GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

San Diego County
California

For the Fiscal Year Beginning

July 01, 2023

Christopher P. Morrill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **San Diego County, California** for its annual budget for the fiscal year beginning **July 2023**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This award is valid for a period of one year only. The County believes that the current budget continues to conform to program requirements, and will submit it to GFOA to determine its eligibility for another award.

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Office of Financial Planning
Damien Quinn, Director

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County of San Diego

Board of Supervisors

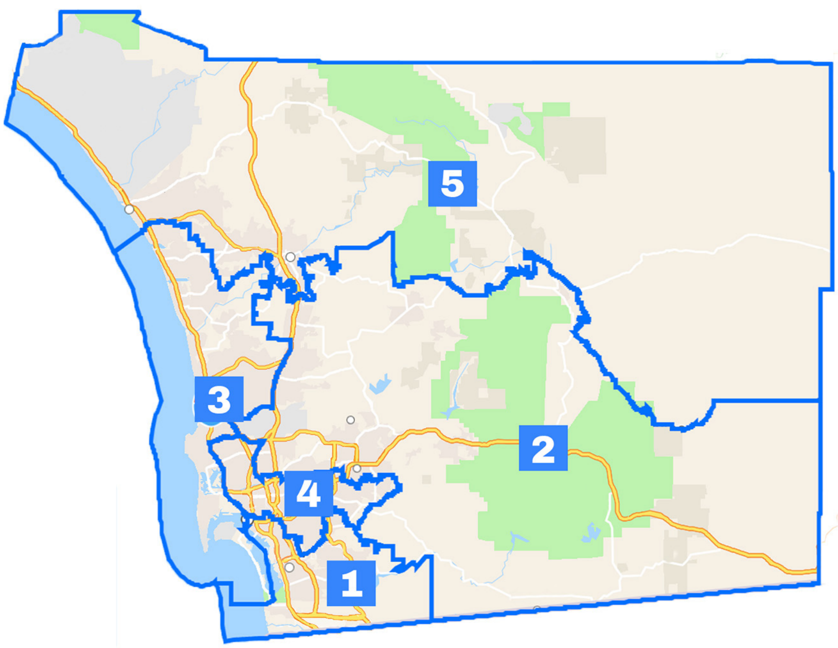
Nora Vargas
Supervisor
District One

Joel Anderson
Supervisor
District Two

Terra Lawson-Remer
Supervisor
District Three

Monica Montgomery Steppe
Supervisor
District Four

Jim Desmond
Supervisor
District Five



Organizational Chart

County of San Diego
Organizational Chart

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    - Chief Administrative Officer

Public Safety Group
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- Child Support Services
- District Attorney*
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- Public Defender
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Finance & General Government Group
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- Chief Administrative Office
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Health & Human Service Agency
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  - Office of Immigrant & Refugee Affairs
- Housing & Community Development Services
- Medical Care Services
- Public Health Services

*Elected Officials

**Reports to the Board of Supervisors

Rev. 04/24

Tribal Land Acknowledgment

We acknowledge that this document includes information on the San Diego Region and places of the traditional lands of the Kumeyaay, Luiseño/Payómkawichum, Cahuilla and Cupeño/Kuupangaxwichem Peoples.

We acknowledge the harmony that existed among the land, nature, and its original Peoples, who have since endured displacement, persecution, and systemic oppression.

We pay our respect to the unceded territory and homelands of the 18 federally recognized tribes in our region.

We honor the ancestral grounds and sovereignty of Tribal Nations, whose resilience and strength inspire forward movement towards more equitable and sustainable programs, policies, and practices.

COUNTY OF SAN DIEGO

Message from the Chief Administrative Officer

San Diego County is a region with nearly 3.3 million people. There is a lot to love about this place we call home.

Nearly the geographic size of Connecticut, our county is a destination spot for almost 32 million visitors a year. It's home to wonderfully diverse residents who live, work and recreate in a place that includes beaches, mountains, desert and some of the rarest and most unique environmental habitats in the nation.

I am as proud to call this county home as I am to be part of a County of San Diego team of more than 20,000 employees who touch the lives of nearly everyone in our local communities through programs and services in both the unincorporated areas of the region and its 18 cities.

Our organization is responsible for providing many services to support the entire region—things like food and restaurant inspections, beach and bay water-quality testing, elections, social services, public health programs, foster care, adult protective services and more.

In our unincorporated communities, we provide all of those things as well as city-type services, from fire protection and maintaining roads and flood control districts to libraries, parks, law enforcement and land use decision-making that shapes our communities for generations to come. The communities within the unincorporated area make up a good portion of the region. In fact, if the unincorporated area were a city, it would be the second largest in our region by population and larger geographically than Rhode Island and Delaware combined.

So it's not a surprise that our County budget—$8.48 billion—and the role it plays in the lives of everyone who lives and visits here, is also significant.

We build our budget on our core values—belonging, equity, access, sustainability, integrity and excellence.

And we could not do it without your help; from meeting you in our communities, collecting your thoughts in surveys and getting together with you online, we know you are our best partners in moving the region forward.

Because of our work together, this is a budget that not only provides the essential services that we all rely on; it also strives to make a difference in areas that increasingly affect our community.

Housing is one of the most pressing issues of our time, and we are working to significantly reduce homelessness and create affordability for all income levels. This new budget includes investments in resources for people experiencing homelessness to provide access to shelter, housing and services, as well as $30 million for resources to encourage housing affordability and remove barriers to housing production.

The recommended budget also includes collaborative efforts with other agencies to address homelessness, one of our top priorities. One example is the Leave No Veteran Homeless program—a multi-agency effort to ensure no veteran is without permanent supportive housing.

In the area of behavioral health, our new budget invests more than a billion dollars, including the addition of health workers hired to provide culturally responsive services and care to all, along with increased funding for substance-use disorder treatment to support individuals.

This budget prioritizes justice reform, funding evidence-based and data driven programs like Alternatives to Incarceration, an investment of more than $230 million. It supports fair and equitable outcomes and accountability for those who are justice-involved through prevention, diversion and reentry programs.

You'll also see our budget continue to invest in safety-net programs that help more than 1 million vulnerable residents—ensuring access to programs like Cal Fresh and Medi-Cal—to make sure people have the food, health services and financial support they need.

The County is dedicated to sustainability and reducing the impacts of climate change, investing in watershed protection, adding public electric vehicle charging stations, and planting thousands of trees while also reflecting that commitment in our own operations with a plan to reduce carbon emissions in County facilities by 90% by 2030.

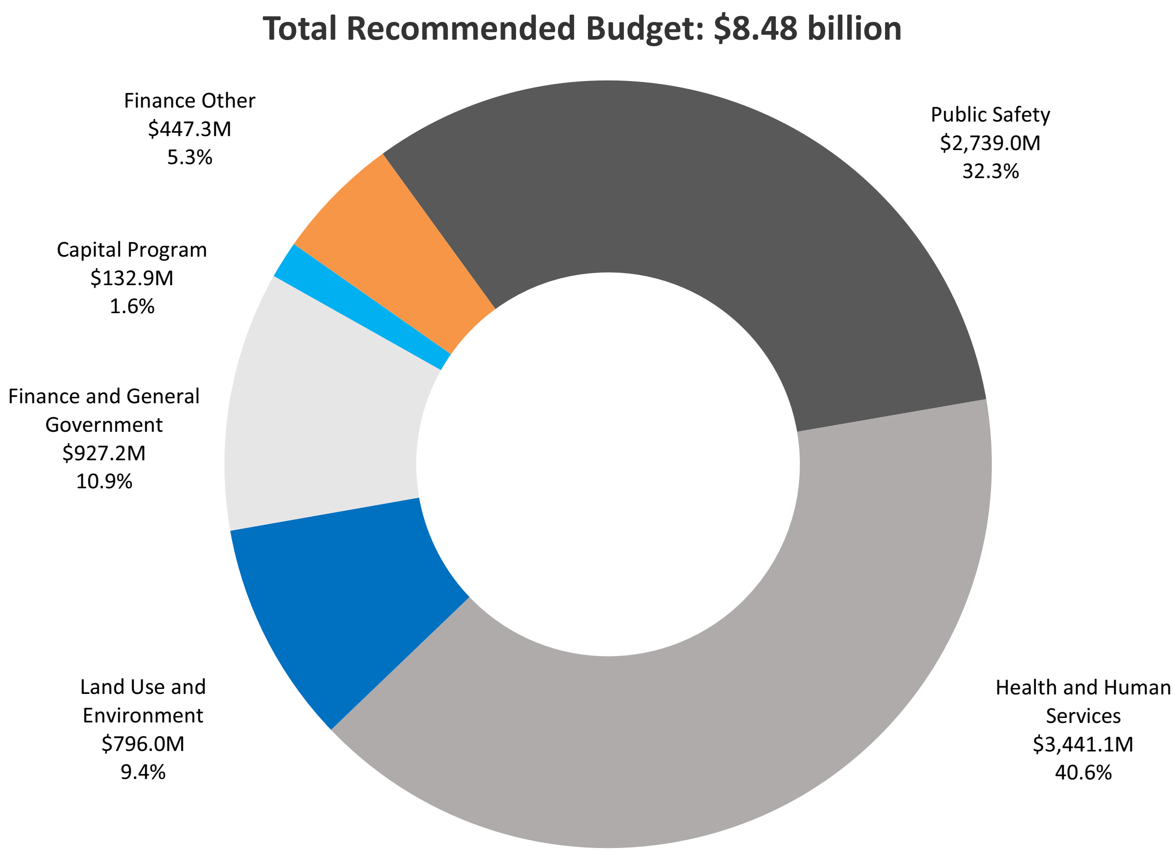
Additionally, this budget will maintain its investment in the County of San Diego's team, the workforce that is proud to serve you, a team that is the heart and soul of all we do, a team that wants to make a difference.

There is much more to explore in the recommended budget and more to learn about the investments being made in this region we are so proud to call home. I invite you to look through our open budget website. Together, we are building a better region—a place we not only call home, but one where every one of us can truly be at home.

Sarah E. Aghassi
Interim Chief Administrative Officer

Budget at a Glance

Recommended Budget by Group/Agency: All Funds



Recommended Budget by Group/Agency: All Funds				
	Fiscal Year 2023–24 Adopted Budget	**Fiscal Year 2024–25 Recommended Budget**	**Change**	**% Change**
Public Safety	$ 2,683.4	$ 2,739.0	$ 55.6	2.1
Health and Human Services	3,197.9	3,441.1	243.2	7.6
Land Use and Environment	674.4	796.0	121.6	18.0
Finance and General Government	889.6	927.2	37.7	4.2
Capital Program	258.9	132.9	(126.0)	(48.7)
Finance Other	461.7	447.3	(14.4)	(3.1)
Total	**$ 8,165.9**	**$ 8,483.6**	**$ 317.7**	**3.9**

Note: In the chart and table, the sum of individual amounts may not total due to rounding.

Appropriations total $8.48 billion in the CAO Recommended Budget for Fiscal Year 2024–25. This is an increase of $317.7 million or 3.9% for Fiscal Year 2024–25 from the Fiscal Year 2023–24 Adopted Budget. Looking at the Operational Plan by Group/Agency, there are appropriation increases in the Public Safety Group, Health and Human Services Agency, Land Use and Environment Group and Finance and General Government Group; and decreases in Capital Program and Finance Other.

The Fiscal Year 2024–25 budget increase is a part of an overall strategy to sustain core County services, limit growth in mandated programs, meet obligations to operate capital facilities set to open, and contain staffing or FTE (full time equivalent) growth to meet previous obligations or mandates. This strategy is dependent upon maximizing alternative funding sources beyond General Purpose Revenue (GPR), including the prudent use of the General Fund Reserve and bridge funding until certain revenues can recover from dips in performance. While the County will continue to meet its local revenue share of commitments to labor, capital infrastructure, and retirement, the most recent Financial Outlook as of Second Quarter on March 12, 2024 shows a $63.5 million gap remaining in Fiscal Year 2025–26. This does leave the door open for significant Countywide service realignment during the next budget cycle if trends don't change, particularly given the impact of slowing HHSA Realignment Revenue. Investing in capital and one-time spending towards County operations continues to be a priority for the County through the budget; a capital budget of $100.5 million and one-time investments of $158.6 million to demonstrate the County's commitment in these areas. With this overall budget strategy in mind, the following narrative in this section describes the County budget by Group/Functional Area, Expenditures, Revenues, and Staffing.

The Public Safety Group's overall increase of $55.6 million is primarily due to negotiated labor agreements as well as increased funding for public safety, justice reform, services for those in need, and infrastructure investments. In the area of public safety, additional funds will support fire, emergency, and ambulance services; and new FTEs to address retail theft in the DA's Office and to coordinate gun violence prevention in the PSG Executive Office. Regarding justice reform, the budget will support programs and services for youth in the Youth Development Academy; and Alternatives to Incarceration, a Board priority to reduce jail populations through prevention, diversion and re-entry. For services for those in need, appropriations will support medical and mental health for adult incarcerated individuals; the restoration of funds for Indigent Defense, which offers legal representation to detained immigrants facing removal proceedings or deportation; the deployment of a mobile veterinary clinic to underserved areas within the unincorporated region; increased support to decedent investigations, pathology and toxicology to address increased caseload experienced in the Medical Examiner; medical and mental health for youth in the institutions; and to establish a network of partners for the South County Family Justice Center, including case management, counseling, forensic medical exams, and a restraining order clinic. And increased one-time investments will support adult detention facility improvements, including ADA compliance; East Mesa Juvenile Detention Facility improvements; Ramona Fire Station 80 remodel to address operational and safety concerns; and funding for the design and environmental review for a new Ramona Sheriff Substation.

The overall increase of $243.2 million in the Health and Human Services Agency is primarily due to negotiated labor agreements as well as increased funding for behavioral health, homelessness and housing, services for those in need, and public health and protection. Behavioral health investments will support behavioral health workforce development; involuntary behavioral health treatment established under Senate Bill 43, including items such as support of expanded services and supportive infrastructure; activities to address the opioid crisis funded through Opioid Settlement funds; behavioral health supportive services to be provided at housing sites funded through the State's Project Homekey program; and payment reform efforts supporting opioid treatment programs and substance use disorder residential services and outpatient treatment services. For homelessness and housing, appropriations will support a new infusion into the Innovative Housing Trust Fund to increase the region's inventory of affordable housing; addressing the immediate needs of those experiencing homelessness within the San Diego Riverbed and Plaza Bonita areas; the Prohousing Incentive Program (PIP) to increase the creation and preservation of multifamily rental housing in the unincorporated area; and the County's second Safe Parking site. Regarding services for those in need, the budget will support expanded program capacity to help veterans in need of long-term support to avoid confinement; continued increases supporting the In-Home Supportive Services program; promoting food security, nutrition, and support services for older adults; cash assistance for eligible residents who have no other means of support; child abuse prevention efforts; and transitional housing for youth exiting foster care.

Land Use and Environment Group is increasing overall by $121.6 million primarily due to negotiated labor agreements as well as increased funding for housing inspections and plan reviews, services for those in need, environmental sustainability, public health and protection, infrastructure investments, and other priorities. In the area of housing, additional funds will support inspections and plan reviews, improving the project review/approval process, crafting affordable housing programs, and guaranteeing review times for 100% of affordable housing projects. Regarding services for those in need, the budget will support improving food security through community gardens, education, meals, food pantries and acceptance of public benefits at farmers markets. For environmental sustainability, appropriations will support climate action, including diverting waste from landfills, supporting renewable energy uses, updating the Climate Action Plan (CAP), guiding the region toward zero carbon emissions (RDF), planting 4,000 new trees on County property to lower GHGs and urban heat, and installing electric vehicle charging stations; appropriations will also support natural resources, including protecting the region's watershed from stormwater run-off and providing new green infrastructure projects, managing closed landfills, preserving land to protect species (MSCP), protecting agriculture from destructive pests, capturing trash flowing into and removing sediment from the Tijuana River Valley, managing groundwater sustainability, preserving farmland, guiding land use planning, conserving water, and expanding native plants and habitats. And public health and protection expenditures will support preventing food-borne illnesses through food facility inspections; regulating hazardous material operations; preventing mosquito-borne illnesses; inspecting customer-used devices to prevent overcharges; reducing exposure to pollution; testing and same-day reporting results of recreational water quality along San Diego County beaches; preventing improper household hazardous waste disposal; and regulating pest management activities to protect the environment. Infrastructure investments include supporting road safety with new signals, guardrails, sidewalks, and pedestrian crossings; maintaining 2,000 miles of roadways; operating the County sewer system and water districts; preventing storm flooding by keeping culverts, channels, levees, and storm drains safe and clean; operating park facilities and trails, including the redevelopment of the Mira Mesa youth recreation center; operating libraries, bookmobiles, and kiosks, including curating new books and developing the new Casa de Oro Library; operating County airports for travel and emergency operations during wildfires; and infrastructure improvements to spur housing development in designated sustainable areas. Other priorities will support advancing broadband connectivity projects in rural areas; engaging the community in various formats; and translating information and materials to improve participation.

The overall increase of $37.7 million in Finance and General Government Group is due to negotiated labor agreements as well as increased funding for environmental sustainability and other priorities. Environmental sustainability investments will support planning activities for the Zero Carbon Portfolio Plan with a goal to reduce the County's carbon emissions by 90% by 2030; and continued expansion of the County's charging infrastructure and conversion of the fleet to electric vehicles. For other priorities, appropriations will support the Social Equity Program to address the disproportionate harm caused by the War on Drugs on communities of color by providing economic access and equity in the cannabis industry; the Uplift Boys & Men of Color initiative to provide a holistic approach to connecting at-risk youth to wrap around services, trauma support systems, and workforce development opportunities; Investment Pool activities; protecting workers' rights and continued implementation of Board Policy B-74, *Contracting Standards for Janitorial, Landscaping, and Security Services Contracts*; building capacity in FGG support departments to ensure ability to be responsive to overall enterprise growth and changing program requirements; modernizing the County's technology infrastructure and initiating a project to migrate the County's enterprise resource planning (ERP) systems to cloud-based solutions; as well as other increases to support enterprise IT operations; and conducting the November 4, 2024 Presidential General Election and implementing a new elections management system.

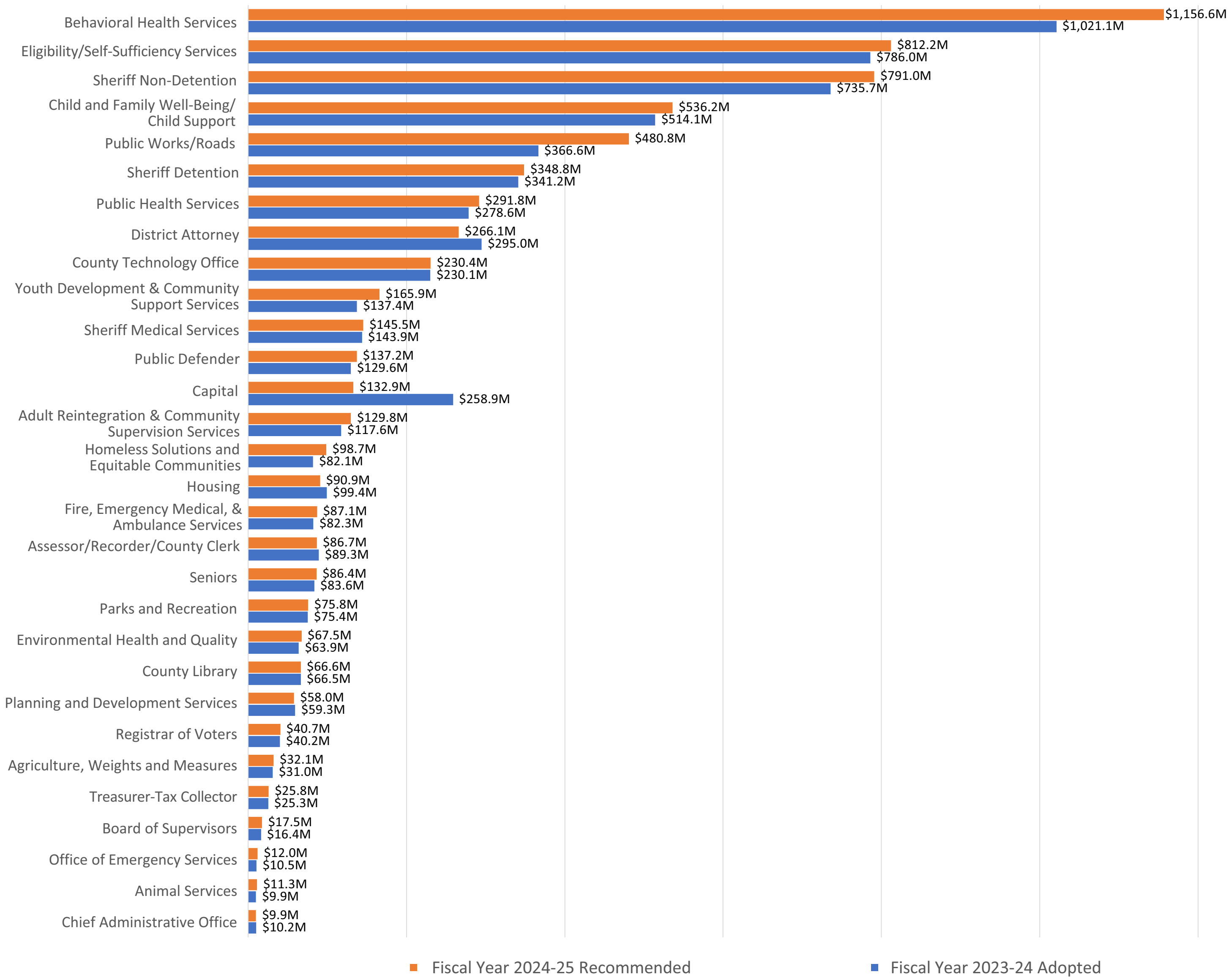
The Capital Program decrease of $126.0 million is primarily due to reduction in one-time capital projects. The amount budgeted for capital projects vary from year to year based on the size and scope of capital needs and available County resources.

The Finance Other decrease of $14.4 million is primarily in Countywide Shared Major Maintenance due to completion of one-time major maintenance office space consolidation project at the County Operations Center (COC) and decrease in settlement payments in the Public Liability Internal Service Fund. These decreases are offset by increases primarily due to the newly established Insurance ISF.

For an interactive view of the County's budgeted appropriations and additional information, please see the San Diego County Open Budget portal at www.sandiegocounty.gov/budget.

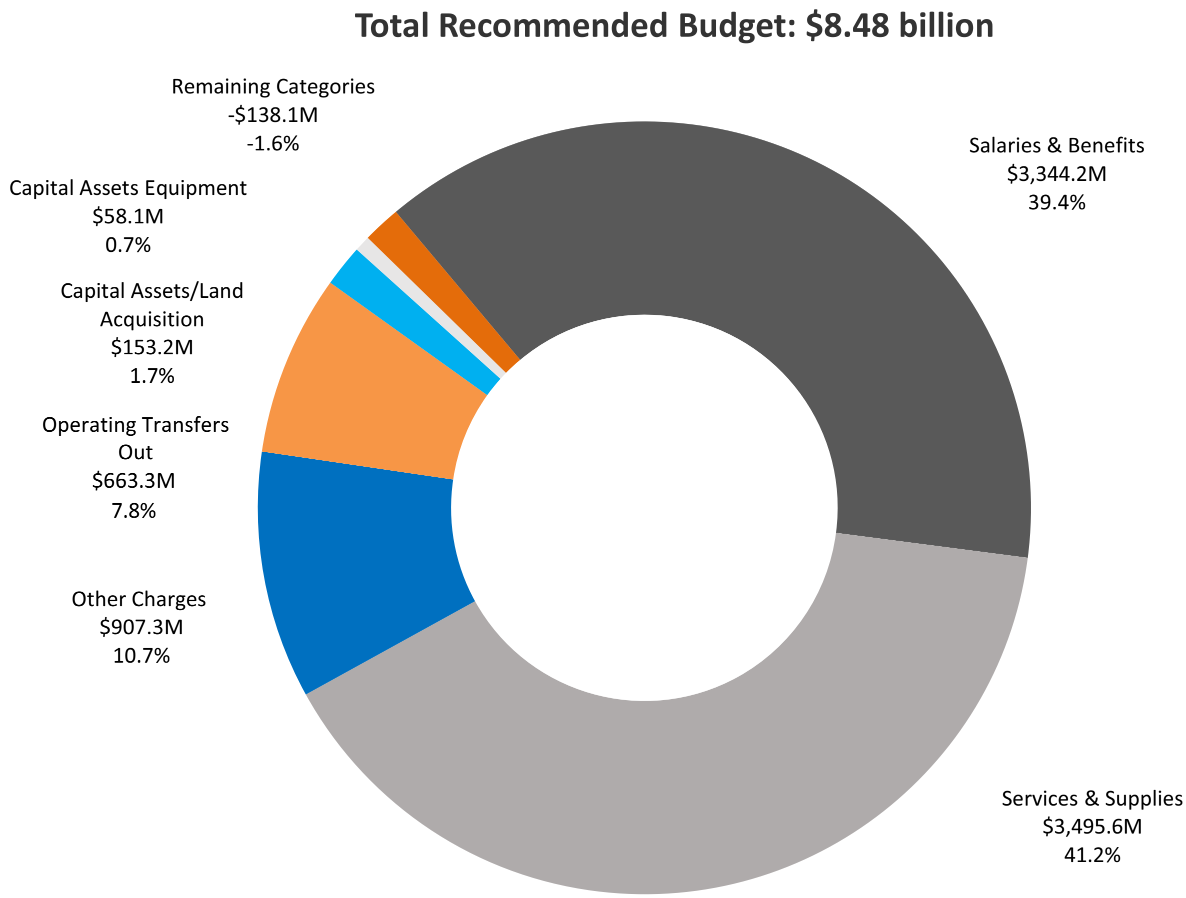
Recommended Budget by Select Program

Fiscal Year 2024-25*



*See CAO Recommended Budget All Funds: Total Appropriations by Categories of Expenditures section for high level explanation of budgetary changes and one-time reductions year-over-year.

Recommended Budget by Categories of Expenditures: All Funds



Recommended Budget by Categories of Expenditures: All Funds

	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	Change	% Change
Salaries & Benefits	$ 3,182.9	$ 3,344.2	$ 161.3	5.1
Services & Supplies	3,268.8	3,495.6	226.8	6.9
Other Charges	888.2	907.3	19.1	2.2
Operating Transfers Out	642.3	663.3	20.9	3.3
Capital Assets/Land Acquisition	290.6	153.2	(137.4)	(47.3)
Capital Assets Equipment	53.3	58.1	4.8	9.0
Remaining Categories*	(160.2)	(138.1)	22.2	(13.8)
Total	**$ 8,165.9**	**$ 8,483.6**	**$ 317.7**	**3.9**

Note: In the chart and table, the sum of individual amounts may not total due to rounding.

*Remaining Categories includes amounts for Expenditure Transfer & Reimbursements and Capital Assets Software.

The CAO Recommended Budget overall increase is primarily due to increases in Services & Supplies of $226.8 million, but also due to increases in Salaries & Benefits, Operating Transfers Out, Other Charges, and Capital Assets Equipment. These increases are offset by decreases in Capital Assets/Land Acquisition and Capital Assets Software as well as a net decrease in Expenditure Transfer & Reimbursements. When preparing the CAO Recommended Budget, it was important to consider and address structural needs within the County.

The increase in Services & Supplies includes amounts to further develop the Behavioral Health Continuum of Care including an intergovernmental transfer agreement (IGT) between the County and Revive Pathway; to provide a comprehensive array of community-based behavioral health services to vulnerable populations with substance use conditions; for the Public Behavioral Health Workforce Development and Retention Program; rate increases to Substance Use Disorder (SUD) Residential Service contracts associated with payment reform as a part of Medi-Cal Transformation (formerly CalAIM); implementation of Involuntary Behavioral Health Treatment under Senate Bill 43; for the ambulance transport services in San Diego County Fire Protection District (SDCFPD) Ambulance Service Area; increased costs related to insurance, facilities management, fleet services and information technology (IT) projects in the Sheriff's Department; to continue Probation's Pretrial Services program; increase in contracted road services and consultant contracted services in the Road Program; for one-time projects for the Watershed Protection Program and Closed Landfill Program; to align with projected spending for contracted services and maintenance at County facilities; and for the implementation of the Integrated Property Tax System (IPTS).

An increase of $161.3 million in Salaries & Benefits is primarily due to negotiated labor agreements, retirement contributions for safety members, increased staffing levels across the organization to support programs and operational needs; the increase is partially offset by salary adjustments to reflect normal staff turnover.

An increase of $20.9 million in Operating Transfers Out is primarily from an additional annual draw from the Tobacco Securitization fund to help offset impacts of slowing Realignment revenue; and one-time transfers to support capital projects and facility improvements.

Increases of $19.1 million in Other Charges primarily to align various benefit payments with increasing costs tied to State mandated grant increases and caseload trend; to support medical and mental health services contracts; right-of-way and depreciation costs; electrical vehicle replacement; and increase in software depreciation.

Increases of $4.8 million in Capital Assets Equipment primarily due to projected spending for vehicles and equipment replacement; one-time purchase of fixed assets; and purchase of a fire suppression system for the East County Archives and Vitals Mobile vehicle for the Recorder.

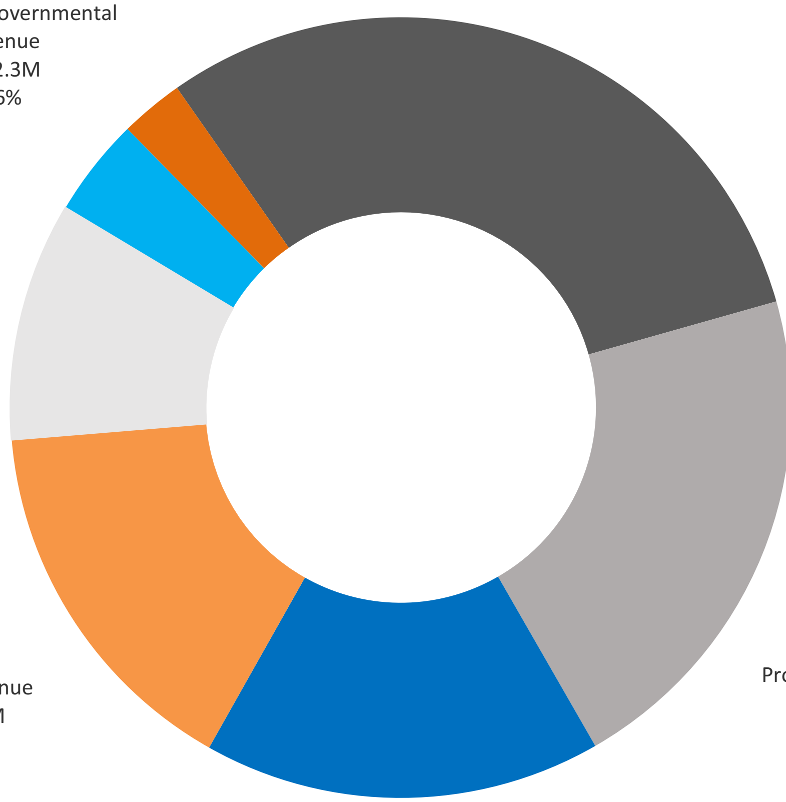
These increases are offset by decreases in Capital Assets/Land Acquisition and Capital Assets Software. Decrease of $137.4 million in Capital Assets/Land Acquisition due to reduction in the Capital Program; completion of one-time tenant leasehold improvements; decrease in Sanitation District's capital projects; and completion of public infrastructure construction for Harmony Grove Community Facility District. The decrease in Capital Assets/Land Acquisition is offset by an increase to address capital, IT, and emergency response efforts enterprisewide and an appropriations for contingencies pursuant to government code § 29084. In addition, there is a decrease of $1.2 million in Capital Assets Software due to a reduction of prior year one-time costs associated with Electronic Health Record and the development of expandable data management system.

There is also a net decrease of $23.4 million in Expenditure Transfer & Reimbursements due to changes in one-time spending levels. Since this is a transfer of expenditure, it has a net effect of an increase to appropriations.

For an interactive view of the County's budgeted expenditures and additional information, please see the San Diego County Open Budget portal at www.sandiegocounty.gov/budget.

Recommended Budget by Categories of Revenues: All Funds

Total Recommended Budget: $8.48 billion



Recommended Budget by Categories of Revenues: All Funds

	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	Change	% Change
State Revenue	$ 2,471.6	$ 2,573.4	$ 101.8	4.1
Property and Other Taxes	1,655.2	1,788.1	132.9	8.0
Charges for Services, Fees and Fines	1,354.5	1,398.5	44.0	3.2
Federal Revenue	1,260.1	1,316.3	56.1	4.5
Operating Transfers and Other Financing Sources, Use of Money & Property, and Misc. Revenues	981.4	840.1	(141.3)	(14.4)
Use of Fund Balance/Fund Balance Component Decreases	239.7	344.8	105.1	43.9
Other Intergovernmental Revenue	203.2	222.3	19.1	9.4
Total	**$ 8,165.9**	**$ 8,483.6**	**$ 317.7**	**3.9**

Note: In the chart and table, the sum of individual amounts may not total due to rounding.

For Fiscal Year 2024–25, the largest challenge in this budget is the revenue shortfall tied to HHSA Realignment Revenue, which is due to slowing sales tax receipts. To mitigate this shortfall, the CAO Recommended Budget is proposing a bridge funding strategy until some of the County's sales tax revenue can resume expected levels of growth. In Fiscal Year 2024–25, the following programs will be funded via bridge funding: Sheriff Medical contract, OEPA department operations, public liability costs within LUEG departments, and the new ROV election system licenses. In addition to utilizing the bridge funding, the County will make a prudent use of the General Fund Reserve by advancing FEMA reimbursement.

The combination of intergovernmental revenues such as, State Revenue ($2.6 billion), Federal Revenue ($1.3 billion) and Other Intergovernmental Revenue ($222.3 million) supplies 48.5% of the funding sources for the County's budget. These Intergovernmental Revenues represent the most significant changes. Together, they increased by $177.1 million.

State revenues increased overall by $101.8 million primarily include social services allocations supporting CalFresh; CalWORKs CC1 benefit payments; increase in CAPI; Drug Medi-Cal revenue associated with the IGT between the County and Revive Pathway; Substance Use Disorder Residential and Opioid Treatment program rate increases; Short Doyle Medi-Cal to align with projected billable units of service; other state aid primarily associated with one-time grant funding including the Behavioral Health Bridge Housing and Youth Suicide Prevention grants; one-time Realignment revenues to support IHSS MOE; social services revenues for IHSS and Adult Protective Services; State MOCA funding to support various aging services to older adults; one-time Realignment revenues to support IT projects in HHSA Administrative Support; State Aid Reimbursement for mandated services; State Aid Other for the implementation of the CalAIM Providing Access and Transforming Health Justice-Involved initiative; State youth program revenues; State homeland security initiatives; Board of State and Community Corrections (BSCC) to support law enforcement fentanyl investigations; gas tax receipts from Highway User's Tax Account (HUTA) and Road Repair Accountability Act of 2017; Proposition 172, the *Local Public Safety Protection and Improvement Act of 1993*; and payments related to facilities occupied by State courts.

Federal revenues increased by $56.1 million primarily include CalFresh administrative revenues; CalWORKs CC1 benefit payments; Diaper Assistance; mental health services funding driven by increased mental health services and payment reform; alignment to ARPA Framework federal funding allocation for Regional Homeless Assistance Program (RHAP), Local Rental Subsidy Program, Inclement Weather Program and Compassionate Emergency Solutions and Pathways to Housing efforts; new federal funding tied to Additional Ukraine Supplemental Appropriations Act (AUSAA); temporary staffing tied to Community Health Workers Resilient grant and Community Services Block Grant; social services revenues for IHSS and Adult Protective Services; federal OAA funding to continue to promote food security and senior nutrition, support services, and other aging services to older adults; federal revenues primarily to support a one-time IT project in HHSA Administrative Support; youth program revenues; homeland security initiatives; and federally funded capital projects in the Airport Enterprise fund.

Other Intergovernmental revenues increased by $19.1 million in Finance Other due to continuing growth in pass-through distributions and Aid From Redevelopment Successor Agencies revenues.

Property and Other Taxes increased by $132.9 million primarily due to projected assessed value growth, property tax revenues, special tax collections, increase in TransNet-funded projects in the Road Fund and Redevelopment Property Tax Trust Fund tied to the Gillespie Field Bond Payment

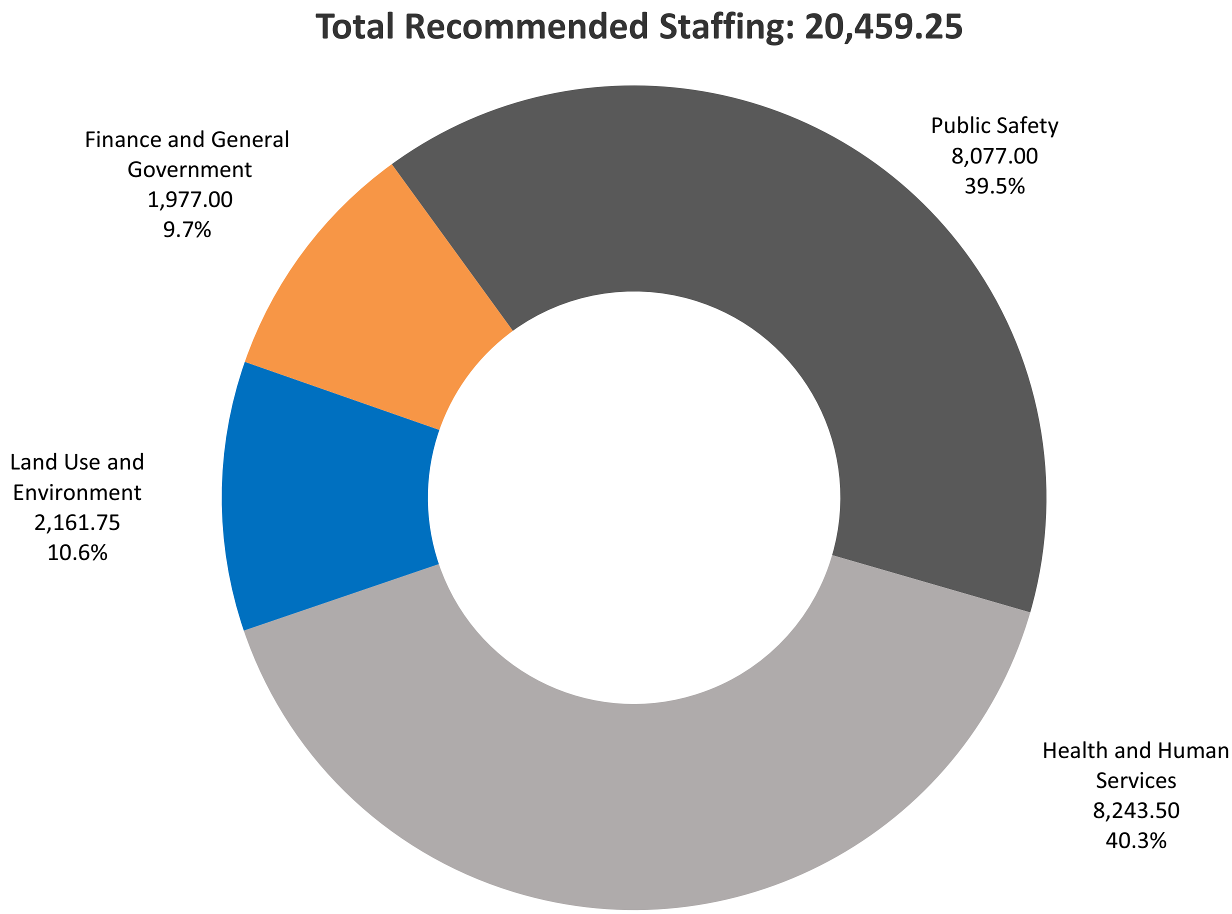
Another 16.5% or $1.4 billion of the County budget comes from Charges for Current Services and Fees and Fines. Charges for current services increased by $44.0 million primarily associated with increased cost of services provided to client departments in the Department of General Services and County Counsel; revenue from ambulance transports and recategorization of revenue accounts in the County Service Area 17; work funded by various special revenue funds and sewer service charges in the Sanitation District; contracted law enforcement services to nine contract cities, transit entities, a community college district, the State of California 22nd Agricultural Association and tribes; funds allocated from the Local Revenue Fund 2011, Trial Court Security Subaccount, Trial Court Security Growth Account and Supplemental Trial Court Security; anticipated revenues from jurisdictions that will participate in the November 2024 Presidential General Election; and reimbursable staff costs for public liability and workers' compensation legal services.

Use of Fund Balance and Fund Balance Component Decreases increased overall by $105.1 million, for planned use of $344.8 million on a one-time basis. Most significant uses are for Proposition 172, the Road Fund, Tobacco Settlement Fund, the Library Fund, Public Works Enterprise Fund, Edgemoor Development Fund, Pension Obligation Bonds, various Internal Service and Special Districts Funds, support for the SB 43 Program, San Diego Behavioral Health Workforce in the Health and Human Services Agency and use funds restricted for the Department of Environmental Health and Quality.

Operating Transfers and Other Financing Sources, Use of Money & Property, and Miscellaneous Revenues decreased by $141.3 million overall primarily due to decrease in use of Proposition 172, The Local Public Safety Protection and Improvement Act of 1993 due to completion of one-time projects; decrease in Library's major maintenance projects and Fallbrook Roof project; completed one-time DGS projects associated with the Zero Carbon Portfolio Plan; decrease in Public Liability ISF; decreases in the Land Use and Environment Group Department of Public Works due to the change in funding source for the Closed Landfills Program; and decrease in the Finance and General Government Group due to Purchasing and Contracting usage rebates and the Department of General Services projected revenue for third-party recoveries related to accident repairs.

For an interactive view of the County's budgeted revenues and additional information, please see the San Diego County Open Budget portal at www.sandiegocounty.gov/budget.

Recommended Staffing by Group/Agency: All Funds



Recommended Staffing by Group/Agency: All Funds (Staff Years[1])				
	Fiscal Year 2023–24 Adopted Budget	**Fiscal Year 2024–25 Recommended Budget**	**Change**	**% Change**
Public Safety	8,065.00	8,077.00	12.00	0.1
Health and Human Services	8,233.50	8,243.50	10.00	0.1
Land Use and Environment	2,117.75	2,161.75	44.00	2.1
Finance and General Government	1,971.00	1,977.00	6.00	0.3
Total	**20,387.25**	**20,459.25**	**72.00**	**0.4**

[1]A staff year in the Operational Plan context equates to one permanent employee working full-time for one year.

Note: In the chart and table, the sum of individual amounts may not total due to rounding.

Total staff years for Fiscal Year 2024–25 increased by 72.00 from the Adopted Budget for Fiscal Year 2023–24, an increase of 0.4% to a total of 20,459.25 staff years. This net increase is attributable to increased staffing in all Groups. As noted at the beginning of this section, part of this year's budget strategy included containing staffing or FTE (full time equivalent) growth to meet previous obligations or mandates. A new FTE was included in the budget if it was mandated or approved by the Board, had a revenue source that is restricted, or if there is a new capital facility built and coming online where County staff are required for operational support.

The Public Safety Group has a net staffing increase of 12.00; the overall staffing increase is 60.00 and is predominantly to address key initiatives and operational requirements including but not limited to support the realigned youth transferred from the Department of Juvenile Justice to the County per Senate Bill 823, Juvenile Justice Realignment, and for CalAIM Enhance Care Management; to support the implementation of ambulance services program; for the new mobile veterinary unit to provide animal medical services to underserved areas of the county; to support efforts on consumer fraud protection; to lead and coordinate gun violence reduction activities; to expand scope of toxicology testing in people who have died of suspected drug cases per Opioid Settlement Framework; for law enforcement services requested by the Pala Band of Mission Indians; and to support the administration of the Operations Stonegarden Grant. This increase is offset by a decrease of 48.00 staff years in the Sheriff's Department to reduce positions that were being held vacant since the pandemic with no impact to overall service delivery.

Health and Human Services Agency staffing increase of 10.00 is primarily to address the demand for safety net services including staffing to expand capacity to help veterans in need of long-term support to avoid confinement and continue to live in their communities by arranging consumer self-directed services; to support modernizing the Mello-Granlund Older Californians Act (OCA) Supportive Services and Nutrition Services; to support the Live Well on Wheels mobile clinic in bringing services to communities with limited access to resources; and to provide additional fiscal support to the Housing Choice Voucher (HCV) programs. In addition to these changes, there are staff year transfers for operational needs in several HHSA departments with no increase to overall staffing.

Land Use and Environment Group staffing increase of 44.00 is primarily to support operations and various programs including the Capital Improvement Program, traffic engineering, road crew program, waste planning and recycling program, Closed Landfill and Airport operations; library operations at the Julian Branch due to the community room expansion; Building Services for reduced plan check processing times and support the implementation of the licensing component of the Socially Equitable Cannabis program; Food, Housing and Water program and meet new State well standards; Multiple Species Conservation Plan and maintenance of the new and expanded park facilities; and ensure compliance with the stormwater Bacteria Total Maximum Daily Load (TMDL) requirements.

Finance and General Government Group staffing increase of 6.00 is primarily to provide administrative support for the Board of Supervisors' student intern program; to support Investment Pool activities in the Treasurer-Tax Collector; to establish the new Chief Binational Officer to support binational affairs; to support Countywide payroll activities and overall growth in number of County employees; and to support enterprise IT operations. In addition to these changes, there are staff year transfers for operational needs in the Chief Administrative Office with no impact to staffing.

Changes by department are summarized in the table on the following pages. Additional detail on staff year changes can be found in the respective Group/Agency sections.

For an interactive view of the County's budgeted staffing and additional information, please see the San Diego County Open Budget portal at www.sandiegocounty.gov/budget.

Changes by department are summarized in the table on the following pages. Additional detail on staff year changes can be found in the respective Group/Agency sections.

Total Staffing by Department within Group/Agency (staff years)

	Fiscal Year 2022–23 Adopted Budget	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	Change	% Change	Fiscal Year 2025–26 Recommended Budget
Public Safety	**8,015.00**	**8,065.00**	**8,077.00**	**12.00**	**0.1**	**8,077.00**
Public Safety Executive Office	15.00	20.00	21.00	1.00	5.0	21.00
District Attorney	1,026.00	1,050.00	1,052.00	2.00	0.2	1,052.00
Sheriff	4,727.00	4,748.00	4,702.00	(46.00)	(1.0)	4,702.00
Child Support Services	461.00	424.00	424.00	—	0.0	424.00
Office of Emergency Services	33.00	36.00	36.00	—	0.0	36.00
Animal Services	62.00	63.00	66.00	3.00	4.8	66.00
Medical Examiner	66.00	77.00	78.00	1.00	1.3	78.00
Probation	1,034.00	1,040.00	1,087.00	47.00	4.5	1,087.00
Public Defender	532.00	547.00	547.00	—	0.0	547.00
San Diego County Fire	59.00	60.00	64.00	4.00	6.7	64.00
Health and Human Services	**7,879.50**	**8,233.50**	**8,243.50**	**10.00**	**0.1**	**8,243.50**
Self Sufficiency Services	2,732.00	2,845.00	2,846.00	1.00	0.0	2,846.00
Aging & Independence Services	613.00	651.00	654.00	3.00	0.5	654.00
Behavioral Health Services	1,207.50	1,332.50	1,332.50	—	0.0	1,332.50
Child and Family Well-Being	1,630.00	1,670.00	1,672.00	2.00	0.1	1,672.00
Public Health Services	730.00	764.00	775.00	11.00	1.4	775.00
Administrative Support	433.00	438.00	430.00	(8.00)	(1.8)	430.00
Housing & Community Development Services	156.00	156.00	158.00	2.00	1.3	158.00
Medical Care Services	222.00	215.00	216.00	1.00	0.5	216.00
Homeless Solutions and Equitable Communities	156.00	162.00	160.00	(2.00)	(1.2)	160.00
Land Use and Environment	**2,026.50**	**2,117.75**	**2,161.75**	**44.00**	**2.7**	**2,161.75**
Land Use and Environment Group	33.00	33.00	33.00	—	0.0	33.00
Executive Office	*22.00*	*20.00*	*21.00*	*1.00*	*5.0*	*21.00*
Office of Sustainability and Environmental Justice	*11.00*	*13.00*	*12.00*	*(1.00)*	*(7.7)*	*12.00*
Agriculture, Weights and Measures	199.00	199.00	199.00	—	0.0	199.00
County Library	294.50	300.75	301.75	1.00	0.3	301.75
Environmental Health and Quality	333.00	344.00	346.00	2.00	0.6	346.00
Parks and Recreation	285.00	299.00	304.00	5.00	1.7	304.00

Total Staffing by Department within Group/Agency (staff years)						
	Fiscal Year 2022–23 Adopted Budget	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	Change	% Change	Fiscal Year 2025–26 Recommended Budget
Planning & Development Services	272.00	314.00	318.00	4.00	1.3	318.00
Public Works	610.00	628.00	660.00	32.00	5.1	660.00
Finance and General Government	**1,926.50**	**1,971.00**	**1,977.00**	**6.00**	**0.3**	**1,977.00**
Finance and General Government Group Executive Office	42.50	43.00	43.00	—	0.0	43.00
Board of Supervisors	82.00	82.00	83.00	1.00	1.2	83.00
Assessor/Recorder/County Clerk	446.50	448.50	448.50	—	0.0	448.50
Treasurer-Tax Collector	123.00	124.00	125.00	1.00	0.8	125.00
Chief Administrative Office	25.00	52.00	53.00	1.00	1.9	53.00
Executive Office	*7.00*	*7.00*	*8.00*	*1.00*	*14.3*	*8.00*
Office of Ethics, Compliance and Labor Standards	*11.00*	*17.00*	*17.00*	—	*0.0*	*17.00*
Office of Equity and Racial Justice	*7.00*	*8.00*	*8.00*	—	0.0	*8.00*
Office of Evaluation, Performance and Analytics	—	*20.00*	*20.00*	—	0.0	*20.00*
Auditor and Controller	233.50	234.50	236.50	2.00	0.9	236.50
County Technology Office	17.00	17.00	18.00	1.00	5.9	18.00
Citizens' Law Enforcement Review Board	9.00	10.00	10.00	—	0.0	10.00
Civil Service Commission	3.00	3.00	3.00	—	0.0	3.00
Clerk of the Board of Supervisors	30.00	30.00	30.00	—	0.0	30.00
County Counsel	165.00	185.00	185.00	—	0.0	185.00
Grand Jury	—	—	—	—	0.0	—
Human Resources	131.00	137.00	137.00	—	0.0	137.00
County Communications Office	23.00	23.00	23.00	—	0.0	23.00
General Services	427.00	430.00	430.00	—	0.0	430.00
Purchasing and Contracting	74.00	77.00	77.00	—	0.0	77.00
Registrar of Voters	75.00	75.00	75.00	—	0.0	75.00
Office of Evaluation, Performance and Analytics*	20.00	—	—	—	0.0	—
Total	**19,847.50**	**20,387.25**	**20,459.25**	**72.00**	**0.4**	**20,459.25**

*Effective July 1, 2023, the Office of Evaluation, Performance and Analytics (OEPA) moved under the Chief Administrative Office to improve alignment with related County operations.

COUNTY OF SAN DIEGO

Investing in Equity, Diversity and Inclusion

As an enterprise, we seek to engage employees as well as the underserved communities in setting County department priorities, and we have taken continuous action to address long-standing inequities and strengthen our region.

We do this by following our Diversity and Inclusion (D&I) Strategic Plan for delivering on four desired outcomes: Exceptional service to our diverse community members; Inclusion for all employees and community members; A motivated and engaged workforce; and Organizational effectiveness and innovation. This D&I Strategic Plan has strengthened our diversity and inclusion efforts throughout the region and provides the framework we follow to ensure our employees and community members can be authentic, true to themselves, and feel respected.

Diversity & Inclusion Executive Council

Diverse executive leadership creating a culture that keeps diversity and inclusion at the forefront for leaders throughout the enterprise by guiding the County's diversity and inclusion strategy.

Department of Human Resources Equity, Diversity & Inclusion Division

The Department of Human Resources' Equity Diversity & Inclusion Division promotes, supports, and provides resources to sustain a countywide culture of belonging and interconnectedness. The division creates collaborative, strategic and welcoming environments to foster impacts in the areas of social equity and cultural advancements. Their efforts work towards all County employees fully realizing their potential through our diversity, strategic initiatives, partnerships, training, and policy development and specifically focusing on the areas of recruitment, hiring, and professional development/advancement.

Office of Equity & Racial Justice

The Office of Equity & Racial Justice is devoted to engaging the community to co-create transformative, enduring, structural and systemic change in San Diego County government. This office bridges San Diego County departments and community voices to design bold policies and practices to advance equity.

Office of Ethics, Compliance & Labor Standards

The Office of Ethics Compliance and Labor Standards (OECLS) is dedicated to fostering a culture of integrity, implementing the Code of Ethics, promoting ethics and compliance through developed policies, programs, and trainings, and reviewing discrimination, fraud, waste, and abuse complaints. Additionally, OECLS expanded its role to help advance labor standards through community and business engagement, strategic enforcement, innovation and study, and policy development with a commitment to workplace justice.

Equity, Diversity & Inclusion Champions

The grassroots network providing resources and opportunities that foster and encourage equity, diversity, and inclusion within their teams. There are many different versions of D&I Champions throughout County departments.

Trauma-Informed Systems Initiative (TISI)

The team grew out of research and principles core to the Health and Human Services Agency (HHSA) and supports the integration of trauma-informed principles in programs, policies, practices, language, consumer/client interactions, and the environment. Although the team was initiated in HHSA participation is open and all departments are encouraged to join.

Employee Resource Groups

The County of San Diego has eleven thriving Employee Resource Groups (ERGs) that play an important role in advancing our commitment to diversity and creating and sustaining an inclusive workplace. ERGs provide employees networking and professional development activities, support County initiatives, and promote cultural awareness.

Leon L. Williams Human Relations Commission

31-member community commission established to promote positive human relations, respect and integrity of every individual in the County of San Diego.


COUNTY of SAN DIEGO
D&I PARTNERSHIP MODEL
D&I Executive Council
Department of Human Resources (EDI Team)
Office of Equity and Racial Justice
Office of Ethics, Compliance and Labor Standards
Champions
Trauma Informed Systems Initiative
Employee Resource Groups
Human Relations Commission
Equity, Diversity & Inclusion
KEY:
Leadership Team
Internal Support Networks
County Departments and Offices
External Partners
COUNTY OF SAN DIEGO
COUNTY OF SAN DIEGO
DIVERSITY & INCLUSION

San Diego County Facts and Figures

POPULATION[1]:

Year:	2021	2022	2023
Total:	3,315,404	3,287,306	3,269,755

[1]San Diego County is the second most populous county in California and fifth most populous in the United States.

Source: California Department of Finance.

INCORPORATED CITIES: 18

CIVILIAN LABOR FORCE:

Year:	2022	2023
Total:	1,589,600	1,593,200

Source: California Employment Development Department - December 2023 Preliminary Report (Jan 19, 2024 version).

UNEMPLOYMENT RATE:

Year:	2022	2023
Percentage:	3.4%	4.3%

Source: California Employment Development Department - December 2023 Preliminary Report (Jan 19, 2024 version).

EMPLOYMENT MIX: (Industry)[1]

	2022 Employees	2023 Employees
Professional and Business Services	291,700	281,600
Government[2]	249,500	255,800
Educational and Health Services	235,000	245,500
Trade, Transportation and Utilities	228,700	231,500
Leisure and Hospitality	200,900	211,000
Manufacturing	118,500	115,700
Construction	88,200	90,900
Financial Activities	76,000	78,800
Other Services	56,600	58,500
Information Technology	22,200	21,400
Farming	8,800	8,900
Mining and Logging	400	400
Total	**1,576,500**	**1,600,000**

[1]Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, and household domestic workers.
[2]Excludes the U.S. Department of Defense.
Source: California Employment Development Department - December 2023 Preliminary Report (Jan 19, 2024 version).

TOP EMPLOYERS:

	2023 Employees
County of San Diego	>10,000
32nd St Naval Station	>10,000
Collins Aerospace	>10,000
MCCS MCRD San Diego Marine Corps	>10,000
University of California	>10,000
Kaiser Permanente Vandever Med	5,000-9,999
San Diego Community College	5,000-9,999
UC San Diego Health	5,000-9,999
Merchants Building Maintenance	1,000-4,999
Page One Seo	1,000-4,999
Scripps Research Institute	1,000-4,999
SDG&E	1,000-4,999
Sharp Memorial Hospital	1,000-4,999
Sony Electronics, Inc.	1,000-4,999
VA San Diego Healthcare System	1,000-4,999
General Dynamics NASSCO	1,000-4,999
Illumina Inc.	1,000-4,999
Rady Children’s Hospital	1,000-4,999
Scripps Mercy Hospital San Diego	1,000-4,999
Seaworld San Diego	1,000-4,999
Sharp Grossmont Hospital	1,000-4,999

Source: Moody's Analytics November 2023 and County of San Diego, Office of Financial Planning.

CONSUMER PRICE INDEX:			
Year:	2021	2022	2023
Amount:	319.76 (5.2% increase)	344.42 (7.7% increase)	362.02 (5.1% increase)

Source: U.S. Department of Labor, Bureau of Labor Statistics (CPI-U for the San Diego-Carlsbad Metropolitan Area, not seasonally adjusted, annual).

MEDIAN HOUSEHOLD INCOME[1]:						
Year:		2020[1]		2021[1]		2022[1]
Amount:	$	82,426	$	88,240	$	96,974

[1]Each amount adjusted annually for inflation according to its respective year.
Source: U.S. Census Bureau

MEDIAN HOME PRICE[1]:						
Year:		January 2022		January 2023		December 2023
Single Family Homes	$	882,500	$	849,000	$	949,000
Attached Homes	$	587,500	$	590,000	$	650,000

[1]Median price of all single family and attached homes sold.
Source: San Diego Regional Chamber of Commerce.

