COUNTY OF SAN DIEGO
Adopted Operational Plan
Fiscal Years 2016–17 & 2017–18

Helen N. Robbins-Meyer
Chief Administrative Officer

Donald F. Steuer
Assistant Chief Administrative Officer/
Chief Operating Officer

Board of Supervisors

Greg Cox, District 1
Dianne Jacob, District 2
Dave Roberts, District 3
Ron Roberts, District 4
Bill Horn, District 5

COUNTY OF SAN DIEGO - STATE OF CALIFORNIA

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

San Diego County

California

For the Fiscal Year Beginning

July 1, 2015

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 1, 2015**. 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.

Published October 2016
Office of Financial Planning
Ebony Shelton, Director

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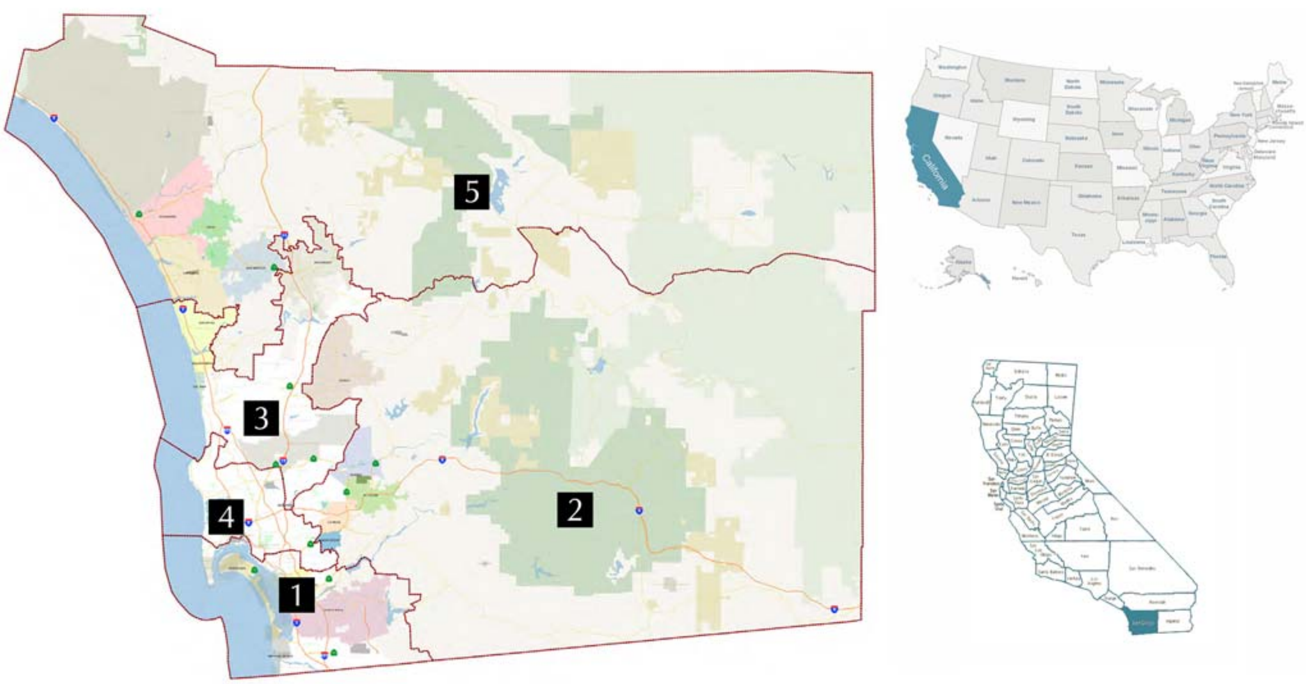
Bill Horn
Supervisor
District Five



Note: This map reflects the Supervisorial District boundaries as adopted by the Board of Supervisors on September 27, 2011.

Organizational Chart

Citizens of San Diego County

Board of Supervisors*

Chief Administrative Officer

Public Safety Group
- Child Support Services
- Citizens' Law Enforcement Review Board
- District Attorney*
- Emergency Services
- Executive Office
- Medical Examiner
- Probation
- Public Defender
- San Diego County Fire Authority
- Sheriff*

Health & Human Services Agency
- Administrative Support
- Aging & Independence Services
- Behavioral Health Services
- Child Welfare Services
- Housing & Community Development Services
- Public Health Services
- Self Sufficiency Services

Land Use & Environment Group
- Agriculture, Weights & Measures
- Air Pollution Control District
- Environmental Health
- Executive Office
- University of California Cooperative Extension
- Parks & Recreation
- Planning & Development Services
- Public Works

Community Services Group
- Animal Services
- County Library
- Executive Office
- General Services
- Purchasing & Contracting
- County Successor Agency
- Registrar of Voters

Finance & General Government Group
- Assessor/Recorder/ County Clerk*
- Auditor & Controller
- Civil Service Commission
- Clerk of the Board of Supervisors
- County Communications Office
- County Counsel
- County Technology Office
- Executive Office
- Grand Jury
- Human Resources
- Treasurer - Tax Collector*

*Elected Official(s)

Rev. 7/2016

Message from the Chief Administrative Officer

Collective Impact

As residents lucky enough to call San Diego County home, we know our region overflows with natural and man-made treasures. Just as obvious are the energetic and diverse people and organizations underpinning the region's success. With our commitment to organizational excellence, continuous improvement and stewardship of public resources, County government is an important part of the region's success. But, we know, only a part.

Most things we do as a local government have more power when they're part of a Collective Impact. Collective impact happens when we engage communities in problem-solving and setting priorities. Collective impact comes from partnering with the region's 18 cities, other agencies and community organizations to achieve the results taxpayers expect. And collective impact is a result of optimizing our internal resources to tackle complex issues on multiple fronts to achieve our vision of Building Better Health, Living Safely, and Thriving.

This year, collectively, we will boldly focus on changing the lives of San Diegans with some of the greatest individual difficulties: people with serious mental illnesses who are chronically homeless. Multiple County departments, cities, housing commissions and nonprofits will work together to expand intensive services and housing to help these vulnerable people find lasting stability.

We will continue a collective focus on helping all youth achieve their potential and reducing the number of youth in the juvenile justice system by expanding partnerships with community organizations and law enforcement to increase youth access to diversion programs and Alternatives to Detention. We will expand mental health services to help justice-involved youth change their lives. New screenings and services will be added to identify and help the often hidden and deeply traumatized young victims of human trafficking.

The County's collective partnership with CAL FIRE and local fire agencies continues apace. Residents in rural areas will experience even better fire and emergency medical services, as we add paramedic firefighter service throughout the backcountry and activate a third firefighting helicopter.

This year, we join our technology partners to further expand our portfolio of mobile apps and social media to make information more accessible to the residents we serve, including our Spanish speakers. We will increase information for making emergency preparations, monitoring beach water quality, accessing zoning and property information, scanning real time road conditions, reporting missing and found animals, virtually visiting the library, just to name a few.

While technology is an ever-important way to serve and engage residents, delivering modern services and infrastructure will always be a hallmark of our County. In an ambitious three-year effort, we'll resurface roads throughout the region, in population centers and along travel routes from Otay to Palomar Mountain. The new Alpine library is nearly done, and new libraries in Imperial Beach and Borrego Springs are under way. We'll break ground on a new state-of-the-art Sheriff's crime lab, while we continue to work with regional partners to upgrade the Regional Communications System.

Whether it's through new infrastructure or leasing a small storefront, we are focused on making sure our services are located where they're needed most. The new North Inland Live Well Center in Escondido that serves as a single stop for health and social services for residents in the region has been a successful model for delivering public services. Based on community input and data analysis, we will replicate that model elsewhere in the county to bring health, justice and public services close to home to improve community access and engagement.

The County's fiscal discipline and systemic financial planning and monitoring are at the root of everything we do. Our AAA credit ratings, our sensible reserves, and our practice of paying cash when possible instead of incurring interest-bearing debt are the foundation of our ability to match services to community needs. The Fiscal Year 2016–17 Adopted Operational Plan totals $5.36 billion, a decrease of 1.0% over the prior fiscal year, and includes 17,396.00 staff years.

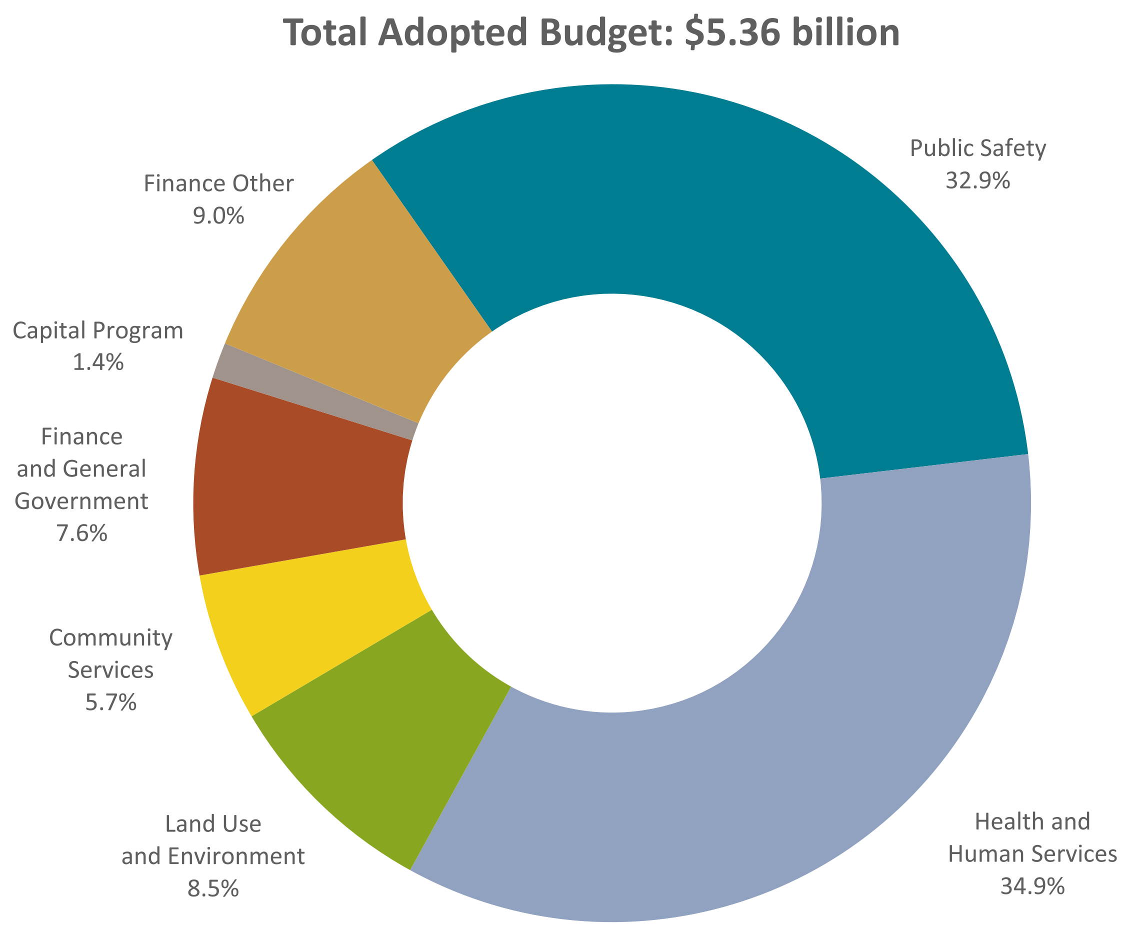
I encourage you to look inside the Operational Plan to learn about our four Strategic Initiatives: Healthy Families, Safe Communities, Sustainable Environments, and Operational Excellence, and to our Enterprisewide Goals. This framework is our strategy for staying in sync, setting targets that matter, and ensuring we are part of a Collective Impact to achieve our bold vision of health, safety, and thriving for all San Diegans.

Helen N. Robbins-Meyer

Helen N. Robbins-Meyer
Chief Administrative Officer

2016–17 Adopted Budget at a Glance

Adopted Budget by Functional Area: All Funds

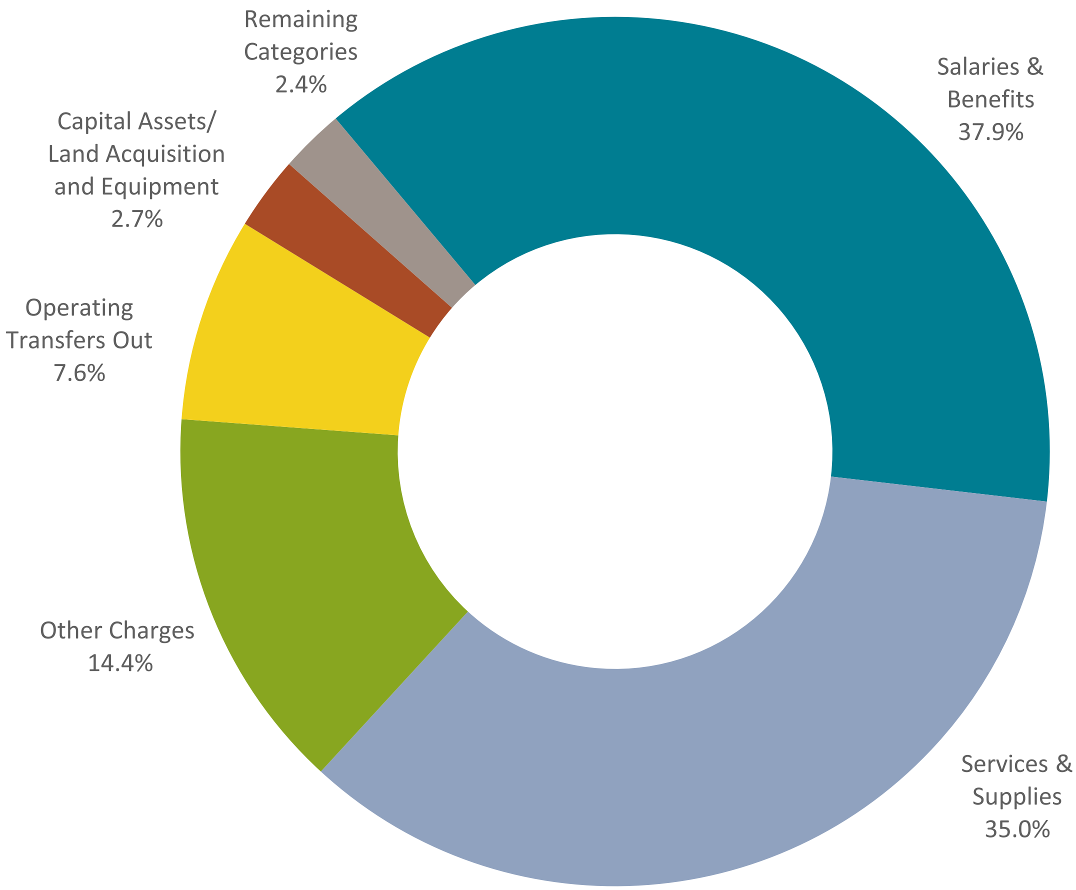


Adopted Budget by Functional Area: All Funds

	Budget in Millions	Percent of Total Budget
Public Safety	$ 1,761.0	32.9
Health and Human Services	1,869.6	34.9
Land Use and Environment	455.2	8.5
Community Services	307.3	5.7
Finance and General Government	407.8	7.6
Capital Program	74.2	1.4
Finance Other	485.1	9.0
Total	**$ 5,360.1**	**100.0**

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

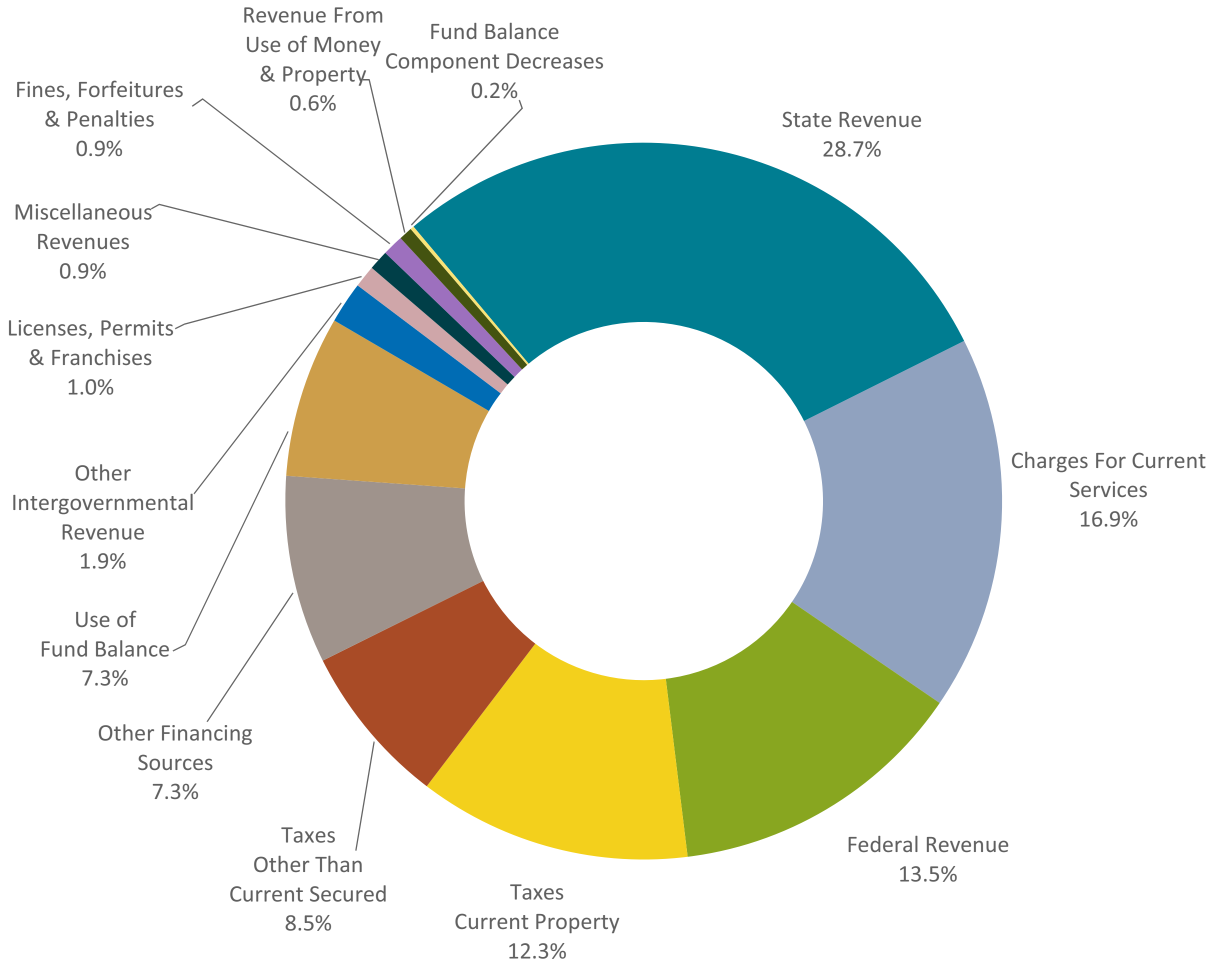
Adopted Budget by Categories of Expenditures: All Funds



Adopted Budget by Categories of Expenditures: All Funds			
		Budget in Millions	**Percent of Total Budget**
Salaries & Benefits	$	2,034.1	37.9
Services & Supplies		1,875.8	35.0
Other Charges		769.5	14.4
Operating Transfers Out		406.9	7.6
Capital Assets/Land Acquisition and Equipment		110.8	2.1
Capital Assets Equipment		35.2	0.7
Remaining Categories:			
Fund Balance Component Increases		101.4	1.9
Management Reserves		31.5	0.6
Contingency Reserves		27.7	0.5
Expenditure Transfer and Reimbursements		(32.6)	(0.6)
Total	$	**5,360.1**	**100.0**

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

Adopted Budget by Categories of Revenues: All Funds

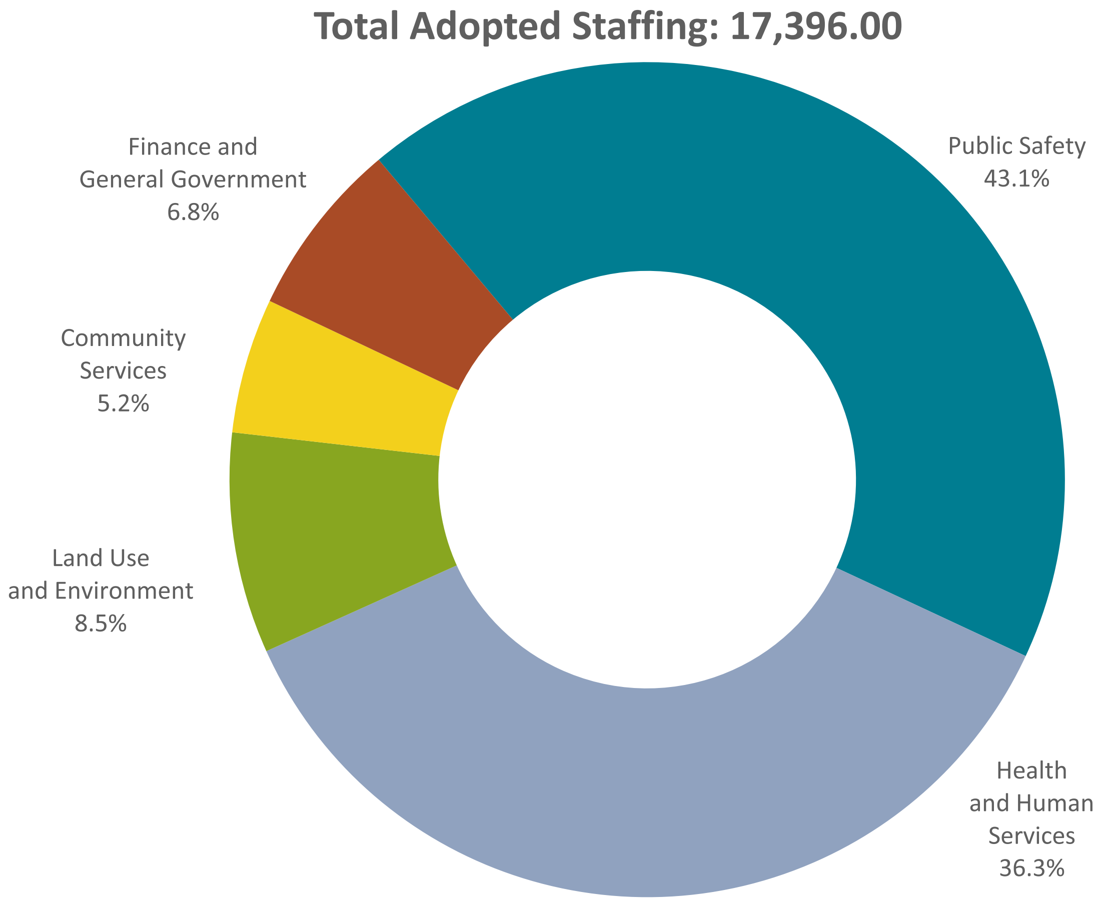


Adopted Budget by Categories of Revenues: All Funds

	Budget in Millions	Percent of Total Budget
State Revenue	$ 1,540.1	28.7
Charges For Current Services	906.1	16.9
Federal Revenue	724.3	13.5
Taxes Current Property	660.1	12.3
Taxes Other Than Current Secured	454.3	8.5
Other Financing Sources	391.5	7.3
Use of Fund Balance	389.7	7.3
Other Intergovernmental Revenue	100.6	1.9
Licenses, Permits and Franchises	53.8	1.0
Miscellaneous Revenues	50.8	0.9
Fines, Forfeitures and Penalties	47.7	0.9
Revenue From Use of Money & Property	32.8	0.6
Fund Balance Component Decreases	8.5	0.2
Total	**$ 5,360.1**	**100.0**

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

Adopted Staffing by Group/Agency: All Funds



Adopted Staffing by Group/Agency: All Funds	Staff Years[1]	Percent of Total Staffing
Public Safety	7,490.00	43.1
Health and Human Services	6,317.50	36.3
Land Use and Environment	1,487.00	8.5
Community Services	910.00	5.2
Finance and General Government	1,191.50	6.8
Total	**17,396.00**	**100.0**

[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.

San Diego County Facts and Figures

FOUNDED	February 18, 1850
Size:	4,526 square miles
Coastline:	70 miles
Elevation:	Lowest = Sea Level Highest = 6,536 ft Hot Springs Mountain

POPULATION[1]:			
Year:	2013	2014	2015
Total:	3,154,574	3,194,362	3,227,496

[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, 2013, 2014 and 2015 estimates. Sacramento, California, May 2013, January 2014 and January 2015.

INCORPORATED CITIES:	18

CIVILIAN LABOR FORCE:		
Year:	2014	2015
Total:	1,549,800	1,563,800

Source: California Employment Development Department, Historical Data for Labor Force, annual average (for the months of January to December) for 2013 and 2014.

UNEMPLOYMENT RATE:		
Year:	2014	2015
Percentage:	6.4%	5.2%

Source: California Employment Development Department, Historical Data for Unemployment Rate, annual average (for the months of January to December) for 2014 and 2015 (data not seasonally adjusted).

EMPLOYMENT MIX: (Industry)[1]

	2015 Employees	2016 Employees
Government[2]	238,400	244,100
Professional and Business Services	229,200	235,700
Trade, Transportation and Utilities	216,500	218,700
Educational and Health Services	192,600	200,200
Leisure and Hospitality	185,900	189,800
Manufacturing	105,000	106,200
Financial Activities	71,000	73,000
Construction	68,600	71,600
Other Services	53,300	53,600
Information Technology	24,000	23,800
Farming	9,400	9,600
Mining and Logging	400	400
Total	**1,394,300**	**1,426,700**

[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, Labor Market Information Division - June 17, 2016 news release.

TEN LARGEST EMPLOYERS:

	2014 Employees	2015 Employees
University of California San Diego	28,341	29,287
County of San Diego[1]	17,044	17,034
Sharp Healthcare	16,477	16,896
Scripps Health	13,717	14,644
Qualcomm Inc.	13,700	13,500
Kaiser Permanente	7,549	7,535
UC San Diego Health System	7,726	7,229
YMCA of San Diego County	4,983	5,487
Rady Children's Hospital-San Diego	4,045	5,122
General Atomics (and affiliated companies)	4,969	5,088

[1]County of San Diego Fiscal Year 2015-16 Adopted Operational Plan.
Source: San Diego Business Journal Book of Lists (2016). Note: The State of California and the City of San Diego were excluded from the 2016 list.

CONSUMER PRICE INDEX:

Year:	2013	2014	2015
Amount:	260.32	265.15 (1.9% increase)	269.44 (1.6% increase)

Source: U.S. Department of Labor, Bureau of Labor Statistics, March 2016 (Not seasonally adjusted—annual).

MEDIAN HOUSEHOLD INCOME[1]:

Year:	2012[2]	2013[3]	2014[4]
Amount:	$ 60,330	$ 62,962	$ 63,996

[1]Each amount adjusted annually for inflation according to its respective year.
[2]Source: U.S. Census Bureau, 2012 Median Household Incomes by 25 Most Populous U.S. Metropolitan Areas.
[3]Source: San Diego County QuickFacts 2009-2013 Estimate.
[4]Source: San Diego County QuickFacts 2010-2014 Estimate.

MEDIAN HOME PRICE[1]:

Year:	June 2014	June 2015	June 2016
Amount:	$ 450,000	$ 476,000	$ 495,000

[1]Median price of all existing homes sold in June of each year.
Source: California Association of Realtors/Core Logic Information System.

FISCAL YEAR 2015–16 TOP TEN PROPERTY TAXPAYERS (as of July 2015):

	Amount of Tax
San Diego Gas & Electric Company	$ 110,031,205
Qualcomm Inc.	$ 23,275,944
Southern California Edison Co.	$ 19,246,195
Irvine Co.	$ 17,233,982
Kilroy Realty, LP	$ 13,546,697
Pacific Bell Telephone Company	$ 11,555,586
Host Hotels and Resorts	$ 9,564,792
BSK Del Partners, LLC	$ 7,816,217
Prebys Conrad Trust	$ 7,264,729
Fashion Valley Mall, LLC	$ 6,044,747

Source: County of San Diego, Auditor and Controller, Property Tax Services Division.

FISCAL YEAR 2016–17 ASSESSED VALUATION:	$440.8 billion

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

2011 ESTIMATED TOTAL HOUSING UNITS:	1,186,100

Source: U.S. Census Bureau, 2011 American Housing Survey (AHD): Last revised May 16, 2013.

LAND USE: (in descending order)[1]

	2015 Acres
Parkland	1,366,881
Vacant or Undeveloped Land	576,502
Residential	368,809
Public/Government	157,667
Agriculture	116,920
Other Transportation	106,714
Commercial/Industrial	33,660
Total	**2,727,153**

[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, 2015.

AGRICULTURAL PRODUCTION:

		2014 Value	2014 Acres
Nursery & Flower Crops (e.g., indoor plants, trees & shrubs, bedding plants, cut flowers, etc.)	$	1,182,613,913	12,702
Fruit & Nut Crops (e.g., avocados, citrus, berries, etc.)	$	385,988,806	34,811
Vegetable Crops (e.g., tomatoes, herbs, mushrooms, etc.)	$	157,217,383	4,631
Livestock & Poultry Products (e.g., chicken eggs, milk, etc.)	$	55,380,848	N/A
Livestock & Poultry (e.g., cattle & calves, chickens, hogs & pigs, etc.)	$	26,436,487	N/A
Field Crops (e.g., pastures, ranges, hay, etc.)	$	6,664,917	216,448
Apiary (e.g., honey, pollination, bees & queens, etc.)	$	2,281,956	N/A
Timber Products (e.g., firewood and timber)	$	901,572	N/A
Grand Totals	**$**	**1,817,465,882**	**268,592**

Source: San Diego Agricultural Commissioner/Sealer of Weights & Measures 2014 San Diego County Crop Statistics & Annual Report.

MAJOR MILITARY BASES AND INSTALLATIONS:	City
United States Coast Guard Sector San Diego	San Diego
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 (including Space and Naval Warfare Systems Command-SPAWAR)	San Diego
Naval Medical Center San Diego	San Diego
Naval Base San Diego (principal home port of the Pacific Fleet)	San Diego

Source: U.S. Department of Defense Base Structure Report, 2015.

TOURIST ATTRACTIONS:	
Anza-Borrego Desert State Park[1], Borrego Springs	Petco Park, San Diego
Balboa Park and Museums, San Diego	Point Loma and Cabrillo National Monument, San Diego
Birch Aquarium at Scripps, La Jolla	Qualcomm Stadium, 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
Hotel Del Coronado, Coronado	SeaWorld San Diego, San Diego
Legoland California, Carlsbad	Torrey Pines Golf Course, La Jolla
Maritime Museum, San Diego	Torrey Pines State Beach & Reserve, San Diego
Old Town San Diego State Historic Park, San Diego	U.S. Olympic Training Center, Chula Vista
Palomar Observatory, Palomar Mountain	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 2015:	34,257,000

Source: San Diego Tourism Authority. San Diego Visitor Industry Summary (calendar year through 2015).

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 4,261 square miles, 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 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 this area. The four tribal groupings that make up the indigenous American Indians of San Diego County are the Kumeyaay (also referred to as Diegueño or Mission Indians), the Luiseño, the Cupeño and the Cahuilla. San Diego County has the largest number of Indian reservations (19) of any county in the United States. However, the reservations are very small, with total land holdings of an estimated 193 square miles.

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 is less than 12 inches for the coastal regions.

County Population

San Diego County is the southernmost major metropolitan area in the State. According to the State of California Department of Finance as of May 2016, the County's population estimate for January 1, 2015 was 3.26 million, which grew 0.8 percent to 3.29 million as of the January 1, 2016 estimate. 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. Population estimates for the year 2035 indicate that the San Diego regional population will grow to approximately 3.85 million, according to the San Diego Association of Governments (SANDAG), a 37.0 percent increase from calendar year 2000 and an increase of 19.4 percent as compared to 2015.

SAN DIEGO COUNTY POPULATION:

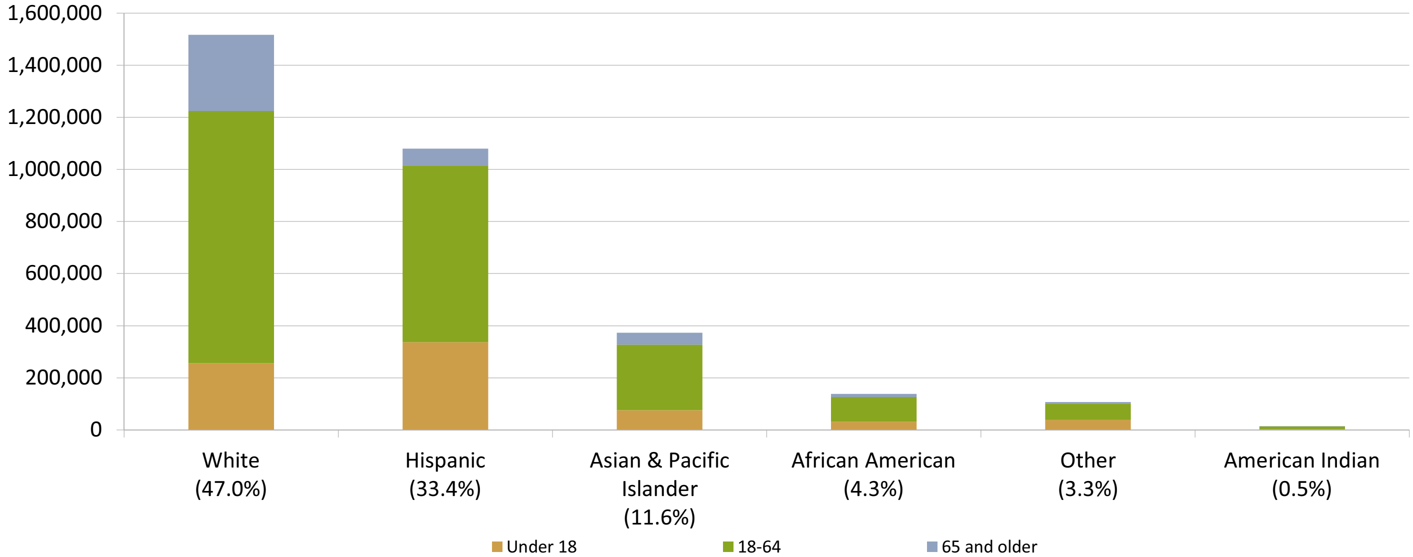
	2000	2015	2016	Year Incorporated
Carlsbad	78,247	111,939	112,930	1952
Chula Vista	173,556	263,347	265,070	1911
Coronado	24,100	23,828	25,230	1890
Del Mar	4,389	4,257	4,274	1959
El Cajon	94,869	101,899	102,337	1912
Encinitas	58,014	61,473	61,928	1986
Escondido	133,559	149,973	150,760	1888
Imperial Beach	26,992	27,290	27,434	1956
La Mesa	54,749	59,357	59,982	1912
Lemon Grove	24,918	26,446	26,611	1977
National City	54,260	60,280	60,768	1887
Oceanside	161,029	174,923	175,948	1888
Poway	48,044	49,854	50,103	1980
San Diego	1,223,400	1,379,456	1,391,676	1850
San Marcos	54,977	92,076	93,295	1963
Santee	52,975	56,653	56,757	1980
Solana Beach	12,979	13,417	13,494	1986
Vista	89,857	97,566	98,896	1963
Unincorporated	442,919	509,814	511,119	
Total	**2,813,833**	**3,263,848**	**3,288,612**	

Source: US Census - 2010 data and California Department of Finance 2015 and 2016 estimates.

The first chart on the following page shows the most recent race, ethnicity and age composition for the regional population as of 2015. The chart on the next page shows the change in the region's racial and ethnic composition since 2000 and projected to 2035. SANDAG projects that in 2035, San Diego's population will continue to grow in its diversity with: 36.3 percent White; 41.4 percent Hispanic; 13.9 percent Asian and Pacific Islander; 4.0 percent African American; and 4.1 percent all other groups. A significant growth in the region's Hispanic population is seen in this projection.

San Diego County Population Distribution by Race, Ethnicity and Age

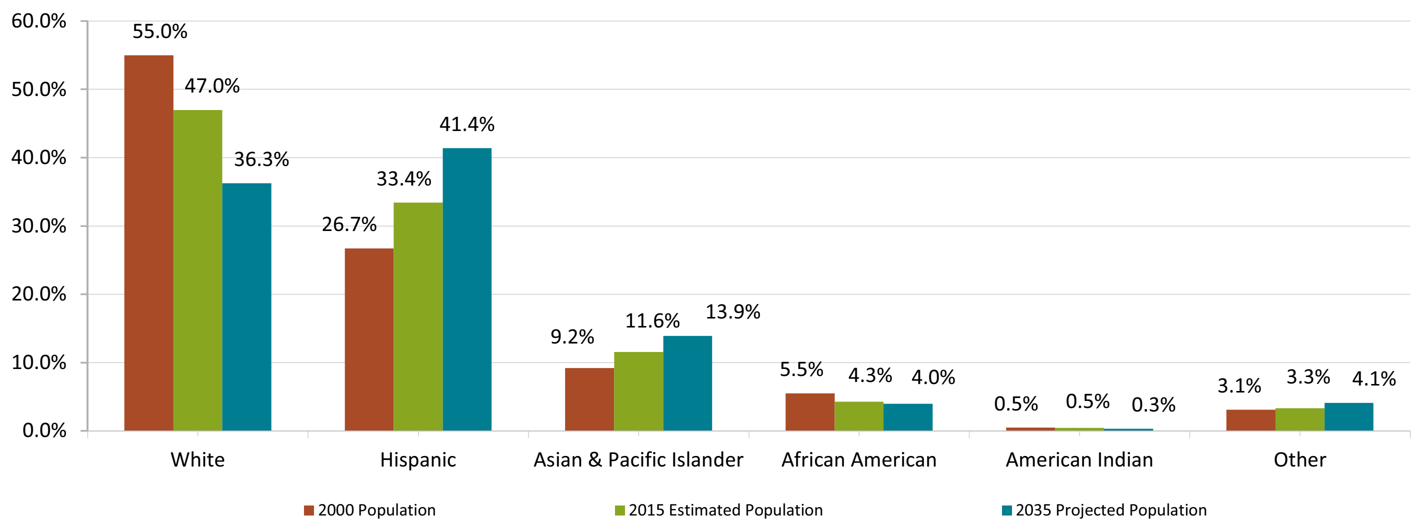
2015 Total Population: 3,227,496



Source: San Diego Association of Governments 2015 Demographic & Socio Economic Estimates.

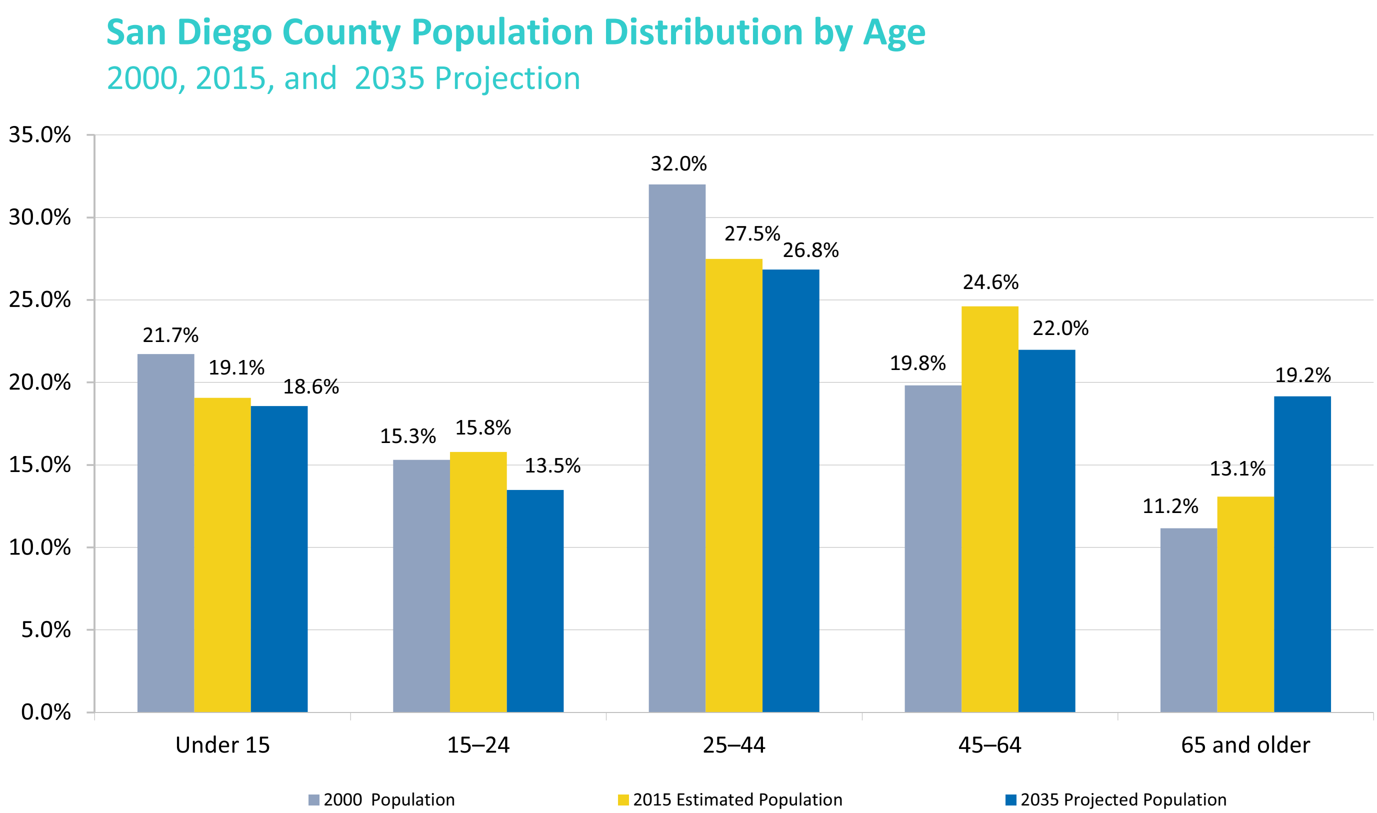
San Diego County Population Distribution by Race and Ethnicity 2000, 2015 and 2035 Projection

Percentage of Total Population



Note: Percentages represent the share of each group compared to the total population.
Sources: U.S. Census - 2000; San Diego Association of Governments 2015 Demographic & Socio Economic Estimates; San Diego Association of Governments Series 13 Regional Growth Forecast (Oct 2013) 2035 Projection.

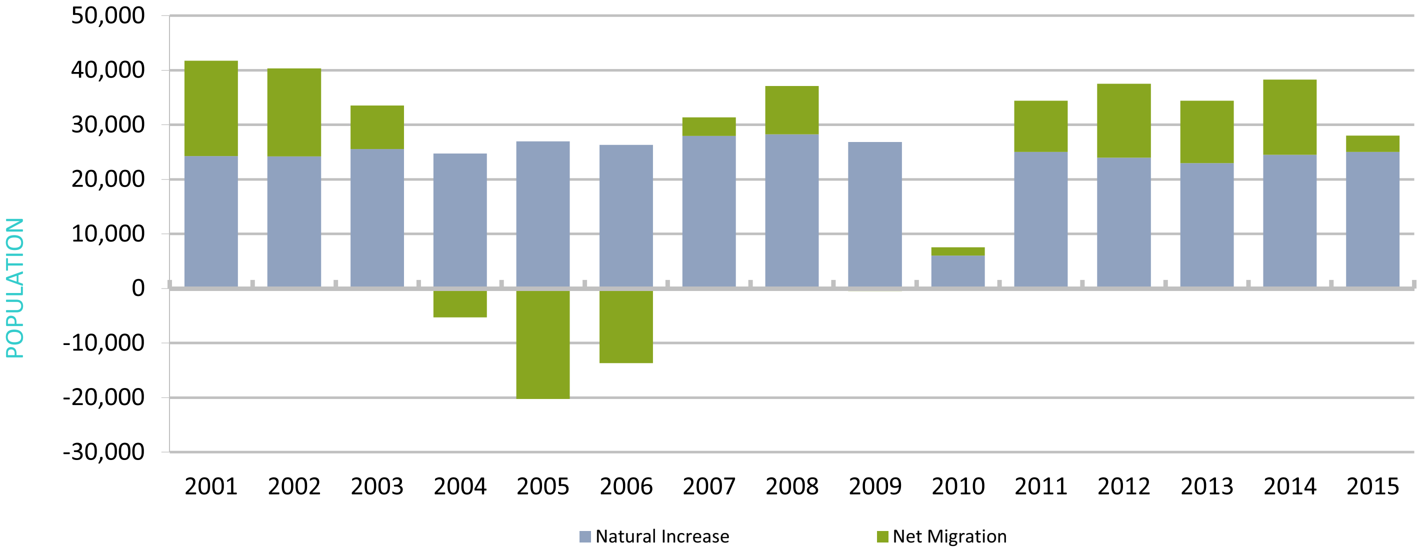
The chart below shows the change in regional population trends in various age segments, with the number of individuals under 65 years of age projected to decline gradually from 2015 estimates, and the number of individuals aged 65 and older estimated to increase by 2035.



Sources: U.S. Census 2000; San Diego Association of Governments 2015 Demographic & Socio Economic Estimates; SANDAG 2050 Regional Growth Forecast (Oct 2013) 2035 Projection.

Annually, San Diego County's population has grown approximately 0.9 percent on average since the year 2001, as presented in the chart below. Natural increase (births minus deaths) is the primary source of population growth. Another contributor to the change in population is net migration (both foreign and domestic) which has varied dramatically in the past 15 years.

San Diego County Population Change: 2001 through 2015



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.
Source: CA Department of Finance E-6 Report: Population Estimates and Components of Change by County—July 1, 2010–2015.

Economic Indicators

U.S. Economy

The weak growth seen in the national economy at the end of calendar year 2015 was projected to pick up, buoyed by increased consumer spending and income growth. A significant indicator of the health of the U.S. economy is real gross domestic product (GDP), which measures the value of final goods and services produced in the U.S. in a given time period. In 2015, GDP increased by 2.4 percent, the same rate of increase seen in 2014 (2.4 percent). See the chart on the following page for a historical comparison of GDP. According to the U.S. Department of Commerce Bureau of Economic Analysis (BEA), the increase in real GDP in 2015 resulted from positive contributions from personal consumption expenditures (PCE), nonresidential fixed investment, residential fixed investment, private inventory investment, state and local government spending, and exports.

