

COUNTY OF SAN DIEGO CREDIT OVERVIEW

September 15, 2023



County Team



Presenters

- Ebony Shelton, *Deputy Chief Administrative Officer/ Chief Financial Officer*
- Dan McAllister, *Treasurer-Tax Collector*
- Jordan Marks, *Assessor/Recorder/County Clerk*
- Damien Quinn, *Director, Office of Financial Planning*
- Ardee Apostol, *Group Finance Director, Health and Human Services Agency*
- Joan Bracci, *Chief Operations Officer, FG3 Executive Office*
- Michele Light, *Debt Finance Manager, Office of Financial Planning*
- Marko Medved, *Director, Department of General Services*

Additional Resources

- Tracy Drager, *Auditor and Controller*
- Brian Ruehle, *Deputy Controller*
- Myrna Zambrano, *Asst. Treasurer-Tax Collector*
- Chris Herrera, *Chief Investment Officer*
- RC Kinzly, *Investment Officer*
- Tim Boncoskey, *Asst. Assessor/Recorder/County Clerk*
- Jeff Olson, *Assessor/Recorder/County Clerk, Chief Deputy*
- Amy Thompson, *Executive Finance Director, Health and Human Services Agency*
- Dianson Wong, *Group Program Manager, FG3 Executive Office*
- Joshua Ramirez, *Manager, Office of Financial Planning*
- Lisa Keller-Chiodo, *Debt and Capital Finance Officer, Office of Financial Planning*
- Michelle Issa, *Municipal Advisor, Public Resources Advisory Group*



Outline

1	Invested in Community
2	Diverse Regional Economy
3	Large and Growing Tax Base
4	Financial Highlights
5	Retirement Update
6	Debt and Capital Overview
7	Conclusion



Ongoing Financial Planning at the County

- **Collaborative fiscal oversight and planning**
 - Annual planning includes General Manager / Group Finance Director / All Departments
 - Cost Commission (internal rates)
 - Facilities Planning Board (CINA and Major Maintenance)
 - Debt Advisory Committee (debt and disclosure policies)
 - Treasury Oversight Committee (investment policy)
- **Active management of costs**
 - Addressing emergent costs within existing budget, whenever possible
 - Maintaining strong cash and reserve balances
 - Using a pension stabilization strategy
 - Quarterly budget updates to the Board of Supervisors
- **Compliance with County fiscal policies and leveraging all available financial resources**
 - Full cost recovery (Board Policy B-29)
 - Look to funding sources outside of the General Fund first
 - Using one-time funding sources for one-time uses only, to preserve structurally sound budget (Admin Ord Sec 113.4)



Institutionalized Financial Policies



Subject	Charter
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Economy and Efficiency Determinations	Charter Sec. 703.10 and 916
Pension Stabilization and Debt Uses	Charter Sec. 800.1 and 800.2

Subject	Ordinance
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General Fund Balances and Reserves	Admin Code Sec. 113.1-113.3 Minimum, Commitments and Assignments, Replenishment
Structurally Balanced Budget	Admin Code Sec. 113.4 Fund Balances and Use of One Time Revenues
Debt Uses and Limits	Admin Code Sec. 113.5 (d) & (e) Management Practices

Subject	Board Policy
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Contracts	A-81, Procurement of Contract Services; A-87, Competitive Procurement; A-97, Protest Procedures for Award of Contracts; B-29, Department Responsibility for Cost Recovery; B-74 Contracting Standards for Janitorial, Landscaping, and Security Services Contracts
Capital and Major Maintenance	B-37, Use of Capital Program Funds; G-16, Capital Facilities Planning
Small Business, VOB, and DVBE Contracts	B-39a, Veteran Owned Business (VOB) and Disabled Veterans Business Enterprise (DVBE) Program; B-53, Small Business Policy (SBP)
Budget Development Process	B-63, Competitive Determination of Optimum Service Delivery Method
Long-Term Financial Planning	B-65, Long-Term Obligations Management Policy
Prop 172 and Tobacco	A-126, Proposition 172 and New Program Revenues in the Sheriff's Department, Office of the District Attorney and the Probation Department; E-14, Expenditure of Tobacco Settlement Revenue in San Diego County



Investing in the Community

- This year the Board of Supervisors adopted an operational plan based on community input through meetings, surveys, and online interactions, to enhance investments in communities and to shape the services all San Diegans rely upon
- Building upon tools and plans put in place last year:
 - Reimagined general management system and strategic initiatives
 - Budget Equity Assessment Tool
 - Implementation of sustainability goals for every department
- Key investments in:
 - Mental health and substance use support; equity and access; homelessness and housing; sustainability and fighting climate change; justice reform; enhancing communities and keeping them safe; capital infrastructure
- The Board of Supervisors and County staff remain committed to fiscal responsibility and prudent use of financial resources
- Strong institutionalized financial management practices ensure a commitment to fiscal stability and efficient delivery of government services



Budget Focus



SUSTAINABILITY

Sustainability

- Economy
- Climate
- Environment
- Resiliency



EQUITY

Equity

- Health
- Housing
- Economic Opportunity



EMPOWER

Empower

- Workforce
- Transparency and Accountability
- Innovation



COMMUNITY

Community

- Engagement
- Safety
- Quality of Life
- Communications
- Partnership



JUSTICE

Justice

- Safety
- Restorative
- Environmental



Sustainability Goals

- 1 **Engage the community** in meaningful ways and continually seek stakeholder input to foster inclusive and sustainable communities.
- 2 **Provide just and equitable access** to County services, policy decision-making, and resource allocation in support of sustainable communities.
- 3 **Transition to a green, carbon-free economy**, reduce greenhouse gas emissions, support green job creation and workforce development, and prepare for impacts of a changing climate.
- 4 **Protect the health and wellbeing** of everyone in the region, with a focus on collaborating with community partners and advocating for environmental justice for communities that have been disproportionately impacted.
- 5 **Protect water** in all forms.
- 6 Develop natural and organic land management policies and practices that **protect ecosystems, habitats, biodiversity** and soil health throughout the County while providing opportunities for all residents to access and enjoy the outdoors.
- 7 **Reduce pollution and waste** and demonstrate reduction in consumption of resources.



Community Resiliency / Emergency Preparedness

- Fire Response and Safety: Community Risk Reduction Program
 - Leading California with defensible space inspections
 - Vegetation management as part of a cohesive Fire Strategy – collaborating with land-owners and supporting evacuation safety
 - Multiple risk reduction initiatives funded by grants, e.g., working with Cal OES to retrofit homes for added protection against wildfire
- Emergency Notification and Evacuation Management Projects
- IT infrastructure risk mitigation



San Diego Sheriff helicopter hovers over the first County heli-hydrant as its hose sucks up water in Fallbrook. www.kpbs.org



Looking Ahead

RISKS

- Economic Uncertainty
- State Funding
- Real Estate Market
- Market Volatility/Retirement
- High Levels of Vacancy Rates

MITIGATION STRATEGIES

- Leveraging normal attrition and budget capacity
- Slowing discretionary growth while prioritizing existing Board priorities
- Maximizing alternate funding sources and continuing stabilization strategies
- Review of service levels, deferral/suspension of nonmandated cost increases, prudent use of reserves





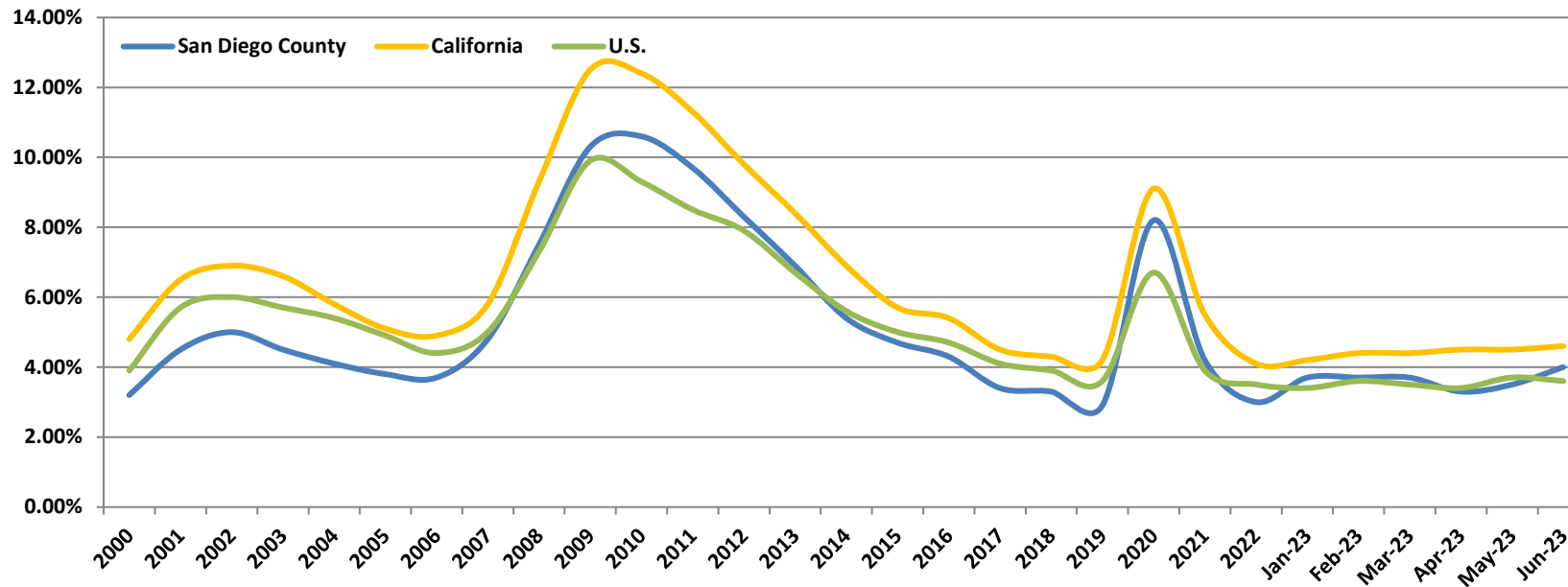
Diverse Regional Economy



Employment Outlook

- In June 2023, San Diego's unemployment rate of 4.0% was below the State's rate of 4.6% but above the national rate of 3.6%