TOP TEN PROPERTY TAXPAYERS:		
		2023
San Diego Gas & Electric Company	$	211,673,752
Qualcomm Inc.	$	32,762,737
Kilroy Realty, LP	$	12,671,458
Irvine Co.	$	11,285,894
UTC Venture, LLC	$	10,862,821
Host Hotels and Resorts, LP	$	10,295,713
Pacific Bell Telephone Co.	$	9,351,343
BSK Del Partners, LLC	$	8,811,231
Sorrento West Properties Inc	$	7,495,132
Fashion Valley Mall LLC	$	6,745,407

Source: County of San Diego, Auditor and Controller, Property Tax Services Division as of June 30, 2023.

FISCAL YEAR 2023–24 ASSESSED VALUATION:	$679.3 billion

Source: San Diego County Assessor/Recorder/County Clerk (Gross less regular exemptions).

ESTIMATED TOTAL HOUSING UNITS:	1,247,318

Source: U.S. Census Bureau, San Diego County Housing Units, July 1, 2022 (V2022).

LAND USE: (in descending order)[1]

	2022 Acres
Parkland	1,414,058
Vacant or Undeveloped Land	557,726
Residential	384,416
Public/Government	119,654
Agriculture	110,443
Other Transportation	109,597
Commercial/Industrial	34,269
Total	**2,730,163**

[1]The acres available for land use may vary year to year due to survey updates that include tide level changes.
Source: San Diego Association of Governments.

AGRICULTURAL PRODUCTION:

		2022 Value	2022 Acres
Nursery & Flower Crops (e.g., indoor plants, trees & shrubs, bedding plants, cut flowers, etc.)	$	3,237,536	—
Fruit & Nut Crops (e.g., avocados, citrus, berries, etc.)	$	3,954,751	176,234
Vegetable Crops (e.g., tomatoes, herbs, mushrooms, etc.)	$	306,016,589	23,993
Livestock & Poultry Products (e.g., chicken eggs, milk, etc.)	$	113,812,477	—
Livestock & Poultry (e.g., cattle & calves, chickens, hogs & pigs, etc.)	$	94,389,528	—
Field Crops (e.g., pastures, ranges, hay, etc.)	$	1,219,074,411	11,089
Apiary (e.g., honey, pollination, bees & queens, etc.)	$	874,795	—
Timber Products (e.g., firewood and timber)	$	129,829,054	3,122
Grand Totals	**$**	**1,871,189,141**	**214,438**

Source: San Diego County Agricultural Commissioner/Sealer of Weights & Measures.

MAJOR MILITARY BASES AND INSTALLATIONS:

	City
Marine Corps Air Station Miramar (3rd Marine Aircraft Wing)	San Diego
Marine Corps Base Camp Pendleton (largest West Coast expeditionary training facility)	North County
Marine Corps Recruit Depot San Diego	San Diego
Naval Base Coronado (including Naval Air Station North Island and Naval Amphibious Base)	Coronado
Naval Base Point Loma (Naval Information Warfare Systems Command or NAVWAR)	San Diego
Naval Medical Center San Diego	San Diego
Naval Base San Diego (principal home port of the Pacific Fleet)	San Diego
United States Coast Guard Sector San Diego	San Diego

Source: Department of Defense facilities websites.

TOURIST ATTRACTIONS:

Anza-Borrego Desert State Park[1], Borrego Springs	Mount Soledad Veterans Memorial, La Jolla
Balboa Park and Museums, San Diego	Old Town San Diego State Historic Park, San Diego
Birch Aquarium at Scripps, La Jolla	Palomar Observatory, Palomar Mountain
Coronado Island and the Hotel Del Coronado, Coronado	Point Loma and Cabrillo National Monument, San Diego
Del Mar Racetrack, Del Mar	San Diego Zoo Safari Park, Escondido
Gaslamp Quarter National Historic District, San Diego	San Diego Zoo, San Diego
La Jolla Cove and Children's Pool Beach, La Jolla	Seaport Village, San Diego
Legoland California, Carlsbad	SeaWorld San Diego, San Diego
Maritime Museum, San Diego	Sesame Place, Chula Vista
Mission Bay, San Diego	Torrey Pines State Beach & Reserve, San Diego
Mission Beach and Belmont Park, San Diego	USS Midway Museum, San Diego

[1]Anza-Borrego Desert State Park is primarily in San Diego County but also in Imperial and Riverside Counties.
Source: San Diego Tourism Authority.

TOTAL VISITORS 2023: 31,703,883

Source: San Diego Tourism Authority. San Diego Visitor Industry Summary (calendar year through 2023).

San Diego County Profile and Economic Indicators

History & Geography

San Diego County became one of California's original 27 counties on February 18, 1850, shortly after California became the 31st State in the Union. The County functions under a Charter adopted in 1933, including subsequent amendments. At the time of its creation, San Diego County comprised much of the southern section of California. The original boundaries included all of modern San Diego County, along with portions of what are now Imperial, Riverside, San Bernardino and Inyo counties.

The original territory of nearly 40,000 square miles was gradually reduced until 1907, when the present boundaries were established. Today, San Diego County covers 4,526 square miles, an area approximately the size of the State of Connecticut, extending 70 miles along the Pacific Coast from Mexico to Orange County and inland 75 miles to Imperial County along the southern international border shared with Mexico. Riverside and Orange counties form the northern border. It is the most southwestern county in the contiguous 48 States.

For thousands of years, Native Americans have lived in the San Diego region. We have the largest number (18) of federally recognized Tribal Nations of any county in the United States. They have traditionally belonged to four cultural groups: the Kumeyaay (or Diegueño), the Luiseño (or Payómkawichum), Cahuilla and Cupeño (or Kuupangaxwichem).

The explorer Juan Rodriguez Cabrillo arrived by sea in the region on September 28, 1542. Although he named the area San Miguel, it was renamed 60 years later by Spaniard Sebastian Vizcaino. He chose the name San Diego in honor of his flagship and, it is said, his favorite saint, San Diego de Alcalá.

San Diego County enjoys a wide variety of climate and terrain, from coastal plains and fertile inland valleys to mountain ranges and the Anza-Borrego Desert. The Cleveland National Forest occupies much of the interior portion of the County. The climate is mild in the coastal and valley regions, where most resources and population are located. The average annual rainfall totals roughly 10 inches on the coast and more than 33 inches in the inland mountains.

County Population

San Diego County is the southernmost major metropolitan area in the State. The State of California Department of Finance released its population estimate in May 2023, which estimated population as of January 1, 2023. The County's population estimate was 3.27 million; when compared to the prior year, this was a decline of 0.53 percent or 17,500. The decrease is likely driven by individuals relocating to other parts of the United States likely influenced by the shift towards remote work arrangements (Department of Finance, E1 Press Release, May 1, 2023).

San Diego County is the second largest county by population in California and the fifth largest county by population in the nation, as measured by the U.S. Census Bureau based on the 2022 population estimate. Population estimates from the San Diego Association of Governments (SANDAG) for the year 2035 indicate that the San Diego regional population will grow to approximately 3.62 million, a 28.7 percent increase from calendar year 2000 and an increase of 10.1 percent compared to 2022.

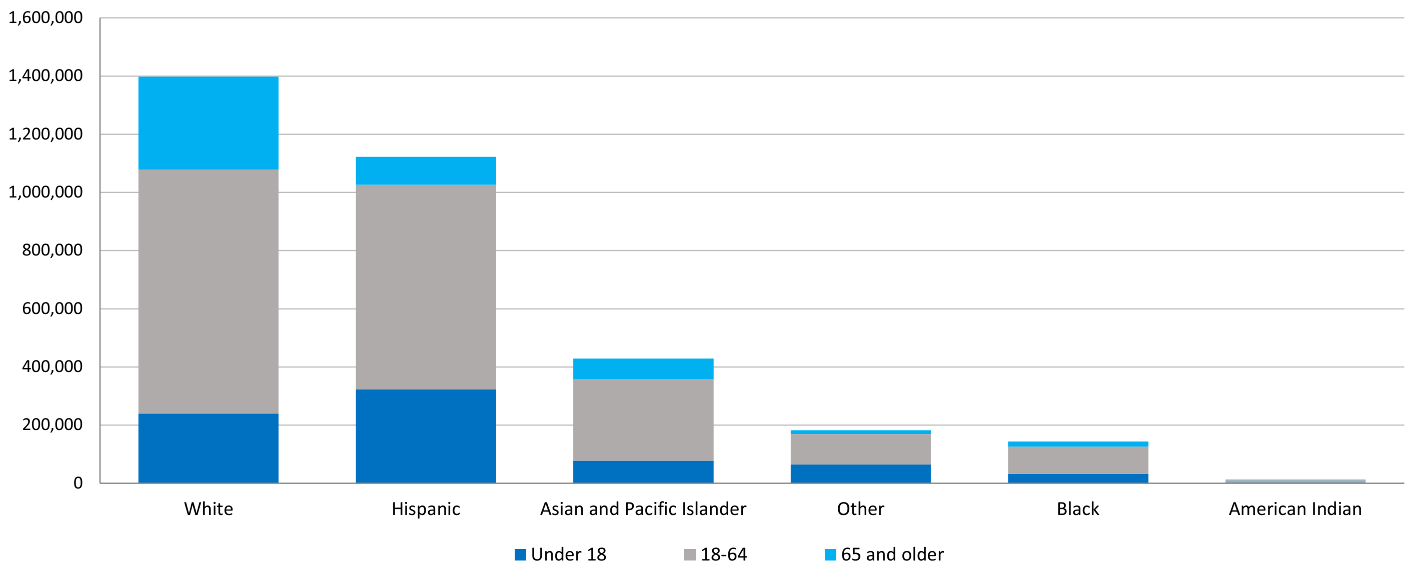
SAN DIEGO COUNTY POPULATION:

	2000	2022	2023	Year Incorporated
Carlsbad	78,247	115,585	114,549	1952
Chula Vista	173,556	276,785	274,784	1911
Coronado	24,100	22,277	22,150	1890
Del Mar	4,389	3,929	3,903	1959
El Cajon	94,869	105,638	104,619	1912
Encinitas	58,014	61,515	61,085	1986
Escondido	133,559	150,679	149,799	1888
Imperial Beach	26,992	26,243	25,864	1956
La Mesa	54,749	60,472	60,418	1912
Lemon Grove	24,918	27,242	27,420	1977
National City	54,260	61,471	60,974	1887
Oceanside	161,029	173,048	171,063	1888
Poway	48,044	48,759	48,483	1980
San Diego	1,223,400	1,374,790	1,368,395	1850
San Marcos	54,977	93,585	94,530	1963
Santee	52,975	59,015	59,227	1980
Solana Beach	12,979	12,812	12,784	1986
Vista	89,857	100,291	99,835	1963
Unincorporated	442,919	513,170	509,873	1850
Total	**2,813,833**	**3,287,306**	**3,269,755**	

Source: U.S. Census - 2010 data, California Department of Finance 2022 estimate as of May 2, 2022 and California Department of Finance 2023 estimate as of May 2, 2023 estimate

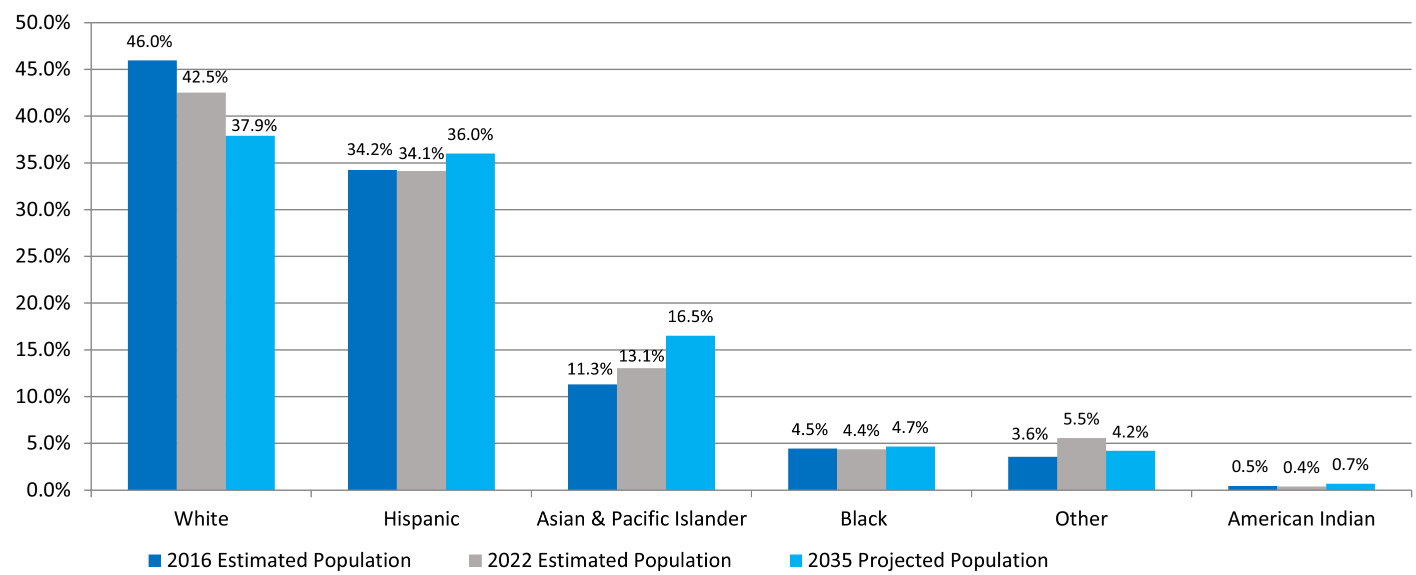
The accompanying charts show the most recent race, ethnicity and age composition for the regional population as well as the change in the region's historical racial and ethnic composition projected to 2035. SANDAG projects that in 2035, San Diego's population will continue to grow in its diversity with: 37.9 percent White; 36.0 percent Hispanic; 16.5 percent Asian and Pacific Islander; 4.7 percent Black; and 4.9 percent all other groups including American Indian. A significant growth in the region's Asian and Pacific Islander population and a decline in the region's White population is seen in this projection.

San Diego County Population Distribution by Race, Ethnicity and Age
2022 Total Population: 3,287,306



Source: San Diego Association of Governments 2022 Demographic & Socio Economic Estimates, as of February 2024 reflects latest data available

San Diego County Population Distribution by Race and Ethnicity
2012, 2022 and 2035 Projection
Percentage of Total Population

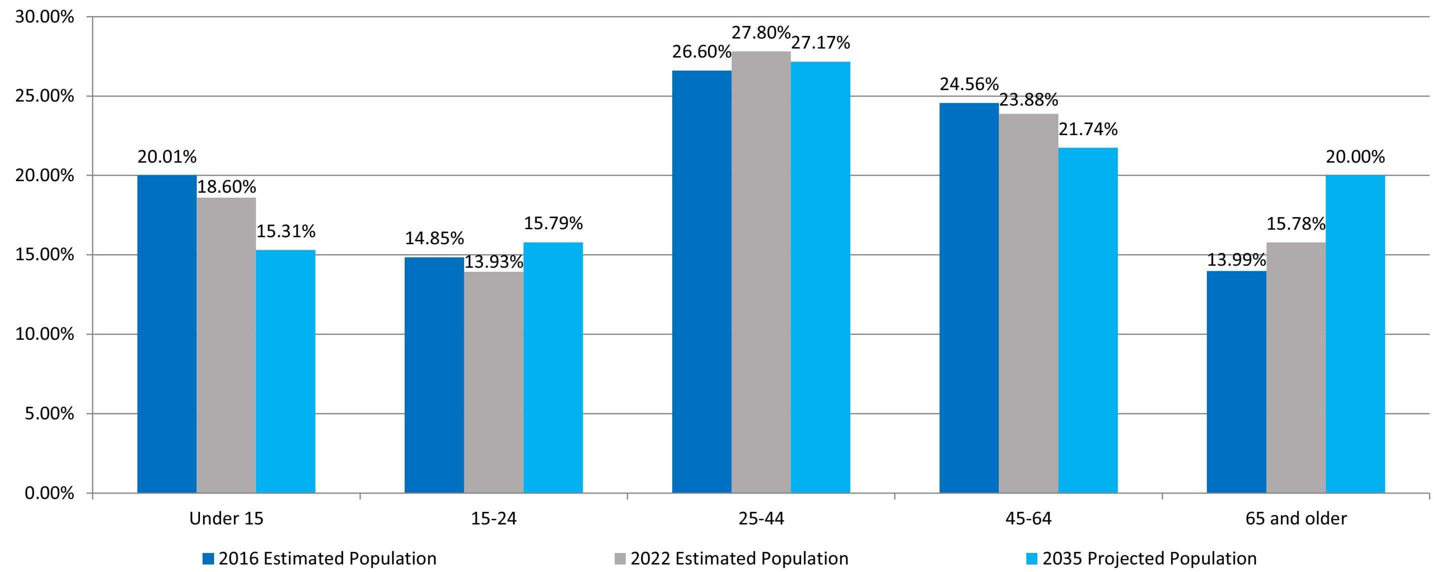


Note: Percentages represent the share of each group compared to the total population and the sum of individual percentages may not total 100% due to rounding.
Source: San Diego Association of Governments 2022 Demographic & Socio Economic Estimates and Series 14 Regional Growth Forecast, as of February 2024 reflects latest data available

The accompanying chart shows the change in regional population trends in various age segments, with the number of individuals under 15 years of age, aged 25 to 44, and aged 45 to 64 to decline from the 2022 estimates, and the number of individuals aged 15 to 44 and 65 and older estimated to increase by 2035. San Diego County's population has grown approximately 0.5 percent annually on average since 2009. As presented in the accompanying chart, the population declined in 2021 which was mostly due to net domestic migration, before trending slowly up. As of July 2023, the population showed a slight year over year increase, primarily driven by natural increase (local birth minus death) followed by individuals moving into the San Diego region from foreign locations. However, there continues to be a decline in net domestic migration.

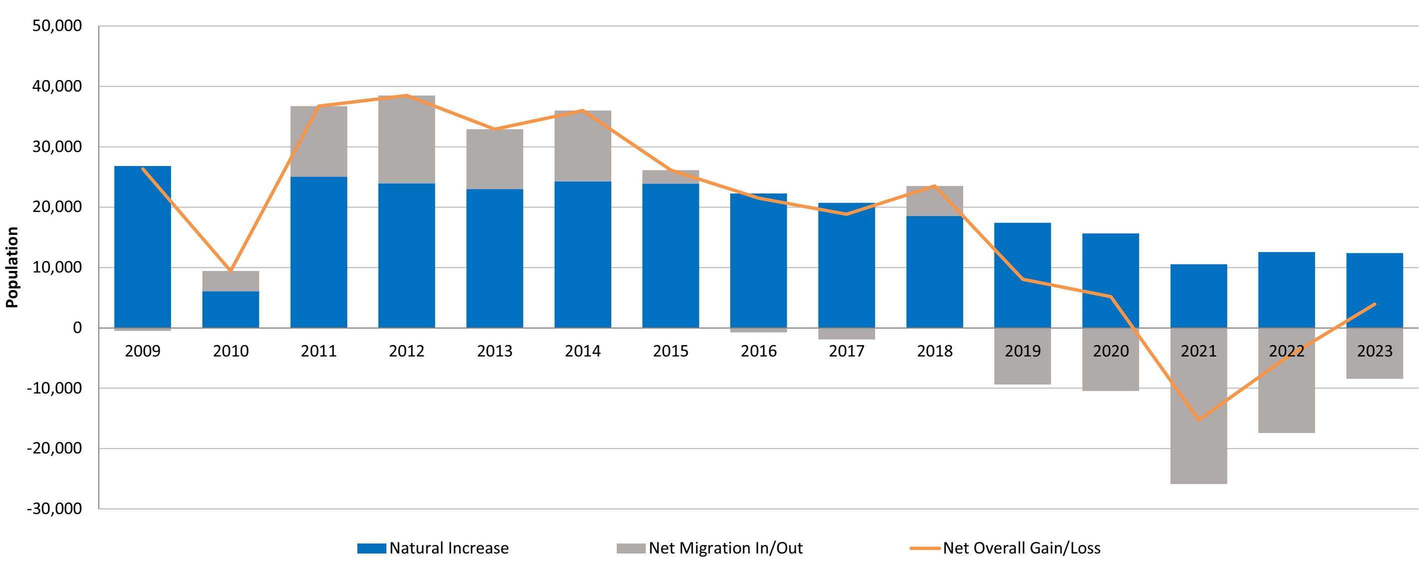
San Diego County Population Distribution by Age

2016, 2022 and 2035 Projection



Note: Percentages represent the share of each group compared to the total population and the sum of individual percentages may not total 100% due to rounding.
Source: San Diego Association of Governments 2022 Demographic & Socio Economic Estimates and Series 14 Regional Growth Forecast, as of February 2024 reflects latest data available

San Diego County Population Change: 2009 through 2023



Note: Natural Increase consists of Births minus Deaths. Net Migration is a measure of people moving into and away from San Diego County, both foreign and domestic. San Diego County Population Change data is on a fiscal year basis beginning July 1st. Prior year data is restated.
Source: California Department of Finance E-6 Report: Population Estimates and Components of Change by County - July 1, 2020-2023.

Economic Indicators

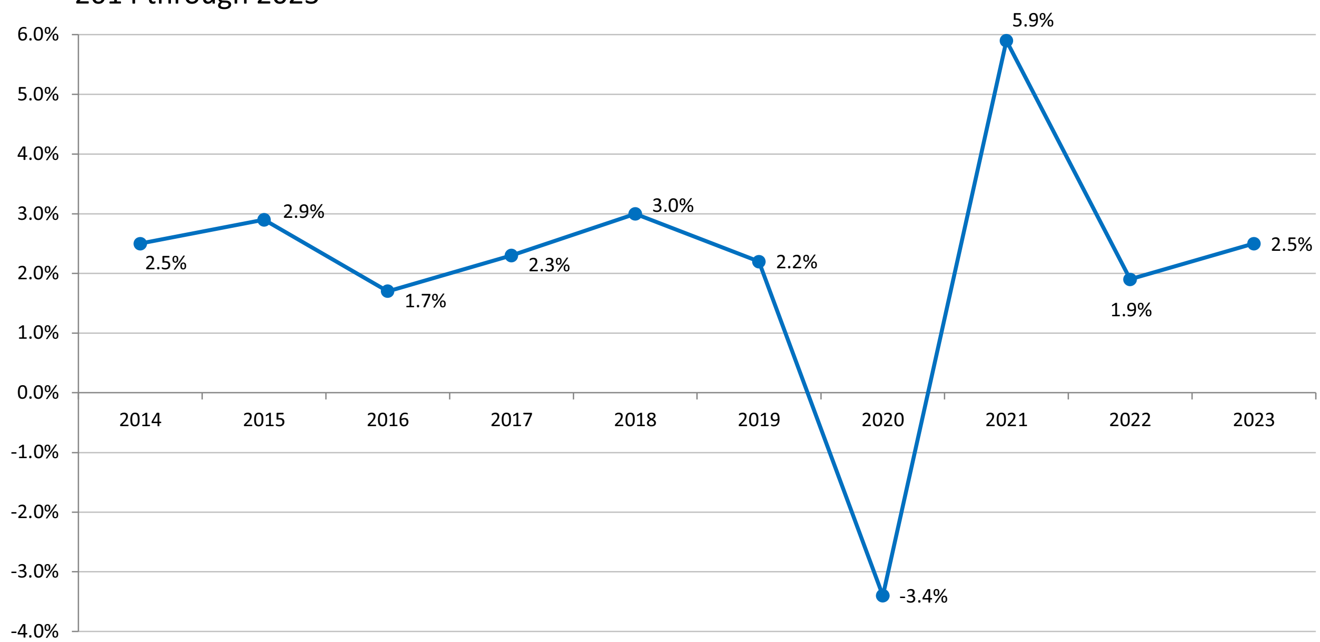
U.S. Economy

Gross domestic product (GDP) is one of the main indicators of the health of the nation's economy, representing the net total dollar value of all goods and services produced in the U.S. over a given time period. See the accompanying chart for a historical comparison of GDP over the past ten years. GDP growth is driven by a variety of economic factors, including personal consumption expenditures, gross private domestic investment, net exports of goods and services and government consumption expenditures and gross investment.

According to the U.S. Department of Commerce Bureau of Economic Analysis (BEA), the advance estimate of real GDP in 2023 increased 2.5 percent (from the 2022 annual level to the 2023 annual level), compared to the increase of 1.9 percent in 2022 (Bureau of Economic Analysis [BEA], Gross Domestic Product Fourth Quarter and Year 2023 [Advance Estimate], January 2024). According to the BEA, the increase in real GDP in 2023 primarily reflected increases in consumer spending, business investment, state and local government spending, exports, and federal government spending that were partly offset by decreases in residential fixed investment and inventory investment (ibid). Quarter over quarter, the percent changes in 2023 also shows increases in GDP and was strong in the third quarter with an increase of 4.9 percent before decelerating in the fourth quarter but still at an increase of 3.3 percent (ibid).

In the last couple of years, many economists predicted the possibility of a recession due to elevated inflation and high interest rates, but that possibility has now faded. According to the Beacon Outlook, the running economic narrative is becoming more optimistic about the year ahead, while the economic reality is looking less so (The Beacon Outlook United States, Winter 2024). Beacon Economics doesn't see 2023 as being a positive turning point for the economy, as the narrative suggests. Rather it was a year where the economy experienced another surge of growth largely fueled by excessive high values, excessive amounts of on hand household cash, and the stimulus effect of the widening Federal budget deficit. All of these forces are weakening, and as such, so is consumer spending (ibid). The UCLA Anderson Forecast also expects a weaker 2024 with real GDP growth at 1.9 percent in 2024 and 1.5 percent in 2025 (UCLA Anderson Forecast, December 2023 Economic Outlook). Quarter over quarter, UCLA Anderson forecast three quarters of 1 percent growth which then accelerates back to the 2.5 percent trend growth by the end of 2025 (ibid).

U.S. Gross Domestic Product Annual Percent Change
2014 through 2023



Notes: The percent change in Gross Domestic Product (GDP) is measured by calendar year based on chained 2012 dollars. For 2023, GDP is an estimate based on source data that are incomplete or subject to further revision by the source agency. Prior year data is restated except 2022.
Source: Bureau of Economic Analysis

According to the minutes of the January 30–31, 2024 meeting of the Federal Open Market Committee (FOMC) of the Federal Reserve ("the Fed"), growth in U.S. GDP was solid in the fourth quarter of 2023 but had stepped down from the third quarter's strong pace. Labor market conditions continued to be tight but showed further signs of easing. Consumer price inflation had declined markedly over the course of the year, though it remained above 2 percent (Minutes of the Federal Open Market Committee, January 30–31, 2024). The Fed has incrementally hiked the federal funds rate since April 2022 as it seeks to achieve maximum employment and return inflation to 2 percent over the longer run. In support of these goals, the Committee decided to maintain the federal funds rate to 5-1/4 to 5-1/2 percent. Per the Fed, in considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainable toward 2 percent (ibid). The Federal Reserve Board has projected the Federal funds rate to decrease to 4.6 percent in 2024, 3.6 percent in 2025 and 2.9 percent in 2026 (Federal Reserve System. Summary of Economic Projections, December 14, 2023).

The Federal Government produces two major inflation measures for consumption goods and services, the Consumer Price Index (CPI) and the Personal Consumption of Expenditures (PCE). Positive changes in these indexes are recorded as inflation. The Consumer Price Index (CPI), produced by the Bureau of Labor Statistics (BLS), is the most widely used aggregate price index, as well as the major source of information. According to the BLS, the Consumer Price Index for All Urban Consumers (CPI-U) for all items increased 3.1 percent for the 12 months ending January before seasonal adjustment, a smaller increase than December at 3.4 percent (Bureau of Labor Statistics News Release, Consumer Price Index, January 2024). The shelter index which increased 6.0 percent over the last year, accounting for over two thirds of the total 12-month increase in the all items less food and energy. In contrast, the energy index fell 4.6 percent over the past 12 months. The gasoline index decreased 6.4 percent, the natural gas index declined 17.8 percent, and the fuel oil index fell 14.2 percent over this 12-month span (ibid). UCLA Anderson forecast a CPI of 3.1 in 2024 and 2.8 in 2025 (UCLA Anderson Forecast, December 2023 Economic Outlook). The second major measurement of inflation, the Personal Consumption Expenditures index, is produced by the Bureau of Economic Analysis and is the Fed's preferred measure of inflation. According to the BEA, PCE price index for December increased 2.6 percent from the same month one year ago, reflecting increases in both goods and services (Bureau of Economic Analysis [BEA], Personal Income and Outlays December 2023, January 26, 2024). The Fed forecast PCE at 2.4 percent in 2024, 2.1 percent in 2025, and 2.0 percent in 2026 (Federal Reserve System, Summary of Economic Projections, December 13, 2023).

With regards to energy prices, the GasBuddy Fuel Price Outlook states that the U.S. oil production reached record-setting levels in 2023, as U.S oil producers continued slowly raising output as oil prices remained conducive to bringing online additional production (GasBuddy Fuel Price Outlook 2024). GasBuddy further states, “however, while global refinery capacity has improved, robust growth in the global economy could pose a rising risk, gobbling up the newly added capacity” (ibid). Patrick De Haan, the Head of Petroleum Analysis for GasBuddy, says “as 2023 fades away, I'm hopeful those $5 and $6 prices for gasoline and diesel will also fade into memory. The global refining picture continues to improve, providing more capacity and peace of mind that record-setting prices will stay away from the pump this year. 2024 will feature some volatility, unexpected outages and disruptions, and potentially weather-related issues, but I do not expect it to feature record prices anywhere” (ibid). The U.S Energy Information Administration (EIA) projects that gas prices will decline in the following years. Retail gasoline price is forecasted to decline nearly 20 cents to $3.31 in 2024 and will remain the same in 2025 (U.S. Energy Information Administration, Short-Term Energy Outlook, February 2024).

In the housing market, the U.S. Department of Housing and Urban Development (HUD) January monthly update shows the activity in housing was mixed overall. The Federal Housing Finance Agency (FHFA) seasonally adjusted purchase-only house price index for November estimated that home values rose 0.3 percent month-over-month and 6.6 percent year-over-year, up from an annual gain of 6.3 percent in October (U.S. Department of Housing and Urban Development, Housing Market Indicators Monthly Update, January 2024). With respect to home sales, purchases of new single-family homes, which are based on purchase agreements, increased 8.0 percent month-over-month in December and were 4.4 percent higher year-over-year. As for existing homes, the National Association of REALTORS® reported that December sales of existing homes decreased 1.0 percent month-over-month in November and were down 6.2 percent year-over-year. Because existing home sales are based on closings, December sales reflect contract signings in October and November. For all of 2023, existing home sales in 2023 dropped 18.7 percent and were the slowest pace since 1995 (ibid). According to HUD, mortgage financing became more expensive as the Federal Reserve raised interest rates. House prices peaked in June 2022 and began to decline modestly, as the higher rates put downward pressure on prices. But that trend reversed itself in February 2023 as current owners became increasingly reluctant to sell (ibid).

The 30-year fixed rate mortgage rate (FRM) rose steadily in 2022 reaching a high of 7.08 percent in November 2022 and then trended down to a low of 6.09 percent in February 2023 as inflation appeared to be retreating. Mortgage rates climbed again, peaking at 7.79 percent in October 2023, as indications of economic strength put upward pressure on rates, but have descended since with the slowing of inflation (ibid). In the latest Freddie Mac mortgage rate report, the 30-year FRM reached an average weekly high in February of 6.90 percent for the week ending February 23, 2024 (Freddie Mac, Primary Mortgage Market Survey, February 22, 2024). The Mortgage Bankers Association (MBA) forecast is that the average 30-year FRM will decrease to 6.1 percent in 2024 compared to the average in 2023 of 7.3 percent, and will continue to decrease to 5.5 percent in 2025, and 5.4 percent in 2026 (MBA Mortgage Finance Forecast, February 20, 2024). Focusing on 2024, MBA predicts that the 30-year FRM will hold steady at 6.9 percent in the first quarter which is a decrease compared to the fourth quarter of 2023 (7.3 percent), and will continue to decrease to 6.6 percent in the second quarter, 6.3 percent in third quarter, and 6.1 percent in the fourth quarter of 2024 (ibid).

As for unemployment, the national unadjusted unemployment rate in 2023 remained steady at 3.6 percent reflecting no change from the year prior. Starting the year of 2024, the unemployment rate rose to 4.1 percent in January. (Bureau of Labor Statistics, [Unadj] Unemployment Rate Series extracted on February 23, 2024). According to the UCLA Anderson Forecast, the recent rise in unemployment can be traced in the main to new entrants to the labor market rather than layoffs. The layoff rate as measured by the ratio of new unemployment claims to payroll employment is at historically low levels. However, slower growth in the economy in 2024 will result in fewer new jobs and therefore, an increase in the unemployment rate (UCLA Anderson Forecast, December 2023 Economic Outlook). The Federal Reserve Board has projected unemployment rate to increase to 4.1 percent in 2024 and remain at 4.1 percent in 2025, and 2026 (Federal Reserve System, Summary of Economic Projections, December 13, 2023).

Taken together, the signs point to a slowing national economy in 2024 and 2025 (Los Angeles Economic Development Corporation, LAEDC 2024 Economic Forecast, February 2024). While a recession is not expected in the next two years, it cannot be ruled out. This likelihood can also be influenced positively and negatively by external factors, such as ongoing geopolitical conflicts, which reinforces that nothing is certain (ibid).

California Economy

California's economy is large and diverse, with global leadership in innovation-based industries including information technology, aerospace, entertainment, and biosciences. A global destination for millions of visitors, California supports a robust tourism industry, and its farmers and ranchers provide for the world. California accounts for more than 14 percent of the nation's GDP which is, by far, the largest of any State according to the BEA (Gross Domestic Product by State, 3rd Quarter 2023, December 22, 2023). Even though recession worries have faded, increased military activity abroad and a sense of greater geopolitical risk have kept uncertainty about the future high (UCLA Anderson Forecast, December 2023 Economic Outlook). These uncertainties combined with a slower growing U.S. economy in 2024 leads to a slower-growing California economy (ibid). In 2023, economic growth in California was an estimated 1.9 percent, notably lower than the national rate of 2.5 percent (Los Angeles Economic Development Corporation (LAEDC), LAEDC 2024 Economic Forecast, February 2024).

The State of California has been experiencing budget turbulence over the past year, shifting from a historic surplus of nearly $100 billion to a substantial deficit within one year. According to the 2024–25 Governor's proposed budget released on January 10, 2024, California now faces a $37.9 billion deficit, while the Legislative Analyst's Office (LAO) suggests an even higher deficit of $73 billion. The State's GDP growth is anticipated to slow to about 1.7 percent in 2024 and 1.6 percent in 2025 (ibid). The State is heavily dependent on personal income tax, which accounts for well over half of major general fund money, and which includes volatile capital gains (Beacon Economics, The Beacon Outlook California, Winter 2024). According to Governor Newsom's revised 2023–24 budget proposal released in May, the top 1 percent of income earners paid about half of all personal income taxes in 2021, with more than 11 percent of all personal income tax coming from capital gains during the same year (ibid). Looking beyond Fiscal Year 2024–25, California will likely face continued budget challenges in the coming years. The California Department of Finance (DOF) and the LAO project recurring deficits of around $30 billion annually through 2027–28. On the other hand, if the Federal Reserve cuts interest rates throughout 2024, it could potentially stimulate the real estate market and the growth in other economic sectors in the state (LAEDC, LAEDC 2024 Economic Forecast, February 2024).

In the job market, there are normally two measures of employment considered when analyzing labor markets in California; the household survey metric which counts the number of people employed and the enterprise survey metric which counts the number of payroll jobs. The household survey reports that the number of people employed in October 2023 was just 1.7 percent below the number in the pre-pandemic peak (UCLA Anderson Forecast, December 2023 Economic Outlook). The labor force decline is attributable to retirements, migration out-of-state, and individuals choosing to spend their time in non-market activities such as child raising. Over the same period, California's non-farm payroll jobs increased, and it now exceeds the pre-pandemic level by 482,300 jobs (ibid). In 2023, the non-farm employment added 372,000 wage and salary jobs reaching 18 million jobs, a 2.1 percent increase over 2022 (LAEDC, LAEDC 2024 Economic Forecast, February 2024). Nearly all major industry sectors in California experienced job growth, with the most significant gains in the private sector in private education and health, leisure and hospitality, and professional and business services. The public sector also contributed to the increase. The information sector, however, witnessed substantial job declines with a 3.3 percent drop from 2022, likely attributed to the dual Hollywood strikes and the recent layoffs and hiring slowdown in the tech industry. In the coming years, California's job creation rate is expected to slow. LAEDC forecasts a projected annual growth rate of 1.2 percent in 2024 and a further decrease of growth to 0.7 percent in 2025. This translates to an addition of 211,600 new jobs in 2024 and 123,100 jobs in 2025 (ibid).

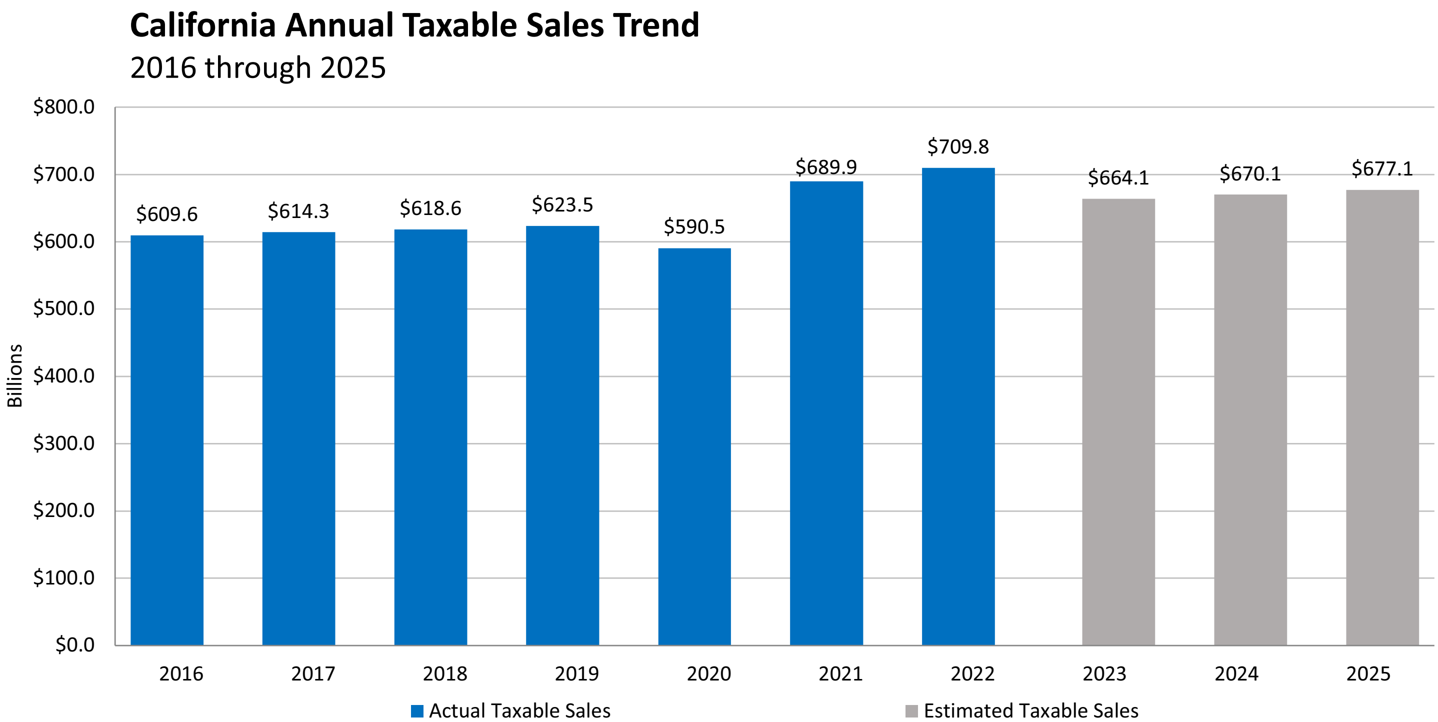
The decline in employment over and above the decline in the labor force has led to an increase in the California unemployment rate. In 2022, California's unemployment rate returned to pre-pandemic levels. However, entering 2023, the State's unemployment rate, starting at 4.2 percent, rose to 5.1 percent in December, marking a one percentage point increase from a year ago. Over the next two years, LAEDC forecast that the annual unemployment rate is anticipated to continue to rise from 4.6 percent in 2023 to 5.0 percent in 2024 and 5.1 percent in 2025. Despite this increase, the unemployment rate remains comparable to pre-pandemic levels and has significantly improved from its peak of 16.1 percent in April 2020 following the onset of the COVID-19 pandemic (ibid).

Today, the challenges facing California's economy are very much the same as they were prior to the pandemic. Housing costs in California have long been higher than the national average. In recent years, these costs have grown substantially—in some cases, growing at historically rapid rates (LAO, California Housing Affordability Tracker, January 2024). Prices for mid-tier homes are more than twice as expensive as the typical mid-tier U.S. home. Perhaps even more importantly for a first-time home buyer, a bottom-tier home in California is now about 33 percent more expensive than a mid-tier home in the rest of the U.S., a gap that has widened over the last decade (ibid). With existing home sales at depression levels, builders are responding with new developments (UCLA Anderson Forecast, December 2023 Economic Outlook). Relative to the rest of the nation, California's new home construction is holding up. Over the first three quarters of 2023 new building permits declines by over 20 percent in the Northeast and in the West excluding California compared to the first three quarters of 2022. The decline was 16.2 percent and 11.3 percent in the Midwest and the South respectively. For California, the decline was only 8.8 percent. UCLA Anderson expects that the new home products in the state and eased permitting will continue to ease the nationwide residential building downturn's impact on the state (ibid). The California Association of Realtors (C.A.R.) sees an increase in existing single-family home sales of 22.9 percent in 2024 to reach 327,100 units, up from the projected 2023 sales figure of 266,200. The 2023 figure is 22.2 percent lower compared with the pace of 342,000 homes sold in 2022 (C.A.R., C.A.R. releases its 2024 California Housing Market, September 30, 2023). Housing supply in 2024 will remain below the norm despite a projected increase in active listings of between 10 percent to 20 percent, as market conditions and the lending environment continue to improve (ibid).

According to the UCLA Anderson Forecast, the higher mortgage rates should have sent prices lower. Though home prices are lower than their previous peak with the median price of existing single-family homes sold declining on a seasonally adjusted basis by 5.5 percent from May of 2022, they have been climbing since December (UCLA Anderson Forecast, December 2023 Economic Outlook). The California median home price is forecast to rise 6.2 percent to $860,300 in 2024, following a projected 1.5 percent dip to $810,000 in 2023 from $822,300 in 2022. A persistent housing shortage and a competitive housing market will continue to put upward pressure on home prices (C.A.R., C.A.R. releases its 2024 California Housing Market, September 30, 2023). In terms of affordability, the annual household income needed to qualify for a mortgage on a mid-tier California home in December 2023 was about $224,000 which is 2.6 times the median California household income in 2022 at $85,300. For a bottom-tier home, nearly $137,000 in annual income is needed to qualify for a mortgage, about 60 percent higher than median household income in 2022 (LAO, California Housing Affordability Tracker, January 2024). For 2024, C.A.R. states that the lower economic growth and cooling inflation will bring down mortgage interest rates in 2024 and create a more favorable market environment to spur California home sales next year. C.A.R. Senior Vice President and Chief Economist Jordan Levine said, "buyers will have more financial flexibility to purchase homes at higher prices, which could generate increased housing demand and result in more upward pressure on home prices" (ibid).

The affordability of rental units is also an important issue when it comes to housing. According to LAO, monthly rents have also grown significantly in recent years, but not as quickly as monthly payments needed to purchase a home (LAO, California Housing Affordability Tracker, January 2024). The monthly rent on a typical property is $2,000 less than a monthly payment on a 2-bedroom home, with costs between buying and renting much higher in high-cost areas of the state (ibid).

With regards to sales tax, California's local one cent Sales & Use Tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after



Note: Taxable sales are stated in calendar year 2017 dollars. Prior year data is restated.
Source: UCLA Anderson Forecast, December 2023

adjusting for accounting anomalies (HdL Companies, San Diego County Sales Tax Update 3Q 2023, January 2024). The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods. Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15 percent lower year-over-year. The general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Spending at building and construction suppliers moderately slowed. As for the autos-transportation sector, despite continued increases of new car registrations, revenue from this sector slipped 2.6 percent. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume. Use taxes remitted via the countywide pools dipped 3.0 percent, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets. Restaurants remained an economic bright spot through summer exhibiting a 2.6 percent gain (ibid). The accompanying chart presents the historical and estimated trend in taxable sales in California.

Overall, the California economy is forecasted to, once again, grow faster than the U.S. but not by much. The risks to the forecast are political, geopolitical and the potential for interest rates to still disrupt the current expansion on the downside (UCLA Anderson Forecast, December 2023 Economic Outlook).

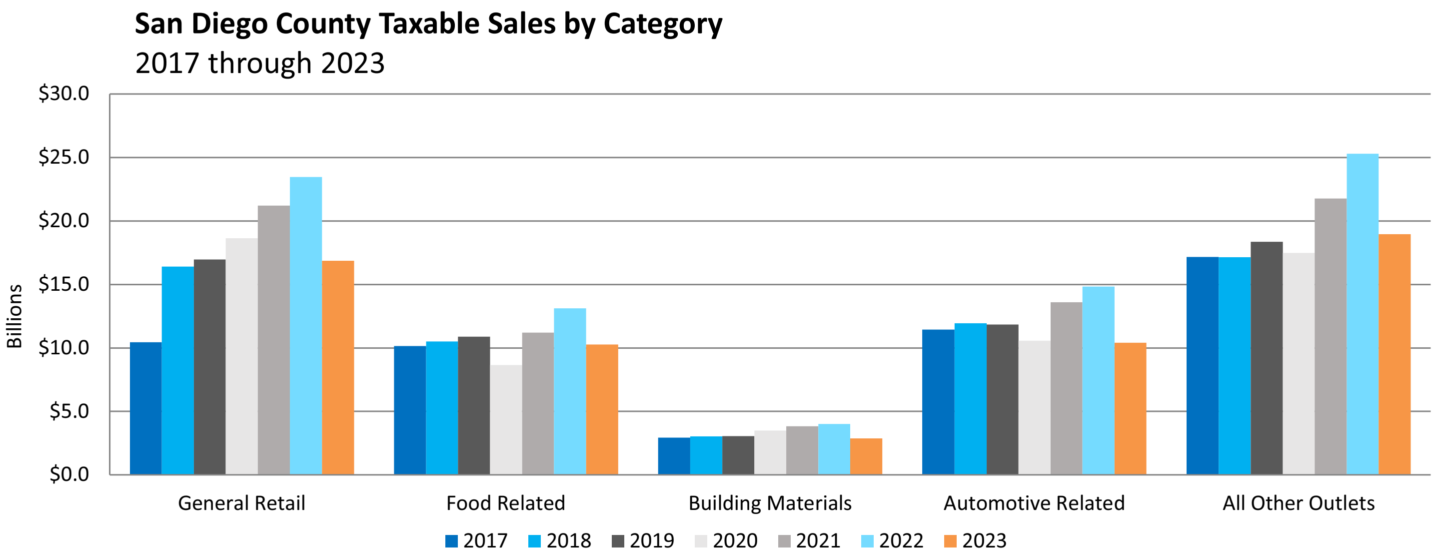
San Diego Economy

As of 2023, the San Diego region is home to more than 3.3 million residents, the second largest county in California accounting for 8.3 percent of the State's population, and fifth largest in the nation in terms of population according to the U.S. Census Bureau (U.S. Census Bureau, County Population Totals: 2020–2022, accessed on February 20, 2024). In 2022, San Diego County accounted for more than $257.3 billion, or 8.1 percent of California's GDP, based on data from the BEA (Bureau of Economic Analysis, Real Gross Domestic Product by County, December 7, 2023). With breakthrough technology companies and research institutes, the largest military concentration in the world and a strong tourism industry, the San Diego region has one of the most dynamic economies in the United States. The region's quality of life attracts a well-educated, talented workforce and well-off retirees which have contributed to local consumer spending.

In the San Diego Business Journal 2024 Economic Trends Preview, Mark Cafferty, President and Chief Executive Officer of the San Diego Regional Economic Development Corporation (EDC), stated that “It's likely 2024 will not be called an easy year. The good news is the San Diego community has a better sense than in past Januarys about where challenges are and the direction the economy is headed” (SDBJ 2024 Economic Trends Preview, January 15, 2024). Cafferty further states that San Diego's economy has “four critical anchors” that position it to do well—Tourism, Innovation, Military and Defense, and the U.S.-Mexico border (ibid). In Tourism, San Diego solidified its position as a top destination in 2023 for both leisure and business travelers with a 10.1% year-over-year growth of 31.7 million visitors, bringing in record-breaking numbers in visitor spending of $14.3 billion and hotel tax revenue collections of $418 million (San Diego Tourism Authority, Annual Report Fiscal Year 2023, and San Diego County Visitor Industry Performance 2023). As the second-largest local industry, tourism remains vital to the San Diego economy, creating 214,000 jobs, delivering a regional economic impact of $23.4 billion (ibid). In Innovation, Juli Moran, San Diego Office Managing Partner of Deloitte, says “our unique community and innovation ecosystem across diagnostics, biotech/biopharmaceuticals and medical technology drove continued growth in the life science San Diego employment base” (SDBJ 2024 Economic Trends Preview, January 15, 2024). San Diego life science employment surpassed 77,770 jobs as medical technology companies based in San Diego continue to experience double-digit growth in revenue and headcount. Mike Krenn, CEO of Connect, says “equally important is the breadth and depth of our innovation cluster.” Krenn further states that “on a macroeconomic perspective, San Diego benefits from having equally strong life sciences and technology sectors.” In the past four years, San Diego companies raised $24 billion dollars in venture capital and is now the fifth biggest venture capital hub in the country. This is a big contrast in comparison to the 10 years prior to 2015 where San Diego companies never raised more than $1.1 billion collectively (ibid). As for defense spending and military jobs, San Diego represents more than 20 percent of the economy and the sector is continuing to experience consistent growth trends in recent years (ibid).

Tracking the consumer activity, Google Mobility analyzes the movement of a community compared to the baseline, which is the median value during the 5-week period from January 3 to February 6, 2020, prior to the COVID-19 pandemic shutdown. In San Diego, retail & recreation, grocery & pharmacy, parks, transit stations and workplaces visits continues to be below the baseline, while residential locations continues to be above the baseline (Google COVID-19 Mobility Report. California Mobility Data, accessed on February 24, 2024). Consumer spending in San Diego increased primarily due to online sales. As of the third quarter of 2023, HDL reports an increase in San Diego County sales tax of 0.9 percent with the unincorporated area increasing at 32.1 percent (HDL Companies, San Diego County Sales Tax Update 3Q 2023, January 2023). The County's substantial sales tax growth is attributed to increased taxpayer allocations in the business and industry group spiking that group 111 percent compared to a year ago. The countywide use-tax pool allocation increased by 22 percent compared to a year ago reflects the county's resultant growth in pool share. As online retailers shift the fulfillment of internet orders from out-of-state to instate fulfillment centers, some revenues shift out of the pools and into direct allocations (ibid). Economist Lynn Reaser says that in 2024, “expect a slower pace of spending for many reasons. These include a lower saving rate, leveling off in wage gains, high interest rates, and less demand for some durable goods. Other downward trends are a resumption of student loan payments and higher delinquencies on sub-prime credit. These trends will be counterbalanced by healthy balance sheets and good worker income leading to continued consumer spending, albeit at a lower pace” (The San Diego Union-Tribune, San Diego in '24: Experts predict higher home prices, January 5, 2024).

When there is an increase in consumer purchases, more sales tax is collected by the County of San Diego. As of the Second Quarter Economic Update to the Board of Supervisors in mid-March, the County was projected to anticipate additional Sales & Use Tax revenue of $15.8 million in Fiscal Year 2023–24. Since the Great Recession, the County's reliance on sales tax revenue has increased. Due to changes in funding and service delivery models by the State, sales tax revenue has become critical to supporting essential program areas in Public Safety, and Health and Human Services through dedicated revenue sources including Proposition 172 and Health and Public Safety Realignment. As of the Second Quarter, the County Proposition 172, and Health and Public Safety Realignment, and Sales & Use Taxes revenues are expected to be lesser than the Fiscal Year 2023–24 budgeted levels by $34.2 million due to lower than expected receipts and



Note: For 2023, Quarter 4 and Annual San Diego Taxable Sales amounts not yet available as of February 2024. 2023 amounts are based on Quarter 1 to Quarter 3 totals. Prior year data is restated.
Source: California Department of Tax and Fee Administration.

public works project schedule changes. Consumer activity also supports the County's program revenue for Behavioral Health through the Mental Health Services Act and road repair activities through the State Gas Tax. As of the Second Quarter, the County Mental Health Services Act and State Gas Tax program revenues are expected to be higher than the Fiscal Year 2023–24 budgeted levels by $5.4 million.

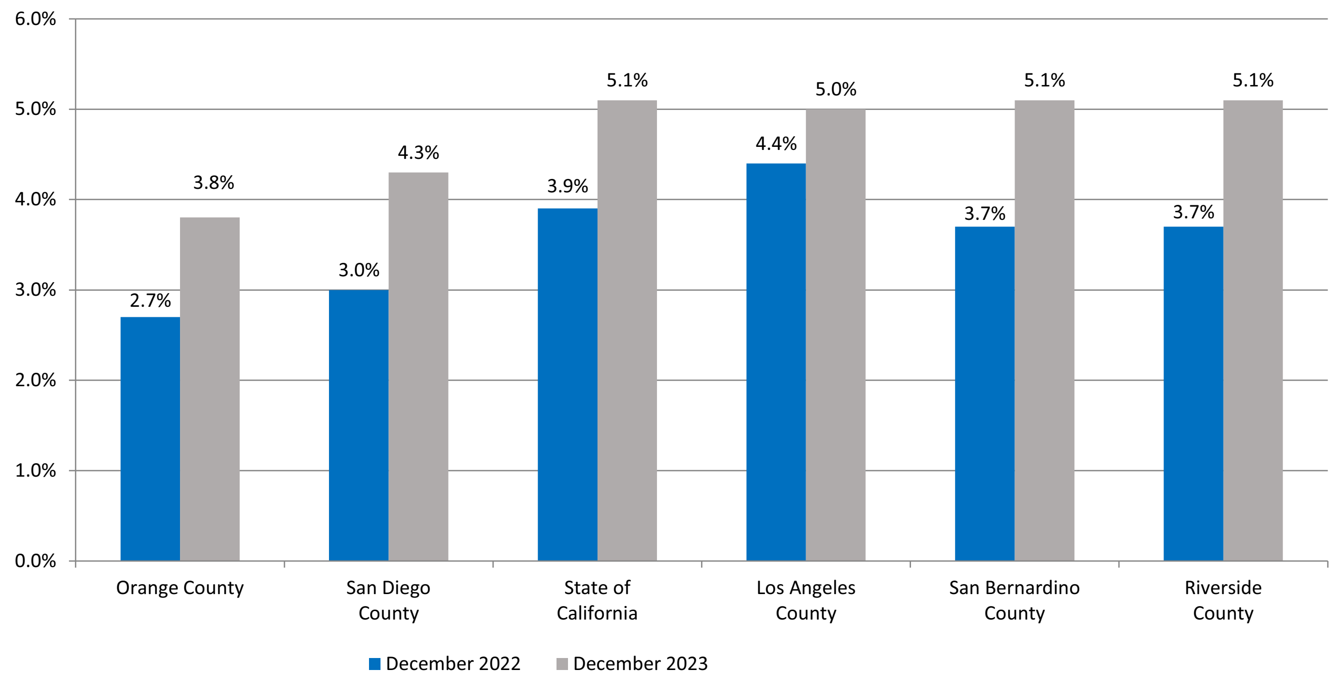
The San Diego County Taxable Sales by Category chart records annual, actual data and does not reflect the discussion above. For 2023, the fourth quarter and annual data has not yet been released and therefore the chart does not reflect an accurate comparison with prior years.

According to the San Diego Tourism Authority, San Diego hotels continued to receive strong demand, placing fourth nationwide in both hotel occupancy and revenue per available room ranked sixth in average daily rate. The region's hotels witnessed a notable 5.5 percent year-over-year increase in average occupancy, reaching 73.7 percent, while average daily rate showed a significant rise of 10.9 percent (San Diego Tourism Authority, Annual Report Fiscal Year 2023). As hotel demand recovers from the effects of the pandemic, so does the County's Transient Occupancy Tax (TOT), the County's hotel room tax collected in the unincorporated area. In Fiscal Year 2022–23, TOT revenue was budgeted at a higher amount assuming a recovery to overall tourism to the region. However, actual TOT revenue came in more than anticipated at 39.1 percent more than was budgeted. In Fiscal Year 2023–24, the TOT revenue was budgeted at an increase of 15.5 percent, and as of Second Quarter of Fiscal Year 2023–24, TOT revenue was expected to be $1.1 million higher than the budget based on prior year receipts and continued growth in the hotel industry and tourism as a whole.

In terms of employment, Kelly Cunningham of the San Diego Institute for Economic Research commented, “While total jobs fully recovered from pandemic shutdowns, employment dynamics continue happening as some sectors thrive and others diminish. As the past year progressed, regional employment appeared to flounder” (The San Diego Union-Tribune, San Diego in '24: Experts predict higher home prices, January 5, 2024). According to the U.S. Bureau of Labor Statistics, San Diego's metro area employment is at 1.59 million jobs as of December 2023, showing an increase of 1.5 percent from December 2022 (U.S. Bureau of Labor Statistics, San Diego Area Economic Summary, February 8, 2024).