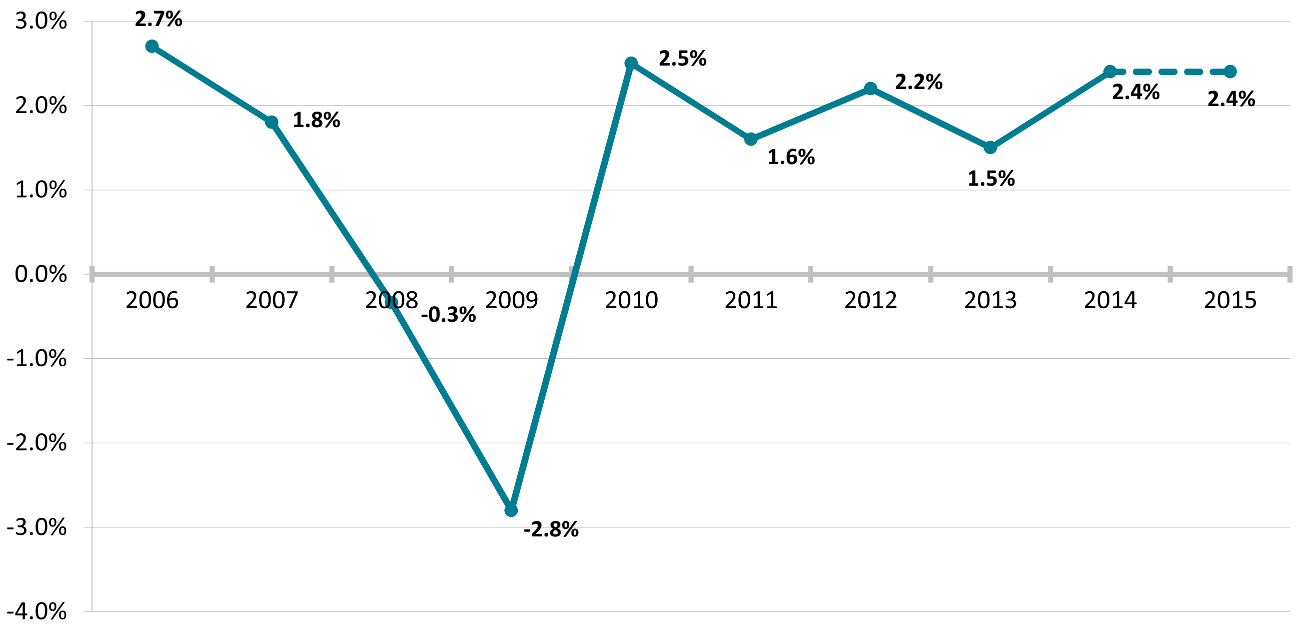
According to the minutes of the July 26–27, 2016 meeting of the Federal Open Market Committee of the Federal Reserve Board, real GDP growth for 2016 was revised slightly based on weakness in second quarter results, including a soft construction market. Estimates of consumer price inflation also saw revisions due to declines in crude oil prices, although inflation was projected to increase over the next several years due to rising energy and non-energy imports prices. Unemployment was projected to be flat throughout 2016, then to gradually decrease until 2018. Over the 12 months ending in June 2016, total consumer prices as measured by the consumer price index (CPI) rose 1 percent, while core CPI inflation was estimated at 2.25 percent. Longer-term inflation expectations remained relatively stable.

According to the UCLA Anderson Forecast of June 2016, GDP is expected to grow 1.7 percent in 2016 and at an average rate of 2.2 percent through 2018, notably slower than the quarterly growth rate of 3 percent seen in the 40-year period between 1995–2005. Nonetheless, the economy is predicted to generate 2.7 million jobs nationwide in 2016 and 2.1 million jobs in 2017. National economic growth is projected to be supported by increases in consumer spending and housing.

Based on the Kiplinger Economic Forecast for the housing market published on July 29, 2016, low mortgage rates and job growth is anticipated to prompt home buying and residential construction in the second half of 2016. Nationally, home prices rose 5 percent over the past year, although San Diego was noted as one of the areas that has seen more modest gains. This may indicate a period of slowing appreciation in a previously "hot" market.

U.S. Gross Domestic Product Annual Percent Change

2006 through 2015



Notes: The percent change in Gross Domestic Product (GDP) is measured by calendar year based on chained 2009 dollars. The annual GDP percent change is projected for calendar year 2015.
Source: Bureau of Economic Analysis (BEA), U.S. Department of Commerce Gross Domestic Product, Fourth Quarter and Annual 2015 (third estimate) March 25, 2016.

California Economy

California accounts for more than 13 percent of the nation's GDP which is by far, the largest of any state according to the July 27, 2016 news release from the Bureau of Economic Analysis. According to the California Department of Finance, in 2015, California's State GDP grew 5.7 percent, outperforming the nation's GDP growth rate of 2.4 percent. Overall, California's economy is large and growing rapidly. The State received more venture capital funds in 2015 than all 49 other states combined ($33.5 billion and $24.2 billion, respectively), as reported by the Los Angeles County Economic Development Corporation's Kyser Center for Economic Research in the Economic Forecast, February 2016. The Kyser Center added that California is a global leader in the technology, aerospace, life sciences, entertainment, tourism and agriculture industries. Silicon Valley leads the world in technological innovation and the San Diego region is a global hub for biotechnology and pharmaceutical research.

According to the Kyser Center, throughout 2015 nearly every major industry sector in the State added jobs with the exception of nondurable goods manufacturing and natural resources, based largely on reduced energy sector investment due to low energy prices. Growth is anticipated in nonfarm jobs, by 2.5 percent in 2016, and slowing to 1.6 percent in 2017. The unemployment rate is expected to decline in 2016, while personal income and total taxable sales should increase, with additional gains forecasted in 2017. The chart on the following page presents the historical trend in taxable sales in California.

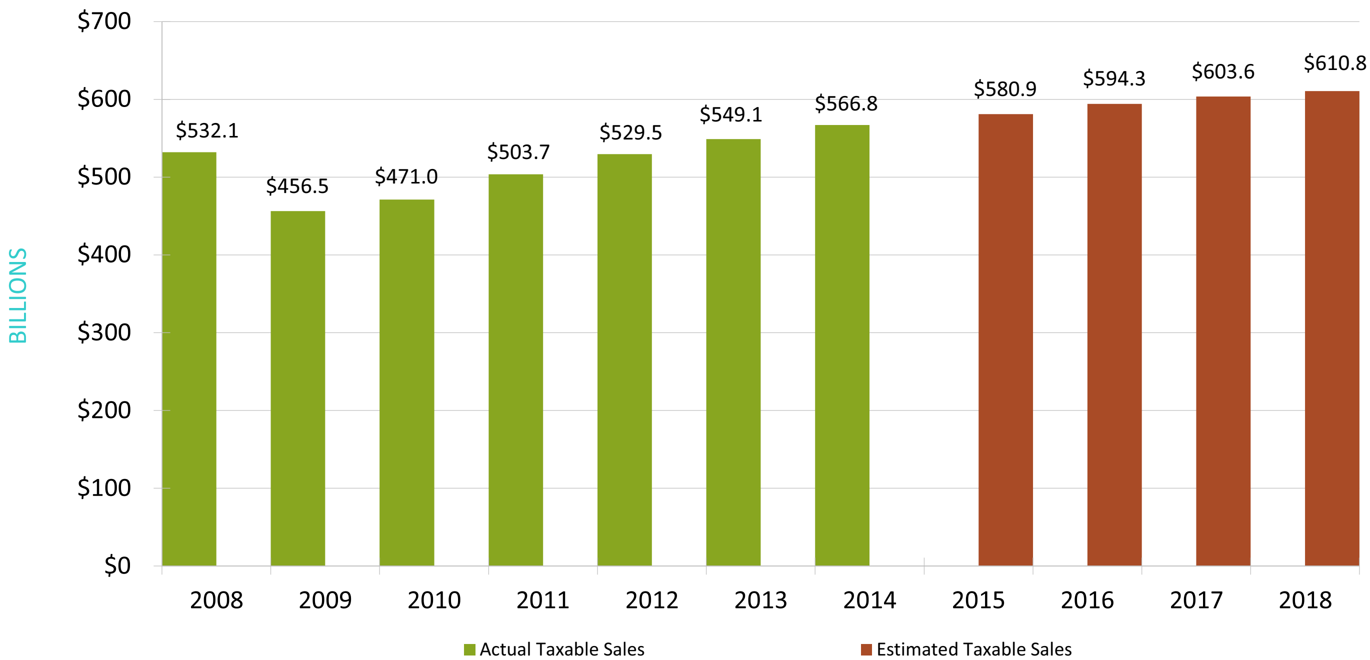
According to the California Employment Development Department's news release dated July 22, 2016, California's unemployment rate increased to 5.4 percent in June 2016, for a total gain of more than 2.2 million jobs since the economic recovery began in February 2010. UCLA's Anderson Forecast of June 2016 predicts steady gains in employment through 2018 as well as a decrease in California's unemployment rate over the next two years. California's unemployment rate is anticipated to mirror that of the U.S. rate. The Anderson forecast calls for a total Statewide employment growth in 2016 of 2.0 percent, and 1.6 percent in 2017. Payrolls are anticipated to grow at about the same rate. Real personal income growth is forecasted to be 3.1 percent and 3.4 percent in 2016 and 2017, respectively.

Statewide, construction activity and employment in 2015 saw increases, after struggling in the years during and immediately following the Great Recession. According to the UCLA Anderson Forecast of December 2015, nonresidential construction permits rose by 4.3 percent to $24.7 billion and new home permits showed a gain of 12.4 percent in 2015. The Anderson forecast dated June 2016 projects that both residential and nonresidential construction permit activity is expected to increase in 2016.

The Kyser Center reports that the State of California has made progress in stabilizing State finances. After years of deficits, for Fiscal Year 2015–16 the State's General Fund was anticipating a cash surplus for the third consecutive fiscal year. California's bond rating has improved, although the State continued to rank in the bottom three states. The State's enacted 2016–17 Budget Act included an increase to the State's Rainy Day Fund, bringing the total to $6.7 billion and increased spending on one-time activities including repair and replacement of infrastructure, affordable housing and addressing the State's drought as well as increasing the minimum wage.

California Annual Taxable Sales Trend

2008 through 2018



Note: Taxable sales are stated in calendar year 2009 dollars.
Source: UCLA Anderson Forecast, June 2016.

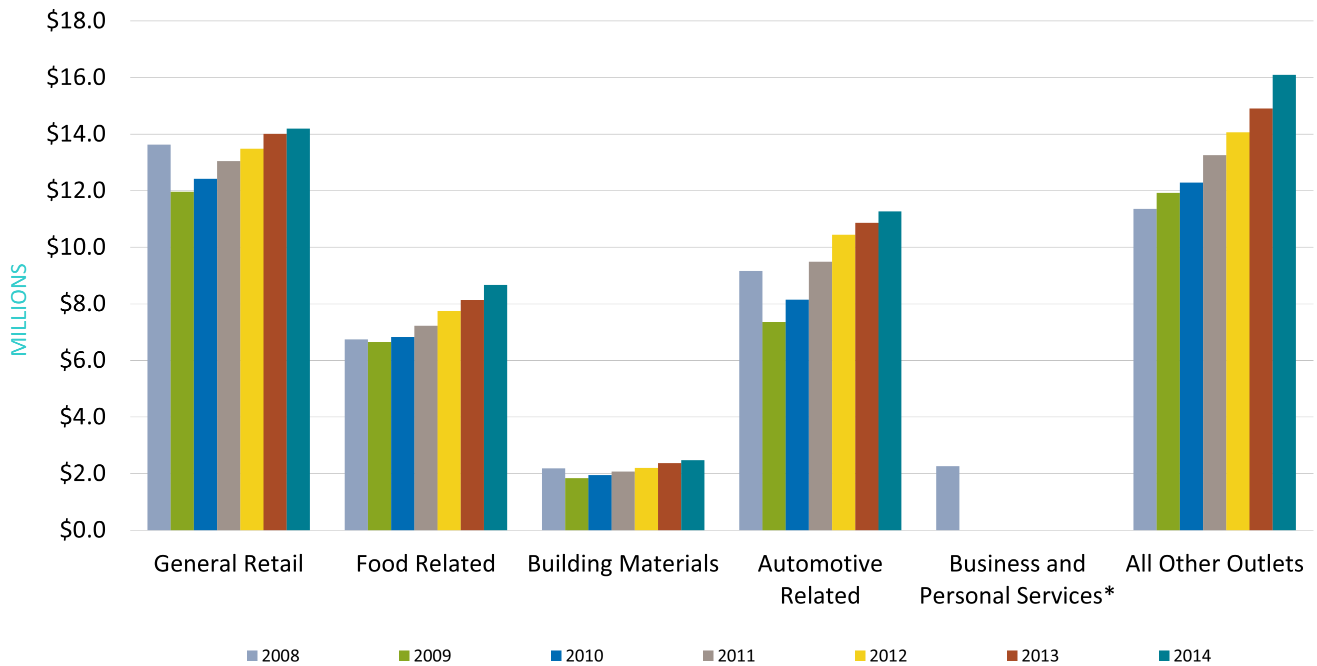
San Diego Economy

San Diego's economic outlook continues to be moderately positive. According to the National University System Institute for Policy Research's (NUSIPR's) San Diego 2016 Economic Outlook report, the region's economy grew a modest 1.4 percent in 2014, the lowest increase since emerging from the recession in 2010. GDP growth in 2015 was estimated to have improved slightly to 2.1 percent. In 2016 San Diego's GDP was projected to increase 1.9 percent, lagging California but modestly outperforming the nation. San Diego's various industry sectors are forecasted for uneven growth with some sectors still struggling to recover from economic damage of the recession, including: transportation and utilities; and finance, insurance, real estate and leasing. Growth in the government sector was slightly positive due to increases in State and local government spending, enough to compensate for reduced federal military spending.

The San Diego region is home to the largest concentration of military in the world, making the military presence an important driver of the region's economy. In addition, San Diego is a thriving hub for the technology-oriented industries, an important manufacturing center and a popular travel destination. The region's quality of life attracts a well-educated, talented workforce and well-off retirees which contribute to local consumer spending.

San Diego County Taxable Sales by Category

2008 through 2014



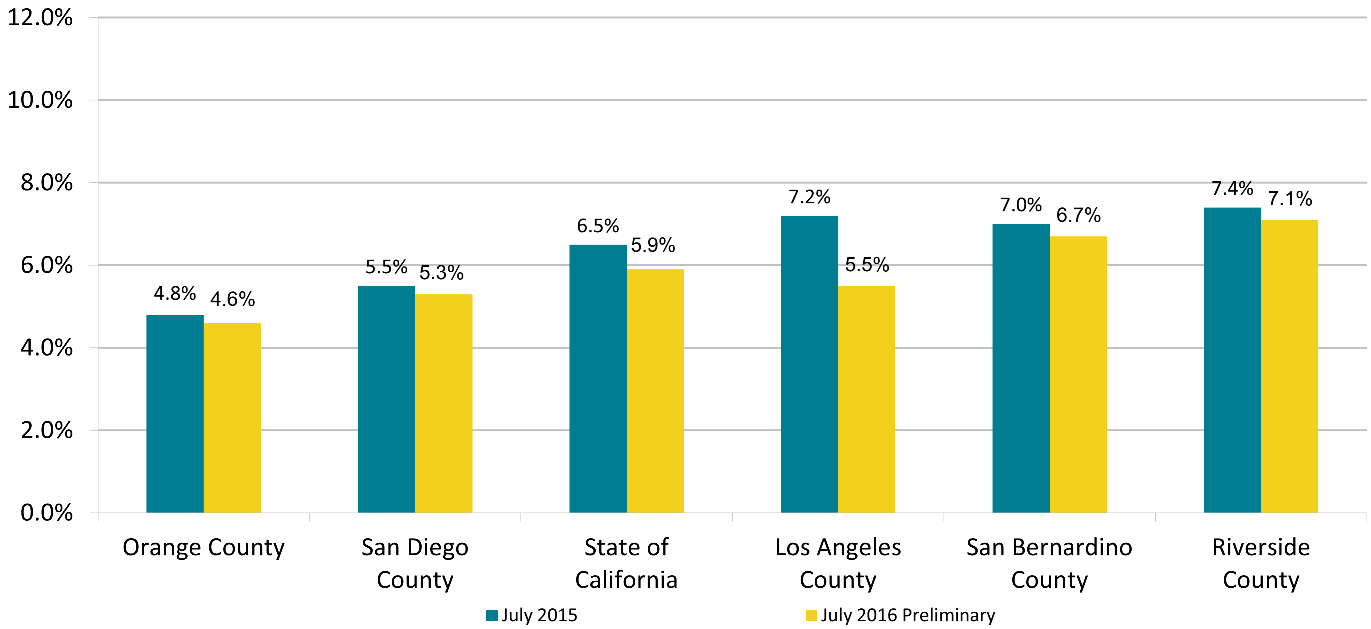
Note: In 2009, the State Board of Equalization began summarizing taxable sales using the North American Industry Classification System (NAICS) codes. As a result, industry-level data for 2009 are not comparable to that of prior years.
*Due to the coding changes described above, this category no longer exists. For calendar year 2009 and following years, taxable sales in the Business and Personal Services category have been absorbed and redistributed to the remaining categories.
Source: State Board of Equalization.

However, the region continues to experience a decades-long squeeze on middle wage jobs, according to the NUSIPR report. In 2001 middle wage jobs accounted for 56.6 percent of San Diego total payroll employment. Through the recession and subsequent recovery, that ratio decreased to 49.5 percent as of 2014. In that time, the proportion of lower wage jobs increased while higher wage jobs saw the greatest surge. These job trends are likely to continue in 2016, the result being that the region's jobs are accumulating on the top and bottom of the wage scale, with fewer in the middle. This has significant implications on housing, income, education, and business needs beyond 2016.

Another indicator of economic health is county taxable sales. San Diego's total taxable and retail sales are forecasted to slow, from estimated inflation-adjusted 2.4 percent increase in 2015 to 1.3 percent in 2016 based on the NUSIPR report. This indicates sales have not recovered pre-recession highs, after adjusting for inflation. On a per capita basis, the region's "real" sales remain lower than any year since 1997, attributable to consumer debt, cautious consumer spending, and constrained income gains that continue to restrain the ability and willingness of local residents to spend.

Unemployment Rate Comparison by Select California Regions

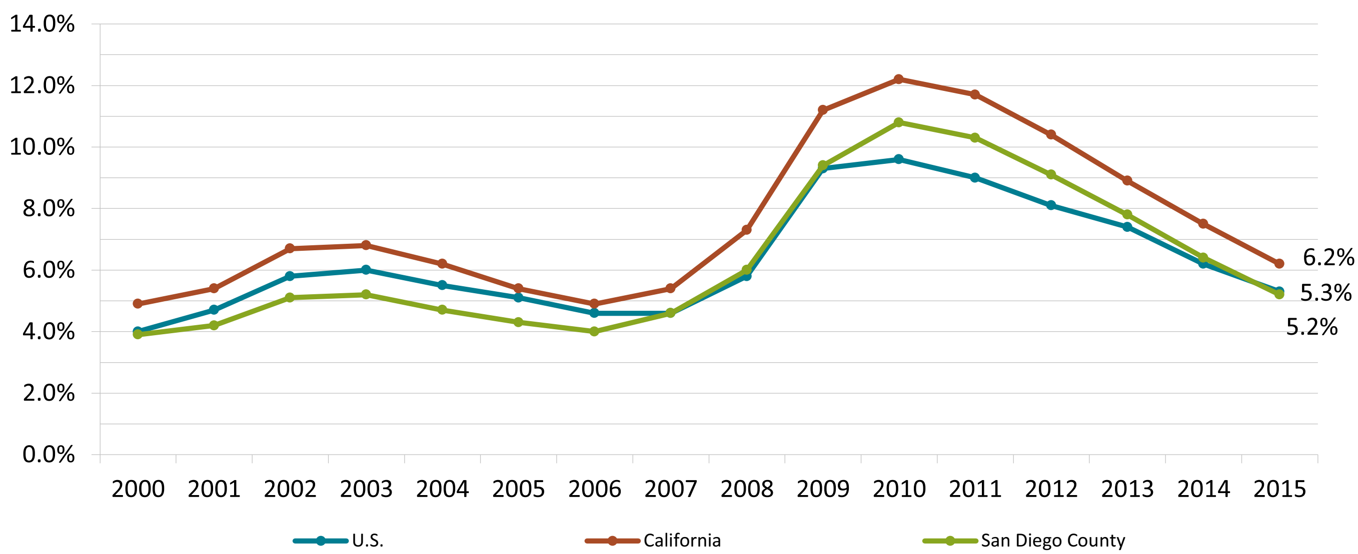
July 2015 and July 2016



Source: California Employment Development Department, (July 2015; July 2016 Preliminary).

Annual Average Unemployment Rate Comparison U.S., California and San Diego County

2000 through 2015



Notes: Unemployment rates are measured by calendar year.
Source: California Employment Development Department; Bureau of Labor Statistics, U.S. Department of Labor.

Unemployment in the region continued to improve in 2015, falling to the lowest level in 8 years, according to the NUSIPR report. The region's unemployment improved such that it fell below the nation for the first time since 2007. Locally, unemployment is forecasted to further decrease to 4.8 percent in 2016, remaining below that of both the State and nation. In its February 2016 Economic Forecast, the Kyser Center expected that the region's economy would experience job growth on par with the State, and that job gains would be seen across most local industries. This was anticipated to lower the region's unemployment rate to

4.2 percent in 2016, with the rate expected to drop below 4.0 percent in 2017. The unemployment charts present comparisons of unemployment data for select California regions as well as a historical look at local, State and national unemployment rates.

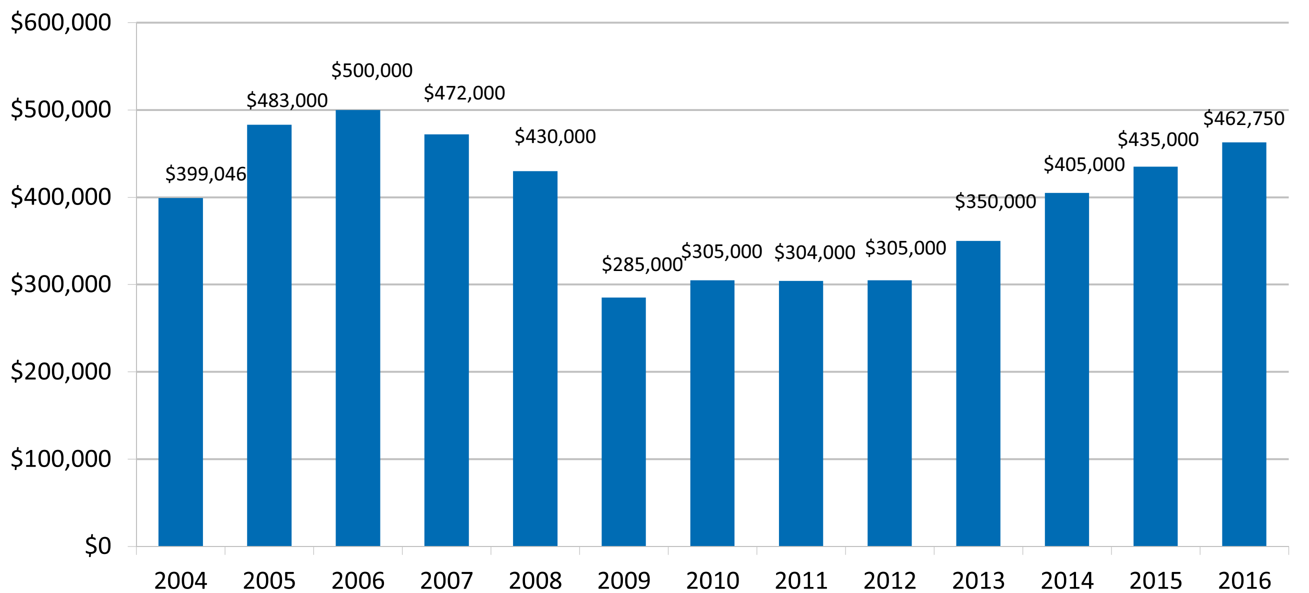
San Diego County Median Household Income

2005 through 2014

Note: Median Household Income is measured by calendar year.
Source: U.S. Census Bureau, American Community Survey.

San Diego County Median Price of Existing Homes Sold

2004 through 2016



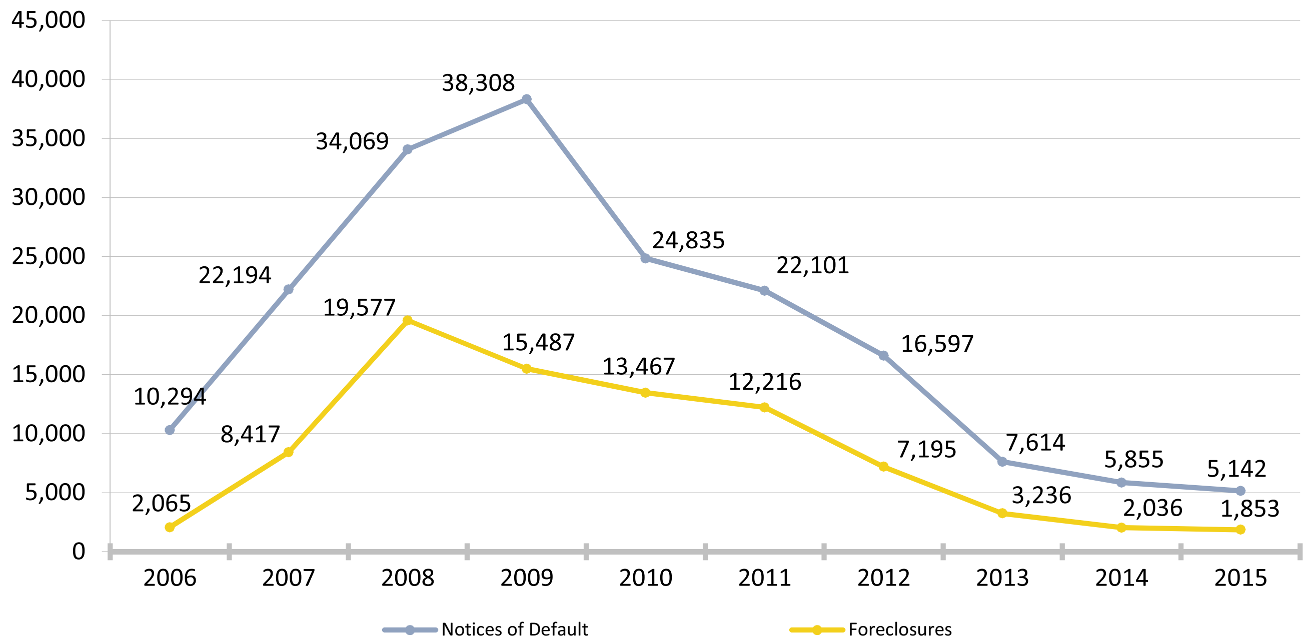
Note: Median home price of all existing homes sold in January of each year.
Source: California Association of Realtors/CoreLogic.

Price inflation in the San Diego region, as measured by the U.S. Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers (CPI-U), increased 0.4 percent in the first half of 2016, noting that this six-month increase was influenced by higher prices for shelter. According to the NUSIPR report, the region's inflation rate has decelerated from a high of 3.0 percent in 2011. Local inflation is forecast to rise to 2.2 percent in 2016, hinging on expected stability in gasoline prices.

Median household income in San Diego fell during the recession that started in 2009. Since that time, San Diego's median household income rose to $63,996 as of 2014. The NUSIPR report estimates that median household incomes increased in 2015 to $68,200 and will further grow in 2016 to $70,300. However, many residents feel they are losing ground as the upward pressures on local housing prices and rent eats into the budget of many of the region's households. The chart on the previous page presents a historical look at median household income in San Diego County.

San Diego County Total Notices of Default and Foreclosures

2006 through 2015



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 recorded.
Source: San Diego County Assessor/Recorder/County Clerk

San Diego County's residential real estate market ended 2015 on a positive note. The median price for all homes sold was $462,750 in January 2016, up 6.4 percent from a year earlier, but less than the January, 2006 peak of $500,000. The chart on the previous page includes the median price of existing homes sold in the region in recent years. According to the Kyser Center report, regional home sales for all of 2015 rose by 9.0 percent over the previous year, consistent with California as a whole. New home construction rose in 2015 after a drop the prior year. Building permits increased 52.2 percent from 6,603 units in 2014 to 10,049 units in 2015.

Another measure of the housing market is the rate of foreclosures, as well as the companion indices of notices of loan default and deeds recorded (changes in ownership). 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 declining to 1.4 percent in 2015. Total deeds recorded through December 2015 were 128,164, an increase of 10.2 percent from the previous year.

In San Diego County, notices from lenders to property owners that they were in default on their mortgage loans increased markedly from 2003 through 2009, and foreclosures rose dramatically from 2003 through 2008 before declining 21 percent in 2009. San Diego County saw 5,142 Notices of Default in 2015, down 12.2 percent from the 2014 level of 5,855. The percentage of properties with delinquent mortgage loans that went into foreclosure averaged at approximately 11.6 percent from 2003 through 2005. During the recession, this indicator peaked at 57.5 percent in 2008 but has declined to 36.0 percent in 2015, an increase of 1.2 percent from 2014. The chart above shows the historical levels of both Notices of Default and Foreclosures.

Leisure and Hospitality, or tourism, is San Diego's fifth largest employment industry as of June 2016 based on data reported by the California Employment Development Department. In 2015 this industry employed 184,000 San Diego County residents in fields directly related to lodging, food service, attractions, and transportation.

According to the San Diego Tourism Authority's Annual Visitor Industry Summary through 2015, tourism in the San Diego region last peaked in 2006, with the number of visitors reaching approximately 32.2 million. This number declined through 2009 then improved gradually, reaching 34.3 million visitors in 2015, an increase of 1.4 percent from 2014. Visitor expenditures increased 7.7 percent in 2015 to more than $9.9 billion. The San Diego Tourism Authority's San Diego Travel Forecast, December 2015 indicated that total visits to the region were anticipated to grow 1.2 percent in 2015, a smaller growth rate than had been previously forecasted for 2015 by the Authority. The estimate was scaled back due to weakening household visitation and domestic day visits as foreign travel budgets had been impacted by unfavorable exchange rates and U.S. travelers opted to cash in on increased buying power abroad. Nonetheless, the 2016 visitor outlook remained bright. Visitation to San Diego is forecasted to expand by 2.4 percent in 2016 and by 1.9 percent in 2017. Total spending by visitors to the region is projected to grow by 7.3 percent in 2015 and 8.0 percent in 2016.

On balance, based on trends noted above, the region's economic performance is expected to maintain slow but steady growth. The state of the economy impacts the ability of the County to fund and provide many of the services that residents rely upon. Changing economic conditions impact the County's revenue and workload, along with the strategies used to manage the public's resources. These are described in the pages following that summarize the expenditures, revenues, and staffing levels for Fiscal Years 2016–17 and 2017–18, and in the individual Group and department presentations.

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, and 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 required 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 he/she is 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 appointive officers are appointed by the CAO.

Chief Administrative Officer

The CAO assists the Board of Supervisors in coordinating 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 law enforcement, detention and correction, emergency response services, health and human services, parks and recreation, libraries and roads. The County also serves as a delivery channel for many State services, such as foster care, public health care and elections.

Business Groups

These services are provided by five business Groups (Public Safety, Health and Human Services, Land Use and Environment, Community Services 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.

General Management System

The General Management System (GMS) is the County's foundation that guides operations and service delivery to residents, businesses and visitors. The GMS identifies how the County sets goals, prioritizes the use of resources, evaluates performance, ensures collaboration and recognizes accomplishments in a structured, coordinated way. By communicating and adhering to this business model, the County of San Diego is able to create and maintain an organizational culture that values transparency, accountability, innovation, and fiscal discipline that provides focused, meaningful public services.

At the heart of the GMS are five overlapping components which ensure that the County asks and answers crucial questions, as well as completes required deliverables.

- Strategic Planning
- Operational Planning
- Monitoring and Control
- Functional Threading
- Motivation, Rewards and Recognition

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.sdcounty.ca.gov/cao/.

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 region that is Building Better Health, Living Safely and Thriving: *Live Well San Diego*

Mission:

To efficiently provide public services that build strong and sustainable communities

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*—Character First*

- We maintain the public's trust through honest and fair behavior
- We exhibit the courage to do the right thing for the right reason
- We are dedicated to the highest ethical standards

Stewardship*—Service Before Self*

- We are accountable to each other and the public for providing service and value
- We uphold the law and effectively manage the County's public facilities, resources and natural environment
- We accept personal responsibility for our conduct and obligations
- We will ensure responsible stewardship of all that is entrusted to us

Commitment*—Excellence in all that we do*

- We work with professionalism and purpose
- We make a positive difference in the lives of the residents we serve
- We support a diverse workforce and inclusive culture by embracing our differences
- We practice civility by fostering an environment of courteous and appropriate treatment of all employees and the residents we serve
- We promote innovation and open communication

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 developed by the Chief Administrative Officer (CAO), the Assistant CAO/Chief Operating Officer, the five General Managers and the Strategic Planning Support 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 four Strategic Initiatives through Audacious Visions, Enterprise-Wide Goals and Cross-Departmental or Department Objectives that make achievement of the initiatives possible. The Strategic Initiatives include:

- Healthy Families
- Safe Communities
- Sustainable Environments
- Operational Excellence

To ensure that the Strategic Plan incorporates a fiscal perspective, the CAO, Assistant CAO/Chief Operating Officer (ACAO/COO) and General Managers annually assess the long-term fiscal health of the County 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.sdcounty.ca.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 Visions and/or Enterprise-Wide Goals.

The five business groups, Public Safety, Health and Human Services, Land Use and Environment, Community Services 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 citizens through reporting meaningful and uncomplicated 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.

Monitoring and Control

Monitoring and Control 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.

Functional Threading

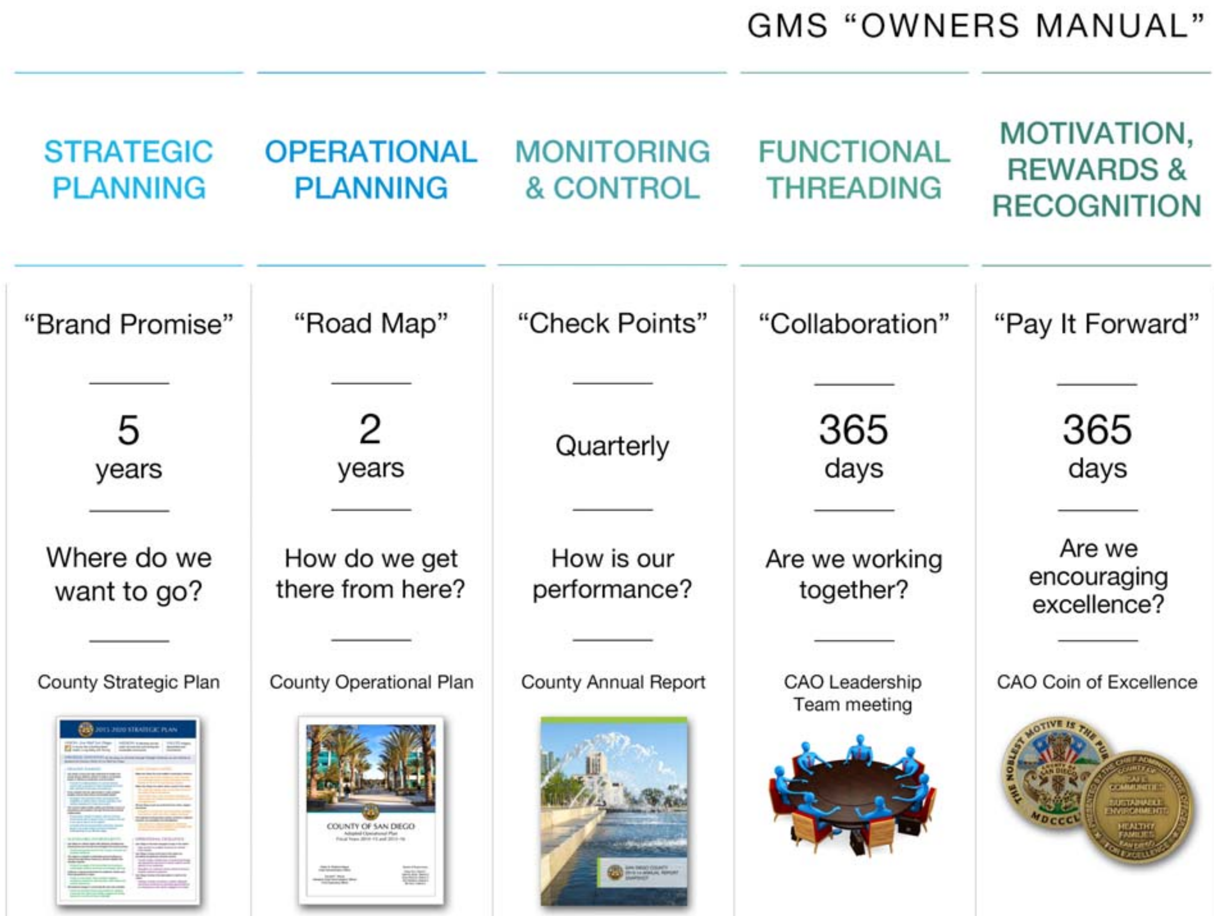
Functional Threading is the process of collaboration throughout the organization to pursue goals, solve problems, share information and leverage resources. It can be as simple as a monthly leadership meeting held by the CAO to cross-functional collaboration on grants, from a briefing on agenda items to Board staff to implementing shared initiatives with multiple stakeholders and partners, both internal and external to the County.

Motivation, Rewards and Recognition

This final component of the GMS ensures our employees are engaged and committed to excellence across the organization. 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, on-site farmers markets, leadership academies and seminars, mentor programs and a tuition reimbursement program. This investment in the workforce ensures they are valued and have the skill to provide the exceptional customer service and delivery to our residents, businesses and visitors. Please see the Awards and Recognition section for the honors County programs have received.

GMS Deconstructed

Each of the five components of the GMS asks a crucial question and delivers a specific product. Together these five components form an annual cycle. Certain components take place at specific times, while others are performed year round. If we deconstruct the five components of the GMS into a visual chart that reflects its use in County operations, it looks like the image below.



Strategic Framework and Alignment

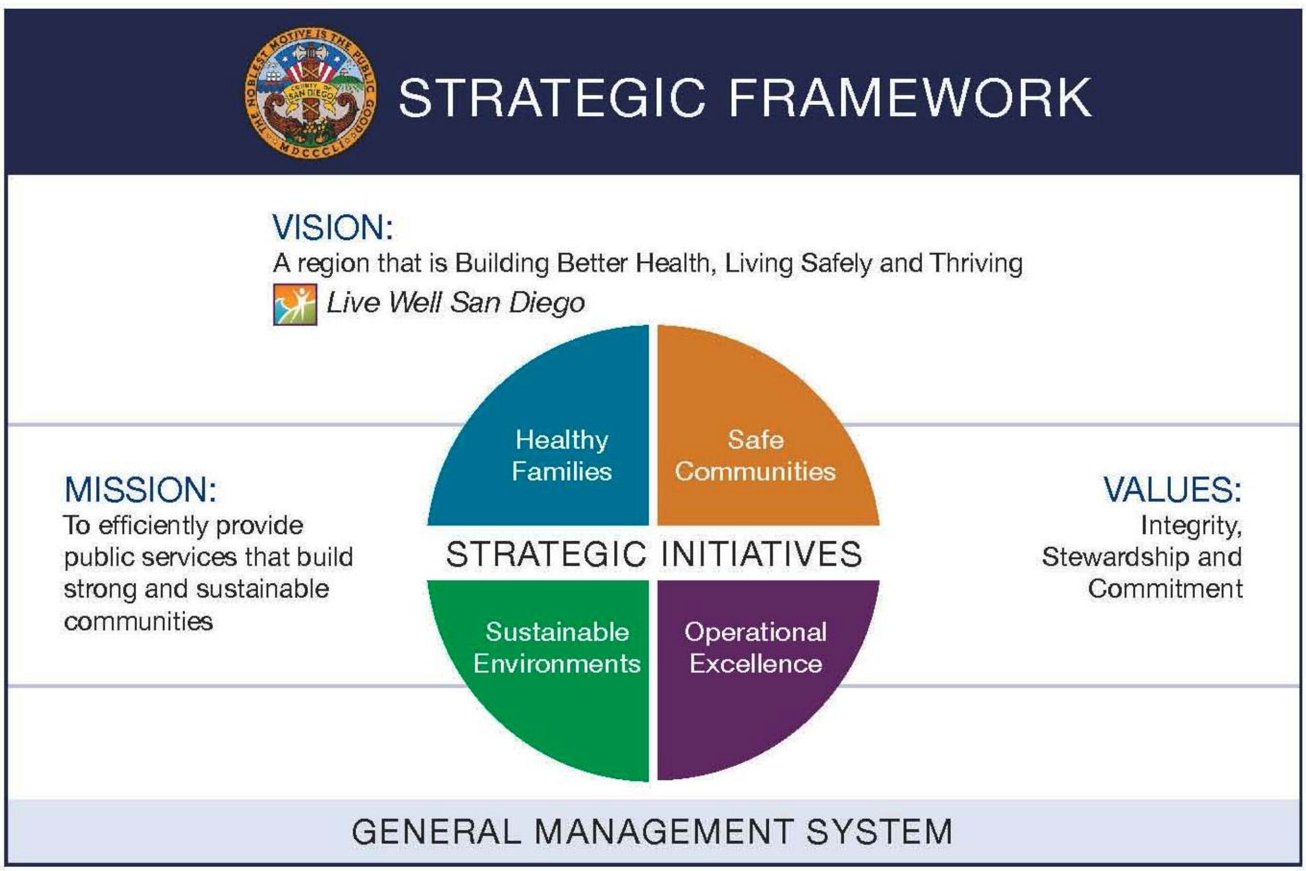
Strategic Initiatives

Strategic planning communicates the County's strategic direction for the next five years. The Strategic Plan explains the County's four Strategic Initiatives, in addition to its vision, mission and values. The four Strategic Initiatives focus on how we achieve the County's vision of a region that is Building Better Health, Living Safely and Thriving.

The Strategic Initiatives are:

- **Healthy Families**—ensure every resident has the opportunity to make positive healthy choices, that San Diego County has fully optimized its health and social service delivery system and makes health, safety and thriving a focus of all policies and programs.
- **Safe Communities**—make San Diego the safest and most resilient community in the nation, where youth are protected and the criminal justice system is balanced between accountability and rehabilitation.
- **Sustainable Environments**—strengthen the local economy through planning, development and infrastructure, protect San Diego's natural and agricultural resources and promote opportunities for residents to engage in community life and civic activities.
- **Operational Excellence**—promote continuous improvement in the organization through problem solving, teamwork and leadership with a focus on customers' needs and keeping employees positive and empowered.

Below is the Strategic Framework which shows how the County's vision, with its tagline of *Live Well San Diego,* is supported by the mission, values, four Strategic Initiatives and the foundation of the General Management System.

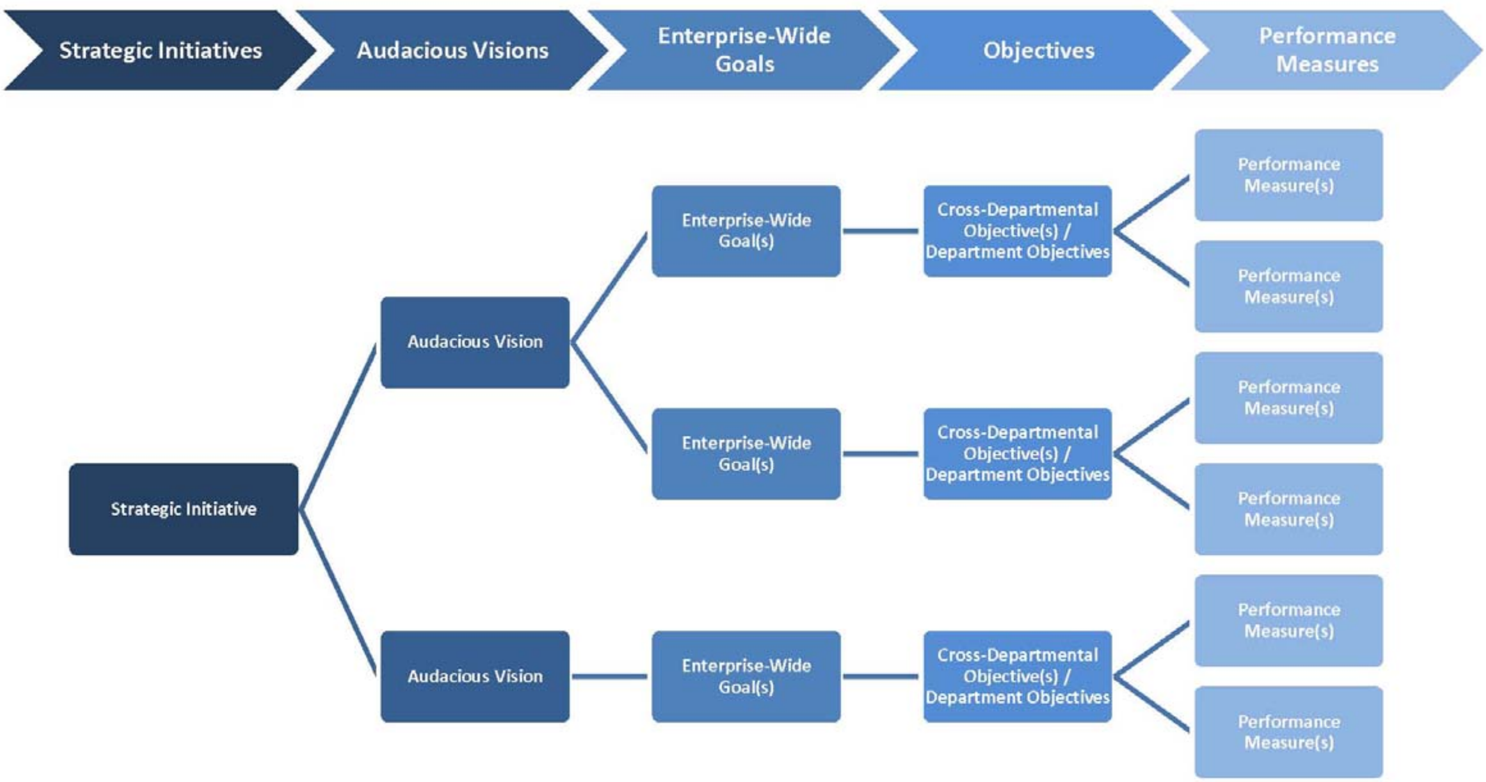


Strategic Alignment

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.

