUNTY MANAGEMENT WITH BEST PRACTICES

SUMMARY

Contra Costa County has faced budget challenges for the last five years. During that time, the County has eliminated numerous administrative and support staff positions to preserve mandated health and welfare services. This has placed a strain on the County's organizational infrastructure, and with it the ability to manage and direct County government.

Management best practices are useful tools to shore up management performance in an organization dealing with tight budget constraints. They are relatively simple, constructive, common sense policies, operating principles and programs for realizing the goals and objectives of an organization.

Three key best practices have been identified by the Grand Jury to help address the County's needs. They are: Strategic Planning, Personnel Performance Evaluations, and Professional Services Contract Renewals.

The complete report is available on the Contra Costa County's Grand Jury web site: www.cc-courts.org/grandjury.

CONTRA COSTA COUNTY GRAND JURY REPORT 0709

SHORING UP COUNTY MANAGEMENT WITH BEST PRACTICES

**TO: Contra Costa County Board of Supervisors
Contra Costa County Administrator**

BACKGROUND

Management best practices are fundamental approaches to promote effective and efficient delivery of services for stakeholders. Best practices are simple, constructive, common sense policies, operating principles, and approaches for realizing the goals and objectives of an organization. Applying best practices not only makes better use of the organization's resources, but also provides opportunities for all the stakeholders.

Contra Costa County's ("County") organizational infrastructure is challenged by reductions in administrative and support personnel. This is made more difficult by associated cuts in operating budgets and the need to provide an increasing number of complex federal and state-mandated services while still meeting local demands. County government is called on to address these challenges while balancing the needs of taxpayers, mediating conflicts between political factions, and working through the labor / management "meet and confer" process.

This report focuses on three key management best practices that are most in need of attention: Strategic Planning (Section A), Personnel Performance Evaluations (Section B), and Professional Services Contract Renewals (Section C).

FINDINGS

A. Strategic Planning

1. The Board of Supervisors (“Board”) and County Administrator have identified four key County goals. The goals are far-reaching and challenging and are summarized under the following four groupings:
 - Improved fiscal health
 - Improved service delivery
 - Build the organization and team
 - Foster credibility and public education
2. Contra Costa County does not have a formal, multi-year strategic plan to guide the County in a coordinated direction, to measure progress towards goals and objectives, and to take corrective actions when necessary.
3. The County does not have a mechanism or process to solicit, change, or prioritize countywide goals and initiatives relative to its changing environment and needs. Input from department heads and employees are not documented. Further, there is no systematic mechanism to capture suggestions from community leaders, residents, and principle users of County services.
4. The Board and County Administrator do not have a formal mechanism for communicating a County plan and vision to all stakeholders. The County has more than 28 diverse departments in its organizational structure, many with their own mission, vision, and sets of priorities. There is no formal medium to periodically update the direction of the County as a whole. Instead, the County relies on informal updates through periodic bulletins, newspaper editorials and articles, and public access television.
5. The County’s Internet website is a key method of communicating to Contra Costa stakeholders. It supplements newspaper editorials, articles, bulletins, and public access television. The County’s website does not include an overall plan or vision, or set of priorities. The website’s “County Performance Reports” section provides some insights into departmental responsibilities, accomplishments, and challenges. However, the descriptions are lengthy, and “text heavy”. The “Government Performance Report” section is out-of-date and does not reflect the County’s financial experience over the past four years. The “County Budget Processes” section is also out-of-date relative to current financial information.

RECOMMENDATIONS

A. Strategic Planning

1. The County should develop a multi-year strategic plan for:

- Setting County direction
- Establishing priorities
- Communicating to stakeholders

This plan should be updated at least annually so all stakeholders are informed about the County's goals and objectives, progress towards both, and changes in priorities.