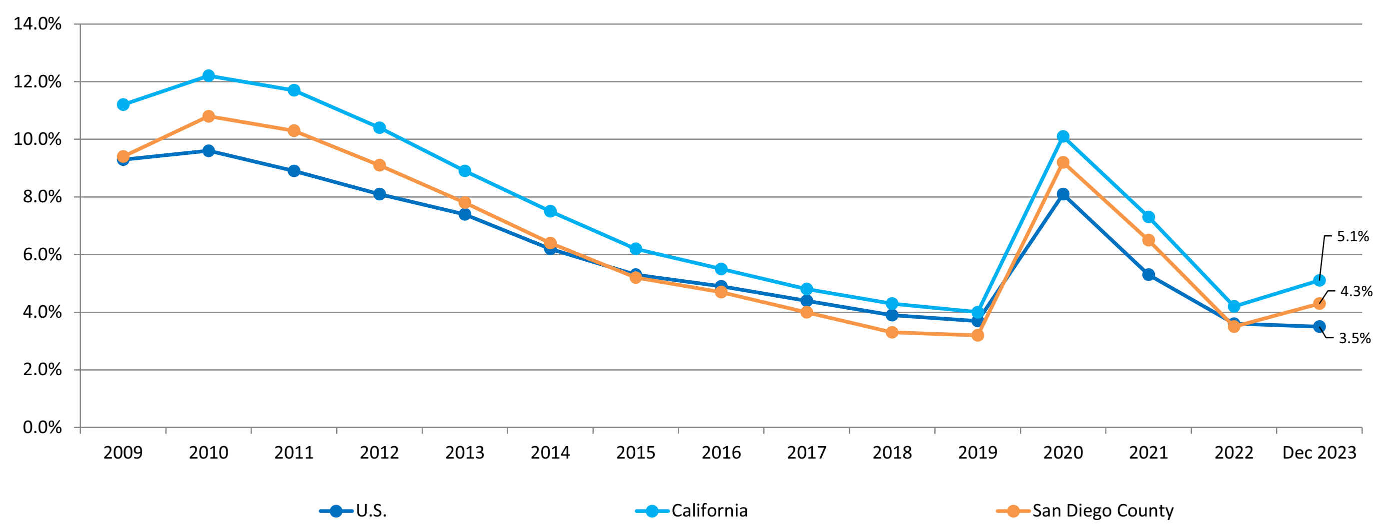
Unemployment rose sharply during the start of the pandemic from 3.2 percent in February 2020 to 16.1 percent in April 2020, and started to slowly decline showing a lowest unemployment rate in May 2022 at 2.9 percent (California Employment Development Department, San Diego-Carlsbad MSA Industry Employment & Labor Force - By Month, accessed on February 24, 2024). In December 2023, the local San Diego unemployment rate was 4.3 percent, up from a revised 4.2 percent in November 2023, and above the year-ago estimate of 3.0 percent. This compares with an unadjusted unemployment rate of 5.1 percent for California and 3.5 percent for the nation during the same period (California Employment Development Department, San Diego-Carlsbad Metropolitan Division Labor Force Data, January 19, 2024). A panel of San Diego business leaders and economists mostly predicted that the unemployment rate would be higher by the end of the year than it is right now, ranging from 3.8 percent to 5.5 percent and averaging at 4.5 percent (The San Diego Union-Tribune, San Diego in '24: Experts predict higher home prices, January 5, 2024). Increase in unemployment constraints

Unemployment Rate Comparison by Select California Regions
December 2022 and December 2023



Source: California Employment Development Department
Note: Data not seasonally adjusted and December 2023 are preliminary numbers

Annual Average Unemployment Rate Comparison
U.S., California and San Diego County
2009 through December 2023



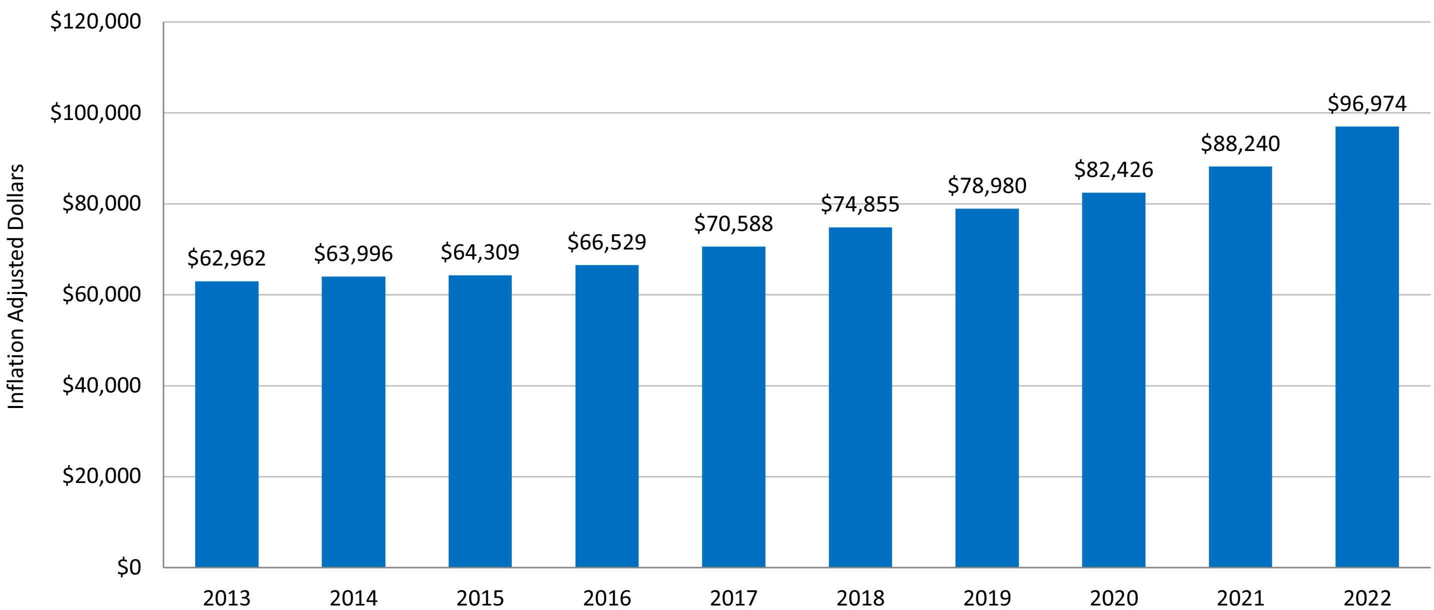
Notes: Unemployment rates are measured by calendar year. For 2023, December 2023 monthly data is shown and is preliminary. Data not seasonally adjusted. Prior year data is restated.
Sources: California Employment Development Department and Bureau of Labor Statistics, U.S. Department of Labor.

consumer spending and associated County revenues, while inversely increasing the County's costs due to demand for the County's essential safety net services that residents rely upon in times of uncertainty and need.

When it came to wages, middle wage San Diego County workers made slightly more than the State average, however low wage on average and high earners made less than the State average in 2022 (California Employment Development Department. Occupational Employment Statistics. accessed March 5, 2023). The chart shows the median household income for San Diego County in 2021 was $96,974 but diminishing factors including inflation and the real estate market can reduce that overall buying power.

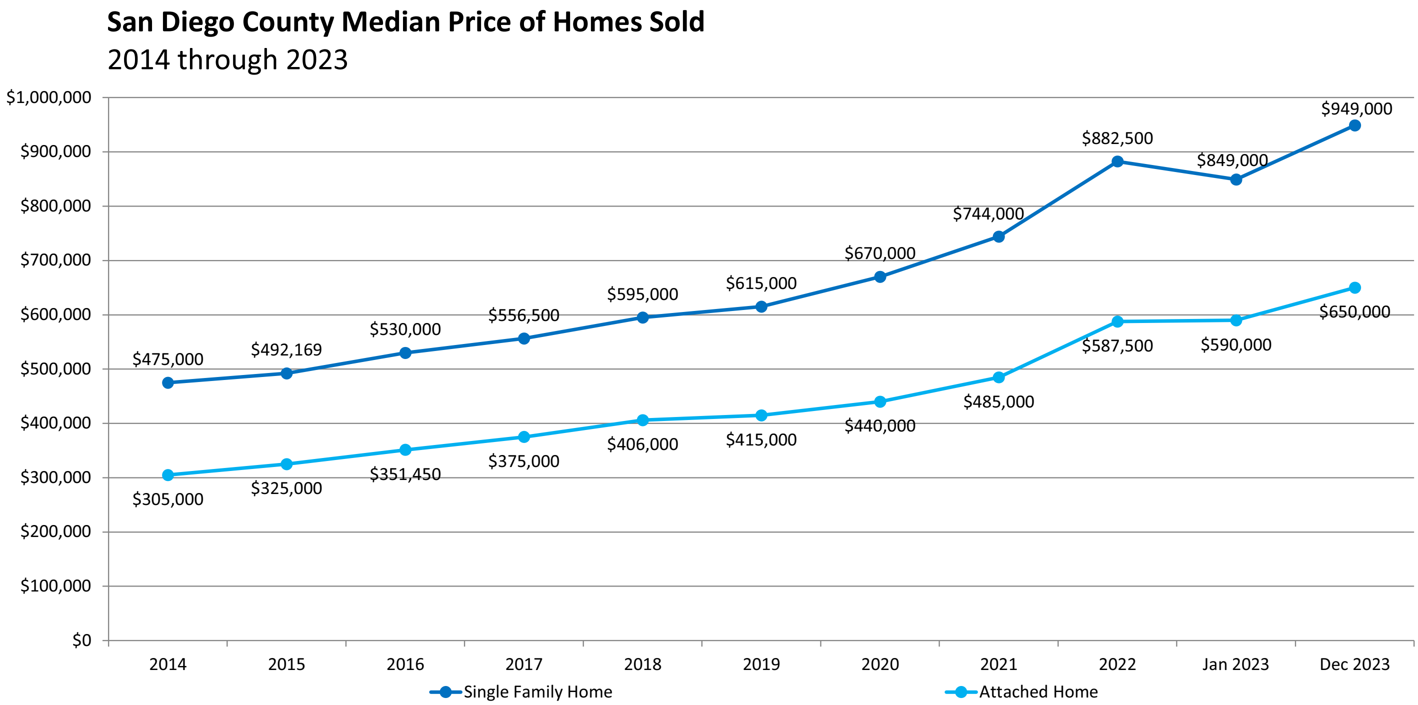
Recent data shows that inflation is slowing down, but it remains elevated, and consumers are still feeling the pressure from high prices. Prices in the San Diego area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), advanced 0.4 percent for the two months ending in January 2024 influenced by higher prices for shelter (Bureau of Labor Statistics, Consumer Price Index, San Diego Area. January 2024). Over the last 12 months, CPI-U increased 3.8 percent. Food prices increased 3.7 percent. Energy prices fell 11.6 percent, largely the result of a decrease in the price of natural gas service. The index for all items less food and energy increased 5.0 percent over the year (ibid).

San Diego County Median Household Income
2013 through 2022



Note: Median Household Income is measured by calendar year and is presented in inflation adjusted dollars. Prior year data is restated.
Source: U.S. Census Bureau

San Diego is one of the least affordable areas in the country with only a small percentage of workers able to afford a median priced home. While many factors have contributed to the housing crisis, the root cause is the fact that housing development has not kept pace with population growth, resulting in housing costs that have increased at a much faster rate than income levels. In 2023, the median price peaked in August with single family homes pushing past $1.0 million and existing attached homes at $670,000 (San Diego Regional Chamber of Commerce, January 2024 Monthly Indicators). San Diego home prices started to slowly decrease and by December 2023, the median price for single family homes decreased to $949,000 while the median price for existing attached homes decreased to $650,000. Year-over-year, home prices show an increase of 9.7 percent for single family homes and 11.1 percent of existing attached homes (ibid). A panel of San Diego business leaders and economists predicted that the county's median home price ranging from $800,000 to $1.0 million and a median of $880,000, which is lower than December (The San Diego Union-Tribune, San Diego in '24: Experts predict higher home prices, January 5, 2024). The chart illustrates median home price changes over time.



Note: Median home price of all single family and attached homes sold in January of each year and December 2023. Prior year data is restated.
Source: San Diego Regional Chamber of Commerce

Since the pandemic-stricken 2020, housing prices in San Diego have been up and down, leaving buyers and investors uncertain. But the trend has been mostly upwards (Little Big Homes, San Diego Housing Market Forecast for 2024, December 1, 2023). San Diego's sales numbers justify the fear of a retrogressing housing market. According to the California Association of Realtors, sales volume has dropped incredibly since August 2021. The demand-supply dynamics are heavily skewed in the San Diego real estate market. Demand has been outpacing the available inventory, causing a red-hot seller's market. According to Rocket Homes, San Diego County's homes for sale were 5,616 in October 2023. The number of homes sold was 1,559 homes in the same month. By computation, we are looking at a 3.6-month supply, which is way below the six-month supply that is considered balanced (ibid). In an article from The San Diego Union-Tribune, it says that "San Diegans are staying in their homes twice as long as they used to, which experts say is part of the reason for an unsteady housing market" (The San Diego Union-Tribune, San Diegans are staying in their homes twice as long as they used to, February 23, 2024). San Diego County homeowners stayed a median of 15 years before selling, said a Redfin study of 2023 data. That was up from a median of 7.4 years in 2005, and higher than the national median of 11.9 years. Most experts point to rising interest rates and home prices as top reasons why current owners don't want to sell and find a new place. There are other factors, too, such as tax advantages in not moving, as well as households becoming multigenerational as for-sale housing shortages continue. The number of home listings in San Diego County fell to a low last year of 2,904 homes in April. It has since increased slightly to 3,056 homes listed for sale in mid-February. In the year before the pandemic, it was typical to have 7,000 to 8,000 homes for sale in a given month (ibid).

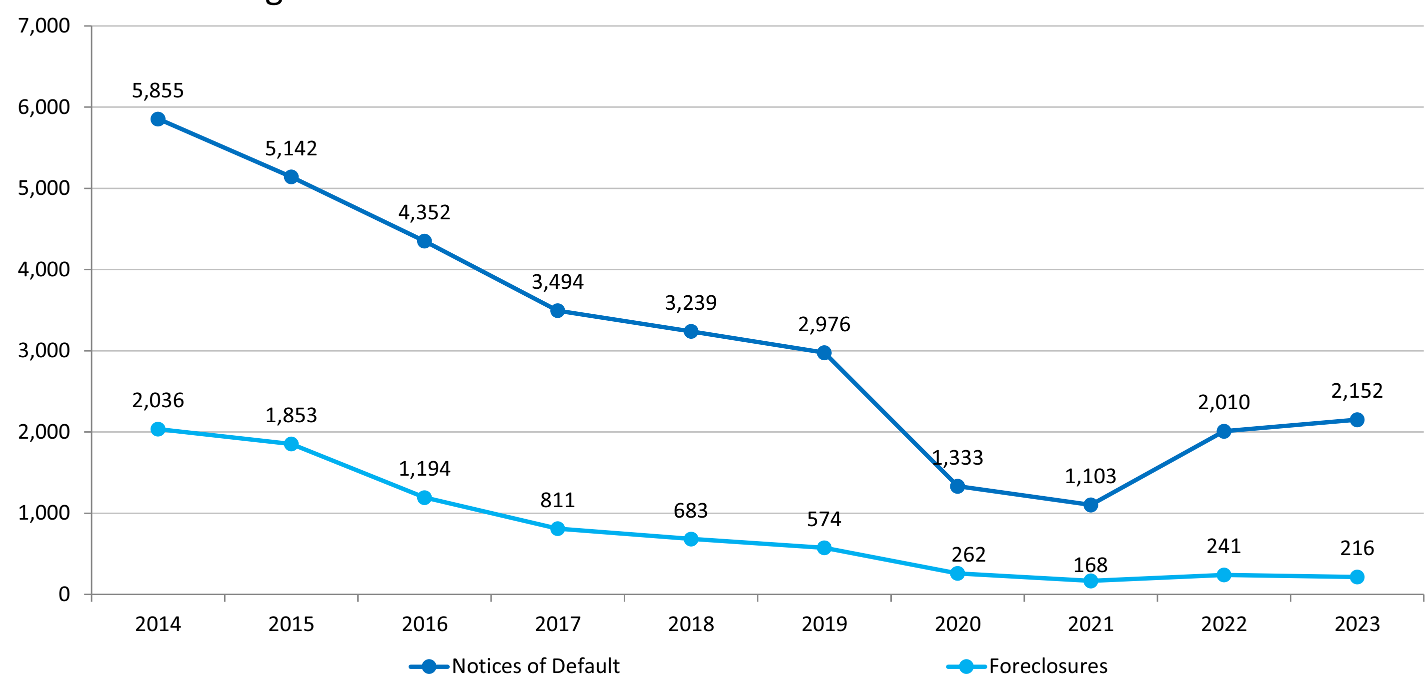
The housing crisis demands a departure from the belief that neighborhoods can't change. President and CEO of the San Diego Regional Chamber of Commerce Jerry Sanders emphasize the need for integrated housing; a diverse mix of housing-type is essential—apartments, condos, single-family homes—reflecting the multifaceted nature of San Diego (San Diego Workforce Partnership, Economic leaders tout cautious optimism for San Diego's economic future. February 8, 2024). To create more affordable housing in San Diego, Jerry Sanders says it comes down to creating more apartments in neighborhoods. But even with more housing, many of which come with a hefty price tag (ibid). According to the market rental rate data from Zillow, the average rent in San Diego is at $2,964 as of January 2024, higher by 51.4 percent compared to the national average, making San Diego one of the most expensive regions for renters in the nation. Year-over-year, the rental rate in January increased 3.0 percent, which is comparable to the pre-pandemic trend and a far cry from the year-over-year rent increase of 17.9 percent and 8.3 percent in January 2022 and January 2023 respectively (Zillow Research. Zillow Observed Rent Index, accessed on February 26, 2024). Pushed on by historic rent increases throughout the pandemic and a nationwide push for housing, apartment construction in the U.S. hit a 36-year-high in 2023 (The San Diego Union-Tribune, San Diego apartment wave: More than 4,000 units opening this year, February 21, 2024). There are more than 4,000 new apartments opening across San Diego County in 2024, with the vast majority downtown. Yet it isn't just where you expect new complexes to be; zoning changes and a push for housing mean projects spread all over the county (ibid).

As part of the Regional Housing Needs Assessment (RHNA) process, the California Department of Housing and Community Development (HCD) in consultation with San Diego Association of Governments (SANDAG), identified a need for over 171,000 new housing units in San Diego between 2021–2029. According to the latest SANDAG RHNA progress report, the total number of approved housing units is currently over 18,000 or at 10.6 percent of its goal (SANDAG RHNA Progress Report by Jurisdiction, accessed on February 27, 2004). The City of San Diego makes up 63 percent of the goal at about 108,000, and in the City's 2023 Annual Report on Homes, the City approved 10,346 new homes for construction, approximately 10 percent of the target (City of San Diego 2023 Annual Report on Homes, November 2023). Although still in the early stages of the 8-year RHNA planning cycle for housing, this progress lays the foundation for the additional work required to ensure that everyone can live where they choose. The City will continue to build upon this progress and prioritize the creation of more homes that meet the needs of all San Diegans regardless of age, income, family size, or neighborhood (ibid).

According to the Assessor/Recorder/County Clerk, foreclosures compared to total deeds recorded averaged 0.3 percent over the three-year period of 2003 through 2005, then rose significantly reaching 16.9 percent in 2008 and has declined to 0.3 percent in 2023. Total deeds recorded in 2023 was 83,523, a decrease of 20.1 percent from the previous year. Notices from lenders to property owners that they were in default on their mortgage loans peaked at 38,308 in 2009, and foreclosures reached a high of 19,577 in 2008 during the Great Recession. In comparison, San Diego County saw 2,152 notices of default in 2023, up 7.1 percent from the 2022. The percentage of properties with delinquent mortgage loans that went into foreclosure averaged at approximately 11.6 percent from 2003 through 2005. During the Great Recession, this indicator peaked at 57.5 percent in 2008 but since has declined to about 10.0 percent in 2023, a decrease of 2.0 percent and overall decrease in terms of the number of foreclosures from 2022. Overall, despite a noticeable uptick in default notices, the actual number of defaults resulting in foreclosures has remained low in recent years. The County Assessor/Recorder/County Clerk will continue to monitor and report on the foreclosure activities in San Diego County.The accompanying chart shows the historical levels of both Notices of Default and Foreclosures.

San Diego County Total Notices of Default and Foreclosures

2014 through 2023



Notes: A Notice of Default is an official notice of payment delinquency to a borrower with property as security under a mortgage or deed of trust; it prescribes the terms that must be met in order to prevent foreclosure proceedings. Foreclosures are measured by the number of Trustee's Deeds (Foreclosures) recorded. Prior year data is restated.
Source: San Diego County Assessor/Recorder/County Clerk

CAO Recommended Operational Plan and Current Economic Conditions

Current Economic Conditions, Risks, and Mitigation Strategies

As noted in the Budget at a Glance Section and throughout this document, the Fiscal Year 2024–25 budget is increasing by $317.7 million or 3.9% to $8.5 billion. The budget is balanced for Fiscal Year 2024–25 and Fiscal Year 2025–26 and conveys the notable investments in the community planned for the near-term.

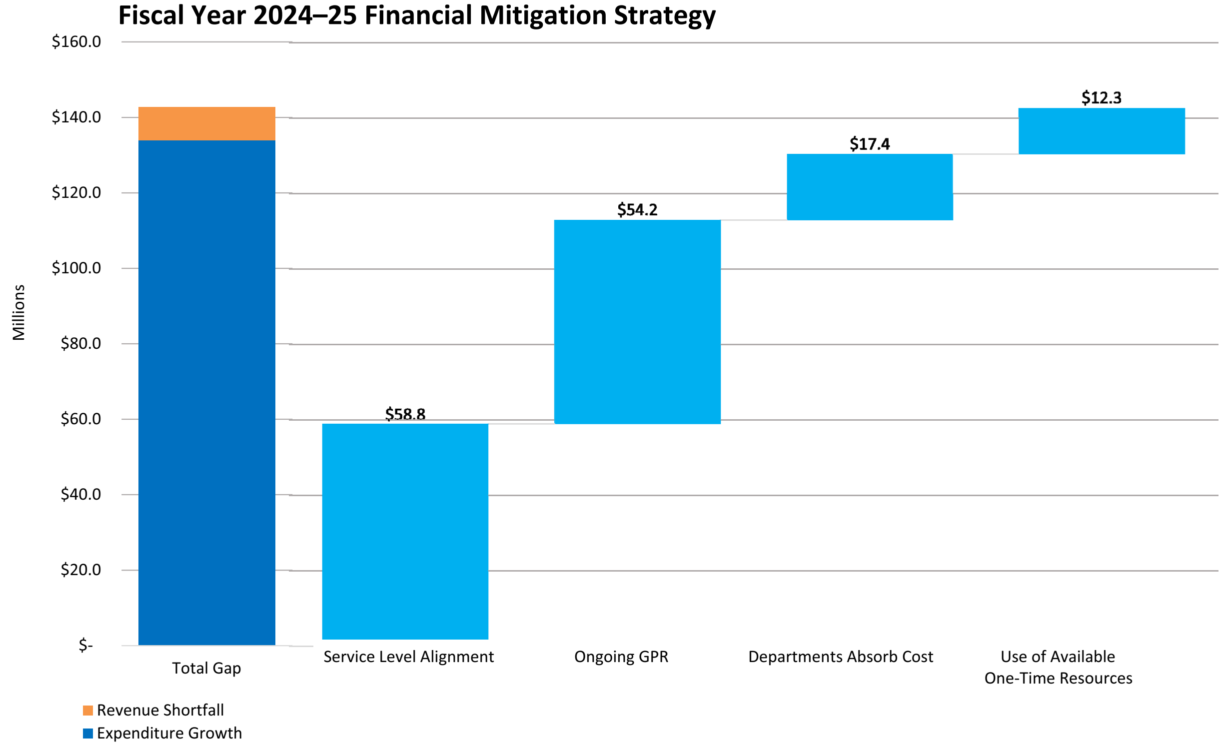
During the Fiscal Year 2024–25 budget build, there was a $142.7 million gap between the funding requests received and the resources available within the General Fund in the first year of the budget. The Recommended Operational Plan for the Fiscal Year 2024–25 includes an overall mitigation for a projected net expenditure and revenue gap totaling $142.7 million to ensure a balanced budget using a combination of cost containment and revenue enhancement strategies, as highlighted below:

- Service Level Alignment ($58.8 million) of additional staffing and non-mandated avoidable cost increases for services and/or projects, and realignment of operational activities in all groups.
- Allocation of ongoing general purpose revenue ($54.2 million) for essential ongoing operational activities, most specially for public safety services, Health and Human Services general relief programs, closed landfill operations, and various land use and general government activities.
- Departments will absorb costs ($17.4 million) within their operating budget through cost reduction strategies within their programs.
- Use of available one-time resources ($12.3 million) from available balances in various trust funds and other dedicated funding sources for essential one-time operational activities.

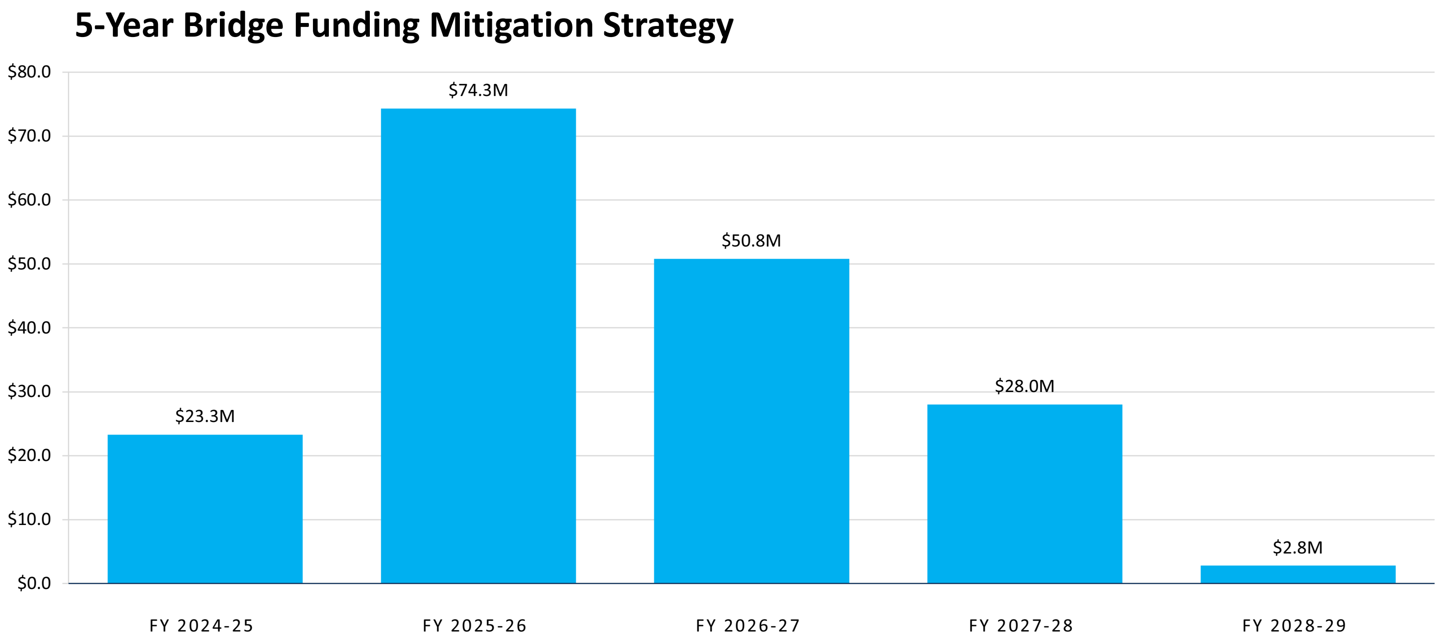
In addition to the mitigation strategies above, additional General Purpose Revenue was allocated to bridge funding on a one-time basis until long-term funding stabilizes or becomes available. In Fiscal Year 2024–25, there is $23.3 million of bridge funding budgeted which includes:

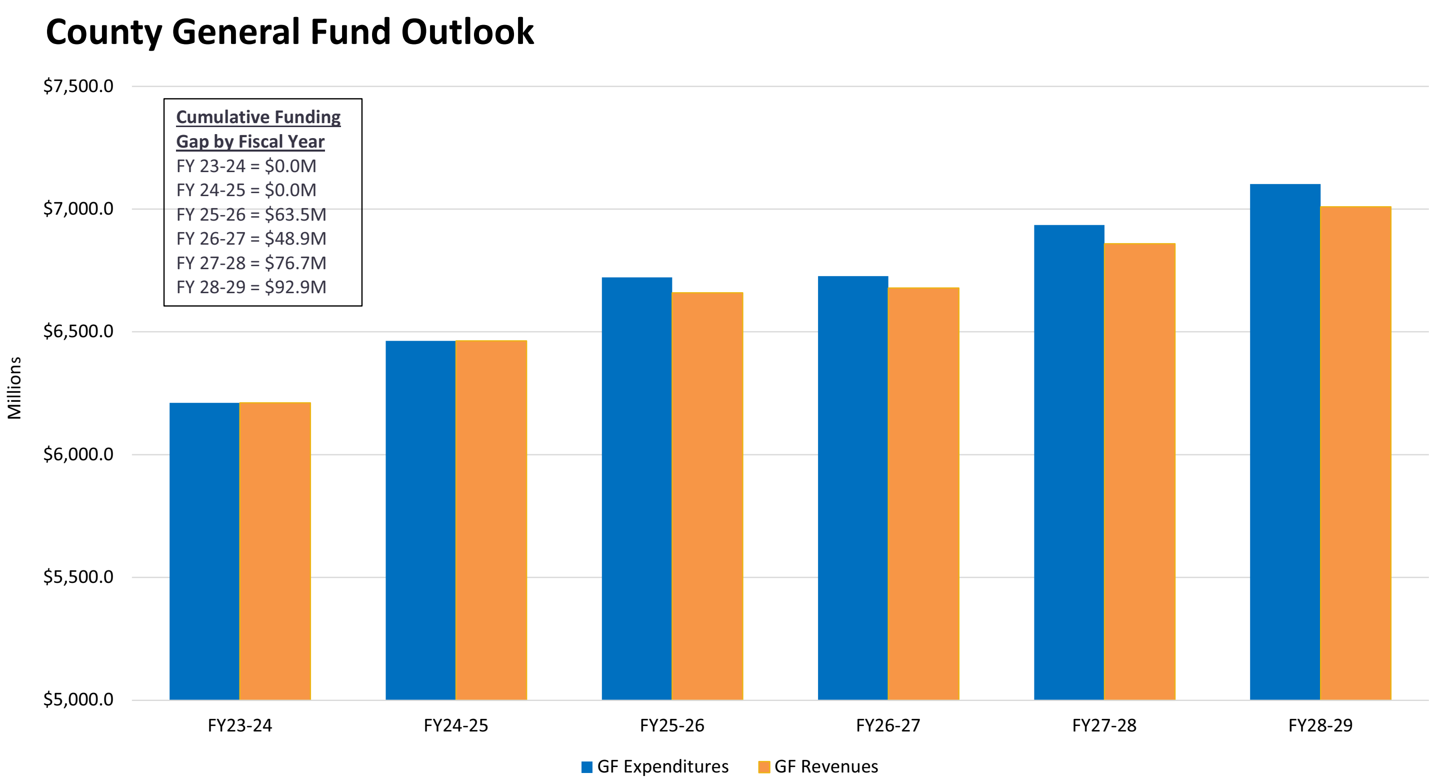
- $14.0 million for the Sheriff's medical contract
- $4.5 million for the Office of Evaluation, Performance and Analytics operations
- $3.3 million for land use settlements
- $1.5 million for the Registrar of Voter election system licenses

Fiscal Year 2024–25 Financial Mitigation Strategy



As shown in the chart on the next page, bridge funding will remain a mitigating factor in future fiscal year budgets. This is due primarily to the anticipated slowing of HHSA Realignment revenue based on sales tax and overall increasing costs and demand for services, as well as continued funding need for the Sheriff's medical contract and land use settlements. Future growth in HHSA Realignment and Proposition 172, Public Safety Sales Tax Revenues in the long term will mitigate revenue shortfalls in HHSA and expenditure increases in PSG. Land use settlement obligations will end over the short term bridge funding strategy time period. This chart is reflective at a point in time. Bridge funding may be utilized in the out years as depicted here subject to economic conditions and pressures on the County's cost drivers. These amounts were estimated during budget development and based on these factors make an initial diagnosis of the revenue shortfall problem. As the County shifts toward the Fiscal Year 2025–26 Operational Plan, it will plan to ensure County operations have less reliance on bridge funding to the fullest extent possible with the ultimate goal of permanent reform and no reliance upon bridge funding.





Note: Estimated projections as of 2/12/2024. General Fund Outlook assumes the Fiscal Year 2023–24 Adopted General Fund Budget plus Salary & Benefit growth. Expenditure Gap and Revenue Shortfalls reflect requests for General Purpose Revenue. May not reflect non salary program revenue supported changes. Does not include: Enhanced Infrastructure Financing Districts, new affordable housing/homeless solutions, new sustainability initiatives, debt financing CINA projects.

Despite the overall mitigation strategies, there is currently a five year budget gap of $92.9 million. The General Fund Outlook as noted in the nearby chart depicts a more comprehensive view of the County's financial position. The chart was developed in conjunction with developing the budget and outlines a worsening financial picture that is tied to current economic assumptions and expanding County service levels in future years. The blue bars represent department requests for general purpose revenue (GPR) to support ongoing program expansion and to offset anticipated revenue shortfalls and the orange bars project the general fund anticipated growth in discretionary revenues and program revenues available to support salary and benefit growth.

This gap makes assumptions about assessed value (AV) growth, sales tax growth, and full cost recovery. The scenario assumes that AV growth will be 4.0% in Fiscal Year 2024–25, 4% from Fiscal Year 2025–26 and Fiscal Year 2026–27, and 5% in the following years. Over the past 20 years, actual AV growth has averaged about 5%, but the County is assuming a lower growth rate in the beginning of the 5-year outlook due to a slowing residential real estate market caused by high homes prices and interest rates. It also assumes sales tax will grow at less than 2% in Fiscal Year 2024–25 and at 3% in the out years. Finally, fee-based County departments also assume full cost recovery as outlined in Board Policy B-29, *Fees, Grants, Revenue Contracts—Department Responsibility for Cost Recovery*. Board Policy B-29 outlines a department's responsibility to recover their full cost to the extent legally possible, and in the current inflationary environment, the County has experienced increased costs. While the County continues to innovate for its customers by moving more services online, bundling multiple services into a single visit, shortening wait times, and more, costs for services will increase impacting rates for cost recovery.

In the Health and Human Services Agency (HHSA), Realignment funding is used in Fiscal Year 2024–25 on a one-time basis to fund a projected structural gap. In Fiscal Year 2025–26 through 2027–28, a total of $105.5 million of funding will need to be identified to bridge fund essential HHSA services due to the depletion of available one-time Realignment until ongoing revenue amounts grow. Projections are closely monitored, and the outlook is updated periodically to reflect actual uses of this one-time resource. While the HHSA budget is balanced in Fiscal Year 2024–25, they are also showing a decrease in Services & Supplies in Fiscal Year 2025–26 tied to the projected $63.5 million gap, which is being driven primarily by slowing Realignment revenue based on sales tax receipts, the ending of one-time revenues like the American Rescue Plan Act (ARPA), and overall increasing costs and demand for services. Multiple strategies to mitigate the projected gap are under development both within the HHSA and across the enterprise and will be recommended as needed based on actual economic conditions during the development of the Fiscal Year 2025–26 CAO Recommended Operational Plan.

As noted in the General Fund Reserves and Resources section, the County projects that it will meet the General Fund Reserve requirements based on budgetary projections shared with the Board of Supervisors on March 12, 2024. These projections are subject to change due to projected operating results from departments and key assumptions regarding the timing of FEMA reimbursement among others. In the past, the Board of Supervisors has strategically used its reserves to help adjust to times of economic uncertainty. While this is still an option, any draws of General Fund fund balance below the Reserve minimum will require 4 votes from the Board of Supervisors.

In prior years, high vacancy and underfill rates have created one-time budgetary capacity in Salaries & Benefits. In recognition of this, a new guideline was brought forward to centralize adjustment for vacancies and underfills. In Fiscal Year 2024–25, the centralized adjustment reflects a decrease of 4% for vacancies and a 50% adjustment for the cost difference between the actual and budgeted amounts for underfilled positions, a total reduction of $142 million with no impact to Group General Purpose Revenue allocations.

Over the coming years, the County will continue to observe economic uncertainty, and should the economy not improve, the County will need to consider cost reduction/revenue generating strategies such as 1) adjusting service levels, 2) reorganization, 3) the use of debt financing, and 4) a prudent use of reserves. In addition, County departments will continue to evaluate opportunities to innovate, streamline and increase efficient business processes with the assistance of the expertise across the departments as well as the County's Office of Evaluation and Performance Analytics.

COUNTY OF SAN DIEGO

Governmental Structure

Governmental Structure

The County of San Diego is one of 58 counties in the State of California. The basic provisions for the government of the County are contained in the California Constitution, the California Government Code and the Charter of the County of San Diego. A county, which is a legal subdivision, is also the largest political division of the State having corporate powers. The California Constitution acknowledges two types of counties: general law counties and charter counties. General law counties adhere to State law as to the number and duties of county elected officials. Charter counties have a degree of "home rule," or local authority, in specified areas. A charter, however, does not give county officials any additional authority over local regulations, revenue-raising abilities, budgetary decisions or intergovernmental relations. (Source: California State Association of Counties.)

San Diego County is one of 14 charter counties in California. The Charter of the County of San Diego provides for:

- The election, compensation, terms, removal and salary of a governing board of five members, elected by district.
- An elected Sheriff, an elected District Attorney, an elected Assessor/Recorder/County Clerk, an elected Treasurer-Tax Collector, the appointment of other officers, their compensation, terms and removal from office.
- The performance of functions provided by statute.
- The powers and duties of governing bodies and all other county officers and the consolidation and segregation of county offices.

Board of Supervisors

The County of San Diego is governed by a five-member Board of Supervisors elected to four-year terms in district, nonpartisan elections. Each Board member is limited to no more than two terms and must reside in the district from which they are elected. The Board of Supervisors sets priorities and approves the County's two-year budget. The County may exercise its powers only through the Board of Supervisors or through agents and officers acting under authority of the Board or authority conferred by law. The Board of Supervisors appoints the following officers: the Chief Administrative Officer (CAO), the County Counsel, the Probation Officer and the Clerk of the Board of Supervisors. All other non-elected officers are appointed by the CAO.

Chief Administrative Officer

The CAO assists the Board of Supervisors in overseeing the functions and operations of the County; is responsible for carrying out all of the Board's policy decisions that pertain to the functions assigned to that officer; and supervises the expenditures of all departments.

Governing Authority

The State Legislature has granted each county the power necessary to provide for the health and well-being of its residents. There are 18 incorporated cities in San Diego County and a vast number of unincorporated communities. The County provides a full range of public services to its residents, including health and human services, parks and recreation, libraries, roads, law enforcement, detention and correction, and emergency response services. The County also serves as a delivery channel for many State services, such as foster care, public health care and elections.

Business Groups

County services are provided by four business Groups (Public Safety, Health and Human Services, Land Use and Environment, and Finance and General Government), each headed by a General Manager who reports to the CAO. Within the Groups, there are four departments that are headed by elected officials: the District Attorney and the Sheriff in the Public Safety Group, and the Assessor/Recorder/County Clerk and the Treasurer-Tax Collector in the Finance and General Government Group.

COUNTY OF SAN DIEGO

General Management System

THE GENERAL MANAGEMENT SYSTEM REIMAGINED

The County's operational approach to planning and decision making is through the integration of the General Management System (GMS) with the strategic framework adopted by the Board of Supervisors. The GMS is reflective of today's communities while preserving the core management principles of strategic planning, operational accountability, enterprisewide collaboration, and employee connection.

These five GMS components form an annual cycle that is renewed each fiscal year with review of the Strategic Plan and development of a new Operational Plan. More information about the GMS and the Strategic Plan is available online at: www.sandiegocounty.gov/cao/.

At the core of the GMS is Community Engagement, based on the principle that all that we do should be for, and created in partnership with, the people we serve. The outer ring is included to reflect the core values of everything we do: integrity, equity, access, belonging, excellence, and sustainability. The County vision is:. A just, sustainable, and resilient future for all.

Context for Strategic and Operational Planning

To be effective, the goals that the County sets and the resources that are allocated must be consistent with the purpose of the organization. The context for all strategic and operational planning is provided by the County's vision, a vision that can only be realized through strong regional partnerships with our community stakeholders and employees.

Vision:

A just, sustainable, and resilient future for all.

Mission:

Strengthen our communities with innovative, inclusive, and data-driven services through a skilled and supported workforce.

Values:

The County recognizes that "The noblest motive is the public good." As such, there is an ethical obligation to uphold basic standards as we conduct operations. The County is dedicated to:

Integrity

- Earn the public's trust through honest and fair behavior, exhibiting the courage to do the right thing for the right reason, and dedicating ourselves to the highest ethical conduct.

Equity

- Apply an equity lens to appropriately design programs and services so that underserved communities have equitable opportunities. Using data driven metrics, lived experiences and the voices of our community, we weave equity through all policies and programs.

Access

- Build trust with the residents we serve through transparent communication and neighborhood engagement that is accessible in the languages, facilities and methods that meet their needs.

Belonging

- Foster a sense of belonging, not just inclusion, for the people we serve and for the employees of the County who provide those services on a daily basis.

Excellence

- Ensure exceptional service delivery to our customers by practicing fiscal prudence, encouraging innovation and leveraging best practices that promote continuous improvement to build strong, vibrant communities.

Sustainability

- Secure the future of our region, by placing sustainability at the forefront of our operations deeply embedded into our culture. Dedicate ourselves to meeting our residents' current resource needs without compromising our ability to meet the needs of generations to come.

Equitable County Government

Our goal is to create a County government culture of equity, belonging and racial justice. We are in the process of taking bold actions to lay a solid foundation to make significant, systemic and structural change. We are doing this through engaging community voices, creating an equity and racial justice lens on all County operations, and enhancing our data analysis to find disparities and root out systemic racism. In order to lay a solid foundation for having a lens of Equity and Belonging in all County operations, it is essential that we incorporate these concepts into our Mission, Vision, Values and strategic plan.

Strategic Planning

The County ensures operations are strategically aligned across the organization by developing a five year Strategic Plan that sets forth the priorities it will accomplish with its resources. The Strategic Plan is led by the Chief Administrative Officer (CAO), the Assistant CAO (ACAO), the General Managers, and the Strategic Advisory, Guidance, and Evaluation Team in conjunction with the Executive Management Team based on the policies and initiatives set by the Board of Supervisors and an enterprise review of the issues, risks and opportunities facing the region and reflects the changing environment, economy and community needs. All County programs support at least one of these five Strategic Initiatives through Audacious Goals, Enterprisewide Goals and Department Objectives that make achievement of the initiatives possible. The Strategic Initiatives include:

- Equity
- Sustainability
- Community
- Empower
- Justice

To ensure that the Strategic Plan incorporates a fiscal perspective, the CAO, ACAO and General Managers annually assess the long-term fiscal health of the County with input from the Executive Management Team and review a five year forecast of revenues and expenditures to which each County department contributes. This process leads to the development of preliminary short- and medium-term operational objectives and the resource allocations necessary to achieve them. The complete Strategic Plan is available online at: www.sandiegocounty.gov/cao/.

For more information on the County's Strategic Initiatives and structure, refer to the Strategic Framework and Alignment section of the Operational Plan.

Operational Planning

The Operational Plan provides the County's detailed financial recommendations for the next two fiscal years. However, pursuant to Government Code §29000 et seq., State law allows the Board of Supervisors to formally adopt only the first year of the Operational Plan as the County's budget. The Board approves the second year of the plan in principle for planning purposes. To demonstrate that resources are allocated to support the County's Strategic Plan, all program objectives in the Operational Plan and department performance measures are aligned with the Strategic Initiatives, Audacious Goals and/or Enterprisewide Goals.

The four business groups (Public Safety, Health and Human Services, Land Use and Environment, and Finance and General Government) and their respective departments develop specific objectives as part of the preparation of the Operational Plan. Objectives are clear discussions of anticipated levels of achievement for the next two fiscal years. They communicate core services and organizational priorities. The objectives include measurable targets for accomplishing specific goals plus a discussion of the resources necessary to meet those goals. The Operational Plan also details each department's major accomplishments during the past fiscal year.

Performance Measurement

The County demonstrates performance to residents through reporting meaningful and clear performance measures. Each department is required to measure performance in terms of outcomes, or how they affect people's lives, not just a count of the activities they perform. The most significant measures are reflected in this document as part of the respective narrative section of each department's budget presentation.

Evaluation and Accountability

Evaluation and Accountability is the portion of the GMS that requires the County to track, report, analyze and adjust, as necessary, the operations under way to ensure services are delivered and goals are accomplished as planned. A number of processes have been established over the years for accountability. There are monthly department reviews of programs and finances, quarterly business group reviews with an annual exchange by strategic initiative to the CAO, a quarterly meeting of the Risk Overview Committee to address significant legal, financial, contractual and operational risks to the County and a quarterly Audit Committee that advises the CAO on internal and external audits, risk assessments, as well as internal controls and governance matters. This level of accountability extends to employee performance reviews where performance expectations and goals for the rating period are outlined and reviewed on an annual basis.

Continuous Collaboration

Through Continuous Collaboration we ensure that we are all working together across County departments to serve the community with the most effective, efficient, and accessible services. This allows us to pursue goals, solve problems, share information and leverage resources as an enterprise. It can be as simple as a monthly leadership meeting held by the CAO to cross-functional collaboration on grants, from a briefing on agenda items to Board staff to implementing shared initiatives with multiple stakeholders and partners, both internal and external to the County.

Employee Investment and Engagement

This final component of the GMS ensures employees are engaged and committed to excellence across the organization. As an enterprise we are actively working to engage and inspire our workforce, attract and retain talent to our organization, and highlight the meaningful contributions of our County team. A few ways the County recognizes, rewards and motivates employees is by offering wellness programs, opportunities for training and continued education that support and encourage their well-being, professional growth, development and career success. Examples include fitness classes, leadership academies and seminars, mentor programs and a tuition reimbursement program. This investment in the workforce ensures they are valued and have the skills to provide the exceptional customer service and delivery to our residents, businesses and visitors.

COUNTY OF SAN DIEGO

Strategic Framework and Alignment

Strategic Framework

The County of San Diego has the desire to be a government that listens to, partners with, and supports the community we serve, while sustainably planning for the future. In 2021, the County reimagined its governance documents including the Vision Statement, Mission Statement, and Values. The Strategic Initiatives, and Audacious Goals that were designed to guide the departments in outcome-based goal setting that aligns with the County's Vision. In the County's Strategic Framework, Groups and Departments support five Strategic Initiatives: Equity, Sustainability, Community, Empower, and Justice. Audacious Goals assist departments in aligning with and supporting the County's Vision and Mission. In addition, department objectives demonstrate how departments contribute to the larger Audacious Goals.

Strategic Alignment

Within each of the four Strategic Initiatives are branches used as different measurement tools to check the performance of the County. Each individual branch serves an intended purpose and supports the overall Strategic Initiative through strategic alignment. The Strategic Initiative Legend illustrates this alignment and appears in the Agency and Group Summary sections.

- **Strategic Initiatives**—serve as a guide for departments to set internal goals and help translate the County's Vision into action.
- **Audacious Goal**—a set of focused goals for departments to collaborate on for the greatest impact to our community.
- **Department Objectives**—drive an outcome; the outcome may be mandated by State or federal regulations or set by the department rather than from the Enterprisewide Goal focus groups.
- **Performance Measures**—the metrics used to show the progress in accomplishing the Strategic Initiatives. They measure the individual department's contribution.

Strategic Initiative Legend

Strategic Initiatives

Strategic Initiatives provide the framework for the County to set measurable goals. These initiatives are designed to span the entire organization, break down silos, and extend across groups for all departments to see their work contributing to the overall success of the region.

STRATEGIC INITIATIVES provide the framework for the County to set measurable goals. These initiatives are designed to span the entire organization, break down silos, and extend across groups for all departments to see their work contributing to the overall success of the region.

SUSTAINABILITY:

Economy
- Align the County's available resources with services to maintain fiscal stability and ensure long-term solvency.
- Create policies to reduce and eliminate poverty, promoting economic sustainability for all.

Climate
- Actively combat climate change through innovative or proven policies, green jobs, sustainable facility construction or maintenance and hazard mitigation.

Environment
- Protect and promote our natural and agricultural resources, diverse habitats and sensitive species.
- Cultivate a natural environment for residents, visitors and future generations to enjoy.

Resiliency
- Ensure the capability to respond and recover to immediate needs for individuals, families, and the region.

EQUITY:

Health
- Reduce disparities and disproportionality and ensure access for all through a fully optimized health and social service delivery system and upstream strategies.
- Focus on policy, systems and environmental approaches that ensure equal opportunity for health and well-being through partnerships and innovation.

Housing
- Utilize policies, facilities, infrastructure, and finance to provide housing opportunities that meet the needs of the community.

Economic Opportunity
- Dismantle barriers to expanding opportunities in traditionally underserved communities and businesses, especially communities of color and low income.
- Advance opportunities for economic growth and development to all individuals and the community.

EMPOWER:

Workforce
- Invest in our workforce and operations by providing support services and excellent customer service to ensure continuity of operations remains at its best.

Transparency and Accountability
- Maintain program and fiscal integrity through reports, disclosures, and audits.

Innovation
- Foster new ideas and the implementation of proven best practices to achieve organizational excellence.

COMMUNITY:

Engagement
- Inspire civic engagement by providing information, programs, public forums or other avenues that increase access for individuals or communities to use their voice, their vote, and their experience to impact change.

Safety
- Support safety for all communities, including protection from crime, availability of emergency medical services and fire response, community preparedness and regional readiness to respond to a disaster.

Quality of Life
- Provide programs and services that enhance the community through increasing the well-being of our residents and our environments.

Communications
- Create proactive communication that is accessible and transparent.
- Offer interpreters for community meetings or translations of information to ensure residents have every opportunity to make informed decisions while listening to, participating in or using County services or programs.

Partnership
- Facilitate meaningful conversations, shared programming, grant opportunities, or other opportunities to maximize resources through community partnerships to benefit the region.

JUSTICE:

Safety
- Ensure a fair and equitable justice system in the defense and prosecution of crimes, investigations of abuse and neglect, and support and services for victims.
- Focus efforts to reduce disparities and disproportionality across the justice system.

Restorative
- Contribute to a system of restorative justice that strives to repair harm to victims and to the community at large, as well provide inclusive opportunities for justice involved individuals to contribute to the region.

Environmental
- Advance equal protection and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies with an urgent focus on communities of color and low-income communities recognizing they historically lacked the same degree of protection from environmental and health hazards.
- Ensuring equal access to decision-making processes that create healthy environments in which to live, learn and work.

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Sustainability

The County of San Diego is building a sustainable future for all. The County's strategic plan guides County activities to ensure the work that the County does furthers sustainability as it relates to the region's economy, climate, environment, and communities.

Economy

The County has an ongoing commitment to fiscal sustainability to ensure continued and effective provision of services to the community. This is evidenced in the various policies and practices that are outlined in the Summary of Financial Policies section. Specific efforts to promote economic sustainability for all evidenced in two offices:

Office of Economic Development and Government Affairs

The Office of Economic Development and Government Affairs (EDGA) was established to promote economic sustainability and prosperity. The office created and is implementing a vibrant economic development strategy to position the County as a regional leader in driving inclusive economic growth and prosperity for all communities. EDGA actively engages with internal departments on joint economic prosperity efforts, with regional economic development leaders and partners, and with community fostering collaborative efforts in arts and culture and the creative economy, EDGA administers internal grant programs including Neighborhood Reinvestment, Community Enhancement, and others that focus on non-profit organizations, community-based organizations, and the everyday needs of San Diego communities.

Office of Labor Standards and Enforcement

The Office of Labor Standards and Enforcement (OLSE) was established in recognition that sustainable, equitable, and inclusive economic development is essential for a healthy regional economy. OLSE works to protect vulnerable workers from employers failing to abide by County labor standard ordinances, such as the creation of the Workplace Justice Fund Ordinance established by the County in 2023. OLSE has continued to dismantle barriers by working with community partners and stakeholders to provide outreach and education through Know-Your-Rights campaigns geared towards both businesses and workers and has worked with the County Board of Supervisors to continue establishing ordinances to help protect those who need it most workers. OLSE has been working with businesses during the recent 2024 winter storms to help answer questions relating to labor standards and helping educate business owners on what their rights are during this uncertain time and to help further ensure their capability to recover.

Climate

The County is actively working for a greener future for the region through innovative and focused approaches to the climate crisis, the expanded protection of natural resources, equitable land use decisions, and sustainability planning for internal operations across the enterprise.

Regional Decarbonization Framework

The Regional Decarbonization Framework is a collaborative effort between public, private and nonprofit sectors in the San Diego region working to move the region toward zero carbon emissions in alignment with state and federal initiatives on climate change. It is founded on science-based pathways to decarbonize key sectors of the economy, community partnerships to ensure that workers and communities guide and benefit from climate investments, and the advancement of regional solutions that cannot be achieved in silos by an individual, government, or business alone.

Office of Sustainability and Environmental Justice

The Office of Sustainability and Environmental Justice (OSEJ) provides dedicated resources to focus on regional sustainability initiatives, such as the Regional Decarbonization Framework, to achieve zero carbon emissions while safeguarding the health of people and natural systems, working with communities and agencies at the local, state, and federal levels. It is also home to the Environmental Justice Workgroup, as well as the County's Tribal Liaison. OSEJ's efforts are particularly centered on communities that have been disproportionately impacted by systemic and institutional inequities and environmental burdens. OSEJ intentionally and actively works alongside communities and other regulatory agencies, such as the San Diego County Air Pollution Control District and the San Diego Association of Governments (SANDAG), as well as local and regional jurisdictional partners steward sustainability solutions within the unincorporated area and incorporated cities.

Climate Action Plan Update

Our greenhouse gas (GHG) reducing Draft Climate Action Plan (CAP) establishes measures and actions that the County will take to reach net zero emissions by 2045. Implementation of the CAP will support healthy lifestyles, conserve open space, reduce waste, improve air quality, enhance community resiliency, conserve agriculture, and reduce water and energy costs in the unincorporated communities and at County facilities.

Teleworking & Reducing Employee Vehicle Miles Traveled

The County's long-term teleworking and alternate work schedule plans have reduced employee vehicle miles traveled. Between January and December 2023, the County saved 18.4 million miles of driving. This reduced 5,350 metric tons of greenhouse gases (GHGs), which is equal to the amount of electricity used by 1,041 homes in one year.

Community Choice Aggregation

The County of San Diego joined San Diego Community Power (SDCP), a local Community Choice Aggregation (CCA), following approval by the Board of Supervisors in August of 2021. Unincorporated County accounts have been enrolled as of May 3, 2023. SDCP allows residents and businesses in the unincorporated county to have a choice in where they get their electricity. San Diego Gas & Electric (SDGE) continues to manage the transmission and distribution infrastructure as well as billing. Participants are currently seeing a 3% savings on their electricity costs as well as an increase in renewables content as compared to SDGE.

EV Roadmap & Consumer Education

To reduce pollution from gas-powered vehicles, we are increasing the number of electric vehicles in the County fleet and adding more electric vehicle (EV) charging stations at County facilities. To date, there are 311 EV chargers in place at County facilities to serve the public, County staff and our County Fleet. There are 210 electric vehicles in the Fleet. Fleet Services has also established a "Charge + Go" contract with ChargePoint, giving County Fleet operators access to over 2,400 chargers throughout San Diego County. The Green Fleet Action Plan was recently completed, laying the pathway to a fully electric fleet in the future. We also introduced the EV Consumer Guide website for residents that encourages their use of EVs: http://www.sandiegocounty.gov/content/sdc/sustainability/ev-consumer-guide.html. The site offers resources such as vehicle search, benefits, costs and charging options.

County Facilities

The investment in our County facilities continue, with 67 of our buildings being Leadership in Energy and Environmental Design (LEED) certified and 10 Zero Net Energy (ZNE). Twenty percent of our electricity demand is supplied by onsite photovoltaic systems. We are also focusing on facility assessments and an enterprise footprint reduction effort for this fiscal year.

In April of 2023, a bold new approach to decarbonizing County facilities was implemented with the Zero Carbon Portfolio Plan. This plan seeks to eliminate 90% of carbon emissions from County buildings by 2030, with a series of efforts including procuring 100% green power, removing natural gas from existing buildings and continuing to build all new facilities to be ZNE and all-electric.

Footprint Reduction

COVID-19 transformed how County employees work with technology and teleworking. Workstations or hoteling spaces are now shared based on the number of days team members are in the office due to updated space standards. Over the last fiscal year, departments on the County Operations Center (COC) campus identified 145,000 square feet of space for reduction - an entire building or 600 workstations - due to teleworking schedules with the assistance of General Services and a consultant. This space will house Health Services Complex team members formerly located at the County facility on Rosecrans Street in the Midway District. Phase 2 of this project is the design of the COC Consolidation, which involves 13 departments, an architect, consultant and contractor.

County Departmental Sustainability Plans

All County departments developed sustainability plans with the assistance of a consultant by reviewing current practices and identifying opportunities to implement new strategies to reduce our carbon footprint. In addition to current sustainability practices, each department identified three short-term commitments that were implemented in Fiscal Year 2023–24 with existing planned resources, as well as one mid- and one long-term commitment that are more involved to complete or will be implemented in the future after further review and evaluation. This is an ongoing effort supported by OSEJ, where departments will continue to utilize their respective plans to implement strategies and identify new commitments to increase overall sustainability of internal operations.

Environment

Conservation & Protection

We protect species by purchasing property to preserve as open space and provide for stewardship through the Multiple Species Conservation Program. Through County investment, partner organizations and grant funding of approximately $240 million, we have acquired and preserved 27,884 acres of land since 1998. The Purchase of Agricultural Conservation Easements (PACE) program specifically preserves farmland. Since 2012, we have invested $9.5 million and preserved 3,284 acres over 46 properties.

