



SUMMARY REPORT

Agenda Date: 4/15/2025

To: Sonoma County Board of Supervisors

Department or Agency Name(s): County Administrator's Office

Staff Name and Phone Number: M. Christina Rivera, Yvonne Shu, Christel Querijero 707-565-2431

Vote Requirement: Informational Only

Supervisorial District(s): All

Title:

Safety Net Contracts and Payments

Recommended Action:

Receive an Update on Safety Net Contracts and Payments

Executive Summary:

Stemming from the Organizational Excellence pillar of the Strategic Plan, Objective 1.5 ("Align procurement and grant guidelines with strategic priorities"), the Board received an assessment of the County's overall procurement processes in October 2023. A subsequent discussion in February 2024 with community-based organizations (CBOs) and non-governmental organization (NGO) partners underscored the need to establish guidelines and processes for sub-recipients of County funding. This partner discussion resulted in County leadership committing to 1) revising the County's Safety Net Contracting Principles to include standardized agreement language to the extent that outside funding source requirements are met; 2) engaging an outside consultant to assess the County's different contracting and procurement processes and to identify fiscally feasible improvements; and 3) repurposing the Upstream Investment Policy Committee to enhance collaboration and planning with CBOs.

This update covers the status of the commitments issued (Attachment 1), including the results of the Safety Net procurement assessment (#2 above), and reports on the ongoing efforts by staff to improve contracting and payment processes.

For the sake of clarity and given the Board-approved 2019 Safety Net Contracting Principles, during the Spring Budget Workshops starting on April 28, 2025, staff will be introducing the FY 2025-26 process by which CBO and NGO partners, who are not already processing funding arrangements with County departments, may engage the Board in funding assistance after the June budget hearings.

Discussion:

The County's procurement system is an integral part of the County's overall operations. As part of the Organizational Excellence pillar of the County of Sonoma's 5-Year Strategic Plan, a comprehensive review of the County's procurement system and policies was conducted in 2023 as a first step toward improving current processes and internal/external customer satisfaction. The Board received findings and recommendations from the assessment on [October 17, 2023 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6379299&GUID=DD0C733F-B468-4900-9010-DDFBA63E35B0&Options=&Search=>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=6379299&GUID=DD0C733F-B468-4900-9010-DDFBA63E35B0&Options=&Search=>).

Safety Net Assessment

Following the overall review, the consultant conducted an assessment specifically of the County's Safety Net departments and identified potential process improvements (Attachment 2).

The Department of Health Services and the Human Services Department comprise the bulk of procurement activity among the Safety Net departments. Per the June 30, 2024, Single Audit list of federal programs funding delivered by County programs, the County spent \$254 million in Federal dollars in total, or 29% of all Intergovernmental budgeted FY 2023-24 countywide revenues, excluding Sonoma Water. See pages 9-25 of Attachment 3.

The assessment also included Probation, the District Attorney, the Community Development Commission, Child Support Services, and the Public Defender. More than other departments, Safety Net departments receive critical federal and state funding to provide services and programs that are, in many cases, implemented by local community-based organizations (CBOs) or non-governmental Organizations (NGOs). These key partners aid the County in the delivery of safety net services to the community, and as contractors, are generally subject to the County's procurement procedures and thresholds, as well as those prescribed by state and federal funding agencies.

In their report, the consultant highlights the difference between a "regular" procurement and a grant procurement - and how a clearer distinction between the two could aid timelines and processes, particularly for Safety Net departments. When a funding source requires a competitive process to select a subrecipient, departments often rely on the mainstay of the "regular procurement" competitive process, the request for proposal (RFP), which may exceed the competitive solicitation requirements for a given grant. Identifying other competitive methodologies that fulfill grant requirements but are not as structured as the standard RFP could reduce time for the subaward process and could be a potential area to pursue.

Assessment Recommendations

1. Establish a centralized resource for grant management
2. Develop grant policies
3. Develop a grant management guide

Similar to contract management, management of grants received by the County is decentralized, with departments establishing their own processes to ensure the County's compliance obligations. On [November 12, 2024 <https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7011955&GUID=AC562CFC-F921-4D89-8BEB-684A356FE507&Options=&Search=>](https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=7011955&GUID=AC562CFC-F921-4D89-8BEB-684A356FE507&Options=&Search=>), your Board approved a proposed approach to a Strategic Grant Program (Attachment 4) in the County Administrator's Office (CAO). Today the program is primarily focused on funding that supports the County's Climate Plan. It also manages two contracts that provide County departments with grant writing and grant technical support, to support efforts to secure external funding for County programs, projects, and services. With a focus on supporting alternative, competitive funding, the Strategic Grant Program is expected to evolve over time, while continuing to leverage its proximity to the Legislative Affairs function in the CAO.

Next steps: The consultant has provided a basic set of overall grant policies, which the County can use as a starting point to develop more fully. It is envisioned that these policies would delineate between competitive and allocated funding as appropriate. After policies are in place, a grant management guide could also be developed to provide uniform guidance throughout the grant management lifecycle - for both

competitive and allocated or formula grants. Many departments already have their own protocols for grant management and subaward processes, so leveraging this knowledge into a single repository would be a first step toward a grant management guide.

4. Improve support for the execution and management of grant subawards

5. Develop a grant agreement framework for grant subawards

Safety net departments are most familiar with the funding requirements of state and federal grant allocations and are best positioned to execute and manage their grant subawards. As noted above, many departments already have their own protocols for grant management and subaward processes and also have good working relationships with their partners.