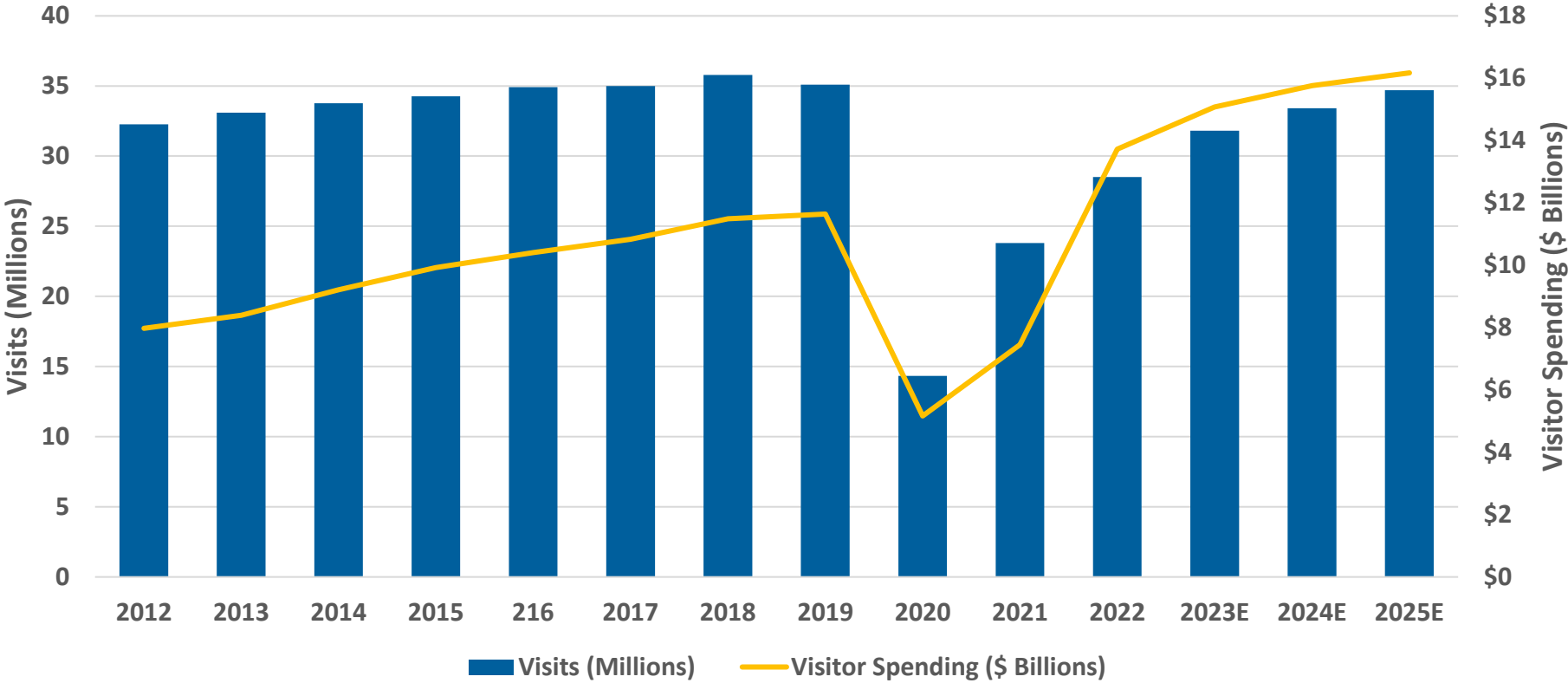
Unemployment Rate - 2000 through June 2023



Source: U.S. Bureau of Labor Statistics and California Employment Development Department

San Diego Tourism

- Spending has exceeded pre-pandemic levels while visitor numbers are rebounding at a slightly slower pace

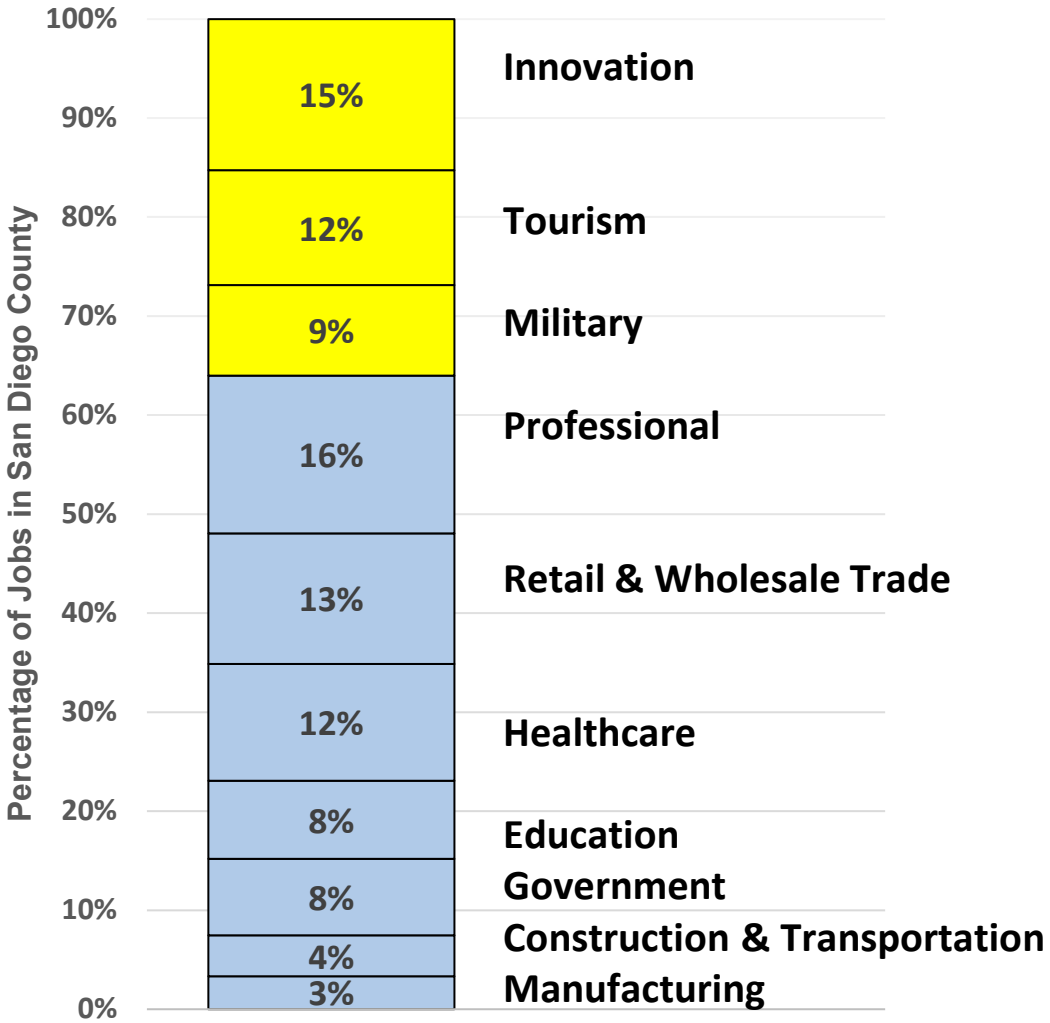


Note: 2023-2025 estimates
 Source: San Diego Tourism Authority, Tourism Economics



Employment by Industry

- Regional economy is diverse and centered around forward-looking industries
- No sector represents more than 16% of the local economy
- Driving Sectors are Innovation, Tourism, and Military



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (Annual 2022)



Major San Diego Institutions

San Diego is home to a diverse group of world class institutions, corporations, and recreational facilities

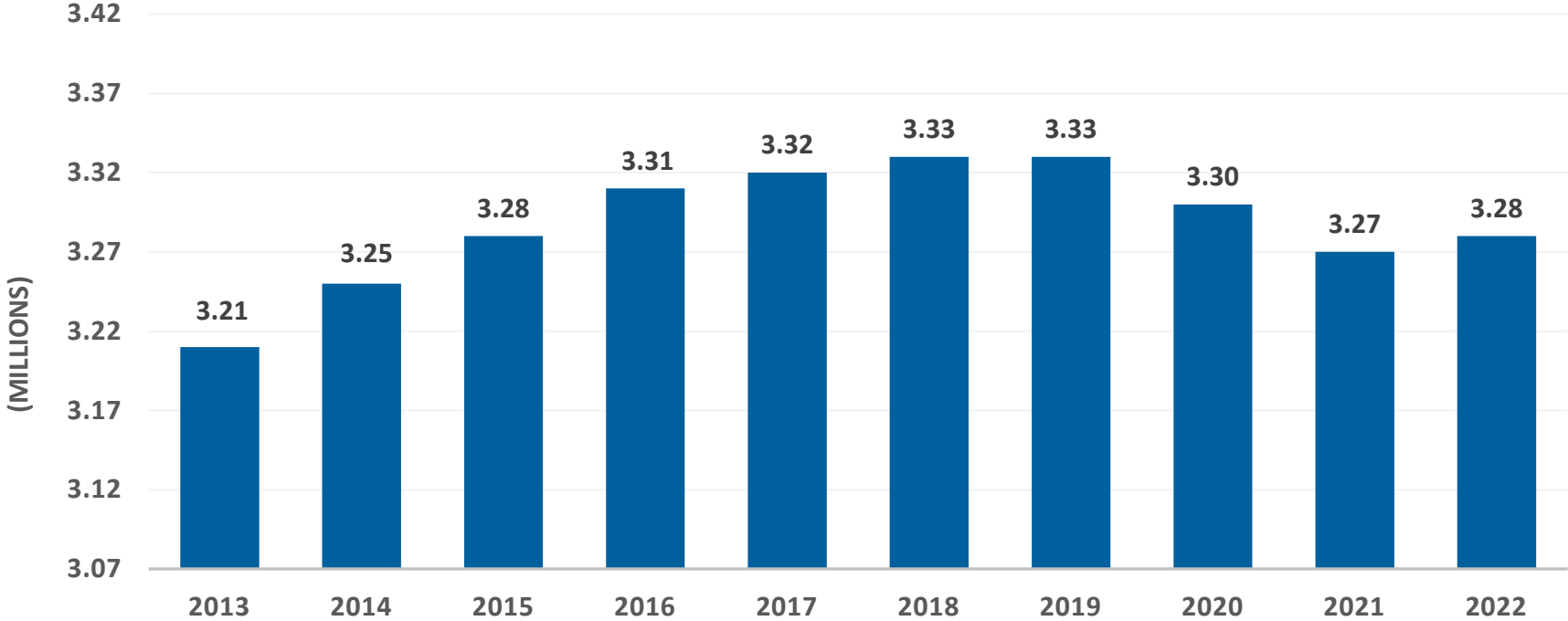


Source: San Diego Sourcebook and California EDD



Stable Population

- San Diego County's population grew by 2.2% over the last 10 years and averaged 3.3 million residents over the past 5 years

