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, 2017. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This award is valid for a period of one year only. The County believes that the current budget continues to conform to program requirements, and will submit it to GFOA to determine its eligibility for another award.
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Note: This map reflects the Supervisorial District boundaries as adopted by the Board of Supervisors on September 27, 2011.
Dynamic, Diverse, Dedicated...To You!

San Diego County is home to more than 3 million residents living in culturally rich communities that stretch from our beaches and bays, to the mountains and valleys in the most eastern parts of our region. Our County spans an area roughly the size of Connecticut that is just as dynamic and diverse as the residents who live here. This demands that our County government be dynamic, diverse and dedicated to meeting the needs of our residents across the entire region.

As County government, a main priority is resilience in the face of adversity. We must be prepared to meet and overcome challenges such as public health emergencies like the recent hepatitis A outbreak. We are working diligently and continue to dedicate resources to prevent epidemics and the spread of disease while also providing protection, support, and care for children in the foster care system, and for those who are homeless.

Over the years we have made great strides in our ability to prepare and respond to natural and man-made disasters; we will continue to build on those successes understanding there will always be areas to improve. We strive to provide our residents with a trusted justice system in all areas: protecting our communities, providing legal defense, and restorative justice practices.

We have worked hard to provide our residents with family friendly parks, safe roads, and clean air while maintaining open space to ensure all species are able to thrive. With 33 branches and 2 bookmobiles, the County Library system serves over one million residents across a 4,000-square-mile county. We also meet many residents at pivotal points in their lives. Whether getting married, recording births, or getting a passport for travel abroad, we are ready to serve you. We continue to maintain our strong fiscal management practices and recruit for a dedicated diverse workforce to ensure we are prepared to face whatever the future may hold.

This year’s $6.3 billion budget prioritizes spending that addresses both the needs of today and the potential challenges of tomorrow. One current pressing need involves mental health services. Mental illness and substance abuse can affect anyone, regardless of gender, race or socioeconomic status. San Diegans struggling with mental illness and/or substance abuse are at greater risk of experiencing homelessness. To break this cycle, or prevent it before it starts, the County is tripling its investment in substance abuse disorder treatment by expanding and developing individualized drug and alcohol treatment programs to increase an individual’s opportunity for success.

Another issue in our region; families struggling to find housing they can afford. In San Diego County, only 26 percent of residents earning more than $100,000 can afford a median-priced home. The County will increase options for the “missing middle”, and continue providing rental and housing assistance for low-income residents throughout the region. We will cut red tape for new housing by reducing permitting process time and costs to increase the supply of housing stock for middle-income households. We identified County surplus property for affordable housing units and are leveraging a $25 million Trust Fund to increase housing opportunities for seniors, veterans and other vulnerable populations.

As we address housing needs in our region, we must also continue to break down barriers to success in the justice system with restorative justice practices. For those who are in, or at risk of being in, the criminal justice system cycle, even the smallest hurdles can become barriers to reintegrating as productive members of society. In order to break the cycle of recidivism, and to prevent people from entering the system in the first place, the County is committed to helping break down barriers to success. We are working to reduce the number of people with mental illness in jails through new assessments and services to help them succeed in the community and stay out of custody. We will be working with our community partners to support mentoring programs for at-risk youth. For example, using mentors called credible messengers who are from the same neighborhood and background, and can help guide these youth to success.

We are dedicated to allocating resources to the unique challenges and priorities of each and every community in our region. I’m very excited to announce we will be increasing access to County resources and services by building a brand new County Live Well Center for the communities of southeastern San Diego. We will also begin implementing the Probation department’s master plan to re-develop the Kearny Mesa Juvenile detention facility into a Juvenile Justice Campus, with a focus on youth development and family engagement. The budget also includes funding for new parks and new trails in the unincorporated area, adding to the County’s robust portfo-
MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

We will be adding new library branches in Lakeside and Casa de Oro and upgrading the branch in Bonita. To prepare for fire storms in our region, we will improve or build new fire stations, and continue improving paramedic response times in the backcountry.