2. Within two years of this report, the County should develop a strategic plan that incorporates the following key elements:

- Setting the direction: vision, mission and guiding principles
 - organizational (e.g., personnel, financial performance, operating departments)
 - programmatic (e.g., public safety, health / welfare, economic development, transportation)
- Assessing the environment and changes in the County
 - County participants (e.g., Board of Supervisors, County Administrator, department heads, employees, and unions)
 - Constituent participants (e.g., community leaders, residents and principle users of County services)
- Identifying issues, strategic initiatives, and priorities
 - County management (e.g., Board of Supervisors, County Administrator, and department heads)
- Developing and implementing the plan
 - Special planning group from County management team
- Monitoring and evaluating the performance goals, objectives and actions
 - Special planning group from County management team

REQUIRED RESPONSES

Findings:

Contra Costa County Board of Supervisors: A1 – A5
Contra Costa County Administrator: A1 - A5

Recommendations:

Contra Costa County Board of Supervisors: A1 – A2
Contra Costa County Administrator: A1 - A2

FINDINGS

B. Personnel Performance Evaluations

1. Previous Grand Jury reports, No. 9406 and No. 0206, published in 1994 and 2002 respectively, addressed County personnel performance evaluations.
2. As a result of the 1994 Grand Jury report, the Board directed the County Administrator to have each department develop a program of annual performance reviews of all their employees. Following is a summary of the directive:
 - Department Head Performance Evaluations: Each year, department heads are to submit a performance report on themselves to be evaluated by the County Administrator and/or Board through the County Administrator. The performance report requires, among other things, an appraisal of the degree to which employee evaluations are conducted in their departments, and the quality and content of the evaluations.
 - Employee Performance Evaluations: Departments are required to conduct annual performance reviews on all their employees.
3. The County's organizational structure includes six elected and 22 appointed officials that act as department heads, as reported in the County's "2006 Comprehensive Annual Financial Report."
4. The County has approximately 7,800 full-time employees.
5. The County does not have a centralized performance evaluation program, or a countywide system to monitor the status of employee performance reviews. Each department maintains its own personnel files.
6. In April 2007, the County's Human Resources Department surveyed most of the department heads to determine the dates of their last formal performance evaluations. Fifteen of the 20 department heads that responded had not had a performance evaluation within the past 12 months. One of the 15 had not been reviewed in six years, and six had not received a formal review since they assumed their duties.
7. The County Administrator is responsible for facilitating department head performance evaluations directly, or in conjunction with the Board of Supervisors. The County Administrator also is responsible for ensuring that all County employees receive departmental performance evaluations on an annual basis. The County Administrator is responsible for conducting performance evaluations for the seven staff members who report directly to him, and for reviewing evaluations for the rest of his department.

8. During the County's annual budget review process, the Board and the County Administrator meet with most department heads. This budget review time is also used to discuss performance expectations and progress toward achieving their respective goals and objectives.
9. Each department defines and manages their respective employee performance evaluation programs with only limited guidance from the County's Human Resources Department.
10. Performance evaluations are not consistently administered across all departments.
11. The County does not have a mechanism to track the timeliness, completeness, and effectiveness of employee performance reviews.

RECOMMENDATIONS

B. Personnel Performance Evaluations

1. The Board should direct the County Administrator to fulfill his responsibilities with respect to conducting annual department head performance evaluations, and ensure that all County employees receive annual performance appraisals. Further, the Board should be more actively engaged in supporting and participating with the County Administrator in conducting department head performance evaluations, especially for Board-appointed officials.
2. The County Administrator should develop a standardized department head self-evaluation form and process to facilitate more timely performance reviews. Each department head should complete and forward the form to the County Administrator for review and commentary. Upon completion, the County Administrator, and/or a Board member (for Board-appointed officials), should schedule a meeting to discuss the evaluation report with the department head.
3. The County Administrator also should develop a standardized performance appraisal form, including consistent elements to the greatest extent possible, with supportive processes for all remaining County employees.
4. The County Administrator should develop a mechanism for reporting by department on the timeliness and completeness of County performance evaluations.
5. The County Administrator should direct the Human Resources Department to monitor and evaluate the administration of the employee performance evaluation program and recommend corrective actions where appropriate.

REQUIRED RESPONSES

Findings:

Contra Costa County Board of Supervisors: B1 - B11

Contra Costa County Administrator: B1 – B11

Recommendations:

Contra Costa County Board of Supervisors: B1 - B5

Contra Costa County Administrator: B1 – B5

FINDINGS

C. Professional Services Contract Renewals

1. The County does not have a formal, documented countywide process or set of procedures for awarding most professional services contracts, with the exception of the guides for legal contracts and outreach programs.
2. Individual departments are allowed to define their respective procedures and processes for contracting for services within the scope of the general County’s guidelines. The guidelines include type of contracted service, applicable federal, state, and local laws, and County “Administrative Bulletins.”
3. Purchasing and procurement services for the County include:
 - Construction activities
 - Material or commodity acquisitions
 - Community-based organization services
 - Public works
 - Architectural / engineering services
 - Professional service organizations, agencies and individuals
4. Professional services include, but are not limited to:
 - Specialists in a particular discipline
 - Consultants
 - Skilled positions
 - General service individuals / organizations
 - Personal services
5. Unlike construction and material acquisition contracts, there is no legal requirement to secure competitive bids for professional services.