- **Strategic Initiatives**—serve as a guide for departments to set internal goals and help translate the County's Vision into action.
- **Audacious Visions**—bold statements under each Strategic Initiative detailing the impact the County wants to make in the community.
- **Enterprise-Wide Goals—**a set of focused goals for departments to collaborate on for the greatest impact to our community. Each Enterprise-Wide Goal supports a specific Audacious Vision.
- **Cross-Departmental Objectives**—a predetermined set of objectives developed in enterprisewide focus groups that focus on collaboration between multiple departments to drive the intended outcome. Cross-Departmental Objectives may be shared between two or more departments and/or external partners, to contribute to the larger Enterprise-Wide Goal.
- **Department Objectives**—are similar to Cross-Departmental Objectives as they are intended to drive an outcome; however, they differ from a Cross-Departmental Objective as the outcome is mandated by State or federal regulations or set by the department rather than from the Enterprise-Wide Goal focus groups.
- **Performance Measures**—the metrics used to show the progress in accomplishing the Enterprise-Wide Goals. They support the individual department's contribution towards achieving either a Cross-Departmental or Department Objective.

Strategic Branches



Audacious Visions, Enterprisewide Goals and Cross-Departmental Objectives

Strategic planning starts with Audacious Visions, which are bold statements detailing the impact the County wants to make in the community. Enterprise-Wide Goals (EWGs) support the Audacious Visions by focusing on collaborative efforts that inspire greater results than any one department could accomplish alone. Audacious Visions and EWGs are developed to support each of the Strategic Initiatives. A Cross-Departmental Objective is a collaboration between multiple departments to drive the outcome of an EWG. The more a team, division or department can align its goals to support the EWGs, the stronger the collective impact will be on the public we serve.

Strategic Initiative Legend

HF	SC	SE	OE

○ - Audacious Vision
● - Enterprise-Wide Goal
□ - Cross-Departmental Objective
■ - Department Objective
◆ - Objective Sub-Dot Point Level 1

Healthy Families: HF

- ○ San Diego County has fully optimized its health and social service delivery system to make it an industry leader in efficiency, integration and innovation
- ● Promote the implementation of a service delivery system that is sensitive to individuals' needs
  - □ Create a trauma-informed County culture (HF1)
- ○ Every resident has the opportunity to make positive healthy choices that reduce preventable deaths
- ● Strengthen the local food system and support the availability of healthy foods, nutrition education, and nutrition assistance for those who need it
  - □ Connect residents with local food sources, nutrition education and nutrition assistance (HF2)
  - □ Partner with producers, distributors and retailers to increase access to and purchase of healthy local foods in food desert areas (HF3)
- ○ The County makes health, safety and thriving a focus of all policies and programs through internal and external collaboration
- ● Pursue policy and program change for healthy, safe and thriving environments to positively impact residents
  - □ Pursue policy changes that support clean air, clean water, active living and healthy eating (HF4)
- ● Leverage internal communication resources, resource groups and social media to enhance employee understanding of the County's vision, *Live Well San Diego*
  - □ Help employees understand how they contribute to *Live Well San Diego* (HF5)

Safe Communities: SC

- ○ Make San Diego the most resilient community in America
- ● Encourage and promote residents to take important and meaningful steps to protect themselves and their families for the first 72 hours during a disaster
  - □ Leverage internal and external partnerships to provide resources to engage residential, visitor and business communities in personal disaster readiness (SC1)
- ○ Make San Diego the safest urban county in the nation
- ● Plan, build and maintain safe communities to improve the quality of life for all residents
  - □ Create opportunities for safe access to places that provide community connection and engagement (SC2)
  - □ Identify and mitigate community threats that impact quality of life (SC3)
- ● Expand data-driven crime prevention strategies and utilize current technologies to reduce crime at the local and regional level
  - □ Develop an information exchange, and where possible, use a single system that provides data so County agencies can deliver services more efficiently (SC4)
- ○ All San Diego youth are protected from crime, neglect and abuse
- ● Strengthen our prevention and enforcement strategies to protect our youth from crime, neglect and abuse
  - □ Provide youth and their caregivers with opportunities to promote healthy relationships, identify risk factors and access services to prevent crime, neglect and abuse (SC5)
  - □ Identify and increase multi-agency collaboration to develop, support and enhance strategies with the biggest impact to protect youth and reduce recidivism (SC6)
- ○ The regional criminal justice system achieves a balance between accountability and rehabilitation
- ● Fully implement a balanced-approach model that reduces crime by holding offenders accountable while providing them access to rehabilitation
  - □ Develop a universal assessment process that drives case planning, sentencing and linkage to appropriate services both in and out of custody (SC7)

Sustainable Environments: SE

- San Diego is a vibrant region with planning, development, infrastructure and services that strengthen the local economy
  - Provide and promote services that increase consumer and business confidence
    - Improve policies and systems across departments to reduce economic barriers for business to grow and consumers to thrive (SE1)
    - Anticipate customer expectations and demands in order to increase consumer and business confidence (SE2)
- The region is a leader in protecting and promoting our natural and agricultural resources, diverse habitats and sensitive species
  - Enhance the quality of the environment by focusing on sustainability, pollution prevention and strategic planning
    - Raise awareness of and increase participation in sustainability and pollution prevention programs so every person considers and makes informed decisions about their effects on the environment (SE3)
- Cultivate a natural environment for residents, visitors and future generations to enjoy
  - Foster an environment where residents engage in recreational interests by enjoying parks, open spaces and outdoor experiences
    - Protect, restore and improve access to open spaces, parks and outdoor experiences by assessing policies and community needs throughout San Diego County (SE4)
    - Educate and engage residents of all ages by leveraging internal and external partnerships to promote physical activities and recreational interests (SE5)
- All residents engage in community life and civic activities
  - Create and promote diverse opportunities for residents to exercise their right to be civically engaged and finding solutions to current and future challenges
    - Promote and communicate the opportunities and value of being actively involved in the community so that residents are engaged and influencing change (SE6)

Operational Excellence: OE

- Make San Diego the best managed county in the nation
  - Promote a culture of ethical leadership and decision making across the enterprise
  - Align services to available resources to maintain fiscal stability
    - Ensure our influence as a regional leader on issues and decisions that impact the financial well-being of the County (OE1)
    - Build the financial literacy of the workforce in order to promote understanding and individual contribution to the County's fiscal stability (OE2)
- Make San Diego County the best in the nation for providing exceptional customer service
  - Provide modern infrastructure, innovative technology and appropriate resources to ensure superior service delivery to our customers
    - Utilize new and existing technology and infrastructure to improve customer service (OE3)
    - Provide information access to all customers ensuring consistency, transparency and customer confidence (OE4)
  - Strengthen our customer service culture to ensure a positive customer experience
    - Engage employees to take personal ownership of the customer experience (OE5)
- Make San Diego County the best place to work in the nation
  - Develop, maintain and attract a skilled, adaptable and diverse workforce by providing opportunities for our employees to feel valued, engaged and trusted
    - Foster employee well-being, inclusion and development (OE6)

Strategic Initiative Legend:

HF SC SE OE

- ○ - Audacious Vision
- ● - Enterprise-Wide Goal
- □ - Cross-Departmental Objective
- ■ - Department Objective
- ◆ - Objective Sub-Dot Point Level 1

Live Well San Diego

Vision: A region that is Building Better Health, Living Safely and Thriving

The County of San Diego is a rich tapestry of many threads and colors - from our beautiful beaches to our hills, deserts and mountains. We live in a diverse area of the world. Yet some residents face challenges when it comes to their health, their safety and their well-being.

The County of San Diego uses its strategic initiatives - Healthy Families, Safe Communities, Sustainable Environments and Operational Excellence - to deliver services that improve residents' lives. But the County wanted to do even more - create the highest quality of life possible for all of its residents.

Live Well San Diego was born. The San Diego County Board of Supervisors adopted *Live Well San Diego* as a regional initiative in 2010. The Building Better Health component of the initiative was adopted on July 13, 2010, and is focused on improving the health of residents and supporting healthy choices. Living Safely was adopted on October 9, 2012, and is aimed at protecting residents from crime and abuse, making neighborhoods safe, and supporting resilient communities. Thriving was adopted on October 21, 2014, and is designed to give people a chance to grow, connect and enjoy the highest quality of life through the natural and built environment, enrichment activities and civic engagement, education and economic prosperity. *Live Well San Diego* has evolved from a 10-year initiative to become the County's vision.

Areas of Influence and *Live Well San Diego* Indicators

Live Well San Diego is a regional vision for healthy, safe and thriving communities. The County of San Diego has identified the *Live Well San Diego* Indicators as a shared measurement system for County departments and community partners to track the progress of collective efforts. The *Live Well San Diego* Indicators are part of a framework known as "10-5-1" meaning the Top 10 Indicators span five Areas of Influence that track progress toward one vision of a region that is Building Better Health, Living Safely and Thriving.

To learn more about the Indicators and making an impact, visit LiveWellSD.org/make-an-impact

Measuring *Live Well San Diego*

5 Areas of Influence	*Live Well San Diego* Top 10 Indicators
HEALTH Enjoying good health and expecting to live a full life	**Life Expectancy:** Measure of length of life expected at birth **Quality of Life:** Percent of population sufficiently healthy to be able to live independently
KNOWLEDGE Learning throughout the lifespan	**Education:** Percent of population with a high school diploma or equivalent
STANDARD OF LIVING Having enough resources for a quality of life	**Unemployment Rate:** Percent of the total labor force age 16 and over that is unemployed and actively seeking employment **Income:** Percent of population spending less than 1/3 of household income on housing
COMMUNITY Living in a clean and safe neighborhood	**Security:** Measured as the rate of property and violent crime per 100,000 people **Physical Environment:** Percent of day that air quality is rated as unhealthy **Built Environment:** Percent of population living within a half mile of a park
SOCIAL Helping each other to live well	**Vulnerable Populations:** Percent of population that has experienced food insecurity **Community Involvement:** Percent of residents who volunteer

The County recognized it would need the collective strength of other leaders in the community to realize the *Live Well San Diego* vision. As a result, the first *Live Well San Diego* partner was recognized in 2011. Since that time, more than 120 partners have joined the fold.

Live Well San Diego partners come from every sector—from city government, business and schools to faith-based and community-based organizations—and they have all joined together and committed to the regional *Live Well San Diego* vision. Through our collective efforts, we can promote healthy choices, policy and environmental changes, and realize our vision of a region that is Building Better Health, Living Safely and Thriving.

Collective Action for Collective Impact

Live Well San Diego is a shared vision, and using a shared measurement system allows all partners to focus collective efforts and track collective progress.

Collective action involves every sector and every resident, which is why we strive to connect organizations of every kind—cities and governments, diverse businesses including healthcare and technology, military and veterans organizations, schools, and community- and faith-based organizations—through a shared purpose.

Collective impact is where everyone does what they do best with the goal of impacting the 5 Areas of Influence and, consequently, achieving the results we seek as captured through the Top 10 Indicators.

Awards and Recognition 2015–16

The County of San Diego workforce continually plans to cut costs, streamline processes, incorporate the newest technology and expand services to improve the lives of residents and save taxpayer dollars. While our goal is to improve communities, it is gratifying to be recognized for those efforts.

Here's a look at the recognition the County received during the past fiscal year for its leadership and excellence in operations.

National Association of Counties (NACo)

The National Association of Counties recognizes innovative county government programs from across the nation each year. In 2016, the County of San Diego received 48 NACo awards—the most awards given to any county in the state and the second most in the nation. Three of those awards won "Best of Category". Learn more about the awards on County News Center at http://www.countynewscenter.com/news/county-programs-earn-43-national-achievement-awards-0.

- Don't Get Hooked Campaign (*Aging & Independence Services*): Aging & Independence Services, which oversees Adult Protective Services, decided to partner with the San Diego District Attorney's Office in an educational campaign to alert older adults and their families to the common scams. This included the development of a "Don't Get Hooked" toolkit and campaign that details many of the common scams against older adults, plus provides tips and resources.
- Taking Community Outreach to the Next Level in Housing and Community Development (*Housing & Community Development*): In order to increase community involvement, HCD used technology and innovative thinking to give residents the ability to participate when they want and how they want. Input is used to develop the annual funding plan for federal entitlement program. HCD developed a new and engaging online presentation format to enhance community engagement and increase the number of people reached. The online presentation is available to the community 24 hours a day, seven days a week. Development of the presentation had two main objectives: to increase access to information and to make the presentation more engaging and less bureaucratic. In addition to the online presentation, HCD held one in-person community meeting at a central location. In addition to increasing resident participation from 16 to 234, HCD saved more than 30 hours of staff time spent on travel and meetings. This represents an additional $4,000 available for community projects.
- The Fishermen Market and Pacific to Plate (*Environmental Health*): The County worked collaboratively with multiple stakeholders to find a way for local fishermen to be able to offer their fresh catch at the Bayfront, and to draft legislative language that would allow fishermen throughout the State to sell directly their fresh caught fish, providing a sustainable source of local healthy food and supporting the local economy. DEH first partnered with the San Diego Port Authority and local commercial fishermen to find a solution that would allow the Tuna Harbor Dockside Market to obtain a health permit and be able to operate dockside on Port of San Diego land. The result of this collaboration was California Assembly Bill 226, sponsored by the County of San Diego Board of Supervisors, and introduced to the legislature by California Senate Speaker Toni Atkins, amending the State Code. AB 226 was chaptered on October 8, 2015 and added Chapter 12.7 to the California Health and Safety Code, establishing operational and permitting requirements for fishermen's markets, supporting direct sales of freshly caught fish to consumers throughout the state.
- CIVICS Program (*Sheriff/Parks and Recreation*): The County of San Diego Department of Parks and Recreation teamed up with the San Diego Sheriff's Department to provide the Community Involved Vocational Inmate Crew Service Program (CIVICS). This effort provides inmate labor to maintain public lands under the management of County Parks. Inmates are selected to participate in the program following an assessment, with input from the Reentry Service Division of the Sheriff's Department. Inmates are also trained in how to refurbish and repair donated bicycles which are then given to youth organizations or Probationers who need a means of transportation for school or work.
- *Live Well San Diego* Food System Group (*Agriculture, Weights and Measures*): The Food Systems Working Group was established to enable a cross departmental and streamlined approach to issues pertaining to the local food system. The FSWG will continue to work with food system stakeholders to support efforts to improve health, increase economic growth, and encourage environmental stewardship of the food system.
- Policy Tech Implementation (*Public Health Services*): Implemented Navex Global's Policy Tech management software solution to automate the storing, authoring, approving and distributing of policies and procedures across Public Health Services Branches. Policy Tech provides a centralized policy system that is easily accessible for employees, monitors readership compliance, and allows our programs to strive for continuous improvement and mitigate risk and maintain a high level of operational excellence.

- Stormwater Compliance Program for Private Development Projects (*Public Works*): This program employed a number of tactics to improve the process such as developing a list of priority development projects, updating the stormwater inspection checklist, certifying all County inspectors in the Qualified SWPPP Practitioners program, and working closely with developers to navigate them toward compliance on their construction sites.
- Water Quality Equivalency Guidance Document (*Public Works*): The County led an effort to develop a WQE guidance document which establishes a mechanism to correlate quantifiable Alternative Compliance Project (ACP) benefits with Priority Development Project (PDP) impacts. This is necessary to demonstrate that an ACP project provides a greater overall water quality benefit than fully complying with the onsite stormwater pollutant control and hydromodification management requirements set forth in the Permit and BMP Design Manual. USEPA is also looking at this as potentially a national model.
- Drought Response Action Plan (*General Services*): The Departments of Public Works, Parks and Recreation, General Services, Planning & Development Services, Sheriff and the Health and Human Services Agency worked in close collaboration to develop and execute numerous water saving projects. These drought response efforts, initiated as a result of Governor's order, have resulted in a savings equal to over 80 million gallons of water.
- California Identification Cards for County Jail Inmates (*Public Safety Group*): The DMV ID Program is a pilot project to serve as a statewide model and is intended to help inmates who have lost or have expired California Driver's Licenses or Identification Cards to obtain a California Identification Card. Government-issued identification is essential to removing barriers for reentering inmates to access social services, employment, and housing.

  Approximately 120 days before release, Sheriff's correctional counselors put together a list of interested inmates with their personal information, submit that list to the local DMV office, DMV office notifies Sheriff's staff which inmates are eligible, and Sheriff's staff helps inmates fill out the appropriate DMV forms. When inmates leave the County jail, Sheriff's staff includes the California Identification Card among their personal belongings.
- Court Referral Tracking Module: Justice Electronic Library System (*County Technology Office*): The Referral Tracking System was developed using the existing JELS platform. The result is that Court-ordered referrals are received electronically the day they are ordered; Discovery documents are received; and Court Reporters are now uploading electronic copies of the Transcripts. The DA receives an electronic copy of the resulting Sentencing Report directly into its case management system, eliminating the need to sort, and file hard copy reports. The Court is also provided a JELS library which contains electronic copies of these same reports for early review. The entire process is more efficient. In addition to saving money, it allows more time for better decision-making.
- Proposition 47 Implementation (*District Attorney/Public Defender*): Within the first month of its passage, the San Diego Public Defender filed thousands of Prop 47 petitions by people asking to reclassify certain felony crimes to misdemeanors. In April of 2015, the Office of the Public Defender, in collaboration with the San Diego District Attorney's Office and the courts developed a process to allow for an expedited review of those clients in need of quick relief. For those people who were in custody on cases that should be reduced to misdemeanors, the Public Defender's Office would immediately reach out to the DA and the court and within hours, the court would issue an order releasing the inmate. For those people in the community who were struggling, based on their past felony convictions, to find and maintain employment or secure public assistance for programs or housing, the Public Defender would again reach out to the DA and the court to ask for quick review of these Proposition 47 petitions. The DA and court obliged and processed these petitions within 1-2 days. This had the effect of cleaning up some people's past and allowing them to move forward in their lives to become more engaged in the community and productive to society as a whole.
- Butane Honey Oil Lab Safety Guide for Emergency First Responders (*Environmental Health*): The County developed a collaborative project studying the extreme hazards of Butane Hash Oil with the goal of protecting first responders. As a result of this study, safety guidelines for the first responders were compiled into a guidance document which was published in the Journal of the Clandestine Laboratory Investigating Chemists Association in January 2016, and has been disseminated to the Fire Departments throughout the region during the Zone Training sessions.
- Disaster Preparedness Curriculum (*Office of Emergency Services*): Employing a Disaster Preparedness Curriculum, "Be Aware! Be Prepared! Exploring Natural Disasters through Research" to foster a culture of self-sufficiency and disaster readiness for San Diego County fourth grade students.
- First Responder Access and Functional Needs AFN Training Video Series (*Office of Emergency Services*): The project is a collection of eight 10-minute videos providing first responders with helpful information to consider when evacuating individuals with physical, cognitive and emotional disabilities. The videos address autism, Alzheimer's disease and memory loss, blind and low vision, chronic illness, cognitive disabilities, deaf and hard of hearing, mental illness, and physical disabilities.

- San Diego Multiple Agency Public Safety SanMAPS (*Office of Emergency Services*): Utilizing online geographic information systems for displaying emergency management information and intelligence such as adverse weather maps; wildfire hazard maps; and a SanMaps library.
- Assessment Center (*Human Resources*): The Department of Human Resources partnered with the Sheriff to design an assessment center for the Sheriff's Department management position applicants to measure their job performance, critical thinking skills, and presentation and communication skills while using reality-based scenarios.
- Diversity Outreach (*Human Resources*): The purpose of Diversity Outreach is to attract, develop and maintain a skilled, adaptable and diverse workforce. At the beginning of recruiting for all classifications, Human Resources compare what the current diversity is in that classification and the classification directly above, to the current census information for our County in order to determine our needs. Additionally the County does target advertising to attract applicants from diversity groups.
- E-Check vs. Online Banking Payment Video (*Treasurer-Tax Collector*): Website-based video created to explain the differences between online banking and e-checks when considering options for property tax payment methods.
- MarketWatch Report (*Treasurer-Tax Collector*): Quarterly financial market information is provided to Pool Participants and potential participants of the County's Investment Pool. This is a resource for the latest economic financial information as well as a newsletter for upcoming events.
- Property Tax Bill Library Program (*Treasurer-Tax Collector*): An in-house system for internal department staff to access consistent and accurate property tax information.
- Bi-national Love Your Heart (*Regional Operations*): Heart disease is the leading cause of death in the United States and Mexico. For this reason, it is critical that both nations work collaboratively to address the number one killer of the population. On Thursday, February 11, 2016 the County of San Diego and its partners celebrated the 5th Love Your Heart Day, a day-long event where free blood pressure screenings were offered throughout San Diego County and the six Border States in Mexico.
- One-On Health Coaching (*Human Resources*): One-on-One Health Coaching allows an employee to sign up for three 30-minute sessions with a health educator to identify areas of concern related to health and develop strategies to improve in these areas.
- Senior SNAP-Ed: Policy, Systems and Environmental Changes Improve Nutrition (*Aging & Independence Services*): The goal of the SNAP-Ed for Seniors Community Engagement Program is to engage the seniors in supporting the adoption of policy, system, and environment changes in their community that will improve access to healthy food and/or physical activity. The 14-week community engagement curriculum that the County developed may be used by other counties.
- Access Brings Innovation and Enhancements to its Call Center (*Regional Operations*): San Diego County's Access Customer Service Center has significantly enhanced its ability to deliver services to the residents of San Diego County by increasing the number of calls handled related to public assistance benefits and reducing call wait times by over 50% within the last year. This is a result of operational growth and process improvements made in 2015 as well as increased development of a specialized Community Based Organization line that was implemented to assist our most vulnerable residents more quickly and efficiently.
- Child Support Services Reaches Out to Special Populations, Helps Hundreds (*Child Support Services*): The effort combined the Incarcerated Parent Outreach, Family Centered Services in Escondido, DCSS in Your Neighborhood, and Veterans Outreach programs which assist parents who have limited accessibility to services.
- Intel & Recon for Military & Veterans Program (*Health and Human Services Agency*): County of San Diego staff from 38 County Departments and the Board of Supervisors established the first Intel & Recon for Military & Veterans Program meeting to explore how County programs might work together better by connecting the dots with current resources in order to serve San Diego County's active military, veterans and their families. This ongoing program focuses on four key areas identified in regional forums and by the County's Office of Military & Veterans Affairs. The focus areas are benefits, housing and employment, mental health and family stress, and data.
- Pathways to Well-Being (*Child Welfare Services*): Pathways to Well Being is the County of San Diego's joint partnership and cross system collaboration between Behavioral Health Services, Child Welfare Services and families to promote safety, permanency in living situation, and overall well-being for youth in the foster system.
- Promoting Independence & Choice Program (*Aging & Independence Services*): The program in San Diego County provides voluntary conservatorship-like services at no cost to low/middle income individuals experiencing difficulty with making sound financial and/or healthcare decisions due to a cognitive challenge. By 2030, it is estimated that 92,804 individuals in the County age 65 and older will suffer from Alzheimer's disease; this does not include aging individuals with other forms of dementia. This program provides the necessary support delaying the need for Conservatorship and institutionalization.
- San Diego Veterans Independence Services at Any Age (*Aging & Independence Services*): The SD-VISA program is partnership between Aging & Independence Services and the Veter-

ans Administration San Diego Healthcare System (VASDHS) that affords Veterans suffering from chronic diseases and at risk of institutionalization, the opportunity to have long term services and support in their home. This is the first and only program in California which has made a great impact for those Veterans served. The outcomes include a 51% decrease in hospitalizations, 20% skilled nursing home avoidance and savings of 1.6 Million to the VASDHS.

- Improving Probation Officer Effectiveness with Mobile Applications (*Probation*): Developed a mobile case management application used by San Diego County Probation Officers to efficiently manage their offender caseloads in the field; enhancing their operational effectiveness while controlling costs. The mobile application gives officers the ability to securely access offender information and enter contact notes from their smartphones, enabling them to make better decisions and provide higher quality services in order to protect and serve the community.
- Mobile Inspection eForms (*Environmental Health*): DEH implemented an electronic field inspection system in 2014 that eliminates duplicate data entry, promotes data quality by enforcing business rules, and streamlines rapid data collection. These objectives are met through introducing fillable PDF forms and on-demand data transfer to the system of record through the use of tablets and smartphones. Online Air Quality Grant Applications (Air Pollution Control District): The District created program efficiencies and improved customer service by "going digital" with its air quality grant application process. The APCD offers financial incentives in the form of grants for the replacement of old, highly polluting heavy-duty engines in trucks, tractors, marine vessels, locomotives, and agricultural equipment. The District recently launched an online application tool, allowing customers to electronically submit applications from the convenience of their home, business, or a remote location. Nearly 100% of grant applications are now received online, creating application and processing efficiencies and saving paper and delivery costs.
- Online Testing Notification (*Air Pollution Control District*): The District developed an online notification process for 900 gas station owners and their contractors required to conduct performance tests. With the implementation of the online process, our customers can complete the necessary fields in our database while submitting the notification.
- Paperless Open Enrollment (*Human Resources*): During the 2016 Open Enrollment period, the Benefits Division eliminated approximately 45,000 paper forms by switching the enrollment process to PeopleSoft 9.2, eBenefits and posting Benefit information online.
- Real-Time Mapping of Invasive Pests (*Agriculture, Weights and Measures*): Recognizing the threat posed by invasive pests and the resulting immediate need for accurate and timely information, AWM combined the smart devices with a data gathering app called Collector to create real-time detailed maps of pest locations. We set up the base layers, configured the portals, and trained lab and field personnel to capture the pest find locations as data points on their smart devices. This innovative approach collects data from residential sample submissions and staff field surveys.
- Text and Auto Call Reminders for Eligibility Customers (*Eligibility Operations Administration*): San Diego County provides automated call messages and text reminders for Medi-Cal, CalFresh and CalWORKs renewals and Semi-Annual Reporting. The goal is to use innovative technology to help remind customers of upcoming appointments or verifications, reduce the churn rate, assist in relocating staff resources to other critical tasks, ensure customers' benefits were received timely and in an uninterrupted fashion and improve productivity and efficiency for Family Resource Center operations.
- Dare to Dream Workshop Series (*County Library*): This series, created as an initial response to a recognized community need for an underserved population, is funded through California State Library grants and works with partners to offer a community gathering place where one can go to seek information from organizations that work to solidify protection from deportation, enable people to gain work authorization, the right to travel in the United States, the right to apply for a social security number and the right to apply for a California Driver's License. The services support those who entered the United States as children, and undocumented parents of U.S. citizens and lawful permanent residents respectively. These children will have the opportunity to go to college and be productive to society.
- Benefit Ambassadors for Open Enrollment (*Human Resources*): The Benefits Division implemented a core team of 19 Benefit Ambassadors, with Human Resource representatives from each of the County of San Diego's five organizational groups as a new communication and training strategy to improve how employees learn about their Benefit elections.
- Deferred Compensation Millennial Focus Groups (*Treasurer-Tax Collector*): The County partnered with Nationwide Retirement Solutions, our third party administrator, to conduct focus groups of millennials in lieu of our annual satisfaction survey. The focus groups allowed us to gain a more in depth understanding of millennial perceptions of the deferred compensation program and the factors that may drive their decisions of whether or not to participate. This information has changed the method, message, and communication style used by the Program to engage millennial employees. As a result, the Program enrolled more than 700 millennial employees and increased the millennial participation rate from 44% to 51% in 2015.

- LGBT Department Training (*Probation*): The training helps officers and staff gain a better understanding of the Lesbian, Gay, Bisexual and Transgender population, explains terms, summarizes legal and ethical provisions, briefly discusses best practices, creates awareness, and emphasizes the duty of Probation to respond/provide resources. This serves the department in not only complying with the Prison Rape Elimination Act standards but also with diversity training.
- Priority Transfer Program (*Human Resources*): The process was designed to give employees that have been determined to have permanent and stationary work restrictions an opportunity to be placed in other departments. The process was centralized through Human Resources and employees are given priority when positions become vacant in all County departments.
- Project Management Workshop (*Human Resources*): Employee Development developed the Project Management Workshop as a two-day training designed to provide an overview of concepts and techniques to promote project success. This workshop covers project management basics, team dynamics, and leadership skills using a sample project to demonstrate the application of the process, based on the PMBOK's 5 Phase Project Lifecycle.
- Recruitment Surveys (*Human Resources*): Human Resources developed and implemented a post recruitment survey evaluation tool to measure the results and outcomes of recruitment and selection methods. This tool can capture a client department's level of satisfaction with the administration of this recruitment and the quality of applicants. The survey provides the hiring department with valuable information such as diversity numbers of the qualified applicant pool, listed by ethnicity, gender, and veteran status.
- Spotlight on Speaking (*Human Resources*): County employees learn quick tips from a facilitator and are given the opportunity to practice giving a presentation. Participants receive feedback from their peers and discuss their experience in an open forum. This successful program has doubled in size since its inception.
- Work Safe, Stay Healthy Training Tracks (*Human Resources*): The Work Safe Stay Healthy program offers customized safety messaging and training to meet the needs of each employee.
- Deployment of an Application to Capture Collective Impact (*Public Health Services*): A performance management system called InsightVision was used to capture the collective impact of HHSA Regions, Public Health Services Branches, other County groups and community partners in advancing *Live Well San Diego*. Key objectives, measures and activities toward which multiple players contribute are captured in simple Scorecards and Strategy Maps that visually "tell the story" of community change and ultimately our collective progress in "moving the dial" on the top 10 *Live Well San Diego* indicators.
- Employee Safety & Threat Assessment Program (*Human Resources*): Human Resources collaborated with the Sheriff's Department to support Living Safely and provide employees education and awareness training regarding potential threats in the workplace and how to respond in case of a critical incident.

California State Association of Counties (CSAC)

The CSAC annual awards program honor the most innovative programs developed and implemented by California counties each year. In 2016, the County of San Diego led all other counties taking eight awards in all including two Challenge Awards and six Merit Awards.

The two San Diego County Challenge Award winners were:

- The Office of Emergency Service's First Responder Access and Functional Needs Training video series provides police, sheriff and firefighters with training to improve their understanding of physical, cognitive and emotional disabilities, and to promote effective and compassionate methods for evacuating those members of our community. Eight videos addressed autism, Alzheimer's disease and memory loss, blind and low vision, chronic illness, cognitive disabilities, deafness and hard of hearing, mental illness, and physical disabilities.
- The Trauma Responsive Unit Protects Youth in Custody program is a new specialized treatment unit in Juvenile Hall in which all staff are trained to provide evidence-based treatment to youth affected by traumatic experience. The juveniles are taught fundamental skills to manage their behavior/emotions when things trigger traumatic reminders. The unit is one of the first in a juvenile institutional setting to treat trauma, a highly prevalent experience for justice-involved youth and an underlying mechanism that contributes to increased risk-taking, delinquency and future adult criminal behavior that often leads to incarceration.

The other six San Diego County programs to receive Merit Awards include:

- Access Brings Innovation, Enhancements to Call Center is a Health and Human Services Agency project to implement a specialized Community Based Organization line to better assist our most vulnerable residents and improve wait times. The Access Customer Service Call Center was designed to support the Family Resource Center in delivering public assistance benefits such as Medi-Cal, CalFresh, and CalWORKs to San Diego County residents. Community advocates rely heavily on the Access CBO line because it enables them to experience shorter wait times, quickly connect with a Coty staff member, and inquire about multiple cases at the same time.

- Being Healthy Teen Wheel Project is a project from the Maternal, Child and Adolescent Health unit within Health and Human Services Agency which developed a culturally and linguistically tailored tool to empower girls to optimize their overall health throughout their lifespan. At a time when many important health behaviors are developed, it is critical to provide youth with current and accurate health information. The interactive circular tool has two outer wheels that can be rotated to reveal information on nutrition, physical activity, medical and dental check-ups, self-esteem healthy choices, body changes and care, healthy relationships and emotions.
- Disaster Preparedness Curriculum is a project developed by the Office of Emergency Services with the San Diego County Office of Education to engage and empower youth to become active participants in individual, family, and community disaster preparedness. The curriculum called "Be Aware, Be Prepared" is developed for fourth grade students to teach them about natural disasters including earthquakes, volcanoes, tsunamis, hurricanes, tornadoes, floods, and wildfires. Tips on how to better prepare before, during and after to these hazards are also provided. The curriculum teaches them to work with their families to create a family disaster plan and assemble an emergency kit to enhance the family's preparedness during an emergency.
- Land Development Process Reorganization consolidated and streamlined three County departments into a new, centralized Planning & Development Services department to improve customer services involving land development. Prior to this, those services had been spread out among the three departments and customers expressed dissatisfaction. As a result of the reorganization, permit processing times have been reduced for many permit types, the customer experience at our permit center has improved, and a number of new online services are now offered.
- Leveraging Tablet/4G Tech for Process Automation is a County Assessor/Recorder/County Clerk program which uses mobile technology to automate the tracking and location of boats docked at marinas in San Diego County. Since implemented, the County has inventoried 12,000 boats in 70 marinas. Previously, inventory was paper-based and required extensive time to prepare. This new process also improved customer satisfaction by enabling automatic and real-time updates to the line of business application for a greater percentage of timely submission of unsecured tax valuations.
- Improving Communication with Communities during Emergencies is a network formed by County Public Health Services and the Office of Emergency Services to share information with limited-English proficient communities during emergencies. The County formed a partner relay which utilizes an online communication platform, ReadySanDiego Partner Connection, to share information with community agencies trusted by its members. The two-way communication forum is updated throughout the duration of an emergency and members have agreed to translate this information into various languages and share it with their communities.

Additional Honors

- The County has earned the highest possible ratings with all three major rating agencies: **Aaa rating with Moody's Investor Service, AAA rating Standard & Poor's, and AAA with Fitch Ratings**. County staff meets with the rating agencies on an annual basis to provide an update on County finances and operations. The ratings reflect the County's maintenance of a very strong fiscal position. The County's overall credit quality also benefits from stable and prudent management, which maintained the County's resilient credit strength.
- Waterfront Park has won the **National Award of Merit in the Civic/Assembly category** from the Design-Build Institute of America (DBIA). This award is given to design-build teams that perform at the highest level to deliver state of the art facilities on time and within budget. The County of San Diego was formally recognized November 3, 2015 at the DBIA National Conference in Denver.
- The first phase of the Las Colinas Detention and Reentry Facility construction project earned a **Leadership in Energy and Environmental Design (LEED) gold rating** from the U.S. Green Building Council. Only a very limited number of detention facilities of this size have ever achieved this level of sustainability. The second phase of the construction project is also being built to LEED gold rating standards.
- The Fleet Division won two **Awards of Excellence** by placing fifth in the nation through both the Government Fleet Magazine "Leading Fleets Award" and the "100 Best Fleets" award programs. The awards specifically noted a significant increase in the purchase of fuel efficient compact or hybrid vehicles, and lower client costs through the increased use of mobile maintenance services.
- The Department of Purchasing and Contracting (DPC) earned the **2015 Achievement of Excellence in Procurement Award** from the National Procurement Institute (NPI). DPC has received the award for 15 consecutive years. The County of San Diego is one of only 49 government agencies in California and one of only 47 counties in the United States and Canada to receive the award. The award recognizes organizational excellence in procurement by measuring innovation, professionalism, e-procurement, productivity, and leadership attributes. In addition to NPI, the Achievement of Excellence in Procurement Award is sponsored by the California Association of Public Procurement Officials (CAPPO), Florida Association of Public Procurement Officials (FAPPO), the Institute for Supply Management (ISM), NIGP: The Institute for Public Procurement, the National Association of State Procurement Officials (NASPO), the National Association of Educational

Procurement (NAEP), the Texas Public Purchasing Association (TxPPA), and the Canadian Public Procurement Council/Conseil canadien des marchés publics (CPPC).

- Las Colinas Detention and Reentry Facility has garnered two more awards: the **Western Council of Construction Consumer's 2015 Project Excellence Award Program for Exceptional Project Achievement and Sustainability Excellence Innovative Solutions Distinction**. The organization applauded the County's efforts to initiate safe, cost-effective, and high-quality construction projects. They further indicated the project demonstrated excellence that is both inspirational and instructive to the construction industry. Las Colinas is also gold certified for LEED.
- The DGS Fleet division was recognized as a **2015 Top Tier Light and Medium Duty Efficient Fleet** because of its sustainability and efficiency practices, innovative efforts to improve fuel efficiency, and application of cutting-edge technologies. The award is a direct result of the Fleet Management team's exploration and implementation of new technologies throughout the County's fleet.
- The County's Waterfront Park has received the **San Diego and Imperial Counties Outstanding Chapter Award** from the American Public Works Association (APWA). One of only three such awards given out this year, the project was selected for best exemplifying the 2015 APWA theme, "Community Begins Here".
- The California Council of the Society of American Registered Architects presented the Alpine Library with a **Design Award of Honor** at its 2015 Professional Design Awards Celebration. The award recognizes superior achievement and professional design.
- At their Annual Designs Awards ceremony, the American Institute of Architects San Diego presented the P**atron of the Year Award** to the County Board of Supervisors and the Department of General Services. Citing some of the recent notable County projects, presenter Dan Stewart noted their successful combination of good design, LEED achievements and community enrichment. Accepting the award for the Board of Supervisors was Supervisor Ron Roberts and for General Services, Director April Heinze.
- Phase 1 of the Las Colinas Detention and Re-Entry Facility was r**ecognized by the Association of General Contractors in the unique special project category** at the Build San Diego Award luncheon November 4, 2015. A distinguished panel of industry leaders who served as judges identified the project as "the best of the best" in regional construction. Accepting the award was Supervisor Ron Roberts, DGS Project Manager Andrew Bohnert and a representative for the general contractor, Balfour Beatty Construction.
- The Department of Purchasing and Contracting (DPC) received a **certificate of recognition** from State Senator Marty Block, 39th District, for its support and dedication to San Diego County Small Business. DPC was honored as recipient of the North San Diego Small Business Development Center Business Builder Award.
- The Design-Build Institute of America (DBIA) recognized the County of San Diego and the Department of General Services during its national conference by announcing that the Waterfront Park received the **2015 Project/Team Award of Excellence in the Civic/Assembly category**. This is the 18th award/recognition garnered by this highly regarded and popular civic space. General Services Director April Heinze was selected as a recipient of the Distinguished Design-Build Leadership Award in the Owner category. The Distinguished Leadership Awards recognize individuals that have demonstrated exemplary leadership in the advancement of design-build and design-build best practices, ultimately enhancing our nation's ability to achieve superior project outcomes. The 12 recipients of this award include public and private owners, design and construction practitioners, elected officials at the federal, state, and local level, and full-time faculty and students at accredited institutions of higher learning.
- The Department of General Services (DGS) Facility Management received the **California Counties Facilities Services Association Public Facilities Award of Excellence for 2015**. This award is presented to counties and cities that have demonstrated exceptional dedication to facility management excellence through best practices, process innovation, staff development, department automation, energy program improvements, and client service. DGS departmental leadership has continued to demonstrate continuous efforts to enhance the development of programs and processes designed to extend the life of our public facilities.
- The American Society of Civil Engineers, Region 9, announced their selection of the Waterfront Park as their **Outstanding Community Improvement Project of 2015**. The project design was commended for including best storm water management practices including maximizing the use of pervious areas and the layout of most of the park space as self-treating areas. This simple, yet effective storm water treatment method allows for more natural storm water treatment through slow infiltration of low-flow runoff into the projects natural pervious areas.
- Las Colinas Detention and Reentry Facility continues to be **acknowledged for outstanding design and construction** while providing a facility that supports Sheriff's operational needs. The large county project of the year award was formally presented at the California Counties Architects & Engineers Association's statewide conference in April.
- The Assessor/Recorder/County Clerk (ARCC) was one of four winners (in a field of 300+ applicants) of the **2015 Digital Government Achievement Awards in the category of Government to Citizen Local Government**. ARCC was selected for this award for the Online Home Owners Exemption (HOX), which replaced the paper form and manual process. The public is

now able to go online and complete the application, digitally sign it (including two signatures, if required), and submit it for processing.

- The County Communications Office was honored by the National Association of Telecommunications Officers and Advisors (NATOA) at its annual conference and awards ceremony September 11, 2015. The County took **first place in the social media category as well as the public health category for a video** about the fourth year of the *Live Well San Diego* initiative. The CCO was also honored in five other categories, including Overall Excellence. In addition, Multimedia Manager Michael Russo was honored with NATOA's Brian Wilson Memorial Award for Programming Excellence for his leadership and impact to the community through programming. The conference was held in San Diego this year, and several members of the CCO team served as presenters on a variety of topics.
- San Diego Magazine announced its list of San Diego's **2015 Top Doctors and Behavioral Health Services Supervising Psychiatrist**, Dr. Laura Vleugels, is again recognized for her outstanding work in our community. County doctors who made the list include:
  - Laura Vleugels, MD: Both Psychiatry and Child and Adolescent Psychiatry
  - Michael Krelstein, MD: Psychiatry
  - David Naimark, MD: Forensic Psychiatry
  - Rebecca Ferrini, MD: Public Health and General Preventive Medicine
- Carol Castillon, manager of Aging & Independence Services' Care Transitions Program; the Senior Options, Advocacy and Referrals program; Linkages Program; and San Diego Veterans Independence Services at any Age, was awarded the **Wellness and Service Provider award** by the San Diego Business Journal 2015 Healthcare Champions. The award honors individuals in the San Diego community who have demonstrated exceptional leadership and innovation in the rapidly changing health care industry. The Care Transitions Program helps patients with complex care needs learn self-management skills with assistance from a coach. The Senior Options, Advocacy and Referrals is a care management program that serves frail and disabled adults age 60 and older, who are at risk of being placed in a nursing home placement and ineligible for other care management and in-home-care service programs. Through the Linkages Program, case managers work with clients to find and coordinate services in the home. They also develop a care plan with the client and significant others to help the client remain safe and as independent as possible. The San Diego Veterans Independence Services at any Age gives veterans who are at risk of being placed in a nursing home the opportunity to manage their own budget to get services they need to live safely and independently in their community.
- First 5 San Diego's Jennifer Wheeler was named San Diego Breastfeeding Coalition's **2015 Breastfeeding Champion of the Year** for her role in continued support of establishing lactation rooms in schools, worksites, and community health centers. Wheeler leads the Lactation Supportive Environments (LSE) project. Wheeler participates in the Lactation Supportive Environments Advisory Team and has been instrumental in linking LSE work to other First 5 initiatives and grants.
- First 5 San Diego Executive Director Kimberly Gallo was recognized by the San Diego Business Journal at the 2015 **Healthcare Champions Awards in the Company Executive category**. The award honors individuals in the San Diego community who have demonstrated exceptional leadership and innovation in the rapidly changing healthcare industry. Gallo was recognized for her work in promoting the health and well-being of children ages birth through five in San Diego County.
- First 5 San Diego Executive Director Kimberly Gallo was named a finalist for the San Diego Business Journal's prestigious **2016 Most Admired CEO Awards**, which recognizes San Diego's leaders for their outstanding professional achievements and their contributions to the community. The awards program was held February 18 at the Town and Country Resort & Convention Center in Mission Valley and recognized finalists and winners in various categories, including public company, privately held company, nonprofit, government agency and education.
- The Department of Environmental Health's Beach Water Quality Mobile Web Application, launched last year, has earned a **2015 Merit Award** from the California State Association of Counties for getting the word out about beach water quality. The mobile app, which gives the public an interactive map that shows beach water status at more than 90 beaches countywide, also won a 2014 Achievement Award from the National Association of Counties, and has been applauded by the public for its innovation and simplicity. The primary goal of this Mobile website, as well as our other social media tools, is to notify the public of water quality conditions across the county and provide updates when water quality status changes. This allows the public to make informed decisions about potential beach water quality health risks, which occur when water quality does not meet State health Standards.
- San Diego County's "PACE" program to preserve agricultural space won an **Outstanding Planning Document, Plan, Policy and Ordinance** award October 15 from the San Diego chapter of the Association of Environmental Professionals. The County Board of Supervisors directed the Planning & Development Services department to create the PACE—Purchase of Agricultural Conservation Easements—program as part of the County's General Plan Update, in recognition of agriculture's importance to our region. The program promotes the long-term preservation of agricultural land in the County.

Since the initial program launch the County has preserved 1,151 acres by securing agricultural conservation easements. PDS staff is now in the process of completing the 2015 PACE application cycle.