Our natural resources are one of the many things that make our region so attractive to live, work and play. Protecting these resources will continue to be a top priority. We will be adding an additional 500 acres of open space to the nearly 50,000 acres already preserved. Also, we are going to continue to support our $1.7 billion agricultural industry by removing restrictions to allow farmers to compost onsite, which will reduce waste going to landfills. The County remains committed to County projects featuring zero-net-energy buildings, electric vehicles and charging stations, photovoltaic systems and water-saving projects.

As you can see, we have a very ambitious, dynamic and diverse plan for this year’s budget; however, none of this can be accomplished without fiscal discipline and strong management practices. We continue to work to mitigate the cost of employee pensions. We have created a new pension tier and continue to set aside resources to support existing pension obligation bonds. Creating stability through the use of these practices will provide the resources and capabilities to continue to provide high quality service delivery for all of our residents.

The Fiscal Year 2018-19 CAO Recommended Operational Plan totals $6.26 billion, an increase of 8.1% over the prior fiscal year, and includes 17,580.50 staff years, an increase of 1.0%.

As we know, our County is one of the most dynamic and diverse regions in our nation. We need to be ambitious and continue to challenge ourselves to achieve excellence in all that we do. That is why we continue to plan and allocate resources to meet each and every one of our diverse community’s needs. In uncertain times, the one thing we can be certain of is change. In order to ensure we change and adapt to meet the needs of our communities, we must continue to strive to meet our vision of a region where everyone can be healthy, safe, and thriving.

Helen N. Robbins-Meyer
Chief Administrative Officer
2018–19 Recommended Budget at a Glance

Recommended Budget by Functional Area: All Funds

Total Recommended Budget: $6.26 billion

Recommended Budget by Functional Area: All Funds

<table>
<thead>
<tr>
<th></th>
<th>Budget in Millions</th>
<th>Percent of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety</td>
<td>$1,907.7</td>
<td>30.5%</td>
</tr>
<tr>
<td>Health and Human Services</td>
<td>$2,103.7</td>
<td>33.6%</td>
</tr>
<tr>
<td>Land Use and Environment</td>
<td>$535.7</td>
<td>8.6%</td>
</tr>
<tr>
<td>Community Services</td>
<td>$330.2</td>
<td>5.3%</td>
</tr>
<tr>
<td>Finance and General Government</td>
<td>$445.1</td>
<td>7.1%</td>
</tr>
<tr>
<td>Capital Program</td>
<td>$274.9</td>
<td>4.4%</td>
</tr>
<tr>
<td>Finance Other</td>
<td>$658.6</td>
<td>10.5%</td>
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</table>

Total $6,255.9 100.0%

Note: In the chart and table, the sum of individual amounts may not total due to rounding.
### Recommended Budget by Categories of Expenditures: All Funds

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget in Millions</th>
<th>Percent of Total Budget</th>
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</thead>
<tbody>
<tr>
<td>Salaries &amp; Benefits</td>
<td>$2,230.3</td>
<td>35.7</td>
</tr>
<tr>
<td>Services &amp; Supplies</td>
<td>2,249.8</td>
<td>36.0</td>
</tr>
<tr>
<td>Other Charges</td>
<td>710.0</td>
<td>11.3</td>
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<tr>
<td>Operating Transfers Out</td>
<td>676.4</td>
<td>10.8</td>
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<tr>
<td>Capital Assets/Land Acquisition</td>
<td>279.9</td>
<td>4.5</td>
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<tr>
<td>Capital Assets Equipment</td>
<td>35.9</td>
<td>0.6</td>
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<tr>
<td>Remaining Categories:</td>
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<tr>
<td>Fund Balance Component Increases</td>
<td>76.4</td>
<td>1.2</td>
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<tr>
<td>Management Reserves</td>
<td>27.0</td>
<td>0.4</td>
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<tr>
<td>Contingency Reserves</td>
<td>7.3</td>
<td>0.1</td>
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<tr>
<td>Expenditure Transfers and Reimbursements</td>
<td>(37.0)</td>
<td>(0.6)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,255.9</strong></td>
<td><strong>100.0</strong></td>
</tr>
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</table>

Note: In the chart and table, the sum of individual amounts may not total due to rounding.
Recommended Budget by Categories of Revenues: All Funds