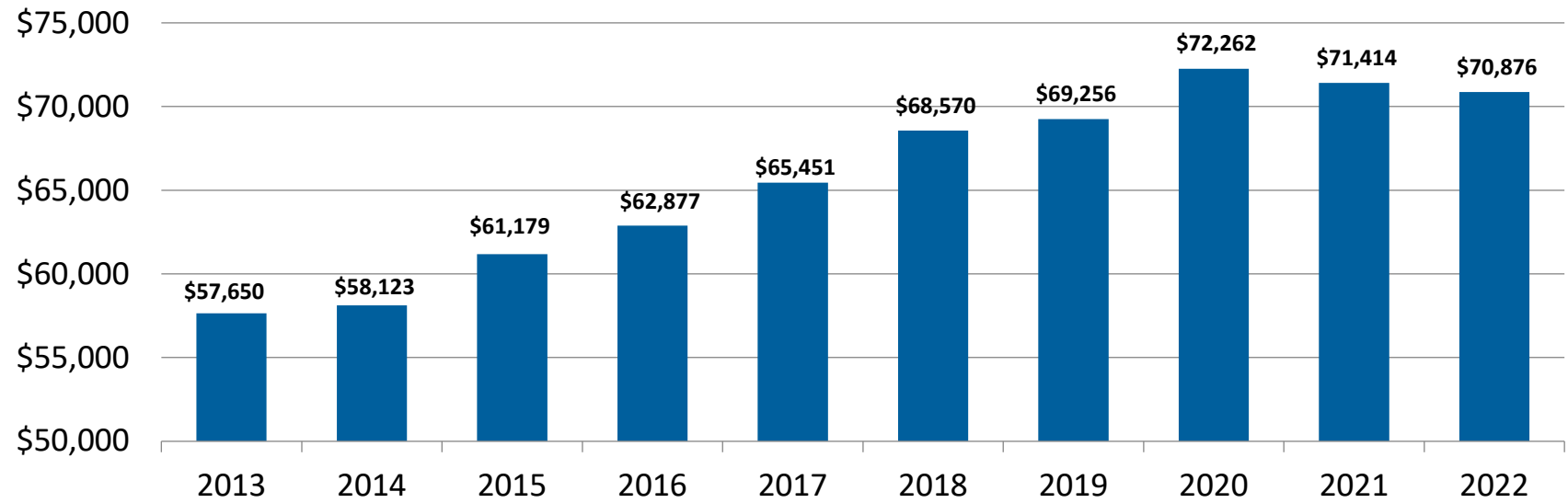


Note: Data for 2010 and 2020 are official census counts. Other years are estimates
Source: U.S. Census Bureau



Household Income Continues to Grow

- Since 2013, median household income adjusted for inflation has increased 23%
- 2022 experienced a slight decline due to a lack of COVID-19 stimulus funding which was present in 2020 and 2021

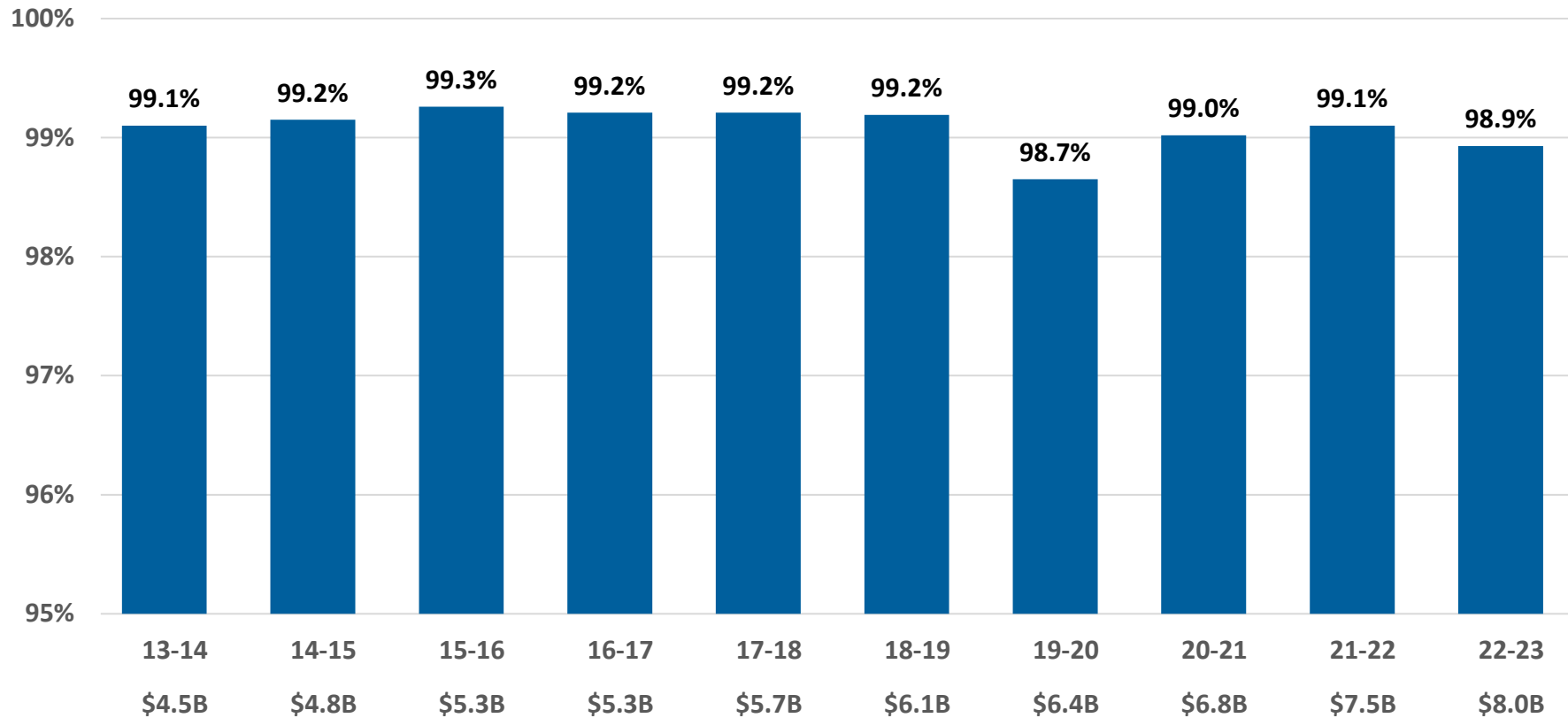


■ Median Household Income (2010\$)

Note: Data adjusted for inflation
Source: SANDAG



Secured Tax Collection

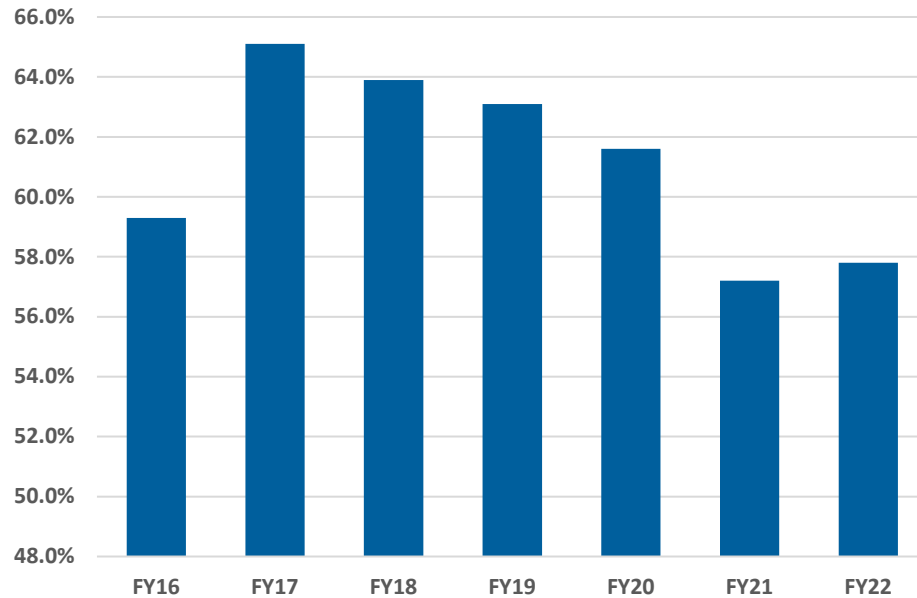


Source: San Diego County Treasurer-Tax Collector

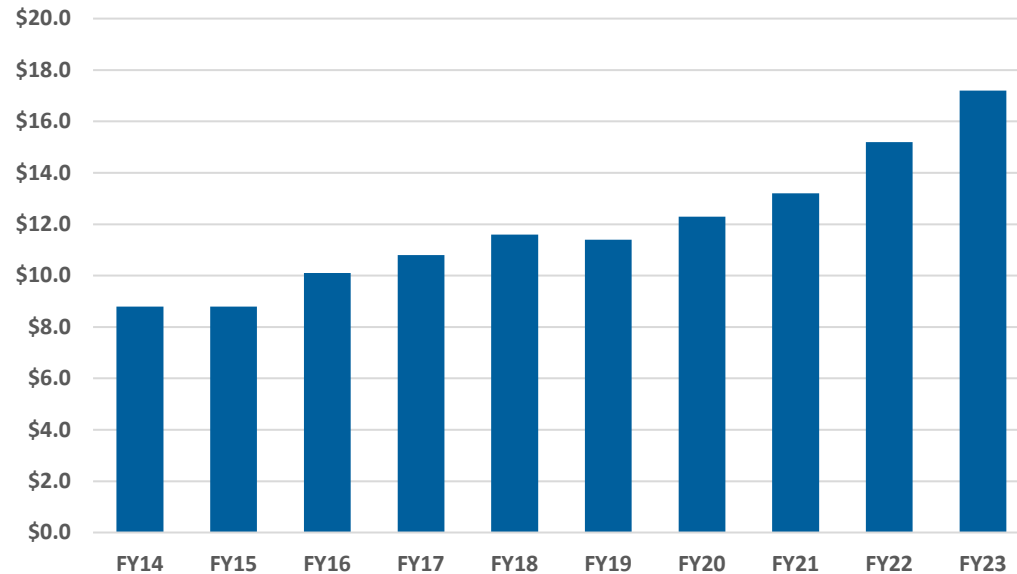
Strong Cash Position and Management

- County remains highly liquid and able to fund operational needs
- Our AAf-rated Investment Pool reached a record high of \$17.2 billion in April 2023