- The Department of Parks and Recreation (DPR) recently received top honors in the form of two marketing awards. DPR was named **Emerging Brand of the Year** by SDX "Brand Diego Awards" for the new graphic identity of DPR and the "upside of outside" campaign. The Brand Diego Awards honor San Diego companies and individuals who have made a notable or lasting impact in advertising, marketing, or communications to help build strong brands. DPR also received a **Silver Bernays Award** from the local chapter of the Public Relations Society of America (PSRA) for DPR's innovative strategic marketing campaign. The PRSA awards are open to all agencies and organizations in San Diego and Imperial counties and recognize the finest in public relations campaigns including media relations, community relations and public affairs.
- The Air Pollution Control District competed in the **iCommute Rideshare 2015 Corporate Challenge** in October and earned **fifth place** out of 26 employers for the medium employer category in the San Diego region. The contest challenged people to stop driving to work alone in their cars and commute instead by using "sustainable" transportation—to carpool, to ride public transit, to bike or walk. Participants helped reduce air pollution and parking demands while saving money on their commutes. According to iCommute statistics: 1,223 Trips were logged, 20,530.4 miles in reduced travel, five tons of CO2 Reduction and $6,045.33 saved.
- The Department of Environmental Health's Hazardous Materials Division and Supervising Environmental Health Specialist Sande Pence were honored with awards at the 2016 California Certified Unified Program Agency (CUPA) Training Conference in Anaheim. The Hazardous Materials Division's "eForms team" received an "**Outstanding Innovation**" **award** for creating and launching its new eForms field inspection software. Pence received an "**Outstanding CUPA Individual**" **award** for her contributions to helping successfully enact SB 612 – Hazardous Materials. The eForms field inspection software provides electronic compliance inspection reports to CUPAregulated facilities and automatically extracts data captured during the inspection for upload to the data management system, Accela Automation. It has been well received by inspectors, managers, facility owners and operators. Pence was recognized for her efforts to help streamline the statutory language for tank facilities subject to the Aboveground Petroleum Storage Act and Underground Storage Tank programs in the new legislation.
- San Diego County District Attorney Bonnie Dumanis announced July 10, 2016that Deputy District Attorney Mark Amador was named **prosecutor of the year** by the California District Attorneys Association at its annual installation dinner and awards program. The award recognizes stellar work by a prosecutor. Over the past five years, DDA Amador has dedicated himself to the Los Palillos prosecution, a case involving 17 defendants, nine murders and 15 kidnappings by a rogue cell of the Arellano-Felix Organization. This is one of —if not the largest—murder prosecutions in the history of San Diego County.
- The San Diego County Fire Prevention Officers Association named James Pine, a deputy fire marshal for the San Diego County Fire Authority, the **Fire Prevention Officer of the Year** for his dedication to advancing the cause of prevention and safety within the community. The award was presented to Pine in July. The Fire Prevention Officers Association is a multi-agency collaboration that provides education and mentoring for members on fire prevention issues and is under the direction of the San Diego County Fire Chiefs' Association. Every 3 years, the state updates its fire code and soon after, all 16 fire districts in the County send their fire codes to the San Diego County Fire Authority to go through line-by-line. It's Pine's job to make sure the codes are all in agreement with one another, as well as with the state, and County's Consolidated Fire Code. Pine has had a lead role in this important process for several years now. The Consolidated Fire Code makes it simpler for builders and homeowners in San Diego County to comply with fire protection standards on homes and developments.
- Deputy Probation Officers Ernesto Zetino and Nicolas O'Neal received **Hero Awards** from North San Diego Business Chamber September 16, 2015 for their actions during an incident May 23, 2015 in Fallbrook. On that day, Officers Zetino and O'Neal secured a newly born infant and cared for her until paramedics arrived. The baby tested positive for methamphetamine. The baby was taken into protective custody and placed in foster care. In giving the officers the award, the chamber stated that their actions exemplified their dedication to protecting the safety and life of our most vulnerable (and newest) members of our community.
- The San Diego County Crime Commission recently presented Senior Probation Officer Jeffrey Webdell with its **Blue Knight Award** for bravery. The nonprofit gives awards every year to local, state and federal law enforcement agencies in the county. Webdell works in the Youthful Offender Unit in the Probation Special Operations Division and has been with the department for nine years. He is commended for his alertness, bravery and quick action in disarming a violent gang member.
- The San Diego Law Enforcement Coordination Center (SDLECC) received the **Outstanding Investigative Support Center Award** on February 18, 2015 from the High Intensity Drug Trafficking Areas (HIDTA) Program for 2015. The center received the award in Washington, D.C., due to the outstanding relationships it has built with local, state and federal partners, the Sheriff's Department announced. Staff at the SD-

LECC assisted with analytical support on more than 100 investigations during the award period, including cases involving major drug traffickers, gangs, money laundering, and drugrelated violence such as murder and arson. SD-LECC's support of one multi-year investigation directly contributed to the arrests of 117 people and the seizure of nearly 652 kg of methamphetamine, 1,343 kg of cocaine, 53 kg of heroin, nine tons of marijuana and more than $14 million dollars. The SDLECC is a homeland security Fusion Center capable of working on any crime and any hazard. The center has a staff of 83 personnel from state, local and federal agencies. The HIDTA program provides assistance to federal, state, local and tribal law enforcement agencies operating in areas determined to be critical drug-trafficking regions of the U.S. The purpose of the program is to reduce drug trafficking and production in the U.S.

- The **San Diego chapter of Mothers Against Drunk Driving (MADD) honored seven Sheriff's Deputies** for going above and beyond in arresting impaired drivers. The MADD Awards Ceremony and Luncheon was held March 29, 2016 at the Town and Country Resort & Convention Center in Mission Valley.
- First 5 San Diego Executive Director, Kimberly Gallo, has been **named a finalist for Athena San Diego's 18th Annual Pinnacle Awards**. The awards honor the men, women, educators, and organizations that passionately support, encourage and advance high-level opportunities for women in life sciences and technology. Athena presented awards on April 28, 2016, in each of the five categories: individual in life sciences, individual in technology, individual in services, educator, and company/organization. The Pinnacle Awards annually attract over 700 leaders from the community at the awards presentation.
- The Alliant Build America Awards highlight the nation's most significant construction projects. This year, its **2016 Marvin Black Partnering Excellence Award** went to the County's Department of General Services for Las Colinas Detention and Reentry Facility. The Black award recognizes a superior collaborative effort between major stakeholders to complete a world class project. In this case, the project included the Sheriff's Department, General Services and the contractor, Balfour Beatty Construction. The awards, which were announced during the Association of General Contractors annual convention in San Antonio, are considered by many to be the most prestigious recognition of construction accomplishments in the U.S.
- Sheriff's Deputies were honored March 16, 2016 for their hard work recovering stolen cars across San Diego County last year. The awards are given by the Auto Theft Advisory Committee (ATAC), which is a partnership between law enforcement, insurance and car-related companies working together to reduce car theft. The **Vehicle Theft Recovery Awards** Ceremony was held at The Prado at Balboa Park. The following 10 deputies were honored for arresting 78 people and recovering 196 stolen cars worth a total of more than $1.5 million in 2015:
  - Alpine Station—Corporal Devin Kusler
  - Rancho San Diego Station—Deputy Jesus Yniguez
  - North Coastal Station—Deputy Evan McCormick
  - San Marcos Station—Deputy Ricardo Carlon
  - Fallbrook Substation—Deputy Terence York
  - Santee Station—Deputy Aaron Brooke
  - Poway Station—Deputy Derrick Jones
  - Valley Center Substation—Deputy Jared Anderson
  - Ramona Substation—Deputy James Breneman
  - Vista Station—Deputy Alexander Brust
- Two DGS managed projects were recognized for superior construction and contract administration. The **California Counties Architect and Engineer Association** awarded the Las Colinas Detention and Reentry Facility the **2016 Public Project of the Year Award** at the California General Services Administration conference in Sacramento. The Cedar & Kettner Parking Structure received the **Construction Managers Association of America 2016 Public Works Greater than $15 Million Project Award**.
- The National Association of Area Agencies on Aging (n4a) gave both the County's "Don't Get Hooked" Scam Prevention Campaign and SNAP-Ed for Seniors Community Engagement Program **Aging Innovations Awards** and the San Diego Veterans Independence Service at any Age (SD-VISA) program received an **Aging Achievement Award** in July.
- First 5 San Diego was awarded with the **Certificate of Achievement for Excellence in Financial Reporting** from the Government Finance Officers Association (GFOA) for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The CAFR Program recognizes state and local governments that go beyond the minimum requirements of generally accepted accounting principles to prepare a comprehensive annual financial report that evidences the spirit of transparency and full disclosure. This is the second time First 5 San Diego has been recognized with the award.
- For Volunteer Month in April, the County of San Diego recognized Bill Graul, William Denton and Pam Medhurst as **Volunteers of the Year** for the Sheriff's Department. Graul has been volunteering for the Sheriff's Crime Lab for the past 29 years. His contributions include developing a system for cataloguing guns and creating numerous computerized databases to keep track of evidence. Denton is a Senior Volunteer at the Santee Sheriff's Station and has been doing this for nearly 18 years. He conducts free vacation checks, helps at the station, does traffic and crowd controls and checks on the welfare of elderly and disabled adults. Medhurst began volunteering as a K-9 Unit Team Leader for Sheriff's Search and Rescue (SAR) 18 years ago. As a SAR volunteer, she responds to missing person and rescue calls 24 hours a day. In her spare time,

Pam and her Simon the Safety Bloodhound Puppet read to children at libraries and schools to teach them how they can stay safe. In all, more than 900 volunteers work for the Sheriff's Department. Along with thousands of other volunteers, they helped save the County more than $44 million in fiscal 2014–15.

- The American Library Association honored San Diego County Library (SDCL) with a **2016 John Cotton Dana Award**. This national award recognizes outstanding public relations among the more than 100,000 libraries nationwide and comes with a $10,000 prize. The money will be used to continue the library's work in helping children develop skills for success in school. With only 40 percent of San Diego County children aged 3 to 5 in preschool, San Diego County Library set out to increase the number of kids ready for kindergarten by launching the 1,000 Books Before Kindergarten program. SDCL looked at best practices throughout the country and developed a robust program to prompt children to read, gets the whole family engaged and provides access to thousands of new children's books. As a result, 18,000 children have signed up to participate, SDCL has seen a 17 percent increase in picture book circulation and a 43 percent increase in early reader book circulation.
- SDG&E awarded the County the **Energy Champion Award** during a ceremony in June. The County was recognized for developing an outstanding culture of sustainability and energy conservation. Staff will also participate in a video about the County's program.
- The County of San Diego recently achieved **national accreditation for public health services** from the **Public Health Accreditation Board** on May 17. The recognition signifies that the County has demonstrated it meets nationally recognized, practice-focused and evidenced-based standards in providing essential pubic health services. To become accredited, the County of San Diego successfully underwent a rigorous review of over 1,100 documents, and received high marks from reviewers after a two-day site visit on February 22 and 23. Of nearly 3,000 governmental public health departments in the nation, only 135 health departments have earned accreditation status since 2011, when the program was launched. The County has become one of six other California health departments to earn this distinction.
- The Department of Parks and Recreation (DPR) earned three **2016 American In-House Design Awards** from Graphic Design USA magazine, one of the industry's leading trade publications. Graphic Design USA had nearly 6,000 entries submitted by design firms, ad agencies and in-house corporate designers. DPR's entries were among the top 15 percent selected for their design excellence and visual presence. The winning selections included DPR's Strategic Plan, our first ever DPR Calendar and our new and improved Program and Activity Guides.
- Crime Stoppers honored Sheriff's Homicide Detail Detective Brian Patterson with its **Crime Stoppers Award** for his outstanding work in a murder case. In April 2012, Brittany Killgore was reported missing in Fallbrook. Days later, her body was found in Riverside County. Detective Patterson led the team of deputies, detectives and crime lab personnel whose work resulted in the arrest of three people. He also collaborated with prosecutors to prepare the case in court resulting in guilty verdicts. Those responsible for the kidnapping and murder of Brittany Killgore were brought to justice because of his incredible work ethic and dedication.
- Sheriff's Deputy Alvin Vasquez was recognized by the Burn Institute with a **Spirit of Courage Award** for his bravery. In January of last year, he received a call of a fight between two men in Borrego Springs. Deputy Vasquez urged a man suspected of stabbing a neighbor to surrender, but the suspect brandished a knife toward the deputy. The suspect ran out to a backdoor, tripped over a gasoline can, and doused himself and the mobile home with the fluid. At some point the gasoline ignited, setting the suspect and home on fire. With little regard for his safety, Vasquez tried again and again to rescue the suspect until finally he was able to pull him out of the home. The suspect died from his burn injuries the next day. Vasquez put himself in danger to rescue someone who just moments before had threatened him with a knife.
- Fifteen outstanding individuals and programs were recognized at the 30th Annual Behavioral Health Recognition Dinner on June 10. The event, held at the Marriott Mission Valley and attended by more than 600 health providers and clients, honored individuals and programs that support positive behavioral health in the San Diego community. It is hosted by a committee of behavioral health professionals. Behavioral Health Program Coordinator Debbie Malcarne was awarded the **Behavioral Health Person of the Year**. The Legal Aid Society of San Diego's Supplemental Security Income (SSI) Advocacy Program was awarded the **Behavioral Health Director's Program of the Year**.
- First 5 San Diego was one of seven local organizations which received **2016 EAR (Effective Advertising on Radio) Awards**–an honor bestowed on businesses that have effectively used the radio medium to convey their message to listeners. The San Diego Radio Broadcasters Association recognized five English and two Spanish commercials from among the nominations which were evaluated primarily for measurable results and for creative, writing and production values. First 5 San Diego was recognized for its "30,000 Words a Day" public service announcement (PSA) that encourages parents to engage in meaningful conversations with their children.
- The Department of Parks and Recreation earned the **2016 National Recreation and Park Association Kudos Marketing Award** for strategic marketing and new graphic brand identity. This national award is given to one agency that has sig-

nificantly contributed to the public's increased awareness and recognition of public parks and recreation through a marketing campaign and communications.

- In recognition of the United Nations' Public Service Day June 23, the Sheriff's Department highlighted the service of nearly 4,200 employees and nearly 2,000 volunteers who help to achieve the department's mission of keeping the peace. They bring career experiences from various backgrounds to make a difference.

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 recommended 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.

Input from Five-Year Financial Forecast

The Operational Plan 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. 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 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 and benefits, operating costs, and revenues. Other factors considered include changes to required levels of services and priorities of the Board of Supervisors, demographic trends, economic indicators, and federal and State policy changes. A summary of factors considered during the development of the most recent Five-Year Forecast are as follows:

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.

For more information and charts on demographic trends and economic indicators, refer to the San Diego County Profile and Economic Indicators section.

Forecast of Assessed Value of Real Property

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. General Purpose Revenue is the only form of revenue which the Board of Supervisors has discretion on how to spend. Other funding sources (i.e. program revenues) are received for specific purposes such as to provide services on behalf of federal or State government.

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

Forecast of Expenditures

The most significant cost driver in the current long-term outlook is tied to increased retirement costs due to a decrease in the assumed rate of return and other changes in actuarial assumptions for the San Diego County Employees Retirement Association (SDCERA). The current outlook reflects the 2015 actions by the SDCERA Board of Retirement to reduce the 7.75% assumed rate of return to 7.5% along with changes to the inflation assumption and assumes the SDCERA board will make further adjustments to actuarial assumptions during the 2016 triennial review of economic and demographic assumptions.

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 are identified, ranked and prioritized over the next five years. For information on the CINA, refer to the Capital Improvement Needs Assessment: Fiscal Years 2016–21 section.

Debt

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.

Public Review and Hearing

Prior to adopting a budget, the Board of Supervisors conducts a public hearing 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. This process commences with presentations by community organizations that have applied for grant funds available through the Community Enhancement Program. The public hearing on the Operational Plan begins during the first half of June.

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. 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. 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 of Supervisors 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 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 of Supervisors 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 after the conclusion of public hearings when the Board of Supervisors discusses the CAO Recommended Operational Plan, any requested amendments and public testimony 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. Once Budget Deliberations conclude, the Board gives approval, by majority vote, to operate pending the formal adoption of the budget for the coming fiscal year. Board of Supervisors Budget Deliberations are usually completed by the end of June.

Referrals from Budget

Referrals from Budget are requests made by the Board of Supervisors 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. Any changes to the approved budget prior to adoption require a four-fifths vote of approval by the Board.

Budget Adoption

Budget Adoption occurs at a separate public hearing 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 adopted budget require a four-fifths vote of approval by the Board. Budget adoption typically occurs in August.

Adopted Operational Plan

The Adopted Operational Plan shows the Board of Supervisors' adopted budget for the immediate fiscal year and the plan approved in principle for the following year. The Adopted Operational Plan is an update of the CAO Recommended Operational Plan reflecting revisions made by the Board of Supervisors 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 of Supervisors 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:

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 of Supervisors after the budget is adopted.

Such changes could include requests for additional appropriations as a result of additional 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/Auditor and Controller. 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 of Supervisors 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 of Supervisors regular agenda and are also posted on the Auditor and Controller's website.

Financial Planning Calendar: 2016 Dates

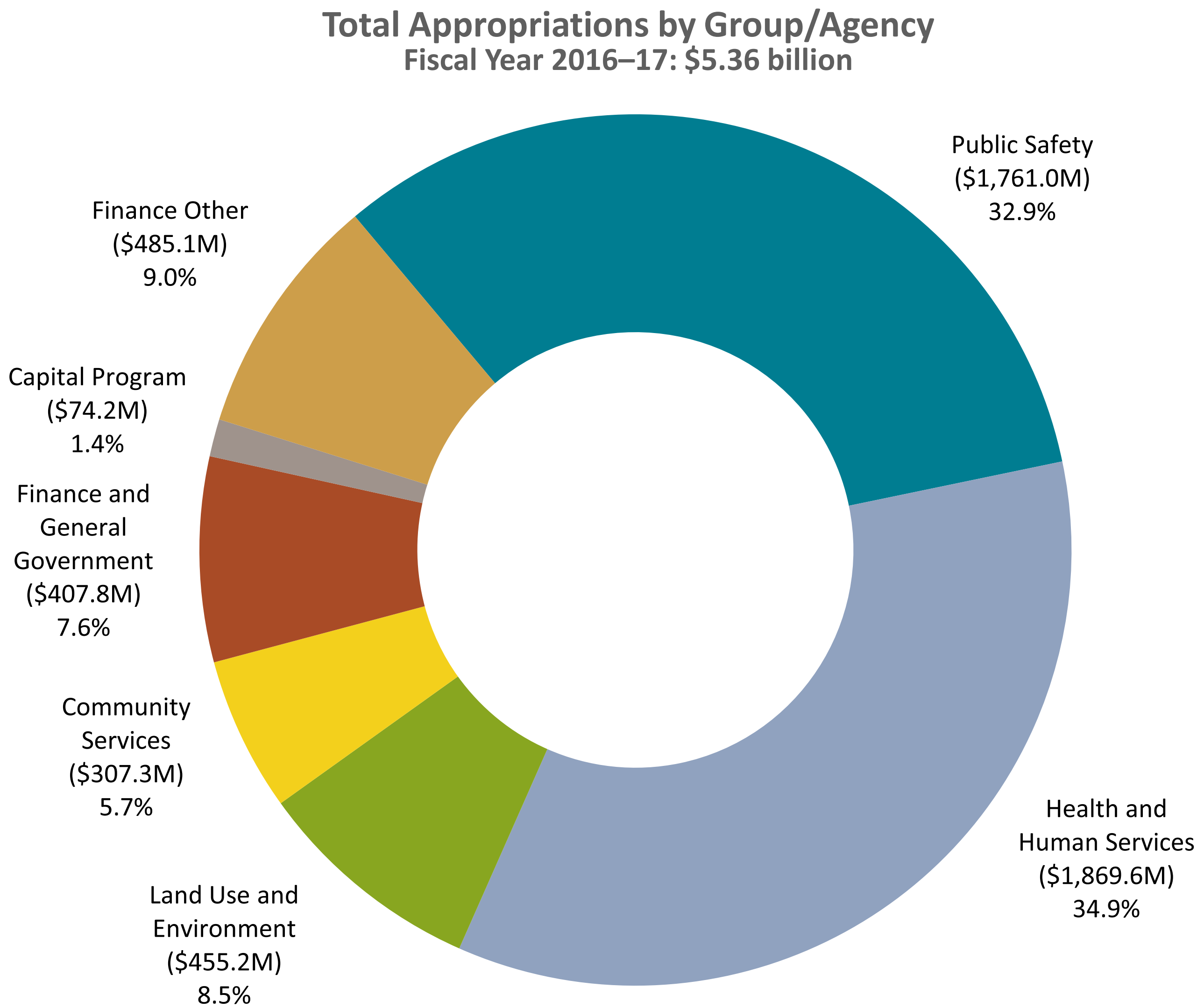
Calendar Year 2016

Feb 9	Instructions for Operational Plan issued by the Office of Financial Planning (OFP) Budget database opens for Operational Plan development
Mar 9	Deadline for departments to submit draft Anticipated Accomplishments, Objectives and Performance Measures sections to business groups (Groups) for review Budget database closed to departments for review by Groups
Mar 16	Deadline for departments to submit all sections of narratives to their Group Finance Director
Mar 23	Budget database closed to groups Deadline for groups to submit all department and Group narratives to OFP
Mar 24	Total Appropriations and Staffing Text by Group/Agency due to OFP by Group Finance Directors
Apr 4-5	First review of Group Sections by Group Finance Directors
Apr 7	Final review of Group Sections by Group Finance Directors
Apr 15	Draft copy of balanced CAO Recommended Operational Plan sent to the Chief Administrative Officer (CAO), Assistant CAO/Chief Operating Officer (COO) and General Managers
Apr 25	CAO Recommended Operational Plan docketed and released to the Board of Supervisors and public
May 3	Board of Supervisors accepts CAO Recommended Operational Plan
May 4	Budget database opens for modifications
May 11	Budget Change Letter database closed to departments for review by Groups
May 13	Department Change Letter narratives due to Groups
May 18	Budget Change Letter database closed to Groups
May 26	Deadline for Groups to submit all department and group Change Letter narratives to OFP
Jun 13–22	Public hearings on CAO Recommended Operational Plan (ten calendar days)
Jun 22	Last day for Citizen Advisory Committees to submit budget statements to the Clerk of the Board All other proposals for budget changes from the Board of Supervisors and public due to the Clerk of the Board CAO Change Letter filed with the Clerk of the Board
Jun 28–29	Board of Supervisors budget deliberations Board of Supervisors approves Fiscal Year 2016–18 Operational Plan
Aug 2	Board of Supervisors adopts Fiscal Year 2016–17 budget

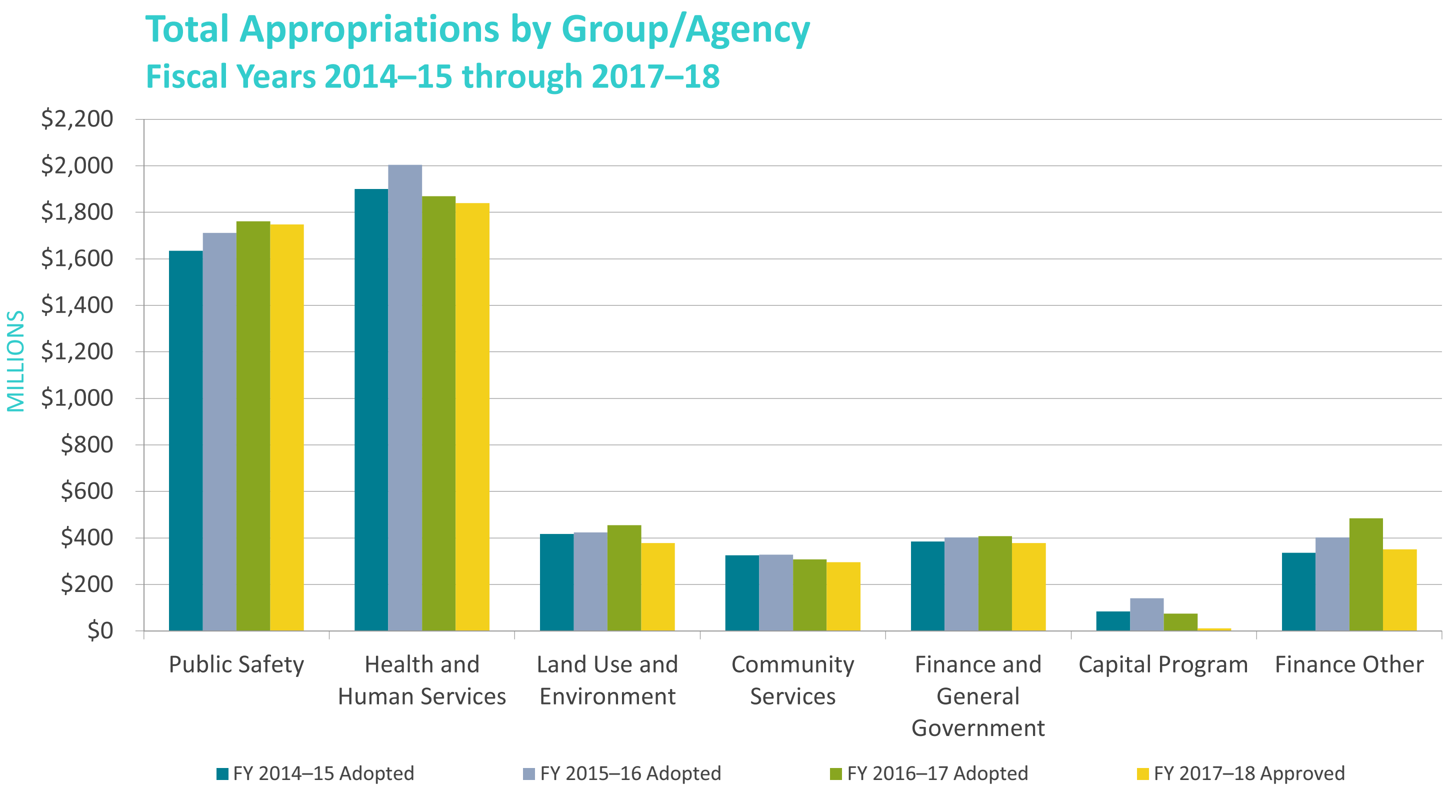
All Funds: Total Appropriations

Total Appropriations by Group/Agency

Appropriations total **$5.36 billion in the Adopted Budget for Fiscal Year 2016–17** and $5.00 billion for Fiscal Year 2017–18. This is a decrease of $54.1 million or 1.0% for Fiscal Year 2016–17 from the Fiscal Year 2015–16 Adopted Budget. Looking at the Operational Plan by Group/Agency, appropriations decrease in Health and Human Services, Community Services and Capital Program, while there are appropriation increases in Public Safety, Land Use and Environment, Finance and General Government and Finance Other.



The chart above shows each Group/Agency's share of the Fiscal Year 2016–17 Adopted Budget, while the bar chart and table on the following page compare the Fiscal Years 2016–17 and 2017–18 appropriations to the two prior fiscal years. The percentage change is also calculated for the variance between the Fiscal Year 2016–17 Adopted Budget and the Fiscal Year 2015–16 Adopted Budget. An overview of the County's Operational Plan for Fiscal Year 2016–17 is presented on the following page by Group/Agency and 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 2014–15 Adopted Budget	Fiscal Year 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	% Change	Fiscal Year 2017–18 Approved Budget
Public Safety	$ 1,635.0	$ 1,711.6	$ 1,761.0	2.9	$ 1,747.5
Health and Human Services	1,900.9	2,004.2	1,869.6	(6.7)	1,839.7
Land Use and Environment	417.5	423.9	455.2	7.4	378.1
Community Services	325.6	328.4	307.3	(6.4)	295.9
Finance and General Government	384.8	402.2	407.8	1.4	378.3
Capital Program	83.7	141.0	74.2	(47.4)	11.7
Finance Other	336.3	402.9	485.1	20.4	351.2
Total	**$ 5,083.7**	**$ 5,414.2**	**$ 5,360.1**	**(1.0)**	**$ 5,002.5**

Public Safety Group (PSG)

A net increase of $49.4 million or 2.9% from the Fiscal Year 2015–16 Adopted Budget. The increase primarily relates to increased costs as a result of negotiated labor agreements, retirement costs, a net increase of 72.00 staff years, growth in Proposition 172, *The Local Public Safety Protection and Improvement Act of 1993* funding, and the planned use of one-time resources. All mandated services are maintained.

Major changes include:

- Increases in staff in the Sheriff's Department, Department of Child Support Services, the Public Defender and the San Diego County Fire Authority.
- Transfer of the Public Assistance Fraud Investigations unit from the District Attorney to the Department of Child Support Services.

- Amounts allocated for one–time expenditures to support staffing, major maintenance projects, the Emergency Vehicle Operations Course capital project, equipment purchase, electronic record storage and radio replacements.
- Increases in various Internal Service Funds and Public Liability insurance costs.
- Increases in various information technology projects.
- Increase in contracted services related to fire and emergency medical services and community program, for juveniles at-risk and those in custody.
- A reduction in staff to align operations with the decline of the juvenile and adult populations in the Probation Department, and to align operations with current workload in the Department of Child Support Services, which will not impact services.
- Rebudgets for costs associated with Regional Communication System (RCS) Microwave Transport Network, Justice Regional Information System re-platform project, State and federal homeland security initiatives, Rancho San Diego station audio-visual equipment and contracted services in the Cal-ID program.

The Public Safety Group will continue to provide core services, supporting the County's Strategic Initiatives and operating an efficient and responsive criminal justice system.

Key areas of focus include:

- Promoting the implementation of a service delivery system that is sensitive to individuals' needs with a focus on behavioral health.
- Strengthening prevention and enforcement strategies to protect youth from crime, neglect and abuse with a focus on positive outcomes for youth.
- Creating and promoting diverse opportunities for residents to exercise their right to be civically engaged and find solutions to current and future challenges by engaging communities in public safety solutions.
- Providing modern infrastructure, innovative technology and appropriate resources to ensure superior service delivery to our customers with superior fire and emergency medical services in rural communities.

Health and Human Services Agency (HHSA)

A **net decrease of $134.6 million or 6.7%** from the Fiscal Year 2015–16 Adopted Budget. The decrease is driven by a reduction of $250.3 million to reflect the transfer of collective bargaining responsibilities to the State for In-Home Supportive Services (IHSS) providers as part of the Coordinated Care Initiative (CCI). There is no impact to services resulting from this change. Offsetting this reduction is a net increase of $115.7 million. Of this amount, $27.2 million is due to the transfer of Housing & Community Development (HCD) from the Community Services Group (CSG) to HHSA along with 102.00 staff years. The remaining $88.5 million represents a net increase across departments, including the addition of 239.00 staff years, to augment supports to strengthen families and improve outcomes for vulnerable populations; respond to service demands tied to growing caseloads and new State and federal policy direction; improve the service delivery system; and fund overall increases in cost of doing business including negotiated labor agreements and retirement contributions. Over half of the $88.5 million is related to an expansion of contracted community services covering a full spectrum of assistance, from prevention to treatment, in Behavioral Health Services.

Major changes include:

- Decrease in contracted services primarily due to transfer of collective bargaining responsibilities to the State for IIHSS providers as part of the CCI. There is no impact to services resulting from this change.
- Decrease for one-time costs for initial phases of ConnectWellSD project, offset by increase for last year of design, development and implementation.
- Decrease for CalWORKs benefit payments and Cash Assistance Program for Immigrants based on projected caseload trends.
- Increase for expansion of contracted community services covering a full spectrum of assistance, from prevention to treatment, primarily in the Behavioral Health Services Department.
- Increase for projects, including Project One for All, to serve homeless persons that have a serious mental illness and/or substance use disorder in the County of San Diego.
- Increase for crisis stabilization and treatment for persons who are in psychiatric crisis.
- Increase for the addition of licensed staff to residential and outpatient recovery services.
- Increase for Medical Services Group to provide psychiatric services at the San Diego County Psychiatric Hospital.
- Increase for the transfer of HCD from CSG.
- Increases for General Relief (GR) caseload growth, Family Stabilization and Expanded Subsidized Employment, CalFresh client benefits, and Approved Relative Caregiver program to align with projected caseload.
- Increase for various information technology (IT) increases related to annual ISF adjustments, one-time projects including desktop modernization, and an increase for the IT innovation fund.
- Increase for the Foster and Relative Caregiver Recruitment, Retention and Support contract to strengthen the retention, recruitment and training support for Foster and Kinship parents and caregivers.

- Increase in Public Authority related to workload increases for the implementation of the Fair Labor Standards Act for the IHSS program and one-time costs for the relocation of the training center.
- Increase for Alzheimer's awareness and support projects.
- Increase of expenditures for additional legal advisory services in County Counsel and to fund a LUEG staff year to support the *Live Well San Diego* Food System Initiative.

A major goal in the development of HHSA's operational plan is to advance the *Live Well San Diego* vision. As in the past, HHSA continues to work with advisory boards and other key stakeholders in these efforts.

Key areas of focus include:

- Investing in Project One for All to provide intensive intervention and wraparound services to homeless individuals with a serious mental illness.
- Expanding the Psychiatric Emergency Response Teams (PERT), with a total of 40 teams, to link individuals with appropriate levels of care to reduce unnecessary incarcerations and inpatient psychiatric hospitalizations.
- Improve the integration of County services by incorporating housing and homeless initiatives into HHSA's strategic program initiatives through the transfer of HCD from CSG.
- Increasing support for the retention, recruitment and training of Foster and Kinship parents and caregivers augmentation in order to continue to decrease reliance on congregate care settings for foster youth and increase placements in home-based family settings.
- Investing in the Commercially Sexually Exploited Children Program to help address the young victims of human trafficking.
- Investing to improve resources and services for Alzheimer's patients and caregivers to continue to meet identified needs.
- Expanding counseling and outreach to previously underserved communities by the Office of Military and Veterans Affairs.
- Continuing investment in Public Health prevention services associated with the Nutrition Education and Obesity Prevention, Health prevention and HIV prevention grants, and Childhood Obesity Initiative will be expanded.
- Providing additional subsidized employment opportunities to assist CalWORKs participants in achieving self-sufficiency.
- Continuing investment in the last phase of the design, development and implementation of the ConnectWellSD Information Exchange, enabling information sharing and collaboration among County programs and support a person-centered and trauma informed delivery system.
- Continuing modernization of facilities to promote a professional and trauma informed atmosphere and to match location with public need.
- Modernizing information technology systems to enhance service delivery when possible.

Land Use and Environment Group (LUEG)

A **net increase of $31.3 million or 7.4%** from the Fiscal Year 2015–16 Adopted Budget. The increase primarily relates to negotiated labor agreements, increases to retirement costs, pavement resurfacing projects, one-time infusion into the Environmental Trust Fund and the addition of 26.00 staff years.

Major changes include:

- Increased staffing costs as a result of negotiated labor agreements, retirement contributions and the addition of 26.00 staff years in the LUEG Executive Office; Department of Parks and Recreation; Agriculture, Weights and Measures; Planning & Development Services; and in the Department of Public Works.
- Increased costs related to the Watershed Protection Program to fund Total Maximum Daily Load (TMDL) for structural Best Management Practices (BMP) design and environmental review, non-structural BMPs, water quality monitoring, and development of the Water Quality Improvement projects necessary to comply with Stormwater Permit requirements.
- One-time funding for the Environmental Trust Fund to offset additional requirements imposed by the State for burn sites and one landfill that were not part of the original Solid Waste divestiture in 1997.
- Additional one-time funding from the State due to unspent State funds for mobile incentives.
- A reduction in construction costs for completed capital improvement projects.
- Reduced costs due to a one-time transfer between the General Fund and the Road Fund for San Diego Gas and Electric (SDG&E) impact fees for road maintenance work.
- Correct funding source from Land Use and Environment Group Fund Balance to Operating Transfer In and Out between the Land Use and Environment Group Executive Office and the Air Pollution Control District.

Key areas of focus include:

- Protecting San Diego County's $1.8 billion agricultural industry from damaging pests, noxious non-native weeds and diseases. Agriculture serves as a basis to economic development through its contributions to national and international trade, employment, and the production of healthy and high quality crops for our health.
- Protecting people and the environment from the harmful effects of air pollution, to make the air as clean as possible since the quality of the air has an impact on health.
- Continuing to work with the University of California Cooperative Extension (formerly Farm and Home Advisor) to bring together education and research resources of the University of California, the U.S. Department of Agriculture and the County in order to help individuals, families, businesses and communities address agricultural, environmental, horticultural and public health issues.

- Protecting public health and helping to prevent disease through education and awareness of vector-borne diseases and proper disposal of household hazardous, electronic and universal waste.
- Expanding and protecting park resources, by acquiring additional parkland throughout the county to provide opportunities for high quality parks and recreation experiences.
- Improving the overall land development process, as well as the associated customer experience and streamlining permit processing to enhance the quality of communities.
- Stabilize roadway infrastructure throughout the unincorporated county through the implementation of a nearly $36.0 million multi-year pavement maintenance program (e.g., resurfacing, repaving, culverts and guard rail repairs, etc.), which included feedback from most community groups to slow the degradation of roads and maintain the current Pavement Condition Index.

Community Services Group (CSG)

A **net decrease of $21.2 million or 6.4%** from the Fiscal Year 2015–16 Adopted Budget. The decrease is primarily due to the reorganization of HCD from CSG to Health and Human Services Agency (HHSA) for improved integration of County services, including all staff years and appropriations. Decreases also include a reduction of planned major maintenance facility projects and planned use of management reserves. Partially offsetting increases include negotiated labor agreements, retirement costs for existing employees and 20.50 new staff years; one-time IT projects for procurement processes and records management; library books and materials; utility costs for new and expanded facilities; vehicle and equipment purchases and related depreciation expense; reserves for future elections; and operating transfers between internal service funds for energy efficiency projects.

Major changes include:

- Projected personnel costs, including 20.50 new staff years, negotiated labor agreements, and retirement costs.
- New and upgraded systems for contract award and management and for County records management.
- Additional books and materials for library branches.
- A triennial facility condition assessment effort for selected County facilities.
- Increased vehicle and equipment replacement activities.
- A decrease in major maintenance facility projects to align with forecasted needs in Fiscal Year 2016–17.
- Reorganization of HCD from CSG to Health and Human Services Agency, including all staff years and appropriations. The purpose is for improved integration of County services.
- Increase in staff years for Department of Animal Services to address ongoing needs in spay/neuter services, animal medical care, and human resource functions.
- One-time funding for 90-day pilot program to increase operating hours at all three County animal shelters.

Key areas of focus include:

- Improving County animal shelter facilities, including Phase 1 of capital improvements to the South County Animal Shelter in Bonita.
- Enhancing volunteer service coordination in all County animal shelter facilities.
- Maintaining library hours to provide patron access to library materials and services, including the completion of the 24/7 Library-To-Go Kiosk pilot program in all five County districts.
- Completion of an expanded library in Imperial Beach, while planning for improved library facilities in Borrego Springs, Lakeside, and 4S Ranch.
- Continuing the development of a strategic facility replacement and improvement plan to address aging and obsolete County facilities.
- Improving energy and water efficiency in existing County facilities, while incorporating efficiency technology in all new facility construction.
- Providing resources to homeless families and veterans exiting from transitional housing.
- Improving County procurement using updated systems for contract award and management.
- Increasing the number of permanent vote-by-mail voters and successfully conducting the November 2016 Presidential General Election.

Finance and General Government Group (FGG)

A **net increase of $5.6 million or 1.4%** from the Fiscal Year 2015–16 Adopted Budget. The increase is due primarily to negotiated labor agreements and increases in retirement costs, facility maintenance operations costs and one-time information technology (IT) projects.

Major changes include:

- A change in planned IT services for a number of County departments through the County's information technology outsourcing contract, including:
  - Upgrades of the County's financial and human resources management system databases.
  - Upgrade of County's IT Oracle Business Intelligence platform.
  - One-time projects of multiple IT systems, including integration of Digital Signature with document repositories and upgrade of Revenue and Recovery's collections system.

- Increase in ongoing IT costs for the County's financial systems related to data storage and a disaster recovery environment.
- Major Maintenance projects for the County Administration Center and ongoing costs associated with the Cedar & Kettner parking garage.

Key areas of focus include:

- Maintaining the County's fiscal stability through active monitoring of economic conditions, sound accounting, auditing, budgetary practices and management discipline, including continued assurance of accountability and transparency in the use of all funds.
- Aggressively pursuing opportunities to restructure the County's debt portfolio to maximize taxpayer savings.
- Maintaining a strong Treasurer's Investment Pool.
- Maintaining an investment in modern information technology to support County operations.
  - Upgrading of the County's auditing software to ensure adequate controls are in place.
  - Upgrading the County's Learning Management System to provide continued training opportunities to employees.
  - Select a vendor and negotiate a new agreement for the continued outsourcing of the County's information technology and telecommunications services.
- Strengthen the customer service culture by ensuring every customer has a positive experience.

Capital Program

A **net decrease of $66.8 million or 47.4%** from the Fiscal Year 2015–16 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 2016–17 Capital Program includes $65.0 million for the following capital projects:

- $15.9 million for the South County Animal Shelter (Bonita), Phase 1;
- $15.0 million for the Emergency Vehicle Operations Course;
- $13.5 million for the ARCC East County Operations and Archive;
- $10.0 million for the Multiple Species Conservation Program (MSCP);
- $7.0 million for 4S Ranch Library Expansion;
- $1.3 million for Lakeside Library Land Acquisition;
- $1.0 million for Lindo Lake Improvements;
- $0.4 million for Tijuana River Valley Well and Water Distribution;
- $0.4 million for the Lakeside Equestrian Facility;
- $0.3 million for Lamar Playground and Fitness Equipment;
- $0.3 million for San Luis Rey River Park SR76 Right of Way Trail – Middle Portion.

The Capital Program also includes $9.2 million for the Edgemoor Development Fund to pay debt service on the 2014 Refunding Certificates of Participation related to construction of the Edgemoor Skilled Nursing Facility and other costs to improve the Edgemoor property. Together with the amounts in the other Capital Program Funds, appropriations for Fiscal Year 2016–17 total $74.2 million.

In Fiscal Year 2017–18, appropriations decrease by $62.5 million from Fiscal Year 2016–17 and the program includes funding of $2.5 million for the MSCP and $9.2 million for the Edgemoor Development Fund.

Finance Other

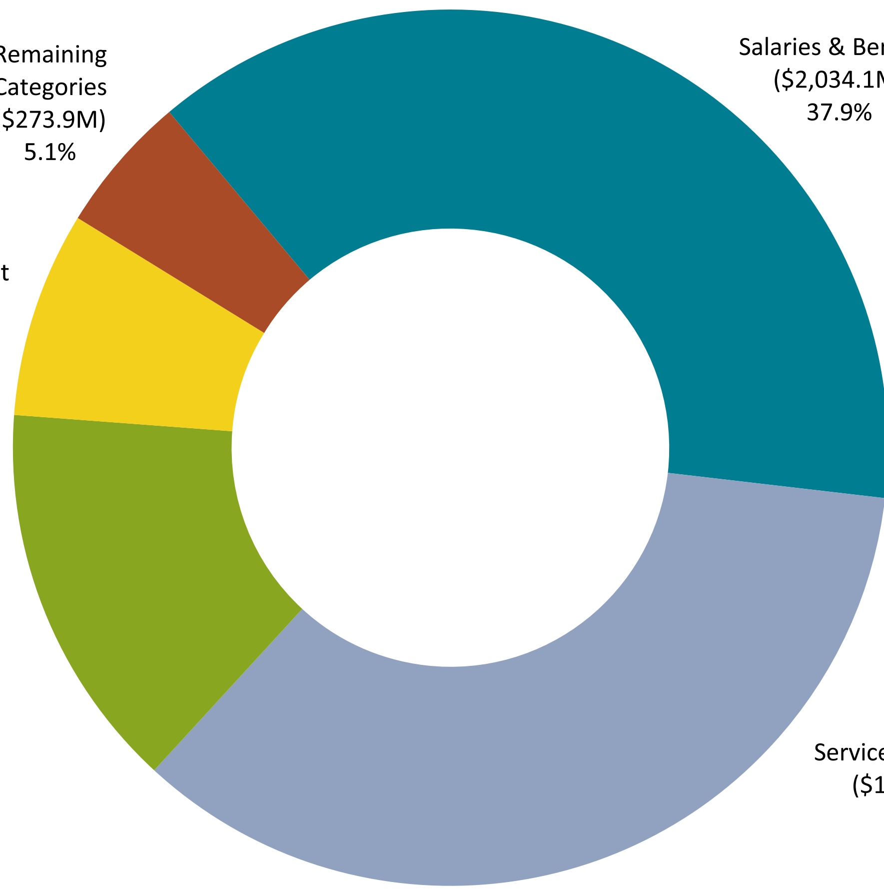
A **net increase of $82.2 million or 20.4%** from the Fiscal Year 2015–16 Adopted Budget. Many of the appropriations in this group vary little from year to year, but some are one-time and can fluctuate significantly.

In Fiscal Year 2016–17, the most significant commitment of fund balance includes $100.0 million committed for an annual portion of the payment of the debt service costs of the County's existing Pension Obligation Bonds (POBs) beginning in Fiscal Year 2017–18. This funding source will be drawn down over a ten year period, as an alternative funding source for POB costs currently supported by General Purpose Revenue.

Total Appropriations by Categories of Expenditures

The chart below shows the Adopted Budget detailed by categories of expenditures. As noted previously, the **Fiscal Year 2016–17 Adopted Budget is decreasing overall by $54.1 million** from the Fiscal Year 2015–16 Adopted Budget and decreasing by $357.6 million in Fiscal Year 2017–18.