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<tr>
<th>Category</th>
<th>Budget in Millions</th>
<th>Percent of Total Budget</th>
</tr>
</thead>
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<tr>
<td>State Revenue</td>
<td>$1,697.5</td>
<td>27.1%</td>
</tr>
<tr>
<td>Property and Other Taxes</td>
<td>1,259.6</td>
<td>20.1%</td>
</tr>
<tr>
<td>Charges for Services, Fees and Fines</td>
<td>1,095.6</td>
<td>17.5%</td>
</tr>
<tr>
<td>Federal Revenue</td>
<td>811.5</td>
<td>13.0%</td>
</tr>
<tr>
<td>Operating Transfers and Other Financing Sources, Use of Money &amp; Property, and Misc. Revenues</td>
<td>760.7</td>
<td>12.2%</td>
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<tr>
<td>Use of Fund Balance/Fund Balance Component Decrease</td>
<td>522.2</td>
<td>8.4%</td>
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<tr>
<td>Other Intergovernmental Revenue</td>
<td>108.9</td>
<td>1.7%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$6,255.9</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Note: In the chart and table, the sum of individual amounts may not total due to rounding.
Recommended Staffing by Group/Agency: All Funds

Total Recommended Staffing: 17,580.5

<table>
<thead>
<tr>
<th>Group/Agency</th>
<th>Staff Years</th>
<th>Percent of Total Staffing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety</td>
<td>7,512.0</td>
<td>42.7%</td>
</tr>
<tr>
<td>Health and Human Services</td>
<td>6,403.5</td>
<td>36.4%</td>
</tr>
<tr>
<td>Land Use and Environment</td>
<td>1,587.0</td>
<td>9.0%</td>
</tr>
<tr>
<td>Community Services</td>
<td>875.5</td>
<td>5.0%</td>
</tr>
<tr>
<td>Finance and General Government</td>
<td>1,202.5</td>
<td>6.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,580.5</strong></td>
<td><strong>100.0%</strong></td>
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</tbody>
</table>

1A 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)

### Population¹:

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>Total</td>
<td>3,263,848</td>
<td>3,288,612</td>
<td>3,316,192</td>
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¹San Diego County is the second most populous county in California and fifth most populous in the United States.


### Incorporated Cities:
- 18

### Civilian Labor Force:

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>Total</td>
<td>1,570,400</td>
<td>1,571,300</td>
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Source: California Employment Development Department, Historical Data for Labor Force, annual average (for the months of January to December) for 2016 and 2017.

### Unemployment Rate:

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>Percentage</td>
<td>4.7%</td>
<td>4.0%</td>
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</tbody>
</table>

Source: California Employment Development Department, Historical Data for Unemployment Rate, annual average (for the months of January to December) for 2016 and 2017 (data not seasonally adjusted).

### Employment Mix: (Industry)¹

<table>
<thead>
<tr>
<th>Industry</th>
<th>2016 Employees</th>
<th>2017 Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government²</td>
<td>246,900</td>
<td>252,700</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>239,500</td>
<td>236,400</td>
</tr>
<tr>
<td>Trade, Transportation and Utilities</td>
<td>231,300</td>
<td>228,400</td>
</tr>
<tr>
<td>Educational and Health Services</td>
<td>204,900</td>
<td>205,900</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>187,800</td>
<td>194,300</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>105,100</td>
<td>108,300</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>75,100</td>
<td>76,200</td>
</tr>
<tr>
<td>Construction</td>
<td>71,800</td>
<td>80,000</td>
</tr>
<tr>
<td>Other Services</td>
<td>54,300</td>
<td>59,200</td>
</tr>
<tr>
<td>Information Technology</td>
<td>24,200</td>
<td>24,000</td>
</tr>
<tr>
<td>Farming</td>
<td>8,000</td>
<td>8,100</td>
</tr>
<tr>
<td>Mining and Logging</td>
<td>400</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,449,300</strong></td>
<td><strong>1,473,800</strong></td>
</tr>
</tbody>
</table>

¹Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, and household domestic workers.

²Excludes the U.S. Department of Defense.

Source: California Employment Development Department, Labor Market Information Division - January 19, 2018 news release.