Tree Canopy

In our County Parks, we will continue to increase the tree canopy and reduce greenhouse gas emissions by planting 4,000 trees per year. The trees sequester roughly 120 metric tons of CO2 annually as they mature, which reduces greenhouse gas emissions. With the support of grants and partners, Department of Parks and Recreation (DPR) planted 5,000 trees in 2023 to reach the Board's goal of 10,000 trees planted region wide. These additional trees increase the greenhouse gas reduction by an additional 16 gasoline powered vehicles for a total of over 54. In our unincorporated area, we will focus on conducting a tree canopy assessment to determine where trees are lacking in the entire unincorporated area and subsequently focus tree planting activities on these locations to benefit our communities and help facilitate our Climate Action Plan (CAP) goals.

Water Quality & Green Infrastructure

The County protects waterways and public health through advanced water quality testing of the region’s beaches and bays and by preventing pollution from entering storm drains. San Diego County is the first testing program in the nation to offer same-day water quality results for beaches and bays by employing cutting-edge technology. We also continue to reduce pollution in the Tijuana River Valley and work internationally to prevent sewage flows from entering the U.S. from Mexico.

Through public education, inspection, water quality monitoring and code compliance, the Watershed Protection Program ensures that residents and businesses throughout the unincorporated area using best management practices to prevent polluted stormwater runoff from leaving their properties. The County's Green Streets/Clean Water Plan identifies green infrastructure project opportunities that use natural processes like filtration through plants and soil to treat stormwater runoff and improve water quality. These projects provide multiple benefits, including controlling stormwater runoff volume, reducing pollutants and, where feasible, enhancing outdoor recreational, pedestrian and urban greening opportunities.

Agriculture

This budget supports the region's $1.8 billion agricultural economy with approximately 4,000 farms producing over 200 crops that promote food security while protecting natural resources for future generations against invasive agricultural pests that would cause agricultural, economic, and environmental harm.

Resiliency

The County strives to strengthen communities in all interactions by actively pursuing legislative policies and collaborating with stakeholders to enhance services that allow residents to transition to self-sufficiency to increase economic sustainability and reduce poverty. In strengthening communities, we also strive to build trust and transparency through responsible governance by aligning available resources through services and initiatives.

Meeting Immediate Needs of Residents

The County empowers residents and communities by cultivating their ability to adapt to changing circumstances caused by economic events, stress, weather, health events, and social or societal demands. In anticipating the community's needs, the County has established programs to link individuals to needed services, such as Mobile Crisis Response Teams (MCRT), designed to engage individuals who require behavioral health services to reduce law enforcement interventions when clinically appropriate and San Diego Advancing and Innovating Medi-Cal (SDAIM) through Medi-Cal Transformation, which coordinates resources to improve the quality of life and health outcomes for all residents. In listening and understanding the evolving needs of residents, we continue to provide multiple ways to offer essential services, including electronic, telephonic, in-person, and via outreach, and seek collaborations with the community to increase public awareness of efforts to ensure equitable access to essential services. The Live Well on Wheels (LiveWOW) bus is an example of taking County services into harder-to-reach communities, with the two vehicles currently in the LiveWOW fleet available by request from County departments and community partners. We also are connecting individuals who have significant needs with care-based services such as emergency and permanent housing, mental health treatment, substance use treatment, and connections to employment. One example is using a $6 million grant from the Bureau of State and Community Corrections (BSCC) that runs through June 2026 to connect justice-involved individuals to such services.

Housing for All

The County continues its efforts to address the housing needs of the region through the implementation of the County's adopted and certified 6th Cycle Housing Element, identification of actions to remove barriers to housing, add resources, and expedite building housing in unincorporated communities. The County's Affordable Housing efforts continue to leverage local, State, and federal resources to support the creation and preservation of rental housing units for low-income residents throughout the region. The County is currently developing a Housing Blueprint to serve as a guiding document for the County's role in creating and maintaining affordable housing across the region as well as its role in land use authority in the unincorporated areas. These efforts explore everything that the County can do to facilitate the production and provision of housing to all people at all income levels and life stages.

San Diego Operational Area Emergency Plan

The County Resiliency Program ensures that our County government remains proactive and well-integrated in its approach to strengthen the fabric of our community in order to survive, adapt and thrive no matter what crisis may occur. A shared approach across County departments, as well as greater collaboration across the community and County, State and national governments improves our ability to solve problems, share information and leverage resources to fortify our infrastructure, protect our economy and make our county safer, all of which make our county more resilient. In support of this, the County will continue to review and improve the San Diego Operational Area Emergency Plan, which provides a comprehensive emergency management system and provides for a coordinated response to natural and human-caused disasters that is inclusive of all stakeholders and communities.

Hazard Mitigation Plans

The County continues to implement resiliency strategies through the San Diego County Multi-jurisdictional Hazard Mitigation Plan to integrate climate change effects on regional, natural and human-caused disaster, increase public awareness of hazards, create decision tools for emergency management, and assist with the development of local policies. We are also proactively working to protect our community from loss through wildfire protection activities such as roadside vegetation management. In addition, County departments will continue to provide additional staff and skilled volunteers to assume disaster response and recovery roles as Emergency Operations Center responders, 211 operators, shelter workers/managers, and in recovery and animal services support.

Equity in Operations

The County of San Diego (County) is committed to advancing equity for all San Diegans and is taking active steps to implement long-term systemic change.

In October of 2023, the Office of Equity and Racial Justice (OERJ) put into effect Chief Administrative Officer Administrative Policy 0010-17, *Equity and Racial Justice Administrative Policy*. This policy establishes Countywide procedures for advancing equity and racial justice through normalizing, organizing, and operationalizing these concepts in departments' everyday work.

As such, the policy outlines an equity infrastructure and guides departments in coordinating Justice, Equity, Diversity, and Inclusion (JEDI) teams to implement equity via tools and processes. This includes an Equity In Contracting Questions and Considerations Checklist, Board Letter Equity Impact Statements, Budget Equity Questionnaires, and Equity Impact Assessments. The County is following up on these efforts with the development of Equity Action Plans.

Here are some examples of what departments have done, or are currently doing, to operationalize equity:

Socially Equitable Cannabis Program

As the County creates a path for residents to participate in the emerging cannabis industry in the unincorporated area, it is also redressing the disproportionate impact that criminalization has had on communities of color. The program, being developed collaboratively by the OERJ and Planning & Development Services (PDS), will give greater participation opportunities to people with cannabis-related arrests or convictions, or those who are low-income or in communities with high arrest rates.

Hiring

The Department of Human Resources (DHR) has significantly refined its hiring practices, underscoring our commitment to equity, diversity, and inclusion. Building upon the implementation of a blind applicant screening process, which blocks personal information like name, phone number, address, gender, age, and race to reduce bias, DHR has further updated Human Resources Policy 102A, *Filling Vacancies in the Classified Service*. This policy encompasses comprehensive, Equitable and Inclusive Interview Panel Guidelines aimed at broadening our reach to a diverse pool of potential applicants and ensuring a fair and equitable selection process.

These guidelines instruct hiring departments on establishing inclusive interviewing practices that identify talent aligning with our hiring objectives. Best practices include the collaboration between DHR, hiring managers and Departmental Human Resources Officers to redact personally identifying information from applications, assembling diverse interview panels from various levels of the organization, and requiring panel members to complete Unconscious Bias in Hiring training. The objective is to evaluate candidates based on job-related experience and education, thereby fostering a more diverse and inclusive workforce.

Additionally, the County upgraded its HR information system, allowing the capability for employees to self-identify as non-binary. This significant enhancement promotes an environment of inclusivity and belonging, reflecting the diverse identities within our community.

By integrating these best practices, DHR aligns with the County of San Diego's overarching commitment to equity and racial justice and sets a precedent for inclusive hiring practices that contribute to a diverse and equitable workplace.

Healthy Places Index

We are using the Healthy Places Index (HPI) developed by the Public Health Alliance of Southern California to guide how we direct our efforts for maximum impact on equity. The index reflects neighborhood-level data of many key drivers of health and life expectancy at birth, giving us a clearer picture of communities that need our attention. Mapping HPI by census tract or zip code informs how we prioritize resources such as rental assistance grants, Parks and Recreation funds for youth sports, Public Works community needs assessments, and more.

Community Safety and Justice

Reducing inequities and disproportionality are a focus in the County's work to transform its justice system. This includes deepened involvement in the community, building trusted and open partnerships, and an attention to both addressing underlying causes and providing ongoing support to achieve success. In the Alternatives to Incarceration initiative, the County plans and provides supportive services for people to meet the needs of vulnerable individuals and reduce the likelihood of incarceration or re-incarceration. An Advisory Group that includes community members, as well as compensated consultants with lived experience in the justice system, are engaged to advise the initiative and its new programs. Community-based crisis stabilization units and sobering centers support people who experience a crisis or are intoxicated in public, including those contacted by law enforcement, to avoid criminal justice involvement. Care coordination, peer navigation, and housing services are available to support people who may have brief, although frequent interactions with the justice system because of unaddressed needs. Medical, housing, and mental health resources expand care, treatment, and support when people leave jail. The Office of the District Attorney will continue to implement the Transitional Age Youth Diversion Initiative (TAYDI), which addresses barriers and impacts of justice system involvement for young people through engagement and partnership with community-based organizations to address root causes of criminogenic factors and thus prevent further crime and victimization. The Sheriff's Department implemented the Blue Envelope Program, which is designed to promote inclusivity and serve as an enhanced communication awareness tool between law enforcement and community members diagnosed with a condition or disability that might require additional accommodations or awareness during a law enforcement response. The Probation Department expanded programming in their Youth Development Academy to provide trauma-informed, culturally responsive care utilizing a developmental and therapeutic approach to youth rehabilitation. The Office of the Public Defender, which provides traditional defense for indigent individuals charged with crimes, will provide post-conviction relief through their Fresh Start program, a comprehensive criminal relief program designed to reduce barriers to employment, education, housing, and community resources. The Department of Child Support Services established a Justice Involved Parents & Children (JIPC) team, which serves families of current and formerly incarcerated clients by providing resources, such as employment and debt reduction programs.

Office of Equitable Communities

The Department of Homeless Solutions and Equitable Communities (HSEC) provides resources and support to address the needs of traditionally under-resourced and vulnerable groups, immigrant and refugee communities, and people at risk of or experiencing homelessness. This is achieved through the department's three offices - the Office of Homeless Solutions (OHS), the Office of Equitable Communities (OEqC), and the Office of Immigrant and Refugee Affairs (OIRA). OEqC engages with each community to create positive change to strengthen equity, health, safety, economic inclusion, and access for all. One of its guiding principles is community collaboration to address equity and access. The OIRA advances equity and opportunities for immigrants and refugee communities by removing barriers to help them integrate into society and thrive, regardless of immigration status.

Office of Sustainability and Environmental Justice

The County of San Diego is leading a regional effort to focus on environmental and climate justice. The Office of Sustainability and Environmental Justice (OSEJ) within the County's Land Use and Environment Group, offers support and resources to County departments to evolve our applied understanding of environmental justice. Across the region, OSEJ's work is centered on communities that have been disproportionately impacted by systemic and institutional inequities and environmental burdens. In this way, OSEJ serves as a liaison, advocate, and partner for residents and organizations across the region, and with federal, State, and regional regulatory agencies to advance environmental protection and remedy environmental disparities and injustices. OSEJ previously published version 1.0 of a StoryMap, "Environmental and Climate Justice Gateway," to visually represent environmental health concerns in neighborhoods of the San Diego region by census tract. This visual library of health indicators helps raise awareness and provide information for the public's use in planning, advocacy, or education. OSEJ is in the early stages of exploring content for the next version of the StoryMap, where we hope to provide weighted composites that demonstrate interrelationships and reinforce community priorities, as

Language Access and Community Engagement

The County Communications Office (CCO) has added staff positions and, in partnership with OERJ, is developing an internal infrastructure for enhanced language services and community engagement. This will centralize coordination of multiple individual departments' additions of staff and resources for deeper engagement of underserved members of the community and ensure multilingual communities can access County services. These resources will support implementation of the new County policy directing translations of vital materials or interpretation at key events in languages spoken by substantial portions of the population. The County provides certain vital information or services directly to the public in a way that makes them accessible to persons who are limited speaking in the English language consistent with Board Policy A-139 Language Access. The eight current threshold languages used are Arabic, Chinese, Filipino, Korean, Persian, Spanish, Somali, and Vietnamese.

Translation, Language and Culture Connection (TLCC) Program

The Health and Human Services Agency's departments HSEC and OEqC, and the CCO co-chair the County's Translation, Language and Culture Connection (TLCC) program. The program is comprised of staff from all four County business groups. Members share their expertise in translation and communications with one another to replicate language access strategies in their departments. The goal is to advance language access by sharing and adopting practices for creating accurately translated, culturally responsive, trauma informed, and accessible communications across the County enterprise.

Contracting

The Department of Purchasing and Contract (DPC) Procurement is engaged in every aspect of the County's General Management System to ensure impartial, transparent procurements and the delivery of high-quality goods and services under County contracts. DPC is committed to increasing the inclusion and participation of community-based providers and increasing opportunities through activities that include focused community engagement and outreach, capacity building workshops, knowledge, and capacity-building workshops access to opportunities, and the to awarding of contracts based upon full and open competition. DPC will continue to advance equity in service delivery through community-focused requirements that incorporate lived experiences, community engagement, and subcontracting opportunities as part of program requirements and solicitation evaluation criteria. DPC will continue to advance equity in service delivery through solicitation and evaluation criteria, and program requirements community-focused requirements that incorporate lived experiences, community engagement expertise, and requiring subcontracting opportunities as part of program requirements and solicitation evaluation criteria.

Current and ongoing equity in contracting initiatives include:

- Providing no-cost training and support through the local Small Business Development Center and APEX Accelerator.
- Promoting policies that support supplier diversity.
- Collecting business demographic and non-profit data to support visibility and reporting.
- Encouraging regional community subcontracting for larger projects.

COUNTY OF SAN DIEGO

Financial Forecast and Budget Process

Five Year Financial Forecast

The County's two-year Operational Plan (the first year of which is adopted by the Board of Supervisors as the County's budget) is informed by the results of the Five Year Forecast, which is an informal planning tool designed to review the long-term outlook of the County's major cost drivers, service needs, and available funding sources. Typically, it is updated annually to help identify opportunities or issues and serves as the foundation to guide decision making during the development of the two-year Operational Plan.

The intent of the Five Year Forecast is not to create a five- year budget, but rather to be used as a planning tool to indicate the relative directionality of revenues and expenditures and to answer the following questions:

- Will revenues be adequate to maintain services at current levels?
- Will staffing levels change?
- Is there a need to expand existing programs or initiate new ones?
- Is additional debt necessary to meet capital needs?

The forecast is developed by first applying known and anticipated changes to Salaries & Benefits, operating costs, and revenues. Other factors considered include changes to required levels/scope of services and priorities of the Board of Supervisors (Board), demographic trends, economic indicators, and federal and State policy changes.

Review of Economic Indicators and Demographic Trends

Economic indicators are reviewed to assess overall economic health at the federal, State, and local level. These include unemployment statistics, median household income, taxable sales, as well as several indicators around the health of the real estate market.

Demographic data and trends including overall population changes and age, ethnicity and race distribution are reviewed for shifts in trends that may impact service needs.

Forecast of Revenues

Property tax revenue is the main driver of the County's General Purpose Revenue (GPR), so assessed value of real property (land and improvements) is monitored closely. GPR is the only form of revenue which the Board has complete discretion on how to spend. Assessed Value is analyzed in conjunction with Five Year Financial Forecast activities and ongoing planning activities, which in turn provides direction for the budget. Assessed Value is forecasted to grow at 4.00% in Fiscal Year 2024–25 and 4.00% in Fiscal Year 2025–26.

Other funding sources (i.e. program revenues) are received for specific purposes such as to provide services on behalf of federal or State government. Revenue projections in many program areas are still recovering as a result of the COVID-19 recession. For more information about other funding sources, refer to the All Funds: Total Funding Sources section.

For more information and charts on Assessed Values, refer to the Property Tax Revenue subsection in the General Purpose Revenue section.

Forecast of Expenditures

One of the most significant cost drivers in the current long-term outlook remains the June 30, 2023 assumed rate of return (ARR) and other changes in actuarial assumptions for the San Diego County Employees Retirement Association (SDCERA). The outlook reflects the SDCERA Board of Retirement's current ARR of 6.50% and an inflation rate of 2.50% for the foreseeable future. The forecast also reflects negotiated Salary & Benefits increases in place at the time of the forecast.

Capital Projects

The County's long-term capital needs have been identified and are included in the County's Capital Improvement Needs Assessment (CINA). Projects anticipated over the next five years are identified, ranked and prioritized. As a result of ongoing monitoring of all County facilities, and the ensuing forecasted needs, the County is working to revitalize building infrastructure and reduce ongoing maintenance and repair by implementing a Facilities Operational Improvement Program for aged facilities. This program helps to identify County-owned structures which are greater than 40 years old and are considered for replacement or major renovation, and is considered in the formation of the CINA.

Results of the CINA and anticipated financing strategies are contemplated in the Five Year Financial Forecast. Select projects identified for funding in Fiscal Year 2024–25 are detailed in the Capital Program section of this document.

Debt

The County's long-term financial obligations are issued and administered according to San Diego County Administrative Code, Board Policy and other guidelines. For information on the County's long-term obligations, including debt management policies, credit ratings and debt service payments, refer to the charts and narrative in the Debt Management Policies and Obligations section.

To support the annual payments related to the County taxable pension obligation bonds (POBs) in Fiscal Year 2017–18, the County began using fund balance committed specifically for the repayment of its POBs. Beginning in Fiscal Year 2016–17, General Fund fund balance, generated from unused funds for pension stabilization, was committed to help pay a portion of annual debt service for the POBs to assist with the funding of the County's overall retirement costs. By using committed (now restricted) fund balance to help support payments of the POBs, ongoing discretionary revenue is made available to help absorb the anticipated rising annual costs of retirement, which are expected to be impacted by actual investment performance and anticipated changing economic and demographic assumptions. This amount, and other amounts that have been appropriated for pension stabilization, are now restricted to funding pension-related liabilities, pursuant to an amendment of the County Charter (Article VIII Budget and Accounting, Section 800.1 Pension Stabilization) that was passed by voters in November 2018.

Budget Process

CAO Recommended Operational Plan

The budget process begins annually with submittal of the Chief Administrative Officer's (CAO) Recommended Operational Plan. This document is a comprehensive overview of the CAO plan for the County's operations for the next two fiscal years. It is submitted to the Board of Supervisors in May of each year. It includes:

- Summary tables outlining financing sources and expenditures for all County funds, plus an overview of staffing levels;
- A summary of the County's projected reserves, debt management policies and short-term and long-term financial obligations;
- A detailed section by group/agency and department/program describing each entity's functions, mission, current fiscal year anticipated accomplishments, operating objectives for the two upcoming fiscal years, performance measures; and budget tables for staffing by program, expenditures by category, and revenue amounts and sources;
- An explanation of the capital program planning process along with a description of the capital projects with new appropriations recommended, the operating impact of notable capital projects scheduled for completion during the next two fiscal years, and budget summaries for capital projects by fund; and
- Other supporting material including budget summaries, a glossary and an index.

Public Review and Hearing

Prior to adopting a budget, the CAO presents the Board of Supervisors and the public with an overview of the information contained in the CAO Recommended Operational Plan. The operational plan presentation takes place in May and is an opportunity for the Board and the public to understand key changes from year to year and ask questions. In addition, the Board conducts a public hearing in mid-June for 10 calendar days. Pursuant to California Government Code §29081, the budget hearing may be continued from day to day until concluded, but not to exceed a total of 14 calendar days.

All requests for revisions to the CAO Recommended Operational Plan, whether from members of the Board of Supervisors, County staff, County advisory boards or members of the public, must be submitted to the Clerk of the Board in writing by the close of the public hearing in June to be included in a Revised Recommended Operational Plan. These may include:

Change Letter

Change Letter is the phase where changes to the CAO Recommended Operational Plan are submitted by the CAO and/or members of the Board of Supervisors. The CAO Change Letter updates the CAO Recommended Operational Plan with information that becomes available after the latter document is presented to the Board of Supervisors. Such modifications may be due to Board actions that occurred subsequent to the submission of the CAO Recommended Operational Plan, or as a result of changes in State or federal funding, or other actions. The CAO Change Letter typically contains a schedule of revisions by department along with explanatory text.

Referrals to Budget

Referrals to Budget are items on which the Board has deferred action during the current fiscal year so that they may be considered in the context of the overall budget. Each business group tracks their Referrals to Budget. As the Board's Budget Deliberations approach, the status of each referral is updated and included in a compilation of all the referrals made throughout the year. This document is submitted to the Board for review and action during Budget Deliberations.

Citizen Advisory Board Statements

Citizen Advisory Board Statements are the comments of citizen committees on the CAO Recommended Operational Plan.

Budget Deliberations

Budget Deliberations occur at a public meeting of the Board after the conclusion of public hearings. During budget deliberations, the Board discusses the CAO Recommended Operational Plan, any requested amendments and public testimony/recommendations with the CAO and other County officials, as necessary. Based on these discussions, the Board gives direction to the CAO regarding the expenditure and revenue levels to be included in the final Operational Plan. Board Budget Deliberations are completed by the end of June.

Referrals from Budget

Referrals from Budget are requests made by the Board during Budget Deliberations for additional information to assist them in making decisions during the fiscal year. The applicable business group is responsible for providing the requested information to the Board of Supervisors.

Budget Adoption

Budget Adoption occurs following the Board's Budget Deliberations. The budget, as finally determined, is adopted by resolution requiring a majority vote of the Board of Supervisors. Any changes to the CAO Recommended Operational Plan received after the close of the public hearings, but prior to adoption require a four-fifths vote of approval by the Board. Budget adoption occurs in June.

Adopted Operational Plan

The Adopted Operational Plan shows the Board of Supervisor's adopted budget for the immediate fiscal year and the plan approved in principle for the following fiscal year. The Adopted Operational Plan is an update of the CAO Recommended Operational Plan reflecting revisions made by the Board during Budget Deliberations. Unlike the CAO Recommended Operational Plan, which displays the two prior fiscal years' adopted budgets and the recommended amounts for the two upcoming fiscal years, the Adopted Operational Plan provides perspective by displaying actual expenditures and revenue at the group/agency and department level for the two prior fiscal years, as well as the adopted and amended budget for the immediate prior fiscal year.

The amended budget for each department is the budget at the end of the fiscal year. It reflects the adopted budget plus any amounts carried forward from the previous year through the encumbrance process and any changes that were authorized during the year. Any budget-to-actual comparisons are best made using the amended budget as a base.

Budget Modifications

State Law permits modifications to the adopted budget during the year with approval by the Board or, in certain instances, by the Auditor and Controller. There are two options for requesting a mid-year budget adjustment from the Board of Supervisors which are described in the following sections.

Board of Supervisors Regular Agenda Process

Budget modifications are generally made due to unforeseen and program-specific changes. In compliance with Government Code §29130, increases in appropriations require a four-fifths vote of approval by the Board after the budget is adopted. Such changes could include requests for additional appropriations as a result of additional unanticipated revenues for specific programs, or a contract modification. Items placed on the agenda that have a fiscal or budgetary impact are reviewed and approved by the Deputy Chief Administrative Officer/Chief Financial Officer. Contract modifications also require the approval of the Purchasing Agent. County Counsel reviews and approves all Board agenda items.

Quarterly Status Reports

The CAO provides a quarterly budget status report to the Board that may also recommend changes to appropriations to address unanticipated needs or make technical adjustments to the budget. These reports are placed on the Board's regular agenda and are also posted on the County website.

COUNTY OF SAN DIEGO

Financial Planning Calendar: 2024 Dates

Calendar Year 2024

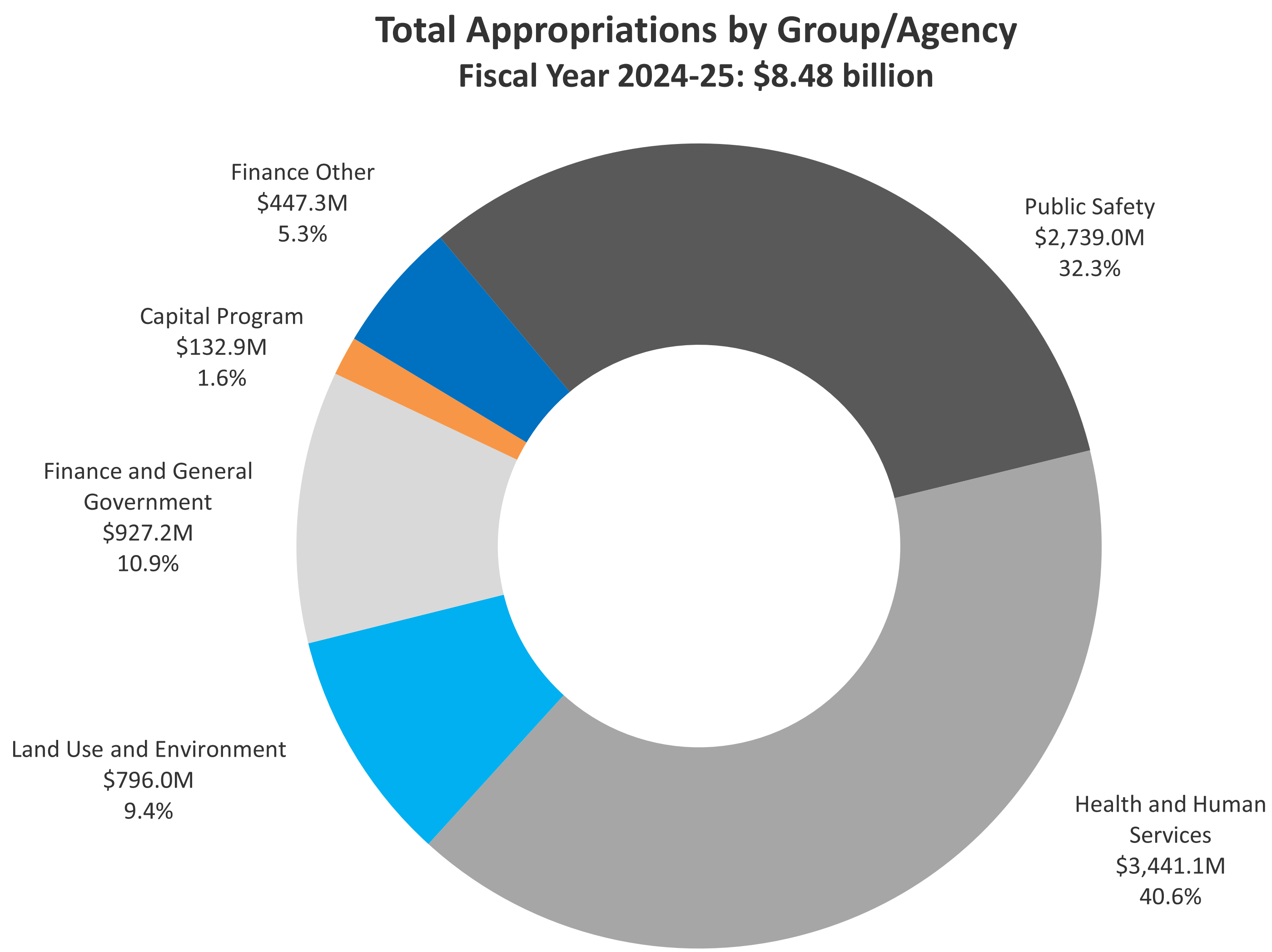
Feb 1	Office of Financial Planning (OFP) issues Operational Plan instructions County's budgeting application, Performance Budgeting (PB), opens for CAO Recommended Operational Plan development Countywide Operational Plan Kickoff
Mar 6	PB Closes to Groups for CAO Recommended Operational Plan Due date for Groups and Departments to submit final narratives to OFP, including: Anticipated Accomplishments, Objectives, Recommended Changes and Operational Impacts (from Year 1 to Year 2), and Performance Measures Due date for Groups and Departments to complete financial and narrative information for Capital section including: Recommended Appropriations, Operational Impact (from Year 1 to Year 2), Photos of new projects, Final Capital Improvement Needs Assessment (CINA) Projects report, and Budget Equity Assessment Tool Finalized
Mar 12	Due date for Groups to submit the following sections to OFP: All Funds: Total Appropriations, and All Funds: Total Staffing
Mar 22	Due date for Groups and Departments to submit Classification Activity Reports (CARs) for CAO Recommended Operational Plan to Department of Human Resources in a package
Apr 12	Draft copy of balanced CAO Recommended Operational Plan sent to the Chief Administrative Officer
Apr 16	Run Legal Ad notifying public of hearing dates and the date available and location of the CAO Recommended budget documentation
Apr 23	PB opens for Change Letter development
May 2	Recommended Budget document released to the public
May 14 & 16	Budget Presentations
May 15	PB closes to Groups and Departments (Change Letter) Due date for Groups and Departments to submit all final Change Letter and financial narratives to OFP OFP send request to Groups for Referrals to Budget
May 22	Due date for Groups and Departments to submit CARs for Change Letter to Department of Human Resources
Jun 4	Presentation and Public Hearing on CAO Recommended Operational Plan (9:00 AM)
Jun 4–13	Budget Hearings at the County Administration Center
Jun 6	Public Hearing on CAO Recommended Operational Plan (5:30 PM)
Jun 13	Last day for written testimony on budget to Clerk of the Board, including Change Letter, Budget board letter, resolution(s) to adopt budget, and any referrals to budget
Jun 13	Revised Recommended Budget document available online
Jun 25	Budget Deliberations and Budget Adoption
Jul 31	Due date for Groups and Departments to submit all final Adopted Operational Plan narratives to OFP

COUNTY OF SAN DIEGO

All Funds: Total Appropriations

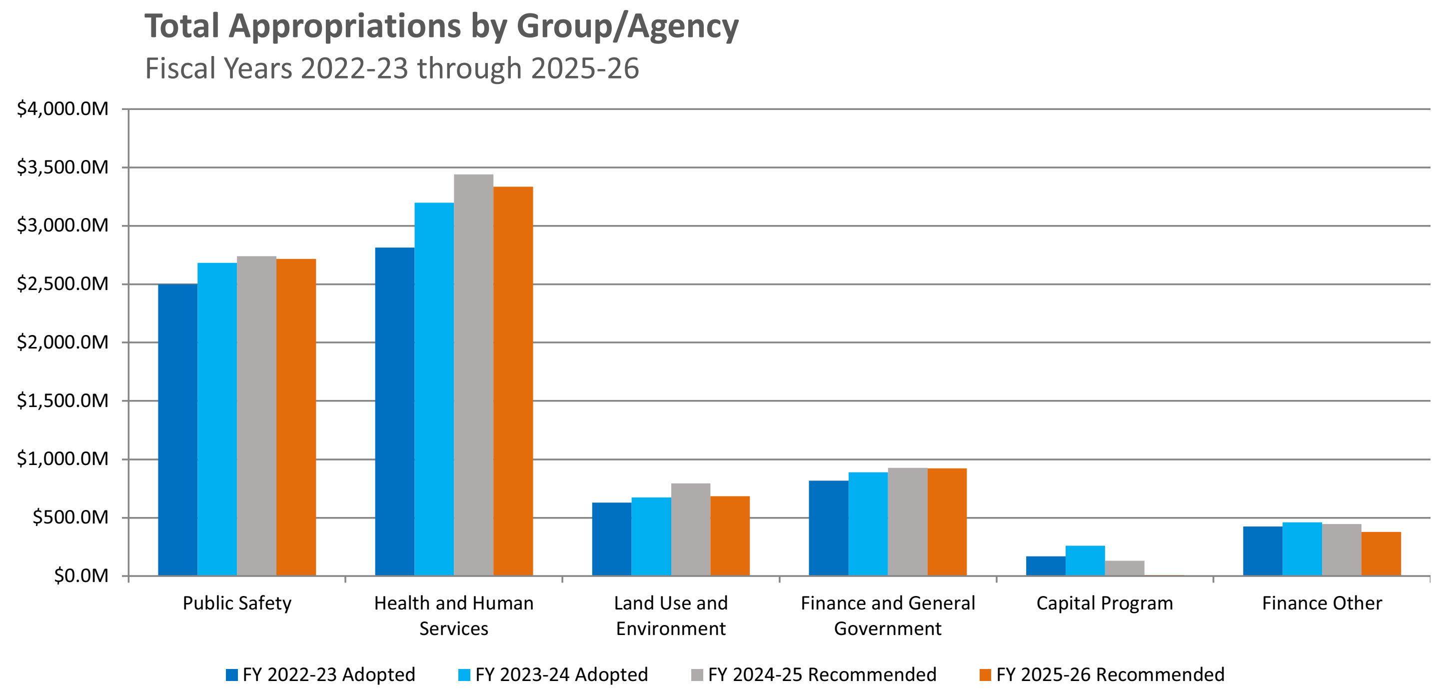
Total Appropriations by Group/Agency

Appropriations total **$8.48 billion in the Recommended Budget for Fiscal Year 2024–25** and $8.05 billion for Fiscal Year 2025–26. This is an increase of $317.7 million or 3.9% for Fiscal Year 2024–25 from the Fiscal Year 2023–24 Adopted Budget. Looking at the Operational Plan by Group/Agency, there are appropriation increases in all groups except for Capital Program and Finance Other.



Note: In the chart and table, the sum of individual amounts may no total due to rounding.

The chart above shows each Group/Agency's share of the Fiscal Year 2024–25 Recommended Budget, while the bar chart and table on the following page compare the Fiscal Years 2024–25 and 2025–26 appropriations to the two prior fiscal years. The percentage change is also calculated for the variance between the Fiscal Year 2024–25 Recommended Budget and the Fiscal Year 2023–24 Adopted Budget. An overview of the County's Operational Plan for Fiscal Year 2024–25 by Group/Agency highlights changes and key areas of focus. Appendix A: All Funds Budget Summary provides a summary of expenditures and financing sources by revenue category for the entire County and for each Group/Agency.



Total Appropriations by Group/Agency (in millions)									
		Fiscal Year 2022–23 Adopted Budget		Fiscal Year 2023–24 Adopted Budget		Fiscal Year 2024–25 Recommended Budget	% Change		Fiscal Year 2025–26 Recommended Budget
Public Safety	$	2,500.9	$	2,683.4	$	2,739.0	2.1	$	2,717.1
Health and Human Services		2,815.1		3,197.9		3,441.1	7.6		3,336.3
Land Use and Environment		629.9		674.4		796.0	18.0		685.6
Finance and General Government		815.6		889.6		927.2	4.2		923.1
Capital Program		171.8		258.9		132.9	(48.7)		8.8
Finance Other		426.1		461.7		447.3	(3.1)		379.3
Total	**$**	**7,359.5**	**$**	**8,165.9**	**$**	**8,483.6**	**3.9**	**$**	**8,050.3**

Public Safety Group (PSG)

A **net increase of $55.6 million or 2.1%** from the Fiscal Year 2023–24 Adopted Budget. This includes an increase in Salaries & Benefits of $39.2 million due to negotiated labor agreements, retirement contributions and the addition of staff years to support: the realigned youth population per Senate Bill 823, *Juvenile Justice Realignment*, in the Youth Development Academy; the mobile veterinary clinic; law enforcement requested by the Pala Band of Mission Indians; grant administration; consumer fraud protection related to economic crimes; ambulance services; the Opioid Settlement Framework approved by the Board on October 10, 2023 (Item #13); and to lead and coordinate gun violence reduction activities approved by the Board on February 6, 2024 (Item #14). The staffing costs also include adjustments to reflect normal staff turnover.

Major changes and investments other than in staffing costs are in the following areas:

- To support overall fire and emergency medical services including the implementation of ambulance transport services to provide critical emergency medical services to residents in unincorporated communities;
- Investments for medical services for youth and incarcerated individuals;
- For interim housing, residential and treatment services for youth and programs and services for realigned youth at the Youth Development Academy;
- Support in decedent transportation, pathology, investigations, and toxicology activities;
- Restore funding for the Immigrant Rights Legal Defense Program after prior year funding suspension;
- Support to indigent defense and for increased activities resulting from legislative changes such as California Racial Justice Act (DRJA) & SB 1421 *Peace Officers: Release of Records*;
- Continuing the implementation of CalAIM and Pretrial services;
- For overall operational costs increases such as in animal services, emergency services, public liability and contributions to trial court; and
- Major maintenance improvements for safety, compliance requirements and system upgrades in various facilities including:
  - East Mesa Juvenile Detention
  - San Diego Central Jail
  - George Bailey Detention
  - ADA compliance for all detention facilities
  - Renovation and upgrades to detention facilities: Las Colinas, Vista, East Mesa and South Bay

The budget also includes activities and one-time expenses supported by increases in sales tax-based revenues, including Proposition 172, *the Local Public Safety Protection and Improvement Act of 1993* and 2011 Public Safety Realignment.

The Public Safety Group will continue to provide core services, supporting the County's Strategic Initiatives, operating efficiently, effectively and responsively to the needs of our community.

Key areas of focus for Public Safety and its nine departments include:

- Continuing to lead and coordinate gun violence reduction activities.
- Working with the Health and Human Services Agency to continue the second year of a three-year program to provide community care coordination and re-entry services to help incarcerated individuals as they exit the justice system and rebuild their lives by connecting clients with housing, mental health and substance abuse services, and employment assistance that will increase self-sufficiency, pave the way to permanent homes, and reduce recidivism.
- Continuing the second year of a three-year pilot program to enhance services and support for human trafficking survivors by offering peer support navigators to strengthen connections to individualize services.
- Collaborating with stakeholders on the implementation of the shelter bed network mobile application to connect individuals experiencing homelessness to emergency shelter services.
- Establishing a network of partners as the South County Family Justice Center opens and providing enhanced victim trauma recovery services to include but not limited to counseling, restraining order clinic, case management and forensic medical services.
- Continuing to diligently address cases of clients affected by recent legislative changes to ensure clients receive full benefit from the law.
- Continuing implementation of the Detention Facility Strategic Framework Plan, which is a long-range plan that focuses on renovation and replacement of adult detention facilities. The goal of this plan is to provide a secure and humane environment for incarcerated persons that supports their rehabilitation, access to services, and overall well-being.
- Employing a team of Health & Human Services Agency Self Sufficiency Social Workers in regional probation offices to assist and support clients and families in moving towards self-sufficiency and stability by providing them with access to social services, including Medi-Cal, CalFresh and Cal-WORKs.
- Creating a *Racial Justice Act* unit to support requests from currently incarcerated individuals that their sentence and/or conviction be reviewed, modified, or vacated if it was based upon race, ethnicity, or national origin.
- Continuing the Community Health and Injury Prevention (CHIP) initiative to expand health services and community education to areas that lack health care facilities and transportation, and further develop the Community Paramedicine program to help patients avoid unnecessary trips to hospital emergency rooms and provide frequent 9-1-1 users help with case-management and public health resources.
- Expanding the County Fire Community Emergency Response Team (CERT) with a focus on ensuring the program is inclusive, equitable and integrates the full diversity of our population. This includes providing education and outreach in multiple languages to vulnerable residents such as seniors and older adults, people with disabilities or access and functional needs, tribal community members and youth. In addition, continue to address and reduce health disparities in the rural communities by providing exceptional response to med-

ical emergencies through a robust ambulance transportation system and front-line resources within the SDCFPD Ground Ambulance Service Area.

- Co-chairing a new multi-agency overdose fatality review team examining individual deaths, as well as data trends, to look for system-wide opportunities to increase health and safety in the community.
- Begin construction on a new shelter facility in Santee, designed to provide accessible, comprehensive animal care and control services to everyone in the unincorporated area, improving outcomes for animals and promoting the health and well-being of people and their pets countywide.
- Further develop partnerships with mentorship programs that serve families of incarcerated individuals, including guidance to children of this population.
- Begin development of the next five year update to the San Diego County Multi-Jurisdictional Hazard Mitigation Plan and integrate climate change effects on regional, natural, and human-caused disasters.
- Capital facility improvements include:
  - Environmental study and design for Ramona Sheriff Substation.
  - Planning, environmental study and design for Vista Detention Facility.
  - Environmental study and design for Ramona Fire Station 80 Expansion and Remodel.
  - Environmental study and design for San Diego County Fire Training Tower.

Health and Human Services Agency (HHSA)

The Health and Human Services Agency (HHSA) Fiscal Year 2024–25 Recommended Budget includes appropriations of $3.4 billion, a **net increase $243.2 million or 7.6%** from the Fiscal Year 2023–24 Adopted Budget. This budget reflects a focus on maintaining core mandated programs and services including the significant investments made in prior years to improve service delivery and address an increasing need for safety net services. In an environment of slowing growth in more discretionary revenue streams coupled with increasing costs, several budget strategies were employed to help bridge essential services, including the use of over $100 million in one-time available Realignment funds based on sales tax receipts from prior years. Continued planning at the County enterprise is underway to develop strategies and solutions, including service level adjustments as needed, to address next year's anticipated budget shortfall.

A significant portion of the proposed budget increase is in Salaries & Benefits, which is going up by $97.7 million. This is tied to negotiated labor agreements as well as adjustments to reflect implementation of successful recruitment strategies that have significantly reduced vacancy rates. Last year's budget included an increase of 354.00 staff years across all HHSA departments. This year's budget holds positions flat for the most part, but maintains the significant additional capacity that was added in recent years. In light of slowing revenue growth and anticipated State budget deficits, position increases were limited to those that were fully funded by federal and State revenue and include positions to make public health services more accessible and to modernize nutrition and supportive services funded under the Older Californians Act.

While there are funding constraints limiting growth in several areas, there are still areas of opportunities available to leverage dedicated funding to meet community need in County priority areas. In Behavioral Health there are investments of over $118 million tied to dedicated funding available to further develop the Behavioral Health Continuum of Care including areas like the Evergreen Component of the American Rescue Plan Act (ARPA) Framework, Innovation Funds under the Mental Health Services Act, State grant funds, and enhanced funding as part of Medi-Cal Transformation (formerly CalAIM). Investments include items such as expanding San Diego's Behavioral Health Workforce to recruit, train, and educate public behavioral health workers within County-funded behavioral health programs, implementation of Involuntary Behavioral Health Treatment under Senate Bill 43, and youth suicide prevention activities.

This budget also reflects Board action to approve another infusion of $10.6 million supported by the Evergreen Component of the ARPA Framework into the Innovative Housing Trust Fund (IHTF) to increase the region's inventory of affordable housing and reflects $7.8 million in grant funds to address the immediate needs of those experiencing homelessness within the San Diego Riverbed and Plaza Bonita areas. There are also increases to meet increased costs associated with growth in the mandated General Relief cash assistance program as well as mandated increases in In-Home Supportive Services (IHSS) associated with prior year negotiated wage increases and the annual statutory 4% increase in the County's share of program costs.

Major changes include:

- Increases due to negotiated labor agreements and adjustments to reflect implementation of successful recruitment strategies that have significantly reduced vacancy rates. Also included are the addition of 10.00 staff years. These include 4.00 staff years in Public Health Services (PHS) to support the deployment of the Live Well on Wheels mobile clinic; 4.00 staff years in Aging & Independence Services (AIS) to expand capacity to help veterans in need of long-term support to avoid confinement and to support modernizing the Mello-Granlund Older Californians Act (OCA) Supportive Services and Nutrition Services; and 2.00 staff years in Housing and Community Development Services to provide additional fiscal support to the Housing Choice Voucher (HCV) programs.

- Increases tied to an intergovernmental transfer agreement (IGT) approved by the Board of Supervisors on October 24, 2023 between the County and Revive Pathway, wholly owned by the Viejas Band of Kumeyaay Indians (Viejas), to provide a comprehensive array of community-based behavioral health services to vulnerable populations with substance use conditions.
- Increases for the implementation of Involuntary Behavioral Health Treatment under Senate Bill 43 that will include items such as support of expanded services and supportive infrastructure in hospital and community-based settings primarily as a bridge to more sustainable funding, Public Conservator infrastructure, crisis stabilization unit capacity, training and education capacity, and support substance use disorder (SUD) services capacity including a harm reduction model.
- Increases to expand San Diego's Behavioral Health Workforce to recruit, train, and educate public behavioral health workers within County-funded behavioral health programs.
- Rate increases for opioid treatment programs and substance use disorder residential treatment services as part of the implementation of payment reform under Medi-Cal Transformation.
- Increases tied to the opening of the Tri-City Medical Center Psychiatric Health Facility anticipated to be operational early in Fiscal Year 2024–25.
- Increases in the Youth Suicide Prevention Program to perform activities related to the prevention of suicides and suicide attempts among youth 25 years of age and under.
- A new infusion of funding for the Innovative Housing Trust Fund to increase the region's inventory of affordable housing for low-income residents.
- Increases to support General Relief benefit payments to align with increased cost and caseload trends.
- Increases for the County's IHSS Maintenance of Effort tied to prior year negotiated wage increases and the annual statutory 4% increase in the County's share of program costs.
- Increases in the Transitional Housing Program Plus for enhanced navigator services as well as increases in housing rates.
- Increases for the American Rescue Plan Act (ARPA) Community-Based Child Abuse Prevention (CBCAP) which funds direct prevention services and planning activities.
- Increases to address homelessness including the immediate needs of those experiencing homelessness within the San Diego Riverbed and Plaza Bonita areas and continued funding through ARPA for the Regional Homeless Assistance Program and the Local Rental Subsidy Program.

These investments reinforce the Agency's commitment to improving outcomes for the most vulnerable people, including working to ensure all residents have access to fair and equitable services and inclusive opportunities to enhance wellbeing. Key areas of focus include:

- Protecting the public's health by strengthening the public health infrastructure in a variety of ways, including expanding public health laboratory capacity, building a skilled and competent workforce, and designing workforce planning and systems; enhancing accountability and organizational systems; implementing health communication efforts for vulnerable populations; and enhancing community partnerships and health equity programming.
- Continuing to advance efforts to transform the Behavioral Health Continuum of Care from a system driven by crisis to one centered on chronic and continuous care and prevention through the implementation of the Behavioral Health Optimal Care Pathways (OCP) model to establish new service capacity to connect individuals to care environments that meet their social, physical, and behavioral health needs long-term and diverts them from unnecessary higher levels of care; implementing key new services as part of the Opioid Settlement Framework, in partnership with various stakeholders; ramping up the Senate Bill (SB) 1338, *Community, Assistance, Recovery and Empowerment (CARE) Act* program, which launched in October 2023; and implementing SB 43 on January 1, 2025, through a multi-sectoral planning process.
- Providing for the increasing aging population by ensuring the optimal mix of services and staffing are in place; continuing to promote food security and senior nutrition, support services, family caregiving and other aging services with an effort to assist older adults to continue to recover from the effects of the pandemic; providing access to home-based and caregiver services through the IHSS program; ensuring timely delivery of services supporting increased overall safety for vulnerable dependent and older adults through the Adult Protective Services (APS) program; ensuring dependent and older adults, children, and the deceased will continue to receive timely, person-centered services to meet their needs in a dignified respectful manner through the Public Administrator/Public Guardian program; and continuing efforts to reduce adult homelessness or experience of being unhoused by older adults through the Home Safe program.
- Operationalizing efforts that support the County's Framework for Ending Homelessness and enhancing the coordination of services for individuals who are at risk of or experiencing homelessness through multiple programs and initiatives supporting populations including youth, veterans, seniors, LGBTQ+, individuals with justice involvement, and those with health and behavioral health needs. Advancing efforts under compassionate emergency solutions and path-

ways to housing to continue expanding emergency housing for the unincorporated communities and through collaborative efforts regionwide.

- Focusing on County's efforts to increase the supply of affordable housing through the reimagining of excess County properties, continuation of the Innovative Housing Trust Fund, and expanded use of Project Based Vouchers; improving the integration of housing, health and human services for vulnerable populations through initiatives like Veterans Affairs Supportive Housing (VASH), No Place Like Home, Housing Opportunities for Persons with HIV/AIDS and providing ongoing rental assistance to support low-income households afford and maintain housing.
- Promoting child and family strengthening through a partnership with the Child and Family Strengthening Advisory Board and continued investments to improve service delivery by identifying and implementing culturally competent, family centered, child-focused and trauma-informed best practices. In addition, providing family strengthening and prevention services in a more holistic and integrated way with the establishment of the Child and Family Well-Being department, focused on keeping families together, holding the family's voice as the expert in how to best keep their children safe, ensuring equitable approach to preventing child maltreatment, and reducing unnecessary child protective actions that have historically harmed and separated families.
- Enhancing service delivery and reducing administration and infrastructure costs through efforts to maximize telework opportunities and continue strategic IT investments that support person-centered service delivery and integrate systems to support coverage and care efforts that include treatment, assistance, protection, and prevention.

Land Use and Environment Group (LUEG)

A **net increase of $121.6 million or 18.0%** from the Fiscal Year 2023–24 Adopted Budget. This increase primarily relates to the addition of 44.00 staff years across all LUEG departments and negotiated labor agreements. Other increases relate to the road maintenance and resurfacing projects, traffic signal improvements, the Watershed Protection Program to fund Total Maximum Daily Load (TMDL), major maintenance projects for Closed Landfills and major maintenance projects at Parks and Library facilities.

Major changes include:

- The addition of 44.00 staff years in the following departments: County Library to support library branch operations; Environmental Health and Quality to support the Food, Housing and water programs; Parks and Recreation to support park operations at new and expanded park facilities and increased conservation and monitoring activities; Planning & Development Services to support increased workload in building services and code compliance; and Department of Public Works to support the Capital Improvement Program, Airport Operations and Closed Landfill operations and to ensure compliance with the Bacteria Total Maximum Daily Load (TMDL) requirements. This results in a total increase of $19.0 million.
- Support ongoing road maintenance and resurfacing projects as well as other road safety improvements for a total increase of $38.4 million.
- Improvements to water quality and promote sustainable management of resources for $12.8 million. This is funded by one-time General Purpose Revenue which has a net effect of a decrease of expenditures. The central funding is supported by resources in Countywide Finance Other.
- Expanding the community's use of libraries with the construction of a new facility in Casa de Oro for an increase of $1.1 million.
- Investments in one-time information technology and major maintenance projects to maintain county facilities for an increase of $9.5 million.
- Ongoing maintenance projects at various County Park facilities including funding for ADA improvements, tree planting programs, and increasing park sustainability to reduce carbon footprint for a total increase of $2.4 million.
- The completion of one-time projects and procurements such as information technology upgrades and major maintenance project completion resulted in a total decrease of $3.5 million.

Key areas of focus include:

- Focusing on our commitment to sustainable practices and solutions and ensuring they are reflected through our services across the region.
- Maintaining the County's long-term teleworking and alternate work schedule plans to reduce employee vehicle miles traveled which reduces greenhouse gases and supports the protection of our environment.
- Committed to being a leader in sustainability efforts to implement the Regional Decarbonization Framework which will provide a framework for the region to achieve zero carbon emissions.
- Protecting public health, safeguarding environmental quality, and helping to prevent disease through education and awareness of vector-borne diseases and proper disposal of household hazardous, electronic and universal waste.
- Protecting the region's watershed by improving the health of local waters and minimizing downstream pollutants.
- Protecting San Diego County's $1.8 billion agricultural industry from damaging pests, noxious non-native weeds and diseases. Agriculture supports economic development through

its contributions to national and international trade, employment and the production of healthy and high-quality crops necessary for health.

- Maintaining County roadway infrastructure in good condition to reduce impact to vehicles, enhance road safety and improve transportation facilities for customers.
- Expanding and protecting park resources by acquiring additional parkland throughout the County to provide opportunities for high quality parks and recreation experiences and expanding management, monitoring, maintenance, operations and ongoing stewardship of existing and future parkland.
- Engaging in a robust outreach process based on transparency which includes ongoing communication, informing, involving and collaborating with stakeholders so they can confidently participate and have equal access in the decision-making process.

Finance and General Government Group (FGG)

A **net increase of $37.7 million or 4.2%** from the Fiscal Year 2023–24 Adopted Budget. This increase is primarily due to the addition of 6.00 staff years across multiple departments, negotiated labor agreements, expanded equity programs, contract services and maintenance at County facilities, utilities and fuel, increased cost to replace vehicles and equipment, and security and compliance upgrades for existing IT systems and applications.

Major changes include:

- The addition of 6.00 staff years to improve delivery of services and support enterprisewide growth in the following departments and offices: Board General Office to provide administrative support for the Board of Supervisors' student intern program, Treasurer-Tax Collector to support Investment Pool activities, Chief Administrative Office to establish the new Chief Binational Officer role, Auditor and Controller for central payroll activities to support countywide growth in employee count in recent years, and in the County Technology Office to support enterprise IT operations.
- Expand the Social Equity Program to address the disproportionate harm caused by the War on Drugs on communities of color by providing economic access and equity in the cannabis industry.
- Implement the Uplift Boys & Men of Color initiative to provide a holistic approach to connecting at-risk youth to wrap around services, trauma support systems, and workforce development opportunities.
- Invest in the Zero Carbon Portfolio Plan (ZCPP) Year 2 Planning to reduce the County's carbon emissions by 90% by 2030.
- Continue the expansion of electric vehicle (EV) charging infrastructure and the conversion of the County fleet to EVs as outlined in the EV Roadmap.
- Protect workers' rights and continue implementation of Board Policy B-74, Contracting Standards for Janitorial, Landscaping, and Security Services Contracts.
- Build capacity in FGG support departments to ensure ability to be responsive to overall enterprise growth and changing program requirements.
- Modernize the County's technology infrastructure and initiate a project to migrate the County's enterprise resource planning (ERP) systems to cloud-based solutions.
- Conduct the November 4, 2024 Presidential General Election and implement a new elections management system.

Key areas of focus include:

- Manage the enterprise's financial planning and long-term financial forecasting models to inform strategic planning and ensure fiscal stability. Maintain robust financial reporting and audit programs to ensure compliance and integrity in County programs and finances.
- Increase civic participation and engagement in the County's budget process by enhancing the budget outreach strategy, including the launch of a new public survey on budget priorities and communications preferences.
- Improve, refine and sustain the Budget Equity Assessment Tool and process to enhance the County's ability to understand the impact of resource allocation decisions on Black, Indigenous and People of Color (BIPOC), low income, and other communities historically and currently suffering from inequalities and inequities.
- Enhance supplier diversity by developing a community engagement model to improve outreach to small businesses and providers.
- Administer all aspects of the County's property tax services, including property assessment, tax collection and apportionment. Continue the development and implementation of the Integrated Property Tax System (IPTS).
- Improve the lives of all San Diego residents and workers by protecting workers' rights and investigating complaints under the jurisdiction of the Office of Labor Standards and Enforcement, and by creating better jobs and opportunities through regional coordination guided by the Comprehensive Economic Development Strategy (CEDS).
- Negotiate fair and economically responsible agreements with employee organizations.
- Empower the County workforce by guiding departments in understanding the results of the biennial employee engagement survey and developing actionable plans that drive meaningful change.

- Recruit, onboard and maintain a highly skilled and diverse workforce. Enhance recruitment strategies for difficult to reach populations, including veterans, and set workers up for success by providing resources to support all employees, including neurodivergent individuals.
- Continue the implementation of FGG departmental sustainability plans and contribute to the County's overall carbon footprint reduction by reducing vehicle miles traveled, consolidating office space in adherence to telework guidelines, limiting paper use, and providing trainings and resources to staff.
- Encourage County departments to reduce the number of under-utilized vehicles in the Fleet.
- Replace aging infrastructure and facilities with modern, energy-efficient, well-designed facilities for customers and employees, and enhance community engagement in the capital planning process.
- Strengthen a transparent and independent citizen complaint process to the extent allowed by law, which provides relevant feedback and recommendations to the Sheriff and Chief Probation Officer.

Capital Program

A **net decrease of $126.0 million or 48.7%** from the Fiscal Year 2023–24 Adopted Budget. The amount budgeted in the Capital Program for capital projects can vary significantly from year to year based on the size and scope of capital needs in the coming years. The Fiscal Year 2024–25 Capital Program includes $124.3 million for capital projects and $8.6 million for the Edgemoor Development Fund to pay debt service on the 2014 Edgemoor Refunding Certificates of Participation for a total of $132.9 million. The projects included in the Capital Program funds are as follows:

- $30.0 million for major systems renovation at the Hall of Justice;
- $7.5 million to acquire land for the Multiple Species Conservation Program;
- $5.0 million for preconstruction efforts of new Ramona Sheriff Substation;
- $4.4 million for the land acquisition of Stowe Trail to provide regional trail connectivity to Sycamore Canyon/Goodan Ranch County Preserve and Trans County Trail;
- $4.0 million for construction efforts to restore deepening the lakebed at Lindo Lake;
- $3.6 million for a public access plan, construction of new trails, improvements to existing trails, construction of a new staging area, and erosion repairs at Sycamore Canyon Trails;
- $2.5 million for the construction of Calavo Park;
- $2.5 million for the design, environmental analysis, and construction of upgrades to the existing Mira Mesa Youth and Community Center Epicentre;
- $1.0 million for construction completion at the Casa de Oro Library;
- $1.0 million for planning study for amenities at Butterfield Ranch and Star Valley;
- $1.0 million for a feasibility study to consider public access and passive park amenities at the former site of the Encinitas II Landfill;
- $0.9 million for design and environmental analysis of trails at Dictionary Hill;
- $0.5 million for planning and environmental study for the Vista Detention Facility Modernization;
- $0.3million for design and environmental analysis of Ramona Fire Station 80 Expansion and Remodel;
- $0.1 million for design and environmental analysis of San Diego County Fire Training Tower;
- $60.0 million for various major maintenance projects to be capitalized.

In Fiscal Year 2025–26, appropriations decrease by $124.1 million from Fiscal Year 2024–25 and the program includes funding of $8.8 million for the Edgemoor Development Fund.