Total Appropriations by Categories of Expenditures
Fiscal Year 2016–17: $5.36 billion



The changes by category are summarized as follows:

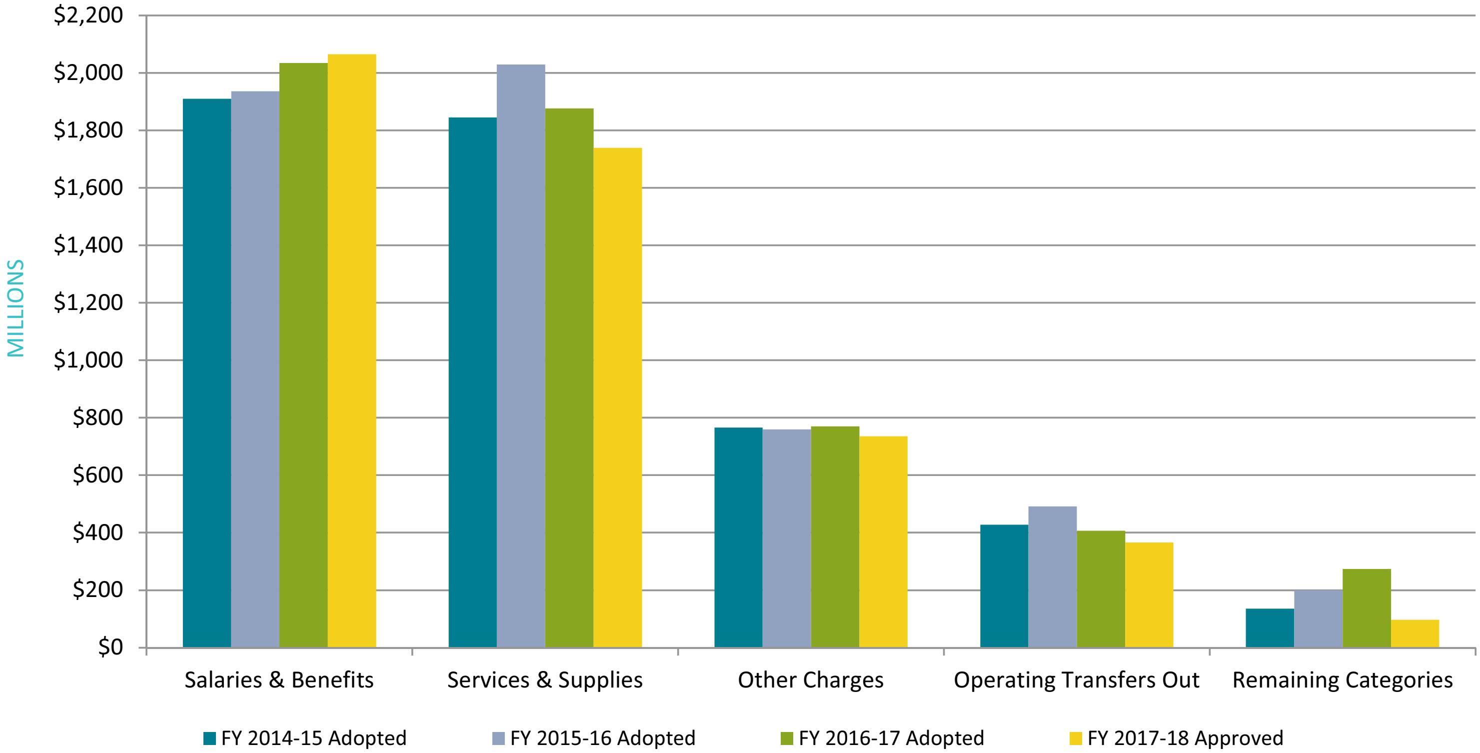
Salaries & Benefits

Salaries & Benefits are **increasing overall by a net $98.4 million or 5.1%** in Fiscal Year 2016–17. This change reflects negotiated labor agreements, increased retirement contributions and a net staffing increase of 362.50 staff years. Staffing changes include additions in the Sheriff's Department; Housing & Community Development Services, Self-Sufficiency Services, Aging & Independence Services, and Behavioral Health Services in the Health and Human Services Agency; the departments of Planning & Development Services, Animal Services, General Services and other departments as well as staffing reductions in the Department of Housing and Community Development, the Department of Child Support Services, Probation Department and Medical Examiner.

In Fiscal Year 2017–18, Salaries & Benefits are increasing by a net of $30.6 million or 1.5%, which reflects negotiated salary and benefit costs. The budget reflects the estimated impact of labor agreements that have been negotiated through Fiscal Year 2017–18. There are no estimates included in Fiscal Year 2017–18 for employee organizations with agreements that are set to expire during Fiscal Year 2016–17. Staff years are expected to decrease by 5.00 in Public Defender.

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

Total Appropriations by Categories of Expenditures
Fiscal Years 2014–15 through 2017–18



Total Appropriations by Categories of Expenditures (in millions)

	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	% Change	Fiscal Year 2017–18 Approved Budget
Salaries & Benefits	$ 1,910.1	$ 1,935.7	$ 2,034.1	5.1	$ 2,064.6
Services & Supplies	1,845.1	2,029.3	1,875.8	(7.6)	1,739.2
Other Charges	765.5	758.9	769.5	1.4	735.7
Operating Transfers Out	427.3	491.0	406.9	(17.1)	366.0
Remaining Categories:					
Capital Assets/Land Acquisition	84.5	136.1	110.8	(18.6)	53.2
Capital Assets Equipment	21.9	27.1	35.2	30.1	24.1
Expenditure Transfer & Reimbursements	(30.3)	(31.4)	(32.6)	3.8	(32.9)
Contingency Reserves	24.8	26.7	27.7	3.6	28.2
Fund Balance Component Increases	2.6	1.4	101.4	7,142.9	0.4
Management Reserves	32.2	39.5	31.5	(20.3)	24.0
Total	**$ 5,083.7**	**$ 5,414.2**	**$ 5,360.1**	**(1.0)**	**$ 5,002.2**

Services & Supplies

Services & Supplies are **decreasing by a net of $153.5 million or 7.6%**. 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 and various other requirements. While individual accounts are increasing or decreasing by varying amounts, the most significant changes include: decrease of $250.3 million in the Health and Human Services Agency (HHSA) In-Home Support Services as a technical adjustment related to the transfer of collective bargaining from the County to the State, a decrease of $15.0 million for Countywide major maintenance projects and a decrease of $4.4 million in temporary contract help Countywide, offset by increases of $50.0 million in HHSA Mental Health expenses, $7.1 million for contracted services in HHSA Child Welfare Services and Public Health Services, $9.9 million in HHSA information technology projects, $6.7 million increase in PSG contracted services, $5.8 million increase primarily for completion of one-time safety-related projects in the Sheriff's Department, $5.8 million increase in IT spending, an increase in costs for maintenance of facilities and equipment at various facilities, and various increases or decreases in one-time projects.

A decrease of $136.6 million or 7.3% in Fiscal Year 2017–18 is primarily due to the anticipated completion of one-time projects.

Other Charges

Other Charges are **increasing by $10.5 million or 1.4%**. This category includes items such as aid payments, debt service payments, interest expense, right-of-way easement purchases and various other payments including contributions to trial courts and grants to organizations participating in the Community Enhancement and Neighborhood Reinvestment Programs. The increase is primarily due an increase of $21.1 million to extend the life of the Environmental Trust Fund and an increase of $3.4 million in HHSA General Relief assistance payments to align with projected caseload growth offset by a decrease of $15.0 million in HHSA CalWORKs Assistance payments related to an improving economy.

A decrease of $33.8 million or 4.4% in Fiscal Year 2017–18 is primarily due to a decrease of $21.0 million in Public Works for one-time funding for the Environmental Trust Fund and a decrease of $11.5 million in Air Pollution Control District mobile incentive funds from the State.

Operating Transfers Out

Operating Transfers Out, the accounting vehicle for transferring the resources of one fund to pay for activities in another, is **decreasing by $84.1 million or 17.1%**. The most significant decreases are related to the changes in the County's capital program from Fiscal Year 2015–16, including decreases of $54.9 million for the Sheriff's Crime Lab and $50.6 million for the Regional Communication System upgrade, offset by increases to support the capital program for Fiscal Year 2016–17, including an increase of $15.9 million for the South County Animal Shelter, and $5.0 million for the Emergency Vehicle Operations Course (EVOC).

A decrease of $40.9 million or 10.1% is projected for Fiscal Year 2017–18, and is 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 $25.3 million or 18.6%** from Fiscal Year 2015–16. Appropriations vary from year to year depending upon the cost of the projects being funded. The Fiscal Year 2016–17 Capital Program includes $15.9 million for the South County Animal Shelter, $15.0 million for the EVOC, $13.5 million for the Assessor/Recorder/County Clerk East County Operations and Archive, $10.0 million for land acquisition for the Multiple Species Conservation Program (MSCP), $7.0 million for the 4S Ranch Library Expansion, $1.3 million for the Lakeside Library Land Acquisition, $1.0 million for Lindo Lake Improvements, $0.4 million for the Tijuana River Valley Well and Water Distribution, $0.4 million for the Lakeside Equestrian Facility project, $0.3 million for the Lamar Playground and Fitness Equipment project and $0.3 million for San Luis Rey River Park SR 76 Right of Way Trail Middle Portion.

A decrease of $57.6 million or 52.0% is projected for Fiscal Year 2017–18 due to the removal of appropriations to support the one-time projects identified above.

Capital Assets Equipment

Capital Assets Equipment is **increasing by $8.2 million or 30.1%** from the prior year. This account primarily includes routine ISF purchases of replacement vehicles and heavy equipment. It also includes appropriations for information technology hardware and communications equipment. Amounts may vary from year to year.

A decrease of $11.2 million or 31.7% is expected for Fiscal Year 2017–18.

Expenditure Transfers & Reimbursements

Expenditure Transfers & Reimbursements are **decreasing by $1.2 million or 3.8%**. Activity in this account reflects the transfer of expenses to another department within the same fund for services provided. 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. No significant change is recommended for Fiscal Year 2017–18.

The Expenditure Transfers & Reimbursement accounts are negative amounts to avoid the duplication of expenditures. One example is the agreement between the Health and Human Services Agency (HHSA) and the Department of Child Support Services (DCSS) for Public Assistance Fraud investigation services. The DCSS investigates suspected fraudulent public assistance cases for HHSA. The DCSS offsets the budgeted expenses with a negative amount in the Expenditure Transfers & Reimbursements account. HHSA budgets the expense for that activity in a Services & Supplies account offset by the appropriate State or federal revenue account.

Contingency Reserves

Contingency Reserves are appropriations that are set aside for unanticipated needs during the year. In Fiscal Year 2016–17, two funds have a contingency reserve. The General Fund contingency reserve is increasing to $22.7 million from $21.7 million. The Employee Benefits ISF contingency reserve remains at $5.0 million. In Fiscal Year 2017–18, the General Fund contingency reserve is projected to increase to $23.2 million. See the discussion of the General Fund Contingency Reserve in the Reserves and Resources section.

Fund Balance Component Increases

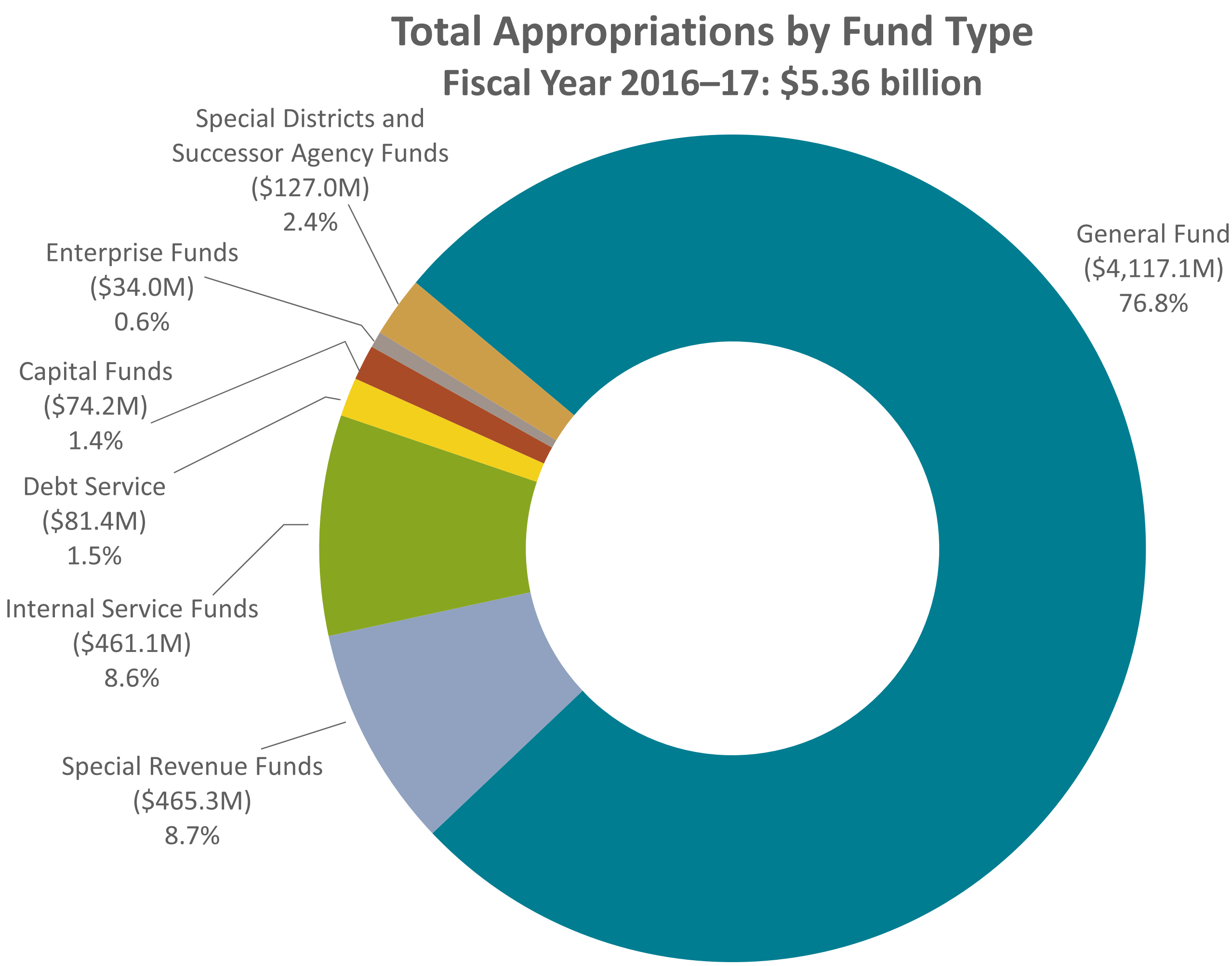
Fund Balance Component Increases can vary from year to year depending upon the need to set aside fund balance for specific future uses. In Fiscal Year 2016–17, the most significant commitment of fund balance includes $100.0 million committed for an annual portion of the payment of the debt service costs of the County's existing Pension Obligation Bonds (POBs) beginning in Fiscal Year 2017–18. This funding source will be drawn down over a ten-year period, as an alternative funding source for POB costs currently supported by general purpose revenue. More information about the committed fund balance for POBs can be found in the Finance Other section. For Fiscal Year 2017–18 there are no significant fund balance commitments anticipated.

Group Management Reserves

Management Reserves are **decreasing by $8.0 million or 20.3%**. The level of Management Reserves can vary from year to year. They are used to fund one-time projects or to serve as a prudent mitigation for revenue and economic uncertainties at the business group or department level.

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.)



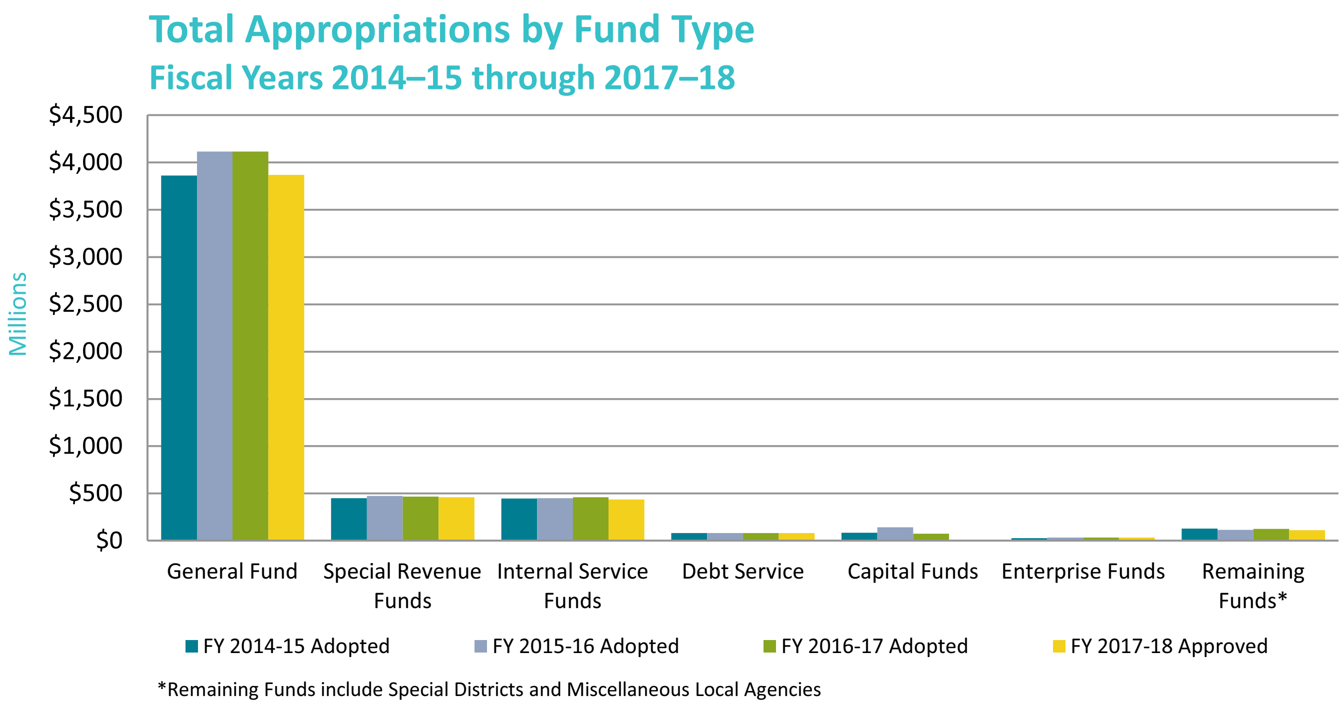
Governmental Fund Types

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, Asset Forfeiture 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 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).



Total Appropriations by Fund Type (in millions)

	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	% Change	Fiscal Year 2017–18 Approved Budget
General Fund	$ 3,863.6	$ 4,116.7	$ 4,117.1	0.0	$ 3,868.9
Special Revenue Funds	450.2	475.3	465.3	(2.1)	458.9
Internal Service Funds	447.5	450.1	461.1	2.4	437.9
Debt Service Funds	81.5	81.5	81.4	(0.1)	81.5
Capital Project Funds	83.7	141.0	74.2	(47.4)	11.7
Enterprise Funds	27.4	34.0	34.0	0.1	33.3
Special Districts and Successor Agency	129.8	115.6	127.0	9.8	110.4
Total	**$ 5,083.7**	**$ 5,414.2**	**$ 5,360.1**	**(1.0)**	**$ 5,002.5**

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:

- 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.

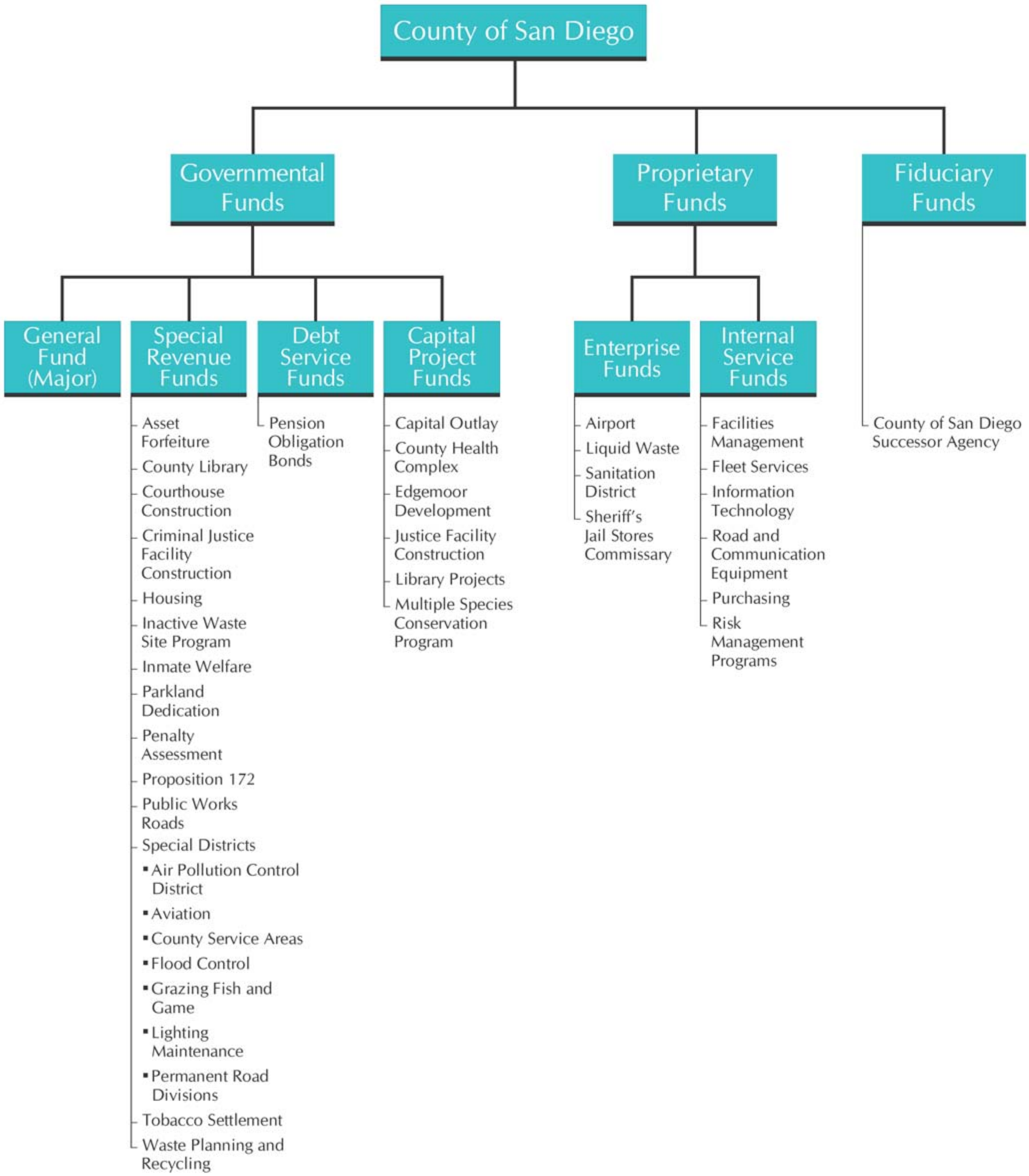
Examples include the Airport, Wastewater and Jail Commissary Funds.

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 such as air pollution control, 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 slums and blighted areas, improve housing, expand employment opportunities and provide an environment for the social, economic and psychological growth and well-being of all citizens of the county. The State of California, through the passage of Assembly Bill X1 26, Redevelopment Agency Dissolution, 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.

County Budgetary Fund Structure



Department Fund Relationship

The table below summarizes the relationship between County funds and each of the County's business groups. 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)							
Child Support Services	✓						
Citizens' Law Enforcement Review Board	✓						
District Attorney	✓	✓					
Medical Examiner	✓						
Office of Emergency Services	✓						
Probation	✓	✓					
Public Defender	✓						
PSG Executive Office	✓	✓					
San Diego County Fire Authority	✓	✓					
Sheriff	✓	✓			✓		
Health and Human Services Agency (HHSA)							
Administrative Support	✓						
Aging & Independence Services	✓						
Behavioral Health Services	✓						
Child Welfare Services	✓						
Housing and Community Development Services	✓						✓
Public Health Services	✓	✓					
Self Sufficiency Services	✓						
Land Use and Environment Group (LUEG)							
Agriculture, Weights & Measures	✓	✓					
Air Pollution Control District		✓					
Environmental Health	✓						
University of California Cooperative Extension	✓						
LUEG Executive Office	✓						
Parks and Recreation	✓	✓					
Planning & Development Services	✓						
Public Works	✓	✓			✓	✓	

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
Community Services Group (CSG)							
Animal Services	✓						
County Library		✓					
County of San Diego Successor Agency							✓
CSG Executive Office	✓						
General Services						✓	
Purchasing and Contracting						✓	
Registrar of Voters	✓						
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	✓						
Civil Service Commission	✓						
County Counsel	✓					✓	
County Communications Office	✓						
County Technology Office	✓					✓	
FGG Group Executive Office	✓						
Grand Jury	✓						
Human Resources	✓					✓	
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 (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 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, Proposition 4 requires the surplus to be returned to the taxpayers within two years. 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 be far below the Gann Limit.

San Diego County Appropriations Limit (in millions)

	Fiscal Year 2009–10	Fiscal Year 2010–11	Fiscal Year 2011–12	Fiscal Year 2012–13	Fiscal Year 2013–14	Fiscal Year 2014–15	Fiscal Year 2015–16	Fiscal Year 2016–17
Gann Limit	$ 3,897	$ 3,852	$ 3,977	$ 4,164	$ 4,465	$ 4,509	$ 4,737	$ 5,030
Appropriations subject to the limit	$ 1,309	$ 1,264	$ 1,255	$ 1,527	$ 1,683	$ 1,772	$ 1,727	$ 1,796

All Funds: Total Staffing

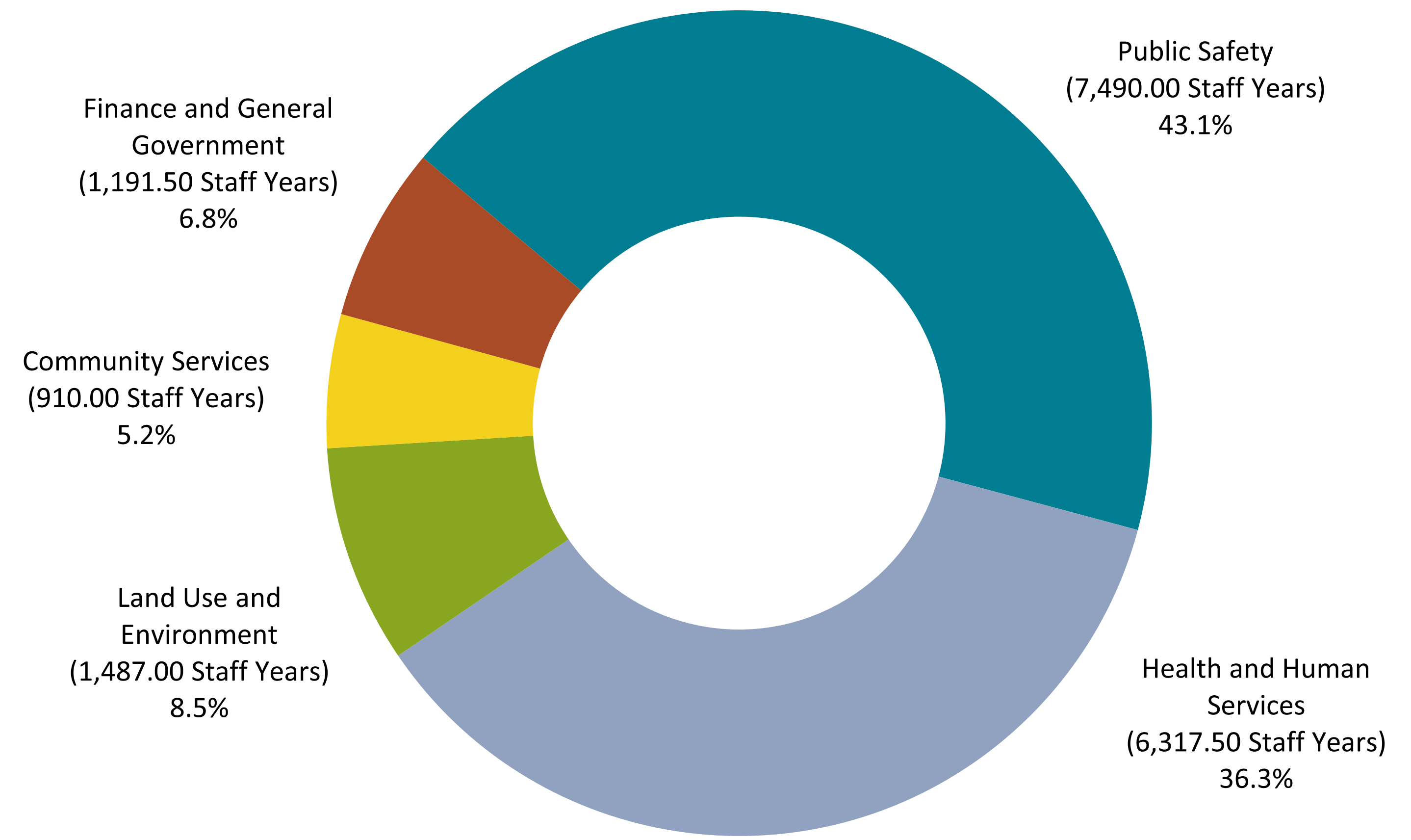
Total Staffing by Group/Agency

Adopted staff years[1] for **Fiscal Year 2016–17 increased by 362.50** from the Adopted Budget for Fiscal Year 2015–16, an increase of 2.1% to a total of 17,396.00 staff years.

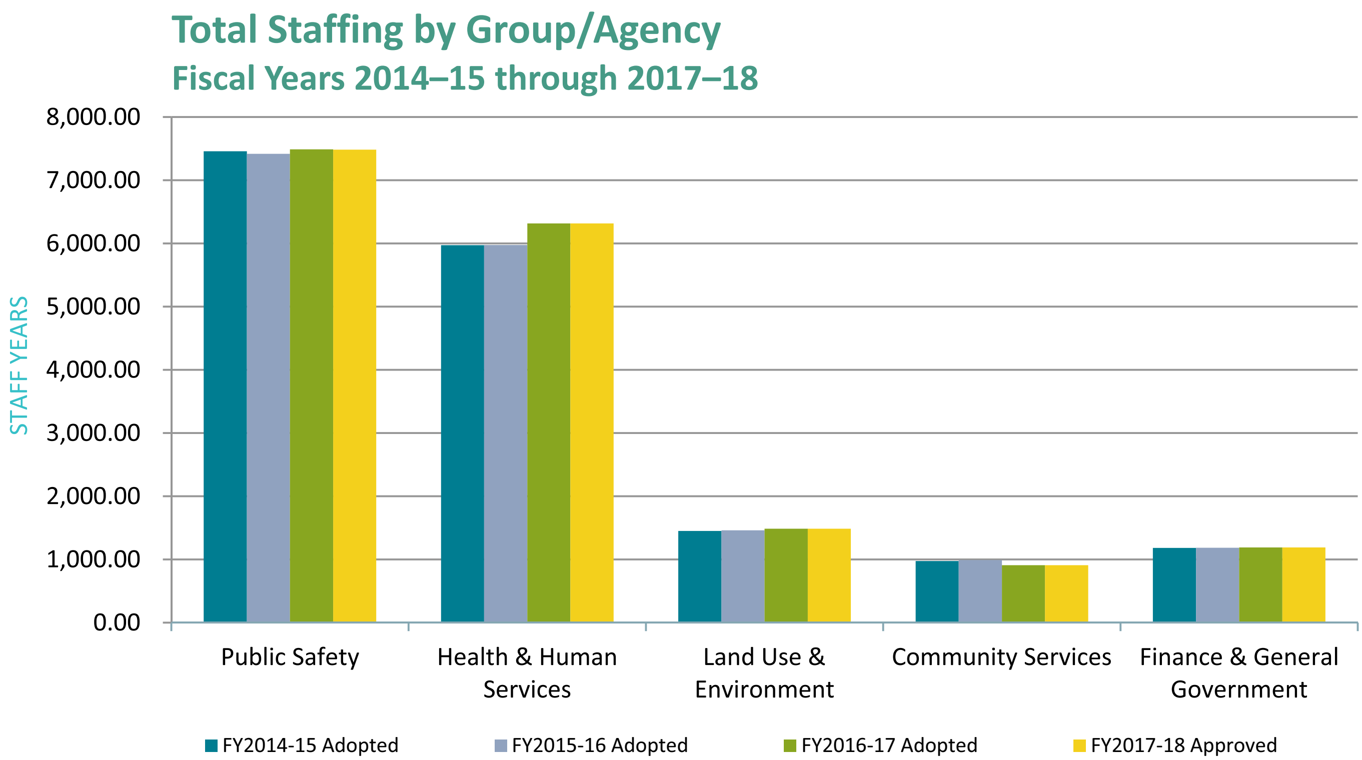
This net increase is attributable to increased staffing in the Health and Human Services Agency, the Public Safety Group, the Land Use and Environment Group, and the Finance and General Government Group. While overall staffing levels are increasing, there are some departments and programs in which staffing levels are decreasing. The staffing changes are summarized by business group in the chart below.

Total staff years in Fiscal Year 2017–18 are expected to decrease by 5.00 staff years to 17,391.00.

Total Staffing by Group/Agency
Fiscal Year 2016–17: 17,396.00 Staff Years



[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 2014–15 Adopted Budget	Fiscal Year 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	% Change	Fiscal Year 2017–18 Approved Budget
Public Safety	7,459.00	7,418.00	7,490.00	1.0	7,485.00
Health and Human Services	5,973.50	5,976.50	6,317.50	5.7	6,317.50
Land Use and Environment	1,452.00	1,461.00	1,487.00	1.8	1,487.00
Community Services	976.00	991.50	910.00	(8.2)	910.00
Finance and General Government	1,183.50	1,186.50	1,191.50	0.4	1,191.50
Total	**17,044.00**	**17,033.50**	**17,396.00**	**2.1**	**17,391.00**

Public Safety Group (PSG)

PSG has a **net increase of 72.00 staff years, or 1.0 percent**, to align staffing with available revenues and to address key operational requirements.

- District Attorney: decreases by 60.00 staff years due to the transfer of the Public Assistance Fraud Investigations unit to the Department of Child Support Services to leverage the efficient and effective use of resources with similar activities and goals.
- Sheriff's Department: increases by a net of 100.00 staff years:
  - Increase of 44.00 staff years in the Detention Services Bureau for the Pre-Arraignment Release program, Sheriff's Transfer, Assessment and Release (STAR) unit and the Pre-Trial counseling unit to develop and present objective assessment results regarding offenders on a Pre-Trial status; to support care of offenders with mental health needs in custody; for offender classification and population management; for food services provided to the Probation Department; and due to operational needs.

- Increase of 17.00 staff years in the Law Enforcement Services Bureau to maintain service levels to the unincorporated areas; due to a greater demand for DNA analysis; to augment the information analysis capabilities of the Sheriff's Analysis Group; for Aerial Support to Regional Enforcement Agencies (ASTREA) to provide emergency service air support to public safety agencies; to assist with public education on scam prevention and countering fraudulent activity; an increase in law enforcement services to the Jamul Indian Village and school districts; and due to a reduction in law enforcement services requested by contract cities.
- Net increase of 32.00 staff years in the Sheriff's Court Services Bureau for law enforcement services primarily to address the additional security requirements of the new San Diego Central Courthouse.
- Increase of 3.00 staff years in the Human Resource Services Bureau to coordinate and manage training requirements; and to support the increasing volume of casework in the Medical Liaison Unit.
- Increase of 3.00 staff years in the Management Services Bureau due to increased workload of the Budget and Revenue Management Unit; and to provide support for the new Internet Protocol Microwave Transport Communications System and for the Justice Regional Information System (JURIS) project.
- Increase of 1.00 staff year in the Sheriff's Internal Service Fund/Information Technology Bureau to manage the new generation electronic security systems at Sheriff's Detentions facilities.

- Child Support Services: increases by a net of 47.00 staff years due to the transfer of the Public Assistance Fraud Investigations Unit from the District Attorney and to align staffing with current workload.
- Medical Examiner: decreases by 2.00 staff years in the Toxicology Division due to the expiration of the County of San Bernardino revenue contract.
- Probation Department: decreases by 17.00 staff years. This includes decreases of 10.00 staff years in Adult Field Services and 7.00 staff years in Juvenile Field Services as a result of aligning operations with the decline of the juvenile and adult populations and the current workload.
- Public Defender: increases by 3.00 staff years to provide mental health planning services for clients being released from custody and to support processing videos from body worn cameras.
- San Diego County Fire Authority: increases by 1.00 staff year to support fire prevention activities.

In Fiscal Year 2017–18, the Public Defender decreases by 5.00 staff years to align operations related to Proposition 47, *The Safe Neighborhoods and Schools Act*.

Health and Human Services Agency (HHSA)

HHSA has a **net increase of 341.00 staff years or 5.7 percent**. The increase includes the addition of 150.00 staff years in Self Sufficiency Services (SSS), 102.00 staff years in Housing & Community Development Services (HCD), 50.00 staff years in Aging & Independence Services (AIS), 30.00 staff years in Behavioral Health Services (BHS), 8.00 staff years in Administrative Support, and 3.00 staff years in Office of Military and Veterans Affairs. These additions are offset by a decrease of 2.00 staff years for the transfer to County Counsel of 1.00 staff year from AIS and 1.00 staff year from Child Welfare Services (CWS).

The increase in SSS, AIS and Administrative Support staff years is a result of growing service demands tied to increasing caseloads and new State and federal policies, including:

- Increases in the In-Home Supportive Services (IHSS) program to address growth in the program and new administrative responsibilities associated with the Fair Labor Standards Act (FLSA) which will grant overtime and make other compensation enhancements for IHSS providers.
- Increases in SSS to support the State's expansion of full-scope Medi-Cal to undocumented children under the age of 19.

The increase in staff years in BHS is related to the expansion of contracted community services covering a full spectrum of assistance, from prevention to treatment. The increase in Office of Military and Veterans Affairs is to augment counseling and outreach services. The increase in staff years in HCD is due to the reorganization resulting in the transfer from the Community Services Group (CSG) to HHSA. The purpose of the transfer is to improve integration of County services by incorporating housing and homeless initiatives into HHSA's strategic program initiatives.

All other staffing changes are transfers between departments associated with the realignment of the Regional Operations budget for SSS, CWS, Public Health Services (PHS) and Administrative Support to their respective functional areas.

In Fiscal Year 2017–18, there is no change in staffing.

Land Use and Environment Group (LUEG)

LUEG has an **increase of 26.00 staff years or 1.8 percent**.

- LUEG Executive Office: increases by 1.00 staff year to support the Live Well San Diego Food System Initiative.
- Agriculture, Weights and Measures: increases by 5.00 staff years. This includes an increase of 2.00 staff years in the Integrated Pest Control program for increased invasive weed abatement work; an increase of 1.00 staff year in the Pesticide Regulation program due to increased pesticide regulation work; an increase of 1.00 staff year in the Agricultural

Standards program due to increased workload in Organics, Standardization, and Direct Marketing programs; and an increase of 1.00 staff year in the Plant Health and Pest Prevention (PHPP) program to promote compliance with the Bee Protection Program. The PHPP position was added during Fiscal Year 2015-16.

- Parks and Recreation: increases by 1.00 staff year for a Park Ranger for the Escondido Creek Preserve.
- Planning & Development Services: increases by 15.00 staff years in the Project Planning and Building Divisions due to increased permit activity and workload.
- Public Works: increases by a net of 4.00 staff years. Increases of 5.00 staff years departmentwide includes 4.00 new staff years in the General Fund for the Private Development Construction Inspection unit due to an increase in required inspections to comply with stormwater regulations and 1.00 staff year in the Airport Enterprise Fund to provide operational coverage when a new commercial airline becomes effective. Other changes in staffing include a decrease in the Road Fund of 1.00 staff year in Cartography as a result of decreased workload for projects funded by the Highway Users Tax and the transfer of 2.00 staff years within the Road Fund due to assignment changes.

In Fiscal Year 2017–18, there is no change in staffing.

Community Services Group (CSG)

CSG has a net **decrease of 81.50 staff years or 8.2 percent**.

- Animal Services: increases by 4.00 staff years:
  - 1.00 staff year to coordinate volunteer services for all three County animal shelters.
  - 3.00 staff years to address needs identified in spay/neuter services, animal medical care, and human resource functions.
- County Library: increases by 0.50 staff year to support the newly expanded Imperial Beach Library.
- Department of General Services: increases by 14.00 staff years:
  - 4.00 staff years for maintenance of the East Mesa Detention Facility Complex.
  - 4.00 staff years for countywide strategic facility planning efforts, including construction management, inspection, safety, and administrative support.
  - 6.00 staff years for the Fleet Management Internal Service Fund (ISF) for vehicle acquisition, maintenance, and fuel services.
- Department of Housing and Community Development (HCD): decreases by 102.00 staff years due to the reorganization of HCD to the Health and Human Services Agency (HHSA).
- Registrar of Voters: increases by 2.00 staff years. This includes 1.00 staff year to support the implementation of a new language requirement in the Federal Voting Act, Section 203; and 1.00 staff year to address operational and technical requirements in the Technical Services Division.

In Fiscal Year 2017–18, there is no change in staffing.

Finance and General Government Group (FGG)

FGG has an **increase of 5.00 staff years or 0.4 percent**.

- Chief Administrative Office: increase of 1.00 staff year in the Office of Strategy and Intergovernmental Affairs for additional legislative and leadership activities with the California State Association of Counties and the National Association of Counties.
- Auditor and Controller: increase of 1.00 staff year in the Office of Revenue and Recovery to support operational needs in the fiscal division.
- Clerk of the Board of Supervisors: increase of 1.00 staff year to improve service levels for U.S. Passport application acceptance.
- County Counsel: increases by 2.00 staff years:
  - 1.00 staff year due to a transfer from the Health and Human Services Agency (HHSA) to support program coordination between County Counsel and HHSA's CWS on juvenile dependency and litigation matters.
  - 1.00 staff year due to a transfer from the HHSA to the Office of County Counsel for additional legal advisory services.

In Fiscal Year 2017–18, there is no change in staffing.