### Ten Largest Employers:

<table>
<thead>
<tr>
<th>Employer</th>
<th>2016 Employees</th>
<th>2017 Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of California San Diego</td>
<td>30,671</td>
<td>32,524</td>
</tr>
<tr>
<td>Sharp Healthcare</td>
<td>17,809</td>
<td>17,962</td>
</tr>
<tr>
<td>County of San Diego¹</td>
<td>17,396</td>
<td>17,413</td>
</tr>
<tr>
<td>Scripps Health</td>
<td>14,863</td>
<td>15,238</td>
</tr>
<tr>
<td>Qualcomm Inc.</td>
<td>12,186</td>
<td>12,600</td>
</tr>
<tr>
<td>City of San Diego</td>
<td>11,347</td>
<td>11,544</td>
</tr>
<tr>
<td>Kaiser Permanente</td>
<td>8,406</td>
<td>8,965</td>
</tr>
<tr>
<td>UC San Diego Health System</td>
<td>7,438</td>
<td>8,923</td>
</tr>
<tr>
<td>San Diego Community College District</td>
<td>5,902</td>
<td>6,817</td>
</tr>
<tr>
<td>General Atomics (and affiliated companies)</td>
<td>5,480</td>
<td>5,888</td>
</tr>
</tbody>
</table>


Note: The State of California was excluded from the Business Journal list.
### CONSUMER PRICE INDEX:

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>269.44</td>
<td>274.73</td>
<td>283.01</td>
</tr>
<tr>
<td></td>
<td>(2.0% increase)</td>
<td>(3.0% increase)</td>
<td></td>
</tr>
</tbody>
</table>


### MEDIAN HOUSEHOLD INCOME:

<table>
<thead>
<tr>
<th>Year</th>
<th>2014²</th>
<th>2015³</th>
<th>2016⁴</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$63,996</td>
<td>$64,309</td>
<td>$66,529</td>
</tr>
</tbody>
</table>

¹Each amount adjusted annually for inflation according to its respective year.
²Source: San Diego County QuickFacts 2010-2014 Estimate.
⁴Source: San Diego County QuickFacts 2012-2016 Estimate.

### MEDIAN HOME PRICE:

<table>
<thead>
<tr>
<th>Year</th>
<th>January 2016</th>
<th>January 2017</th>
<th>January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$462,750</td>
<td>$495,000</td>
<td>$529,000</td>
</tr>
</tbody>
</table>

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

### TOP TEN PROPERTY TAXPAYERS (as of July 2017):

<table>
<thead>
<tr>
<th>Name</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Gas &amp; Electric Company</td>
<td>$123,164,931</td>
</tr>
<tr>
<td>Qualcomm Inc.</td>
<td>$22,765,715</td>
</tr>
<tr>
<td>Irvine Co.</td>
<td>$14,748,777</td>
</tr>
<tr>
<td>Conrad Prebys Trust</td>
<td>$13,668,946</td>
</tr>
<tr>
<td>Southern California Edison Co.</td>
<td>$12,681,634</td>
</tr>
<tr>
<td>Pacific Bell Telephone Company</td>
<td>$10,637,895</td>
</tr>
<tr>
<td>Kilroy Realty, LP</td>
<td>$10,411,137</td>
</tr>
<tr>
<td>Host Hotels and Resorts</td>
<td>$9,192,146</td>
</tr>
<tr>
<td>BSK Del Partners, LLC</td>
<td>$7,986,197</td>
</tr>
<tr>
<td>Poseidon Resources</td>
<td>$6,551,015</td>
</tr>
</tbody>
</table>

Source: County of San Diego, Auditor and Controller, Property Tax Services Division.
### SAN DIEGO COUNTY FACTS AND FIGURES

#### FISCAL YEAR 2017–18 ASSESSED VALUATION:

**$502.9 billion**

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

#### ESTIMATED TOTAL HOUSING UNITS:

**1,187,644**

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates.