Finance Other

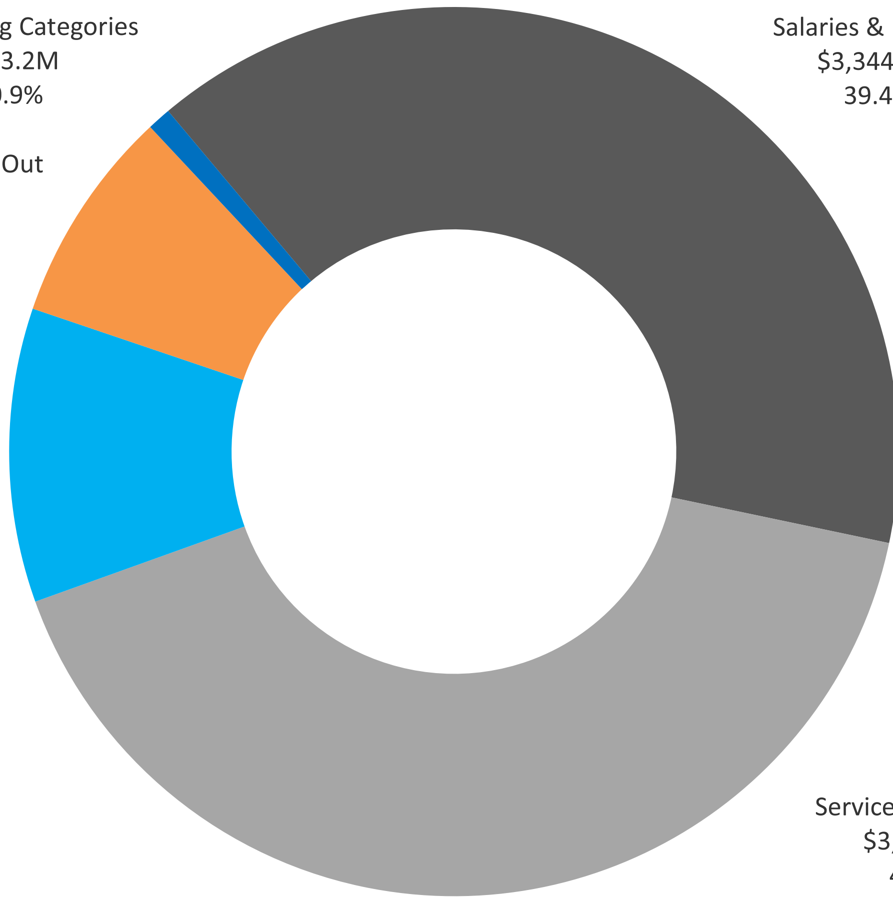
A net decrease of **$14.4 million or 3.1%** from the Fiscal Year 2023–24 Adopted Budget. Many of the appropriations in this group vary little from year to year, but some are one-time and can fluctuate significantly.

The majority of the decrease is in Countywide Shared Major Maintenance due to the one-time major maintenance office space consolidation project at the County Operations Center (COC) and in the Public Liability Internal Service Fund due to anticipated decrease in settlement relating to liability payments. These decreases are offset by increases primarily due to the newly established Insurance ISF.

Total Appropriations by Categories of Expenditures

The chart below shows the CAO Recommended Budget detailed by categories of expenditures. As noted previously, the Fiscal Year 2024–25 CAO Recommended Budget is **increasing overall by $317.7 million or 3.9%** to $8.48 billion from the Fiscal Year 2023–24 Adopted Budget and decreasing by $433.3 million or 5.1% to $8.05 billion in Fiscal Year 2025–26.

Total Appropriations by Categories of Expenditures
Fiscal Year 2024-25: $8.48 billion



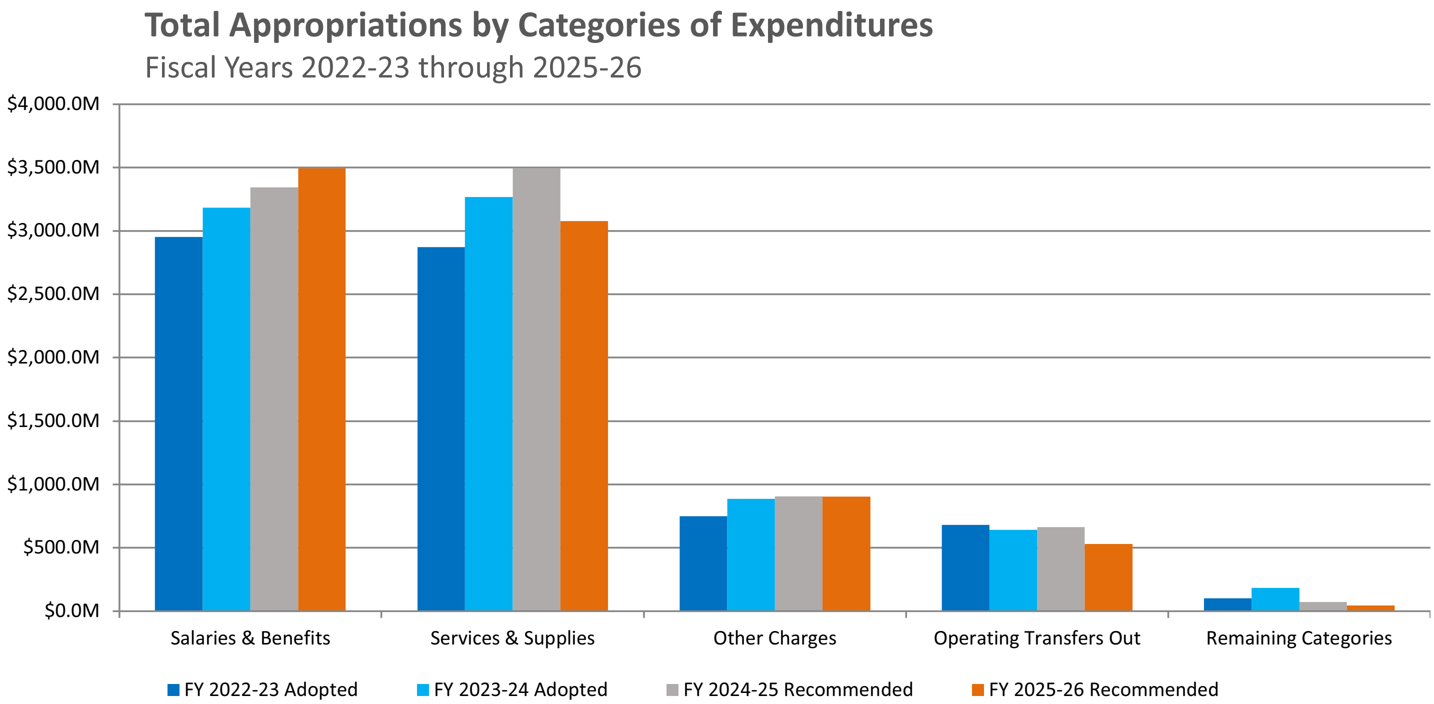
Note: In the chart and table, the sum of individual amounts may not total due to rounding.

Salaries & Benefits

Salaries & Benefits are **increasing by $161.3 million or 5.1%** in Fiscal Year 2024–25. This change is primarily due to negotiated labor agreements, increased retirement contributions for safety members, and a staffing increase of 72.00 staff years. This increase is attributable to additional staffing in all groups with most of the increase in the Land Use and Environment Group to support operational needs and meet compliance standards within various departments.

In Fiscal Year 2025–26, Salaries & Benefits are increasing by $149.4 million or 4.5% primarily due to anticipated general members' salary and benefit increases included primarily for planning purposes, and due to negotiated labor agreements for safety members. No change in staffing is recommended in Fiscal Year 2025–26.

See the All Funds: Total Staffing section for a summary of staffing changes by business group.



Total Appropriations by Categories of Expenditures (in millions)	Fiscal Year 2022–23 Adopted Budget	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	% Change	Fiscal Year 2025–26 Recommended Budget
Salaries & Benefits	$ 2,953.4	$ 3,182.9	$ 3,344.2	5.1	$ 3,493.6
Services & Supplies	2,873.0	3,268.8	3,495.6	6.9	3,078.1
Other Charges	750.1	888.2	907.3	2.2	903.9
Operating Transfers Out	680.4	642.3	663.3	3.3	529.2
Remaining Categories:					
Capital Assets/Land Acquisition	186.9	290.6	153.2	(47.3)	58.0
Capital Assets Equipment	58.8	53.3	58.1	9.0	44.6
Capital Assets Software	0.1	1.2	0.1	(96.0)	0.1
Expenditure Transfer & Reimbursements	(143.2)	(161.5)	(138.1)	(14.5)	(57.1)
Contingency Reserves	—	—	—	—	—
Fund Balance Component Increases	—	—	—	—	—
Management Reserves	—	—	—	—	—
Total	**$ 7,359.5**	**$ 8,165.9**	**$ 8,483.6**	**3.9**	**$ 8,050.3**

Services & Supplies

Services & Supplies are **increasing by a net of $226.8 million or 6.9%** in Fiscal Year 2024–25. This category accounts for expenditures for items such as office supplies, contracted services, facility leases, facility maintenance, minor equipment, utility usage, services provided by internal service funds (ISFs) and various other requirements.

While individual accounts are increasing or decreasing by varying amounts, the most significant increase of $109.2 million is in the Health and Human Services Agency (HHSA) with majority in

Behavioral Health Services due to dedicated funding available to further develop the Behavioral Health Continuum of Care including an intergovernmental transfer agreement (IGT) between the County and Revive Pathway, wholly owned by the Viejas Band of Kumeyaay Indians (Viejas), to provide a comprehensive array of community-based behavioral health services to vulnerable populations with complex substance use conditions, for the Public Behavioral Health Workforce Development and Retention Program funded by Mental Health Services Act (MHSA) Innovation funds and the Evergreen Component of the American Rescue Plan Act (ARPA) Framework, rate increases to Substance Use Disorder (SUD) Residential Service contracts associated with payment reform as a part of Medi-Cal Transformation (formerly CalAIM), and implementation of Involuntary Behavioral Health Treatment under Senate Bill 43 funded by the Evergreen Component of the ARPA Framework.

Other groups also reflect increases with $57.9 million in the Public Safety Group (PSG) mainly for the ambulance transport services in San Diego County Fire Protection District (SDCFPD) Ambulance Service Area to provide critical emergency medical services to residents in rural communities, increased costs in the Sheriff's Department for contributions to Internal Service Funds for public liability insurance and other insurance, facilities management, fleet services and information technology (IT) projects, and to continue Probation's Pretrial Services program; $54.2 million in the Land Use and Environment Group (LUEG) primarily in the Department of Public Works due to increase in contracted road services and consultant contracted services in the Road Program and for one-time projects for the Watershed Protection Program and Closed Landfill Program; and $31.7 million in Finance and General Government Group (FGG) to align with the Department of General Services' projected spending for contracted services and maintenance at County facilities, and for the implementation of the Integrated Property Tax System (IPTS) and security and compliance upgrades for the Enterprise Document Processing Platform (EDPP). These increases are partially offset by decreases of $26.1 million in Finance Other due to lesser allocation of one-time funding for General Fund departments and decrease of Public Liability ISF, and $0.1 million in the Capital Program. Despite the overall decrease in Finance Other, there are notable increases which are tied to the establishment of an Insurance ISF to centralize County insurance activities and an increase in the Employee Benefits ISF.

A decrease of $417.5 million or 11.9% in Fiscal Year 2025–26 is primarily due to the anticipated completion of one-time purchases and projects and an anticipated overall enterprisewide gap of $63.5 million. The budget gap is being driven by slowing revenue streams including Realignment revenue based on sales tax receipts, the ending of one-time revenues like the American Rescue Plan Act (ARPA), and overall increasing costs and demand for services.

Other Charges

Other Charges are **increasing by a net of $19.1 million or 2.2%** in Fiscal Year 2024–25. This category includes items such as aid payments, debt service payments, depreciation expense, interest expense, right-of-way easement purchases and other various payments including contributions to other agencies. The overall increase is largely driven by increases of $16.1 million in HHSA primarily in Self-Sufficiency Services to align various benefit payments with increasing costs tied to State mandated grant increases and caseload trend, and $11.7 million in PSG mainly in the Sheriff's Department to support medical and mental health services contracts. Additionally, increases of $1.4 million is in LUEG due to right-of-way and depreciation costs in the Department of Public Works as well as an electrical vehicle replacement in the Department of Environmental Health and Quality, and $0.4 million in FGG due to an increase in software depreciation in the Department of Purchasing and Contracting. These are partially offset by a decrease of $10.5 million in Finance Other Public Liability ISF due to anticipated decrease in settlement relating to liability payments.

A decrease of $3.4 million or 0.4% is projected in Fiscal Year 2025–26 due to completion of one-time costs, a final debt service payment in Fiscal Year 2024–25 for the 2019 Justice Facilities Refunding, and the reduction of interest earnings which are used to offset future debt service payments.

Operating Transfers Out

Operating Transfers Out, the accounting vehicle for transferring the resources of one fund to pay for activities in another, is **increasing by a net of $20.9 million or 3.3%** in Fiscal Year 2024–25.

Increases include $13.0 million in HHSA primarily driven by an additional annual draw from the Tobacco Securitization Fund to help offset impacts of slowing Realignment revenue based on projected sales tax receipts, $9.8 million in LUEG mainly due to the one-time transfers from the Watershed Protection Program to the Road Program, Flood Control District, and Sanitation District for capital projects in the Department of Public Works, and $7.6 million in Finance Other to support capital projects and facility improvements. These are partially offset by decreases of $7.8 million in PSG, and $1.7 million in FGG and Capital Program due to completion of prior year one-time expenditures. The decrease in PSG is mainly due to a decrease in available Proposition 172, *the Local Public Safety Protection and Improvement Act of 1993*, funding offset by an increase in the Sheriff and Probation Departments related to one-time capital major maintenance projects, and in the San Diego County Fire to fund ambulance transport services.

A decrease of $134.1 million or 20.2% is projected for Fiscal Year 2025–26 primarily due to the nonrecurrence of one-time items from the prior year.

Capital Assets/Land Acquisition

Capital Assets/Land Acquisition, which includes capital improvement projects and property acquisitions, is **decreasing by a net of $137.4 million or 47.3%** in Fiscal Year 2024–25.

Appropriations vary from year to year depending upon the cost of the various projects funded. See All Funds: Total Appropriations Capital Program for a list of planned capital projects. The reduction is primarily in the Capital Program reflecting a decrease of $125.7 million. In addition, decreases of $24.9 million in PSG is largely in the District Attorney due to completion of one-time tenant leasehold improvements, and $1.4 million in LUEG Department of Public Works due to decrease in Sanitation District's capital projects and completion of public infrastructure construction for Harmony Grove Community Facility District. These are partially offset by an increase of 14.6 million in Finance Other due to anticipated future capital projects.

A decrease of $95.1 million or 62.1% is projected for Fiscal Year 2025–26 due to a decrease in planned appropriations to support one-time projects.

Capital Assets Software

Capital Assets Software is **decreasing by $1.2 million or 96.0%** in Fiscal Year 2024–25. This category includes multi-year license agreements and internally generated software. This decrease is in HHSA Public Health Services due to a reduction for prior year one-time costs associated with an Electronic Health Record and the development of expandable data management system to track tobacco retailer, fee payments, and compliance with the County's Tobacco Retail Licensing Ordinance.

There is no change for Fiscal Year 2025–26.

Capital Assets Equipment

Capital Assets Equipment is **increasing by a net $4.8 million or 9.0%** in Fiscal Year 2024–25. This account primarily includes routine Internal Service Fund (ISF) purchases of replacement vehicles and heavy equipment. It also includes appropriations for information technology hardware and communications equipment.

While the amounts may vary from year to year, the most significant increase of $7.6 million is in FGG due to increases in the Department of General Services to align with projected spending for replacement of vehicles and equipment, and Assessor/Recorder/County Clerk for the purchase of a fire suppression system for the East County Archives and Vitals Mobile vehicle for the Recorder. In addition, there is an increase of $2.3 million in LUEG due to one-time vehicle and equipment purchases in the Department of Public Works and fixed asset purchase funded by Homeland Security grant in the Department of Environmental Health and Quality. These increases are partially offset by decreases of $3.1 million in PSG and $2.0 million in HHSA mostly due to prior-year one-time purchases. However, there is a notable increase in PSG San Diego County Fire funding, allocated towards the acquisition of fire apparatuses and ambulances.

A decrease of $13.5 million or 23.3% is anticipated in Fiscal Year 2025–26 primarily due to completion of one-time purchases.

Expenditure Transfer & Reimbursements

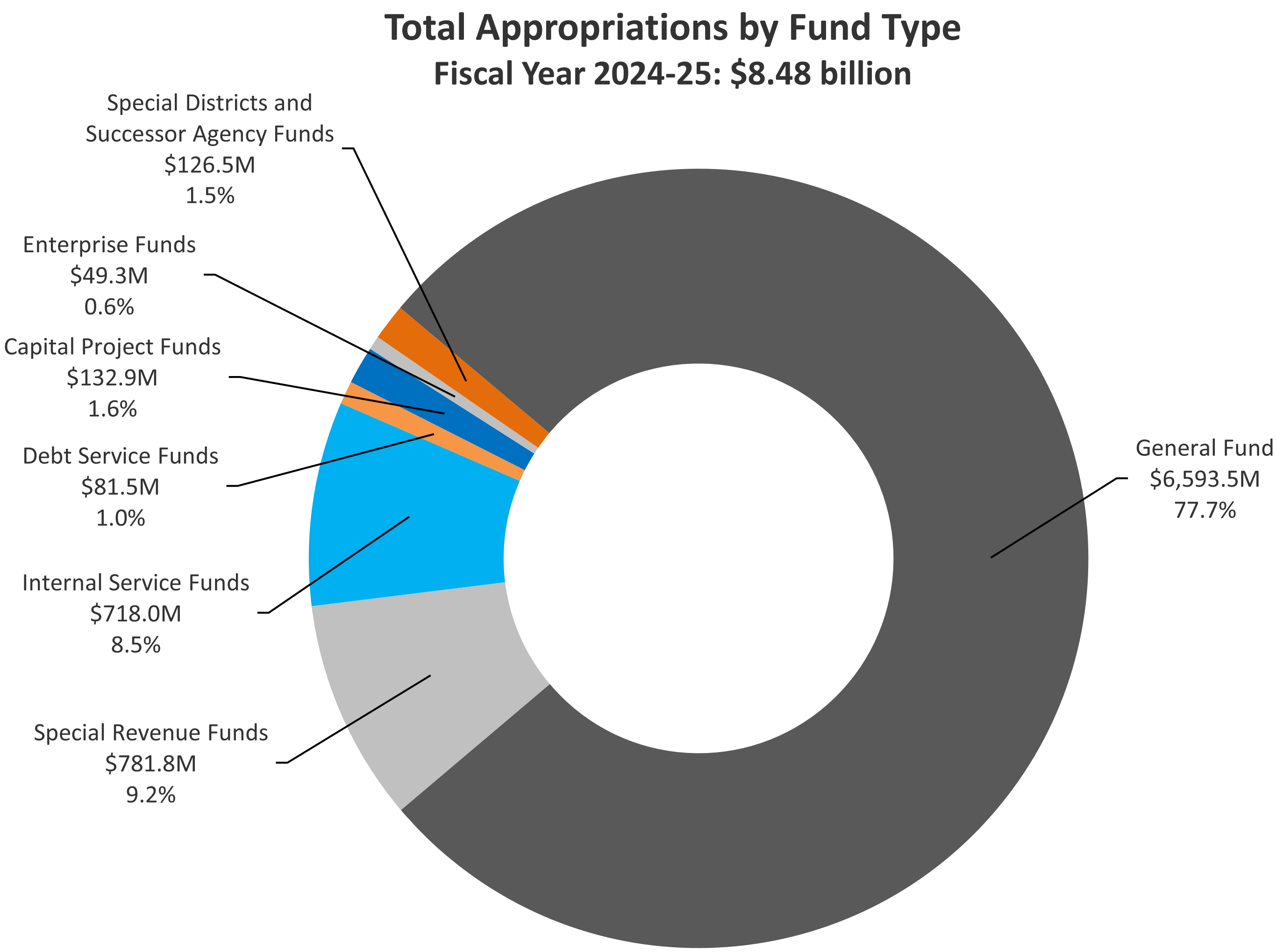
Expenditure Transfer & Reimbursements are **increasing by $23.4 million or 14.5%** in Fiscal Year 2024–25. Activity in this account reflects the transfer of expenses for services provided to another department within the same fund. A transfer can occur because a department's funding source requires the expenditures to be recorded in that department for revenue claiming purposes, although the actual services are being provided by another department.

The Expenditure Transfer & Reimbursements accounts are negative amounts to avoid the duplication of expenditures. An example is Finance Other funding one-time General Purpose Revenue to PSG to support one-time capital major maintenance projects, and medical and mental health service contracts in the Sheriff's Departments. PSG offsets the budgeted expenses with a negative amount in the Expenditure Transfer & Reimbursements account. Finance Other budgets the expense in a Services & Supplies account offset by the appropriate revenue account.

An increase of $81.0 million or 58.6% is anticipated in Fiscal Year 2025-26.

Total Appropriations by Fund Type

The financial transactions of the County are recorded in individual funds and account groups. The State Controller prescribes uniform accounting practices for California counties. Various revenue sources are controlled and spent for purposes that require those funds to be accounted for separately. Accordingly, the funds/fund types described below provide the basic structure for the Operational Plan. Appendix B: Budget Summary and Changes in Fund Balance provides expenditure amounts for County funds by Type of Fund and by Group/Agency. (See also "Measurement Focus and Basis of Accounting" in the Summary of Financial Policies section).



Note: In the table, the sum of individual amounts may not total due to rounding.

Governmental Fund Types

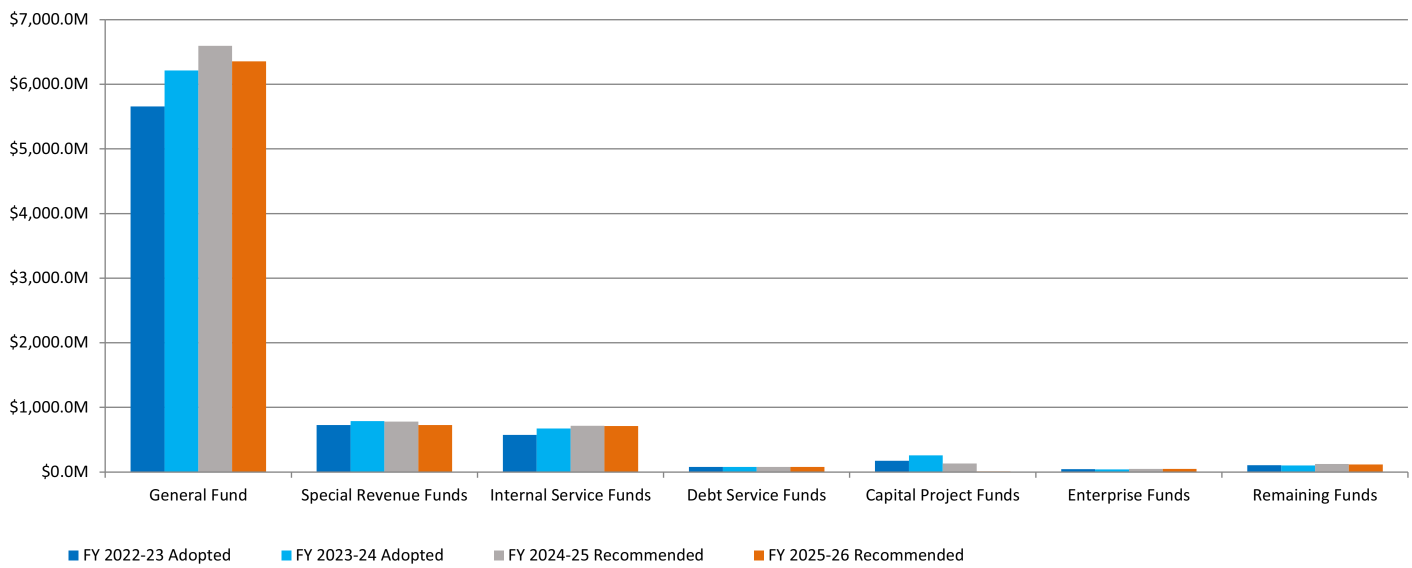
The **General Fund** is the County's primary operating fund and accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (other than for major capital projects). Examples include Road, Library, Tobacco Settlement and Proposition 172 funds.

Debt Service Funds account for the accumulation of resources for the payment of principal and interest on general long-term debt. The Debt Service Funds include bond principal and interest payments and administrative expenses for Pension Obligation Bonds. A discussion of the County's long and short-term financial obligations can be found in the Debt Management Policies and Obligations section.

Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds) and capitalized major maintenance projects.

Total Appropriations by Fund Type
Fiscal Years 2022-23 through 2025-26



*Remaining Funds include Special Districts and Miscellaneous Local Agencies

Total Appropriations by Fund Type (in millions)

		Fiscal Year 2022–23 Adopted Budget		Fiscal Year 2023–24 Adopted Budget		Fiscal Year 2024–25 Recommended Budget	% Change	Fiscal Year 2025–26 Recommended Budget
General Fund	$	5,654.0	$	6,211.5	$	6,593.5	6.1	6,353.3
Special Revenue Funds		725.6		791.2		781.8	(1.2)	726.2
Internal Service Funds		574.6		673.7		718.0	6.6	715.1
Debt Service Funds		81.4		81.5		81.5	0.0	81.5
Capital Project Funds		171.8		258.9		132.9	(48.7)	8.8
Enterprise Funds		45.1		44.2		49.3	11.5	50.1
Remaining Funds		107.0		104.9		126.5	20.6	115.3
Total	**$**	**7,359.5**	**$**	**8,165.9**	**$**	**8,483.6**	**3.9**	**8,050.3**

Proprietary Fund Types

Internal Service Funds account for the financing of goods or services provided by one department to other departments of the County, or to other governmental units, on a cost reimbursement basis. Examples include the Facilities Management, Fleet, Purchasing and Contracting, Employee Benefits, Public Liability and Information Technology Internal Service Funds.

Enterprise Funds account for any activity for which a fee is charged to external users for goods or services. Enterprise funds are also used for any activity whose principal external revenue sources meet any of the following criteria:

- Any issued debt is backed solely by fees and charges.
- Cost of providing services must legally be recovered through fees and charges.
- Government's policy is to establish fees or charges to recover the cost of provided services.

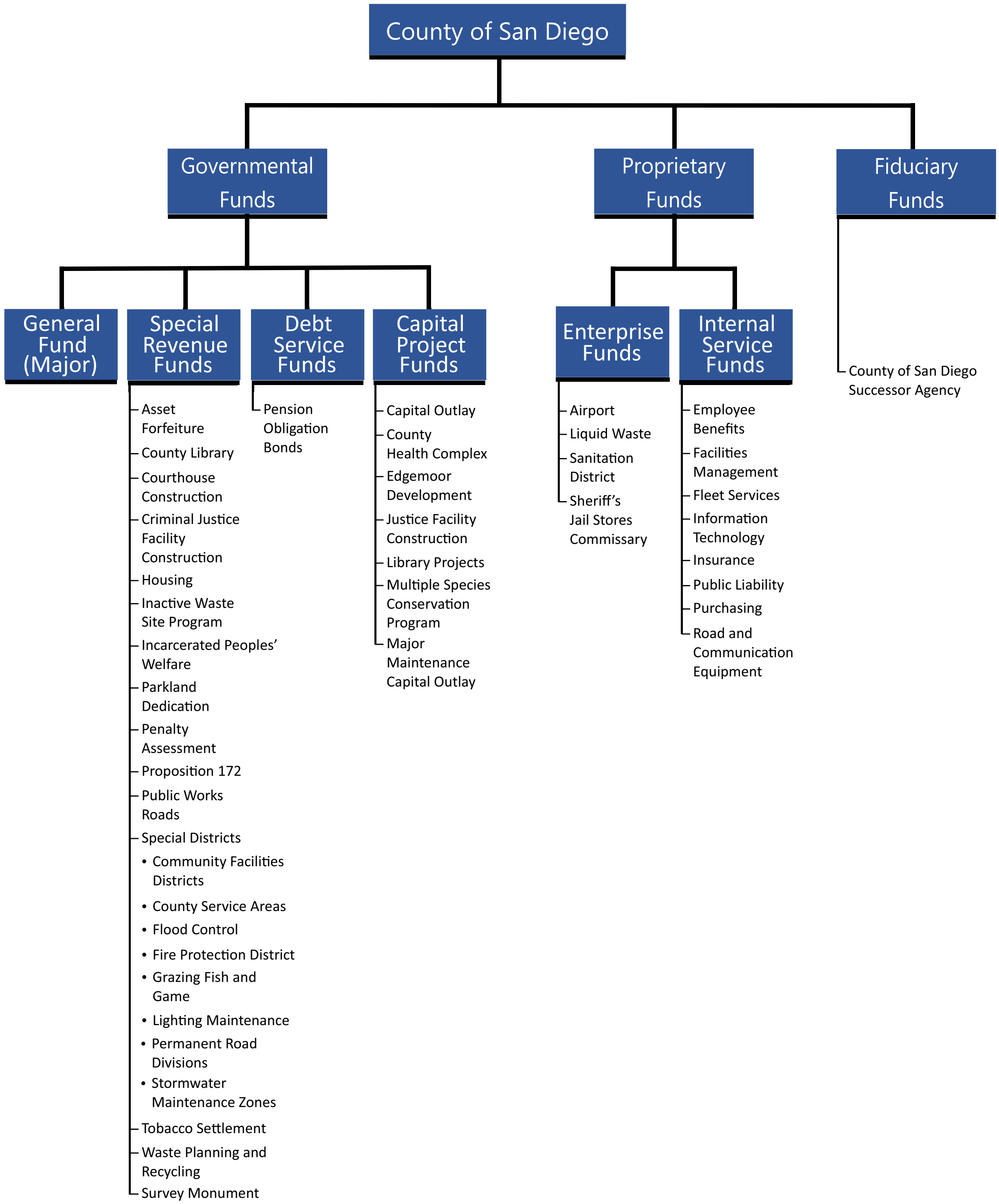
Examples include the Airport, Liquid Waste and Jail Commissary Funds.

Fiduciary Funds

Special Districts are separate legal entities governed by the Board of Supervisors that provide for specialized public improvements and services deemed to benefit properties and residents financed by specific taxes and assessments. The special districts provide authorized services including sanitation, flood control, road, park, lighting maintenance, fire protection or ambulance service to specific areas in the County.

Successor Agency Funds are used to pay the outstanding obligations of the dissolved Redevelopment Agencies and taxing entities where the County is the Successor Agency. Redevelopment Agencies were originally established to account for the proceeds of redevelopment area incremental taxes, interest revenues and temporary loans which were used to eliminate blighted areas, improve housing, expand employment opportunities and provide an environment for the social, economic and psychological growth and well-being of all residents of the County. The State of California, through the passage of Assembly Bill X1 26, *Redevelopment Agency (RDA) Dissolution Act*, dissolved all redevelopment agencies as of February 1, 2012. As a requirement of the dissolution process, all funds, assets and obligations of the redevelopment agencies were transferred to successor agencies for payment or disbursement payment or disbursement.

County Budgetary Fund Structure



Department Fund Relationship

The table below summarizes the relationship between County funds and each of the County's business groups as of July 1, 2024. Funds are summarized by fund type and categorized as governmental, proprietary or fiduciary.

Department Fund Relationship	GOVERNMENTAL				PROPRIETARY		FIDUCIARY
	General Fund	Special Revenue Fund	Debt Service Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Successor Agency Funds
Public Safety Group (PSG)							
Animal Services	✓						
Child Support Services	✓						
District Attorney	✓	✓					
Medical Examiner	✓						
Office of Emergency Services	✓						
Probation	✓	✓					
Public Defender	✓						
PSG Executive Office	✓	✓					
San Diego County Fire	✓	✓					
Sheriff	✓	✓			✓		
Health and Human Services Agency (HHSA)							
Administrative Support	✓	✓					
Aging & Independence Services	✓						
Behavioral Health Services	✓						
Child and Family Well-Being	✓						
County of San Diego Successor Agency							✓
Housing & Community Development Services	✓						✓
Homeless Solutions and Equitable Communities	✓						
Medical Care Services	✓						
Public Health Services	✓						
Self-Sufficiency Services	✓						
Land Use and Environment Group (LUEG)							
Agriculture, Weights and Measures	✓	✓					
County Library		✓					

Department Fund Relationship

	GOVERNMENTAL				PROPRIETARY		FIDUCIARY
	General Fund	Special Revenue Fund	Debt Service Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Successor Agency Funds
Environmental Health and Quality	✓						
LUEG Executive Office	✓						
Parks and Recreation	✓	✓					
Planning & Development Services	✓						
Public Works	✓	✓			✓	✓	
Finance and General Government (FGG) Group							
Assessor/Recorder/County Clerk	✓						
Auditor and Controller	✓						
Board of Supervisors	✓						
Clerk of the Board of Supervisors	✓						
Chief Administrative Office	✓						
Citizens' Law Enforcement Review Board	✓						
Civil Service Commission	✓						
County Counsel	✓					✓	
County Communications Office	✓						
County Technology Office	✓					✓	
FGG Group Executive Office	✓						
General Services						✓	
Grand Jury	✓						
Human Resources	✓					✓	
Purchasing and Contracting						✓	
Registrar of Voters	✓						
Treasurer-Tax Collector	✓						
Capital Program	✓			✓			
Finance Other	✓		✓			✓	

Appropriations Limits

Spending limits for the County are governed by the 1979 passage of California Proposition 4, *Limitation of Government Appropriations* (enacted as *Article XIII B of the California Constitution*, commonly known as the Gann initiative or Gann Limit). Proposition 4 places an appropriations limit on most spending from tax proceeds.

The limit for each year is equal to the prior year's spending with upward adjustments allowed for changes in population and the cost of living. Most appropriations are subject to the limit. However, Proposition 4 and subsequently Proposition 99 (1988), *Tobacco Tax and Health Protection Act*, Proposition 10 (1998), *California Children and Families First Act* and Proposition 111 (1990), *Traffic Congestion Relief and Spending Limitations Act*, exempt certain appropriations from the limit. These exemptions include qualified capital outlay, debt service, local government subventions, new tobacco taxes, appropriations supported by increased gas taxes, and appropriations resulting from national disasters.

When the limit is exceeded over a two-year period, Proposition 4 requires the excess to be split between taxpayer rebates and additional spending on schools. Appropriations in the two-year period can be averaged before becoming subject to the excess revenue provisions of the Gann Limit. As shown in the following table, the County continues to remain far below the Gann Limit.

San Diego County Appropriations Limit (in millions)

	Fiscal Year 2019–20	Fiscal Year 2020–21	Fiscal Year 2021–22	Fiscal Year 2022–23	Fiscal Year 2023–24
Gann Limit	$ 5,752	$ 5,982	$ 6,301	$ 6,772	$ 7,063
Appropriations subject to the limit	$ 2,264	$ 2,201	$ 2,369	$ 3,289	$ 3,471

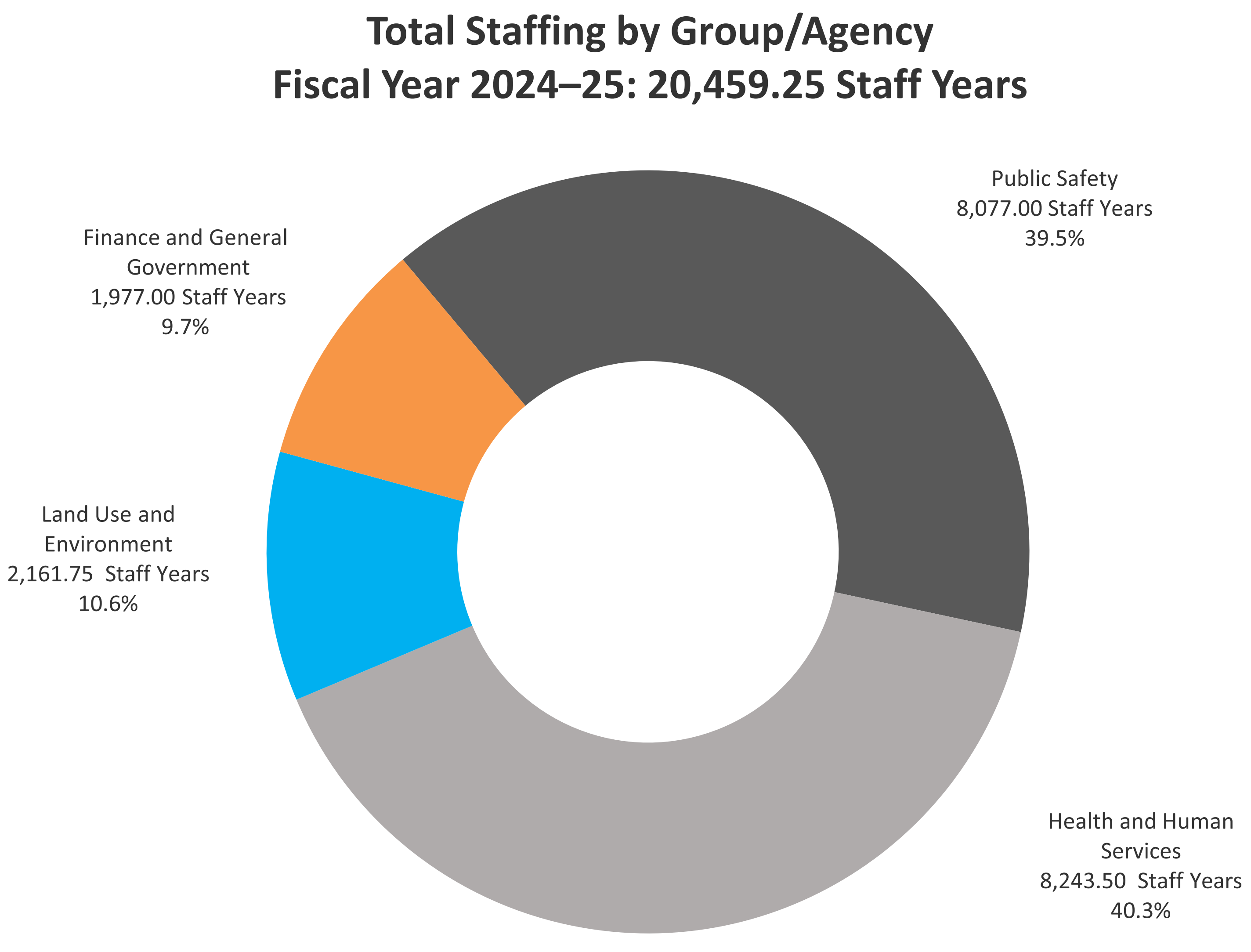
COUNTY OF SAN DIEGO

All Funds Total Staffing

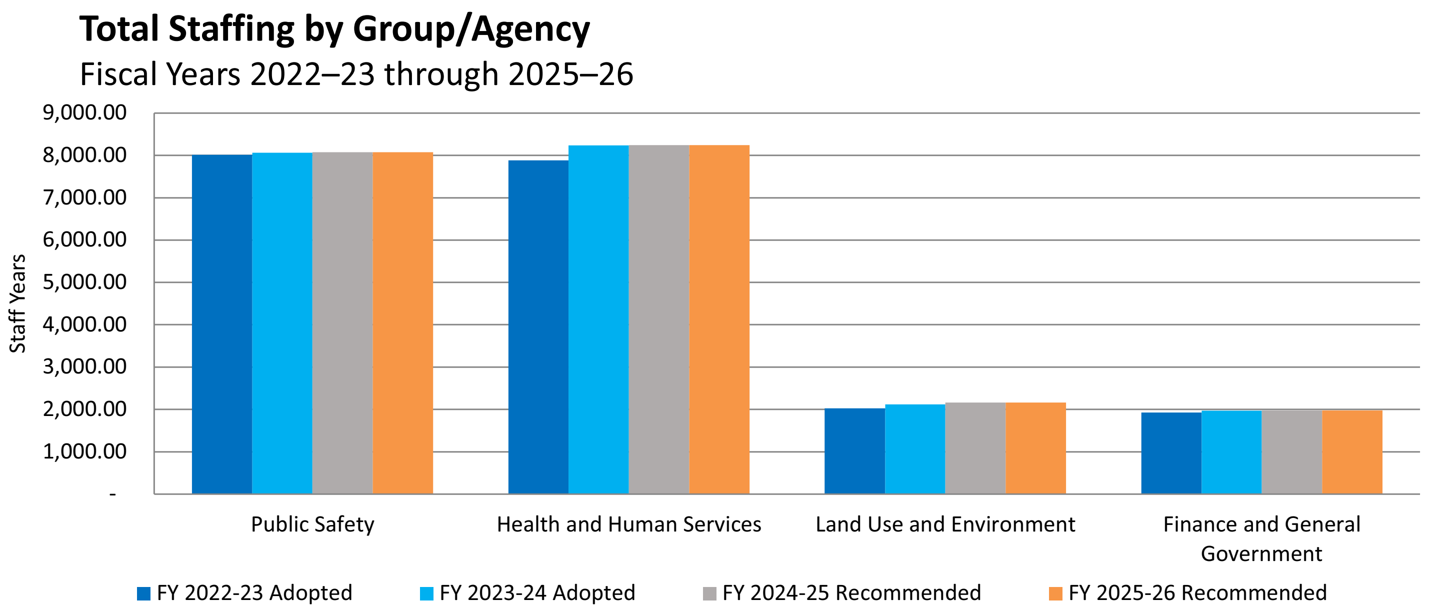
Total Staffing by Group/Agency

Total staff years[1] for Fiscal Year 2024–25 **increased by 72.00** from the Adopted Budget for Fiscal Year 2023–24, an increase of 0.4% to a total of 20,459.25 staff years.

This net increase is attributable to increased staffing in all groups. The staffing changes are summarized by business group in the chart below.



[1]One staff year is equivalent to one permanent employee working full-time for one year.



Total Staffing by Group/Agency (staff years)

	Fiscal Year 2022–23 Adopted Budget	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	Change	% Change	Fiscal Year 2025–26 Recommended Budget
Public Safety	8,015.00	8,065.00	8,077.00	12.00	0.1	8,077.00
Health and Human Services	7,879.50	8,233.50	8,243.50	10.00	0.1	8,243.50
Land Use and Environment	2,026.50	2,117.50	2,161.75	44.00	2.1	2,161.75
Finance and General Government	1,926.50	1,971.00	1,977.00	6.00	0.3	1,977.00
Total	**19,847.50**	**20,387.25**	**20,459.25**	**72.00**	**0.4**	**20,459.25**

Public Safety Group (PSG)

PSG has a **net increase of 12.00 staff years, or 0.1%**, to address key initiatives and operational requirements.

- Public Safety Group Executive Office increases by 1.00 staff year to lead and coordinate gun violence reduction activities approved by the Board of Supervisors on February 6, 2024 (Item #14).
- District Attorney increases by 2.00 staff years to support efforts on consumer fraud protection.
- Sheriff's Department decreases by a net of 46.00 staff years primarily to permanently reduce 48.00 staff years being held vacant since the pandemic with no impact to overall service delivery, addition of 1.00 staff year for law enforcement services requested by the Pala Band of Mission Indians and 1.00 staff year to support the administration of the Operations Stonegarden Grant.
- Department of Animal Services increases by 3.00 staff years for the new mobile veterinary unit to provide animal medical services to underserved areas of the county.
- Medical Examiner increases by 1.00 staff year to expand scope of toxicology testing in people who have died of suspected drug cases per Opioid Settlement Framework approved by the Board of Supervisors on October 10, 2023 (Item #13).
- Probation Department increases by 47.00 staff years primarily for the Youth Development Academy to support the realigned youth transferred from the Department of Juvenile Justice to the County per Senate Bill 823, *Juvenile Justice Realignment, and for CalAIM Enhanced Care Management*.
- County Fire increases by 4.00 staff years to support the implementation of ambulance services program approved by the Board of Supervisors on September 12, 2023 (Item #20).

In Fiscal Year 2025–26, no change in staffing is recommended.

Total Staffing by Department within Group/Agency (staff years)						
	Fiscal Year 2022–23 Adopted Budget	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	Change	% Change	Fiscal Year 2025–26 Recommended Budget
Public Safety	**8,015.00**	**8,065.00**	**8,077.00**	**12.00**	**0.1**	**8,077.00**
Public Safety Executive Office	15.00	20.00	21.00	1.00	5.0	21.00
District Attorney	1,026.00	1,050.00	1,052.00	2.00	0.2	1,052.00
Sheriff	4,727.00	4,748.00	4,702.00	(46.00)	(1.0)	4,702.00
Child Support Services	461.00	424.00	424.00	—	0.0	424.00
Office of Emergency Services	33.00	36.00	36.00	—	0.0	36.00
Animal Services	62.00	63.00	66.00	3.00	4.8	66.00
Medical Examiner	66.00	77.00	78.00	1.00	1.3	78.00
Probation	1,034.00	1,040.00	1,087.00	47.00	4.5	1,087.00
Public Defender	532.00	547.00	547.00	—	0.0	547.00
San Diego County Fire	59.00	60.00	64.00	4.00	6.7	64.00

Health and Human Services Agency (HHSA)

HHSA has a **net increase of 10.00 staff years or 0.1%** from the Fiscal Year 2023–24 Adopted Budget. Position increases were limited to those that were fully funded by federal and State revenue sources. Heading into the budget year with slowing growth in realignment revenue driven by sales tax receipts and the projected State budget deficit, all other positions were held flat. In last year's budget, there were significant investments to address caseload growth and a robust recruitment strategy for operational needs that has dramatically reduced vacancy rates. Currently HHSA is exceeding required State requirements measuring timely access to services. HHSA will continue to closely monitor performance metrics to ensure State requirements are met in the budget year.

- Self Sufficiency Services (SSS): increase of 1.00 staff year due to a transfer from Administrative Support for operational needs.
- Aging & Independence Services (AIS): net increase of 3.00 staff years; 2.00 staff years in the San Diego Veteran Services at any Age (SD-VISA) program to expand capacity to help veterans in need of long-term support to avoid confinement and continue to live in their communities by arranging consumer self-directed services and 2.00 staff years to support modernizing the Mello-Granlund Older Californians Act (OCA) Supportive Services and Nutrition Services, offset by a decrease of 1.00 staff year tied to the prior year transfer of the Public Conservator to Behavioral Health Services. Staff increase to support OCA will support the expansions of the Linkages Program, Older Californians Nutrition Program, and Caregiver Respite, as well as planning and coordinating future opportunities to maximize this one-time funding available into 2029.
- Behavioral Health Services (BHS): no change in staff years; increase by 1.00 staff year tied to the prior year's transfer of the Public Conservator from Aging & Independence Services, offset by a decrease of 1.00 staff year due to transfer to Administrative Support for operational needs.
- Child and Family Well-Being (CFWB): increase of 2.00 staff years due to a transfer from Homeless Solutions & Equitable Communities to support operational needs.
- Public Health Services (PHS): increase of 11.00 staff years; 4.00 staff years to support the deployment of the Live Well on Wheels mobile clinic in bringing services to communities with limited access to resources and 7.00 staff years due to transfers from Administrative Support of Information Technology staff to facilitate the implementation and integration of an electronic health record system and ongoing operational needs.
- Medical Care Services (MCS): increase of 1.00 staff year due to a transfer from Administrative Support for operational needs.
- Administrative Support: net decrease of 8.00 staff years; decrease of 7.00 staff years due to transfer to Public Health Services of Information Technology staff to facilitate the implementation and integration of an electronic health

record system and ongoing operational needs; 1.00 staff year to Medical Care Services and 1.00 staff year to Self-Sufficiency Service for operational needs, offset by an increase of 1.00 staff year due to a transfer from Behavioral Health Services for operational needs.

- Housing & Community Development Services (HCDS): increase of 2.00 staff years to provide additional fiscal support to the Housing Choice Voucher (HCV) programs.
- Homeless Solutions and Equitable Communities (HSEC): decrease of 2.00 staff years due to a transfer to Child and Family Well-Being to support operational needs.

In Fiscal Year 2025–26, no change in staffing is recommended.

Total Staffing by Department within Group/Agency (staff years)

	Fiscal Year 2022–23 Adopted Budget	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	Change	% Change	Fiscal Year 2025–26 Recommended Budget
Health and Human Services	**7,879.50**	**8,233.50**	**8,243.50**	**10.00**	**0.1**	**8,243.50**
Self-Sufficiency Services	2,732.00	2,845.00	2,846.00	1.00	0.0	2,846.00
Aging & Independence Services	613.00	651.00	654.00	3.00	0.5	654.00
Behavioral Health Services	1,207.50	1,332.50	1,332.50	—	0.0	1,332.50
Child and Family Well-Being	1,630.00	1,670.00	1,672.00	2.00	0.1	1,672.00
Public Health Services	730.00	764.00	775.00	11.00	1.4	775.00
Administrative Support	433.00	438.00	430.00	(8.00)	(1.8)	430.00
Housing & Community Development Services	156.00	156.00	158.00	2.00	1.3	158.00
Medical Care Services	222.00	215.00	216.00	1.00	0.5	216.00
Homeless Solutions and Equitable Communities	156.00	162.00	160.00	(2.00)	(1.2)	160.00

Land Use and Environment Group (LUEG)

LUEG has a **net increase of 44.00 staff years or 2.1%.**

- County Library: increase by 1.00 staff year to support library operations at the Julian Branch due to the community room expansion which will support expanded educational, cultural and community engagement programs.
- Environmental Health and Quality: increases by 2.00 staff years to support Food, Housing and Water program, to support department operations and meet new State well standards.
- Parks and Recreation: increases by 5.00 staff years to support the Multiple Species Conservation Plan and support daily operations and maintenance of the new and expanded park facilities.
- Planning & Development Services: increases by 4.00 staff years to support Building Services for reduced plan check processing times and increase of direct customer support in the land development permit process and support the implementation of the licensing component of the Socially Equitable Cannabis program.
- Public Works: increases by 32.00 staff years to support the Capital Improvement Program, support traffic engineering and the road crew program, ensure compliance with the stormwater Bacteria Total Maximum Daily Load (TMDL) requirements, support waste planning and recycling to reduce waste, support Closed Landfill operations and support Airport operations.

In Fiscal Year 2025–26, no change in staffing is recommended.

Total Staffing by Department within Group/Agency (staff years)						
	Fiscal Year 2022–23 Adopted Budget	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	Change	% Change	Fiscal Year 2025–26 Recommended Budget
Land Use and Environment	**2,026.50**	**2,117.75**	**2,161.75**	**44.00**	**2.1**	**2,161.75**
Land Use and Environment Group	33.00	33.00	33.00	—	0.0	33.00
Executive Office	*22.00*	*20.00*	*21.00*	*1.00*	*5.0*	*21.00*
Office of Sustainability and Environmental Justice	*11.00*	*13.00*	*12.00*	*(1.00)*	*(7.7)*	*12.00*
Agriculture, Weights and Measures	199.00	199.00	199.00	—	0.0	199.00
County Library	294.50	300.75	301.75	1.00	0.3	301.75
Environmental Health and Quality	333.00	344.00	346.00	2.00	0.6	346.00
Parks and Recreation	285.00	299.00	304.00	5.00	1.7	304.00
Planning & Development Services	272.00	314.00	318.00	4.00	1.3	318.00
Public Works	610.00	628.00	660.00	32.00	5.1	660.00

Finance and General Government Group (FGG)

FGG has a **net increase of 6.00 staff years or 0.3%.**

- Board General Office: increase of 1.00 staff year to provide administrative support for the Board of Supervisors' student intern program.
- Treasurer-Tax Collector: increase of 1.00 staff year to support Investment Pool activities.
- Chief Administrative Office: increase of 1.00 staff year to establish the new Chief Binational Officer to support binational affairs.
- Auditor and Controller: increase of 2.00 staff years in Central Payroll to support Countywide payroll activities and overall growth in number of County employees.
- County Technology Office: increase of 1.00 staff year to support enterprise IT operations.

In Fiscal Year 2025–26, no change in staffing is recommended.

Total Staffing by Department within Group/Agency (staff years)	Fiscal Year 2022–23 Adopted Budget	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	Change	% Change	Fiscal Year 2025–26 Recommended Budget
Finance and General Government	**1,926.50**	**1,971.00**	**1,977.00**	**6.00**	**0.3**	**1,977.00**
Finance and General Government Group Executive Office	42.50	43.00	43.00	—	0.0	43.00
Board of Supervisors	82.00	82.00	83.00	1.00	1.2	83.00
Assessor/Recorder/County Clerk	446.50	448.50	448.50	—	0.0	448.50
Treasurer-Tax Collector	123.00	124.00	125.00	1.00	0.8	125.00
Chief Administrative Office	25.00	52.00	53.00	1.00	1.9	53.00
Executive Office	*7.00*	*7.00*	*8.00*	*1.00*	*14.3*	*8.00*
Office of Ethics, Compliance and Labor Standards	*11.00*	*17.00*	*17.00*	—	*0.0*	*17.00*
Office of Equity and Racial Justice	*7.00*	*8.00*	*8.00*	—	0.0	*8.00*
Office of Evaluation, Performance and Analytics	—	*20.00*	*20.00*	—	0.0	*20.00*
Auditor and Controller	233.50	234.50	236.50	2.00	0.9	236.50
County Technology Office	17.00	17.00	18.00	1.00	5.9	18.00
Citizens' Law Enforcement Review Board	9.00	10.00	10.00	—	0.0	10.00
Civil Service Commission	3.00	3.00	3.00	—	0.0	3.00
Clerk of the Board of Supervisors	30.00	30.00	30.00	—	0.0	30.00
County Counsel	165.00	185.00	185.00	—	0.0	185.00
Grand Jury	—	—	—	—	0.0	—
Human Resources	131.00	137.00	137.00	—	0.0	137.00
County Communications Office	23.00	23.00	23.00	—	0.0	23.00
General Services	427.00	430.00	430.00	—	0.0	430.00
Purchasing and Contracting	74.00	77.00	77.00	—	0.0	77.00
Registrar of Voters	75.00	75.00	75.00	—	0.0	75.00
Office of Evaluation, Performance and Analytics*	20.00	—	—	—	0.0	—

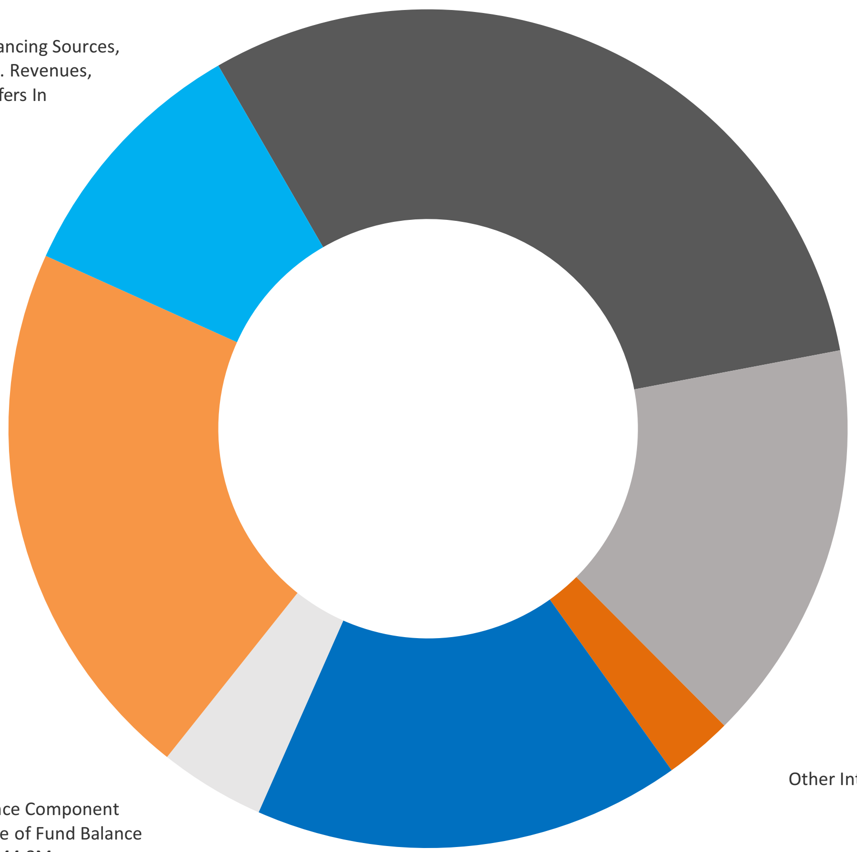
*Effective July 1, 2023, the Office of Evaluation, Performance and Analytics (OEPA) moved under the Chief Administrative Office to improve alignment with related County operations.

All Funds: Total Funding Sources

Total Funding by Source

Total resources available to support County services **for Fiscal Year 2024–25 are $8.48 billion, an increase of $317.7 million or 3.9% from the Fiscal Year 2023–24 Adopted Budget**. Total resources decrease by $433.3 million or 5.1% to $8.05 billion in Fiscal Year 2025–26. For Fiscal Year 2024–25, the combination of State Revenue ($2.57 billion), Federal Revenue ($1.32 billion) and Other Intergovernmental Revenue ($222.3 million) supplies 48.5% of the funding sources for the County's budget. Interfund Operating Transfers, Use of Money & Property, Miscellaneous Revenues, Residual Equity Transfers In and Other Financing Sources make up 9.9% of the funding sources ($840.1 million). Another 16.5% ($1.40 billion) comes from Charges for Current Services, and Fees and Fines. Use of Fund Balance and Fund Balance Component Decreases supply 4.1% ($344.8 million) of the funding sources.