Total Staffing by Department within Group/ Agency

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 2014–15 Adopted Budget	Fiscal Year 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	% Change	Fiscal Year 2017–18 Approved Budget
Public Safety	**7,459.00**	**7,418.00**	**7,490.00**	**(1.0)**	**7,485.00**
Public Safety Executive Office	11.00	10.00	10.00	0.0	10.00
District Attorney	996.00	1,003.00	943.00	(6.0)	943.00
Sheriff	4,212.00	4,219.00	4,319.00	2.4	4,319.00
Child Support Services	471.00	466.00	513.00	10.1	513.00
Citizen’s Law Enforcement Review Board	4.00	4.00	4.00	0.0	4.00
Office of Emergency Services	17.00	19.00	19.00	0.0	19.00
Medical Examiner	56.00	56.00	54.00	(3.6)	54.00
Probation	1,316.00	1,259.00	1,242.00	(1.4)	1,242.00
Public Defender	357.00	362.00	365.00	0.8	360.00
San Diego County Fire Authority	19.00	20.00	21.00	5.0	21.00
Health and Human Services	**5,973.50**	**5,976.50**	**6,317.50**	**5.7**	**6,317.50**
Regional Operations	3,183.75	3,165.00	—	(100.0)	—
Self Sufficiency Services	—	—	2,519.00	—	2,519.00
Aging & Independence Services	385.00	390.00	427.00	9.5	427.00
Behavioral Health Services	786.25	789.00	818.00	3.7	818.00
Child Welfare Services	757.00	768.00	1,364.00	77.6	1,364.00
Public Health Services	484.50	485.50	645.50	33.0	645.50
Administrative Support	377.00	379.00	442.00	16.6	442.00
Housing and Community Development Services	—	—	102.00	—	102.00
Land Use and Environment	**1,452.00**	**1,461.00**	**1,487.00**	**1.8**	**1,487.00**
Land Use and Environment Executive Office	10.00	11.00	12.00	9.1	12.00
Agriculture, Weights and Measures	162.00	162.00	167.00	3.1	167.00
Air Pollution Control District	146.00	146.00	146.00	0.0	146.00
Environmental Health	280.00	280.00	280.00	0.0	280.00
Parks and Recreation	178.00	179.00	180.00	0.6	180.00
Planning & Development Services	176.00	180.00	195.00	8.3	195.00
Public Works	500.00	503.00	507.00	0.8	507.00

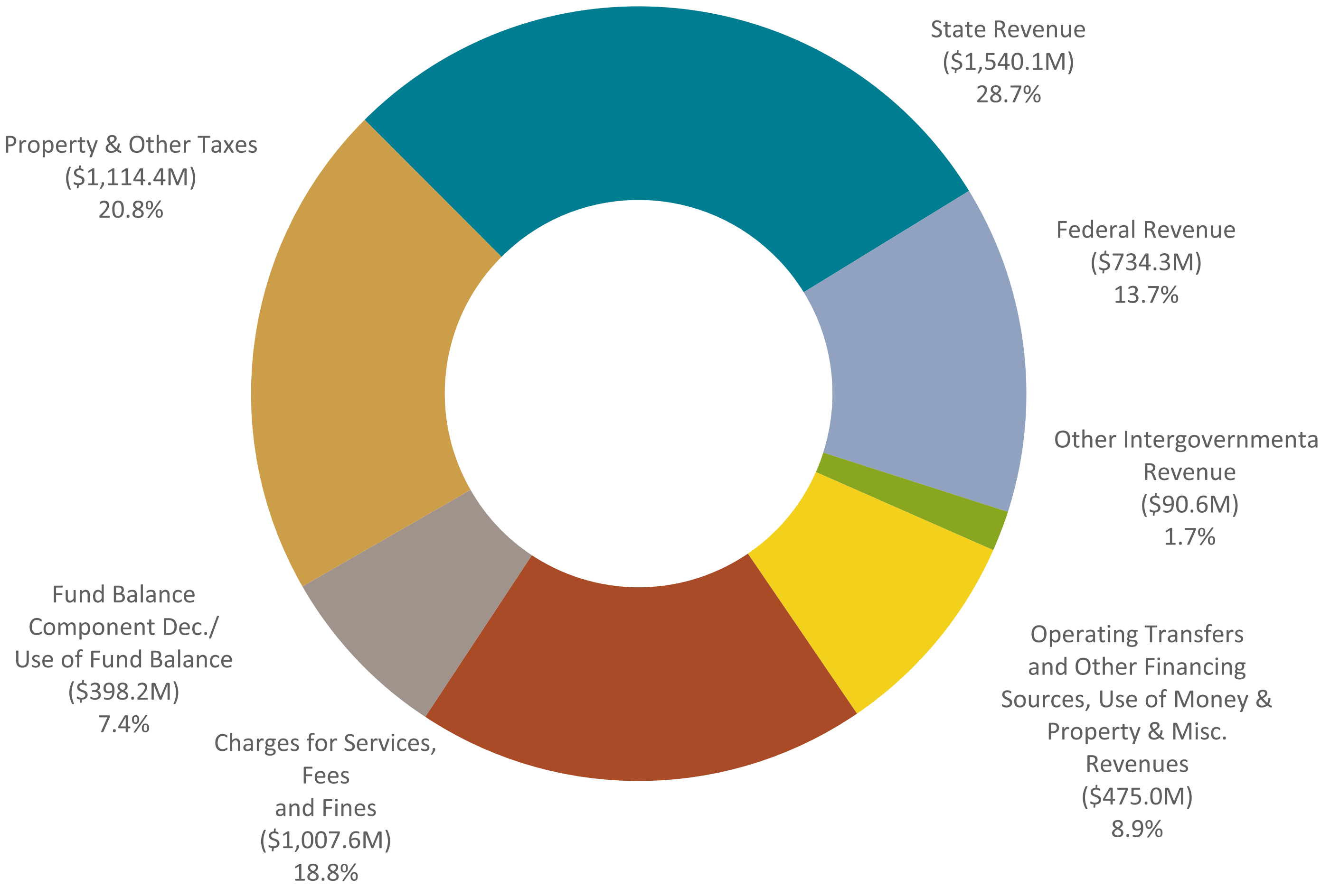
Total Staffing by Department within Group/Agency (staff years)	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	% Change	Fiscal Year 2017–18 Approved Budget
Community Services	**976.00**	**991.50**	**910.00**	**(8.2)**	**910.00**
Community Services Executive Office	8.00	8.00	8.00	0.0	8.00
Animal Services	124.00	124.00	128.00	3.2	128.00
County Library	270.00	273.50	274.00	0.2	274.00
General Services	352.00	364.00	378.00	3.8	378.00
Housing and Community Development	102.00	102.00	0.00	(100.0)	0.00
Purchasing and Contracting	56.00	56.00	56.00	0.0	56.00
Registrar of Voters	64.00	64.00	66.00	3.1	66.00
Finance and General Government	**1,183.50**	**1,186.50**	**1,191.50**	**0.4**	**1,191.50**
Finance and General Government Group Executive Office	21.00	21.00	21.00	0.0	21.00
Board of Supervisors	56.00	56.00	56.00	0.0	56.00
Assessor/Recorder/County Clerk	410.50	410.50	410.50	0.0	410.50
Treasurer-Tax Collector	123.00	123.00	123.00	0.0	123.00
Chief Administrative Office	14.50	14.50	15.50	6.9	15.50
Auditor and Controller	232.50	234.50	235.50	0.4	235.50
County Technology Office	17.00	17.00	17.00	0.0	17.00
Civil Service Commission	4.00	4.00	4.00	0.0	4.00
Clerk of the Board of Supervisors	27.00	27.00	28.00	3.7	28.00
County Counsel	138.00	138.00	140.00	1.4	140.00
Grand Jury	1.00	1.00	1.00	0.0	1.00
Human Resources	117.00	118.00	118.00	0.0	118.00
County Communications Office	22.00	22.00	22.00	0.0	22.00
Total	**17,044.00**	**17,033.50**	**17,396.00**	**2.1**	**17,391.00**

All Funds: Total Funding Sources

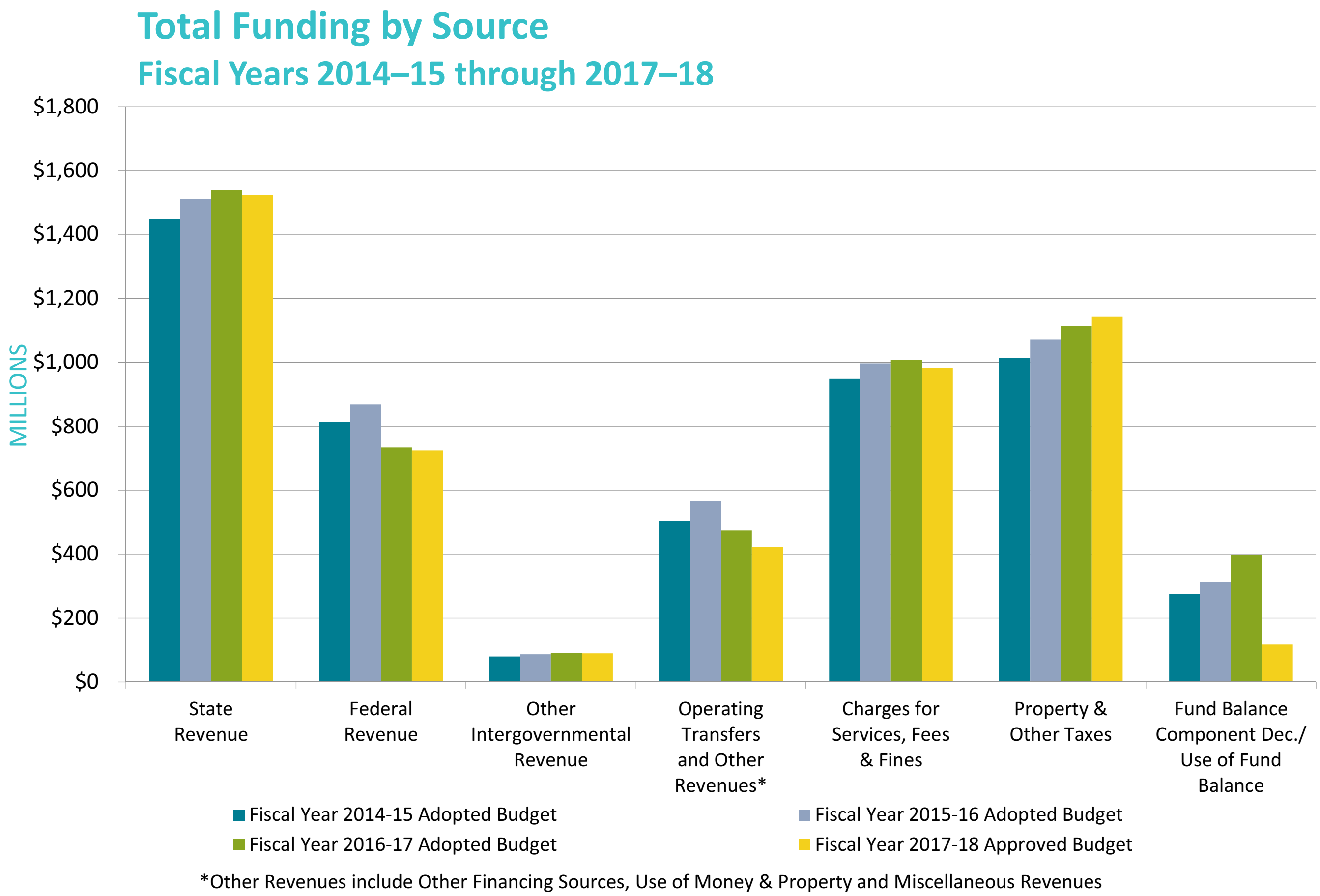
Total Funding by Source

Total resources available to support County services for **Fiscal Year 2016–17 are $5.36 billion, a decrease of $54.1 million or 1.0%** from the Fiscal Year 2015–16 Adopted Budget. Total resources decrease by $357.6 million or 6.7% to $5.0 billion in Fiscal Year 2017–18. For Fiscal Year 2016–17, the combination of State Revenue ($1.5 billion), Federal Revenue ($734.3 million) and Other Intergovernmental Revenue ($90.6 million) supplies 44.1% of the funding sources for the County's budget. Interfund Operating Transfers, Use of Money & Property, Miscellaneous Revenues and Other Financing Sources make up 8.9% of the funding sources ($475.0 million). Another 18.8% ($1.0 billion) comes from Charges for Current Services, Fees and Fines. Use of Fund Balance and Fund Balance Component Decreases supply 7.4% ($398.2 million) of the funding sources.

Total Funding by Source
Fiscal Year 2016–17: $5.36 billion



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 20.8% ($1.1 billion) of the financing sources for the County's budget. The majority of the revenues in this category (95.2%) are in the General Fund with the balance in the Library Fund, the Road Fund and miscellaneous other funds.



Total Funding by Source (in millions)

	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	% Change	Fiscal Year 2017–18 Approved Budget
State Revenue	$ 1,449.1	$ 1,510.3	$ 1,540.1	2.0	$ 1,524.0
Federal Revenue	813.5	868.9	734.3	(15.5)	724.0
Other Intergovernmental Revenue	79.4	86.6	90.6	4.5	89.5
Operating Transfers and Other Financing Sources, Use of Money & Property and Misc. Revenues	504.4	566.8	475.0	(16.2)	422.3
Charges for Services, Fees and Fines	949.2	997.4	1,007.6	1.0	982.6
Property and Other Taxes	1,013.7	1,070.6	1,114.4	4.1	1,142.6
Fund Balance Component Decrease	4.8	28.4	8.5	(70.2)	1.7
Use of Fund Balance	269.5	285.3	389.7	36.6	115.8
Total	**$ 5,083.7**	**$ 5,414.2**	**$ 5,360.1**	**(1.0)**	**$ 5,002.5**

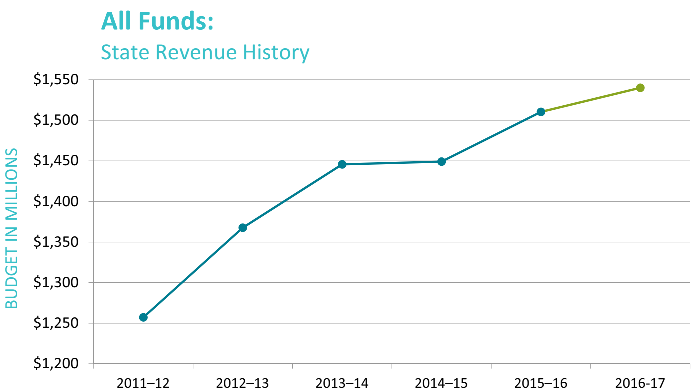
Overall Change

In the Total Funding by Source table, the $54.1 million decrease in the Fiscal Year 2016–17 Adopted Budget shows increases and decreases in various revenue categories. 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

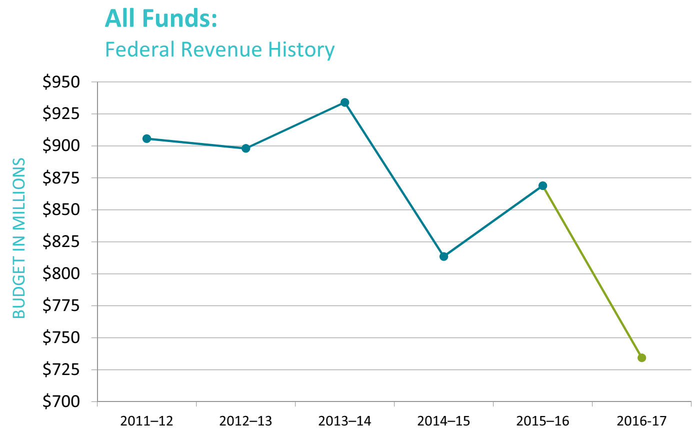
State Revenue **increases by $29.8 million or 2.0%** overall in Fiscal Year 2016–17. The increases in State Revenue are in the Public Safety Group (PSG) of $23.3 million and in the Land Use and Environment Group (LUEG) of $10.7 million. These are offset by decreases in the Health and Human Services Agency (HHSA) of $2.3 million and in the Community Services Group (CSG) of $1.9 million. The increase of $9.3 million in the General Fund is described in the next section.



State revenues outside of the General Fund increase by $20.5 million primarily in LUEG due to an increase of $10.5 million in Air Pollution Control District (APCD) for the mobile incentive program and in PSG due to an increase of $10.1 million in the Proposition 172 Fund which supports regional law enforcement services. These are offset by $0.1 million decrease in CSG in Department of General Services for the expiration of the Electric Vehicle Supply Grant.

Federal Revenue

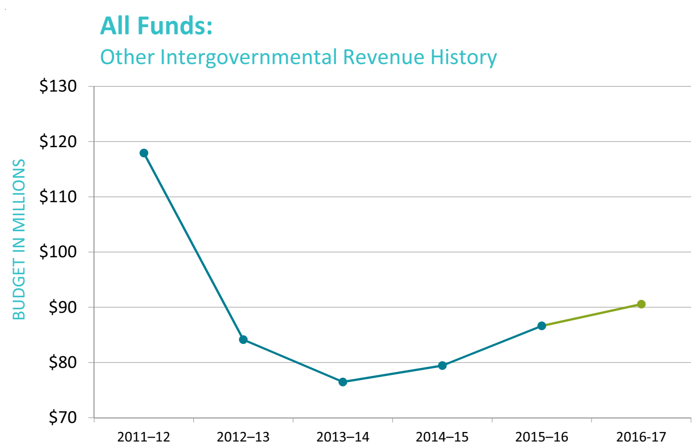
Federal Revenue **decreases by $134.5 million or 15.5%** overall in Fiscal Year 2016–17. Of the decreases in Federal Revenue, $141.5 million are in the General Fund which is described in the next section.



This is offset by an increase of $7.0 million outside of the General Fund primarily in the Capital Program due to an increase of $8.4 million for one-time expenditures and in LUEG due to a decrease in Department of Public Works of $1.2 million in reduced construction work under the Federal Highway Planning and Construction for Federal Highway Administration projects in the Road Fund and a decrease in APCD of $0.2 million due to reduction in one-time grant funding for the Near Road Monitoring Project.

Other Intergovernmental Revenue

Other Intergovernmental Revenue **increases by a net of $3.9 million or 4.5%** overall in Fiscal Year 2016–17.

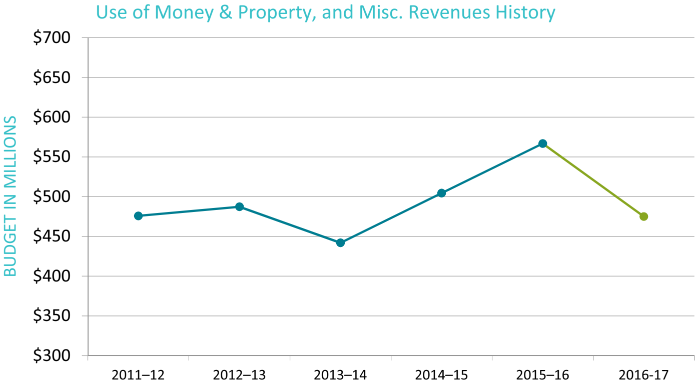


The overall increase of $0.2 million outside the General Fund includes a $0.2 million increase in HHSA in Public Health Services due to an increase in residential ambulance transport services, $0.2 million increase in LUEG due to ALERT Flood Warning System grant. These are partially offset by a $0.2 million decrease in CSG in Department of General Services due to reduced mail services provided to other governmental agencies.

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

Operating Transfers and Other Financing Sources, Use of Money & Property and Miscellaneous Revenues **decrease by a net $91.0 million or 18.9%** overall in Fiscal Year 2016-17.

All Funds:
Operating Transfers and Other Financing Sources, Use of Money & Property, and Misc. Revenues History

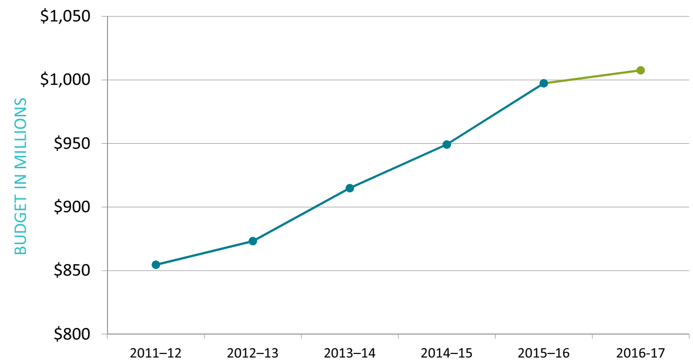


- Other Financing Sources (primarily Operating Transfers between funds) **decrease by a net of $91.0 million or 18.9%** of which $2.8 million is in the General Fund. The most significant changes outside of the General Fund include decreases of $84.8 million in the Capital Program due to removal of funding for prior year projects. In LUEG, the $6.0 million decrease is primarily due to transfer of SDG&E impact fees for road maintenance work in DPW. The increase of $2.0 million in CSG is primarily due to the On-Bill financing program, which is used to finance Countywide energy efficiency projects. The increase of $0.6 million in PSG is primarily due to increases in penalty assessment revenues, commissary sales in Jail Stores, and County Service Area 135.
- Revenue from Use of Money & Property **decreases by a net of $7.6 million or 18.8%** in Fiscal Year 2016–17. The General Fund decreases by $4.5 million. Outside of the General Fund, a decrease of $3.3 million is in PSG primarily due to a decrease in revenue from the inmate telephone system contract. The decrease is partially offset by an increase of $0.1 million in LUEG due to an increase in leases for properties owned by County Airports and $0.1 million in Finance Other due to an increase in interest earnings from the Employee Benefits Internal Service Fund.
- Miscellaneous Revenues **increase by $6.8 million or 15.4%** in Fiscal Year 2016-17. The General Fund decreases by $4.0 million. An increase of $10.8 million outside of the General Fund primarily includes:
    - Increase of $9.7 million in Capital Program primarily due to funding of ARCC East County Operations and Archive project.
    - Increase of $0.7 million in PSG includes $0.4 million increase in Sheriff's Jail Stores Commissary Enterprise Fund due to increases in e-commerce sales and commissary purchases and $0.3 million increase in San Diego County Fire Authority due to an increase in revenue for fire and emergency protection services.
    - Increase of $0.2 million in LUEG due to tribal agreements for capital improvement projects in the Road Fund.

Charges for Services, Fees and Fines

Charges for Services, Fees and Fines **increase by a net $10.6 million or 1.2%** overall in Fiscal Year 2016-17.

All Funds:
Charges for Services, Fees and Fines History



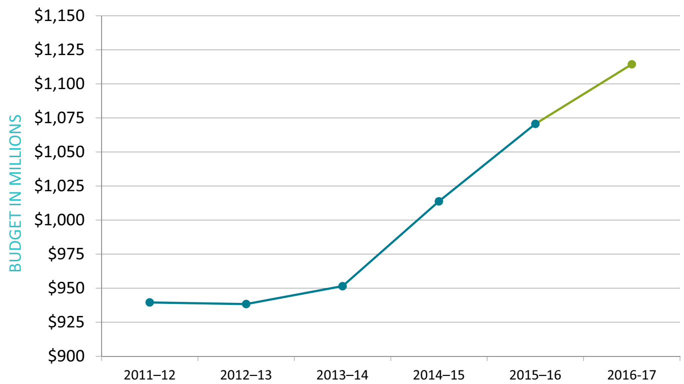
- Charges for Current Services **increase by $10.6 million or 1.2%** in Fiscal Year 2016-17. Of this increase, $10.6 million is in the General Fund. There is overall no change outside of the General Fund. The decrease of $9.8 million is in CSG for the Department of General Services (DGS) due to a decrease to align with projected spending for major maintenance projects and an increase of cost of services provided to client departments. This is offset by $5.8 million increase in FGG due to an increase in departmental IT operation and maintenance costs; $2.3 million increase in LUEG primarily for DPW for charges from the Rancho San Diego Pump Station, increased inspections from the Private Development Construction Inspection unit and for work funded by Airport Enterprise Fund, Liquid Waste, San Diego County Sanitation District and Survey Remonumentation Fund; $1.2 million increase in Finance Other due to increases in Employee Benefits ISF; $0.2 million increase in PSG for San Diego County Fire Authority due to a revenue agreement for the fire prevention program; and $0.2 million increase in HHSA for Public Health Services for third party external administration fees and ambulance transport fees.
- Licenses, Permits & Franchises **increase by $1.1 million or 2.1%** in Fiscal Year 2016-17. Of this increase, $0.1 million is in the General Fund. A $1.0 million increase outside of the General Fund is in LUEG for APCD due to anticipated increase in revenues.

- Fines, Forfeitures & Penalties **decrease by $1.4 million or 2.9%** in Fiscal Year 2016-17. There is an overall $1.4 million decrease in General Fund. There is no change outside of the General Fund.

Property and Other Taxes

Property and Other Taxes **increase by $43.8 million or 4.1%** in Fiscal Year 2016–17.

All Funds:
Property and Other Taxes History



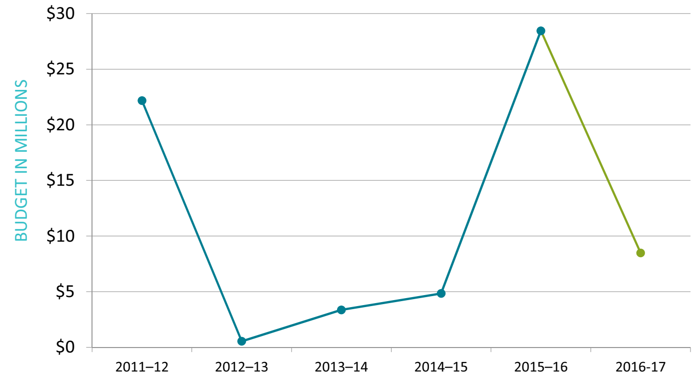
The overall increase of $43.8 million is in the General Fund. Outside of the General Fund, there is no net change. The increase of $1.2 million in PSG is for San Diego County Fire Authority due to the transfer of property tax revenue related to Step III of the County's Fire and Life Safety Reorganization Report, $0.9 million in CSG for County Library, and $0.4 million in LUEG primarily for DPW due to projected taxes from property owners for the Street Lighting District and special taxes from Harmony Grove Village. These are offset by a decrease of $2.5 million in LUEG for DPW due to completed TransNet funded construction projects, including Bear Valley Parkway and San Vicente Road.

Fund Balance Component Decreases

The Use of Fund Balance Component Decreases **decrease by $20.0 million or 70.2%** in Fiscal Year 2016–17.

The decreases in this category are $18.3 million in the General Fund and $1.7 million outside of the General Fund primarily due to a decrease in the San Diego County Sanitation District for completed capital improvement projects for Flinn Springs and Industry Road interceptors.

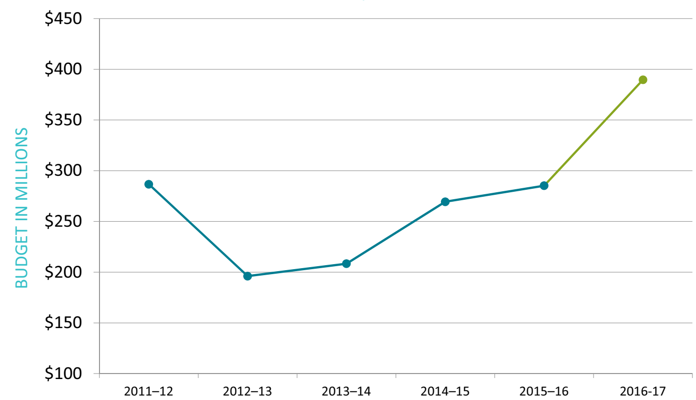
All Funds:
Fund Balance Component Decreases History



Use of Fund Balance

Finally, the Use of Fund Balance **increase by $104.4 million or 36.6%** in Fiscal Year 2016–17. Of this amount, $105.4 million is in the General Fund and described in the next section.

All Funds:
Use of Fund Balance History

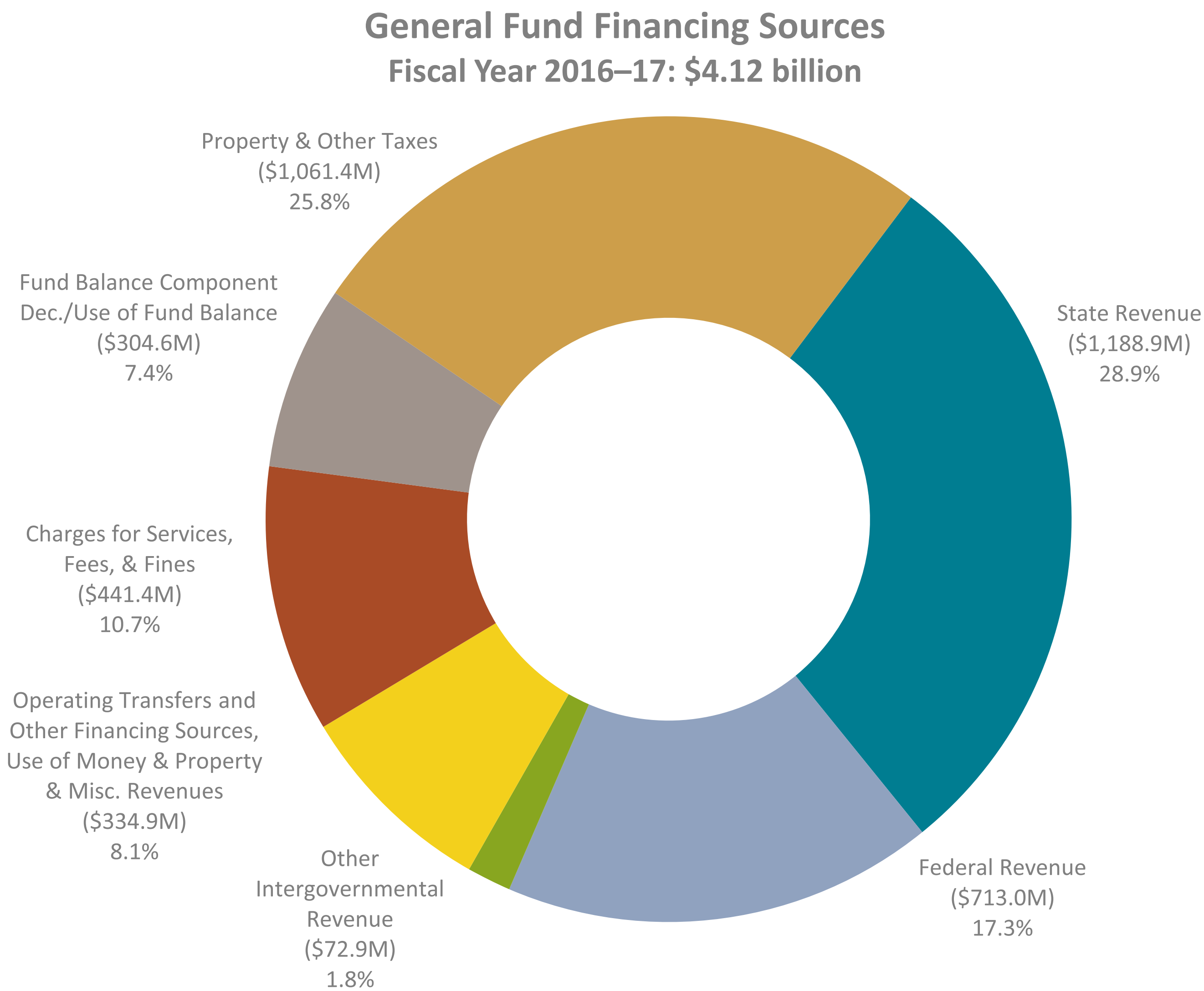


Outside of the General Fund, there is an overall net decrease of $1.0 million due to $11.7 million increase in CSG and $0.5 million increase in LUEG, offset by $7.3 million decrease in HHSA and $5.9 million decrease in PSG. The increase in CSG is primarily to fund the Fleet Management ISF Countywide replacement acquisition program, to purchase library materials and for one-time projects. The increase in LUEG is primarily in DPW to fund one-time projects. The decrease in HHSA is primarily due to a decrease in projects reimbursed through the securitized Tobacco Settlement funds. The decrease in PSG is primarily in the PSG Executive Office related to Proposition 172 Fund for one-time projects supporting regional law enforcement services.

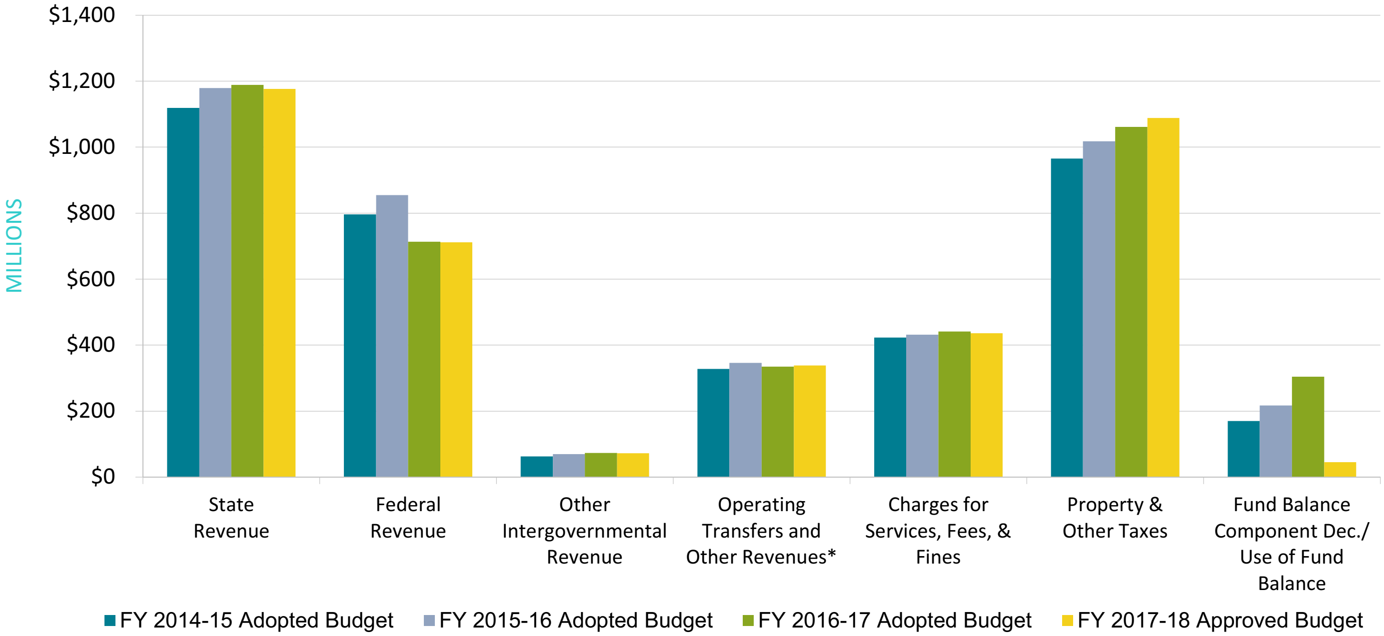
General Fund

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 Adopted Operational Plan, General Fund Financing Sources **total $4.12 billion for Fiscal Year 2016–17, a $0.4 million or 0.0% increase** from the Fiscal Year 2015–16 Adopted Budget. In comparison, the ten-year average annual growth rate through Fiscal Year 2015-16 was 3.5%. General Fund Financing Sources decrease by $248.2 million or 6.0% in Fiscal Year 2017–18 primarily due to a reduction in the use of one-time resources.



General Fund Financing Sources
Fiscal Years 2014–15 through 2017–18



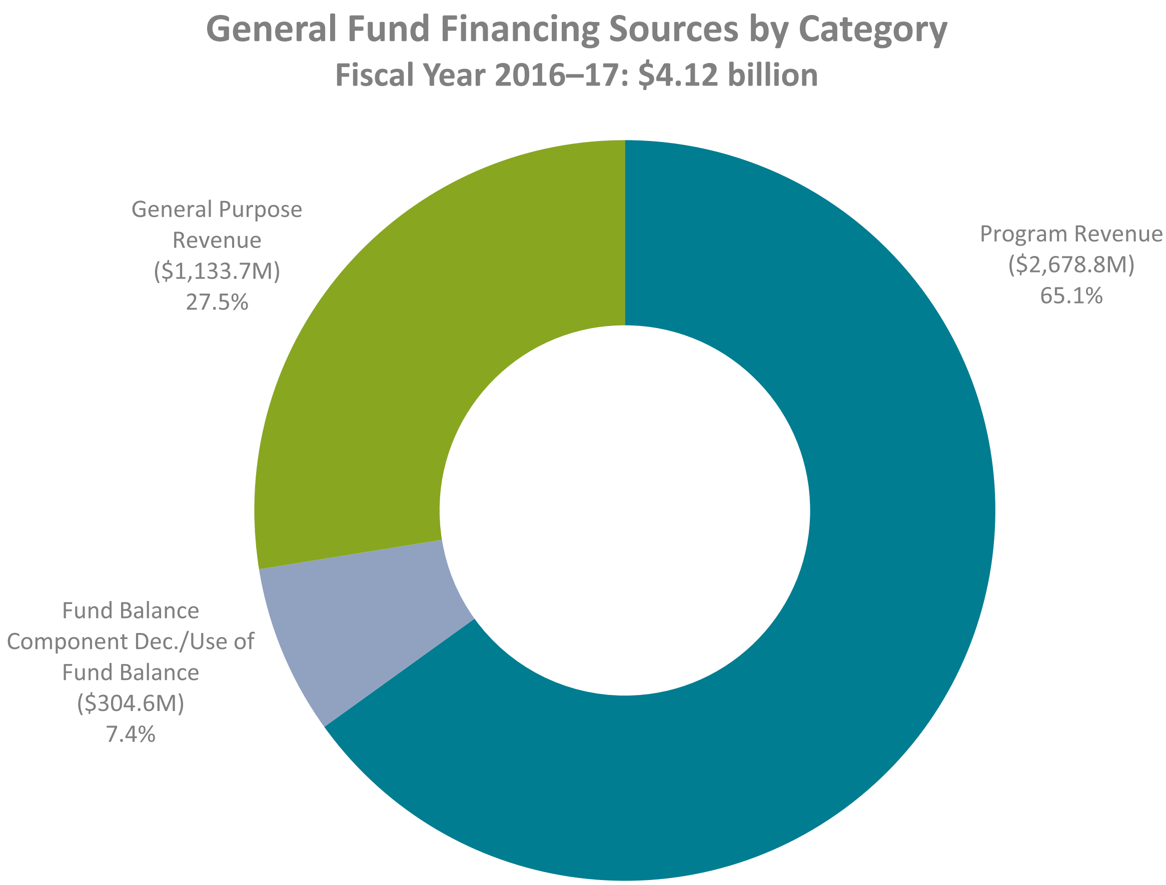
*Other Revenues include Other Financing Sources, Use of Money & Property and Miscellaneous Revenues.

General Fund Financing Sources (in millions)								
		Fiscal Year 2014–15 Adopted Budget		Fiscal Year 2015–16 Adopted Budget		Fiscal Year 2016–17 Adopted Budget	% Change		Fiscal Year 2017–18 Approved Budget
State Revenue	$	1,118.7	$	1,179.6	$	1,188.9	0.8	$	1,177.0
Federal Revenue		796.7		854.5		713.0	(16.6)		711.5
Other Intergovernmental Revenue		62.7		69.2		72.9	5.4		72.1
Operating Transfers and Other Financing Sources, Use of Money & Property & Misc. Revenues		327.6		346.2		334.9	(3.3)		338.7
Charges for Services, Fees, & Fines		423.1		432.0		441.4	2.2		436.4
Property & Other Taxes		965.3		1,017.7		1,061.4	4.3		1,088.5
Fund Balance Component Decreases		1.4		18.7		0.4	(98.0)		1.7
Use of Fund Balance		168.1		198.7		304.2	53.0		43.2
Total	**$**	**3,863.6**	**$**	**4,116.7**	**$**	**4,117.1**	**0.0**	**$**	**3,868.9**

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).

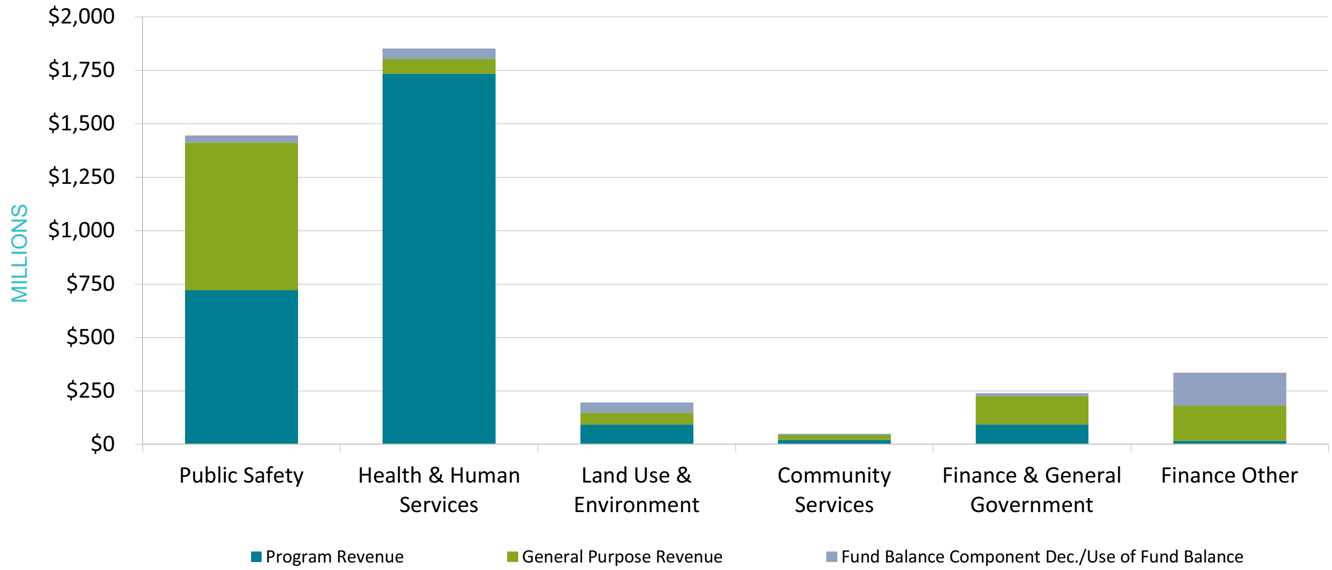
In Fiscal Year 2016–17, Program Revenue decreases by $134.2 million or 4.8%, the Fund Balance Component Decreases/Use of Fund Balance increases by $87.2 million or 40.1% and General Purpose Revenue (GPR) increases by $47.5 million or 4.4% from the Fiscal Year 2015–16 Adopted Budget.



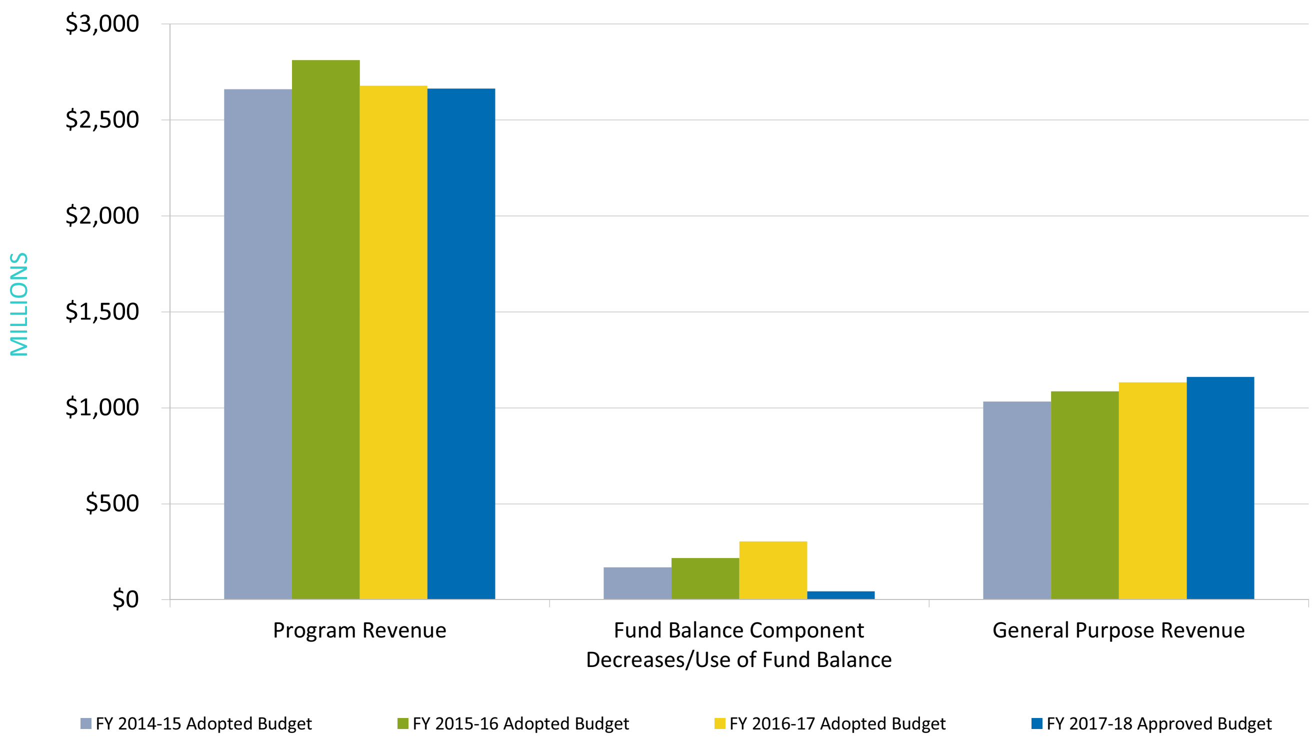
General Fund Financing Sources by Category (in millions)								
		Fiscal Year 2014–15 Adopted Budget		**Fiscal Year 2015–16 Adopted Budget**		**Fiscal Year 2016–17 Adopted Budget**	**% Change**		**Fiscal Year 2017–18 Approved Budget**
Program Revenue	$	2,660.7	$	2,813.0	$	2,678.8	(4.8)	$	2,663.1
Fund Balance Component Decreases/Use of Fund Balance		169.5		217.4		304.6	40.1		44.8
General Purpose Revenue		1,033.5		1,086.2		1,133.7	4.4		1,161.0
Total	**$**	**3,863.6**	**$**	**4,116.7**	**$**	**4,117.1**	**0.0**	**$**	**3,868.9**

In Fiscal Year 2017–18, GPR increases by 2.4% ($27.3 million), Program Revenue decreases by 0.6% ($15.7 million) and the planned Use of Fund Balance declines by 85.3% ($259.8 million). Uses of fund balance in Fiscal Year 2017–18 are tentative and subject to revision during the next Operational Plan development cycle.

General Fund Financing by Group and Category
Fiscal Year 2016–17: $4.12 billion



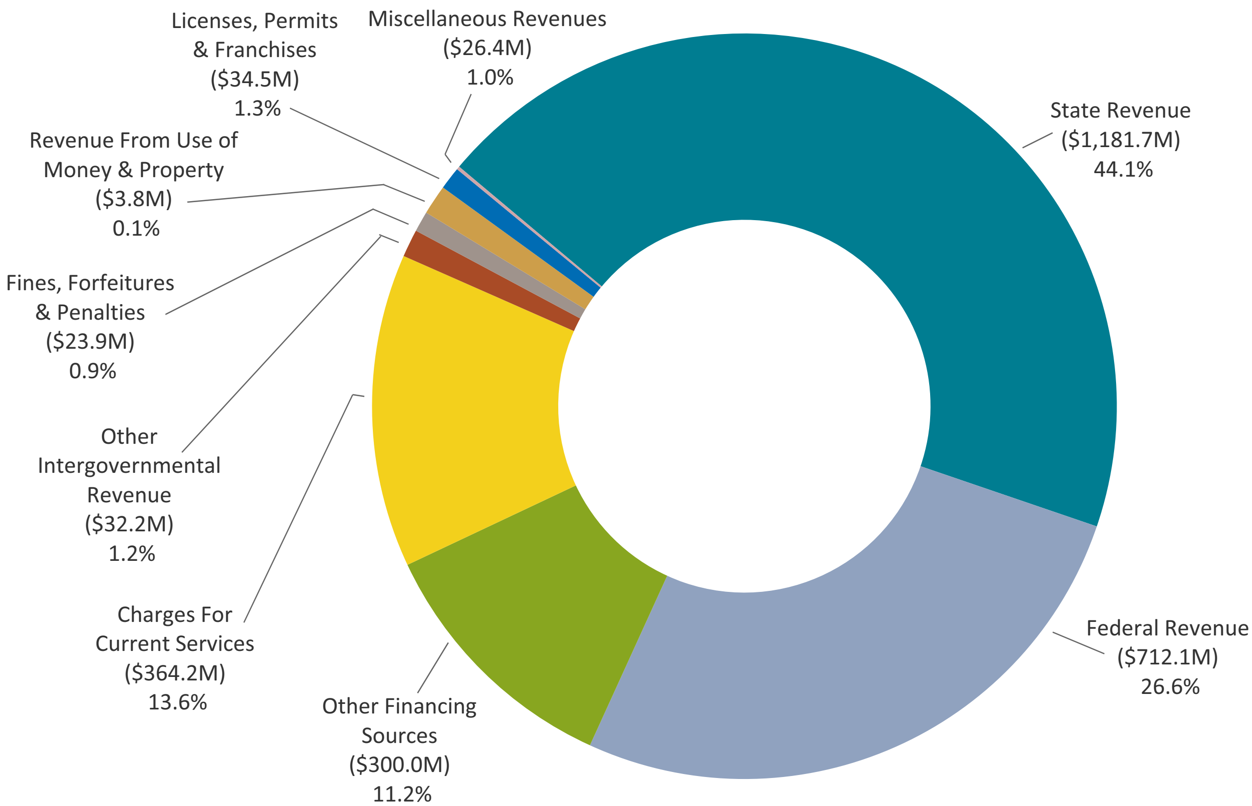
General Fund Financing Sources by Category
Fiscal Years 2014–15 through 2017–18



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 65.1% of General Fund financing sources in Fiscal Year 2016–17, and is derived primarily from State and federal subventions and grants, and from charges and fees earned by specific programs. Of the County's Program Revenue, the Health and Human Services Agency manages 64.7%, the Public Safety Group manages 26.9% and the balance is managed across the County's other business groups. Program Revenue is expected to decrease by 4.8% ($134.2 million) from the Fiscal Year 2015–16 Adopted Budget compared to an average annual growth for the last ten years of 3.3%.

General Fund Program Revenue by Source
Fiscal Year 2016–17: $2.68 billion



General Fund Program Revenue by Source (in millions)

	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	% Change	Fiscal Year 2017–18 Approved Budget
State Revenue	$ 1,111.5	$ 1,172.4	$ 1,181.7	0.8	$ 1,169.8
Federal Revenue	795.8	853.6	712.1	(16.6)	710.6
Other Financing Sources	290.0	302.8	300.0	(0.9)	311.2
Charges For Current Services	344.5	353.6	364.2	3.0	360.4
Other Intergovernmental Revenue	30.0	31.7	32.2	1.5	31.3
Fines, Forfeitures & Penalties	21.6	25.7	23.9	(7.2)	19.4
Licenses, Permits & Franchises	33.6	34.4	34.5	0.3	37.6
Miscellaneous Revenues	25.5	30.4	26.4	(13.2)	19.0
Revenue From Use of Money & Property	8.2	8.3	3.8	(54.7)	3.8
Total	**$ 2,660.7**	**$ 2,813.0**	**$ 2,678.8**	**(4.8)**	**$ 2,663.1**

General Fund Change in Program Revenue

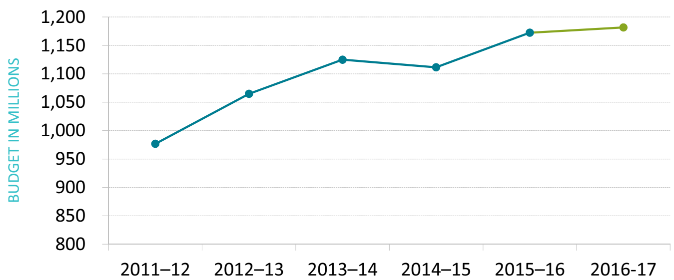
The $134.2 million decrease in Program Revenue in the Fiscal Year 2016–17 Adopted Budget is the result of decreases in various funding sources, as indicated in the General Fund Program Revenue by Source table. These changes are highlighted below.