### LAND USE:

<table>
<thead>
<tr>
<th>Land Use</th>
<th>2017 Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parkland</td>
<td>1,405,410</td>
</tr>
<tr>
<td>Vacant or Undeveloped Land</td>
<td>576,444</td>
</tr>
<tr>
<td>Residential</td>
<td>371,789</td>
</tr>
<tr>
<td>Public/Government</td>
<td>119,184</td>
</tr>
<tr>
<td>Agriculture</td>
<td>113,435</td>
</tr>
<tr>
<td>Other Transportation</td>
<td>106,928</td>
</tr>
<tr>
<td>Commercial/Industrial</td>
<td>34,023</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,727,213</strong></td>
</tr>
</tbody>
</table>

1The 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, 2017.

### AGRICULTURAL PRODUCTION:

<table>
<thead>
<tr>
<th>Product</th>
<th>2016 Value</th>
<th>2016 Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursery &amp; Flower Crops</td>
<td>$1,233,942,000</td>
<td>12,356</td>
</tr>
<tr>
<td>Fruit &amp; Nut Crops</td>
<td>$328,401,815</td>
<td>33,174</td>
</tr>
<tr>
<td>Vegetable Crops</td>
<td>$118,291,000</td>
<td>3,545</td>
</tr>
<tr>
<td>Livestock &amp; Poultry Products</td>
<td>$36,288,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Livestock &amp; Poultry (e.g., cattle &amp; calves, chickens, hogs &amp; pigs, etc.)</td>
<td>$20,721,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Field Crops (e.g., pastures, ranges, hay, etc.)</td>
<td>$4,593,000</td>
<td>201,645</td>
</tr>
<tr>
<td>Apiary (e.g., honey, pollination, bees &amp; queens, etc.)</td>
<td>$3,632,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Timber Products (e.g., firewood and timber)</td>
<td>$763,867</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Grand Totals</strong></td>
<td><strong>$1,746,632,682</strong></td>
<td><strong>250,720</strong></td>
</tr>
</tbody>
</table>

MAJOR MILITARY BASES AND INSTALLATIONS:

<table>
<thead>
<tr>
<th>Base/Installation</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States Coast Guard Sector San Diego</td>
<td>San Diego</td>
</tr>
<tr>
<td>Marine Corps Air Station Miramar (3rd Marine Aircraft Wing)</td>
<td>San Diego</td>
</tr>
<tr>
<td>Marine Corps Base Camp Pendleton (largest West Coast expeditionary training facility)</td>
<td>North County</td>
</tr>
<tr>
<td>Marine Corps Recruit Depot San Diego</td>
<td>San Diego</td>
</tr>
<tr>
<td>Naval Base Coronado (including Naval Air Station North Island and Naval Amphibious Base)</td>
<td>Coronado</td>
</tr>
<tr>
<td>Naval Base Point Loma (including Space and Naval Warfare Systems Command-SPAWAR)</td>
<td>San Diego</td>
</tr>
<tr>
<td>Naval Medical Center San Diego</td>
<td>San Diego</td>
</tr>
<tr>
<td>Naval Base San Diego (principal home port of the Pacific Fleet)</td>
<td>San Diego</td>
</tr>
</tbody>
</table>


TOURIST ATTRACTIONS:

- Anza-Borrego Desert State Park¹, Borrego Springs
- Aquatica - SeaWorld's Waterpark, San Diego
- Balboa Park and Museums, San Diego
- Birch Aquarium at Scripps, La Jolla
- Del Mar Racetrack, Del Mar
- Gaslamp Quarter National Historic District, San Diego
- Hotel Del Coronado, Coronado
- Legoland California, Carlsbad
- Maritime Museum, San Diego
- Mission Bay Aquatic Park, San Diego
- Mount Soledad Veterans Memorial, La Jolla
- Old Town San Diego State Historic Park, San Diego
- Palomar Observatory, Palomar Mountain
- Petco Park, San Diego
- Point Loma and Cabrillo National Monument, San Diego
- San Diego Zoo Safari Park, Escondido
- San Diego Zoo, San Diego
- SDCCU Stadium, San Diego
- SeaWorld San Diego, San Diego
- Torrey Pines Golf Course, La Jolla
- Torrey Pines State Beach & Reserve, San Diego
- U.S. Olympic Training Center, Chula Vista
- USS Midway Museum, San Diego

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

TOTAL VISITORS 2017: 34,997,000

Source: San Diego Tourism Authority. San Diego Visitor Industry Summary (calendar year through 2017).
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 Cahuilla 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 2017, the County’s population estimate for January 1, 2017 was 3.32 million, which grew 0.9 percent from 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 based on 2016 population estimates. Population estimates from the San Diego Association of Governments (SANDAG) for the year 2035 indicate that the San Diego regional population will grow to approximately 3.85 million, a 37.0 percent increase from calendar year 2000 and an increase of 17.1 percent compared to 2017.