General Fund Cash as a % of Revenue

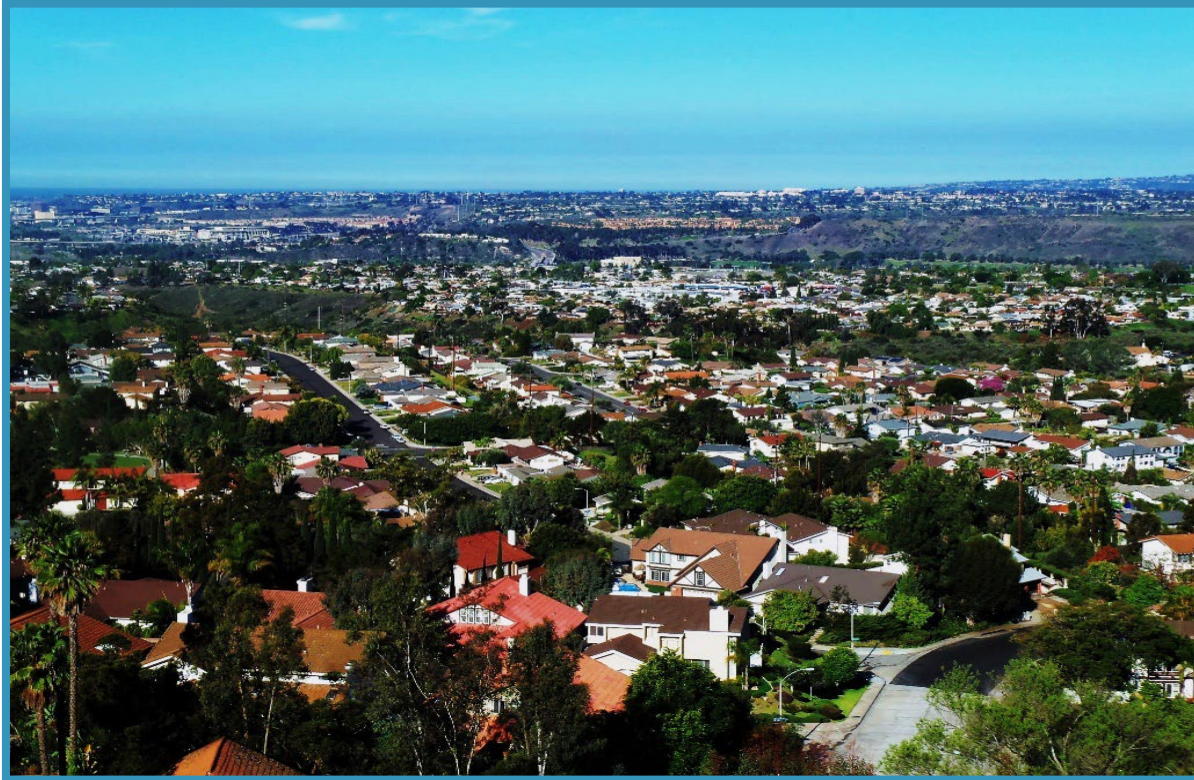


Investment Pool High Balance
FY 13-14 through FY 22-23



Note: Includes unrestricted cash and investments.
Source: San Diego County Auditor and Controller

Source: San Diego County Treasurer-Tax Collector

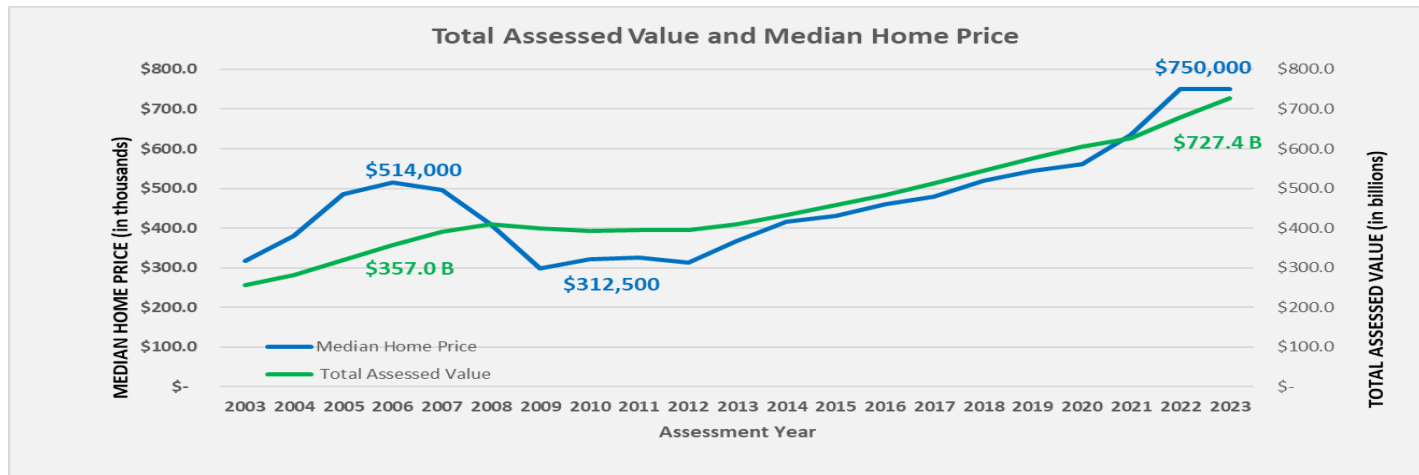


Large and Growing Tax Base



Proposition 13 Protects the Property Tax Base

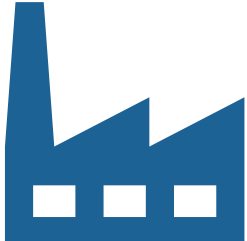
- The provisions of Proposition 13 insulate the property tax base from short term downturns in the real estate market as were seen post-2006. Property taxes are based on 1% of assessed value and are increased up to 2% annually unless a reassessment has occurred. Property is reassessed to market value upon a change ownership, or for the value added by new construction.
- The market downturn in 2007-2012 resulted only in a flattening of the assessment roll; no substantial decreases. In 2022, when home prices were flat YOY, total assessed values and tax revenue grew by over 7%.
- As of Lien Date, 1/1/2023, the San Diego County median home price was \$750,000; 45% higher than its last peak in 2006. In that same period, total assessed value and property tax revenue has increased by 103%.



Note: Median Home Price includes sales of new and existing single-family residences through 12/30/2022
Source: County of San Diego Assessor/Recorder/County Clerk and Core Logic Home Price Index, respectively



2023-24 Distribution of Parcels & Assessed Values



945,777
Residential
\$536,303,147,635

27,327
Commercial
\$100,633,986,902

11,378
Industrial
\$42,471,209,353

29,150
Farm/Rural Land/ Institutional/
Recreational/Miscellaneous
\$22,043,161,652



14,476
Boats
\$1,119,779,209



1,534
Aircraft
\$1,336,525,267



55,888
Business Personal
Property Accounts
\$23,572,682,148



Sources: County of San Diego Assessor/Recorder/County Clerk, as of 1/1/2023

Strong Home Prices Led To Robust AV Growth For 2023-24

- Home sales volume at its lowest level since 2007, and a 22% decrease YOY. The low inventory of homes for sale, however, leads to strong home sales prices.
- Average value increment for Residential change in ownership reassessments was \$422,817, an all-time high, and +24% YOY.
- Average value increment for Commercial change in ownership reassessments is \$2,650,236, an all-time high, and +20% YOY.
- Prop. 13 caps the annual CPI Adjustment at +2%. This was applied to 91% of all properties in the County, adding a record \$12.38 billion to the Assessment Roll.
- Even with strong median home prices, market fluctuations in 2022 led to over 18,000 temporary Proposition 8 reductions, made proactively, saving homeowners \$15 million in 2023-24.
- The 2023-24 San Diego County Assessment Roll grew at a rate of 7.12% before exemptions (Gross) and 7.14% (Net).
- 2023-24 was the 11th straight year with positive roll growth in San Diego County



2023-2024 Gross AV by County

- San Diego County ranks third largest in State for Total AV
- Second largest in real property parcel count

County	Secured AV	Unsecured AV	Total AV (Gross)	Parcels
Los Angeles	\$1,993,697,807,032	\$76,285,754,058	\$2,069,983,561,090	2,391,198
Orange	\$741,001,405,079	\$26,502,681,744	\$767,504,086,823	968,776
San Diego	\$701,178,192,568	\$26,302,299,598	\$727,480,492,166	1,013,632
Santa Clara	\$656,376,568,163	\$39,788,652,332	\$696,165,220,495	495,726
Alameda	\$389,482,193,685	\$25,376,126,706	\$414,858,320,391	470,046
Riverside	\$390,804,653,343	\$13,429,736,221	\$404,234,389,564	955,523



Source: County of San Diego Assessor/Recorder/County Clerk



Commerical Real Estate in San Diego County

- Commercial parcels, retail and office, account for only 3% of the County's parcel count and only \$100 billion or 13% of the County's \$727 billion assessed value.
- The commercial core in Downtown San Diego is the area most at risk for Prop. 8 declines in value due to higher-than-normal vacancy rates.
- This commercial subset, 2,064 parcels located in the downtown area, totals \$13.8 billion, or 1.9% of the assessment roll.
- Any valuation reductions made in this area would be de minimis.
- While other major commercial markets are suffering in their downtown cores, San Diego is insulated from large declines in value due to the strong presence of biotech, educational and military uses.