Total Funding by Source
Fiscal Year 2024-25: $8.48 billion

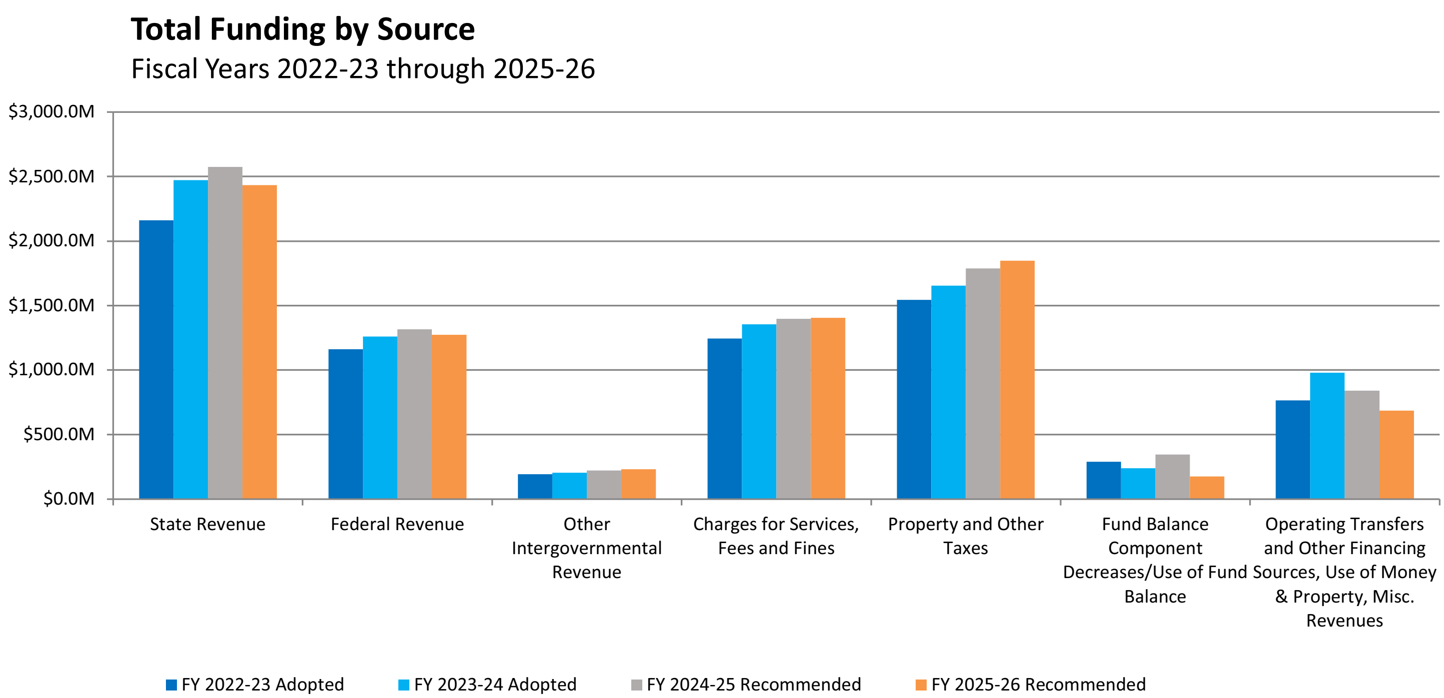


Note: In the chart and table, the sum of individual amounts may not total due to rounding.

Finally, revenues in the Property and Other Taxes category, received from property taxes, Property Tax in lieu of Vehicle License Fees, the Teeter program, Sales & Use Tax, Real Property Transfer Tax, Transient Occupancy Tax and miscellaneous other revenues account for 21.1% ($1.79 billion) of the financing sources for the County's budget. The majority of the revenues in this category (77.7%) are in the General Fund with the balance in the Library Fund, the Road Fund and other miscellaneous funds.

ALL FUNDS: TOTAL FUNDING SOURCES

Total Funding by Source (in millions)									
		Fiscal Year 2022–23 Adopted Budget		Fiscal Year 2023–24 Adopted Budget		Fiscal Year 2024–25 Recommended Budget	% Change		Fiscal Year 2025–26 Recommended Budget
Program Revenue	$	5,405.6	$	6,111.4	$	6,175.8	1.1	$	5,850.9
Use of Fund Balance/Fund Balance Component Decrease		288.7		239.7		344.8	43.8		175.2
General Purpose Revenue		1,665.2		1,814.8		1,963.0	8.2		2,024.2
Total	**$**	**7,359.5**	**$**	**8,165.9**	**$**	**8,483.6**	**3.9**	**$**	**8,050.3**



Total Funding by Source (in millions)									
		Fiscal Year 2022–23 Adopted Budget		Fiscal Year 2023–24 Adopted Budget		Fiscal Year 2024–25 Recommended Budget	% Change		Fiscal Year 2025–26 Recommended Budget
State Revenue	$	2,161.1	$	2,471.6	$	2,573.4	4.1	$	2,434.3
Federal Revenue		1,161.7		1,260.1		1,316.3	4.5		1,274.5
Other Intergovernmental Revenue		191.8		203.2		222.3	9.4		230.5
Operating Transfers and Other Financing Sources, Use of Money & Property, Misc. Revenues and Residual Equity Transfers In		764.2		981.4		840.1	(14.4)		684.2
Charges for Services, Fees and Fines		1,246.3		1,354.5		1,398.5	3.2		1,403.8
Property and Other Taxes		1,545.6		1,655.2		1,788.1	8.0		1,847.8
Fund Balance Component Decrease		55.7		51.4		68.3	33.0		43.6
Use of Fund Balance		233.1		188.3		276.5	46.8		131.6
Total	**$**	**7,359.5**	**$**	**8,165.9**	**$**	**8,483.6**	**3.9**	**$**	**8,050.3**

Overall Change

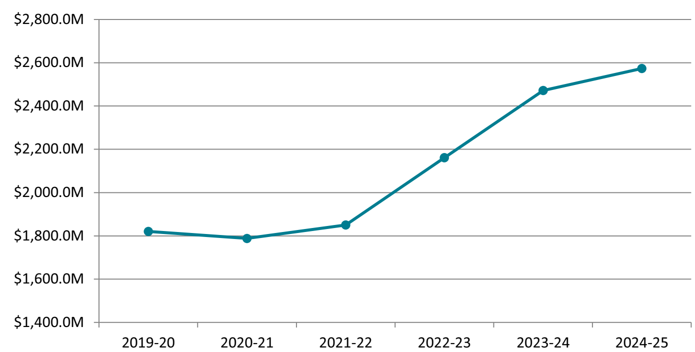
In the Total Funding by Source table, the $317.7 million increase in the Fiscal Year 2024–25 CAO Recommended Budget shows increases in total funding sources. The General Fund section addresses significant revenue changes by source in the General Fund. Changes other than those in the General Fund are highlighted below.

Change by Source

State Revenue

State Revenue **increases by a net of $101.8 million or 4.1%** overall in Fiscal Year 2024–25. The increases in State Revenue are in the Health and Human Services Agency (HHSA) of $102.5 million, in the Public Safety Group (PSG) of $19.1 million, in the Land Use and Environment Group (LUEG) of $4.7 million, and in Finance Other of $1.0 million. These are partially offset by decreases in the Capital Program of $24.0 million and the Finance and General Government Group (FGG) of $1.5 million. The increase of $120.1 million is in the General Fund and is described in the next section.

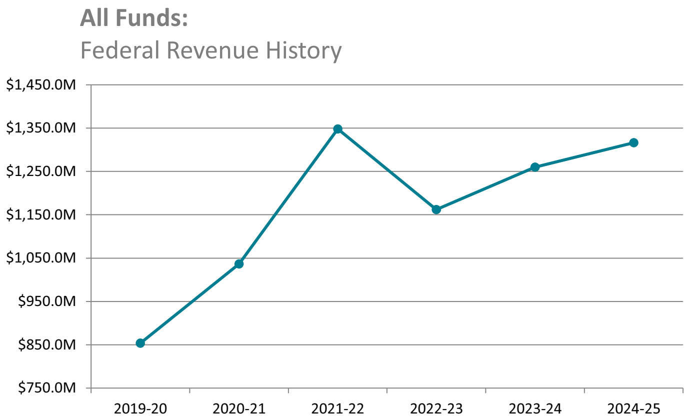
All Funds:
State Revenue History



State revenue outside of the General Fund decreases by a net of $18.3 million. The decrease is mainly due to a $24.0 million decrease in the Capital Program due to completed one-time projects. This is partially offset by increases of $4.7 million in LUEG Department of Public Works' Road Program due to increase in anticipated gas tax receipts from the Highway User's Tax Account and Road Repair Accountability Act of 2017, slightly offset by a decrease in State grant funding for completed capital projects; $0.9 million in PSG due to an increase in Proposition 172, the *Local Public Safety Protection and Improvement Act of 1993*, funding which supports regional law enforcement services; and $0.1 million in FGG Department of General Services for payments related to facilities occupied by State courts.

Federal Revenue

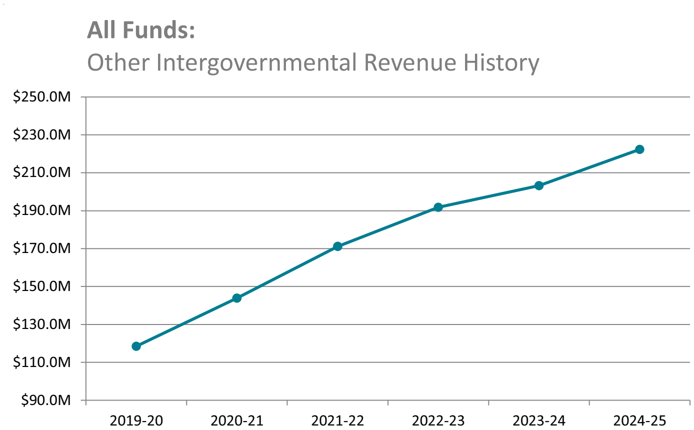
Federal Revenue **increases by a net of $56.1 million or 4.5%** overall in Fiscal Year 2024–25. Of the increases in Federal Revenue, $55.9 million are in the General Fund and is described in the next section.



The overall increase of $0.2 million outside of the General Fund includes net increase of $0.4 million in LUEG Department of Public Works due to capital projects in the Airport Enterprise Fund partially offset by a decrease in federal revenue in the Road Program. Other groups reflect decreases of $0.1 million in the Capital Program due to prior year one-time projects and $0.1 million in PSG San Diego County Fire County Service Area (CSA) 17 due to recategorization of revenue account for ambulance transports.

Other Intergovernmental Revenue

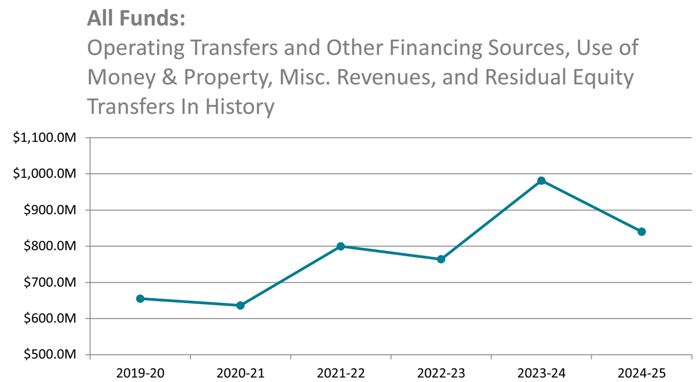
Other Intergovernmental Revenue **increases by a net of $19.1 million or 9.4%** overall in Fiscal Year 2024–25. Of the increases, $20.0 million are in the General Fund and is described in the next section.



The overall decrease of $0.9 million outside the General Fund is tied to a decrease of $1.9 million mainly in PSG from the recategorization of revenue for ambulance transports in CSA 17, partially offset by an increase of $1.0 million in LUEG County Library due to increase in Aid From Redevelopment Successor Agencies revenues.

Operating Transfers and Other Financing Sources, Use of Money & Property, Miscellaneous Revenues, and Residual Equity Transfers In

Operating Transfers and Other Financing Sources, Use of Money & Property, Miscellaneous Revenues, and Residual Equity Transfers In **decrease by a net of $141.3 million or 14.4%** overall in Fiscal Year 2024–25.



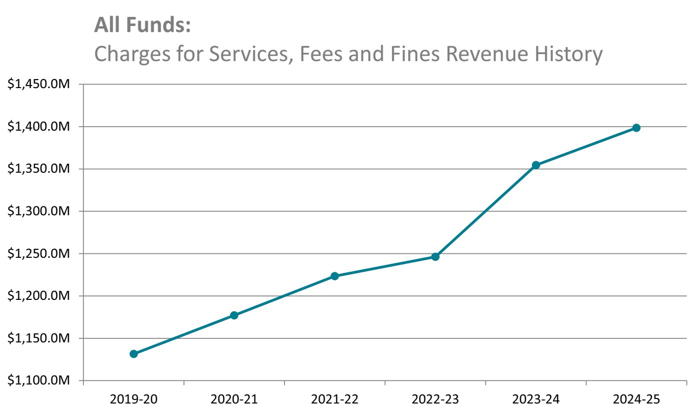
- Other Financing Sources (primarily Operating Transfers between funds) decreases by a net of $142.3 million or 18.6%. The General Fund decreases by $75.5 million and is described in the next section. The most significant change outside of the General Fund is a decrease of $87.4 million in the Capital Program due to prior year one-time projects. This is partially offset by increases of $10.5 million in PSG associated with an operating transfer from General Fund for ambulance transport services in the San Diego County Fire Protection District Ambulance Services Area and an increase in funds to be transferred from the Sheriff's Jail Commissary Enterprise Fund to the Incarcerated Peoples' Welfare Fund; $9.5 million in LUEG for one-time transfers for General Fund Program projects that require capitalization, partially offset by a decrease in the County Library for Library's major maintenance projects and Fallbrook Roof project; $0.4 million in FGG primarily due to increases in enterprisewide license costs in the County Technology Office, and a transfer from the Major Maintenance Internal Service Fund and acquisition of new vehicles in the Department of General Services (DGS), partially offset by completed one-time DGS projects associated with the Zero Carbon Portfolio Plan; and $0.2 million in HHSA to fund increases in Gillespie Field Bond payments and projected Debt Service Reserve.
- Revenue from Use of Money & Property increases by $21.8 million or 24.6% in Fiscal Year 2024–25. The General Fund increases by $16.1 million and is described in the next section. Outside of the General Fund, the most significant increase of $3.9 million is in Finance Other due to an increase

in Worker's Compensation ISF, partially offset by a decrease in Public Liability ISF. In addition, increases of $1.2 million is in LUEG Department of Public Works due to vehicle usage rental revenue in the Equipment Internal Service Fund (ISF) Program, and Interest on Deposits & Investments to align budget with historical actuals, partially offset by a decrease in revenue from rents, leases and landing fees in County Airports to align with historical actuals; $0.5 million in PSG for the Incarcerated Peoples' Welfare Fund to align the budget with anticipated actuals and interest revenues; and $0.1 million in FGG Purchasing and Contracting associated with higher bank interest rates.

- Miscellaneous Revenues decrease by $20.8 million or 16.4% in Fiscal Year 2024–25. The General Fund decreases by $13.2 million and is described in the next section. A decrease of $7.6 million outside of the General Fund is due to decreases of $8.9 million in LUEG Department of Public Works due to the change in funding source for the Closed Landfills Program, and $0.3 million in FGG due to Purchasing and Contracting usage rebates and the Department of General Services projected revenue for third-party recoveries related to accident repairs. These are offset by an increase of $1.6 million in PSG Sheriff's Department due to anticipated increase in sales of commissary goods to incarcerated people housed within detention facilities.
- There is no change in Residual Equity Transfers.

Charges for Services, Fees and Fines

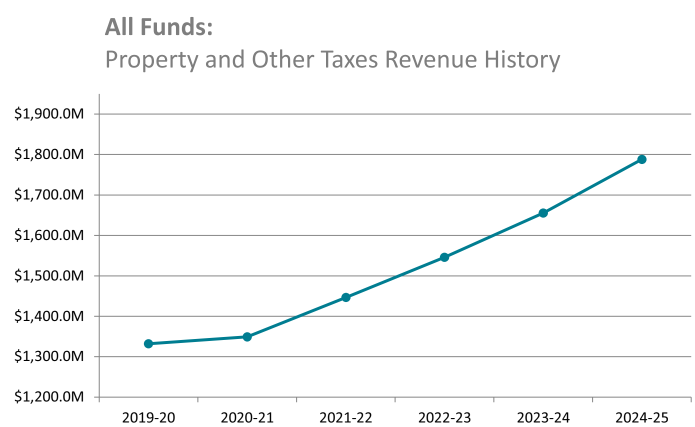
Charges for Services, Fees and Fines **increase by a net of $44.0 million or 3.2%** overall in Fiscal Year 2024–25.



- Charges for Current Services increase by a net of $38.9 million or 3.1% in Fiscal Year 2024–25. There is an overall increase of $4.6 million in the General Fund and is described in the next section. Outside of the General Fund, the overall increase is $34.3 million. An increase of $21.7 million is in FGG Department of General Services due to increase of cost of services provided to client departments, partially offset by decreases in Purchasing and Contracting due to a decrease of the Use of Fund Balance to stabilize internal service fund procurement rates and in the County Technology Office primarily due to decrease in departmental operation, maintenance, and one-time costs. Additional increases include $14.2 million in PSG San Diego County Fire due to revenue from ambulance transports and recategorization of revenue in the CSA 17; $4.8 million in LUEG Department of Public Works mostly due to work funded by various special revenue funds and sewer service charges in the Sanitation District; and $6.9 million in Finance Other due to the new Insurance ISF and increase in Workers' Compensation ISF and Pension Obligation Bonds, partially offset by a decrease in Public Liability ISF. These are partially offset by a decrease of $13.3 million in the Capital Program due to prior year one-time projects.
- Licenses, Permits & Franchises increase by $4.6 million or 7.0% in Fiscal Year 2024–25. There is an overall $0.6 million increase in the General Fund and is described in the next section. The increase of $4.0 million outside of the General Fund is in LUEG Department of Public Works due to the SDG&E Franchise Fee in the Road Program.
- Fines, Forfeitures & Penalties increase by a net of $0.5 million or 1.1% in Fiscal Year 2024–25. There is an overall $0.3 million decrease in the General Fund and is described in the next section. An increase of $0.8 million outside of the General Fund is mainly in the PSG Executive Office due to increase of collections in penalty assessment revenues for debt service.

Property and Other Taxes

Property and Other Taxes **increase by $132.9 million or 8.0%** in Fiscal Year 2024–25.

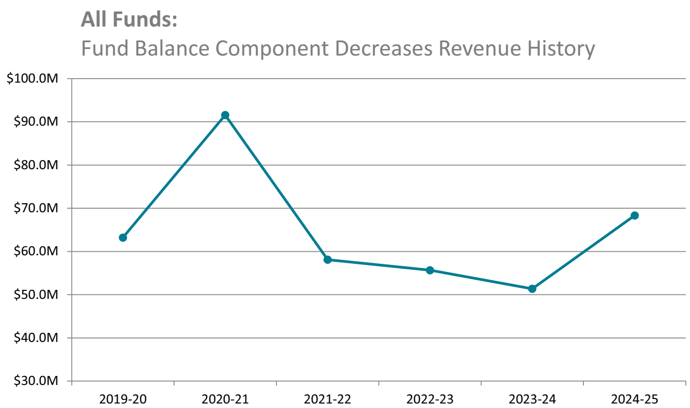


The overall increase of $110.9 million is in the General Fund and is described in the next section. Outside of the General Fund, there is an increase of $22.0 million. The most significant increase of $21.1 million is in LUEG due to an increase of TransNet-funded projects in the Road Fund; projected taxes from property owners for Harmony Grove Village Community Facilities District, Flood Control District, Permanent Road Division and

Street Lighting District in the Department of Public Works; and revenue from property taxes in the County Library and Department of Parks and Recreation. Additional increases of $0.8 million is in PSG San Diego County Fire due to increase in property tax collections and $0.1 million in HHSA County Successor Agency for the increase in Redevelopment Property Tax Trust Fund tied to the Gillespie Field Bond Payment.

Fund Balance Component Decreases

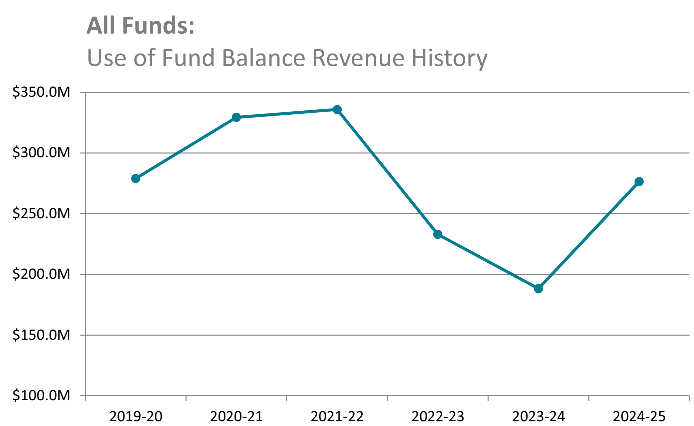
The Use of Fund Balance Component Decreases **increase by $16.9 million or 33.0%** in Fiscal Year 2024–25. A total of $68.3 million is budgeted in the General Fund for existing Pension Obligation Bonds ($42.8 million), to support the SB 43 Program ($15.0 million), the San Diego Behavioral Health Workforce ($10.0 million) and to use funds restricted for the Departmental of Environmental Health and Quality ($0.5 million).



Use of Fund Balance

Finally, the Use of Fund Balance **increases by a net of $88.2 million or 46.8%** in Fiscal Year 2024–25. A total of $150.6 million is budgeted for one-time uses in Use of Fund Balance outside of the General Fund such as Proposition 172, the Road Fund, Tobacco Settlement Fund, the Library Fund, Public Works Enterprise Fund, Edgemoor Development Fund, Pension Obligation Bonds, various Internal Service and Special Districts Funds. The $150.6 million includes:

- $72.8 million in LUEG mainly in the Department of Public Works ($63.4 million) for investments in several capital and maintenance projects primarily in the Road Fund and Airports Program, purchase of vehicles in the Equipment Acquisition ISF and Wastewater Management, specialized services to implement the Strategic Plan to Reduce Waste in the Waste Planning and Recycling Program, asset management improvements in the Street Lighting District. In addition, fund balance is budgeted in the County Library Fund for one-time projects ($8.3 million); Parks Special Districts Funds for increased operations and maintenance costs ($0.7 million); and Park Land Dedication Ordinance Fund for various parks expansion projects ($0.4 million).
- $26.4 million in PSG for Proposition 172 Special Revenue Fund for one-time costs related to regional law enforcement services and public safety focused services ($11.6 million); in Asset Forfeiture Funds for law enforcement activities and project costs, and for the transfer to the General Fund ($8.7 million); in the Incarcerated Peoples' Welfare Fund to support core services ($3.4 million); to provide ambulance transport services in County Service Areas ($1.4 million); in Courthouse Construction Special Revenue Fund for debt service payments ($0.8 million); for the Ramona station 80 and training tower pre-construction capital projects ($0.4 million); and in various Countywide 800 MHz CSA funds for costs related to one-time support of Next-Gen infrastructure and network operating costs ($0.1 million).
- $24.9 million in FGG to fund the Department of General Services Fleet Management Internal Service Fund countywide replacement acquisition program ($18.5 million) and in Purchasing and Contracting for one-time project for a new Records Management system and to stabilize internal service fund procurement rates ($6.4 million).
- $23.6 million in HHSA associated with the Securitized Tobacco Settlement Special Revenue Fund under Administrative Support for health-related services.
- $2.9 million in Finance Other for Worker's Compensation ISF ($2.0 million) and scheduled principal and interest payments and related administrative expenses for the 2004 and the 2008 taxable Pension Obligation Bonds ($0.9 million).



Fiscal Year 2024–25 All Funds by Department & Funding Source

Public Safety Group

Revenues	Fees & Other Revenues	Intergovernmental Revenues	General Purpose Revenue Allocation	Department Total
Public Safety Executive Office	$ 28,049,357	$ 392,821,399	$ 70,206,851	$ 491,077,607
Animal Services	1,613,025	—	9,678,497	11,291,522
Child Support Services	322,421	56,896,367	—	57,218,788
District Attorney	92,778,770	32,141,799	141,217,696	266,138,265
Medical Examiner	734,614	59,073	20,396,818	21,190,505
Office of Emergency Services	2,299,946	4,486,264	5,172,020	11,958,230
Probation	46,008,839	157,765,997	117,721,075	321,495,911
Public Defender	2,793,400	8,305,032	126,138,757	137,237,189
San Diego County Fire	54,984,510	3,390,000	76,251,083	134,625,593
Sheriff	563,091,394	114,040,577	609,642,852	1,286,774,823
Group Total	**$ 792,676,276**	**$ 769,906,508**	**$ 1,176,425,649**	**$ 2,739,008,433**

Health and Human Services Agency

Revenues	Fees & Other Revenues	Intergovernmental Revenues	General Purpose Revenue Allocation	Department Total
Administrative Support	$ 52,506,338	$ 134,610,626	$ 11,809,784	$ 198,926,748
Aging & Independence Services	5,866,659	276,689,976	22,249,890	304,806,525
Behavioral Health Services	151,002,860	973,047,535	32,578,466	1,156,628,861
Child and Family Well-Being	4,830,165	435,381,853	38,798,632	479,010,650
County Successor Agency	8,063,416	—	—	8,063,416
Homeless Solutions and Equitable Communities	3,614,377	79,493,392	15,630,936	98,738,705
Housing & Community Development Services	17,215,838	65,133,033	8,597,664	90,946,535
Medical Care Services Department	692,532	43,489,584	10,817,980	55,000,096
Public Health Services	10,931,941	204,986,348	20,873,193	236,791,482
Self-Sufficiency Services	8,551,282	727,834,474	75,768,017	812,153,773
Group Total	**$ 263,275,408**	**$ 2,940,666,821**	**$ 237,124,562**	**$ 3,441,066,791**

Land Use and Environment Group

Revenues	Fees & Other Revenues	Intergovernmental Revenues	General Purpose Revenue Allocation	Department Total
Land Use and Environment Executive Office	$ 4,867,028	$ —	$ 10,272,394	$ 15,139,422
Agriculture, Weights and Measures	6,361,334	14,278,584	11,505,049	32,144,967
County Library	58,311,220	8,245,357	—	66,556,577
Environmental Health and Quality	58,598,288	4,731,577	4,213,683	67,543,548
Parks and Recreation	24,885,981	3,135,342	47,817,126	75,838,449
Planning & Development Services	26,045,436	885,350	31,058,969	57,989,755
Public Works	307,263,872	149,855,754	23,660,137	480,779,763
Group Total	**$ 486,333,159**	**$ 181,131,964**	**$ 128,527,358**	**$ 795,992,481**

Finance and General Government Group

Revenues	Fees & Other Revenues	Intergovernmental Revenues	General Purpose Revenue Allocation	Department Total
Finance & General Government Executive Office	$ 3,279,234	$ 201,671	$ 30,736,340	$ 34,217,245
Board of Supervisors	287,680	—	17,211,608	17,499,288
Assessor/Recorder/County Clerk	53,682,629	—	33,053,930	86,736,559
Treasurer-Tax Collector	16,922,408	—	8,912,071	25,834,479
Auditor and Controller	7,888,267	1,050,000	36,070,322	45,008,589
Chief Administrative Office	534,012	50,000	9,277,034	9,861,046
Citizens' Law Enforcement Review Board	34,488	—	1,986,583	2,021,071
Civil Service Commission	62,073	—	617,108	679,181
Clerk of the Board of Supervisors	752,520	—	4,830,416	5,582,936
County Communications Office	663,268	—	4,129,907	4,793,175
County Counsel	23,032,453	—	23,527,851	46,560,304
County Technology Office	220,883,008	—	9,537,890	230,420,898
General Services	310,223,502	4,401,728	2,550,000	317,175,230
Grand Jury	—	—	789,302	789,302
Human Resources	16,089,207	—	20,990,554	37,079,761
Purchasing and Contracting	22,277,392	—	—	22,277,392
Registrar of Voters	6,890,664	6,163,883	27,642,022	40,696,569
Group Total	**$ 683,502,805**	**$ 11,867,282**	**$ 231,862,938**	**$ 927,233,025**

Capital

Revenues	Fees & Other Revenues	Intergovernmental Revenues	General Purpose Revenue Allocation	Department Total
Capital Program	$ 120,183,538	$ 12,763,427	$ —	$ 132,946,965
Group Total	**$ 120,183,538**	**$ 12,763,427**	**$ —**	**$ 132,946,965**

Finance Other

Revenues	Fees & Other Revenues	Intergovernmental Revenues	General Purpose Revenue Allocation	Department Total
Community Enhancement	$ —	$ —	$ 5,265,490	$ 5,265,490
Contributions to Capital Program	22,928,000	—	27,380,000	50,308,000
Countywide General Expense	—	—	130,146,545	130,146,545
Lease Payments-Bonds	9,965,340	—	15,691,969	25,657,309
Local Agency Formation Commission Administration	—	—	617,716	617,716
Neighborhood Reinvestment Program	—	—	10,000,000	10,000,000
Pension Obligation Bonds	81,500,054	—	—	81,500,054
Public Liability ISF	70,771,524	—	—	70,771,524
Workers Compensation Emp Ben ISF	62,681,926	—	—	62,681,926
Insurance ISF	10,380,721	—	—	10,380,721
Group Total	**$ 258,227,565**	**$ —**	**$ 189,101,720**	**$ 447,329,285**

Countywide Totals

Revenues	Fees & Other Revenues	Intergovernmental Revenues	General Purpose Revenue Allocation	County Total
County Total	**$ 2,604,198,751**	**$ 3,916,336,002**	**$ 1,963,042,227**	**$ 8,483,576,980**

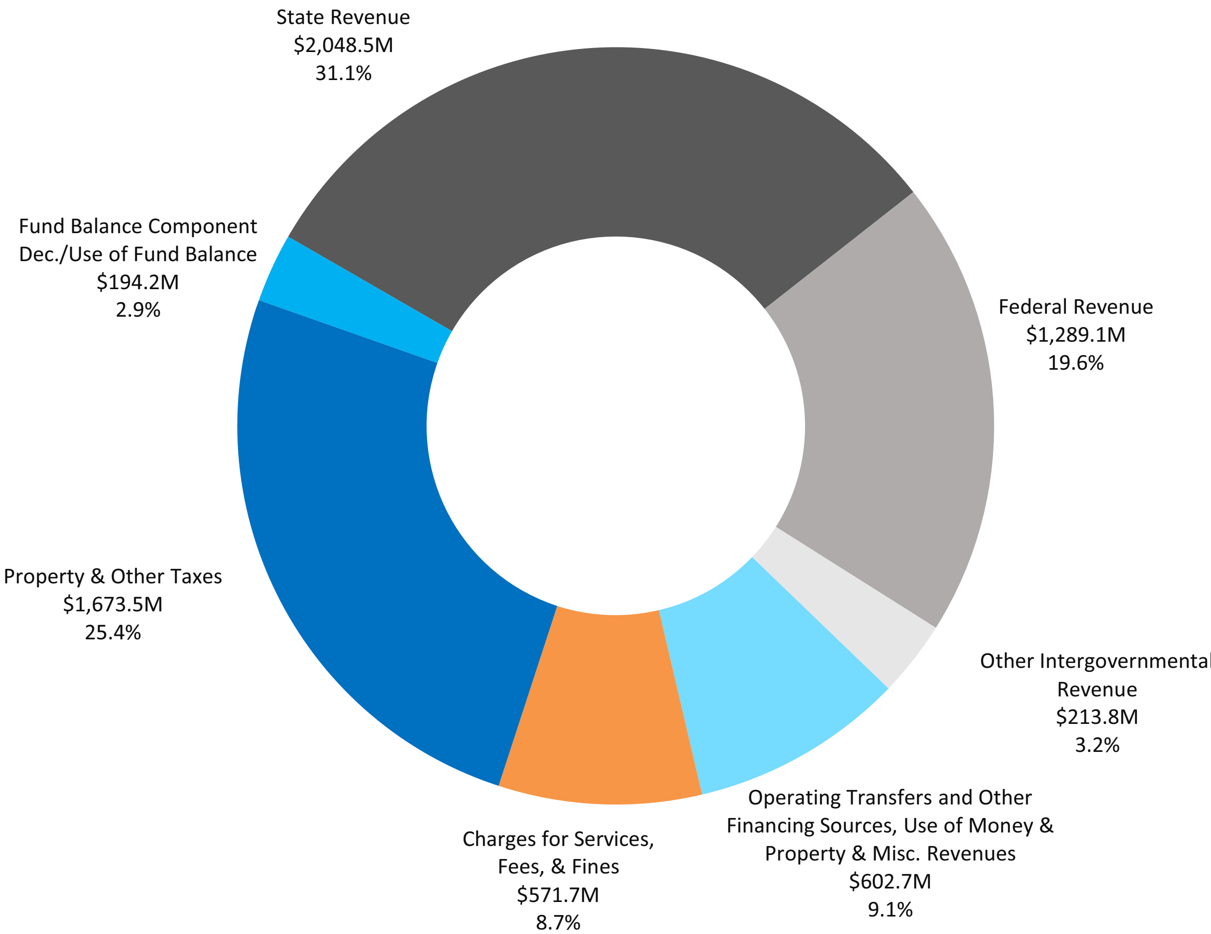
COUNTY OF SAN DIEGO

General Fund

Overview of General Fund Financing Sources

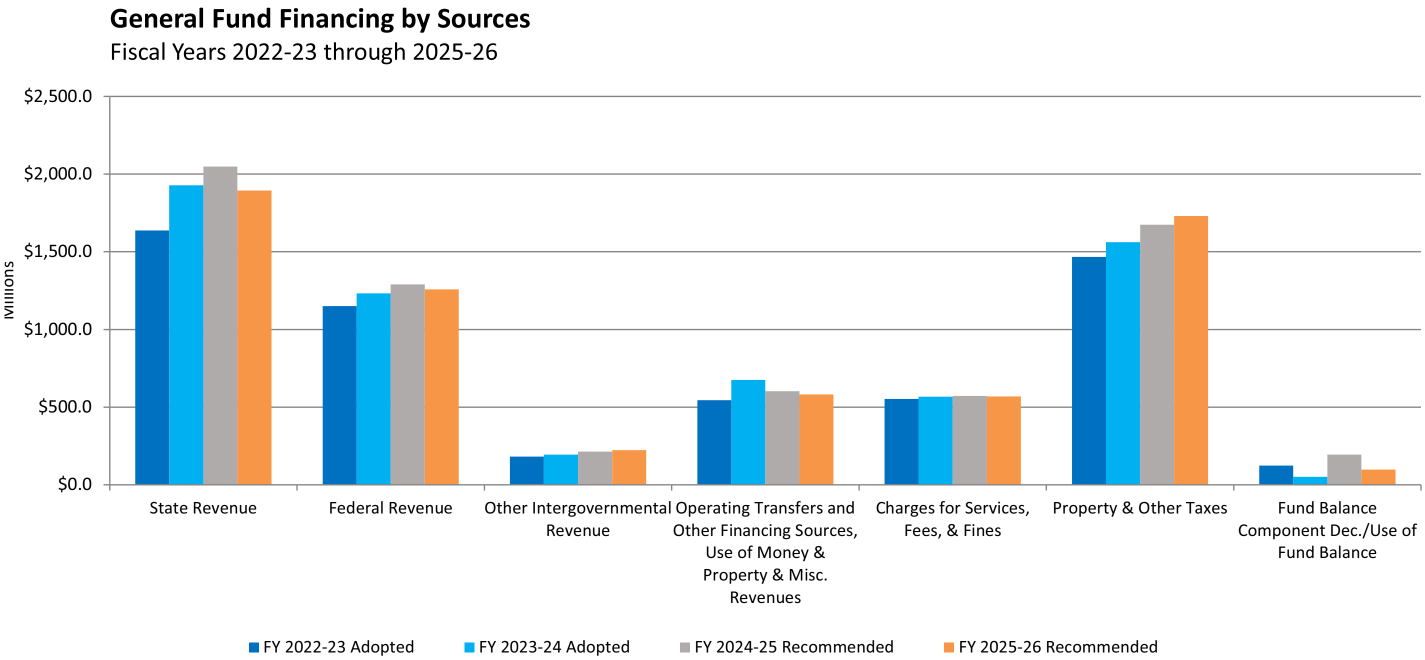
The General Fund is the County's largest single and primary operating fund. It is used to account for all financial resources of the County except those required to be accounted for in other funds. In this CAO Recommended Operational Plan, General Fund Financing Sources total $6.59 billion for Fiscal Year 2024–25, a **$382.0 million or 6.1% increase** from the Fiscal Year 2023–24 Adopted Budget.

General Fund Financing Sources
Fiscal Year 2024–25: $6.59 billion



Note: In the chart and table, the sum of individual amounts may not total due to rounding.

The increase in General Fund is mainly in the Health and Human Services Agency and Finance Other. The increase in the Health and Human Services Agency is primarily driven by federal and State funding dedicated for behavioral health service expansions as well as increases tied to behavioral health payment reform under the Medi-Cal Transformation. There are also significant increases of one-time Realignment revenues to support increased operating costs such as Salary & Benefit increases tied to negotiated labor agreements and the mandated 4% wage increase in In-Home Supportive Services, in Use of Fund Balance associated with increases to support the implementation of SB 43 and Behavioral Health Workforce, and in social services revenues to align with current year social services allocations supporting increased staffing and other operating costs. The increase in Finance Other is primarily due to increases in Assessed Value growth, contributions to the Capital Program, interest earnings from higher interest rates, stronger performing Sales & Use Tax in the unincorporated area, and continuing



growth in pass-through distributions from former redevelopment agency and higher residual revenue. An additional increase is also reflected in the Land Use and Environment Group mainly due to increase in Use of Fund Balance for stormwater projects and closed landfill major maintenance and capital projects in the Department of Public Works. These are partially offset by decreases in the Public Safety Group primarily due to completed one-time projects funded by Proposition 172, the *Local Public Safety Protection and Improvement Act of 1993*, and the Finance and General Government Group mainly in the Assessor/Recorder/County Clerk tied to Recording and Filing Document fees due to fewer recording and filing documents resulting from the increased interest rates in the real estate market. General Fund Financing Sources decrease by $240.2 million or 3.6% in Fiscal Year 2025–26 mostly due to reduction in the use of one-time resources and an anticipated overall enterprisewide gap of $63.5 million driven by slowing revenue streams including Realignment revenue based on softening statewide sales tax receipts, and overall increasing costs and demand for services.

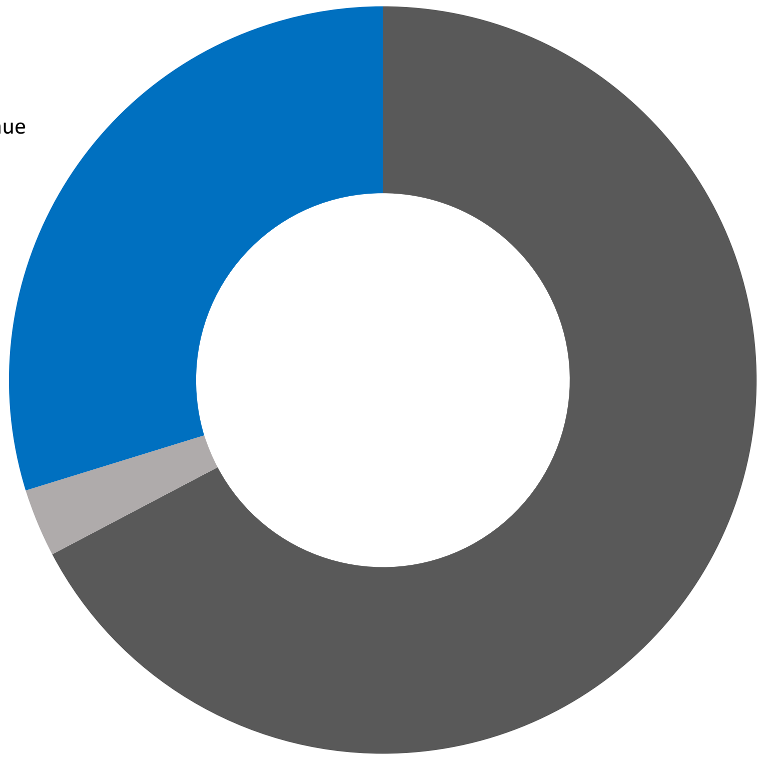
General Fund Financing Sources (in millions)

	Fiscal Year 2022–23 Adopted Budget	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	% Change	Fiscal Year 2025–26 Recommended Budget
State Revenue	$ 1,636.8	$ 1,928.3	$ 2,048.5	6.2	$ 1,893.9
Federal Revenue	1,149.6	1,233.2	1,289.1	4.5	1,258.1
Other Intergovernmental Revenue	181.1	193.8	213.8	10.3	222.0
Operating Transfers and Other Financing Sources, Use of Money & Property & Misc. Revenues	544.3	675.3	602.7	(10.7)	581.4
Charges for Services, Fees, & Fines	551.6	566.9	571.7	0.8	569.1
Property & Other Taxes	1,467.6	1,562.7	1,673.5	7.1	1,731.1
Fund Balance Component Decreases	52.8	51.4	68.3	33.0	43.6
Use of Fund Balance	70.2	0.0	125.9	—	54.0
Total	**$ 5,654.0**	**$ 6,211.5**	**$ 6,593.5**	**6.1**	**$ 6,353.3**

General Fund Financing Sources by Category

The preceding section presented General Fund financing sources by account type. This section looks at General Fund financing sources according to how they are generated. From that perspective, these financing sources can be categorized as one of three funding types: Program Revenue, General Purpose Revenue and Use of Fund Balance (including Fund Balance Component Decreases).

General Fund Financing Sources by Category
Fiscal Year 2024-25: $6.59 billion



Note: In the chart and table, the sum of individual amounts may not total due to rounding.

General Fund Financing Sources by Category (in millions)	Fiscal Year 2022–23 Adopted Budget	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	% Change	Fiscal Year 2025–26 Recommended Budget
Program Revenue	$ 3,865.8	$ 4,345.4	$ 4,436.3	2.1	$ 4,231.5
Fund Balance Component Decreases/Use of Fund Balance	123.0	51.4	194.2	278.1	97.6
General Purpose Revenue	1,665.2	1,814.8	1,963.0	8.2	2,024.2
Total	**$ 5,654.0**	**$ 6,211.5**	**$ 6,593.5**	**6.1**	**$ 6,353.3**

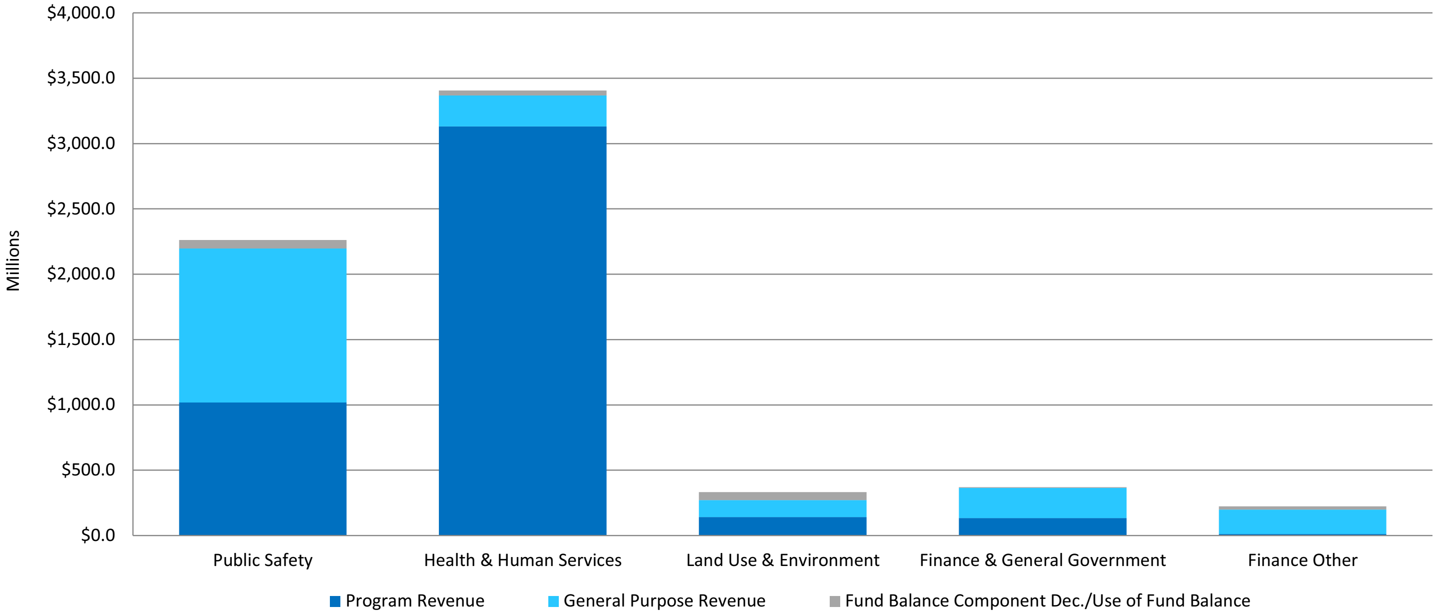
In Fiscal Year 2024–25, Program Revenue increased by $90.9 million or 2.1%, General Purpose Revenue (GPR) increased by $148.2 million or 8.2%, and Use of Fund Balance decreased by $142.8 million or 278.1% from the Fiscal Year 2023–24 Adopted Budget.

In Fiscal Year 2025–26, Program Revenue decreased by 4.6% ($204.8 million), GPR increased by 3.1% ($61.1 million), and Use of Fund Balance decreased by 49.7% ($96.6 million).

Uses of fund balance in Fiscal Year 2025–26 are tentative and subject to revision during the next Operational Plan development cycle.

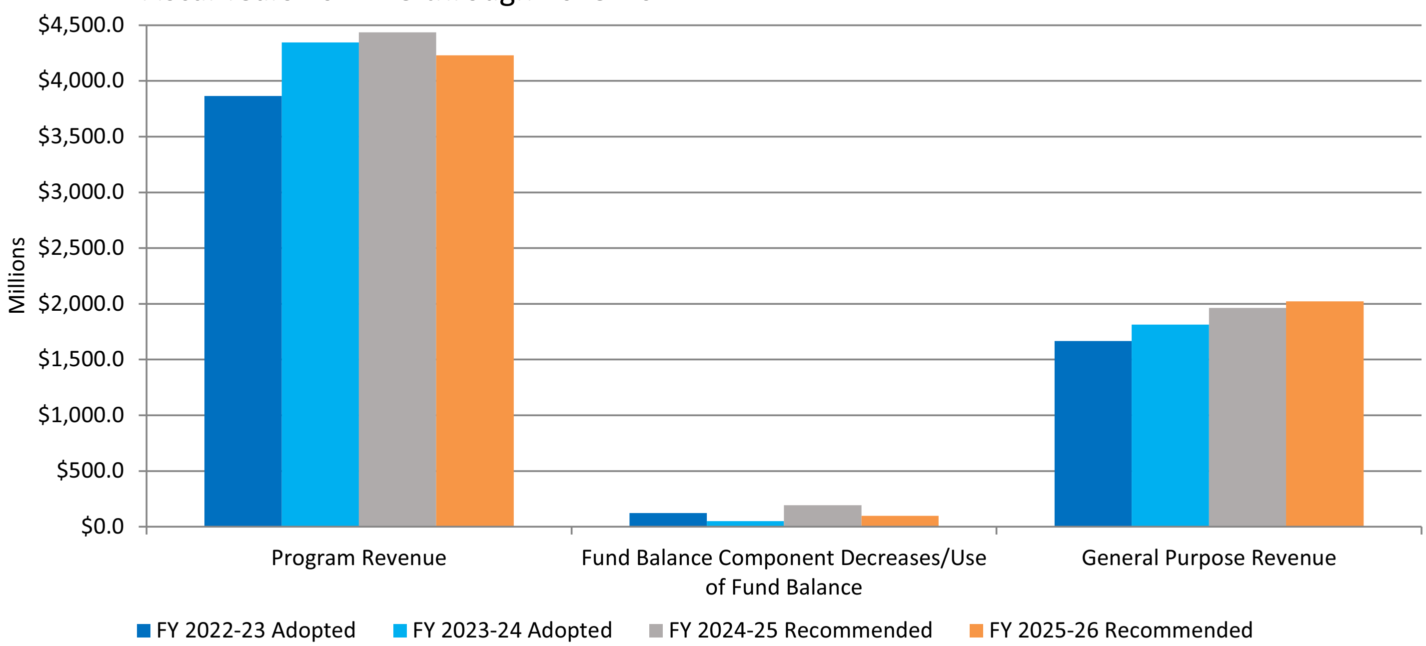
General Fund Financing by Group and Category

Fiscal Year 2024-25: $6.59 billion



General Fund Financing Sources by Category

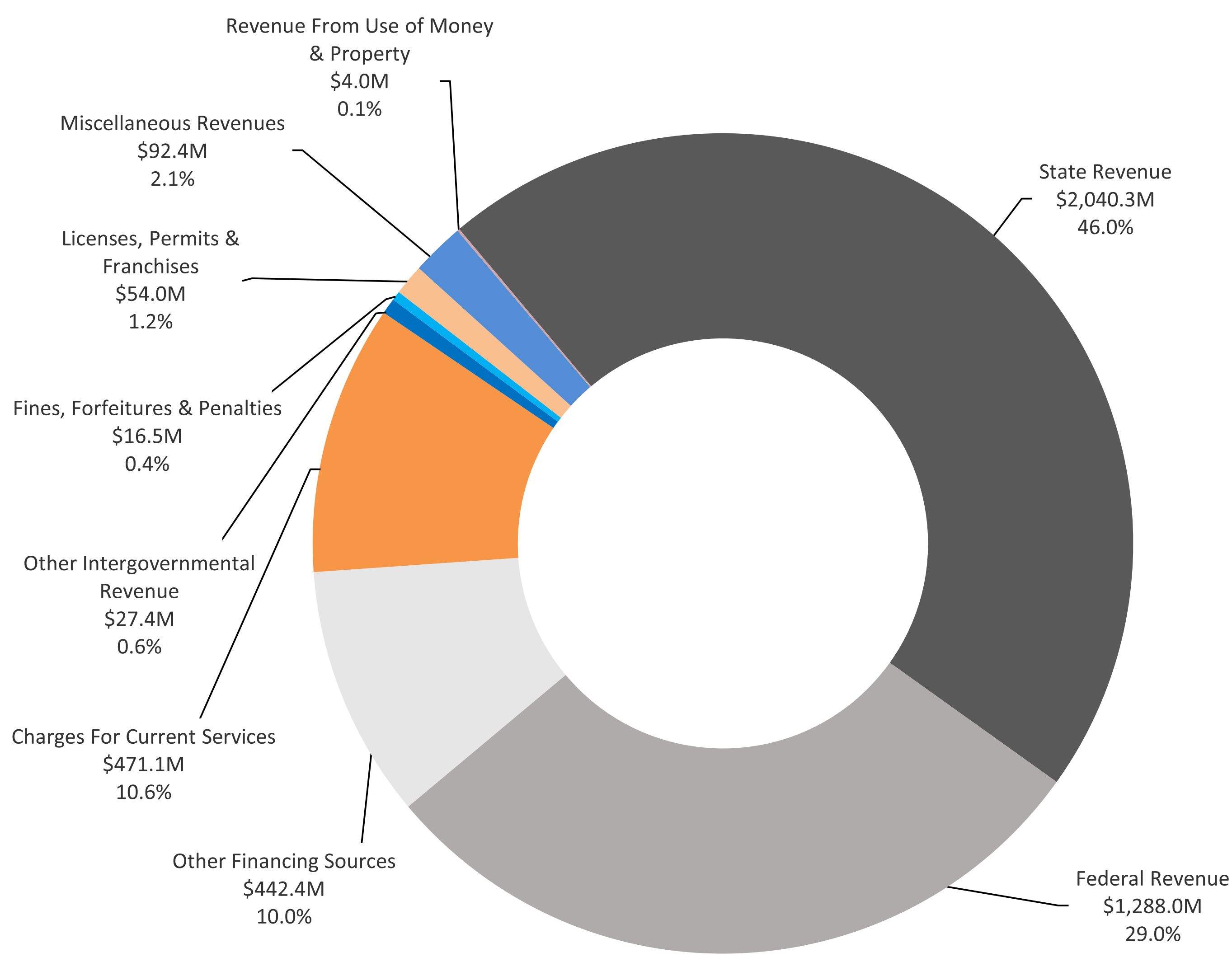
Fiscal Years 2022-23 through 2025-26



General Fund Program Revenue

Program Revenue, as the name implies, is dedicated to and can be used only for the specific programs with which it is associated. This revenue makes up 67.3% of General Fund financing sources in Fiscal Year 2024–25, and is derived primarily from State and federal subventions, grants, and fees charged by specific programs. Of the County's Program Revenue, Health and Human Services Agency manages 70.6%, Public Safety Group manages 23.0% and the balance is managed across the County's other business groups. Program Revenue is expected to increase by 2.1% ($90.9 million) from the Fiscal Year 2023–24 Adopted Budget compared to an average annual growth for the last ten years of 4.8%.

General Fund Program Revenue by Source
Fiscal Year 2024-25: $4.44 billion



Note: In the chart and table, the sum of individual amounts may not total due to rounding.

General Fund Program Revenue by Source (in millions)					
	Fiscal Year 2022–23 Adopted Budget	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	% Change	Fiscal Year 2025–26 Recommended Budget
State Revenue	$ 1,629.7	$ 1,921.2	$ 2,040.3	6.2	$ 1,885.7
Federal Revenue	1,148.5	1,232.1	1,288.0	4.5	1,257.0
Other Financing Sources	467.1	517.9	442.4	(14.6)	441.1
Charges For Current Services	458.3	466.6	471.1	1.0	469.2
Other Intergovernmental Revenue	24.7	25.9	27.4	5.6	27.3
Fines, Forfeitures & Penalties	22.1	18.2	16.5	(9.1)	13.0
Licenses, Permits & Franchises	46.4	52.5	54.0	2.9	56.5
Miscellaneous Revenues	64.7	107.2	92.4	(13.8)	77.6
Revenue From Use of Money & Property	4.4	3.6	4.0	10.1	4.0
Taxes Other Than Current Secured	—	0.1	—	(100.0)	—
Total	**$ 3,865.8**	**$ 4,345.4**	**$ 4,436.3**	**2.1**	**$ 4,231.5**

General Fund Change in Program Revenue

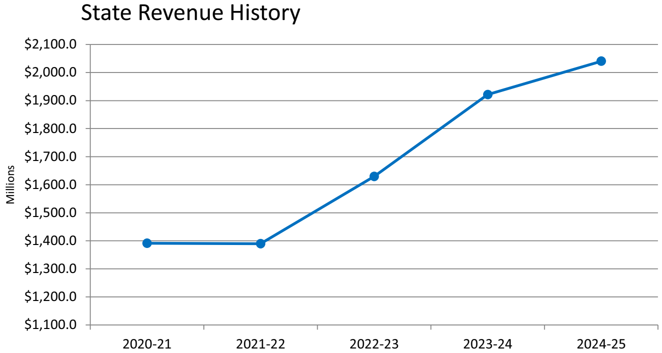
The $90.9 million increase in Program Revenue in the Fiscal Year 2024–25 CAO Recommended Budget is the result of increases and decreases in various funding sources, as indicated in the General Fund Program Revenue by Source table. These changes are highlighted below.

General Fund Change in Program Revenue by Source

State Revenue

State Revenue **increases by $119.1 million or 6.2%.**

General Fund Program Revenue:
State Revenue History



There is an overall net increase of $102.6 million in the Health & Human Services Agency (HHSA) primarily due to dedicated State revenues for behavioral health service expansions, increases tied to payment reform under Medi-Cal Transformation, and available one-time Realignment revenues to support increases in Salaries & Benefits tied to negotiated labor agreements, In-Home Supportive Services Maintenance of Effort, Behavioral Health Services, child welfare caseload costs, and other operating costs. Furthermore, there is a significant increase in social services revenues to align with current year social services allocations. Other additional increases in HHSA include the San Diego Riverbed and Plaza Bonita Encampment Resolution Funding grant revenues, funding for safety net programs to align with estimated benefit payments and caseload, and State Prohousing Incentive Program revenue to align with anticipated award. These increases are partially offset by decreases in CalWORKs, Medi-Cal funding and other supportive service programs.

An overall net increase of $18.2 million in the Public Safety Group (PSG) is primarily for the Pretrial Services program, implementation of the of the CalAIM Providing Access and Transforming Health Justice-Involved initiative, increases in Caltrans reimbursements, and to support youth programs. There are also increases in the *Local Revenue Fund 2011, Community Corrections Subaccount* to support staffing costs. These increases are offset by a reduced allocation for the Public Defense Pilot Program and lower costs for activities reimbursed by Public Defender Revocations.

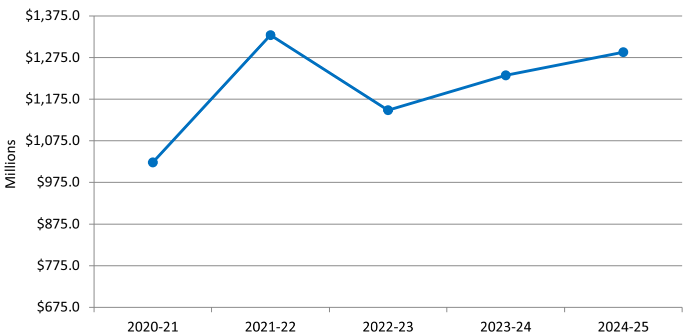
An overall net decrease of $1.6 million in the Finance and General Government Group (FGG) Registrar of Voters is mainly due to a reduction in Help America Vote Act (HAVA), following the full payment of the voting system in the prior fiscal year.

An overall net decrease of $0.1 million in the Land Use and Environmental Group (LUEG) is primarily in Planning & Development Services due to completion of the San Diego Association of Governments (SANDAG) and State Local Early Action Planning (LEAP) grants related to housing affordability. This is partially offset by an increase in State supplemental funding in Agriculture, Weights and Measures.