<table>
<thead>
<tr>
<th>SAN DIEGO COUNTY POPULATION:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>Carlsbad</td>
</tr>
<tr>
<td>Chula Vista</td>
</tr>
<tr>
<td>Coronado</td>
</tr>
<tr>
<td>Del Mar</td>
</tr>
<tr>
<td>El Cajon</td>
</tr>
<tr>
<td>Encinitas</td>
</tr>
<tr>
<td>Escondido</td>
</tr>
<tr>
<td>Imperial Beach</td>
</tr>
<tr>
<td>La Mesa</td>
</tr>
<tr>
<td>Lemon Grove</td>
</tr>
<tr>
<td>National City</td>
</tr>
<tr>
<td>Oceanside</td>
</tr>
<tr>
<td>Poway</td>
</tr>
<tr>
<td>San Diego</td>
</tr>
<tr>
<td>San Marcos</td>
</tr>
<tr>
<td>Santee</td>
</tr>
<tr>
<td>Solana Beach</td>
</tr>
<tr>
<td>Vista</td>
</tr>
<tr>
<td>Unincorporated</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>


The accompanying charts show the most recent race, ethnicity and age composition for the regional population as of 2016 as well as 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 4.4 percent all other groups including American Indian. A significant growth in the region’s Hispanic population is seen in this projection.
San Diego County Population Distribution by Race, Ethnicity and Age
2016 Total Population: 3,288,612

San Diego County Population Distribution by Race and Ethnicity
2000, 2016 and 2035 Projection
Percentage of Total Population

Note: Percentages represent the share of each group compared to the total population.
Sources: U.S. Census Bureau and San Diego Association of Governments
The accompanying chart 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 2016 estimates, and the number of individuals aged 65 and older estimated to increase by 2035.

San Diego County Population Distribution by Age
2000, 2016 and 2035 Projection


Note: In these charts, the sum of individual percentages may not total 100% due to rounding.
Annually, San Diego County’s population has grown approximately 0.9 percent on average since 2003, as presented in the accompanying chart. Natural increase (births minus deaths) is the primary source of population change. Another contributor to the change in population is net migration (both foreign and domestic) which has varied in the past 15 years.

Economic Indicators

U.S. Economy

Gross domestic product (GDP) is one of the main indicators of the health of the nation’s economy, representing the net total dollar value of all goods and services produced in the U.S. over a given time period. See the accompanying chart for a historical comparison of GDP over the past 10 years. GDP growth is driven by a variety of economic sectors, including personal consumption expenditures, gross private domestic investment, net exports of goods and services, and government consumption expenditures and gross investment.

Calendar year 2017 saw some growth in real GDP, closing the year with 2.3 percent annual growth over the previous year, compared to a mediocre increase of 1.5 percent seen in 2016, according to the U.S. Department of Commerce Bureau of Economic Analysis (BEA) (National Income and Product Accounts Gross Domestic Product: Fourth Quarter and Annual 2017 [Advance Estimate], January 26, 2018, <https://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>, accessed on February 27, 2018). According to the BEA, “The acceleration in real GDP from 2016 to 2017 reflected upturns in nonresidential fixed investment and in exports and a smaller decrease in private inventory investment. These movements were partly offset by decelerations in residential fixed investment and in state and local government spending. Imports, which are a subtraction in the calculation of GDP, accelerated,” (ibid).