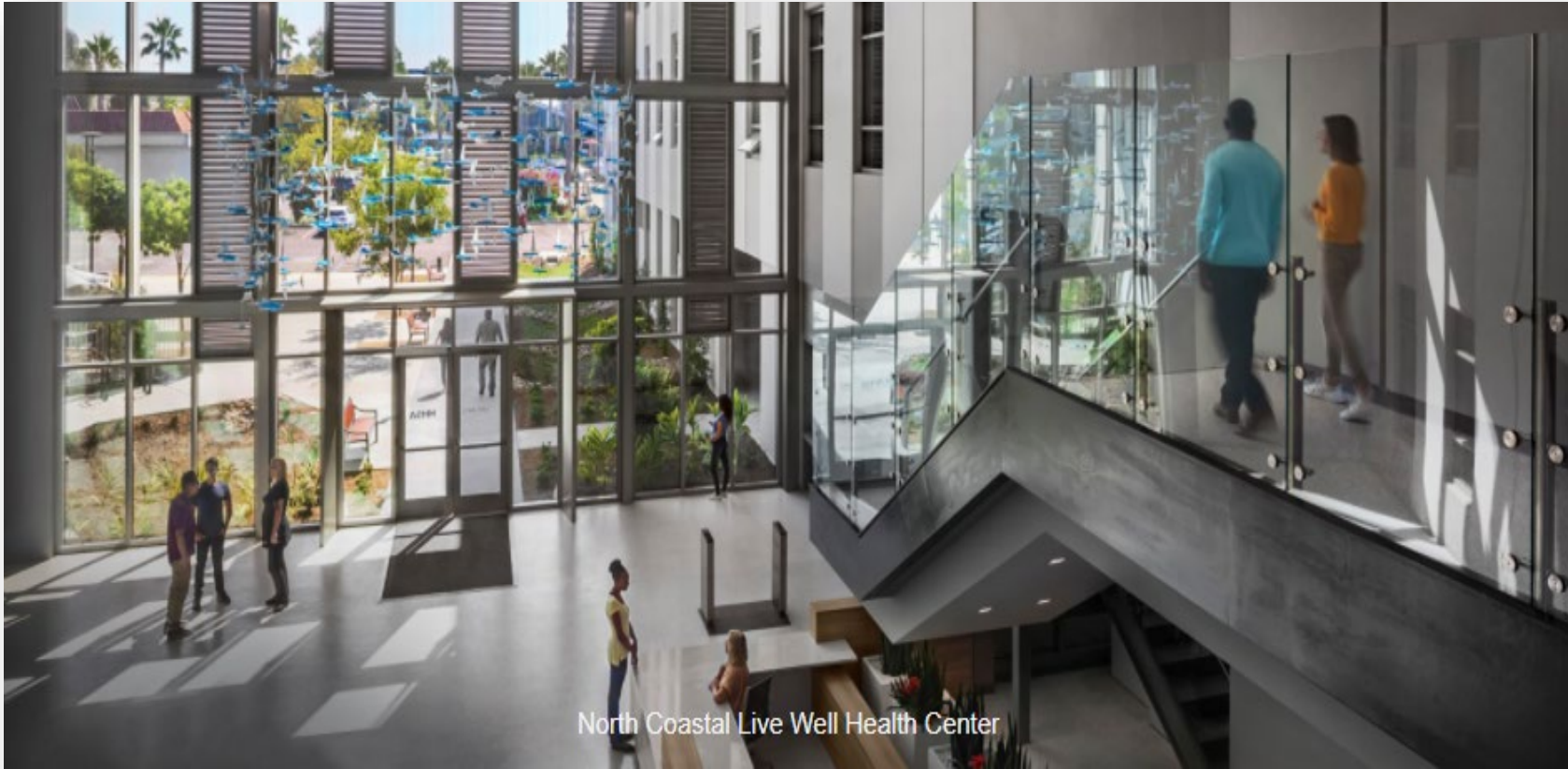


Outlook for 2024-25: +3.5% AV Growth

- Home sales volume continues to decrease. Recorded deeds are down 25.7% through July 2023.
- Higher interest rates are decreasing home affordability; however, prices remain strong due to low supply. On June 30, 2023, San Diego County median home prices were \$977,500 (detached) and \$645,000 (attached), \$850,000 (combined) according to Core Logic.
- Additional Prop. 8 temporary AV reductions are not expected on homes as prices are increasing on low inventory. Some reductions may be warranted in the commercial office sector.
- High inflation may lead to less new construction, due to increased costs.
- New technical advances at the Assessor's office will contribute to more discovery of taxable property, ultimately growing the tax roll.
- A 2023-24 CPI adjustment of 2%, applied to over 90% of all parcels, will add another \$12 billion to the assessment roll, adding +1.80% in AV growth in and of itself.
- Projecting assessed value growth of 3.5% County-wide, with an upward bias.



Source: County of San Diego Assessor/Recorder/County Clerk



North Coastal Live Well Health Center

Financial Highlights



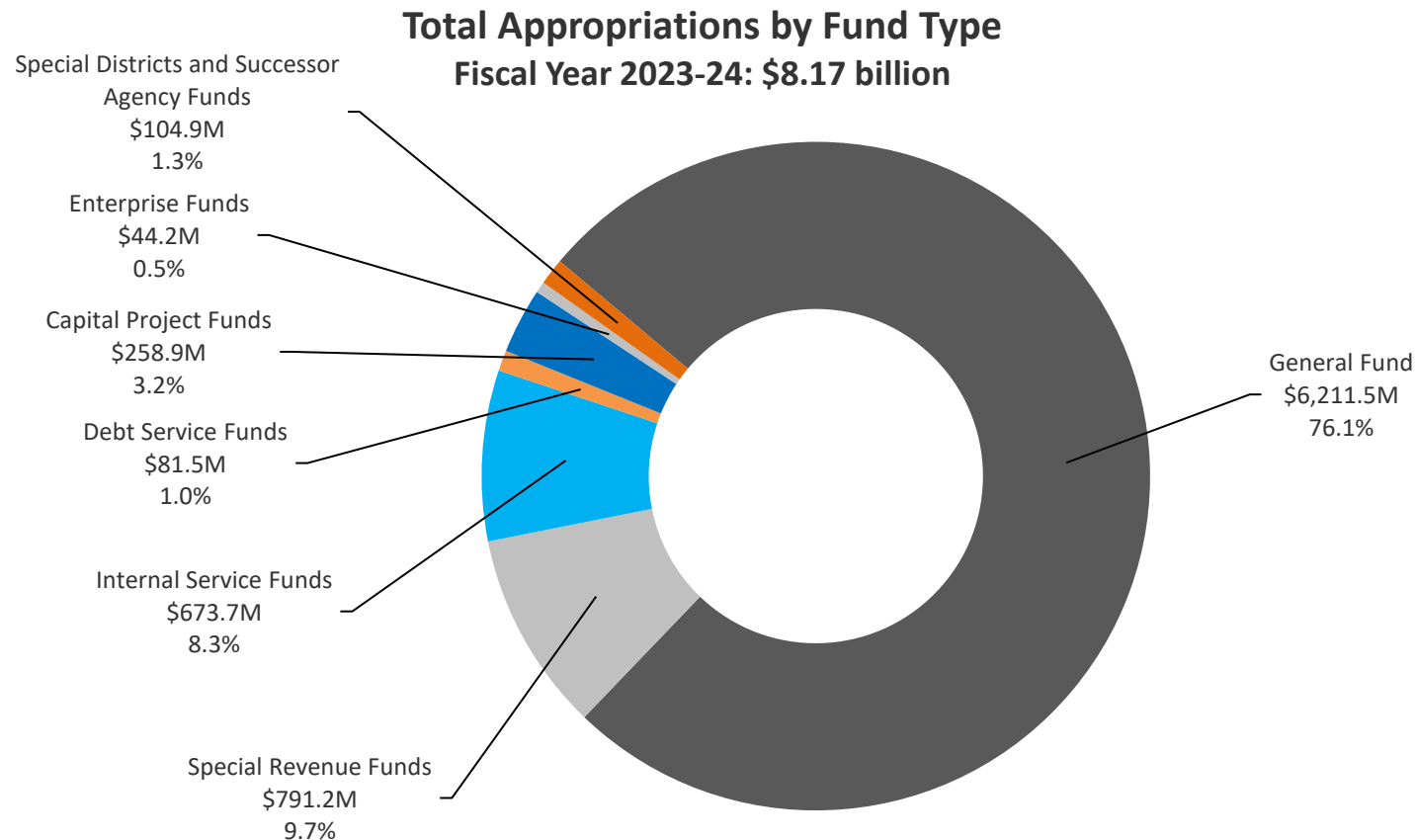
Fiscal Year 2023-24 Budget Overview

- Total budget of \$8.17 billion; increase of 11.0% or \$806.4 million from Fiscal Year 2022-23
- Total staffing of 20,387.25 staff years; net increase of 2.7% or 539.75 staff years
- Labor agreements with all bargaining units through FY25 for General Employees, and 5 of 6 bargaining units for Safety Employees through FY26, last unit pending Board Action on 9/26
- \$1.81 billion General Purpose Revenue; increase of 9.0% or \$149.6 million
- \$250.1 million for capital projects



Fiscal Year 2023-24 Adopted Operational Plan: All Funds

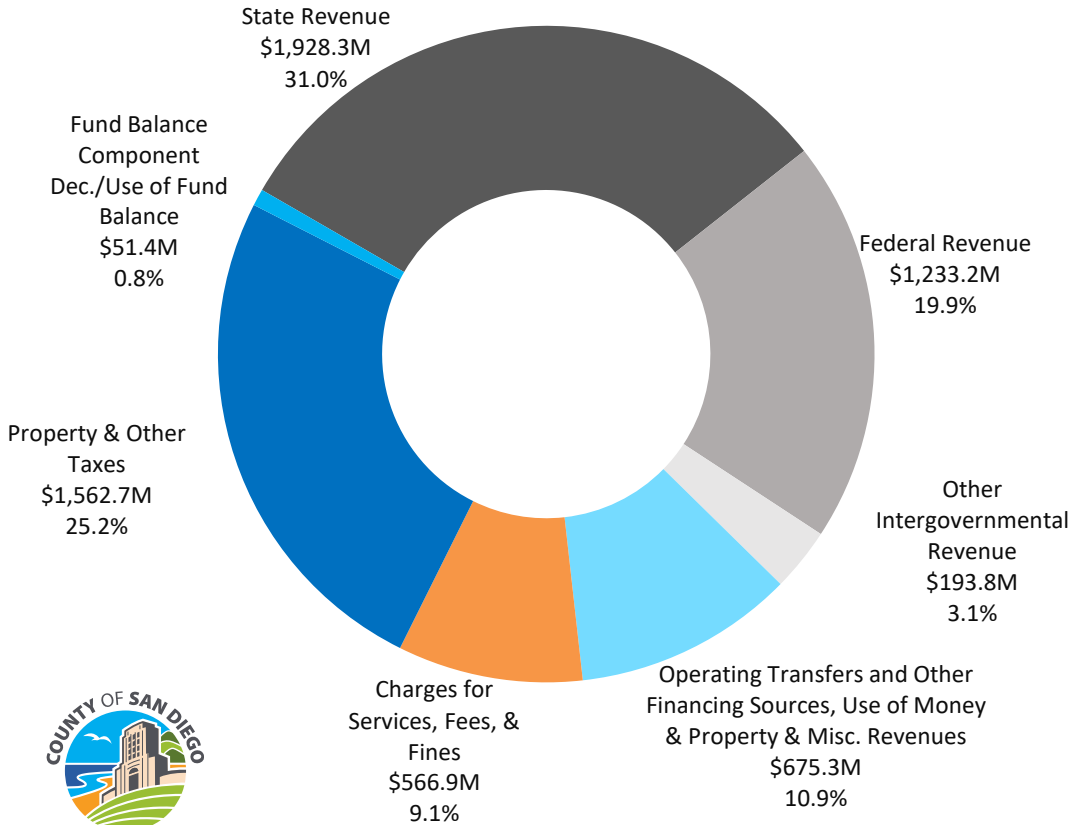
- Adopted Budget for all funds of \$8.17 billion; increase of \$806.4 million from Fiscal Year 2022-23 Adopted Budget