Federal Revenue

Federal Revenue **increases by a net of $55.9 million, or 4.5%.**

General Fund Program Revenue:
Federal Revenue History



There is an overall net increase of $61.2 million in HHSA due to dedicated federal revenues for behavioral health service expansions, increases tied to payment reform under the Medi-Cal Transformation, and social services revenues to align with current year social services allocations. Other additional increases in HHSA include increase in safety net programs, new funding tied to the Additional Ukraine Supplemental Appropriations Act (AUSAA), the American Rescue Plan Act (ARPA) Community-Based Child Abuse Prevention (CBCAP) funding, and for temporary staffing tied to the Community Health Workers Resilient grant. These increases are partially offset by decreases in various federal revenues to align with funding allocations, associated decreases in CalWORKs, Medi-Cal funding, and other employment and supportive service programs, in Epidemiology and Laboratory Capacity Enhancing Detection Expansion grant primarily tied to the winding down of COVID-19 related activities, and for prior year one-time American Rescue Plan Act (ARPA) projects.

A net increase of $0.3 million in LUEG Department of Environmental Health and Quality is due to increased funding for Homeland Security grant, partially offset by a decrease in Agriculture, Weights and Measures due to decrease in various federal pest detection and agricultural contracts.

A net decrease of $3.2 million in PSG is primarily related to the California Wildfire Mitigation and Climate Investment Fire Prevention programs and for the Board of State and Community Corrections Mobile Probation Service Centers Grant which were included in prior year budget, offset by increases in homeland security initiatives.

A net decrease of $2.4 million in FGG is mainly due to decrease of American Rescue Plan Act (ARPA) funds in various departments.

Other Financing Sources

Other Financing Sources (including Operating Transfers from Other Funds) **decreases by a net of $75.5 million or 14.6%.**

There is a net decrease of $64.8 million in PSG mainly from decreases of $62.3 million in Proposition 172, the *Local Public Safety Protection and Improvement Act of 1993*, due completion of one-time projects within various departments and $2.8 million for prior year one-time fire apparatuses and equipment purchases, offset by $0.3 million increase to be transferred from the Incarcerated Peoples' Welfare Fund and Jail Commissary Enterprise Fund to the General Fund.

A net decrease of $21.4 million in Finance Other is due to a prior-year County Operation Center Consolidation Project supported by bond proceeds, partially offset by an increase to support debt service payments from the Courthouse Construction Fund.

A net increase of $10.2 million in HHSA is tied to the Tobacco Securitization Fund to help offset the impacts of slowing Realignment revenue based on projected sales tax receipts. The additional funds will be used in Behavioral Health Services to support substance use disorder programs previously funded by Realignment revenue including recovery residences and peer support services.

A net increase of $0.5 million in LUEG Parks and Recreation is due to increased support for County Service Areas and Community Facilities District parks.

Charges For Current Services

Charges For Current Services increases by a net of $4.5 million or 1.0%. Revenues increase by $5.6 million in PSG, $0.8 million in FGG, and $0.7 million in LUEG, offset by a decrease of $2.6 million in HHSA.

- In PSG, the net increase of $5.6 million is mainly in the Sheriff's Department for contracted law enforcement services to nine contract cities, transit entities, a community college district, the State of California 22nd Agricultural Association and tribes, and in State funds allocated from the Local Revenue Fund 2011, Trial Court Security Subaccount, Trial Court Security Growth Account and Supplemental Trial Court Security, offset by a decrease mainly for housing misdemeanants from the City of San Diego.
- In FGG, the net increase of $0.8 million include increases of $2.1 million in the Registrar of Voters due to the number of billable jurisdictions that will participate in the November 2024 Presidential General Election; $2.0 in County Counsel due to an anticipated increase in reimbursable staff costs for public liability and workers' compensation legal services; $0.5 million in the Auditor and Controller due to changes in the cost allocation plan revenues; and $0.3 million in the FGG Executive Office associated for reimbursement of administrative services provided to other County departments. These increases are partially offset by a decrease of $3.3 million in the Assessor/Recorder/County Clerk primarily from Recording and Filing Document fees due to fewer recording and filing documents resulting from the increased interest rates in

the real estate market, and $0.8 million in the Department of Human Resources for reimbursement of insurance premium costs that were transferred to the newly established Insurance Internal Service Fund.

- In LUEG, an overall net increase of $0.7 million include increases of $1.1 million in the Department of Environmental Health and Quality due to increases in Service to Property Owners, Plan Check and Field Inspections, and other accounts related to service, and fee revenue decrease in Hazardous Materials Settlement Trust Fund use to support Certified Unified Program Agency (CUPA) program; $0.6 million in the Department of Public Works for work funded by other funds such as the Permanent Road Districts, Road Fund, and Special Districts; $0.3 million in the LUEG Exec Office for support costs from LUEG departments; and $0.2 million in the Department of Parks and Recreation due to anticipated increase in camping use and park and recreation fees. These increases are partially offset by a decrease of $1.5 million in Planning & Development Services to align with current fiscal year projections in plan check revenue.
- In HHSA, the net decrease of $2.6 million is due to a net decrease of $2.0 million in Medical Care Services tied to one-time projects and a decrease of $0.6 million in Public Health Services administrative fees collected from Medi-Cal Administrative Activities and Targeted Case Management (MAA/TCM) participants projected in Intergovernmental Revenue.

Other Intergovernmental Revenue

Other Intergovernmental Revenue **increases by a net of $1.4 million or 5.6%.**

An overall net increase of $0.7 million in HHSA Housing and Community Development Services is tied to Housing Authority administrative revenue to support the increase in the program administration for the Housing Choice Voucher (HCV).

An overall net increase of $0.6 million in PSG is due to a $0.5 million increase in the Sheriff's Department based on Network Operating Costs fees collected from the Regional Communication System partner agencies, revenue from the Grossmont Union High School District for School Resource Officers, and $0.1 million in the Office of Emergency Services due to an increase in Unified Disaster Council member shares to support increased contracted services cost.

A net increase of $0.1 million in LUEG is due to an increase of $0.2 million in the Department of Environmental Health and Quality due to increased funding for the Hazardous Incident Response contract, partially offset by a decrease of $0.1 million in Planning & Development Services primarily due to expiring SANDAG grants.

Fines, Forfeitures & Penalties

Fines, Forfeitures & Penalties **decreases by a net of $1.7 million or 9.1%.**

An overall net decrease of $1.6 million in PSG is related to $0.8 million in the Sheriff's Department as a result of a decrease in planned expenditures for the Cal-ID program.

A net decrease of $0.1 million in LUEG Planning & Development Services is to align with current fiscal year projections in fines revenue.

Licenses, Permits & Franchises

Licenses, Permits & Franchises **increases by $1.5 million or 2.9%.**

A net increase of $2.4 million in LUEG is due to increases of $2.0 million in the Department of Environmental Health and Quality primarily for fee revenue increases related to the department's Fiscal Year 2024–25 Cost Recovery Proposal and permit fees, and $0.8 million in Agriculture, Weights and Measures due to the enacted legislation (AB1304) that raised the capped fees related to inspections of commercial weighing devices. These increases are partially offset by a decrease of $0.4 million in Planning & Development Services to align with current fiscal year projections for permit revenue.

A net increase of $0.1 million in PSG is for license fees, to align the budget with anticipated actuals in the Sheriff's Department.

A net decrease of $1.0 million in FGG County Communications Office is tied to the Public Educational Government (PEG) Access Fee revenue, due to removal of one-time expenditures for the County News Center TV studio.

Miscellaneous Revenues

Miscellaneous Revenues **decreases by a net of $14.8 million or 13.8%.**

A net decrease of $7.7 million in HHSA is primarily attributed to a decrease of $14.4 million in the Housing and Community Development Services Innovative Housing Trust Fund (IHTF) funds due to the completion of $25.0 million in prior year one-time affordable housing project awards, partially offset with a new infusion of $10.6 million supported by the Evergreen component of the ARPA Framework. HHSA reflects additional increases of $4.2 million in Public Health and Behavioral Health Services primarily in Opioid Settlement Framework funds to advance strategies aimed at reducing opioid misuse, $2.4 million in Aging & Independence Services tied to the San Diego Veteran Services at any Age (SD-

A net decrease of $7.6 million in PSG is mainly due to a decrease of $9.9 million in the Sheriff's Department for the prior year upgrade of system infrastructure to the NextGen Regional Communications System offset by increases of $2.0 million in the Office of the District Attorney to support Economic Crime Prosecution and $0.3 million in Medical Examiner due to the Opioid Settlement Framework to expand surveillance and data collection of emerging drug trends.

A net decrease of $0.1 million in LUEG is due to decreases of $3.3 million in the Department of Parks and Recreation due to the completion of the San Diego River Conservancy grant project, and $1.2 million in Agriculture, Weights and Measures for major maintenance projects completed in the prior year, partially offset by an increase of $4.4 million in the Department of Public Works due to the change in funding source for the Closed Landfills Program.

A net increase of $0.6 million in FGG is due to increases of $0.5 million in the Department of Human Resources due to reimbursement from the Employee Benefits Internal Service Fund for its portions of the Employee Benefits and Workers' Compensation divisions, and $0.1 million in the Treasurer-Tax Collector to continue administration of the deferred compensation plan.

Revenue from Use of Money & Property

Use of Money & Property **increases by $0.4 million or 10.1%**, is primarily in LUEG Department of Public Works due to increases in rents and leases to align with historical actuals.

Taxes Other Than Current Secured

Taxes Other Than Current Secured **decreases by $0.1 million or 100.0%** in HHSA Homeless Solutions and Equitable Communities tied to the State Prop 10 tobacco tax in support of First 5 Refugee Family Support Services that ended in the prior year.

Select General Fund Program Revenues

Following are some of the largest and most closely watched program revenues. Please see the individual Group and department sections for more specific information on the various other program revenues.

1991 and 2011 Health and Human Services Realignment Revenues

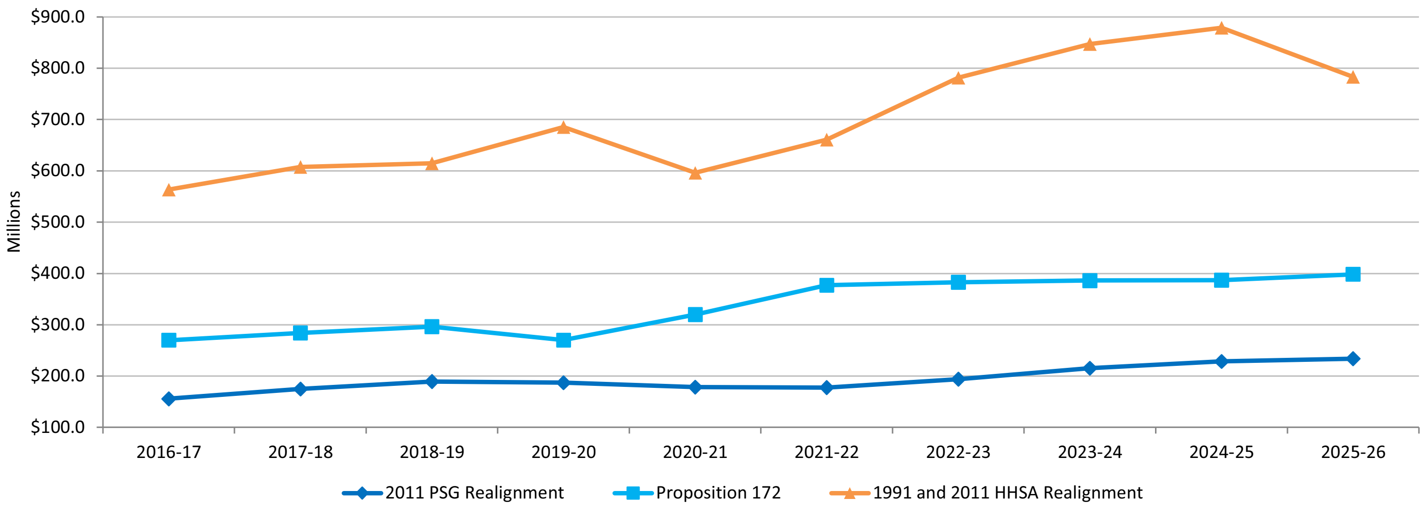
1991 and 2011 Health and Human Services Realignment Revenues (**$879.2 million in Fiscal Year 2024–25** and $783.7 million in Fiscal Year 2025–26) are projected to be received from the State to support health and social services programs.

The term “1991 Realignment” refers to the transfer in 1991 of responsibility from the State to counties for certain health, mental health and social services programs, along with the provision of dedicated sales tax and Vehicle License Fee (VLF) revenues to pay for these services. In Fiscal Year 2011–12 the State further realigned an additional amount of social services and behavioral health services over a two-year period (some additional mental health programs were realigned in Fiscal Year 2012–13) and as in 1991, the State dedicated additional sales tax revenues to support them.

For Fiscal Year 2024–25, it is projected that 25.8% of the HHSA's General Fund budget is funded with Realignment Revenues as compared to only 13.6% in Fiscal Year 2010–11, the last year prior to the implementation of 2011 Realignment. This assumes an underlying statewide sales tax increase of 2.2% and Vehicle License Fee increase of 3.1% for Fiscal Year 2024–25 to reflect the slowing growth in the economic forecast. These revenues are projected to increase by 3.7% ($31.7 million) compared to the Fiscal Year 2023–24 Adopted budget ($847.5 million). The net increase includes a baseline adjustment to align with projected statewide sales tax & vehicle license fees, and use of over $100 million in one-time available realignment funds to help bridge essential services with the projected slowing growth in Realignment. In addition, the Fiscal Year 2024–25 HHSA budget assumes a total of $32.3 million in cost saving measures, including $11.9 million in revenue enhancements, primarily from an increased draw from the Tobacco Settlement Fund; another $11.1 million in contracts and other operational changes: and $9.2 million to address unanticipated costs within the HHSA budget. Fiscal Year 2025–26 is projected to decrease by 10.9% or $95.5 million compared to Fiscal Year 2024–25 to align with projected sales tax & vehicle license fees receipts and decrease tied to adjustment of one-time realignment funds. In Year 2 of the budget, there is also a significant bridge funding strategy for HHSA to reflect a $54 million Realignment funding shortfall. This gap will be structurally fixed in the future by anticipated future growth of Realignment revenue.

The following chart shows the realized and projected revenues for 1991 and 2011 Health and Social Services Realignment, Proposition 172, and 2011 PSG Realignment.

Proposition 172, 1991 and 2011 Realignment Sales Tax Revenue
Fiscal Years 2016-17 to Fiscal Year 2025-26



Note: Fiscal Year 2016–17 to 2022–23 figures represent actual revenues. Fiscal Year 2023–24 through Fiscal Year 2025–26 figures represent projected revenue as included in the Fiscal Years 2024–26 CAO Recommended Operational Plan. Starting in 2011, the 1991 Realignment was adjusted to exclude funding for Mental Health support that was transferred to the 2011 Realignment. Also beginning in 2011, CalWORKs funding was incorporated into the 1991 Realignment.

2011 Public Safety Realignment Revenues

2011 Public Safety Realignment revenues (**$228.3 million in Fiscal Year 2024–25** and $233.8 million in Fiscal Year 2025–26) are budgeted to support adult and juvenile justice programs. The revenue source is a dedicated portion of State sales tax and State and local VLF. The revenues provided for realignment are deposited into the Local Revenue Fund 2011 and allocated to specific accounts and subaccounts as directed by statute. Funds allocated to the Community Corrections Subaccount support Public Safety Services in accordance with 2011 Public Safety Realignment which provides funding for the transfer of responsibility for certain offenders from the State to the County, pursuant to Assembly Bill (AB) 109; provides resources for housing, treatment and services for adult and juvenile offenders; and other services promoting a justice reinvestment strategy.

These budgeted revenues increase in Fiscal Year 2024–25 by 6.2% ($13.3 million) compared to Fiscal Year 2023–24. This change in revenues is a slight increase from Fiscal Year 2023–24. The projected increase in sales tax revenue and VLF is due to stabilizing of economy and based on formulaic assumptions provided by the State of California and assumes an underlying receipts in statewide sales tax rate of 2.2% for Fiscal Year 2024–25.

2011 Realignment for Public Safety includes the following subaccounts: Enhancing Law Enforcement Activities (various programs), Trial Court Security, Community Corrections, District Attorney and Public Defender Revocation activities and Juvenile Justice (Youthful Offender Block Grant and Juvenile Reentry).

Proposition 172, Public Safety Sales Tax Revenues

Proposition 172, Public Safety Sales Tax Revenues (**$387.1 million in Fiscal Year 2024–25** and $398.3 million in Fiscal Year 2025–26) support regional public safety services provided by three Public Safety Group departments: Sheriff, District Attorney and Probation. The revenue source is a dedicated one-half cent of a statewide sales tax, approved by voters in 1993, which is distributed to counties based on the relative levels of taxable sales in each county compared to the total taxable sales in all qualified counties. In turn, counties distribute a portion of the Proposition 172 receipts to local cities according to ratios established pursuant to Government Code 30055(d).

For Fiscal Year 2024–25, these revenues increase by 0.2% ($0.9 million) from the Fiscal Year 2023–24 Adopted budget. This assumes an underlying receipts in statewide sales tax rate of 2.2% for Fiscal Year 2024–25. It is anticipated that these revenues will have a minimal growth in Fiscal Year 2024–25 as the economy remains stable. The chart above shows the realized revenues for Proposition 172 for Fiscal Years 2016–17 through 2022–23 and projected levels for Fiscal Years 2023–24 through 2025–26.

Tobacco Settlement Revenues

Tobacco Settlement Revenues (**$25.3 million in Fiscal Year 2024–25** and $25.3 million in Fiscal Year 2025–26) are dedicated to healthcare-based programs pursuant to Board of Supervisors Policy E-14, *Expenditure of Tobacco Settlement Revenue in San Diego County.* These revenues are the result of the Master Settlement Agreement in 1998 between the California Attorney General and other states and the four major tobacco manufacturers at that time. The agreement provided more than $206.0 billion in Tobacco Settlement Payments over 25 years in exchange for the release of all past, present and future claims related to the use of tobacco products. California agreed to distribute its share of the settlement to counties based on population.

To reduce the risk of volatility or non-receipt of the Tobacco Settlement Payments, some counties and states opted to securitize these payments. Securitization is a process whereby the owner of the receivable sells the right to that income stream in exchange for an up-front payment. The County of San Diego securitized its share of the Tobacco Settlement Payments and deposited the net proceeds of $412.0 million into the Tobacco Securitization Endowment Fund based on a securitization of $466.8 million in January 2002. These funds are spent pursuant to the Board of Supervisors Policy.

In May 2006, the County restructured its 2001 securitization and securitized additional anticipated receipts, adding $123.5 million to the endowment fund. These proceeds were intended to enable the County to fund health care programs annually through approximately year 2034.

The $25.3 million budgeted in Fiscal Year 2024–25 reflects Securitized Tobacco funds for Operating Transfers to fund various Health and Social Services programs. This is a proposed increase of $10.2 million from the prior year to help offset the impacts of slowing realignment revenue based on projected sales tax receipts. The additional funds will be used in Behavioral Health Services to support substance use disorder programs previously funded by realignment revenue including recovery residences and peer support services.

General Fund General Purpose Revenue/ Fund Balance Component Decreases

General Fund Use of Fund Balance/Fund Balance Component Decreases (previously Designations)

General Purpose Revenue (GPR) makes up 29.8% of the General Fund Financing Sources. Please see the separate discussion of GPR in the following section.

Use of Fund Balance, including Fund Balance Component Decreases, ($194.2 million in Fiscal Year 2024–25 and $97.6 million in Fiscal Year 2025–26), represents 2.9% of General Fund Financing Sources in Fiscal Year 2024–25. Fund Balance is the result of careful management of resources Countywide in past years. It is both a resource that can be used for one-time expenses and one that serves as a mitigation for unexpected events or requirements. By its nature, fund balance is not suitable for the support of ongoing operations.

The Fund Balance Component Decrease of $68.3 million in Fiscal Year 2024–25 consists of:

- $42.8 million from fund balance restricted for Pension Obligation Bonds (POB) to serve as an alternative funding source for a portion of existing POB costs that have been supported by General Purpose Revenue.
- $25.0 million associated with increases in Behavioral Health Services to support the implementation of SB43 and Behavioral Health Workforce, approved by the Board of Supervisors on February 27, 2024.
- $0.5 million from fund balance restricted for Department of Environmental Health and Quality for increased need of Environmental Health commitment.

The General Fund Use of Fund Balance of $125.9 million in Fiscal Year 2024–25 consists of:

- $56.3 million for one-time capital and major maintenance projects in the Department of Public Works Stormwater and Closed Landfill programs.
- $39.8 million for one-time major maintenance projects in various departments within the Public Safety Group, Land Use and Environment Group, and Health and Human Services Agency (HHSA).
- $17.9 million for the renovation of the Hall of Justice.
- $5.0 million for design and environmental study of new Ramona Sheriff Substation.
- $2.9 million for work associated with the Public Housing Physical Needs Assessment (PHPNA) in HHSA Housing & Community Development Services.
- $2.3 million to bridge Medi-Cal Administrative funding in HHSA Self-Sufficiency Services.
- $1.7 million associated with the implementation of the new case management system to maintain software compliance and meet Housing and Urban Development federal guidelines in HHSA Housing & Community Development Services.

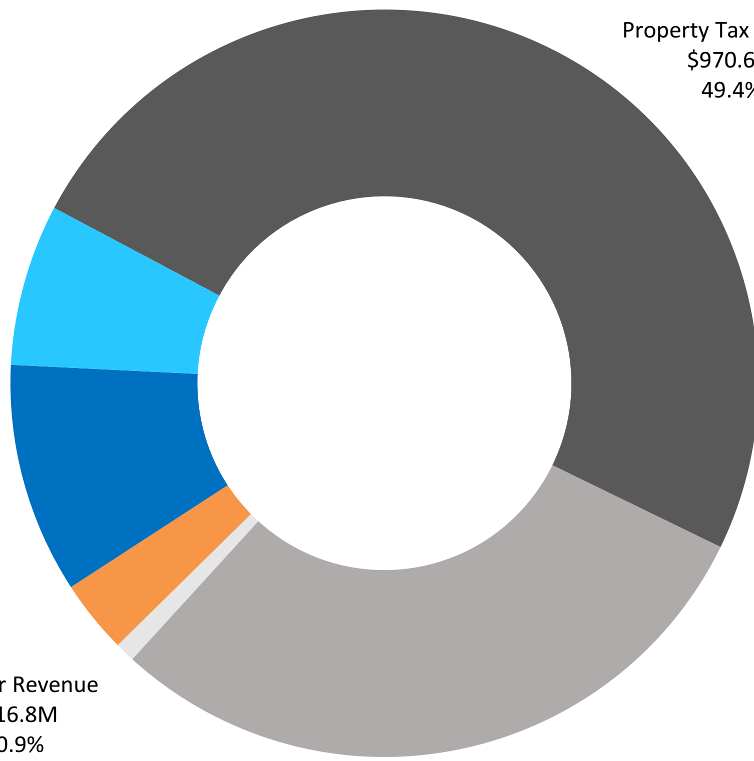
COUNTY OF SAN DIEGO

General Purpose Revenue

General Purpose Revenue by Source

General Purpose Revenue (GPR) represents approximately 29.8% of the General Fund's financing sources. This revenue comes from property taxes, property tax in lieu of vehicle license fees (VLF), the Teeter program, sales & use tax, intergovernmental revenue and Other revenues including Documentary Transfer Tax (DTT). It may be used for any purpose that is a legal expenditure of County funds. Therefore, the Board of Supervisors has the greatest flexibility in allocating this revenue. The following section presents details of the major components of General Purpose Revenue.

General Purpose Revenue by Source
Fiscal Year 2024-25: $1,963.0 million

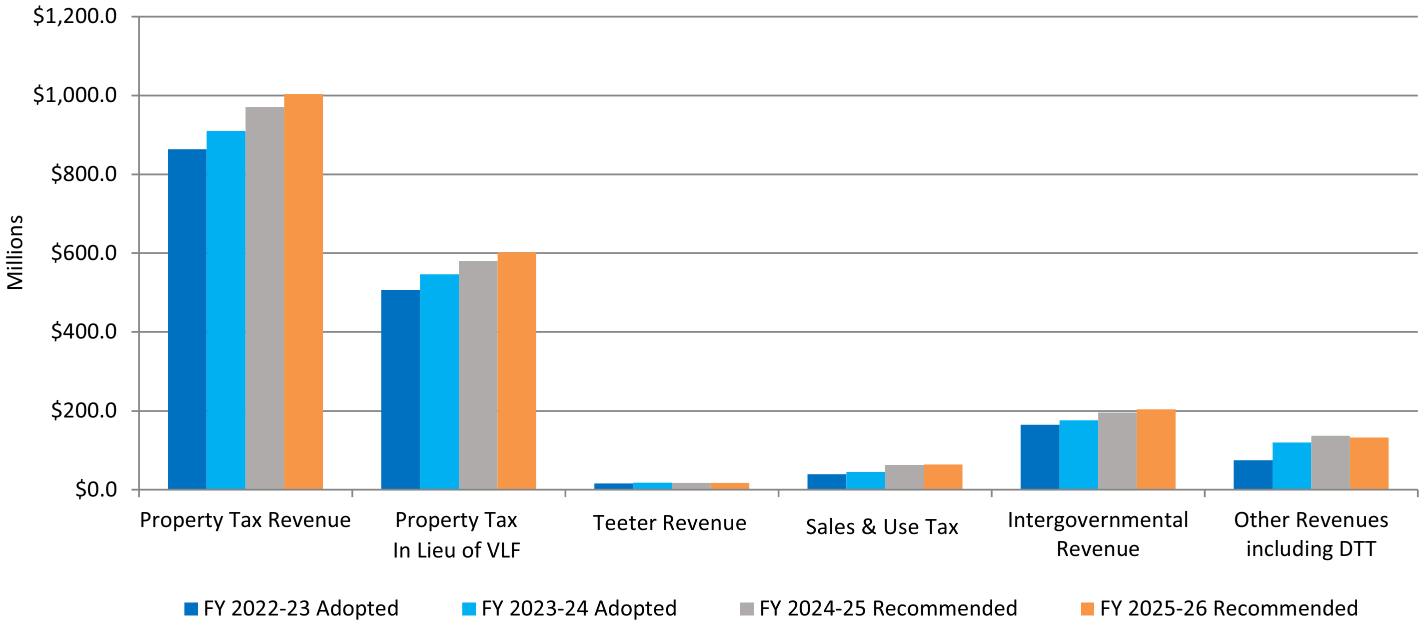


Note: In the chart and table, the sum of individual amounts may not total due to rounding.

For Fiscal Year 2024–25, the $1,963.0 million budgeted for GPR is **an increase of $148.2 million** or 8.2% from the Fiscal Year 2023–24 budgeted amount of $1,814.8 million primarily due to increase in Assessed Value (AV) growth, interest earnings from higher interest rates, Sales & Use Tax, and continuing growth in pass-through distributions from former redevelopment agency and higher residual revenue. These resources are projected to increase to $2,024.2 million in Fiscal Year 2025–26. The charts on the following page present GPR by source and a historical view of GPR. The accompanying table includes a summary by account of historical and projected GPR.

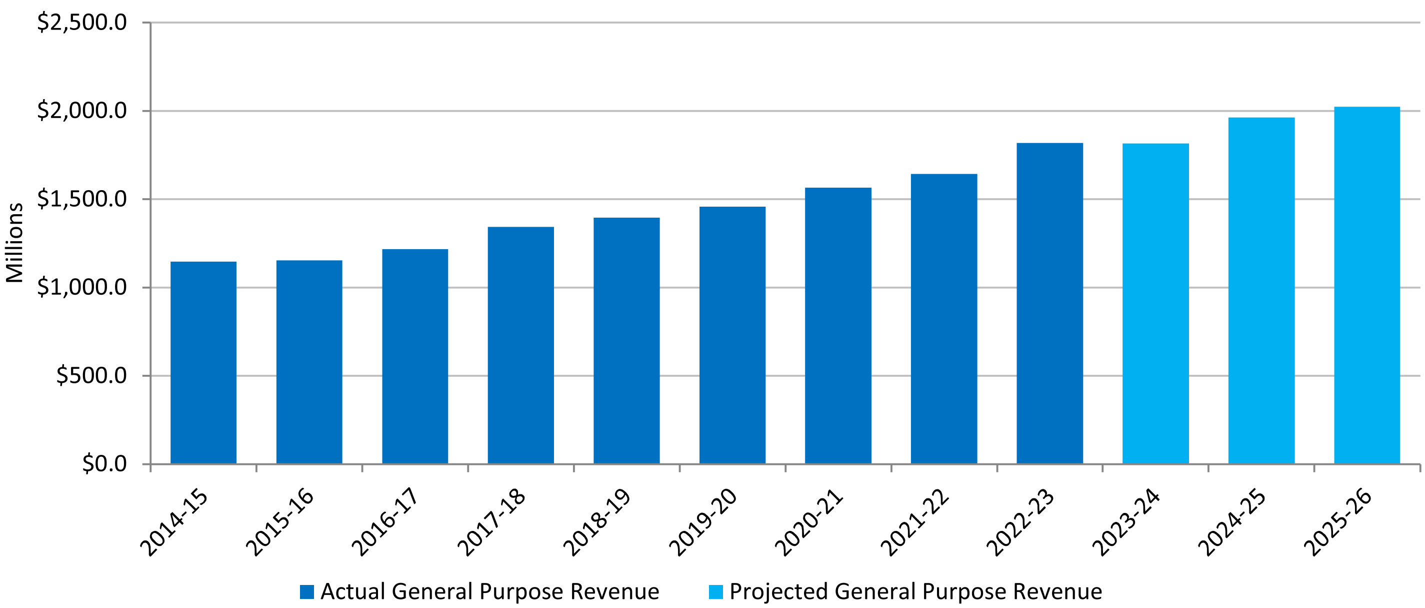
General Purpose Revenue by Source

Fiscal Years 2022-23 through 2025-26



General Purpose Revenue History

Fiscal Year 2014-15 to Fiscal Year 2025-26



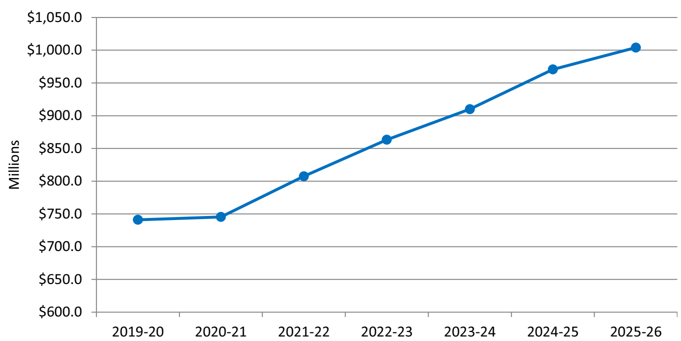
Notes: General Purpose Revenue (GPR) for Fiscal Years 2014–15 through 2022–23 represents actual revenue. For Fiscal Years 2023-24 to 2025-26, the projections are included in the Fiscal Years 2024-26 Recommended Operational Plan.

General Purpose Revenue		Fiscal Year 2022–23 Adopted Budget		Fiscal Year 2023–24 Adopted Budget		Fiscal Year 2024–25 Recommended Budget	% Change		Fiscal Year 2025–26 Recommended Budget
Property Taxes Current Secured	$	831,749,072	$	881,072,375	$	932,995,908	5.9	$	966,472,340
Property Taxes Current Supplemental		8,738,450		8,694,758		8,651,284	(0.5)		8,608,028
Property Taxes Current Unsecured		22,727,801		20,022,240		28,936,748	44.5		28,857,937
Property Taxes Current Unsecured Supplemental		58,027		58,897		59,781	1.5		60,678
Total Property Tax Revenue	**$**	**863,273,350**	**$**	**909,848,270**	**$**	**970,643,721**	**6.7**	**$**	**1,003,998,983**
Total Property Tax In Lieu of VLF	**$**	**506,268,955**	**$**	**547,134,262**	**$**	**580,260,703**	**6.1**	**$**	**602,750,518**
Teeter Tax Reserve Excess	$	10,791,321	$	11,256,008	$	10,837,168	(3.7)	$	10,820,860
Teeter Property Tax All Prior Years		5,562,875		6,095,687		6,004,252	(1.5)		5,914,188
Total Teeter Revenue	**$**	**16,354,196**	**$**	**17,351,695**	**$**	**16,841,420**	**(2.9)**	**$**	**16,735,048**
Total Sales & Use Tax	**$**	**39,547,604**	**$**	**45,098,087**	**$**	**62,315,121**	**38.2**	**$**	**63,939,662**
State Motor Vehicle In-Lieu	$	—	$	—	$	1,000,000	100.0	$	1,000,000
State Aid Homeowner's Property Tax Relief (HOPTR)		4,714,725		4,714,725		4,714,725	0.0		4,714,725
Federal In-Lieu Taxes		1,100,000		1,100,000		1,100,000	0.0		1,100,000
Local Detention Facility Revenue/State Aid Booking Fees		2,460,342		2,460,342		2,460,342	0.0		2,460,342
Aid From City of San Diego		2,500,000		2,500,000		2,500,000	0.0		2,500,000
Aid from Redevelopment Agencies/Aid from Redevelopment Successor Agencies		153,918,804		165,363,606		183,937,212	11.2		192,212,516
Total Intergovernmental Revenue	**$**	**$164,693,871**	**$**	**176,138,673**	**$**	**195,712,279**	**11.1**	**$**	**203,987,583**
Property Taxes Prior Secured	$	400,000	$	400,000	$	400,000	0.0	$	400,000
Property Taxes Prior Secured Supplemental		8,395,766		8,353,787		8,312,018	(0.5)		8,270,458
Property Taxes Prior Unsecured		150,000		150,000		150,000	0.0		150,000
Property Taxes Prior Unsecured Supplemental		400,000		400,000		400,000	0.0		400,000
Other Tax Aircraft Unsecured		2,201,352		2,168,332		2,135,807	(1.5)		2,103,769
Transient Occupancy Tax		5,373,163		6,203,455		6,265,490	1.0		6,328,145
Documentary Transfer Taxes (DTT)		25,206,644		25,458,711		25,713,298	1.0		25,970,431
Cannabis Tax		—		—		100,000	100.0		100,000
Franchises, Licenses, Permits		4,768,185		4,696,662		3,750,654	(20.1)		3,563,122
Fees, Fines & Forfeitures		1,078,139		812,335		771,718	(5.0)		733,132
Penalties & Cost Delinquency Taxes		16,912,884		21,949,245		23,334,410	6.3		24,042,917
Interest On Deposits & Investments		8,084,934		46,052,058		61,835,588	34.3		56,608,671
Interfund Charges/Miscellaneous Revenues		2,100,000		2,600,000		4,100,000	57.7		4,100,000
Total Other Revenues including DTT	**$**	**75,071,067**	**$**	**119,244,585**	**$**	**137,268,983**	**15.1**	**$**	**132,770,645**
Total General Purpose Revenue	**$**	**1,665,209,043**	**$**	**1,814,815,572**	**$**	**1,963,042,227**	**8.2**	**$**	**2,024,182,439**

Property Tax Revenue

Property Tax Revenue, **($970.6 million in Fiscal Year 2024–25 and $1,004.0 million in Fiscal Year 2025–26)**, including current secured, current supplemental, current unsecured and current unsecured supplemental, represents 49.4% of the total General Purpose Revenue in Fiscal Year 2024–25 and 49.6% in Fiscal Year 2025–26.

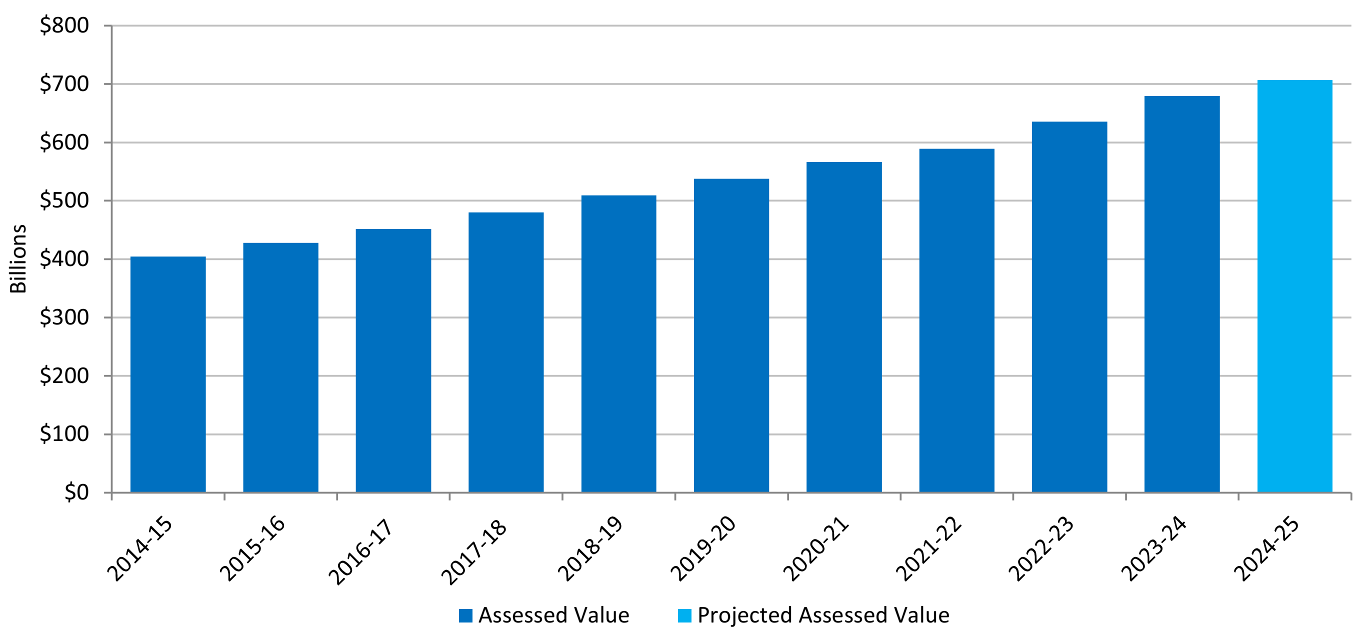
General Purpose Revenue:
Property Tax Revenue History



The term "current" refers to those taxes that are due and expected to be paid in the referenced budget year. For Fiscal Year 2024–25, property tax revenue is budgeted to be $60.8 million or 6.7% higher than the budget for Fiscal Year 2023–24. The increase is mainly due to the anticipated 4.0% Assessed Value (AV) growth in Fiscal Year 2024–25. Property Tax Revenue is projected to increase 3.4% or $33.4 million for Fiscal Year 2025–26. Property Tax Revenue in the State of California is a funding source for local governments and school districts and is based on ad valorem property taxation, whereby the amount due is calculated by applying a 1% tax rate to the assessed value of real property (land and improvements) and certain business personal property owned by tenants. The assessed value of property is tracked on the secured, unsecured and supplemental tax rolls. Counties generate the property tax bills and collect the tax payments on behalf of the taxing entities within their respective boundaries. In some cases, there are additional ad valorem taxes and special assessments approved by the voters, which are included on the tax bills as well. Property tax payment amounts received by counties are then distributed to the various taxing entities.

In 2014, improvement in the residential market and positive change in both ownership and new construction activity resulted in an increase of 6.2% in the assessed value of real property. For 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 the final growth rate was 5.80%, 5.59%, 6.35%, 6.08%, 5.72%, 5.33%, 4.02%, 7.96% and 6.86% respectively. For Fiscal Year 2024–25, an assumed rate of 4.00% is projected in overall assessed value of real property. The Fiscal Year 2025–26 revenue is estimated using a 4.00% assessed value growth.

Locally Assessed Secured Property Values
Fiscal Year 2014–15 to Fiscal Year 2024–25



Note: The projected locally assessed secured values assume a 4.0% growth rate for Fiscal Year 2024–25.
Source: San Diego County Auditor and Controller

Current Secured Property Tax Revenue

Current Secured property tax revenue **($933.0 million in Fiscal Year 2024–25 and $966.5 million in Fiscal Year 2025–26)** is expected to increase by $51.9 million in Fiscal Year 2024–25 from the adopted level for Fiscal Year 2023–24.

This revenue is generated from the secured tax roll, that part of the roll containing real property, including residential and commercial property as well as State-assessed public utilities. The Fiscal Year 2024–25 revenue amount assumes an increase of 4.00% in the local secured assessed value compared to the actual current local secured assessed value amount for Fiscal Year 2023–24 of 6.86%. The Fiscal Year 2023–24 current secured revenue assumed a 5.00% increase in the local secured assessed value over the actual local secured assessed value amount for Fiscal Year 2022–23; however, the actual current local secured assessed value increased by 6.86% (gross less regular exemptions). For Fiscal Year 2025–26, local secured assessed value is assumed to grow by 4.00%. The budget also makes certain assumptions regarding the County's share of countywide property tax revenues, the delinquency rate, exemptions and the amount of tax roll corrections and refunds on prior year assessments.

Current Supplemental Property Tax Revenue

Current Supplemental property tax revenue **($8.7 million in Fiscal Year 2024–25 and $8.6 million in Fiscal Year 2025–26)** is expected to slightly decrease by $0.1 million in Fiscal Year 2024–25 from the adopted level for Fiscal Year 2023–24. This revenue is derived from net increases to the secured tax roll from either new construction or changes in ownership that occur subsequent to the January 1 lien date and are therefore more difficult to predict. These actions are captured on the supplemental tax roll.

Current Unsecured Property Tax Revenue

Current Unsecured property tax revenue **($28.9 million in Fiscal Year 2024–25 and $28.9 million in Fiscal Year 2025–26)** is not based on a lien on real property and is expected to increase by $8.9 million in Fiscal Year 2024–25 from the adopted level for Fiscal Year 2023–24 based on prior year actual receipts. The unsecured tax roll is that part of the assessment roll consisting largely of business personal property owned by tenants.

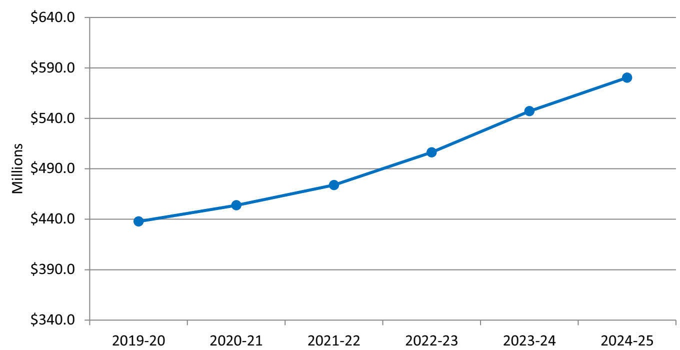
Current Unsecured Supplemental Property Tax Revenue

Current Unsecured Supplemental property tax revenue **($0.1 million in Fiscal Year 2024–25 and $0.1 million in Fiscal Year 2025–26)** is derived from supplemental bills that are transferred to the unsecured tax roll when a change in ownership occurs and a tax payment is due from the prior owner, or a subsequent change in ownership following the initial change in ownership occurs prior to the mailing of the initial supplemental tax bill. When this occurs, the bill is prorated and a portion of the original supplemental tax bill that is attributable to the initial change in ownership or completion of new construction becomes an unsecured supplemental tax bill.

Property Tax in Lieu of Vehicle License Fees (VLF)

Property Tax in Lieu of Vehicle License Fees (VLF) comprises **29.6% ($580.3 million)** of the General Purpose Revenue amount in Fiscal Year 2024–25 and 29.8% of the projected amount ($602.8 million) in Fiscal Year 2025–26.

General Purpose Revenue:
Property Tax in Lieu of VLF History



Beginning in Fiscal Year 2004–05, this revenue source replaced the previous distribution of vehicle license fees to local governments. Per the implementing legislation, revenue levels for this funding source are based on the growth or reduction in net taxable unsecured and local secured assessed value. With a projected 4.00% increase in the combined taxable unsecured and local secured assessed value in Fiscal Year 2024–25, revenues are anticipated to be $33.1 million higher than budgeted for Fiscal Year 2023–24. The budgeted increase is partially associated with the change in actual assessed value in Fiscal Year 2023–24 which increased by 6.86% compared to a budgeted increase of 5.00%. The Fiscal Year 2025–26 revenue is estimated using a 4.00% assessed value growth.

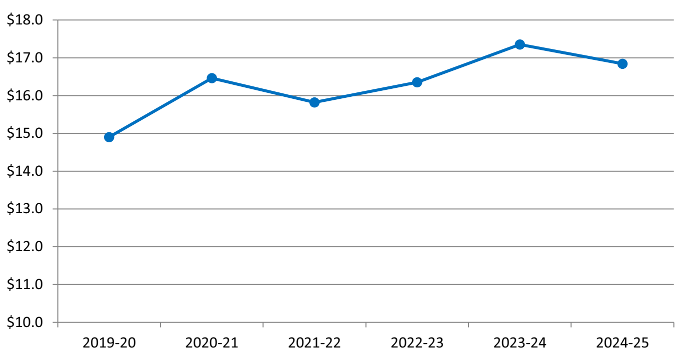
Teeter Revenue

Teeter Revenue **($16.8 million in Fiscal Year 2024–25 and $16.7 million in Fiscal Year 2025–26)** represents approximately 0.9% of General Purpose Revenue in Fiscal Year 2024–25 and 0.8% of the projected amount in Fiscal Year 2025–26. Teeter Revenue is expected to decrease by $0.5 million in Fiscal Year 2024–25 from the adopted level for Fiscal Year 2023–24 primarily due to projected lower collections from prior year receivables. Teeter Revenue is expected to decrease by $0.1 million in Fiscal Year 2025–26 from the recommended level for Fiscal Year 2024–25 primarily due to improving delinquency rates, indicating the strength of the local real estate market.

In Fiscal Year 1993–94, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1, of the Revenue and Taxation Code of the State of California (also known as the "Teeter Plan," named after its author). This alternative method provides funding for each taxing entity included in the Teeter Plan with its total secured property taxes and special assessments during the year for which the taxes are levied, regardless of whether all taxes due were paid by the property owner in that year. Under this plan, the County advances funds to these taxing entities to cover the unpaid (delinquent) taxes (the "Teetered taxes"). The County's General Fund benefits from this plan by being entitled to future collections of penalties and interest that are due once the delinquent taxes are paid.

Teeter Revenue is projected based on the anticipated collection of the County's portion of the Teetered taxes from all prior years as well as the interest and penalty payments, which appear in the Teeter Tax Loss Reserve Excess account. See the General Purpose Revenue table for the amount of revenue pertaining to these components. A legal requirement of the Teeter Plan requires the County to maintain a tax loss reserve fund to cover losses that may occur if delinquent taxes are not paid and the property goes into default and is sold for less than the amount of outstanding taxes and assessments. Throughout the year, all interest and penalties collected on Teetered secured and supplemental property taxes are first deposited into the Teeter Tax Loss Reserve Fund. Any excess amounts above 25% of the total delinquent secured taxes and assessments may be transferred to the General Fund.

General Purpose Revenue:
Teeter Revenue History

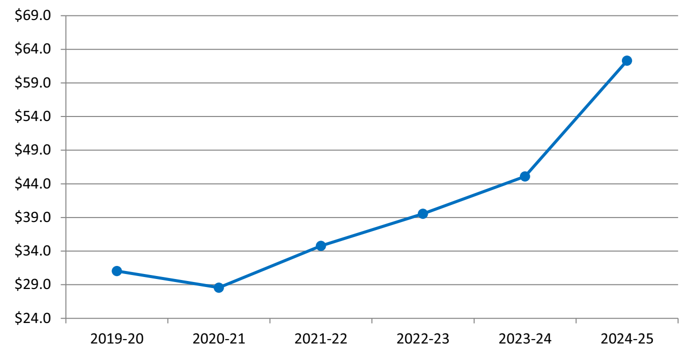


Sales & Use Tax Revenue

Sales & Use Tax Revenue **($62.3 million in Fiscal Year 2024–25 and $63.9 million in Fiscal Year 2025–26)** represents approximately 3.2% of General Purpose Revenue in Fiscal Year 2024–25 and 3.2% in Fiscal Year 2025–26. This revenue is derived from taxable sales by retailers who sell or rent tangible personal property in unincorporated areas of the county, or from use taxes from consumers who purchase tangible personal property from out of State. Use taxes are also imposed on the storage, use, lease or other consumption of tangible personal property at any time a sales tax has not been paid by the retailer.

Sales & Use Tax Revenue in Fiscal Year 2024–25 is estimated to be $17.2 million or 38.2% higher than the Fiscal Year 2023–24 Adopted Operational Plan and is estimated to be $1.6 million higher in Fiscal Year 2025–26. The increase in Fiscal Year 2024–25 is primarily due to the continued growth activities in the unincorporated area which increases the County's share of the Pool going forward.

General Purpose Revenue:
Sales and Use Tax Revenue History



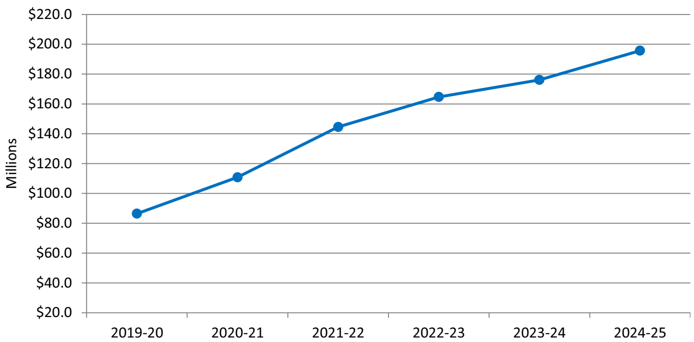
Intergovernmental Revenue

Intergovernmental Revenue **($195.7 million in Fiscal Year 2024–25 and $204.0 million in Fiscal Year 2025–26)** comprises 10.0% of the General Purpose Revenue amount in Fiscal Year 2024–25 and 10.1% of the projected amount in Fiscal Year 2025–26. For Fiscal Year 2024–25, the amount budgeted is $19.6 million or 11.1% higher than the Fiscal Year 2023–24 Adopted Operational Plan due to continuing growth in pass-through distributions and recognition of higher residual revenue from the distribution of former redevelopment funds. Funding for this revenue source comes from various intergovernmental sources including Redevelopment Successor Agencies, the City of San Diego (pursuant to a Memorandum of Understanding [MOU] related to the County's Central Jail), the federal government (Payments in Lieu of Taxes [PILT] for tax-exempt federal lands administered by the Bureau of Land Management, the National Park Service, and the U.S. Fish and Wildlife Service), and the State of California (reimbursement to the County for the Homeowner's Property Tax Relief [HOPTR] program). Under the HOPTR program, homeowners are exempted from paying property taxes on the first $7,000 of the assessed value of their personal residence and the State reimburses local taxing entities for the related loss of revenue.

The largest portion of this funding is from aid from Redevelopment Successor Agencies generated by "pass-through" agreements in place prior to redevelopment dissolution. Redevelopment agencies were dissolved by the California Legislature in ABx1 26 on June 28, 2011. The California Supreme Court upheld the constitutionality of the dissolution on

December 29, 2011 and extended the date of dissolution to February 1, 2012. Based on Section 34183 of the Health and Safety Code, the county auditor-controller shall remit from the Redevelopment Property Tax Trust Fund to each affected taxing agency property tax revenues in an amount equal to that which would have been received under Section 33401, 33492.14, 33607, 33607.6, or 33676. These "residual funds" not allocated for specific purposes will be distributed to affected taxing agencies under Section 34183 of the Health and Safety Code. The County General Fund and Library Fund, as affected taxing entities, receive a share of this "residual fund" tax distribution.

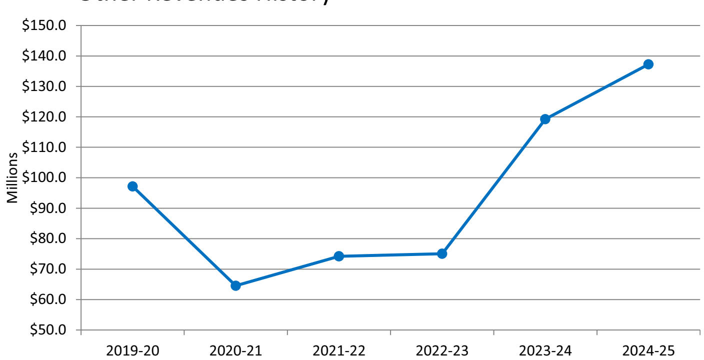
General Purpose Revenue:
Intergovernmental Revenue History



Other Revenues

Other Revenues for Fiscal Year 2024–25 total **$137.3 million and decrease to $132.8 million in Fiscal Year 2025–26** and are approximately 7.0% of the total General Purpose Revenue amount in Fiscal Year 2024–25 and 6.6% in Fiscal Year 2025–26. The Fiscal Year 2024–25 amount represents a 15.1% or $18.0 million increase from the Fiscal Year 2023–24 Adopted Operational Plan.

General Purpose Revenue:
Other Revenues History



Various revenue sources make up this category including Documentary Transfer Tax (DTT), interest on deposits and investments, fees, fines, forfeitures, prior year property taxes, penalties and cost on delinquency taxes, franchise fee revenue and other miscellaneous revenues.

Interest on Deposits & Investments

Interest on deposits and investments **($61.8 million in Fiscal Year 2024–25 and $56.6 million in Fiscal Year 2025–26)** is expected to increase by $15.8 million or 34.3% higher than the Fiscal Year 2023–24 Adopted Operational Plan due to a higher projected cash balance in various funds in the County Pool applied to an interest rate projected to remaining the same. The County apportions interest earnings for all funds held in the County Pool on a quarterly basis (California Government Code Section 53647). Interest on deposits is broken down into interest earned through cash balances from various funds in the county pool as well as from borrowing premiums, interest related to property tax apportionments and miscellaneous interest generated through one-time items.

Documentary Transfer Taxes (DTT)

DTT revenue **($25.7 million in Fiscal Year 2024–25 and $26.0 million in Fiscal Year 2025–26)** is anticipated to increase by $0.3 million or 1.0% from the Fiscal Year 2023–24 Adopted Operational Plan. DTT is paid when any lands, tenements or other realty exceeding $100 in value are sold and granted, assigned, transferred or conveyed to the purchaser. The tax rate is set by the State and is $0.55 per $500 of assessed valuation. The County realizes 100% of the revenues from transactions in the unincorporated area and 50% from transaction in incorporated areas.

Penalties & Cost Delinquency Taxes

Penalties and cost on delinquency taxes **($23.3 million in Fiscal Year 2024–25 and $24.0 million in Fiscal Year 2025–26)** are projected to increase by $1.4 million or 6.3% higher than the Fiscal Year 2023–24 Adopted Operational Plan based on prior year receipts and AV growth assumption which could increase the amount of penalties to be collected. These revenues are received from penalties assessed on late payment of current year taxes (those taxes paid late, but before the end of the fiscal year).

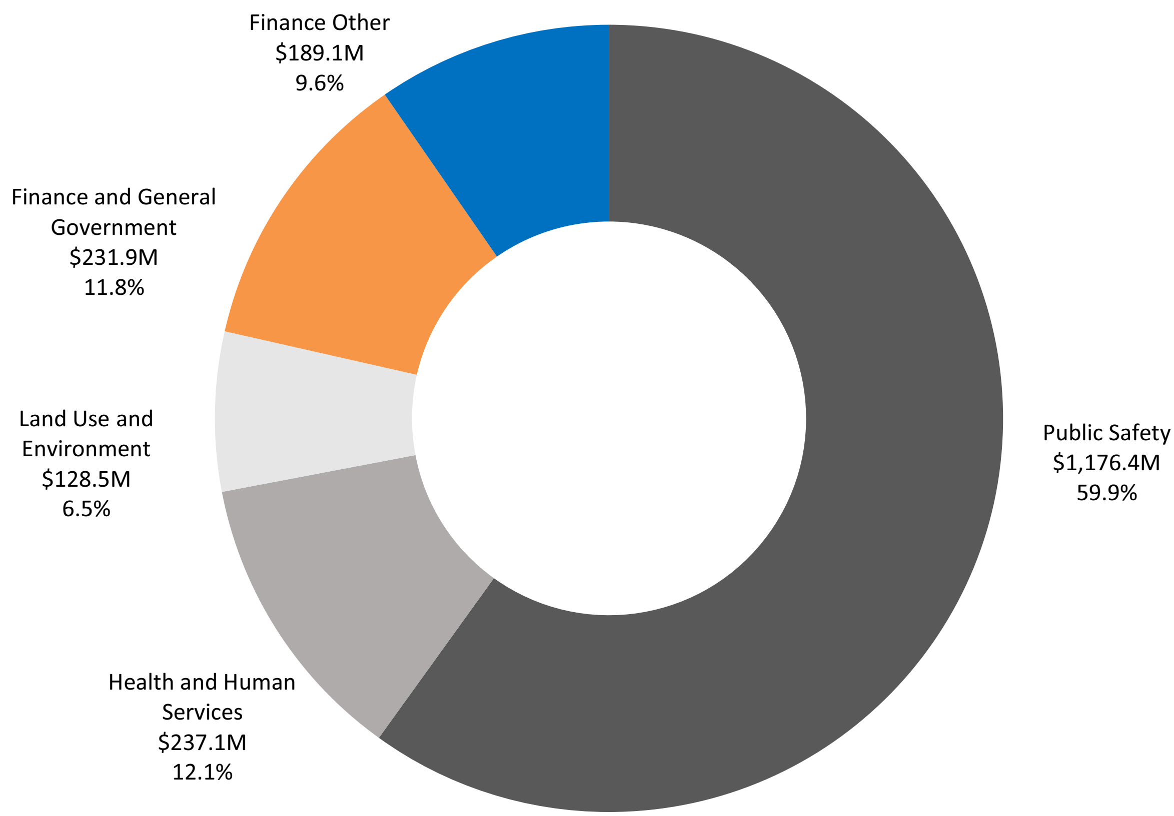
Other Miscellaneous Revenues

Other Miscellaneous Revenues are projected to be **$26.4 million in Fiscal Year 2024–25 and $26.1 million in Fiscal Year 2025–26**, which is an increase of $0.6 million or 2.3% from the Fiscal Year 2023–24 Adopted Operational Plan. This increase is primarily due to the anticipated closure of Flex Forfeitures Trust Funds.