6. The County does not have a procedure or set of standards for evaluating the quality of contracted professional services. Individual departments are permitted to make their own determinations.
7. Periodic internal audits are not routinely performed on professional services contracts, although the County Administrator may request an audit if questions arise.
8. The County does not have a compliance officer to monitor contract processes.
9. Following is the general workflow for individual professional services contracts with annual expenditures exceeding \$25,000:

New Contracts:

- Department determines need; drafts specifications; identifies vendors; requests proposals, bids and/or negotiates price; selects vendor; and, prepares contract.
- County Counsel reviews contract and supporting materials.
- County Administrator's unit coordinator reviews proposal for consistency with the department's contract practices and budget. Proposed contracts are placed on the Board consent calendar for approval.
- County Administrator's unit coordinator refers approved contracts back to the departments for processing.

Contract Renewals

- Department determines if the vendor met service levels; re-negotiates price; determines need for competitive bid and/or alternative vendor; and, if only minor revisions are required, adds an addendum to the current contract.
 - Department, County Counsel and County Administrator process the proposed contract renewals.
10. The County does not have a requirement that contracts scheduled for renewal must go through a formal request for proposal ("RFP") or bid process.
 11. Over 250 professional service vendors received payments exceeding \$25,000 each in at least five of the last six years. The total dollar amount paid to these vendors in 2006 exceeded \$75 million.
 12. Over the past five years, the number of professional services contracts has increased by approximately one-third.
 13. One professional services contract has been renewed consecutively over 34 years.

RECOMMENDATIONS

C. Professional Services Contract Renewals

1. The Board of Supervisors and County Administrator should require that all professional services contracts that are scheduled for renewal go through a formal RFP process if they meet the following criteria:
 - Vendors under contract for five straight years, or five of the last seven years.
 - Vendor payments exceeding \$25,000 in each of the five years (consideration could be given to a dollar-triggered phase-in period).

Note: 1) Exceptions to the rule might include vendors that provide utility services; educational services (from non-profits); computer software, license, and/or operating system maintenance services; goods and services acquired from other government agencies; equipment maintenance services; and architectural, engineering and related professional services. Other exclusions might include intra- and inter-government support services; 2) The renewal policy would cycle every five years.

2. The RFP process for renewal or extended contracts should include:
 - Developing a comprehensive service description
 - Identifying qualified vendors
 - Preparing a RFP with the level of detail needed depending on the service requirements
 - Ensuring compliance with outreach requirements
 - Issuing a RFP (with the objective of receiving competitive proposals or bids from at least three qualified vendors when possible)
 - Conducting bidder conferences / meetings
 - Evaluating proposals
 - Conducting reference checks
 - Selecting and meeting with the preferred vendors to discuss their proposals
 - Finalizing selection
3. RFP exemptions should only apply for emergency situations; e.g., when the health and safety of the public or person in custody or in the care of the County are at risk.
4. Establish a policy requiring that all professional services vendors seeking contract renewals be evaluated in writing, based on standardized criteria, to ensure that they have consistently met performance expectations. The evaluation should be included as part of any proposed contract renewal package submitted by department heads.
5. The County Administrator should request the Auditor to develop and manage a program to select a random sample of qualified contracts to review every two years. Representatives from the County Administrator's Office, County Counsel's Office, and General Services should meet with the Auditor to evaluate the scope, dollar levels, and RFP procedures, to verify compliance with contracting procedures and to recommend any appropriate changes to improve controls.

REQUIRED RESPONSES

Findings:

Contra Costa County Board of Supervisors: C1 – C13

Contra Costa County Administrator: C1 – C13

Recommendations:

Contra Costa County Board of Supervisors: C1 – C5

Contra Costa County Administrator: C1 - C5