The recommendation to establish a grant agreement framework could improve the subaward process to community service providers. The first component of the proposed framework is the master engagement agreement, which stipulates the minimum terms and conditions of receiving grant funding from the County and which could be signed by a department head. Having a master agreement will improve clarity and consistency for partners' own assessments of their readiness to submit proposals and for working with the County. The master engagement agreement is a precursor to a funding agreement template, which would provide subaward details, including the County's parameters for the granting of funds (e.g., program, performance or reporting requirements, timelines).

Next steps: Staff will work with County Counsel to develop a master engagement agreement template that could be used by departments for service providers that have or might respond to a County RFP or NOFA (notice of funding award), as a preliminary acknowledgement of the County's terms.

6. Utilize more strategic contracting practices

The consultant recommends utilization of strategic contracting practices across the Safety Net departments to address their collective procurement needs. This could include master agreements for similar goods and services, such as substance abuse treatment and therapeutic services, and more frequent utilization of multi-year contracts and agreements, with clauses that allow for flexibility over the term of the agreement for fluctuations in funding.

Next steps: Identifying services in common across the Safety Net departments, general scopes of the contracts, and their corresponding expenditure amounts would be a concrete first step toward strategic contracting. This would be a significant undertaking. Whether and how to develop strategic contracting practices across the Safety Net departments will require a basic understanding of collective needs, collaboration with Central Purchasing, and leadership for this effort.

7. Improve lines of communication with CBO partners

The consultant's final recommendation is a familiar theme through previous examinations of the County's interaction with CBOs - improving lines of communication. Suggestions include establishing regular check-ins between the CBO and the contracting department, potentially designating county liaisons for CBO coordination, and facilitating partnerships in the CBO community, among other suggestions.

Next steps: The Upstream Investments Policy Committee is being considered as a potential convener for ongoing engagement with local non-profit partners. In this role, Upstream Investments will facilitate

conversations to gather input from the non-profit community, enabling improved collaboration and planning. The Upstream Investments initiative was chartered by the Sonoma County Board of Supervisors over a decade ago and continues to be led by the HSD.

Payment Information

Staff sought to understand how much time, on average, transpires between invoice submission and payment issuance. The Auditor's Office provided Safety Net department payment data for FY 22-23, FY 23-24 and year-to-date data for FY 24-25, for all payments that had associated contracts. However, the County's financial system captures the date that an invoice is submitted for payment in the system, but not when the service was performed or whether the payment was expedited. This data limitation may not fully illustrate payment timing concerns, as there are other steps where delay could occur: invoice receipt, confirmation of work performed/documentation, approval, and invoice processing and submission. Further, departments have their own protocols for invoice processing, which may include additional steps for due diligence. Recognizing the data limitations, most Safety Net departments improved their average days for payment in FY 2024-25 to date over FY 2023-24. In FY 2023-24, HSD averaged 19 days for payment and DHS averaged 36 days, and in the nine months of FY 2024-25, HSD again averaged 19 days for payment and DHS averaged 23 days.

Steady Progress

The safety net assessment highlights areas for improvement and underscores themes explored in previous work, including the 2018 Upstream Investments focus group with CBOs and the 2019 Safety Net Services Contracting Principles.

The Human Services Department (HSD) provides training to its staff on all forms of procurements for services and contract administration. HSD also has policies, procedures and forms for various types of procurements, and utilizes a department-specific contract and RFP template that addresses funding requirements and the needs of safety net services. These policies and procedures have been shared with the Department of Health Services (DHS) and Auditor-Controller and include policies for specific funding streams (e.g., federal funding). HSD also holds quarterly meetings with contract and procurement staff across the Safety Net departments to collaborate and share best practices.

DHS has also been working diligently to improve their contract and procurement processes. These are described in Attachment 5 and include creation of a Contract Improvement Steering Committee and development of an annual contracting and procurement calendar, among other actions.

The Sonoma County Public Infrastructure Department, Purchasing Division, has been making improvements to overall County procurement practices, and these steps are detailed in Attachment 6.

Moving Forward

The progress toward improving safety net contracting practices, as with other initiatives, has been disrupted in recent years by disasters, a pandemic, and executive leadership changes. However, the goals of the 2019 Safety Net Contracting Principles (Attachment 7), still represent a reasonable and viable path forward. These goals are:

- 1) To ensure that policy priorities are addressed in a coordinated and strategic manner;
- 2) To ensure that resources and services are distributed equitably and fairly across regions;

- 3) To promote a fair, open and competitive process for vendor selection; and
- 4) To reduce confusion among vendors as to how to obtain funding from the County.

These principles are the distillation of the collective experience from the previous leadership of DHS, HSD, Probation, and the CDC. The principles were developed to inform how the Board and the departments would work together to set policy, allocate funding, select providers and manage contracts - to ensure that Sonoma County residents have access to the programs and services needed to help them thrive.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Organizational Excellence

Goal: Goal 1: Strengthen operational effectiveness, fiscal reliability, and accountability

Objective: Objective 5: Align procurement and grant guidelines with strategic priorities and racial equity principles.

Racial Equity:**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

Prior Board Actions:

10/17/23 Received consultant's recommendations from assessment of the County's procurement function

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

There are no fiscal impacts related to this information report.

Staffing Impacts:

Agenda Date: 4/15/2025

Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

There are no staffing impacts related to this item.

Attachments:

Attachment 1 - 2/8/24 Partner Meeting Summary

Attachment 2 - Consultant Safety Net Assessment

Attachment 3 - 2024 Single Audit Report

Attachment 4 - 2025 Strategic Grant Program

Attachment 5 - Department of Health Services Contract and Procurement Update

Attachment 6 - Public Infrastructure Central Procurement Update

Attachment 7 - 2019 Safety Net Contracting Principles

Attachment 8 - Presentation

Related Items “On File” with the Clerk of the Board:

None.