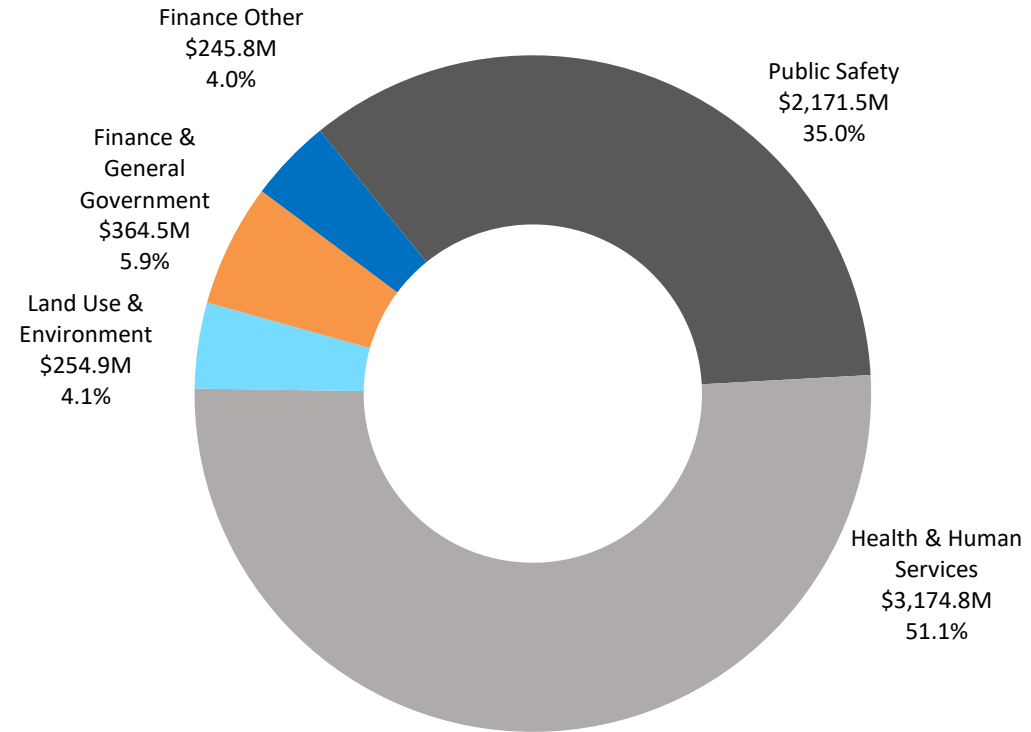
Fiscal Year 2023-24 Adopted Operational Plan: General Fund

- Adopted Budget for the General Fund of \$6.21 billion; increase of \$557.5 million from Fiscal Year 2022-23 Adopted Budget

General Fund Financing Sources



General Fund Appropriations by Group/Agency



General Fund Balance Components

Fund Balance	FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22	
	\$ million	% of FB	\$ million	% of FB	\$ million	% of FB	\$ million	% of FB
Nonspendable	\$47.0	1.9%	\$23.2	0.9%	\$22.9	1.0%	\$48.4	2.1%
Restricted	608.7	25.1%	696.3	28.2%	692.3	30.3%	674.5	28.7%
Committed	637.5	26.3%	626.5	25.4%	500.2	21.9%	617.2	26.3%
Assigned	418.7	17.3%	414.6	16.8%	405.7	17.8%	393.5	16.7%
Unassigned	712.1	29.4%	707.9	28.7%	661.3	29.0%	616.5	26.2%
TOTAL	\$2,424.0	100%	\$2,468.5	100%	\$2,282.4	100%	\$2,350.1	100%

Source: Annual Comprehensive Financial Report for the identified years



General Fund FY 2022-23 Status Update



	<i>(in millions)</i>
Unassigned Fund Balance as of June 30, 2022	\$ 616.5
Less: FY 2022-23 Uses Approved by the Board of Supervisors	(4.6)
Plus: Reversal of FY 2021-22 Unanticipated FEMA Deferral	117.0
Plus: FY 2022-23 Year End Projected Operating Results as of 3 rd Quarter	17.8
(A) Projected Unassigned Fund Balance for June 30, 2023 (unaudited)	746.7
(B) Projected General Fund Minimum Reserve as of June 30, 2023	885.7
FY 2022-23 Estimated Amount Above (Below) Minimum (A-B)	\$ (139.0)
Replenishment Strategy Based on Anticipated FEMA Reimbursement in FY 23-24	\$ 139.0

Note: Amounts represent unaudited results and totals may not sum due to rounding





FEMA Reimbursement Progress

Total Estimated Costs	\$423 million
Less Cash Received Amount	(\$187 million)
Balance Remaining	\$236 million

- For the \$236 million remaining, the following assumptions are made:
 - \$46 million accrued for FY 2022-2023
 - \$190 million deferred to future years



American Rescue Plan Act of 2021 Framework *(in millions)*

Framework Components (in millions)	Approved Amount (2023)	Amounts Reported through 6/30/23
Prior and On-Going COVID-19 Response	\$241.80	\$141.81
Premium Pay for Government Essential Workers	\$27.60	\$26.85
Mental Health Services	\$32.00	\$0.61
Homeless Services	\$85.00	\$8.09
Food Assistance	\$20.00	\$12.52
Senior & Youth Services	\$10.00	\$3.38
Child Care Subsidies	\$15.50	\$0.04
Direct Stimulus Payments	\$17.50	\$1.65
Legal Services	\$13.60	\$3.67
Small Business & Non-Profit Stimulus Payments	\$55.50	\$47.50
Infrastructure	\$30.00	\$6.07
Assistance for Homeworkers and Childcare Workers	\$1.50	\$0.00
Evergreen Fund	\$79.00	\$0.00
Project Homekey	\$24.50	\$0.00
Revenue Loss (current approved amount is part of Response and Senior and Youth Services)	N/A	\$44.19
TOTAL	\$653.50	\$296.38



*Amount of \$653.5M includes allocated amount plus projected interest earned.



State Budget Impacts



- **Potential Funding Source Highlights**
 - Various infrastructure and climate action focused grant opportunities
 - Public Safety grant opportunities
 - Continuation of Workforce funding for recruitment, retention
 - Maintaining CalWORKs grant increases
 - COVID-19 Pandemic Response
 - Public Health State General Funds
 - Housing/Homelessness
 - Implementation of CalAIM and behavioral health payment reform
 - Significant Behavioral Health increases with a focus on youth, housing, and mobile crisis intervention
- **CARE Act** – Impacts to Behavioral Health Services, the Public Authority, Public Guardian, Public Conservator’s office, Public Defender, and County Counsel





Retirement Update



SDCERA Update

- SDCERA Trust Fund assets totaled \$15.9 billion at June 30, 2023
 - County of San Diego made its annual required contribution of \$730.6 million in July 2023
 - SDCERA paid out \$963.3 million in benefits to over 22,000 retirees and beneficiaries during Fiscal Year 2023
- As of June 30, 2023, SDCERA's one-year investment return was 9.6%, while the three-year return was 7.5%
- The investment return assumption is 6.5%

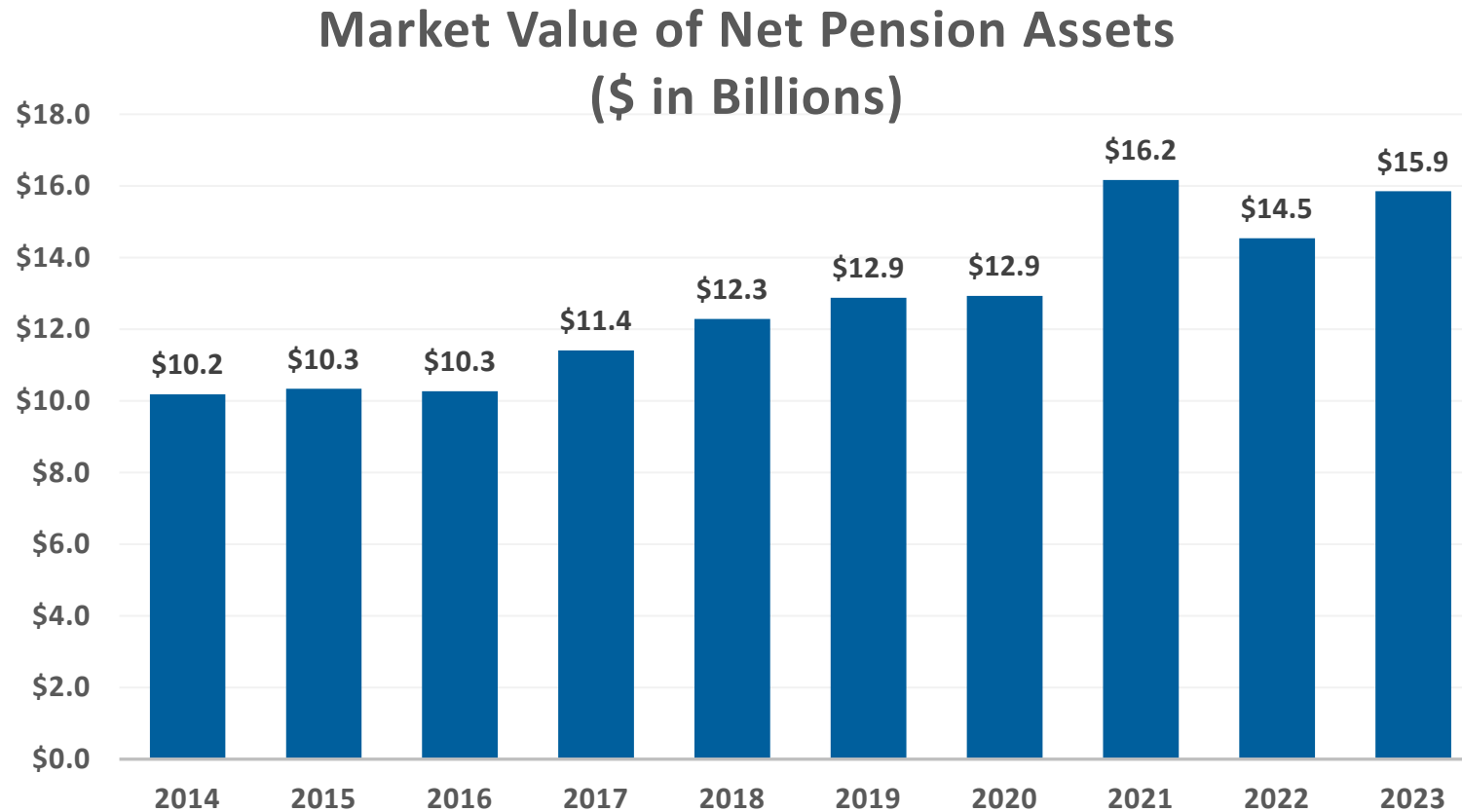
Note: All investment returns are net of fees. All investment returns over one year are annualized.