General Fund Change in Program Revenue by Source

State Revenue

State Revenue increases by $9.3 million or 0.8%.

General Fund Program Revenue:
State Revenue History

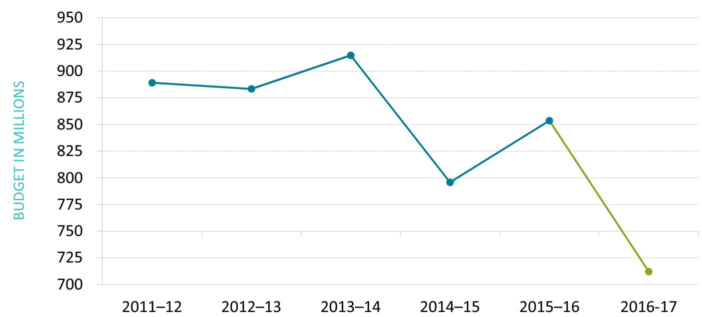


There is an overall net increase of $13.2 million in the Public Safety Group (PSG) primarily in the Sheriff's Department from the Local Revenue Fund 2011 Community Correction Subaccount due to increased costs for negotiated labor agreements, reimbursements to allied agencies associated with Regional Realignment Response Group overtime, costs to support the Sheriff's Transfer, Assessment and Release and Pre-Trial units, the Jail Mental Health Intake Screening and Assessment Unit, the new San Diego Central Courthouse and the Jail Mental Health Discharge Planning Coordination unit, and Probation Department for the Youth Offender Block Grant, Juvenile Justice Crime Reduction Act Funds and the Senate Bill (SB) 678, The California Community Corrections Performance Incentive Act to be used for treatment and intervention services for adult offenders. An overall increase of $0.2 million in Land Use and Environmental Group (LUEG) is primarily for grants related to trash reduction and river conservancy. An overall decrease of $2.4 million in Health and Human Services Agency (HHSA) with the largest reduction for In-Home Supportive Services (IHSS) provider payment revenue associated with the reduction in IHSS Individual Provider (IP) wage appropriations to reflect the transfer of collective bargaining responsibilities for providers to the State, offset by increases due to the reorganization of Housing and Community Development (HCD) from CSG to HHSA and in other programs including mental health and social services. An overall decrease of $1.7 million in Community Services Group (CSG) includes a decrease of $1.5 million in HCD primarily in Cal-Home grant revenue previously budgeted in CSG and $0.2 million decrease in Registrar of Voters for Help America Vote Act (HAVA) grant funding for various booth and voter system hardware.

Federal Revenue

Federal Revenue decreasing by a net of $141.5 million, or 16.6%.

General Fund Program Revenue:
Federal Revenue History



The net decrease of $128.8 million in HHSA is primarily related to IHSS provider payments associated with the reduction in IHSS IP wage appropriations to reflect the transfer of collective bargaining responsibilities for providers to the State offset by increases due to the reorganization of HCD from CSG to HHSA. The net decrease of $15.2 million in CSG reflecting revenues for HCD previously budgeted in CSG. The net increase in PSG of $1.8 million includes an increase of $2.2 million in the Probation department mainly for Foster Care Assistance revenue to support the Title IV-E California Well-Being project with individualized services and support for children and their families and an increase of $0.5 million in San Diego County Fire Authority from prior years' Community Development Block grant housing development funds. This increase is partially offset by a decrease of $0.7 million in the Office of Emergency Services (OES) related to Homeland Security grant funds and the Urban Areas Security Initiative and $0.2 million decrease in Sheriff's department for various grant funding. The net increase in LUEG of $0.7 million includes an increase of $0.5 million in the Department of Environmental Health due to increase in Homeland Security grant and various State grants and $0.2 million in the Department of Agriculture, Weights and Measures due to increases in contract funding for various plant and pest prevention program.

Other Financing Sources

Other Financing Sources (including Operating Transfers from Other Funds) **decreases by a net of $2.8 million or 0.9%**. This is a result of a decrease of $2.4 million in HHSA and $0.4 million decrease in PSG, partially offset by an increase of $0.1 million in LUEG.

The $2.4 million decrease in HHSA is due to a decrease in Operating Transfer from the Proposition 172 Fund for prior year one-time costs related to the ConnectWellSD project ($1.7 million) and a decrease in Operating Transfer from Tobacco Securitization revenues due to decreased costs in the County Medical Services program ($0.7 million).

The net decrease of $0.4 million in PSG is primarily due to a net decrease in Operating Transfer from the Proposition 172 Fund as a result of the transfer of growth to public safety departments offset by completion of one-time projects in Fiscal Year 2015–16 and a decrease in Operating Transfer from the Sheriff's Inmate Welfare Fund.

The increase of $0.1 million in LUEG is in the Department of Parks and Recreation due to an increase in staff cost supporting County Service Areas.

Charges For Current Services

Charges For Current Services **increases by a net of $10.6 million or 3.0%**. Revenues increase by $3.6 million in CSG, $3.3 million in PSG, $2.2 million in LUEG, $0.8 million in Finance and General Government Group (FGG) and $0.7 million in HHSA.

- In CSG, the net increase of $3.6 million is largely in the Registrar of Voters as a result of the greater number of billable participating jurisdictions in the November 2016 Presidential General Election as compared to the June 2016 Presidential Primary Election.
- In PSG, the net increase of $3.3 million includes a $3.7 million increase in revenue in the Sheriff's Department primarily to recover costs of negotiated labor agreements and service adjustments for contracted law enforcement services provided to nine contract cities, transit entities, a community college district and tribes and Jamul Indian Village; $2.2 million increase in revenue agreements for the fire prevention program in the San Diego County Fire Authority; offset by a decrease of $1.5 million in the PSG Executive Office to align actual levels of revenue received in Contributions for Trial Courts; $0.8 million decrease in the Probation department due to overall reduction in collections for the cost of supervision; and $0.4 million decrease in the Medical Examiner due to the expiration of the County of San Diego revenue contract.
- In LUEG, the net increase of $2.2 million is primarily in the Department of Planning & Development Services (PDS) related to increased work on various land development projects.
- In FGG, the net increase of $0.8 million is primarily in the Treasurer Tax Collector for Banking Pooled Services due to revenue offset for IT system upgrades.
- In HHSA, the net increase of $0.7 million is primarily in Public Health Services for third party external administration fees and ambulance transports fees.

Other Intergovernmental Revenue

Other Intergovernmental Revenue **increases by a net of $0.5 million or 1.5%**. A net increase of $0.8 million in PSG due to increase in Sheriff's department from various funding. This is offset by a net decrease of $0.3 million in FGG is primarily due to a decrease in one-time costs related to updating of exterior lighting at the County Administration Center (CAC) offset by increases in operations and maintenance costs associated with CAC Waterfront Park and Cedar & Kettner parking garage.

Fines, Forfeitures & Penalties

Fines, Forfeitures & Penalties **decreases by a net of $1.9 million or 7.2%**, primarily in PSG due to decrease in Sheriff's Warrant Automation Trust Fund revenue due to the completion of the JURIS re-platform project.

Licenses, Permits & Franchises

Licenses, Permits & Franchises **increases by $0.1 million or 0.3%**, primarily in CSG for an anticipated increase in dog license renewals in Animal Services.

Miscellaneous Revenues

Miscellaneous Revenues **decreases by a net of $4.0 million or 13.2%**. A net decrease of $4.7 million in PSG is related to decrease of $4.2 million in the San Diego County Fire Authority primarily due to reduction of expenditures reimbursed from the Firestorm 2003 Trust Fund related to the California Public Employees' Retirement System termination payout; $0.3 million decrease in the Sheriff's department due to a decrease in planned expenditures to be reimbursed from the Regional Communications System (RCS) Trust Fund and decrease from the Cal-ID Equipment Replacement/System Enhancement Trust Fund for one-time projects funded in Fiscal Year 2015–16; $0.2 million decrease in Probation primarily due to expiration of the Sierra Health Foundation Grant for Positive Youth Justice Initiative. A net increase of $0.4 million in FGG is primarily due to increased cost reimbursement from the Employee Benefits Division and Workers' Compensation portions of the Employee Benefits Internal Service Fund. A net increase of $0.3 million in LUEG is primarily in the Department of Parks and Recreation due to available funding for Waterfront Park based on parking revenue at the CAC and Waterfront Trust Fund fund balance.

Revenue from Use of Money & Property

Revenue from Use of Money & Property **decreases by $4.5 million or 54.7%**. The primary source of the decrease is in PSG in the Sheriff's department for decrease of Rents and Concessions due to the termination of the lease with the Corrections Corporation of America for the Otay Mesa Detention Facility and decrease in anticipated revenue from the inmate telephone system contract.

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 (**$586.9 million in Fiscal Year 2016-17 and $579.6 million in Fiscal Year 2017-18**) are projected to be received from the State to support health and social services programs.

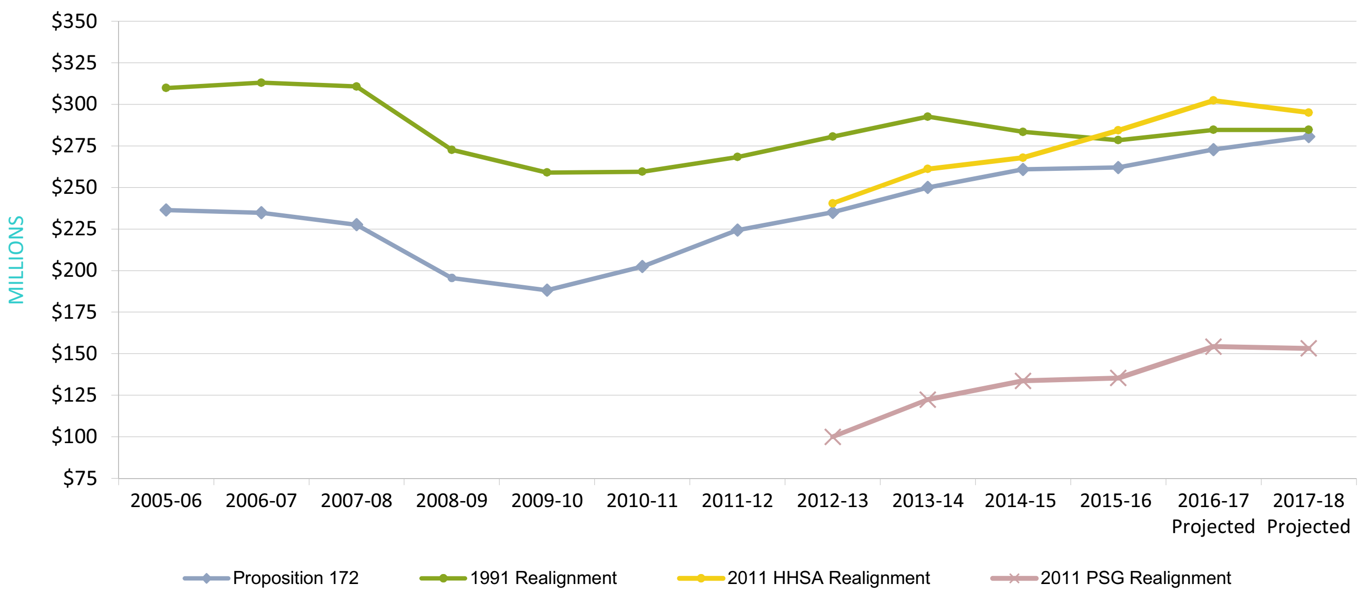
The term "1991 Realignment" refers to the transfer in 1991 of responsibility from the State to counties for certain health, mental health and social services programs, along with the provision of dedicated sales tax and vehicle license fee (VLF) revenues to pay for these services. In Fiscal Year 2011–12 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 2016–17, it is projected that 32.2% 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. These revenues are projected to increase by 5.9% ($32.5 million) compared to Fiscal Year 2015-16 budget ($554.4 million) to align with projected statewide sales tax and vehicle license fees. This assumes an underlying statewide sales tax growth rate of 3% and vehicle license fees growth rate of 6% in Fiscal Year 2016-17 compared to anticipated Fiscal Year 2015-16 statewide receipts. A budgetary decrease of 1.2% ($7.3 million) is anticipated for Fiscal Year 2017-18 primarily due to elimination of one-time realignment growth funds tied to prior year one-time projects.

The chart below 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 Year 2005–06 to Fiscal Year 2017–18



Note: Fiscal Year 2005–06 to 2014–15 figures represent actual revenues. Fiscal Year 2015–16 through Fiscal Year 2017–18 figures represent projected revenue as included in the Fiscal Years 2016–18 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 (**$154.3 million in Fiscal Year 2016–17 and $153.2 million in Fiscal Year 2017–18**) are projected to be received from the State to support criminal 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 by statute. Funds allocated to the Community Corrections Subaccount will support services required to address the transfer of responsibility for certain offenders from the State to the counties pursuant to Assembly Bill (AB) 109, Public Safety Realignment (2011), which includes supervision of offenders, costs associated with the custody of offenders (ex. food, medical costs and equipment) and resources for services including mental health treatment, substance abuse treatment, and vocational and behavioral services. These revenues are projected to increase in Fiscal Year 2016–17 by 8.3% ($11.8 million) compared to Fiscal Year 2015–16. This growth is based on formulaic assumptions provided by the State of California. A decrease of 0.7% ($1.1 million) is anticipated for Fiscal Year 2017–18.

2011 Realignment for Public Safety includes the following subaccounts: Enhancing Law Enforcement Activities (various programs), Trial Court Security, Community Corrections (AB 109), District Attorney and Public Defender Revocation Hearings (AB 109) and Juvenile Justice (Youthful Offender Block Grant and Juvenile Reentry).

Proposition 172, Public Safety Sales Tax Revenues

Proposition 172, Public Safety Sales Tax Revenues (**$272.8 million in Fiscal Year 2016-17 and $280.5 million in Fiscal Year 2017-18**) support regional public safety services provided by three Public Safety Group departments: the Sheriff, District Attorney and Probation. The revenue source is a dedicated one-half cent of the Statewide sales tax that was approved by voters in 1993 and is distributed to counties based on the relative levels of taxable sales in each county 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 the Government Code.

For Fiscal Year 2016–17, these revenues are 3.8% ($10.1 million) above the Fiscal Year 2015–16 budgeted amount, exceeding the level received in Fiscal Year 2005–06. This assumes an underlying statewide sales tax growth rate of 3% for Fiscal Year 2016–17. It is anticipated that these revenues will grow modestly in Fiscal Year 2017-18. The chart on the previous page shows the realized revenues for Proposition 172 for Fiscal Years 2005–06 through 2015–16 and projected levels for Fiscal Years 2016–17 through 2017–18.

Tobacco Settlement Revenues

Tobacco Settlement Revenues (**$14.0 million in Fiscal Year 2016-17 and $14.0 million in Fiscal Year 2017-18**) by Board of Supervisors Policy E-14, Expenditure of Tobacco Settlement Revenue in San Diego County, are dedicated to healthcare-based programs. These revenues are the result of the historic Master Settlement Agreement in 1998 between the California Attorney General and several other states and the four major tobacco companies. The agreement provided more than $206 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 its counties based on population.

To reduce the risk of 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 to a third party in exchange for an up-front payment. The County of San Diego helped to pioneer this process and deposited the net proceeds of $412.0 million into the Tobacco Securitization Endowment Fund on a total securitization of $466.8 million in January 2002 in exchange for its Tobacco Settlement Payments. These funds are spent pursuant to the Board of Supervisors Policy.

In May 2006, the County securitized additional anticipated receipts and added $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 $14.0 million budgeted in Fiscal Year 2016-17 reflects $8.0 million in non-securitized Tobacco Settlement funds and $6.0 million in Securitized Tobacco funds. This is a reduction in Securitized Tobacco Funds support to the General Fund of $0.7 million from Fiscal Year 2015-16 as a result of savings due to decreased costs in the County Medical Services program. Another $0.2 million is budgeted and retained in the Tobacco Securitization Special Revenue Fund for processing costs in Fiscal Year 2016-17. This is a decrease of $6.6 million in the Tobacco Securitization Special Revenue Fund from Fiscal Year 2015-16 which included a set aside of $6.6 million for an unallocated reserve. This reserve was removed from the Fiscal Year 2016-17 budget in order to align projected expenditures held for contingencies to the estimated Interest on Deposits & Investments revenue. Low interest rates set by the Federal Reserve have led to a decreasing trend on Interest on Deposits and Investments revenue. A request will be submitted to the Board of Supervisors if additional resources are needed.

General Fund General Purpose Revenue

General Purpose Revenue (GPR) makes up 27.5% of the General Fund Financing Sources. Please see the separate discussion of GPR in the following section.

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

Use of Fund Balance, including Fund Balance Component Decreases, (**$304.6 million in Fiscal Year 2016–17 and $44.6 million in Fiscal Year 2017–18**), represents 7.4% of General Fund Financing Sources in Fiscal Year 2016–17. 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.

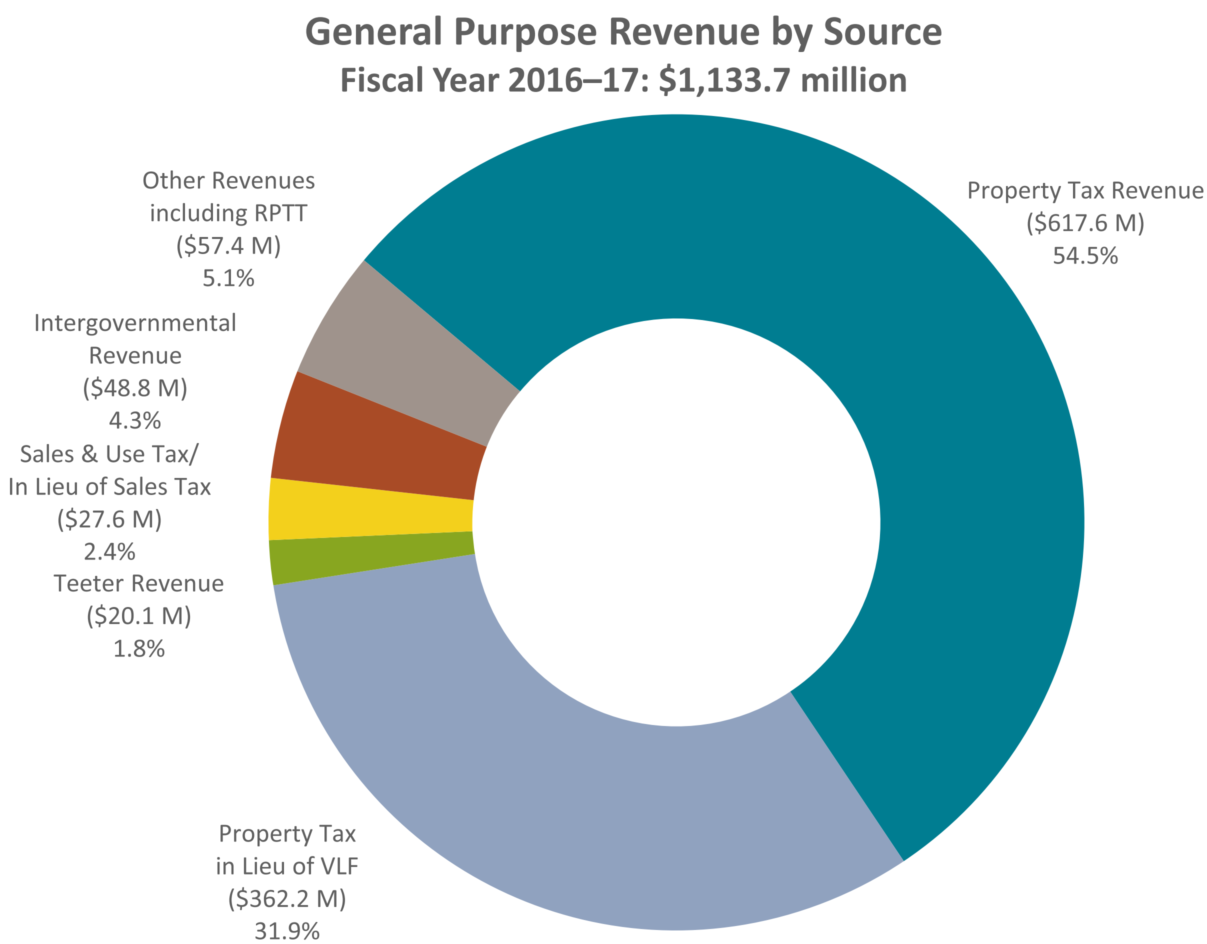
The following list details the various General Fund Use of Fund Balance/Fund Balance Component Decreases budgeted for Fiscal Year 2016–17:

- Management reserves.
- Labor costs due to negotiated one-time salary and benefit payments.
- One-time funding for various trainings, education and outreach.
- General Plan Policy Land Use Policies Amendment.
- Updates to the Flood Control Hydrology Manual.
- Updates to the Zoning and Resource Protection Ordinance.
- One-time Bridge-funding for loss of Corrections Corporation of America revenue due to the termination of lease for the Otay Mesa Detention Facility.
- One-time funding for additional security requirements at the New Central Courthouse.
- Escondido Creek startup costs.
- To provide temporary support for Proposition 47: *The Safe Neighborhoods and Schools Act* petition filing.
- Call When Needed Program to access fire suppression aircraft.
- One-time funding to support for the Comprehensive strategy for Juvenile Justice.
- One-time Use of Fund Balance for potential additional costs in the General Relief program.
- Heritage Tree Preservation.
- Homeowner Relief and Green Building Permit fee waivers.
- Purchase of Agriculture Conservation Easements (PACE) program.
- Multiple Species Conservation Program land acquisition.
- One-time consultant services.
- Various one-time projects related to the Total Maximum Daily Load/Stormwater Permit.
- Transfer from the General Fund to the Environmental Trust Fund to extend the life of the fund.
- Grants provided to community organizations.
- Workforce Academy for Youth (WAY) program.
- One-time funding to conduct a 90-day pilot program to determine the impact of opening all three County shelters for an additional day each week.
- Commitment of General Fund fund balance to support Pension Obligation Bonds.
- Temporary help including contract monitoring in various departments.
- Various one-time information technology (IT) projects, including:
  - Records and data storage initiatives.
  - System acquisition, implementation, development, enhancements, conversion and upgrades.
  - Website development and redesign.
  - Enterprise Information Technology contracts and system upgrades.
- Various one-time facility, maintenance and upgrades which include:
  - County road maintenance projects.
  - ADA Accessibility Improvements.
  - Energy saving upgrades and Smart Building projects.
  - Facility Replacement Strategic Plan.
  - Facility Condition Assessment and site inspection.
  - One-time maintenance projects.
- Various equipment purchase/replacement including:
  - Regional Communications System Radios.
  - Equipment for the required relocation from the Central Courthouse.
  - Storage for emergency response equipment.
  - Replacement of fire apparatus and equipment, radio repair and maintenance.
  - Vehicle acquisition.
  - One-time equipment purchases including rescue and safety equipment, audio visual equipment, Close Capture TV, security cameras, and subsurface pavement.
- Rebudgets:
  - Vehicle acquisition.
  - Various information technology initiatives.
  - Consultant services.
  - Fire victim and Firestorm 2007 rebuilding permit fee waiver.
  - Community Plan, various General Plan, Climate Action Plan, Zoning ordinance and Transportation Impact Fee update.
  - Continuous improvement training.
  - Code enforcement abatements.
  - PACE Program.
  - One time maintenance projects.

General Purpose Revenue

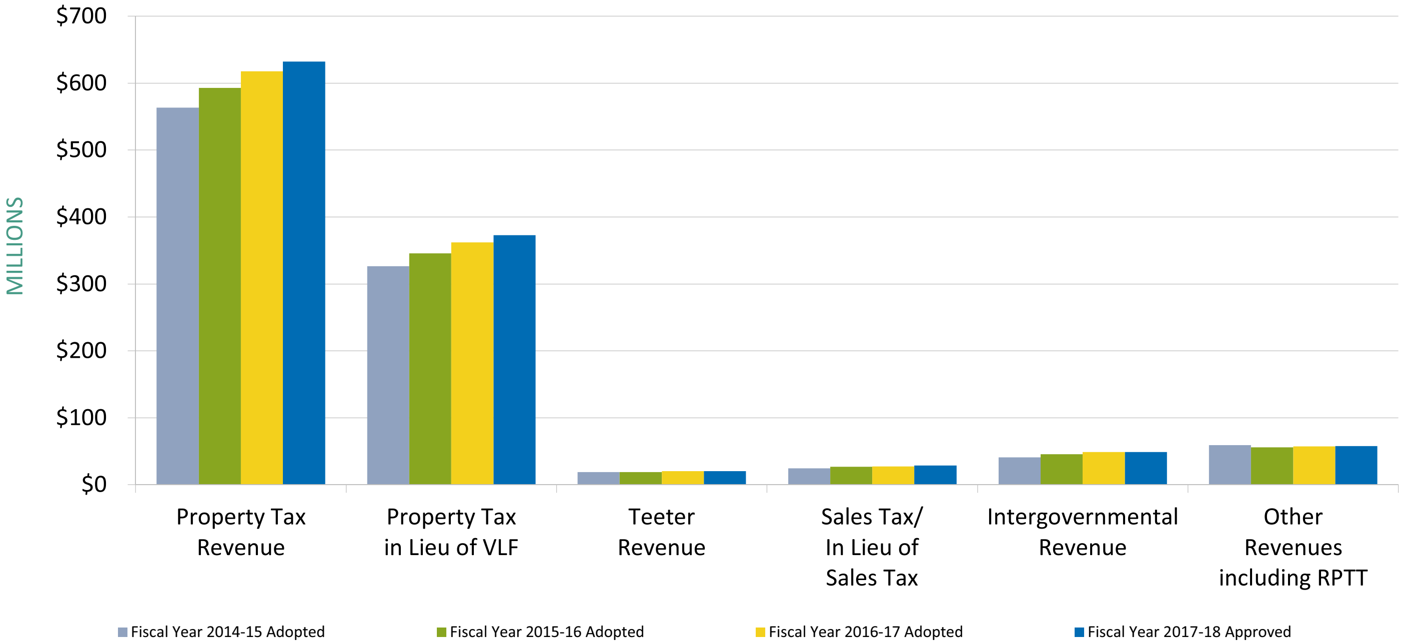
General Purpose Revenue by Source

General Purpose Revenue (GPR) represents approximately 27.5% 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 and use tax, real property transfer tax (RPTT), Aid from Redevelopment Successor Agencies, and other miscellaneous sources. 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.

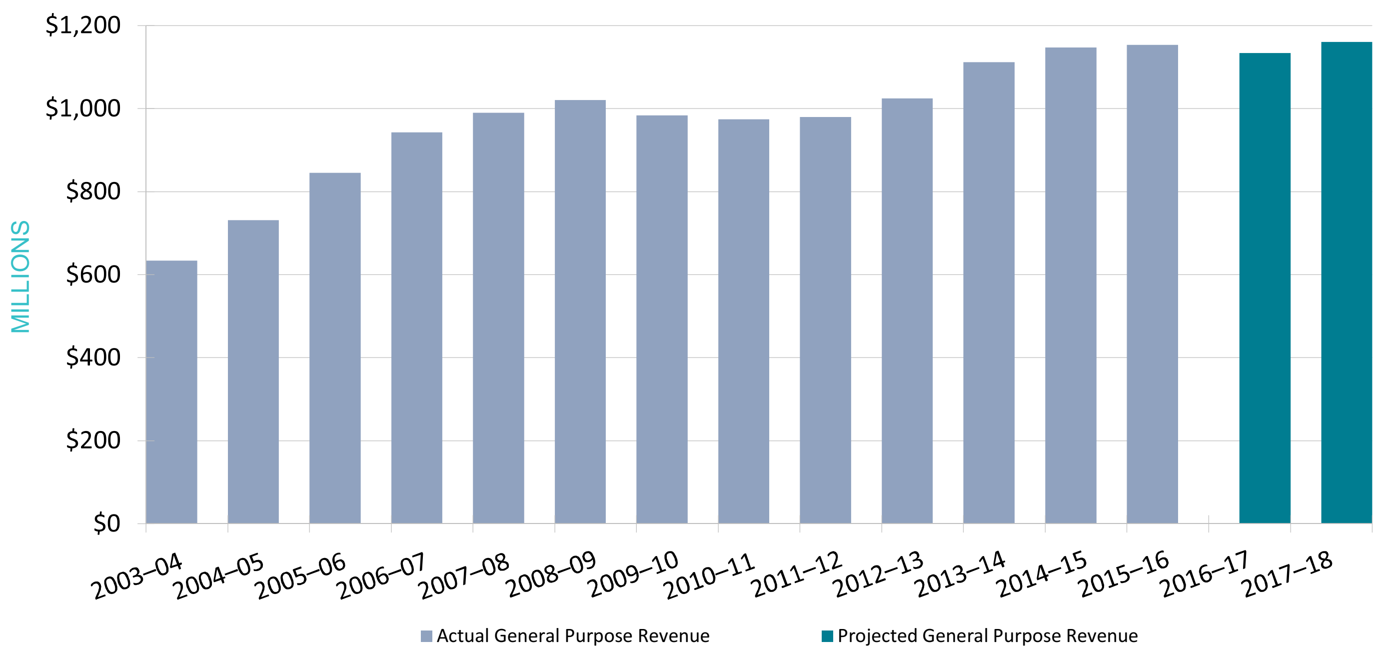


For Fiscal Year 2016–17, the $1,133.7 million budgeted for GPR is an increase of $47.5 million or 4.4% from the Fiscal Year 2015–16 budgeted amount of $1,086.2 million. These resources are projected to increase to $1,161.0 million in Fiscal Year 2017–18. The charts on the following page present GPR by 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 2014–15 through 2017–18



General Purpose Revenue History
Fiscal Year 2003–04 to Fiscal Year 2017–18



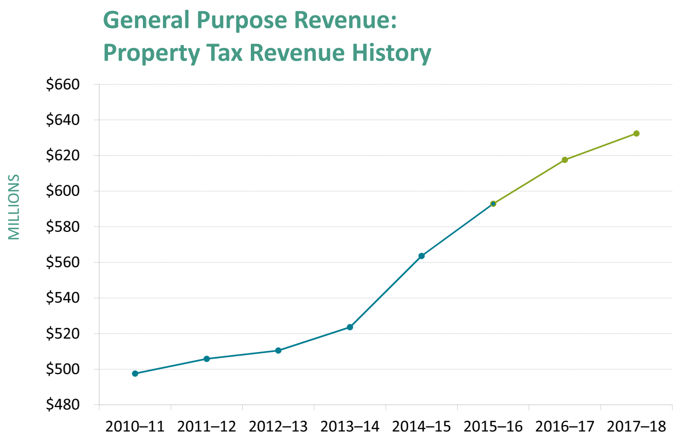
Notes: General Purpose Revenue (GPR) for Fiscal Years 2003–04 through 2015–16 represents actual revenue. For Fiscal Years 2016-17 and 2017-18, the projections are included in the Fiscal Years 2016-18 Adopted Operational Plan.

General Purpose Revenue

		Fiscal Year 2014–15 Adopted Budget		Fiscal Year 2015–16 Adopted Budget		Fiscal Year 2016–17 Adopted Budget	% Change		Fiscal Year 2017–18 Approved Budget
Property Taxes Current Secured	$	543,889,435	$	572,474,367	$	594,913,295	3.9	$	609,766,189
Property Taxes Current Supplemental		2,552,267		2,595,796		4,652,939	79.2		4,699,460
Property Taxes Current Unsecured		17,128,637		17,819,370		17,953,910	0.8		17,884,832
Property Taxes Current Unsecured Supplemental		51,511		52,284		53,068	1.5		53,864
Total Property Tax Revenue	**$**	**563,621,850**	**$**	**592,941,817**	**$**	**617,573,212**	**4.2**	**$**	**632,404,345**
Total Property Tax In Lieu of VLF	**$**	**326,332,670**	**$**	**345,657,552**	**$**	**362,195,423**	**4.8**	**$**	**372,728,369**
Teeter Tax Reserve Excess	$	13,100,000	$	13,100,000	$	13,100,000	0.0	$	13,100,000
Teeter Property Tax All Prior Years		6,003,200		6,003,200		7,028,400	17.1		7,028,400
Total Teeter Revenue	**$**	**19,103,200**	**$**	**19,103,200**	**$**	**20,128,400**	**5.4**	**$**	**20,128,400**
Sales & Use Taxes	$	18,443,383	$	23,520,925	$	27,595,633	17.3	$	28,944,685
In Lieu Local Sales & Use Tax		5,974,000		3,300,462		—	(100.0)		—
Total Sales & Use Tax/In Lieu of Sales Tax	**$**	**24,417,383**	**$**	**26,821,387**	**$**	**27,595,633**	**2.9**	**$**	**28,944,685**
State Aid Homeowner's Property Tax Relief (HOPTR)	$	4,795,214	$	4,714,725	$	4,714,725	0.0	$	4714,725
Federal In-Lieu Taxes		922,549		922,549		922,549	0.0		922,549
Local Detention Facility Revenue/State Aid Booking Fees		2,450,380		2,460,342		2,460,342	0.0		2,460,342
Aid From City of San Diego		2,772,173		2,762,211		2,500,000	(9.5)		2,500,000
Aid from Redevelopment Agencies/Aid from Redevelopment Successor Agencies		29,971,545		34,690,335		38,238,216	10.2		38,238,216
Total Intergovernmental Revenue	**$**	**40,911,861**	**$**	**45,550,162**	**$**	**48,835,832**	**7.2**	**$**	**48,835,832**
Property Taxes Prior Secured	$	400,000	$	400,000	$	400,000	0.0	$	400,000
Property Taxes Prior Secured Supplemental		5,685,976		5,742,562		5,800,142	1.0		5,858,218
Property Taxes Prior Unsecured		450,000		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		2,635,824		2,675,362		2,715,492	1.5		2,756,225
Transient Occupancy Tax		3,100,000		3,300,000		3,801,728	15.2		3,800,000
Real Property Transfer Taxes (RPTT)		19,175,936		20,477,745		20,682,528	1.0		20,889,353
Franchises, Licenses, Permits		10,441,416		5,469,355		5,469,355	0.0		5,469,355
Fees, Fines & Forfeitures		1,939,135		1,625,161		1,636,130	0.7		1,554,323
Penalties & Cost Delinquency Taxes		10,936,000		11,179,440		11,634,533	4.1		11,911,952
Interest On Deposits & Investments		2,867,302		3,721,995		3,721,995	0.0		3,721,995
Interfund Charges/Miscellaneous Revenues		1,036,334		1,003,850		1,000,000	(0.4)		1,000,000
Total Other Revenues including RPTT	**$**	**59,067,923**	**$**	**56,145,470**	**$**	**57,411,903**	**2.3**	**$**	**57,911,421**
Total General Purpose Revenue	**$**	**1,033,454,887**	**$**	**1,086,219,588**	**$**	**1,133,740,403**	**4.4**	**$**	**1,160,953,052**

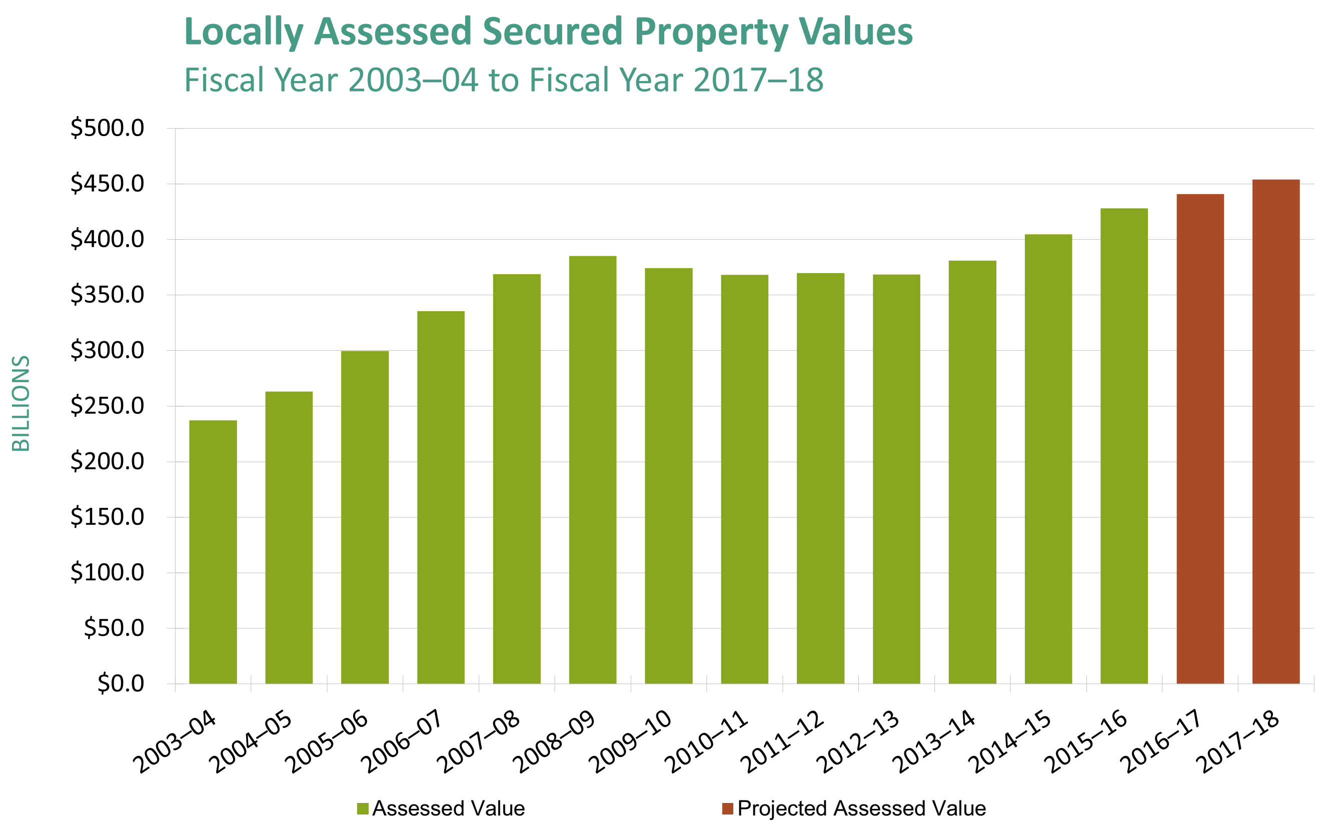
Property Tax Revenue

Property Tax Revenue, (**$617.6 million in Fiscal Year 2016–17 and $632.4 million in Fiscal Year 2017–18**), including current secured, current supplemental, current unsecured and current unsecured supplemental, represents 54.5% of the total General Purpose Revenue in both Fiscal Year 2016–17 and in Fiscal Year 2017–18.



The term "current" refers to those taxes that are due and expected to be paid in the referenced budget year. For Fiscal Year 2016–17, property tax revenue is budgeted to be $24.6 million or 4.2% higher than the budget for Fiscal Year 2015–16. Property tax revenue is projected to increase 2.4% or $14.8 million for Fiscal Year 2017–18. 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, the final growth rate was 5.7%, an improvement from the assumed rate of 4.0% used in the projection. For Fiscal Year 2016–17, an assumed rate of 3.0% is projected in overall assessed value of real property.



Note: The projected locally assessed secured values assume a 3.0% growth rate for Fiscal Year 2016–17 and 3.0% rate for Fiscal Year 2017–18.
Source: San Diego County Auditor and Controller

Current Secured Property Tax Revenue

Current Secured property tax revenue (**$594.9 million in Fiscal Year 2016–17 and $609.8 million in Fiscal Year 2017–18**) is expected to increase by $22.4 million in Fiscal Year 2016–17 from the adopted level for Fiscal Year 2015–16.

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 2016–17 revenue amount assumes an increase of 3.0% in the local secured assessed value compared to the actual current local secured assessed value amount for Fiscal Year 2015–16 of 5.7%. The Fiscal Year 2015–16 current secured revenue assumed a 4.0% increase in the local secured assessed value over the actual local secured assessed value amount for Fiscal Year 2014–15; however, the actual current local secured assessed value increased by 5.7% (gross less regular exemptions). Further, as noted above, for Fiscal Year 2016–17, local secured assessed value is budgeted to increase by 3.0%. For Fiscal Year 2017–18, local secured assessed value is assumed to grow by 3.0%. 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.

In Fiscal Year 2016–17, refunds and corrections combined are projected at $7.3 million compared to the Fiscal Year 2010–11 high level of $19.4 million.

Current Supplemental Property Tax Revenue

Current Supplemental property tax revenue (**$4.7 million in Fiscal Year 2016–17 and $4.7 million in Fiscal Year 2017–18**) is expected to increase by $2.1 million in Fiscal Year 2016-17 from the adopted level for Fiscal Year 2015-16. 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. During the recession, the slowdown in new construction and the decline in real estate prices acutely impacted supplemental property tax revenues. In many change of ownership transactions, a refund was due to the owner since the value of the property is lower than it was on the lien date instead of a bill for an additional amount of property tax because the property value is higher than the value as of the lien date. During the period of recession, refunds on current supplemental property tax reached a high $38.3 million in Fiscal Year 2008–09, compared to a low of $4.0 million in Fiscal Year 2005–06 prior to the housing market surge.

Refunds have declined gradually over time as activities in residential and commercial properties and assessed values improved resulting in improvement in this revenue stream.

Current Unsecured Property Tax Revenue

Current Unsecured property tax revenue (**$18.0 million in Fiscal Year 2016–17 and $17.9 million in Fiscal Year 2017–18**) is not based on a lien on real property. The unsecured tax roll is that part of the assessment roll consisting largely of business personal property owned by tenants. Based on trends and most up-to-date information, a slight increase in projection is used for the next two fiscal years.

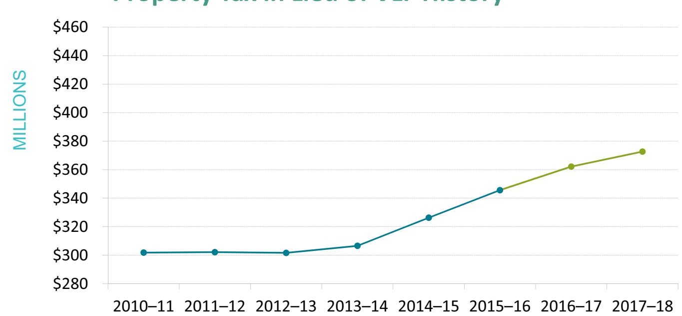
Current Unsecured Supplemental Property Tax Revenue

Current Unsecured Supplemental property tax revenue (**$0.1 million in Fiscal Year 2016–17 and $0.1 million in Fiscal Year 2017–18**) 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 31.9% (**$362.2 million**) of the General Purpose Revenue amount in Fiscal Year 2016–17 and 32.1% of the projected amount (**$372.7 million**) in **Fiscal Year 2017–18**.

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 3.0% increase in the combined taxable unsecured and local secured assessed value in Fiscal Year 2016–17, revenues are anticipated to be $16.5 million higher than budgeted for Fiscal Year 2015–16. The increase is partially associated with the change in actual assessed value in Fiscal Year 2015–16 which increased by 5.7% compared to a budgeted increase of 4.0%. The Fiscal Year 2017–18 revenue is estimated using a 3.0% assessed value growth.

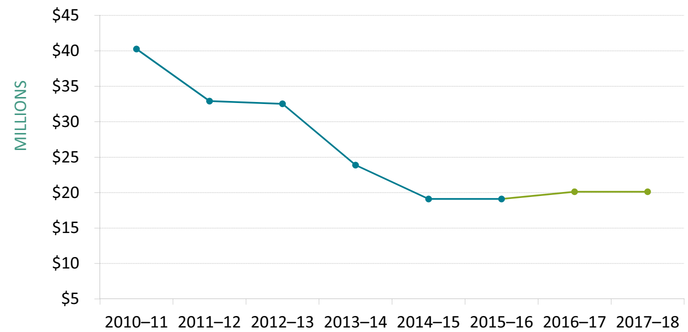
Teeter Revenue

Teeter Revenue (**$20.1 million in Fiscal Year 2016–17 and $20.1 million in Fiscal Year 2017–18**) represents approximately 1.8% of General Purpose Revenue in Fiscal Year 2016–17 and 1.7% of the projected amount in Fiscal Year 2017–18. Teeter Revenue is expected to increase by $1.0 million in Fiscal Year 2016–17 from the adopted level for Fiscal Year 2015–16.

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 and Use Tax Revenue

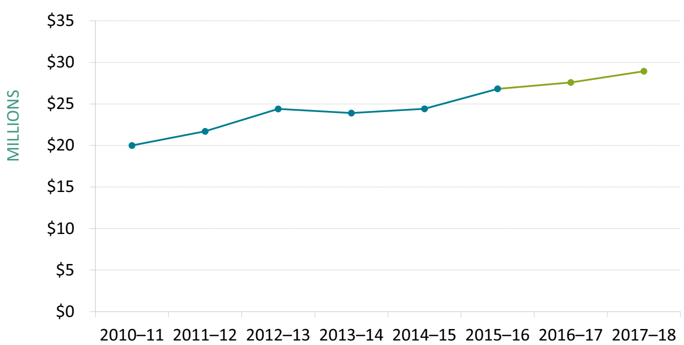
Sales & Use Tax Revenue (**$27.6 million in Fiscal Year 2016–17 and $28.9 million in Fiscal Year 2017–18**) represents approximately 2.4% of General Purpose Revenue in Fiscal Year 2016–17 and 2.5% in Fiscal Year 2017–18. This revenue is derived from taxable sales by retailers who sell or rent tangible 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. The amounts shown in the General Purpose Revenue table reflect the total revenue budgeted in Sales & Use Taxes and In Lieu Local Sales & Use Tax replacement funding that transfers to the County from the Educational Revenue Augmentation Fund (ERAF) which has been completed, marking the end of the “Triple Flip,” which is reflected in the Fiscal Year 2016–17 budget.

The ERAF was established in Fiscal Years 1992–93 and 1993–94 in response to serious State budgetary shortfalls. The State legislature and administration permanently redirected more than $3 billion of property taxes from cities, counties and special districts to schools and community college districts. These redirected funds reduced the State's funding obligation for K-14 school districts by a commensurate amount.