Allocation of General Purpose Revenue by Group/Agency

General Purpose Revenue (GPR) is allocated annually to fund County services based on an analysis of available program revenues, federal or State service delivery obligations and the priorities and strategic direction set by the Board of Supervisors. While the Fiscal Year 2024–25 budget for the Public Safety Group represents 32.3% of total County expenditures, the allocation of GPR for services in that Group equals 59.9% of the total GPR. By contrast, the Health and Human Services Agency's budget represents 40.6% of total County expenditures, however due to significant amounts of funding from program revenues, it is allocated only about 12.1% of total GPR.

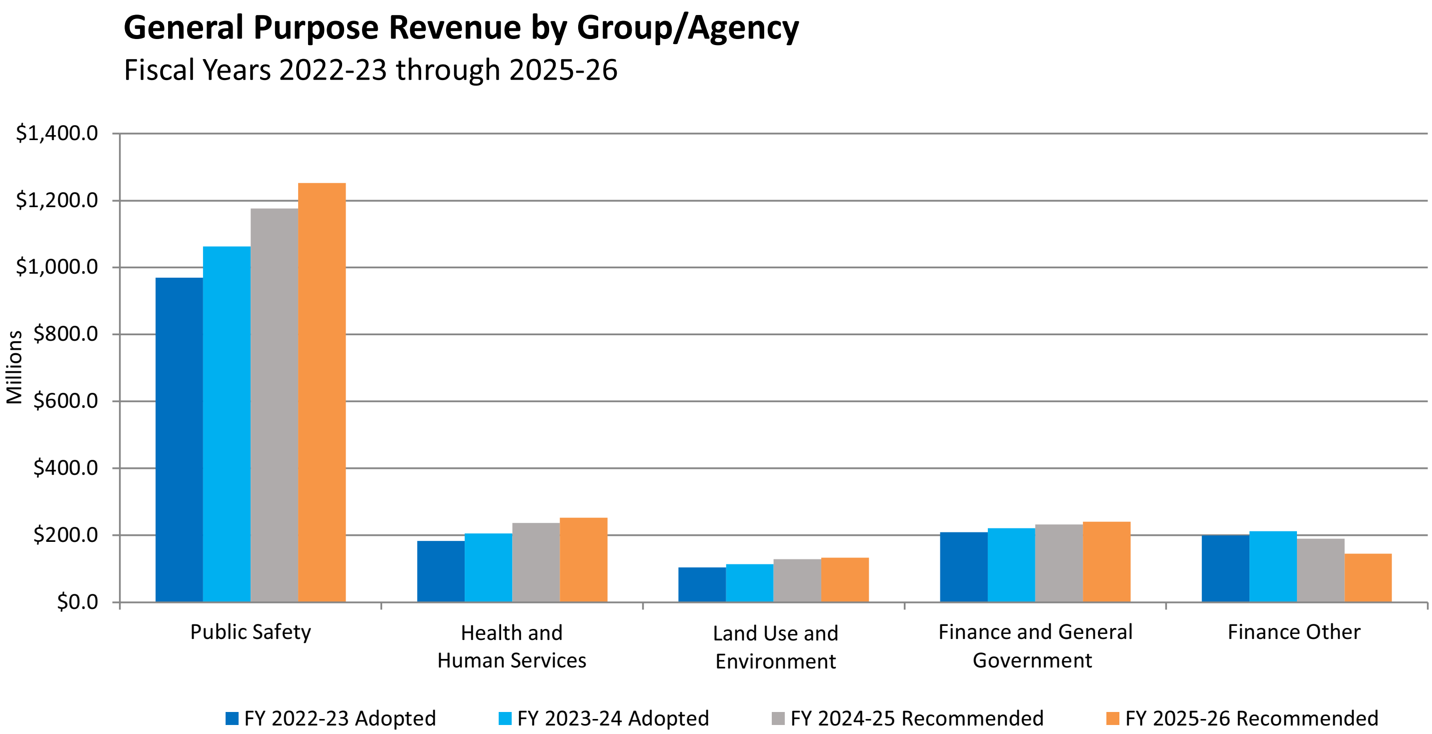
General Purpose Revenue Allocations by Group/Agency
Fiscal Year 2024-25: $1,963.0 million



Note: In the chart and table, the sum of individual amounts may not total due to rounding.

The allocation of GPR for Fiscal Years 2024–25 and 2025–26 reflects a multi-year strategy to manage County resources within the slowly growing economic environment. The primary goals of this strategy are to continue the Countywide stabilization strategy which will meet local revenue requirements for negotiated labor agreements, required retirement contributions, and capital infrastructure. Allocations in Fiscal Year 2024–25 seeks to preserve essential core services to the public, however as of the March 12, 2024, Second Quarter Economic Update to the Board, there existed a projected $63.5 million budget gap in Fiscal Year 2025–26. This gap is primarily due to a revenue shortfall tied to HHSA Realignment revenue. If this gap is not resolved by Fiscal Year 2025–26, the County will need to review core services and discretionary investments and potentially propose reductions after careful priority and timing considerations.

GPR is budgeted at **$1,963.0 million in Fiscal Year 2024–25**, an increase from $1,814.8 million in Fiscal Year 2023–24. While in Fiscal Year 2023–24 employer contributions to the retirement fund are budgeted to increase by 7.1%, the annual rate of increase beyond Fiscal Year 2024–25 is not certain. Future contribution rates will be driven by actual market performance of the retirement fund and actuarial assumptions. If the fund does not meet its assumed rate of return for the current fiscal year, and/or if there are changes to future assumptions, contributions could increase beyond current projections. In Fiscal Year 2024–25, the assumed rate of return used for budget remain at 6.50%.



General Purpose Revenue Allocations by Group/Agency (in millions)								
		Fiscal Year 2022–23 Adopted Budget		Fiscal Year 2023–24 Adopted Budget		Fiscal Year 2024–25 Recommended Budget	% Change	Fiscal Year 2025–26 Recommended Budget
Public Safety	$	969.7	$	1,062.8	$	1,176.4	10.7	$ 1,252.6
Health and Human Services		182.4		205.1		237.1	15.6	252.6
Land Use and Environment		104.4		113.6		128.5	13.2	133.6
Finance and General Government		209.3		221.3		231.9	4.8	240.3
Finance Other		199.4		212.0		189.1	(10.8)	145.2
Total	**$**	**1,665.2**	**$**	**1,814.8**	**$**	**1,963.0**	**8.2**	**$ 2,024.2**

The resource management strategy to address this issue over the next two years is to use GPR stabilization, which reflects the amount of GPR available to be spent on a one-time basis but excludes those amounts forecasted in ongoing projections, and is summarized as follows:

- The Fiscal Year 2024–25 Recommended Operational Plan allocates $171.1 million of GPR to fund growth in salary and benefit costs including retirement ($113.3 million) as well as allocation for programs ($57.8 million). GPR stabilization remaining as of Fiscal Year 2023–24 was $172.3 million. The Fiscal Year 2024–25 GPR stabilization balance decreased by $44.1 million, to reflect the allocation of GPR net of GPR growth of $171.1 million, leaving total stabilization resources of $128.2 million. In Fiscal Year 2024–25, these resources will be spent on a one-time basis to support capital, retirement, appropriations for contingency, and other various one-time operational expenses.
- The Fiscal Year 2025–26 Recommended Budget allocates $123.0 million of GPR to fund increases to support anticipated salary and benefit growth, primarily for planning purposes. GPR stabilization is anticipated to decrease to $65.2 million in Fiscal Year 2025–26. In subsequent budget years these amounts will be used to address anticipated increases in retirement costs, negotiated labor agreements, and to support capital.

Further detail on GPR allocations is provided in the Group and Department sections. The previous charts and table show the amount of GPR allocated to support each Group/Agency compared to the two prior fiscal years.

COUNTY OF SAN DIEGO

Summary of Financial Policies

Background

The County of San Diego has long been recognized for its strong financial management practices. The Government Finance Officers Association has recognized the County for its annual financial report with the Certificate of Achievement for Excellence in Financial Reporting and for its budget document with the Distinguished Budget Presentation Award. The following is an overview of various policies that the County adheres to in its financial management practices and that guide the County's budgetary decision making process. The policies can be viewed online at: http://www.sandiegocounty.gov/content/sdc/cob/ocd.html.

Financial Planning and Budget

The County is actively engaged in ongoing financial and strategic planning activities. As discussed previously, the General Management System (GMS) is the framework that guides County operations as set forth in Board of Supervisors Policy A-136, *Use of County of San Diego General Management System for Administration of County Operations*.

- With the GMS as a guide for fiscal management practices, the County will:
  - Annually undertake long-range, five year Strategic Planning, after a comprehensive review of community and organizational needs and issues.
  - This is followed by short-term, two-year Operational Planning, in which the organization's revenues are budgeted to accomplish the strategic goals set forth in the Strategic Plan.
  - Evaluation & Accountability takes place throughout the year in the form of various regularly-scheduled activities that ensure plans are followed, risks are identified, goals are tracked and results are reported.
  - Continuous Collaboration and Employee Investment and Satisfaction activities take place throughout the fiscal year.
    - Continuous Collaboration maximizes efficient use of personnel and material resources by coordinating resources, staff and linking the functions they perform.
    - Employee Investment and Satisfaction encourages continuing progress by rewarding those employees who meet and exceed goals.

Management Practices

The County's long-term financial management is guided by County Charter, County Administrative Code and Board and other policies.

The County Charter was amended by voters in November 2018, with the passage of Measure C, *Protecting Good Government through Sound Fiscal Practices*, which added Section 800.1, requiring that once the Board of Supervisors has appropriated funds for pension stabilization, these funds shall not be used for any other purpose than pension-related liabilities.

The San Diego County Administrative Code Section 91.5, *Auditor and Controller Records and Reports*, calls for the provision of periodic updates related to fund status, General Fund cash flow, and budget status reports. Section 113.5, *Management Practices*, provide guidelines for use on General Purpose Revenues that are generated by maturing or refunded long-term financial obligations or by greater than anticipated assessed value growth.

Board Policy B-65, *Long-Term Obligations and Financial Management Policy*, establishes guidelines to govern and manage a long-term financial strategy at the County. Guidance is provided on financial planning, monitoring and reporting as well the use of certain types of funding sources including the following financial reporting and management practices:

- The County shall engage in long-term financial planning to align financial capacity with service objectives.
- The County shall prepare a structurally balanced multi-year budget (operational plan).
- The Board of Supervisors will receive quarterly budget status reports that may include recommended changes to appropriations to address unanticipated needs.
- The County shall publish an annual cash flow projection and quarterly status of actual/projected cash flows.
- The County shall maintain fund balances and reserves in the General Fund to support fiscal health and stability.
- The County shall invest General Purpose Revenue savings generated by maturing long-term obligations and/or refinancings to accelerate payment of outstanding long-term obligations (including pension unfunded actuarial accrued liability and/or economic defeasance of outstanding long-term obligations) and/or to avoid the issuance of new long-term obligations by cash financing of capital projects.
- The County shall invest one-time over-realized General Purpose Revenue generated by greater-than-anticipated assessed value growth to accelerate payment of pension unfunded actuarial accrued liability.

The County Charter, Administrative Code, Article VII, Section 113.5 and Board Policy B-65 also provide guidelines for managing the County's long-term financial obligations. More details on these can be found in the Debt Management Policies and Obligations section.

Revenues

- As a political subdivision of the State of California, the County has all the powers specifically stated and necessarily implied in general law and the County Charter, including the power to assess, levy and collect fees and taxes. There are three basic categories of funding sources for County programs and services: Program Revenue, General Purpose Revenue and Fund Balance. Descriptions of major revenues policies are included in the section immediately following the definition of these revenue categories.
  - Program Revenue may be received in the form of fees paid by customers for a particular service or may be received as a subvention or grant from the State or federal government based on qualifying services being provided to local residents. For purposes of constructing the Operational Plan, Program Revenue is defined to also include all revenue received by special funds.
  - General Purpose Revenue may be used to provide for any service that is within the legal purview of the County. It is used to match federal or State program revenues where required and to fund mandated and discretionary services where either no program revenue or insufficient program revenue is received. General Purpose Revenue shall be budgeted only after all other funding sources for those services are taken into account.
  - Fund Balance results from an excess of revenues over expenditures in prior fiscal years. Fund balance is used to support one-time projects only, not ongoing services.
  - Devise and monitor the goals and objectives of a revenue management program within policy guidelines prescribed by the Board of Supervisors. This includes a periodic review of the County's financial condition in order to ensure that the County's financial sources (revenues) are sufficient to meet anticipated obligations.
  - Develop annual revenue estimates for the development of the Operational Plan relating to revenues under control of the Chief Administrative Officer.
  - Ensure that full cost is recovered from fees, grants and revenue contracts to the extent legally possible. If not, the reasons for recovery of less than full cost will be documented and disclosed.
- All revenues received by the County identified as "one-time" revenues will only be appropriated for "one-time" expenditures per the County of San Diego Administrative Manual 0030–14, *Use of One-Time Revenues* and San Diego County Administrative Code Section 113.4, *Fund Balances and Use of One-Time Revenues*.
- County departments will seek to recover the full cost of all services provided to agencies or individuals outside the County of San Diego organization on a contractual or fee basis or when obtaining grant funding. Exceptions to this policy require specific Board of Supervisors approval for the non-reimbursed costs as set forth in Board of Supervisors Policy B-29, *Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery*.
  - Full cost is defined as the sum of direct costs plus departmental overhead costs plus external indirect costs as calculated pursuant to the federal Office of Management and Budget Circular A-87 cost plan for the County.
  - All proposed grant funding requests must be certified by the department head as being worthy of funding with County resources if external financing was unavailable.
  - Funding sources that will require a revenue match from the County General Fund shall be limited to the designated match level mandated as a condition of funding.
  - The establishment of fees, and subsequent changes to fees, will be done by ordinance at regularly scheduled meetings of the Board of Supervisors. Fees are to be deposited or paid in advance of delivery or completion of services. All fee schedules will be reviewed annually or more frequently if warranted, to allow for full cost recovery.
  - The Chief Administrative Officer shall review all proposed new or changed fee schedules, grant applications and revenue contracts from an overall policy perspective before they are submitted to the Board of Supervisors for action. County Counsel shall review all revenue contracts to ensure that the County's interests are protected.
- During the budget development process, selected departments may be asked to analyze services, either County operated or contracted, to determine if the quality, economy and productivity are equal to that of an alternative delivery method, including other government agencies, and to determine how the revenues can be maximized so the highest level or volume of services can be provided as set forth in Board of Supervisors Policy B-63, *Competitive Determination of Optimum Service Delivery Method*.
- Revenue received from the Tobacco Master Settlement Agreement (1998) shall be allocated to support a comprehensive tobacco control strategy, to increase funding for health care-based programs, and to supplement, but not replace, existing health care revenue pursuant to Board of Supervisors Policy E-14, *Expenditure of Tobacco Settlement Revenue in San Diego County* and Section 232.4 of the County Administrative Code.

- All County funds shall be established according to the procedures set forth in County of San Diego Administrative Manual 0030–18, *Establishing Funds and Transfer of Excess Cash Balances to the General Fund*. Interest earned on all funds is deposited to the General Fund, unless specific legislation, codes or Board of Supervisors action directs otherwise.

Expenditures

- Pursuant to the Charter of the County of San Diego, Article VII, §703.4, the Chief Administrative Officer supervises the expenditures of all departments and reports to the Board of Supervisors whether those expenditures are necessary.
- Changes during the year to the adopted budget are permitted by State law with approval by the Board of Supervisors or, in certain instances, by the Deputy Chief Administrative Officer/ Chief Financial Officer.
- Appropriation transfers of any amount between objects within a budget unit may be processed by the Deputy Chief Administrative Officer/Chief Financial Officer, except for Road Projects, Operating Transfers between departmental budget units, Capital Projects and routine major maintenance requiring capitalization for financial reporting purposes, or when the transfer would have actual or potential programmatic impacts. Programmatic impact is defined as a change in program emphasis (e.g., due to shifts in workload or new opportunities), staffing or method of service delivery from the adopted budget. Appropriation transfer requests that fall within the exception categories require approval from the Board of Supervisors pursuant to County of San Diego Administrative Manual 0030–10, *Transfers of Appropriations between Objects within a Budget Unit*.
- As a general practice, the County does not backfill programmatic funding eliminated by the State of California.
- Contracts for services, when properly issued and administered, are an approved method to accomplish County program objectives. Pursuant to the Charter of the County of San Diego §703.10 and §916, the County may employ an independent contractor if it is determined that the services can be provided more economically and efficiently than by persons employed in the Classified Service. The County may enter into contracts for services based upon conditions and methods set forth in Board of Supervisors Policy A-81, *Procurement of Contract Services*.
- The County shall procure items or services on a competitive basis unless it is in the County's best interests not to use the competitive procurement process. The competitive procurement requirements may be satisfied through conducting either (a) formal bidding or (b) competitive negotiated procurement. Definitions and guidelines for exemptions and exceptions are outlined in Board of Supervisors Policy A-87, *Competitive Procurement*.
- The County will establish appropriations for the Community Enhancement Program at a level approximately equal to the amount of Transient Occupancy Tax revenues estimated to be collected each fiscal year. Each of the five Board of Supervisors office is allocated 20% of the total program amount for purposes of recommending grant awards to community organizations based on eligibility criteria and application guidelines included in Board of Supervisors Policy B-58, *Funding of the Community Enhancement Program*. On June 8, 2021, the Board directed that Community Enhancement funding be augmented with $5,000,000 in one-time funds made available to the County under the American Rescue Plan Act (ARPA) to provide funding for organizations adversely impacted by the COVID-19 pandemic. ARPA funds will be used to help organizations in San Diego County to address the negative economic impacts of the COVID-19 pandemic from March 3, 2021 through December 31, 2024. ARPA funding will be made available subject to applicable federal law, regulation, and requirements and Board of Supervisors Policy B-58, *Funding of the Community Enhancement Program*.
- All appropriations available for the Neighborhood Reinvestment Program will be included annually in the County's Operational Plan. Resources available may vary and may range up to $10.0 million, distributed evenly among the five Board of Supervisors districts, subject to the budget priorities of the Board of Supervisors as detailed in Board of Supervisors Policy B-72, *Neighborhood Reinvestment Program.*
- The County provides guidance to its departments on how to budget and forecast for staffing. This Administrative Manual item is designed to be a tool for the annual budget build, which occurs prior to the release of the CAO Recommended Operational Plan and before the Board of Supervisors takes action to adopt the annual budget. Furthermore, this item does not provide guidance for mid-year budget adjustments.
  - Vacant Positions—Upon implementation during the budget build process, each County Department's total Salary & Benefits (S&B) amount shall be adjusted by 4% and shall be adjusted annually by 4% in each following year by the Office of Financial Planning (OFP) to ensure a normal rate of attrition. County Departments with 20 or fewer FTEs will be exempted from this policy.
  - Underfilled Positions—Each County Department’s total S&B amount shall be adjusted by OFP during the budget build process to account for underfilled positions. An annual study shall be conducted by OFP to determine the S&B amount to be adjusted.

Reserves

- The County provides a wide variety of services that are funded by a number of revenue sources. The County must be prepared for unforeseen events or economic uncertainties that could result in additional expenditure requirements or loss of revenue by establishing and maintaining prudent levels of fund balance and reserves.

- Pursuant to San Diego County Code of Administrative Ordinances Article VII, Section 113.1 *General Fund Balances and Reserves*, as adopted by the Board of Supervisors on December 5, 2017, the County will maintain a portion of Unassigned Fund Balance as a reserve that equals a minimum of two months of audited General Fund expenses (which is equivalent to 16.7% of audited General Fund expenses). The General Fund Reserve will protect the County against expenditure and revenue volatility, natural disasters and other unforeseen emergencies, economic downturns, and other issues which impact fiscal health and stability.
- Appropriation of the General Fund Reserve minimum balance and/or transfers from the General Fund Reserve appropriation, requires a four fifths vote of the Board of Supervisors.
- In the event the General Fund Reserve falls below established levels, the Chief Administrative Officer shall present a plan to the Board of Supervisors for restoration of those targeted levels within one to three years.
- In addition, the Administrative Code authorizes the Board of Supervisors to commit fund balance and the Chief Administrative Officer to assign fund balance for specific purposes that do not result in the General Fund Reserve falling below the minimum required balance.
- Finally, the Administrative Code recognizes the General Fund Reserve and all County fund balances as one-time funding sources. These sources of revenue should be appropriated for one-time uses or in conjunction with a long-term financial plan to cover short-term expenditure increases or revenue shortfalls to prevent budgetary imbalances. In general, fund balance is established when assets are greater than liabilities at the end of a year. In practice, fund balance can be generated when revenues exceed expenditures in any year.
  - One-time revenues may include grants, revenue from the sale of assets, one-time expenditure savings, and revenue sources which may be available for more than one year but are either non-recurring or will be required to address future expenditure growth that is anticipated to exceed future revenue growth.
  - One-time expenditures may include the following: program startup costs, short-term expenditure increases or revenue shortfalls to prevent budgetary imbalances, early debt retirement, capital costs, or other one-time expenditures as recommended by the CAO.

For additional details on County Reserves, refer to the section on Reserves and Resources.

Debt Management

- The use and management of the County's long-term financial obligations is directed by the County Charter, County Administrative Code, Board and other policies. The County Charter (Section 800.2) requires that proceeds of any long-term obligation of the General Fund shall not be used for recurring operational needs. The County Administrative Code reiterates this and also provides guidance on elements that are also included in Board Policy. The County adopted Board of Supervisors Policy B-65, *Long-Term Obligations and Financial Management Policy*, to ensure prudent management of the County's finances, including its long-term financial obligations. The policy sets forth practices to be adhered to in managing the County's long-term financial outlook. These documents provide guidelines related to the following:
  - Reinvesting General Purpose Revenue savings generated by maturing debt obligations and/or refinancing to accelerate payment of outstanding debt obligations (including pension unfunded actuarial accrued liability and/or economic defeasance of outstanding debt obligations) and/or to avoid issuance of new debt.
  - Long-term obligations shall not be used to finance current operations or for recurring needs.
  - Annual principal and interest payments on long-term obligations of the General Fund shall not exceed 5% of General Fund revenue.
- Besides long-term obligations, from time to time the County may issue Tax and Revenue Anticipation Notes (TRANs) as a short-term financing instrument to overcome temporary shortfalls in cash due to the timing of expenditures and receipt of revenues.

For additional details on the County's debt management policy, refer to the Debt Management Policies and Obligations section.

Investments

- The Treasurer-Tax Collector is responsible for the collection, banking, investment, disbursement and accountability of public funds, excluding pension funds. Accordingly, the Treasurer-Tax Collector annually prepares an Investment Policy that will be reviewed and monitored by the County Treasury Oversight Committee, established by the Board of Supervisors pursuant to California Government Code §§27130–27137.
- The monies entrusted to the Treasurer-Tax Collector (the Fund) will comprise an actively managed portfolio. This means that the Treasurer and his staff will observe, review and react to changing conditions that affect the Fund.

- The *San Diego County Treasurer's Pooled Money Fund Investment Policy* is annually reviewed and approved at a public meeting by the Board of Supervisors. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds:
  - The primary objective shall be to safeguard the principal of the funds under the Treasurer-Tax Collector's control.
  - The secondary objective shall be to meet the liquidity needs of the participants.
  - The third objective shall be to achieve an investment return on the funds under control of the Treasurer within the parameters of prudent risk management.
- More information about the Fund and the policy is available at www.sdtreastax.com/treasury.html
- The Treasurer-Tax Collector prepares a monthly investment report to be posted on the Treasurer-Tax Collector's website at [www.sdtreastax.com/treasury.html.](www.sdtreastax.com/treasury.html)
- The Treasurer-Tax Collector provides to the Treasury Oversight Committee an annual independent review by an external auditor to assure compliance with policies and procedures set forth by the California Government Code.

Capital Improvements

- The County Board of Supervisors has jurisdiction over the acquisition, use and disposal of County-owned real property and County-leased property under the authority of California Government Code §23004.
- The need for capital improvements is assessed annually. Board of Supervisors Policy B-37, *Use of the Capital Program Funds*, establishes funding methods, administration and control, and allowable uses of the Capital Program Funds.
- The physical assets of the County are extensive; thus it is essential that the County follows an effective strategy to manage and plan for current and long-term capital and space needs. The Department of General Services shall be the responsible agency to manage the capital facilities planning and space needs of the County. The department is responsible for establishing the general objectives and standards for the location, design and occupancy of County-owned or leased facilities, as well as serving as the steward of a Countywide master plan and individual campus plans per Board of Supervisors Policy G-16, *Capital Facilities and Space Planning*.
- The Capital Program Funds were established by the Board of Supervisors to provide centralized budgeting for the accumulation and expenditure of funds. The CAO Administrative Manual Policy 0030-23, *Use of the Capital Program Funds, Capital Project Development and Budget Procedure*, establishes procedures for developing the scope of capital projects, monitoring the expenditure of funds for capital projects, timely capitalization of assets and closure of capital projects within the Capital Program Funds.

Additional details on the County's Capital Program can be found in the Capital Program section.

Measurement Focus and Basis of Accounting

Pursuant to the Governmental Accounting Standards Board (GASB), the County uses various types of funds that reflect different types of resources or intended uses. Governmentwide, proprietary and fiduciary fund accounting is done in compliance with Generally Accepted Accounting Principles (GAAP) and reported using the economic resources measurement focus and the modified accrual basis of accounting. Under this method, Governmental Fund revenues are recognized when measurable and available. Sales taxes, investment income, State and federal grants and charges for services are accrued at the end of the fiscal year if their receipt is anticipated within 180 days. Property taxes are accrued if they are collectible within 60 days after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the costs of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Basis of Budgeting

The County's budget is prepared, reviewed and approved in accordance with the County Budget Act and is generally aligned with the County's basis of accounting, however there are some differences as noted below.

Governmental Funds

An operating budget is adopted each fiscal year by the Board of Supervisors for the governmental funds. The annual resolution adopts the budget at the object level of expenditure within departments and authorizes the carry forward of appropriations and related funding for prior year encumbrances. Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations, including encumbered funds, are carried forward to the following year with the approval of the Board of Supervisors. Expenses are budgeted at an amount sufficient for the fiscal year and balance with available funding sources. Any budget amendments are approved by the Group and department managers or the Board of Supervisors.

Proprietary Funds

The Board of Supervisors approves an annual spending plan for proprietary funds. Although the adopted expense estimates are not appropriations, their budgetary controls are the same as those of the governmental funds. Because these funds collect fees and revenues generally to cover the cost of the goods and services they provide, their accounting and budgeting bases are closer to commercial models, which is done on an accrual basis, reflecting both revenues and expenses when earned.

General Fund Reserves and Resources

The County maintains a prudent level of resources to help protect fiscal health and stability. The following table reflects General Fund Balances as of June 30, 2023, as reported in the County's Annual Comprehensive Financial Report (Annual Report). The Annual Report can be accessed at www.sandiegocounty.gov/auditor/reports.

General Fund Fund Balance Categories (in thousands)		
		Annual Report (June 30, 2023)
Nonspendable	$	59,839
Restricted		928,457
Committed		616,549
Assigned		415,618
Unassigned		797,452
Total General Fund Balance	**$**	**2,817,915**

Nonspendable fund balance represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Restricted fund balance represents amounts with constraints placed on their use that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The most significant restricted amounts included in the June 30, 2023 annual report includes:

- Unused amounts that were appropriated for pension stabilization that are legally restricted for pension related costs
- Amounts restricted for laws or regulations of other governments including the Behavioral Health Impact Fund, the No Place Like Home program, housing loans, recorder modernization and vital records, the Teeter program and various public safety activities

Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors. Amounts include commitments for capital project funding and various other programs and services including realigned health and social service programs, the public safety regional communications system, and parks expansion and improvements. The most significant committed amounts in the June 30, 2023 annual report are amounts committed for capital projects in progress including:

- Youth Transition Center (formerly Juvenile Justice Campus) Phase 1
- Live Well Centers
- County Administration Center Renovations
- Various fire stations, libraries, parks, trails, land, community centers including the Multiple Species Conservation Program
- Tri-City Health Care District Psychiatric Health Facility
- South County Animal Shelter
- Sheriff's Department helicopter replacement
- Integrated Property Tax System
- HCDS housing development
- Regional Communications System upgrade
- Various major maintenance capital outlay fund projects.

Other significant amounts committed include:

- Innovative Housing Trust Fund

Assigned fund balance represents amounts that are constrained by the County's intent to be used for specific purposes but are neither restricted nor committed. General Fund Balances as of June 30, 2023, reflect amounts obligated under multi-year contracts, and assignments of fund balance for potential litigation exposure. The most significant assigned amounts reflected in the June 30, 2023 annual report include:

- Contracted services for: health, mental health and social services; planning, land use, watershed and parks; legislative and administrative services; law enforcement, detentions, and fire protection

Unassigned fund balance represents the residual classification for the General Fund or amounts that have not been restricted, committed or assigned for specific purposes within the General Fund, and is used to maintain the minimum fund balance required pursuant to the General Fund Balance Policy described below. Unassigned fund balance also provides the funding for many of the one-time uses as listed in the General Fund Use of Fund Balance/Fund Balance Component Decreases section.

Minimum General Fund Balance Policy

The County provides a wide variety of services that are funded by a number of revenue sources. Expenditures for these services are subject to fluctuations in demand, mandates and requirements; revenues are influenced by changes in the economy and budgetary decisions made by the State of California and the federal government.

In accordance with the Code of Administrative Ordinances Sec. 113.1, *General Fund Balances and Reserves*, a portion of Unassigned Fund Balances shall be maintained as a reserve (General Fund Reserve) at a minimum of two months of audited General Fund Expenses (which is the equivalent of 16.7% of audited General Fund expenses). The General Fund Reserve protects the County against expenditure and revenue volatility, natural disasters and other unforeseen emergencies, economic downturns, unfunded pension liabilities, and aging infrastructure.

Fiscal Year 2024–25 Recommended Use of Fund Balance

The Fiscal Year 2024–25 total $344.8 million uses of fund balance and fund balance components includes amounts within and outside of the general fund. Outside of the General Fund, $150.6 million uses are primarily in Public Works, Proposition 172, County Library, Sheriff Asset Forfeiture, Incarcerated People's Welfare, General Services/Purchasing Internal Service Funds (ISF), Tobacco Securitization, Workers' Compensation Employee Benefits ISF and Pension Obligation. The remaining $194.2 million represents the use of General Fund resources including $125.9 million of General Fund Unassigned fund balance used to fund one-time operational needs and capital projects; and $68.3 million use of General Fund resources restricted for Pension Obligation Bonds, Senate Bill 43 program, San Diego Behavioral Health Workforce, and environmental health and quality. Details of these planned uses are in included in the General Fund section of this document.

Decreases (Uses) in Fund Balance Restrictions and Commitments

Fund balance component decreases of $68.3 million are included for Fiscal Year 2024–25. The table below lists those fund balance components and respective amounts that are included for use. For additional details, please see the General Fund: Financing Sources, General Fund Use of Fund Balance/Fund Balance Component Decreases discussion.

Decreases (Uses) in Fund Balance Restrictions and Commitments (in millions)

	Fiscal Year 2024–25 Recommended Budget	Source
Restricted: Pension Stabilization	$ 42.8	Restricted
Committed: SB 43 Program	15.0	Committed
Committed: SD BH Health Workforce	10.0	Committed
Restricted: Environmental Health	0.5	Restricted
Total	**$ 68.3**	

Note: In the table, the sum of individual amounts may not total due to rounding.

General Fund Status Update

Projected General Fund Unassigned Fund Balance is an indicator of resources available. This section describes the impact of budget recommendations on projected unassigned balances. Starting with the year-end balance as of June 30, 2023, which was $797.5 million, through various mid-year actions the Board of Supervisors has approved the use of $9.6 million which must be subtracted. Next, as of 2nd Quarter projections (March 12, 2024), the Fiscal Year 2023–24 projected year end operating results in the General Fund are $86.0 million resulting in a projected General Fund Balance amount of $873.9 million. This projected amount compares to the General Fund Reserve minimum requirement of $863.0 million per the latest Financial Statements as of June 30, 2023. Financial Statements for Fiscal Year 2023–24 will not be available prior to the adoption of the budget. Final audited balances will be reported when the financial statements are released following final year end close out activities which will not occur prior to the adoption of the budget. The Administrative Code requires maintaining a minimum reserve equal to two months of operating expenses.

Based on the latest information at the release of the budget, the County projects the General Fund Unassigned Fund Balance will be $873.9 million which means it will meet the General Fund Reserve requirement based on these assumptions.

In addition, the Fiscal Year 2024–25 budget includes appropriations for contingencies pursuant to Government Code §29084. Transfers and revisions to the appropriation for contingencies may be made by formal action of the Board of Supervisors, by a four-fifths vote (Government Code §29125).

Restoration of Fund Balances and Reserves

In accordance with the Code of Administrative Ordinance Sec. 113.3, *Restoration of General Fund Reserve Minimum Balance*, in the event that the General Fund Reserve falls below the minimum required balance, the Chief Administrative Officer shall present a plan to the Board for restoration of those targeted levels. The plan shall restore balances to targeted levels within one (1) to three (3) years, depending on the use, reasons for use, and severity of the event. In the event that the General Fund Reserve is used to serve as a short-term financing bridge, the plan shall include mitigation of long-term structural budgetary imbalances by aligning ongoing expenditures to ongoing revenues. Second Quarter projections (as of March 12, 2024) are anticipated to be above the minimum. However, in the Fiscal Year 2024–25 CAO Recommended Operational Plan, planned uses of $125.9 million will be to draw projected balances below the General Fund Reserve. This strategy is based on prior year costs anticipated to be reimbursed by FEMA and putting those anticipated replenishment funds to use for County operations.

Restoration of Fund Balance & Reserves (in millions)	
Fiscal Year	**Amount**
2024–25	$ 125.9
2025–26	0.0
2026–27	0.0
Total	**$ 125.9**

COUNTY OF SAN DIEGO

Debt Management Policies and Obligations

Debt Management

The County of San Diego uses debt financing to: (i) fund certain capital assets that support the delivery of services by the County; (ii) achieve savings in existing financial obligations through refinancing; and (iii) manage short-term cash flow requirements. The decision to use debt financing is governed by several factors including the nature of the project to be financed, availability of other resources, and debt affordability. The County enters into both long-term and short-term financings, which are reviewed by the credit rating agencies. The County's long-term financings adhere to a policy approved by the Board of Supervisors. This policy, the County's current credit ratings and the various forms of debt financing used by the County are described in more detail below. The term "debt" is used to refer to certain financial obligations of the County that are sold in the capital markets, including its bonds, certificates of participation and notes.

Long-Term Obligation Policy

The foundation of any well-managed debt program includes a comprehensive and fiscally prudent policy that sets forth parameters for issuing debt, managing outstanding debt and provides guidance to decision makers. Adherence to a long-term financial strategy and policy is important to ensure the County maintains a sound debt position and its credit quality is protected.

The Board of Supervisors adopted Board Policy B-65, *Long-Term Financial Management Policy*, on August 11, 1998. The policy was updated in 2017, expanding the scope to provide additional guidelines on general long-term financial management and the management of long-term obligations. In 2018, portions of Board Policy B-65 related to administering the County's long-term financial obligations were incorporated into County Administrative Code Article VII, Section 113.5 to codify existing County practices and Board policy. See the "Summary of Financial Policies" section for more details on this policy. Policy B-65, along with Administrative Code Article VII, Section 113.5, are the foundation for managing the County's debt program.

In November 2018, voters approved a measure amending the County Charter to include that proceeds of any long-term obligation of the County General Fund shall not be used for recurring operational needs. Long-term financial obligations are those that exceed one fiscal year.

Long-Term Obligations Limits and Uses

- All long-term obligations shall comply with federal, State and County Charter requirements.
- All long-term obligations must be approved by the Board of Supervisors after approval and recommendation by the Debt Advisory Committee, established by the Chief Administrative Officer. The Debt Advisory Committee is currently composed of the Deputy Chief Administrative Officer/Chief Financial Officer, the Auditor and Controller and the Treasurer-Tax Collector.
- Prior to its recommendation, the Debt Advisory Committee shall assess the credit impact of the financing, which includes analyzing the ability of the County to repay the obligation, identifying the funding source of repayment, evaluating the impact of the ongoing obligation on the current budget and future budgets, and assessing the maintenance and operational requirements of the project to be financed.
- The term of the long-term obligation will not exceed the useful life or the average life of the project(s) financed.
- Total annual principal and interest payments on all long-term obligations of the General Fund will not exceed 5% of General Fund revenue.
- Long-term financial obligations shall not be used to finance current operations or recurring needs.
- The Board of Supervisors may consider long-term obligations for the purpose of providing office space or operational facilities to County departments or agencies, upon recommendation of the Debt Advisory Committee. Capital projects identified as candidates for long-term financing first should have been identified and prioritized during the development of the County's multi-year Capital Improvement Needs Assessment. If the Debt Advisory Committee deems that the financing is feasible, financially and economically prudent, aligned with the County's objectives and does not impair the County's creditworthiness, then it will be forwarded to the Board of Supervisors for consideration.

Structuring Practices

- The County shall continually review outstanding obligations and aggressively initiate refinancings when economically feasible and advantageous pursuant to the Refunding Policy of the Debt Advisory Committee.
- Variable rate obligations shall not exceed 15% of the total amount of the County's outstanding long-term obligations.

- Derivative products, such as interest rate swaps, may be considered only if they meet the economic goals and policy objectives of the County as outlined in the Swap Policy of the Debt Advisory Committee.

Management Practices

- The County shall engage in Long-Term Financial Planning to align financial capacity with service objectives.
- The County shall prepare a structurally balanced multi-year budget.
- The County shall maintain fund balances and reserves in the General Fund to support fiscal health and stability.
- The County shall publish an annual cash flow projection and quarterly status of actual/projected cash flows.
- The County shall reinvest General Purpose Revenue (GPR) savings generated by maturing long-term obligations and/or refinancings to accelerate repayment of outstanding obligations (including pension unfunded actuarial accrued liability and/or economic defeasance of outstanding debt obligations) and/or to avoid the issuance of new long-term obligations by cash financing of capital projects.
- The County shall invest one-time over-realized GPR generated by greater-than-anticipated assessed value growth to accelerate payment of pension unfunded actuarial accrued liability.
- The County shall encourage and maintain good relations with credit rating agencies, investors in the County's long-term obligations and those in the financial community who participate in the issuance or monitoring of the County's long-term obligations.

Use of Proceeds

- The County shall comply with the internal controls outlined in the Debt Advisory Committee Post Issuance Tax Compliance Policy, including those guidelines relating to the segregation of bond proceeds.
- The County shall employ the services of a Trustee for the disbursement of bond proceeds in accordance with the applicable financing documents.
- The County shall enforce the filing of notices of completion on all projects within five years of their financing.
- All investment of bond proceeds shall comply with State and federal requirements. In addition, all investments of bond proceeds deposited in the Pooled Money Fund Investment Fund shall comply with the San Diego County Treasurer's *Pooled Money Fund Investment Policy*.
- The Debt Advisory Committee shall annually review the disbursement and investment of bond proceeds. Excess earnings will be rebated as required by the U.S. Treasury to avoid the loss of tax-exempt status.

See the "Summary of Financial Policies" section of this document for additional detail on general long-term financial management practices outlined in this policy.

Credit Ratings

The County of San Diego seeks ratings from three municipal credit rating agencies, Moody's Investors Service, Standard and Poor's and Fitch Ratings, in order to provide an objective measure of the strength of the County's credit.

The most recent full credit review of the County by the rating agencies was performed in September 2023, in accordance with Board Policy B-65, *Long-Term Financial Obligations Management Policy*.

As part of this review Moody's, Standard and Poor's, and Fitch affirmed the County of San Diego's ratings including its issuer rating of 'AAA' due to the County's strong budgetary and operating performance, supported by strong financial profile characterized by significant reserves and liquidity, as well as long-term liabilities for overall debt and pensions at the low end of the moderate range relative to the County's large economic resource base.

The County of San Diego's credit ratings are presented in the table below.

Credit Ratings

	Moody's Investors Service	Standard & Poor's	Fitch Ratings
County of San Diego (Issuer Rating)	Aaa	AAA	AAA
Certificates of Participation and Lease Revenue Bonds	Aa1	AA+	AA+
Pension Obligation Bonds	Aaa	AAA	AA+

Authority to Finance and Bond Ratios

The Authority to Finance table lists the statutes authorizing the County of San Diego to enter into long-term and short-term obligations and, if applicable, the legal authority on maximum bonded indebtedness. All long-term and short-term obligations must conform to State and local laws and regulations. The basic constitutional authority for State and local entities to enter into long-term and short-term obligations is in the Tenth Amendment to the U.S. Constitution. To incur long-term or short-term obligations within the State of California, a political subdivision must have either express or implied statutory authority.

State constitutional limitations prohibit cities and counties from entering into indebtedness or liability exceeding in any year the income and revenue provided for such year unless the local agency first obtains two-thirds voter approval for the obligation.

However, there are three major exceptions to the debt limit that have been recognized by the California courts: (i) the Offner-Dean lease exception, (ii) the special fund doctrine and (iii) the obligation imposed by law exception. These types of obligations are not considered indebtedness under the State constitution and are therefore not subject to the limitations on general obligation debt. The reason these obligations are not subject to the debt limit are further discussed below.

The Offner-Dean lease exception provides that a long-term lease obligation entered into by an agency will not be considered an indebtedness or liability under the debt limit if the lease meets certain criteria.

The special fund doctrine is an exception to the debt limit which permits long-term indebtedness or liabilities to be incurred without an election if the indebtedness or liability is payable from a special fund and not from the entity's general revenue. An example of a special fund would be one consisting of enterprise revenue that is used to finance an activity related to the source of the revenue.

The courts have applied the obligation imposed by law exception to indebtedness used to finance an obligation imposed by law. In this case, the obligation is involuntary, therefore, it would not be relevant to obtain voter approval.

Authority to Finance

Issuer	Issuance Legal Authority
County of San Diego	General: Government Code §5900 et seq. and §29900 et seq. Maximum Indebtedness: Government Code §29909 Short-Term TRANs: Government Code §53820 et seq. Pension Obligation Bonds: Government Code §53580 et seq.
Nonprofit Public Benefit Corporation	Corporations Code §5110 et seq.
Joint Powers Authority	Government Code §6500 et seq.
Redevelopment Successor Agency	Health and Safety Code §34177.5 et seq.
Housing Authority	Health and Safety Code §34200 et seq. Multi-family Rental Housing Bonds: Health and Safety Code §52075 et seq.
Assessment Bonds	Street and Highway Code §6400 et seq. and §8500 et seq.
Mello-Roos Community Facilities District	Government Code §53311 et seq.

Bond and Debt Service Ratios

The Bond Ratios table presents bond ratios useful to County management, gauging the County's long-term financial obligations within the context of population and assessed value.

Bond Ratios

	Fiscal Year 2020–21	Fiscal Year 2021–22	Fiscal Year 2022–23	Fiscal Year 2023–24	Fiscal Year 2024–25
Net Bonded Debt (in millions)[1]	$ 682.5	$ 608.4	$ 577.7	$ 498.4	$ 576.6
Net Bonded Debt per Capita[2]	$ 204	$ 182	$ 174	$ 152	$ 176
Ratio of Net Bonded Debt to Assessed Value[3]	0.12%	0.10%	0.08%	0.08%	0.08%

[1] Net Bonded Debt is outstanding principal at the beginning of the fiscal year that is secured by the County General Fund, net of amounts in debt service reserve funds.

[2] Population provided by the State of California Department of Finance.

[3] Assessed value includes total secured, unsecured, and unitary property.

Note: If the County were to issue General Obligation Bonds, the debt limit pursuant to Government Code §29909 would be 1.25% of the taxable property of the county.

General Fund Debt Service Ratios

The total debt service reported in the Components of General Fund Debt Service Ratio table is composed of payments on the County's General Fund long-term financial obligations, which includes Certificates of Participation, Lease Revenue and Pension Obligation Bonds. They are described in the following section titled Long-Term Obligations. The annual payments required for the Certificates of Participation, Lease Revenue Bonds and Pension Obligation Bonds is provided in the Finance Other section.

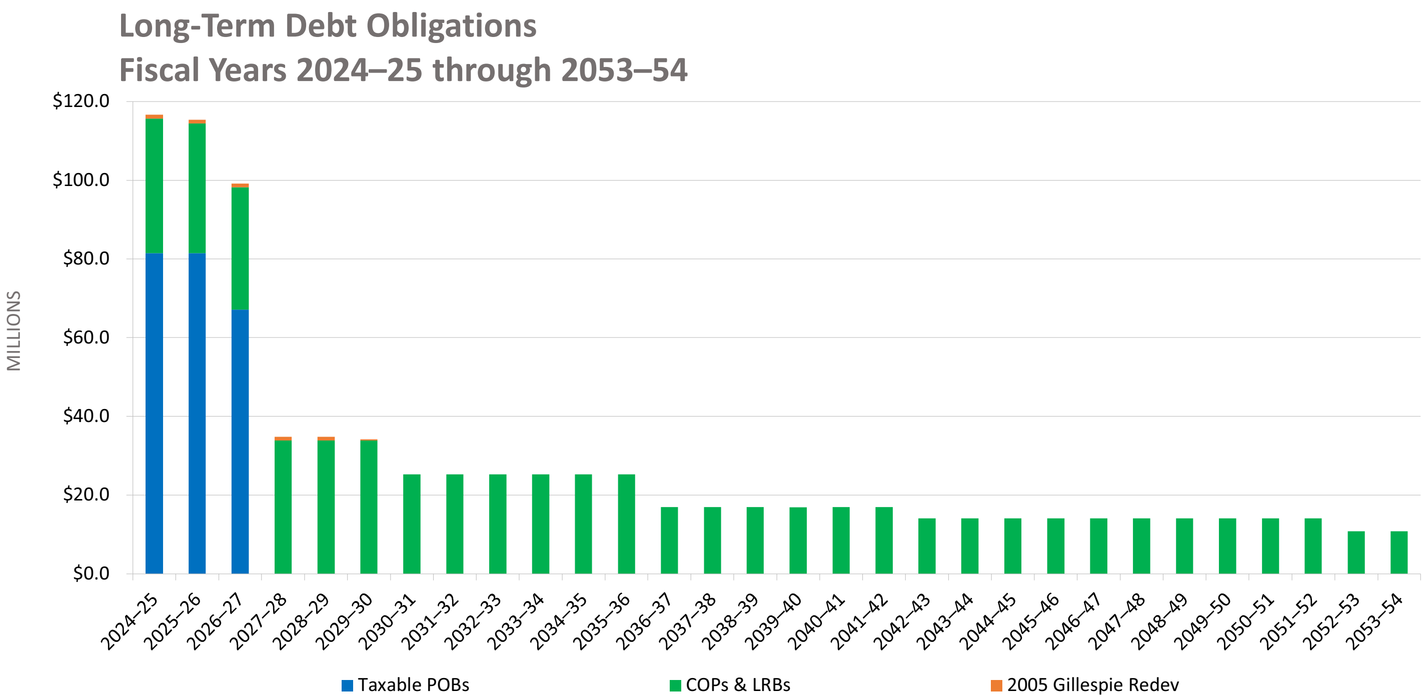
Components of General Fund Debt Service Ratios (in millions)

	Fiscal Year 2021–22 Adopted Budget	Fiscal Year 2022–23 Adopted Budget	Fiscal Year 2023–24 Adopted Budget	Fiscal Year 2024–25 Recommended Budget	Fiscal Year 2025–26 Recommended Budget
General Fund Revenue[1]	$ 5,277.7	$ 5,531.0	$ 6,160.1	$ 6,399.0	$ 6,255.7
Total Debt Service[2]	$ 105.9	$ 107.9	$ 107.6	$ 107.6	$ 106.3
Ratio of Total Debt Service to General Fund Revenue	2.01%	1.95%	1.75%	1.68%	1.70%
General Fund Share of Debt Service Cost[3]	$ 83.6	$ 83.1	$ 88.7	$ 89.0	$ 89.5
Ratio of General Fund Share of Debt Service to General Fund Revenue	1.58%	1.50%	1.44%	1.39%	1.43%

[1] General Fund Revenue excludes fund balance and fund balance component decreases.

[2] Total Debt Service reflects amounts that are secured by the General Fund net of Capitalized Interest.

[3] Although Total Debt Service is fully secured by the General Fund, the General Fund Share of Debt Service Costs excludes amounts chargeable to programs, internal service funds, the Capital Outlay Fund, penalty assessments, rents and concessions, and pass through agreements.



[1]Represents principal and interest due until final maturity on outstanding obligations of the County as of June 30, 2024. Details of these obligations are provided in the Outstanding County Financings table nearby.

Outstanding Principal Bonded Debt (in millions)			
	Actuals as of June 30, 2023	Projected as of June 30, 2024	Projected as of June 30, 2025
Certificates of Participation	$ 147.0	$ 299.2	$ 287.2
Lease Revenue Bonds	79.8	75.4	70.7
Pension Obligation Bonds	278.0	211.2	140.4
Redevelopment Successor Agency Bonds	5.6	4.3	3.6
Total	**$ 510.4**	**$ 590.1**	**$ 501.9**

Long-Term Obligations

The County's projected outstanding General Fund secured long-term principal bonded debt as of June 30, 2023, and projected as of June 30, 2024, are presented in the table above.

The following discussion explains the nature and purpose of each of the long-term financing instruments available to or used by the County.

Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs)

COPs and LRBs are sold to investors to raise cash for the financing of capital infrastructure. The repayment of these COPs and LRBs is secured by a revenue stream created by lease payments, often associated with the capital asset that the proceeds of the COPs or LRBs are funding. These lease payments are established in agreements between the County and another entity, typically either a nonprofit corporation, such as the San Diego County Capital Asset Leasing Corporation, formed by the Board of Supervisors to advise and assist with capital financings, or a joint powers authority, such as the San Diego Regional Building Authority, which is a joint powers authority between the County and the San Diego Metropolitan Transit System. The annual lease payments from the County to the financing entity are in an amount sufficient to satisfy the principal and interest payments due to the holders of the COPs or LRBs. At the end of the lease period, the title of a given lease premise used in a financing is cleared of this lease obligation.

The County first used COPs in 1955 with the financing of the El Cajon Administrative Building. Since then, the County has used various lease-backed transactions, both COPs and LRBs, to fund the County's major capital requirements. The County currently has COPs and LRBs outstanding, the proceeds of which were used to fund the construction of various justice facilities, the Edgemoor Skilled Nursing Facility, the County Operations Center, the County Administration Center Waterfront Park, the Cedar, Kettner Development Project Parking Structure, the Youth Transition Campus and the County's newest financing for the Public Health Lab, parking structure and other capital improvements. These bonds are the second Green Bonds issued by the County of San Diego totaling $160 million par value. As of June 30, 2024, the County is anticipated to have $374.6 million of COPs and LRBs outstanding.

Taxable Pension Obligation Bonds (POBs)

POBs are financing instruments typically used to pay some or all of a pension plan's unfunded liability. The bond proceeds are transferred to the issuer's pension system as a prepayment of all or part of the unfunded pension liabilities of the issuer, and the proceeds are invested as directed by the pension system. POBs have been issued on several occasions by the County to reduce the unfunded actuarial accrued liability (UAAL) of the San Diego County Employees Retirement Association (SDCERA) retirement fund on a lump sum basis rather than making actuarially determined amortized payments over a specified period of years. The size of the UAAL is determined annually by SDCERA's actuary and can increase or decrease depending on changes in actuarial assumptions, earnings on the assets of the fund and retiree benefits. POBs totaling $430,430,000 were first issued by the County in February 1994. Since this initial issuance, the County has issued additional series of POBs: in October 2002, the County issued $737,340,000 of POBs, a portion of which refunded the POBs issued in 1994; in June 2004, the County issued an additional $454,112,916 of POBs; and in August 2008, $443,515,000 of POBs were issued to refund the variable rate portion of the POBs issued in 2002.

A total of $264 million of the principal component of the County's outstanding taxable POBs has been prepaid. As included in the Fiscal Year 2009-10 Adopted Operational Plan, the most recent prepayment occurred on July 1, 2009, and retired the $100 million of outstanding 2008 Series B1-B2 POBs (variable rate demand obligations). This most recent prepayment resulted in lowering the aggregate annual debt service for the taxable POBs from $86.0 million to $81.4 million and a further shortening of the final maturity to Fiscal Year 2026–27. As of June 30, 2024, the County is anticipated to have $211.2 million of taxable POBs outstanding.

In November 2018, San Diego County voters approved Measure C, which amended the County Charter to include Section 800.1, Pension Stabilization, requiring any funds appropriated for pension stabilization to be used for pension-related liabilities. To manage overall pension costs, the County implemented a pension stabilization strategy, wherein a portion of GPR was set aside to mitigate any significant changes in retirement costs. In the subsequent fiscal years, the unused amounts of these annual set-asides were committed and are now restricted as fund balance in the General Fund, specifically to support the portion of POB payments that had been paid by GPR in prior years. Portions of this fund balance restriction will continue to be appropriated each year and will serve as an alternative to GPR as a funding source for POB costs. Fiscal Year 2017–18 was the first year that these amounts were used, and portions will be appropriated each year until the final maturity of the POBs in Fiscal Year 2026–27.

Redevelopment Successor Agency Tax Allocation Bonds (TABs)

TABs are limited obligations issued by the former Redevelopment Agency of the County of San Diego (Agency) to help pay for improvements related to projects within its redevelopment areas. The Agency was formed on October 14, 1974, pursuant to Redevelopment Law, and effective February 1, 2012, was dissolved by the State legislature. Any outstanding TABs of the Agency are now limited obligations of the County of San Diego Successor Agency, which now manages the assets, repays the debts, and fulfills other obligations that were previously attributable to the Agency. An initial series of TABs was issued on September 12, 1995, as limited obligations of the Agency in the amount of $5.1 million for the construction of public improvements at the Gillespie Field Airport located on the Gillespie Field Redevelopment Project Area, which was one of the Agency's two redevelopment project areas. On December 22, 2005, the Agency issued $16.0 million in TABs to refund all of the Agency's outstanding 1995 bonds and to repay loans owed to the County's Airport Enterprise Fund. These loans from the County Airport Enterprise Fund were used by the Agency to finance redevelopment activities in the Gillespie Field Redevelopment Project Area. In connection with the 2005 TABs, the County pledged to make limited payments to the Agency from the Airport Enterprise Fund. This pledge remains a limited obligation of the Successor Agency and is not secured by the County's General Fund. This pledge, along with certain Redevelopment Property Tax Trust Fund revenues generated in the Gillespie Field Redevelopment Project Area, support annual principal and interest payments of approximately $1.0 million; the final maturity of the 2005 TABs is in December 2029.

General Obligation Bonds (GO Bonds)

GO Bonds are debt instruments issued by local governments to raise funds for the acquisition or improvement of real property. GO bonds are backed by the full faith and credit of the issuing entity. In California, authorization to issue GO bonds requires supermajority (two-thirds) voter approval as the bonds are secured by an ad valorem tax that may be levied in whatever amount is necessary to pay debt service. The County has no outstanding General Obligation Bonds.

The Long-Term Debt Obligations chart shows the County's scheduled long-term obligation payments through final maturity of Fiscal Year 2053–54 as of June 30, 2024, which include Certificates of Participation (COPs), Lease Revenue Bonds (LRBs), Taxable Pension Obligation Bonds (POBs) and Tax Allocation Bonds (TABs), and does not include any future debt issuances by the County. The Outstanding County Financings table details the final maturity date, original principal amount and the outstanding principal amount for each of the County's current long-term financings as of June 30, 2024.

Outstanding County Financings (in thousands)	Final Maturity Date	Original Principal Amount	Principal Amount Outstanding
Certificates of Participation & Lease Revenue Bonds			
2014 Edgemoor and RCS Refunding, issued September 2014	2029	$ 93,750	$ 44,360
2016 COC Refunding, issued March 2016	2035	105,330	75,375
2019 Justice Facility Refunding	2025	19,450	4,905
2020 CAC Waterfront Park Refunding, issued November 2020	2041	21,910	19,875
2020 Cedar, Kettner Development Refunding, issued November 2020	2041	23,815	20,885
2021 Youth Transition Campus, issued December 2021	2051	49,060	48,290
2023 Public Health Lab and Capital Improvements	2053	160,910	160,910
Total Certificates of Participation and Lease Revenue Bonds		**$ 474,225**	**$ 374,600**
Taxable Pension Obligation Bonds			
Series 2006	2024	$ 454,113	$ 57,250
Series 2008	2026	$ 343,515	153,975
Total Pension Obligation Bonds		**$ 797,628**	**$ 211,225**
Redevelopment Successor Agency Tax Allocation Bonds			
2005 Gillespie Field Refunding	2029	$ 16,000	$ 4,300
Total Tax Allocation Bonds		**$ 16,000**	**$ 4,300**

This table reflects the County's outstanding financings as of June 30, 2024.

Short-Term Obligations

During the ordinary course of business, local governments, including the County, typically experience temporary mismatches in cash flow due to the timing of the County's payment of expenditures, which is ongoing, and receipt of revenues, which is largely focused on months surrounding tax payment dates. To mitigate these cash flow imbalances, the County may borrow cash through the issuance of Tax and Revenue Anticipation Notes (TRANs). These notes mature within 12 to 13 months of the date of issuance and are, therefore, considered short-term obligations. The County has not issued TRANs on its own behalf for the past eleven fiscal years.

Conduit Issuances

In previous years, the County has assisted qualified nonprofit and for-profit entities to access tax-exempt long-term bonds for projects that provide a public benefit, contribute to social and economic growth and improve the overall quality of life to the residents of the San Diego region. In these financings, the County is a conduit issuer whereby it issues tax-exempt long-term bonds on behalf of the qualifying entity. That entity, the conduit borrower, is responsible for all costs in connection with the issuance and repayment of the financing. Debt issued under the conduit program is secured by the borrower and is not considered to be debt of the County.

Because of the expanding market and availability of other nonprofit agencies specializing in these conduit programs, the County has discontinued its conduit program. The County will continue to administer the remaining outstanding conduit issuances until the debt mature. As of June 30, 2024, the County will have three outstanding conduit issuances and has not issued a conduit financing since 2015.

COUNTY OF SAN DIEGO