Source: SDCERA Actuarial Valuation and Review as of June 30, 2022; FY 2023 based on SDCERA Monthly Risk-Return Report as of June 30, 2023



SDCERA Net Pension Assets

- Assets rebounded in 2023 to 2% below peak 2021 levels



Source: Actuarial Valuation and Review by The Segal Group

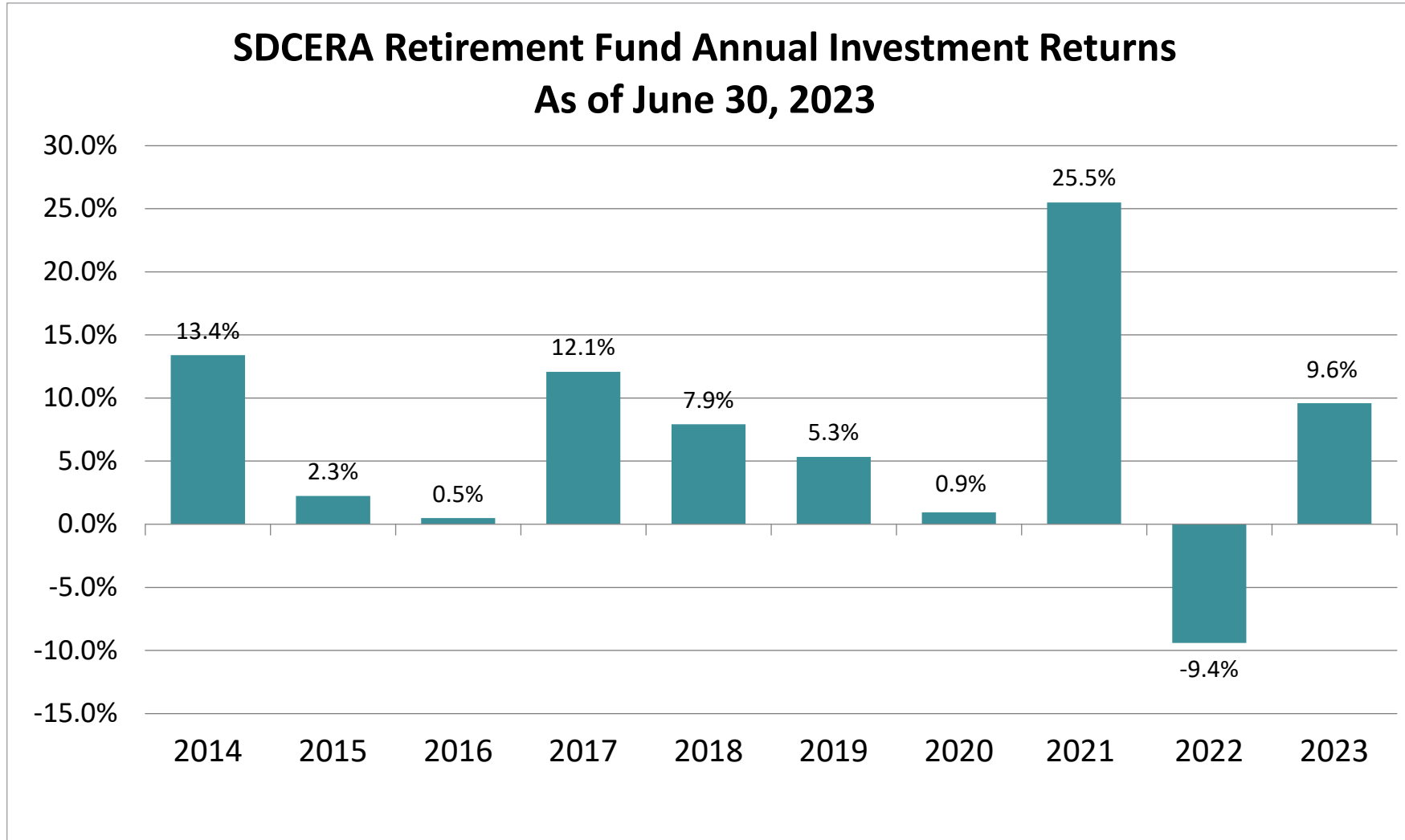


Active Management of Pension Requirements

- Ongoing monitoring of the impact of market rates and actuarial assumptions
 - Pension stabilization strategy
 - County financial planning incorporates projections based on fund performance and actuarial assumptions
- Additional contributions to SDCERA
 - \$221.8 million of additional voluntary contributions over the past 20 years
 - Ordinance requires investment of over-realized GPR from greater-than-anticipated AV growth for accelerated payment of pension UAAL
- Active management of costs with new retirement tiers established, most recently Tier D
 - General Members (1.62% at 65), established in 2018
 - Safety Members (2.50% at 57), established in 2020
- Active management of pension obligation bonds
 - Prepayment of \$264 million of POBs, eliminating variable rate exposure
 - 2018 voter-approved measure to set aside \$383.0 million of fund balance for POBs



Retirement Historical Returns

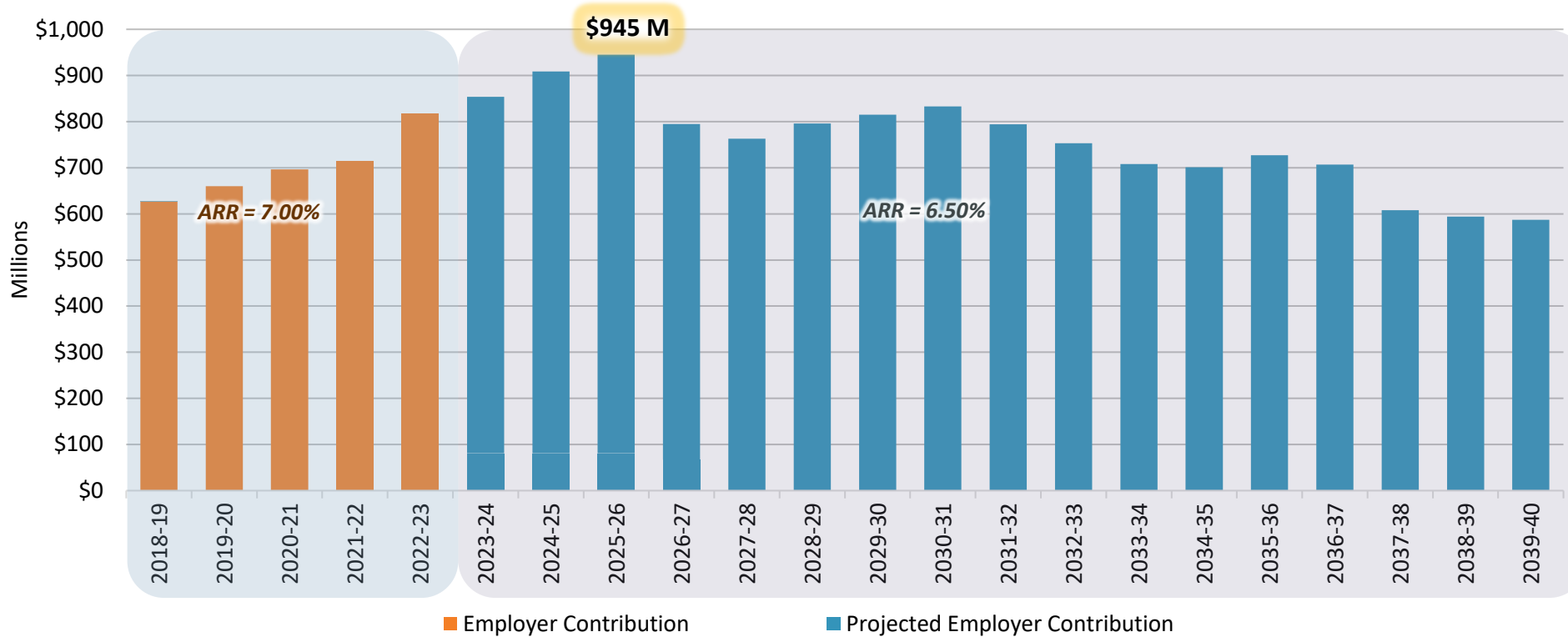


Sources: SDCERA Actuarial Valuation and Review as of June 30, 2022; FY 2023 based on SDCERA Monthly Risk-Return Report as of June 30, 2023



Retirement Costs

Total Historical and Projected Employer Contribution



Notes: Projections based on assumed rate of return (ARR) of 6.50% for FY23-24 and all future years; in addition, inflation rate is assumed to be 2.50%, cost of living assumption for Tiers with 3% COLA is assumed to be 2.75%, and cost of living assumption for Tiers with 2% COLA is assumed to be 2.00% for FYs 23-24 and all future years. Employer Contribution includes Pension Obligation Bonds.

Valuation Date	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
June 30, 2022	\$4.78 billion	76.7%
June 30, 2023	\$4.82 billion	77.4%
June 30, 2028	\$4.37 billion	82.5%

Sources: SDCERA 2022 Annual Comprehensive Financial Report for FY 2021-22 and prior years; SDCERA Actuarial Valuation and Review as of June 30, 2021 and as of June 30, 2022; Segal Consulting memo dated July 14, 2023, Scenario 6.



Limited Other Post-Employment Benefits (OPEB) Obligations

- Effective July 1, 2007 health insurance allowance limited by SDCERA to Tier I and Tier II retirees
- Post-employment healthcare benefits are not a vested benefit
- June 30, 2022 OPEB UAAL is \$74.7 million, a decrease of \$1.58 million from the previous valuation
 - Closed group of 3,656 participants
 - OPEB UAAL equals 1.6% of the \$4.8 billion pension UAAL
- OPEB contributions funded at the full actuarial determined contribution, \$18.7 million as of the 2022 valuation⁽¹⁾





Debt and Capital Overview



Conservative Management of Capital Program and Long-Term Obligations



Capital Program

- Capital Improvement Needs Assessment (CINA) planning process was revised in FY 2019-20 to improve the estimation process and ensure that only projects ready to advance are funded
- 2023-28 CINA includes \$1.3 billion of active and priority projects
- Capital projects are funded through a prudent combination of pay-go funding and lease obligations
- Over the last five years, the County has included \$920.6 million in its Operational Plan for over 130 capital projects
- Most capital projects funded with lease obligations are also partially funded with County contributions

Long-Term Obligations

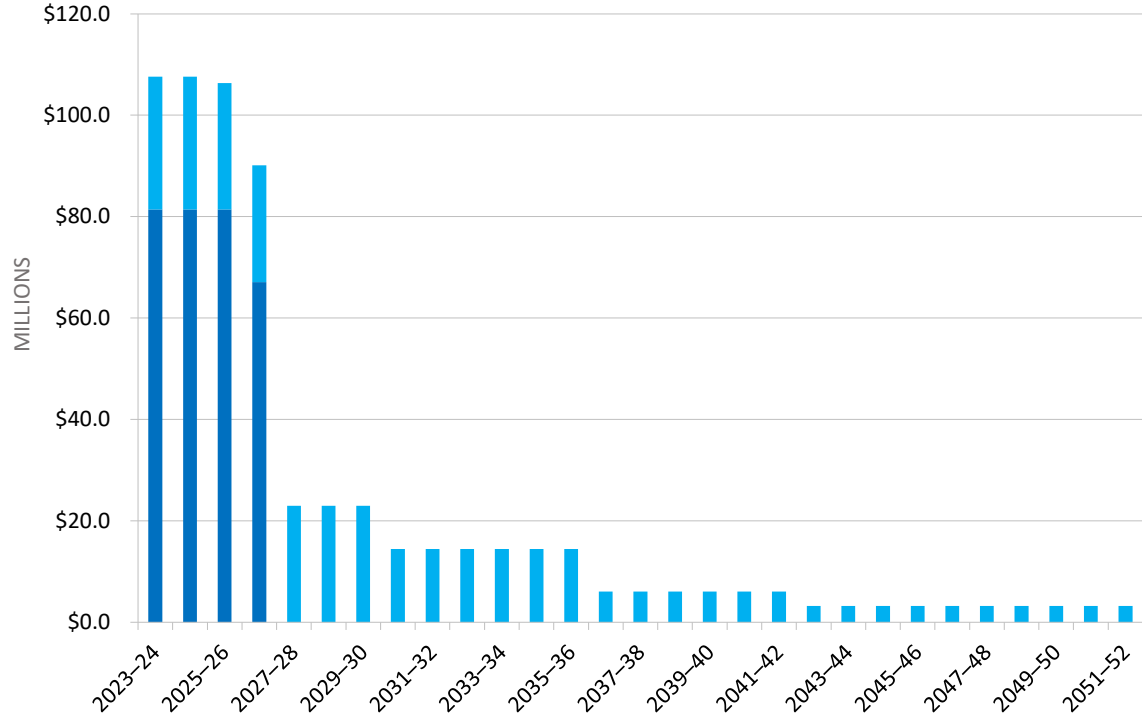
- \$228.9 million of lease obligations outstanding
- \$278.0 million of pension obligation bonds outstanding
- No variable rate or derivatives
- 100% of annual lease payments and debt service deposited with the trustee in July
- Oversight of obligations by the County Debt Advisory Committee
- Policies regarding continuing disclosure, post-issuance tax compliance, refundings, swaps
- Rapid retirement of debt, when feasible