The In Lieu Local Sales & Use Tax is referred to as the “triple flip” and was effective July 1, 2004. Assembly Bill (AB) 7 XI, *California Fiscal Recovery Financing Act*, one of the 2003–04 State budget bills, enabled the State to redirect one-quarter cent of the local sales and use tax to the State to repay up to $15.0 billion in bonds authorized by Proposition 57 (2004), *Economic Recovery Bond Act*, to help the State refinance its past debt. In turn, the lost local sales tax revenues are replaced on a dollar-for-dollar basis with countywide property tax revenues shifted back from the ERAF. The projected Sales & Use Tax revenue reflects the complete end of the Triple Flip in Fiscal Year 2016–17. As a result, amounts previously budgeted as In Lieu Local Sales & Use Tax are now budgeted as Sales & Use Tax.

Fiscal Year 2015–16 Sales & Use Tax revenue is projected to be flat compared to budget. This is mainly due to the decline in fuel prices and a lack of new auto dealers or large allocations for used autos and leasing which is a large contributor of growth in Sales & Use Tax for the State of California. Based on a statewide growth assumption of 3.0%, Sales & Use Tax Revenue in Fiscal Year 2016–17 is estimated to be $0.8 million or 2.9% higher than the Fiscal Year 2015-16 Adopted Operational Plan and is estimated to be $1.3 million or 4.9% higher in Fiscal Year 2017–18. The Fiscal Year 2016-17 Sales & Use Tax Revenue budget of $27.6 million will be relatively flat compared to the Fiscal Year 2015-16 3rd Quarter projection of $27.5 million (excludes any one-time adjustment payment for the end of the "Triple Flip").

General Purpose Revenue: Sales and Use Tax Revenue History

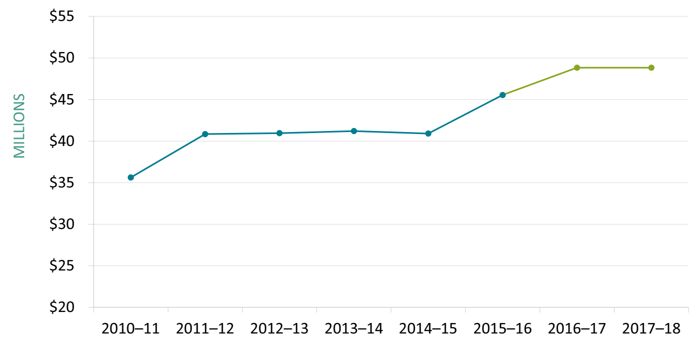


Intergovernmental Revenue

Intergovernmental Revenue (**$48.8 million in Fiscal Year 2016–17 and $48.8 million in Fiscal Year 2017–18**) comprises 4.3% of the General Purpose Revenue amount in Fiscal Year 2016–17 and 4.2% of the projected amount in Fiscal Year 2017–18. For Fiscal Year 2016–17, the amount budgeted is $3.3 million or 7.2% higher than the Fiscal Year 2015–16 Adopted Operational Plan.

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.

General Purpose Revenue: Intergovernmental Revenue History

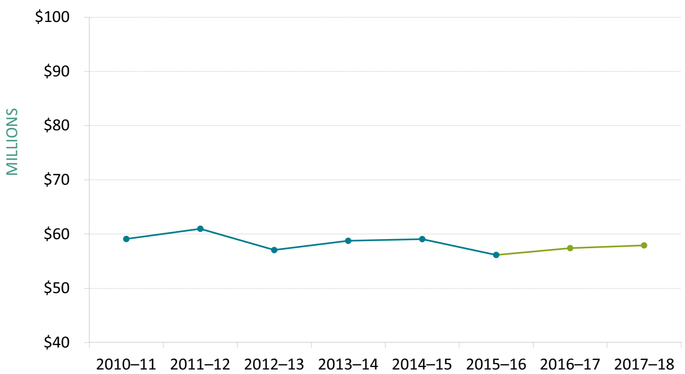


Redevelopment agencies were dissolved by the California Legislature in ABx1 26 on June 28, 2011. The California Supreme Court upheld the constitutionality of the dissolution on December 29, 2011 and extended the date of dissolution to February 1, 2012. Based on Section 34183 of the Health and Safety 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, 33607.7 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, but this has not been included in the General Fund's Fiscal Year 2016–18 Adopted Operational Plan.

Other Revenues

Other Revenues for **Fiscal Year 2016–17 total $57.4 million and increase to $57.9 million in Fiscal Year 2017–18**, and are approximately 5.1% of the total General Purpose Revenue amount in Fiscal Year 2016–17 and 5.0% in Fiscal Year 2017–18. The Fiscal Year 2016–17 amount represents a 2.3% or $1.3 million increase from the Fiscal Year 2015–16 Adopted Operational Plan.

General Purpose Revenue: Other Revenues History

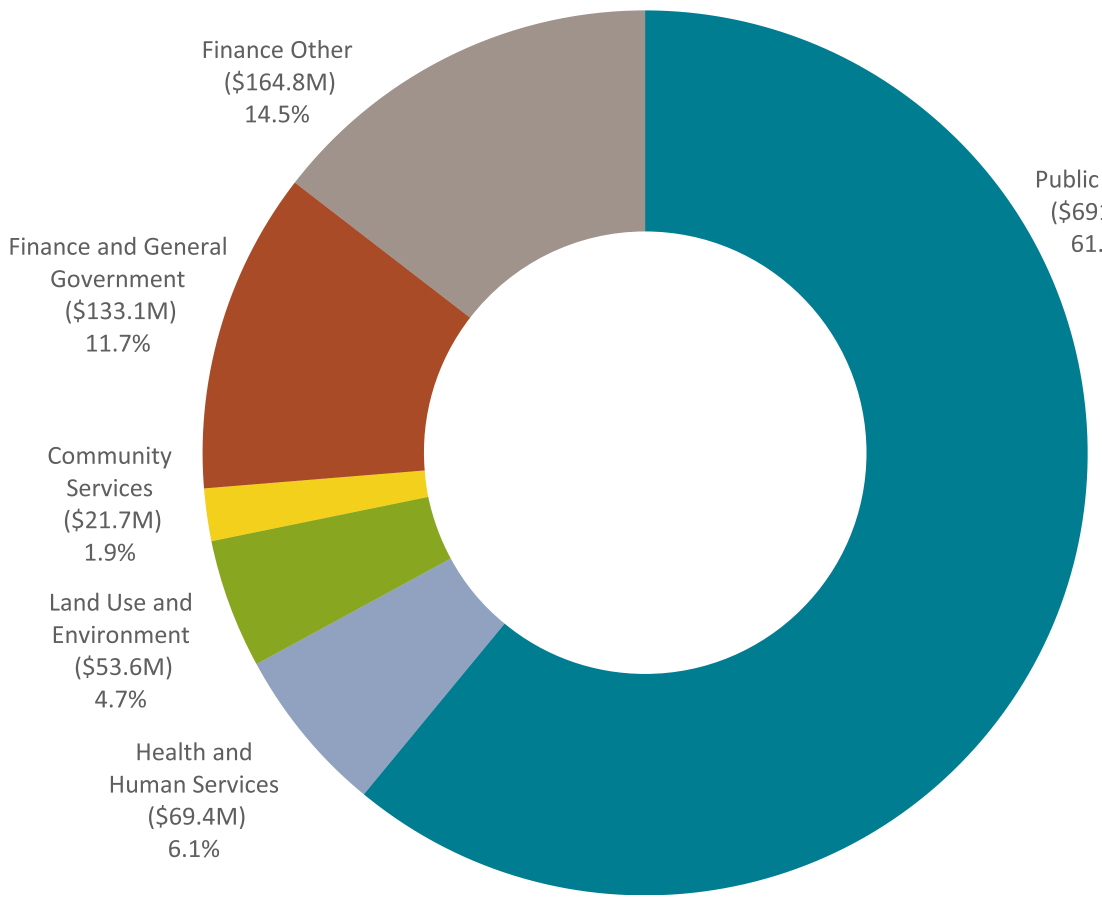


Various revenue sources make up this category including Real Property Transfer Tax (RPTT), interest on deposits, fees, fines, forfeitures, prior year property taxes, penalties and cost on delinquency taxes, franchise fee revenue, cable and video licenses and other miscellaneous revenues. One large component of this revenue category for Fiscal Year 2016–17 is RPTT, a leading indicator of local economic strength. RPTT revenue for Fiscal Year 2016–17 is budgeted at $20.7 million, a 1.0% ($0.2 million) slight increase from the Fiscal Year 2015–16 Adopted Operational Plan, reflecting a continued improvement in receipts in Fiscal Year 2015–16 compared to substantial slowing and overall volatility that began in fall 2008. Revenues are projected to slightly increase by $0.2 million or 1.0% in Fiscal Year 2017–18. RPTT 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 set by the State is $0.55 per $500 of assessed valuation. The County realizes 100% of the revenues from transactions in the unincorporated area and 50% from transactions in the incorporated areas. Another large component, $11.6 million, is Penalties and Cost on Delinquency Taxes. 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). These revenues are projected to increase in Fiscal Years 2016–17 ($0.5 million or 4.1%) and 2017–18 ($0.3 million or 2.4%).

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 2016–17 budget for the Public Safety Group represents 32.9% of total County expenditures, the allocation of GPR for services in that Group equals 61.0% of the total GPR. By contrast, the Health and Human Services Agency's budget represents 34.9% of total County expenditures, however due to significant amounts of funding from program revenues, it is allocated only about 6.1% of total GPR.

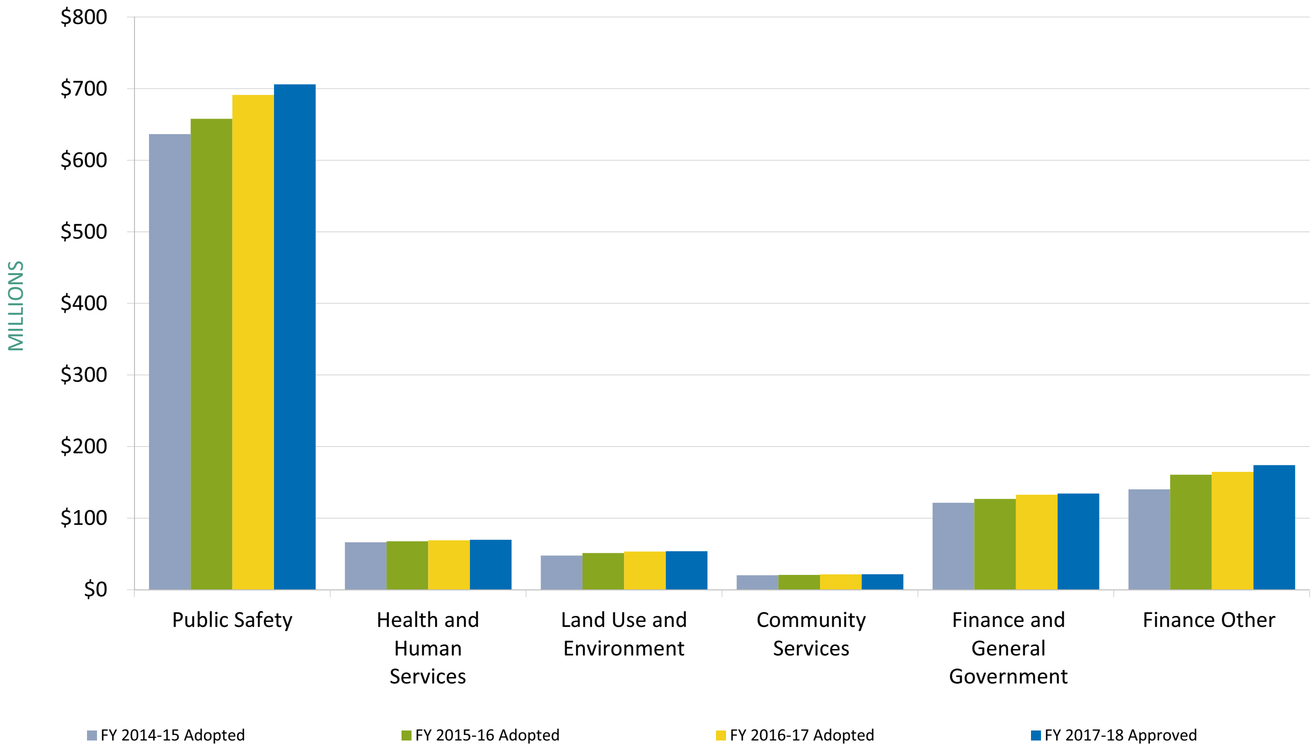
General Purpose Revenue Allocations by Group/Agency
Fiscal Year 2016–17: $ 1,133.7 million



The allocation of GPR for Fiscal Years 2016–17 and 2017–18 reflects a multi-year strategy to manage County resources within the recovering economic environment. The primary goals of this strategy are to preserve core services to the public, maintain the commitment to the County's capital program, and address increases in contributions to the retirement fund.

GPR is budgeted at $1,133.7 million in Fiscal Year 2016–17, an increase from Fiscal Year 2015–16 budget of $1,086.2 million. The most significant cost driver resulting from the economic recession has been employer retirement contributions. While in Fiscal Year 2016–17 employer contributions to the retirement fund are budgeted to increase by 8.7%, the annual rate of increase beyond Fiscal Year 2016–17 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 as early as Fiscal Year 2017–18.

General Purpose Revenue Allocations by Group/Agency
Fiscal Years 2014–15 through 2017-18



General Purpose Revenue Allocations by Group/Agency (in millions)

	Fiscal Year 2013–14 Adopted Budget	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Adopted Budget	% Change	Fiscal Year 2016–17 Approved Budget
Public Safety	$ 636.5	$ 657.9	$ 691.2	5.1	$ 706.0
Health and Human Services	66.4	67.9	69.4	2.2	70.0
Land Use and Environment	47.9	51.4	53.6	4.2	54.1
Community Services	20.5	21.0	21.7	3.4	21.8
Finance and General Government	121.7	127.2	133.1	4.6	134.7
Finance Other	140.4	160.8	164.8	2.5	174.4
Total	**$ 1,033.5**	**$ 1,086.2**	**$ 1,133.7**	4.4	**$ 1,161.0**

The resource management strategy to address this issue over the next two years is summarized as follows:

- Fiscal Year 2016–17 Adopted Operational Plan allocates $43.5 million of GPR growth to the County's five business groups to fund the increase in negotiated labor agreements ($41.4 million) as well as allocation for programs ($2.1 million). The remaining GPR growth will be appropriated to a countywide stabilization fund to mitigate anticipated future volatility in employer contributions for retirement costs and to support future capital requirements.
- Fiscal Year 2017–18 Approved Operational Plan allocates $17.7 million of GPR to the County's five business groups to fund increases in negotiated labor agreements and to support future capital requirements.

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 for Fiscal Years 2016–17 and 2017–18 compared to the two prior fiscal years.

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 financial and strategic planning activities. As discussed previously, the General Management System 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:
  - Maintain fiscal stability to ensure the ability to provide services that customers rely on, in good times and in bad. All departments share in the responsibility of ensuring fiscal stability for the County.
  - Ensure that the financial management activities of the County support structural balance between ongoing revenues and expenditures.
  - Use the Strategic Plan as a guide to develop an annual five year financial forecast to review primary cost drivers, service needs and available funding sources, which will lay the foundation for the upcoming Operational Plan.
  - Annually develop a structurally-balanced two-year Operational Plan, the first year of which is formally adopted by the Board of Supervisors as the County's budget and the second year is accepted as a tentative plan.
    - California Government Code §29009 requires a balanced budget, defined as "the funding sources shall equal the financing uses," in the recommended, adopted and final budgets.
    - A structurally balanced budget means that ongoing, not one-time, resources are used to fund ongoing costs.
    - Conduct quarterly financial reporting processes to allow County managers to appropriately address changes in the external economic or internal financial conditions of the organization. At no time shall total expenditures exceed total appropriations; a budget amendment must be submitted and approved by the Board of Supervisors.
  - Develop and use performance measures to monitor progress and ensure that the County is on track to achieve its goals.

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*.
- 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*.
- 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/ Auditor and Controller.
- Appropriation transfers of any amount between objects within a budget unit may be processed by the Auditor and Controller except when the transfer would have actual or potential programmatic impacts or is to or from Capital Projects, Road Projects or Operating Transfers between departmental budget units. 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 program-

- 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*.
- 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*.

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 *Relating to the Maintenance and Restoration of Fund Balances and Reserves in the General Fund*, the County will maintain fund balances and reserves in the General Fund to support fiscal health and stability including:
  - Fund Balance Committed for Unforeseen Catastrophic Events
  - General Fund Contingency Reserve
  - General Fund Minimum Fund Balance
  - Management Reserves
  - Other Commitments and Assignments of Fund Balance
- The Board of Supervisors may waive the requirement to maintain fund balance and reserve amounts at the targeted levels if it finds that it is in the best interest of the residents of the County to do so.
- In the event that the Fund Balance Committed for Unforeseen Catastrophic Events, the Contingency Reserve or General Fund Minimum Fund Balance for economic uncertainty falls below established levels, the Chief Administrative Officer shall present a plan to the Board of Supervisors for restoration of those targeted levels within two years.
- In addition, the ordinance authorizes the Chief Administrative Officer to assign fund balance for specific purposes.
- For additional details on County Reserves, refer to the section on Reserves and Resources.

Long-Term Financial and Debt Management

- The County adopted Board of Supervisors Policy B-65, *Long-Term Financial Management Policy*, to ensure sound financial management. The Policy sets forth practices to be adhered to in managing the County's long-term financial outlook including:
  - General financial management practices such as long-term financial/capital planning, quarterly budget status reports to the Board of Supervisors, investor relations, disclosure practices, and cash flow reporting and maintaining reserves.
  - The policy requires that the County reinvest general purpose revenue savings generated by maturing debt obligations and/or refinacings 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.
  - The policy governs the County's entry into financial obligations that exceed one fiscal year and sets policy on how long-term obligations should be used as well as how these obligations should be structured.
- 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 San Diego County Treasurer-Tax Collector is responsible for the collection, banking, investment, disbursement and accountability of public funds, excluding pension funds. Accordingly, the County Treasurer shall annually prepare 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 County Treasurer (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* shall be annually reviewed and approved at a public hearing 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 County Treasurer'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 shall prepare a monthly investment report to be posted on the Treasurer-Tax Collector's website at www.sdtreastax.com/treasury.html
- The Treasurer shall provide 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 County-wide 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

Governmentwide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the fiscal year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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. General capital asset acquisitions and general principal payments are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary Funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

For governmentwide (governmental and business-type activities) and proprietary fund activities, the County applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as any applicable pronouncement of the Financial Accounting Standards Board (FASB), the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The County has elected not to apply the FASB standards issued subsequent to November 30, 1989, in reporting business-type activities and proprietary funds. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes Generally Accepted Accounting Principles (GAAP) for government agencies.

Financial Statement Presentation

For governmental funds only, current assets, current liabilities and fund balances are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances—governmental funds present increases (i.e., revenues and other financing sources), decreases (i.e., expenditures and other financing uses) and the net change in fund balances.

For proprietary funds and fiduciary funds, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. Net assets for the proprietary funds are segregated into “invested in capital assets, net of related debt” and “unrestricted net assets” in the County's Comprehensive Annual Financial Report (CAFR). The net assets for the fiduciary funds are described as “held in trust for other pool participants” and “held in trust for individual investment accounts” in the CAFR. Proprietary funds statement of revenues, expenses and changes in fund net assets present increases (i.e., operating revenues and non-operating revenue), decreases (i.e., operating expenses and non-operating expenses), income/loss before capital contributions and transfers, and the change in net assets.

Differences Between Budgetary and Financial Reports

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. Any budget amendments are approved by the Group and department managers or the Board of Supervisors.

The schedule of revenues, expenditures and changes in fund balance—budget and actual—is presented as Required Supplementary Information in the CAFR and is prepared in accordance with GAAP. This statement includes the following columns:

- The Original Budget column consists of the adopted budget plus the encumbrances carried forward from the prior fiscal year. The County adopts its budget subsequent to the start of the new fiscal year.
- The Final Budget column consists of the Original Budget column plus amendments to the budget occurring during the fiscal year.
- The Actual column represents the actual amounts of revenues and expenditures reported on a GAAP basis which is the same basis that is used to present the aforementioned original and final budget.

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.

Capital Projects

Capital Projects

Each year, the County assesses the need for capital improvements in accordance with Board of Supervisors Policies G-16, *Capital Facilities and Space Planning* and B-37, *Use of the Capital Program Funds*. These policies provide guidelines for the County's multi-year approach to planning for capital projects. The projects identified in this process include the improvement to or acquisition of land and facilities. Certain recurring capital or infrastructure projects, such as roads, bridges and sewer lines, are reviewed separately and budgeted in the applicable operating fund (e.g., Road Fund or sanitation district funds). The Fiscal Year 2016–17 capital projects budget for the County is $65.0 million and $2.5 million for Fiscal Year 2017–18. This excludes the $9.2 million appropriated in Fiscal Year 2016–17 and 2017–18 in the Edgemoor Development Fund to support the costs associated with the Edgemoor Skilled Nursing Facility, including the lease payments related to the long-term financings executed to help fund construction.

The following table shows the dollar amount and number of projects with new appropriations by Capital Program fund. Once appropriations are established for a capital project, they are carried forward until the project is completed.

Capital Project Appropriations

Appropriation Increases for New and Existing Capital Projects (Fiscal Year 2016–17)	Dollar Amount	Number of Projects
Capital Outlay Fund	$ 31,724,680	7
Justice Facility Construction Fund	15,000,000	1
Library Construction Fund	8,299,000	2
Multiple Species Conservation Program Fund	10,000,000	1
Total	**$ 65,023,680**	**11**

The Capital Program section of this Operational Plan highlights major projects and provides project details on all outstanding capital projects. The Finance Other section includes a schedule of lease-purchase payments related to previously debt-financed projects.

Reserves and Resources

Reserves and Resources

The County maintains a prudent level of resources to help protect fiscal health and stability. The following tables include frequently referenced budgetary reserves and resources but do not include the reserves and resources of all funds as reported in the County's Comprehensive Annual Financial Report (CAFR). The figures in the tables reflect budgeted and/or estimated amounts for the items listed. The totals for these items may vary from those in the CAFR since the CAFR reflects final audited fiscal year end balances. The CAFR can be accessed at www.sdcounty.ca.gov/auditor/cafr.html.

Reserves and Resources (in millions)				
		Fiscal Year 2015-16 Adopted Budget		**Fiscal Year 2016-17 Adopted Budget**
General Fund Minimum Fund Balance for Economic Uncertainty	$	108.6	$	113.4
Group/Agency Management Reserves		38.4		30.4
General Fund Contingency Reserve: Operations		21.7		22.7
Committed Fund Balance: Unforeseen Catastrophic Events		55.5		56.7
Total	**$**	**224.2**	**$**	**223.2**

General Fund Fund Balance and Reserves

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; 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 Ordinance Sec. 113.1, *Fund Balances and Reserves*, 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.

General Fund Minimum Fund Balance for Economic Uncertainty

Pursuant to the Code of Administrative Ordinance Sec. 113.1, *Fund Balances and Reserves*, sets a target amount that equates to 10% of General Purpose Revenue. The $113.4 million set aside of General Fund unassigned fund balance for Fiscal Year 2016-17 equates to 10% of General Purpose Revenue and is in compliance with the code.

General Fund Contingency Reserve

Appropriated for unanticipated needs or to offset revenue shortfalls during the fiscal year. The Code of Administrative Ordinance Sec. 113.1, *Fund Balances and Reserves*, sets a target amount that equates to 2% of budgeted General Purpose Revenue. The $22.7 million budgeted for Fiscal Year 2016-17 equates to 2% of General Purpose Revenue and is in compliance with the code.

Committed: Unforeseen Catastrophic Events

Established by the Board of Supervisors, previously known as General Reserve, to address unforeseen catastrophic situations. By law, the General Reserve may be established, cancelled, increased or decreased at the time of adopting the budget with a three-fifths vote of the Board of Supervisors. It may be increased at any time during the year with a four-fifths vote of the Board. In the case of a legally declared emergency as defined in Government Code §29127, the Board, by a four-fifths vote, may appropriate these funds and make the expenditures necessary for the emergency. The Code of Administrative Ordinance Sec. 113.1, *Fund Balances and Reserves*, sets a target amount for this reserve that equates to 5% of budgeted General Purpose Revenue. The County's fund balance commitment for Unforeseen Catastrophic Events of $56.7 million in Fiscal Year 2016-17 equates to 5.0% of Fiscal Year 2016-17 budgeted General Purpose Revenue and is in compliance with the code.

Group/Agency Management Reserves

Appropriations established at the Group/Agency or department level to fund unanticipated items during the fiscal year, or for a planned future year use. There is no targeted level for these reserves. However, establishment of management reserves shall not be permitted if the action would result in the amount of unassigned fund balance falling below the targeted level.

Additional Reserves and Resources (in millions)				
		Fiscal Year 2015-16 Adopted Budget		Fiscal Year 2016-17 Adopted Budget
Tobacco Securitization Endowment Fund	$	312.2	$	308.6
Workers' Compensation Fund		127.1		139.3
Environmental Trust Fund		50.5		44.9
Public Liability Fund		38.2		39.8
Restricted: Debt Service		27.1		18.6
Total	**$**	**555.1**	**$**	**551.2**

Restoration of Fund Balances and Reserves

In accordance with the Code of Administrative Ordinance Sec. 113.2, *Restoration of Fund Balances and Reserves*, in the event that the fund balance Commitment for Unforseen Catastrophic Events, the Contingency Reserve, or the General Fund Minimum unassigned fund balance falls below the established levels, 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 two fiscal years.

Additional Reserves and Resources

The additional reserves and resources reflected in the table above represent the most frequently referenced budgetary reserves and resources, but do not include all reserves and resources reported in the CAFR. Additional authority will be required to access this fund such as Board of Supervisors approval and Bondholder consent.

Tobacco Securitization Endowment Fund

The County established the Tobacco Securitization Endowment Fund in January 2002. In lieu of receiving the Tobacco Settlement revenue on an annual basis, the County securitized the payment stream and deposited the net proceeds of $412.0 million into the Tobacco Securitization Endowment Fund. Based on certain interest rate assumptions, these proceeds would have enabled the County to fund approximately $24.2 million of health care programs annually through approximately year 2020. Due to lower than anticipated interest earnings, in May 2006 the original issuance was refunded through a second securitization and an additional $123.5 million was deposited into the fund. It was estimated that this would extend the life of the endowment fund through year 2034. In accordance with Board of Supervisor's Policy E-14, *Expenditure of Tobacco Settlement Revenue in San Diego County*, $6.2 million is allocated in the Tobacco Securitization Endowment Fund for Fiscal Year 2016-17, based on planned operational needs, which will fluctuate from year to year based on program and one-time projects.

Workers' Compensation Fund

The County contracts with an actuary to annually estimate the liability and capture the costs associated with all reported and unreported workers' compensation claims. The liability is estimated to be $175.3 million, which includes $28.0 million in expected costs for Fiscal Year 2016-17. The cash balance in the fund was $139.3 million at July 1, 2016.

Environmental Trust Fund

Proceeds from the sale of the County's solid waste system on August 12, 1997, were set aside to fund inactive/closed landfill management for approximately 30 years.

Public Liability Fund

The County contracts with an actuary to annually assess the long-term liability of the fund and determine an adequate level of reserves for current and future public risk management claims. The liability is estimated to be $38.2 million, which includes $15.6 million in expected costs for Fiscal Year 2016-17. The cash balance in the fund was $39.8 million at July 1, 2016.

Restricted: Debt Service

A portion of bond proceeds from various County Certificates of Participation and Lease Revenue Bonds is set aside to provide assurance to investors that funds are available should the County not be able to make a lease payment from currently budgeted resources.

Committed Fund Balance (General Fund only)

The Board of Supervisors has determined periodically that certain amounts of fund balance be set aside for specific purposes. Balances can increase or decrease depending upon whether the funds are being accumulated for later use, are being used because of fluctuating workloads, or to make scheduled payments over a limited period of time. The figures in the table below do not reflect all General Fund commitments, but rather those with a year-over-year increase or decrease. Totals for these items may vary from those in the CAFR since the CAFR reflects final audited fiscal year end balances.

Committed: Registrar of Voters

Established in Fiscal Year 2003–04 to provide sustained funding for those election years with few billable participating jurisdictions.

Committed: SDCFA Equipment Replacement

Established in Fiscal Year 2012–13 to set aside funds for future replacement of San Diego County Fire Authority (SDCFA) equipment.

Committed: Environmental Health

Established in Fiscal Year 2003–04 by the Department of Environmental Health (DEH) to set aside any excess revenue over cost that may occur in some fiscal years for use in a subsequent fiscal year when costs exceed revenue. This ensures that excess revenue over cost paid by DEH customers is used only to fund expenses in DEH.

Committed: Sheriff's Capital Projects

Established in Fiscal Year 1999-00 to set aside funds for future capital expenditures for the Sheriff's Department.

Committed: Replacement/Upgrade Public Safety Communication System

Established in Fiscal Year 2011-12 for the future design, procurement and installation of the next generation of communication technology to be used by public safety and public service agencies throughout San Diego County. These funds will be used to support the County's share of costs to replace the existing 800MHz Regional Communication System implemented in 1996.

Committed: Pension Obligation Bonds

Established in Fiscal Year 2016–17 to set aside funds to support existing Pension Obligation Bonds (POB). This fund balance commitment will serve as an alternative funding source for existing POB costs currently supported by General Purpose Revenue

Committed Fund Balance (General Fund only, in millions)

	Fiscal Year 2015-16 Adopted Budget Increase/(Decrease) From Prior Year	Fiscal Year 2016-17 Adopted Budget Increase/(Decrease) From Prior Year
Committed: Registrar of Voters	$ (1.0)	$ 1.0
Committed: Sale Proceeds Grand Avenue Clinic	0.0	0.0
Committed: SDCFA Equipment Replacement	0.1	0.1
Committed: Environmental Health	(1.4)	(0.4)
Committed: Sheriff's Capital Projects	1.0	0.0
Committed: Replacement/Upgrade Public Safety Communication System	(16.3)	0.0
Committed: Pension Obligation Bonds	0.0	100.0
Total	**$ (17.6)**	**$ 100.7**

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COUNTY OF SAN DIEGO

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Debt Management Policies and Obligations

Debt Management

The County of San Diego uses debt financing to: (i) fund certain capital assets that support the provision 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 financing, 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 and managing outstanding debt and provides guidance to decision makers. Adherence to a long-term financial strategy and policy is important to ensure that the County maintains a sound debt position and that credit quality is protected.

The County Board of Supervisors adopted Board Policy B-65, *Long-Term Financial Management Policy*, on August 11, 1998. The policy was updated in 2015 expanding the scope to provide guidelines on general long-term financial management in addition to management of long-term obligations. See the "Summary of Financial Policies" section for more details on this policy. Policy B-65 has been the foundation for managing the County's debt program. For purposes of this policy, long-term financial obligations are those that exceed one fiscal year.

Long-Term Obligation Limits

- All long-term financings 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, which is currently composed of the Assistant Chief Administrative Officer/Chief Operating Officer, the Deputy Chief Administrative Officer/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 or projects being financed.
- Total annual principal and interest payments on all long-term obligations of the General Fund will not exceed 5% of General Fund revenue.

Uses of Long-Term Obligations

- Long-term financial obligations will not be used to finance current operations or recurring needs.
- The Board of Supervisors may consider long-term financial 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 debt 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

- 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, will 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.
- Long-term obligations taken on by organizations utilizing the County as a conduit issuer must qualify for an investment grade rating by at least one of the nationally recognized rating agencies (either with or without credit enhancement). An exception to this requirement would be private placements subject to approval by the Debt Advisory Committee.

Management Practices

- The County shall encourage and maintain good relations with credit rating agencies, its investors, and those in the financial community who participate in the issuance or monitoring of the County's long-term obligations. A policy of full and open disclosure on every financial report and long-term obligation transaction will be enforced, an investor relations website will be maintained with current and accurate information, and a credit rating agency presentation/update shall be conducted annually.
- The County shall comply with all ongoing disclosure conditions and shall file such required documents in a timely manner.
- The County shall monitor earnings on bond proceeds and rebate excess earnings as required to the U.S. Treasury to avoid the loss of tax-exempt status.
- The County of San Diego will enforce filing notices of completion on all projects within five years of their financing. The County shall continually review outstanding obligations and aggressively initiate refinancings when economically feasible and advantageous.
- 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 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 January 2016 in connection to the San Diego Regional Building Authority (described below) Lease Revenue Refunding Bonds (County Operations Center), Series 2016A. At this time, all three rating agencies affirmed the County's issuer and long-term obligation ratings.

The rating agencies cited the County's strong financial management, broad and diverse economy, and low to moderate debt burden in their rationale for the ratings they assigned. Standard and Poor's affirmed its ratings of the County and its obligations and maintained the stable outlook on the County's ratings noting that this, "...stable outlook reflects Standard & Poor's opinion of San Diego County's deep and diverse economy, strong reserves, formal policies, manageable debt and conservative budgeting, where actual results typically exceed projections." Fitch Ratings states, "the county's strong financial results are supported by forward-looking management policies and practices which include clear reserve targets, disciplined funding of capital needs and long-term obligations, and conservative budgeting." Moody's Investors Service noted the County's large and diverse economy, strong and consistent operating performance, deep and effective management team and moderate debt profile.

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	Aa2	AA+	AA+
Pension Obligation Bonds	Aa2	AA+	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.
Conduit Bonds	Government Code §26227
School District General Obligation Bonds	Education Code §15000 and following Government Code §53500 and following

Bond Ratios

	Fiscal Year 2011–12	Fiscal Year 2012–13	Fiscal Year 2013–14	Fiscal Year 2014–15	Fiscal Year 2015–16	Fiscal Year 2016–17
Net Bonded Debt (in millions)[1]	$ 1,204.4	$ 1,177.0	$ 1,144.3	$ 1,086.1	$ 1,016.9	$ 939.0
Net Bonded Debt per Capita[2]	$ 385	$ 374	$ 358	$ 337	$ 312	$ 286
Ratio of Net Bonded Debt to Assessed Value[3]	0.31%	0.30%	0.28%	0.25%	0.22%	0.20%

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

[2]Population is based on population figures 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.

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.

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 include Pension Obligation Bonds, Certificates of Participation and Lease Revenue Bonds. They are described in the following section titled Long-Term Obligations. In addition, the detail of the payments required for assets financed through the Certificates of Participation and Lease Revenue Bonds and the payments required for the Pension Obligation Bonds is provided in the Finance Other section.

Components of General Fund Debt Service Ratio (in millions)

	Fiscal Year 2013–14 Adopted Budget	Fiscal Year 2014–15 Adopted Budget	Fiscal Year 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	Fiscal Year 2017–18 Approved Budget
General Fund Revenue[1]	$ 3,719.7	3,694.1	$ 3,899.3	$ 4,117.1	$ 3,868.9
Total Debt Service[2]	$ 120.0	$ 118.5	$ 116.9	$ 112.6	$ 112.6
Ratio of Total Debt Service to General Fund Revenue	3.23%	3.21%	3.00%	2.73%	2.91%
General Fund Share of Debt Service Cost[3]	$ 92.5	$ 90.5	$ 90.3	$ 86.0	$ 86.0
Ratio of General Fund Share of Debt Service to General Fund Revenue	2.49%	2.45%	2.31%	2.09%	2.22%

[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.

[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.

Outstanding Principal Bonded Debt (in millions)		
	As of June 30, 2016	Projected as of June 30, 2017
Certificates of Participation	$ 202.5	$ 188.6
Lease Revenue Bonds	105.3	102.6
Pension Obligation Bonds	649.9	605.5
Redevelopment Successor Agency Bonds	12.2	11.7
Total	**$ 969.9**	**$ 908.4**

Long-Term Obligations

The County's outstanding General Fund secured long-term principal bonded debt as of June 30, 2016, and projected as of June 30, 2017, 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, and the Cedar & Kettner Development Project Parking Structure.

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) 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 an 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 issue, 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, 2016, the County is anticipated to have $649.9 million of taxable POBs outstanding.

Redevelopment Successor Agency Tax Allocation Bonds (TABs)

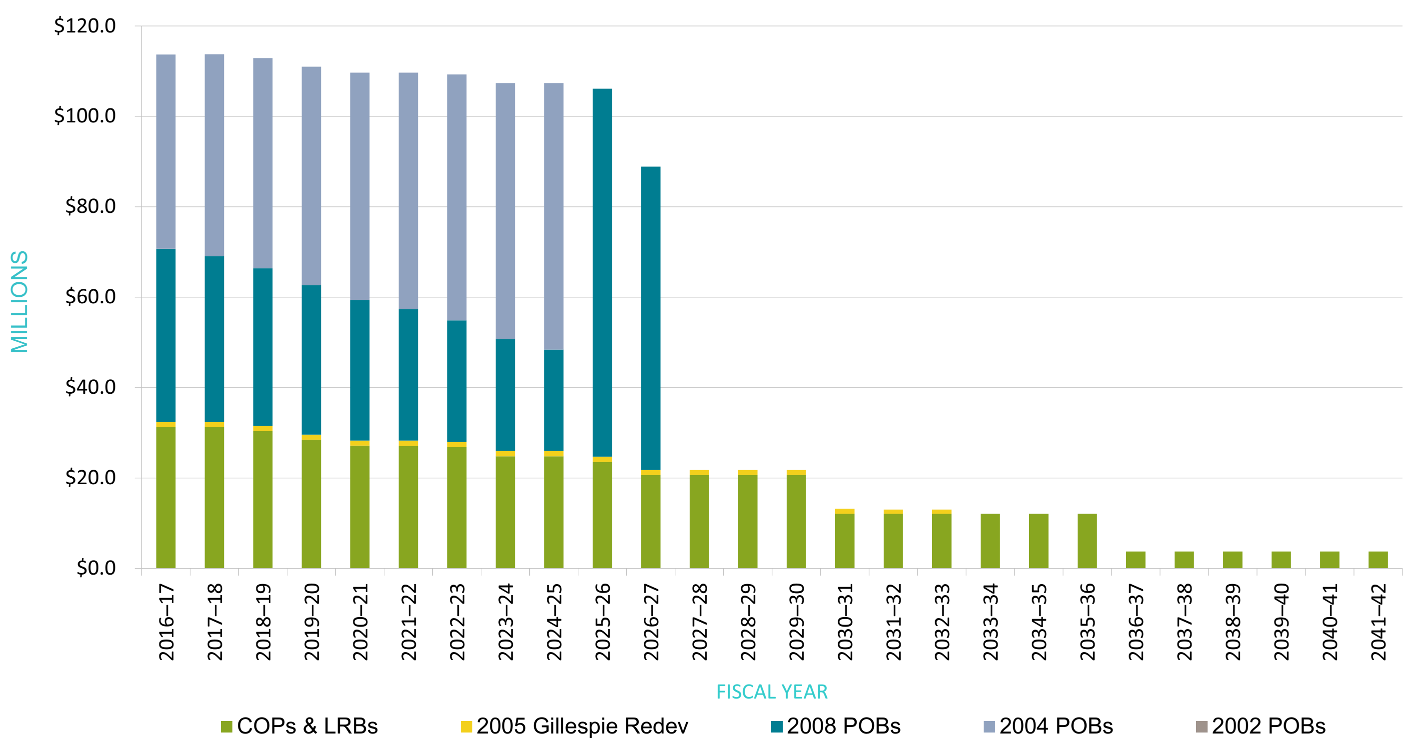
TABs are limited obligations issued by the former Redevelopment Agency of the County of San Diego (Agency) to help pay for improvements related to projects within its redevelopment areas. The Agency was formed on October 14, 1974, pursuant to Redevelopment Law, and effective February 1, 2012 was dissolved 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 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 $1.2 million through Fiscal Year 2032–33; the final maturity of the 2005 TABs is in December 2032.

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 2041–42 as of June 30, 2016, 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.

Long-Term Debt Obligations[1]
Fiscal Years 2016–17 through 2041–42



[1]Represent principal and interest due until final maturity on outstanding obligations of the County as of June 30, 2016. Details of these obligations, issued from 2002 through 2016, are provided in the table on the following page.

Outstanding County Financings (in thousands)

	Final Maturity Date	Original Principal Amount	Principal Amount Outstanding
Certificates of Participation & Lease Revenue Bonds			
2009 Justice Facilities Refunding	2025	80,940	47,190
2011 MTS Tower Refunding	2019	19,260	8,670
2011 County Administration Center Waterfront Park	2042	32,665	30,265
2012 Cedar and Kettner Development Project	2042	29,335	27,540
2014 Edgemoor and RCS Refunding, issued September 2014	2029	93,750	88,835
2016 COC Refunding, issued March 2016	2035	105,330	105,330
Total Certificates of Participation and Lease Revenue Bonds		**$ 361,280**	**$ 307,830**
Taxable Pension Obligation Bonds			
Series 2004	2024	454,113	348,420
Series 2008	2027	343,515	301,440
Total Pension Obligation Bonds		**$ 797,628**	**$ 649,860**
Redevelopment Successor Agency Tax Allocation Bonds			
2005 Gillespie Field Refunding	2032	$ 16,000	$ 12,210
Total Tax Allocation Bonds		**$ 16,000**	**$ 12,210**

[1] *This table reflects the County's outstanding financings as of June 30, 2016.*

Short-Term Obligations

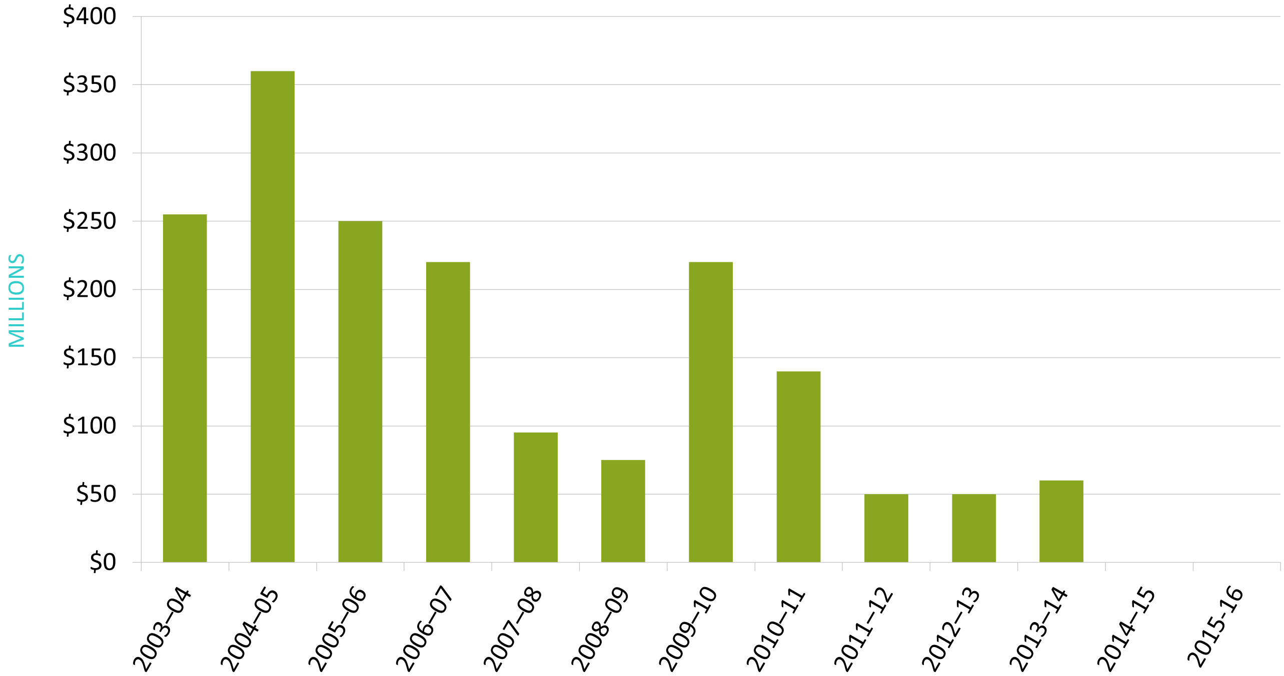
During the ordinary course of business, local governments, such as the County, typically experience temporary mismatches in cash flow due to the timing of the County's payment of expenditures, which is ongoing, and receipt of revenues, which is largely focused on months surrounding tax payment dates. 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 chart on the following page shows TRANs borrowing since 2004-05. The County did not issue TRANs for the past two fiscal years.

Conduit Issuances

Board of Supervisors Policy B-65, Long-Term Financial Management Policy, also provides for the County to assist qualified nonprofit and for-profit entities to access tax-exempt financing 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 a debt of the County.

Tax and Revenue Anticipation Notes (TRANs) Cash Borrowing

2003–04 through 2015–16



The Board of Supervisors, as outlined in Board Policy B-65, may consider conduit financing on behalf of nonprofit organizations upon recommendation of the Debt Advisory Committee. The Board of Supervisors may also consider assessment district and community facilities district financings to provide for public improvements and services, whether initiated by petition of the property owners, the County or a non-County agency.

All considerations for financing will be directed to the Debt Advisory Committee and, if the Committee decides that the conduit financing is feasible, financially and economically prudent, aligned with the County's objectives, and does not impair the County's creditworthiness, it will then be forwarded to the Board of Supervisors for consideration. All expenses related to the conduit financing will be borne by the applicants.

The Outstanding Conduit Issuances table details the County's outstanding conduit issuances as of June 30, 2016.

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Outstanding Conduit Issuances (in thousands)

	Final Maturity Date	Original Principal Amount	Principal Amount Outstanding
Conduits			
2000 San Diego Museum of Art	2030	$ 6,000	$ 5,700
2003 Chabad	2023	11,700	6,650
2003 San Diego Jewish Academy	2026	13,325	4,175
2004 Museum of Contemporary Art	2034	13,000	4,550
2010 Salk Institute for Biological Studies	2040	37,445	35,760
2015 Sanford Burnham Prebys Medical Discovery Institute	2030	59,060	59,060
Total Conduits		**$ 140,530**	**$ 115,895**
Housing			
2002 Spring Valley	2032	3,250	1,614
Total Housing		**$ 3,250**	**$ 1,614**