According to the minutes of the January 30-31 meeting of the Federal Open Market Committee (FOMC) of the Federal Reserve Board (“the Fed”), “GDP expanded at about a 2½ percent pace in the fourth quarter of last year. Growth of real final domestic purchases by households and businesses, generally a good indicator of the economy’s underlying momentum, was solid,” (February 21, 2018, <https://www.federalreserve.gov/monetarypolicy/files/fomcminutes20180131.pdf>, accessed on February 27, 2018). “Beyond 2017, the forecast for real GDP growth was revised up, reflecting a reassessment of the recently enacted tax cuts, along with higher projected paths for equity prices and foreign economic growth and a lower assumed path for the foreign exchange value of the dollar,” projected the FOMC (ibid).

“Cautious optimism” was urged by the LAEDC, stating “Though not likely to get to the bullish 3.0 percent real GDP growth threshold some policymakers predict, the U.S. economy is predicted to grow steadily over the next two years” with 2.3 percent growth projected in 2018 and 2.1 percent in 2019 (ibid). UCLA Anderson forecasts that, “…real GDP growth is on track to continue its 3 percent pace established in the second quarter of 2017. For all of 2018 we forecast a growth rate of 2.9 percent, but that will slow to 2.6 percent in 2019 and a sluggish 1.6 percent in 2020” (The UCLA Anderson Forecast for the Nation and California: March 2018 Report, p. 13). UCLA Anderson attributes the forecasted slowdown to an economy that is, “already operating at full employment,” and is, “…bound by slow labor force growth and sluggish productivity” (ibid).

Based on the continued strength of the U.S. economy, it is anticipated that the Fed has begun to raise interest rates in 2018. According to the LAEDC, the Fed, “…is liable to continue the recent ‘tightening’ cycle, which began in December 2016, of increasing interest rates as consumer spending and inflation continue to rise. The era of basement-level interest rates and cheap credit appear to be over,” (LAEDC, p. 1). At their meeting in March 2018, the Fed raised interest rates, citing “realized and expected market conditions and inflation” (March 21, 2018, <https://www.federalreserve.gov/monetarypolicy/files/mone- tary20180321a1.pdf>, accessed on April 18, 2018). Following that action, the Fed stated it expects, “that, with further gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace in the medium term and labor market conditions will remain strong. Inflation on a 12-month basis is expected to move up in coming months and to stabilize around the [Fed’s] 20% objective over the medium term” (ibid). UCLA Anderson anticipates, “Going forward, with the end of the oil price rout and rising wages coming from an increasingly tight labor market, inflation as measured by both the headline and core consumer price indices will exceed 2 percent over the forecast horizon and likely reach 3 percent in 2020” (UCLA Anderson, March 2018, p. 16). UCLA projects, “four quarter point hikes in the federal funds rate [in 2018] and continued increases throughout the forecast horizon to a target of 3.25–3.5 percent in 2020” (ibid). Kiplinger added, “The timing of those [rate] increases affects everything from yields on savings accounts to the interest rates that borrowers can expect to pay,” (The Kiplinger Letter, Vol. 95, No. 2, January 12, 2018, p. 2).

In terms of jobs, “U.S. unemployment continues to dive lower than the ‘golden’ 5.0 percent level, which conventional economic wisdom touts as so-called ‘full employment’ (essentially an economy in which all eligible people who want work can find employment at current wage rates)” explains the LAEDC (LAEDC, p. 3). The LAEDC projects unemployment will drop to 4.0 and 3.9 percent in 2018 and 2019, respectively, but cautions that, “the diminution of unemployment indicates a continued contraction of the U.S. labor supply, meaning real wages should continue to increase and drive up inflation through consumer spending,”
(ibid). Noting similar trends, UCLA Anderson projects that, “…job growth will continue, albeit at a slower clip than in recent years and the unemployment rate will hit 3.5% in early 2019” (UCLA Anderson, March 2018, p.13).

Nationally, total housing construction starts are anticipated to slow. The LAEDC commented, “The boom in housing construction between 2012 and 2016 appears to have ended in 2017 with a mere 0.017 percent growth...” (LAEDC, p. 4). The LAEDC attributes the predicted “anemic” growth in new housing to lower demand and fewer Americans who can afford a home loan as a result of long-term employment effects of the Great Recession (ibid). Similarly, UCLA Anderson comments, “Although housing activity will continue to expand through 2019, it will be far from a boom. Higher interest rates and higher home prices will take their toll on housing starts” (UCLA Anderson, March 2018, p. 15).