Fiscal Year 2023-24 Debt Service is 1.7% of General Fund Revenues

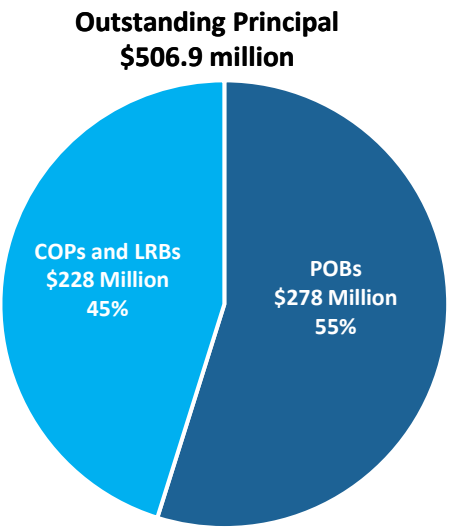


- County Code of Administrative Ordinances mandates that debt service requirements cannot exceed 5% of General Fund Revenue
- Principal and interest payments on General Fund-secured obligations are offset by various revenue sources



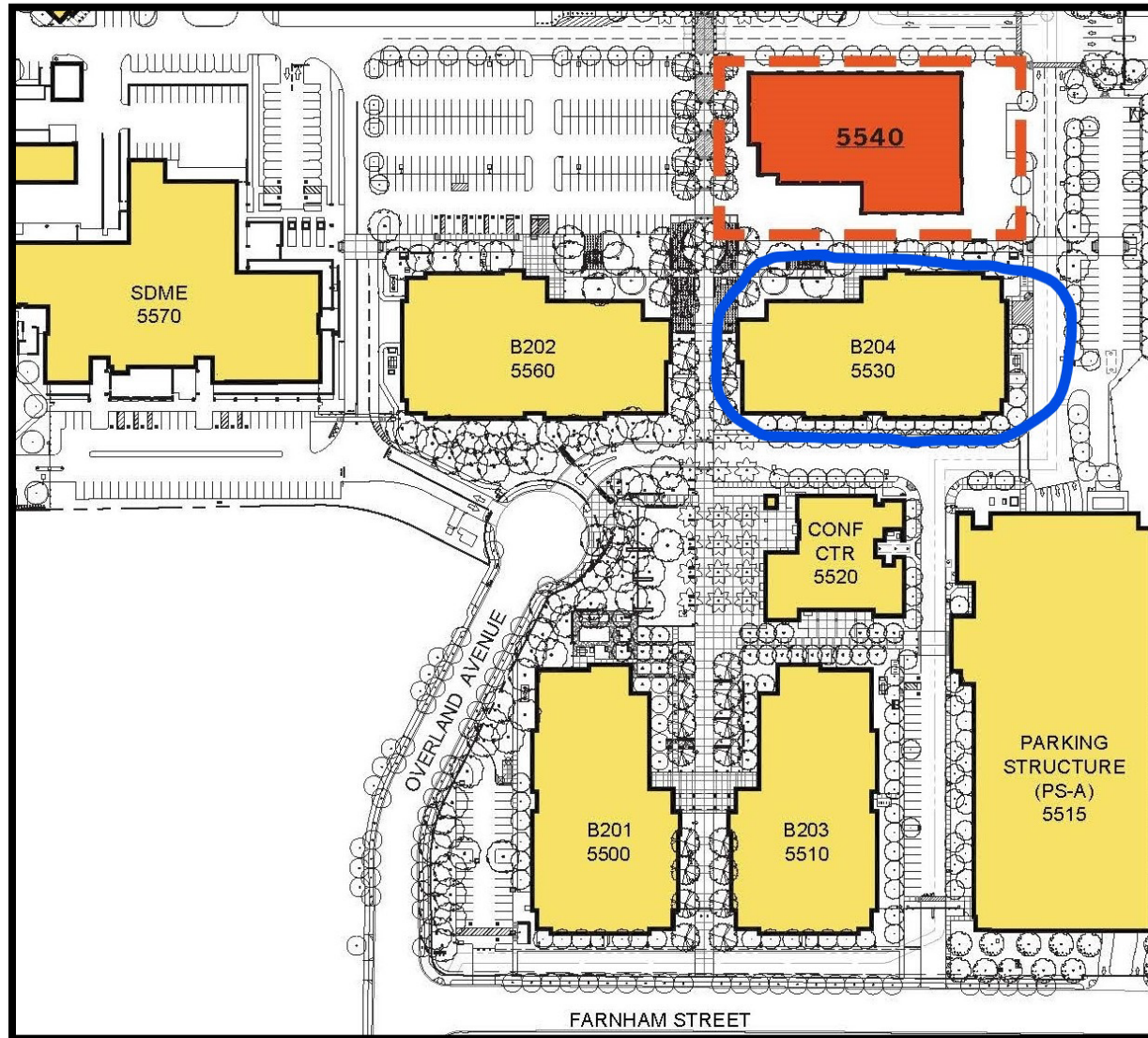
General Fund Revenues do not reflect operating transfers or component decreases

FY2023-24 Debt Service	% of GF Revenue	% of GF Revenue net of Offsets
Lease Obligations	0.4%	0.2%
Pension Obligation Bonds	1.3%	1.2%
Total:	1.7%	1.4%



County Operations Center – Consolidation

- Restack of four, 4-story office buildings (total ~ 600k sq ft)
- Utilize desk-sharing; teleworking
- Empty one building for Public Health
- Allows for future growth
- Avoids approx. \$150M



County Operations Center – Public Health Lab

- 2 Stories
- 52,000 sq ft
- House up to 100 lab & admin staff
- New Capabilities
- LEED Gold
- Embodied Carbon Reduction
- Roof top Solar Panels



County Operations Center – Parking Structure

- 6 Stories
- 725 Parking Stalls
- Connects to Existing Parking Structure
- Roof top Solar Panels
- 100+ Electric Vehicle Chargers
- Embodied Carbon Reduction



County Administration Center – Major Systems Replacement Project

- Historic Building
- Replace Major Building Systems
- Refurbish Historic Windows
- Add Fire Sprinklers
- Seismic Retrofit
- New Generator
- All While Occupied



COPs, Series 2023 – Public Health Lab and Capital Improvements



Overview:	Tax-exempt COPs proceeds will finance: i) portions of: the Public Health Lab, County Operations Center relocation, and major renovations to the County Administration Center; ii) capitalized interest from closing until October 1, 2026; and iii) costs of issuance
Par Amount:	Approximately \$172.7 million (subject to change)
Structure:	100% fixed rate bonds; ESG bonds
Final Maturity:	10/1/2053 (30 years)
Annual Lease Payment:	Pre-funded annual lease payments: Made by July 5 th of each fiscal year for October and April 1 st COPs debt service payments
Reserve Fund:	No Debt Service Reserve Fund
Leased Assets:	Youth Transition Campus, Rancho San Diego Library, Alpine Sheriff Station, and Crime Lab



Sources and Uses

<u>Sources:</u>	CAC MSRP	Public Health Lab	COC Projects	<u>Total</u>
<u>Bond Proceeds:</u>				
Par Amount	\$ 32,620,000	78,085,000	62,020,000	172,725,000
Premium	2,583,187	6,184,548	4,912,418	13,680,153
Total:	35,203,187	84,269,548	66,932,418	186,405,153
<u>Uses:</u>				
Project Fund	\$ 30,403,147	72,788,358	57,811,177	161,002,682
Capitalized Interest	4,539,617	10,866,829	8,631,117	24,037,563
Delivery Date Expenses	260,423	616,463	490,124	1,364,908
Total:	35,203,187	84,269,548	66,932,418	186,405,153

Funding Sources: \$112.3m (County equity)
 \$ 18.8m (Grant funding)
\$161.0m (COPs proceeds)
Total Project Costs: \$292.1m





Leased Assets



Youth Transition Campus

- Built in 2022 – Insured Value \$100.9M
- Consists of Support Building; Education Classrooms, Career and Technical Education building; Gymnasium; Housing units
- Approximately 132,574 square feet
- LEED Gold



Rancho San Diego Library

- Built in 2002 – Insured Value \$7.8M
- Consists of Community Center, Administrative Office Space
- Approximately 19,105 square feet





Leased Assets



Sheriff's Alpine Station

- Purchased in 2001 – Insured Value \$8.3M
- Consists of Administrative Office Space
- Approximately 14,188 square feet



Crime Lab

- Built in 2018 - Insured Value \$79.9M
- Consists of Administrative Office Space, Research Lab, Long Term Evidence Storage
- Approximately 149,660 square feet
- LEED Gold



Financing Schedule

Friday, September 15 th	Rating Presentations
Thursday, October 5 th	Receive Ratings
Monday, November 20 th	Post Preliminary Official Statement
Tuesday, December 5 th	Price COPs
Tuesday, December 19 th	Close



County Continues its Commitment to Fiscal and Operational Stability

- Strong fiscal management which considers economic, environmental and social sustainability as a fundamental credit strength of San Diego County
- Demonstrated commitment to fiscal discipline while maintaining operational excellence
- Active and conservative planning produces consistently high reserves and cash balances throughout economic cycles
- Careful use of ARPA and CARES Act funding – used on a one-time basis to aid in response to the pandemic
- Careful evaluation of the capital program
- Early retirement of debt whenever possible
- Collaborative /sustainable approach to labor negotiations
- Active approach to addressing unfunded pension liabilities and limited OPEB liability
- Fifth most populous county in the nation, characterized by a large and diverse tax base and economy
- Strong institutionalized financial management practices ensure a commitment to fiscal stability and efficient delivery of government services



CONCLUSION