“Thus, after recording 1.2 million housing starts in 2017, we are forecasting 1.3 million units in 2018 and 1.38 million and 1.36 million units in 2019 and 2020, respectively” continues UCLA Anderson (ibid).

Forecasting modest increases in housing starts from an estimated 1.19 million units [in 2017] to 1.27 million and 1.34 million in 2018 and 2019, respectively,” the UCLA Anderson Forecast December 2017 Report cites, “the unwillingness of the baby boom generation to move as they age in place and highly restrictive zoning in the booming coastal cities,” as influential factors (UCLA Anderson Forecast for the Nation and California: December 2017 Report, p. 14).

However, some economists are projecting beneficial impacts to the nation’s housing market from the passage of the Tax Cuts and Jobs Act of 2017. “Tax reform will be an overall positive for the housing market,” stated the economists at Kiplinger. “Consumers will have more disposable income to purchase a home, driving up demand. Home builders, especially larger ones, will benefit from the lower corporate tax rate, leading to fatter profits that will likely help spur increased residential construction,” (The Kiplinger Letter, Vol. 95, No. 4, January 26, 2018, p. 2).

Of concern to some economists is the length of the current recovery period following the Great Recession, and the possibility of an economic downturn. “We are now in month 102 of the economic expansion, eclipsed only in recent times by the March 1991 to March 2001 expansion lasting 120 months,” according to the California Economic Forecast (Welcome Higher Growth in 2018, January 2018, <http://californiaforecast.com/january-2018>, accessed on February 22, 2018). Speaking of the financial markets, Kiplinger suggests, “There’s no reason to expect a major crash at this point, but the broad economy is more vulnerable to one than it usually is” (The Kiplinger Letter, Vol. 95, No. 3, January 19, 2018, p. 2). “Though economic fundamentals are sound, there are clouds on the horizon,” continued Kiplinger, which concluded, “The Treasury’s issuing of historic levels of debt is sparking rising concerns about both interest rates climbing higher and huge budget deficits in coming years” (The Kiplinger Letter, Vol. 95, No. 6, February 9, 2018, p. 2). UCLA Anderson concludes soberingly, “as we enter 2019 the economy could very well begin to sputter under the strains of higher inflation and interest rates and by 2020 it could very well stall out” (UCLA Anderson, March 2018, p. 16).

**California Economy**

California’s economy is large and diverse, with global leadership in innovation-based industries including information technology, aerospace, entertainment and biosciences. A global destination for millions of visitors, California supports a robust tourism industry, and its farmers and ranchers provide for the world. California accounts for more than 14 percent of the nation’s GDP which is, by far, the largest of any state according to the BEA (Gross Domestic Product by State: Third Quarter 2017, January 24, 2018, <https://www.bea.gov/newsreleases/regional/gdp_state/2018/pdf/qgdpstate0118.pdf>, accessed on February 27, 2018).

In 2017, California’s economy grew an estimated rate of 2.5 percent according to the LAEDC, faster than the nation as a whole, which grew at 2.3 percent. While impressive, California’s economy continued to slow from the 3.3 percent year-over-year growth achieved in 2016, and from the more than 4 percent year-over-year percentage growth seen in 2014 and 2015 (LAEDC, p. 9). When proposing his $131.7 billion budget for Fiscal Year 2018-19, which included a total transfer of $5.0 billion to the State’s Rainy Day Fund, Governor Brown stated, “California has faced ten recessions since World War II and we must prepare for the eleventh” (“Governor’s Budget Summary 2018-19,” January 10, 2018, p. 3).

Nonetheless, State GDP is expected to grow by 2.7 percent in 2018 and 2.6 percent in 2019 (LAEDC, p. 9). Nearly all major industry sectors in the State added jobs in 2017, with the exceptions of manufacturing and natural resources, while the largest job gains were seen in the private sector industries of health care and social assistance; leisure and hospitality; and construction; and in the public sector (ibid). California’s job growth is anticipated to rise modestly to 1.8 percent in 2018 and 1.7 percent in 2019 (ibid).

Along with the State’s job growth, California’s unemployment rate averaged 4.8 percent in 2017, the lowest since 2000 (ibid). The LAEDC predicts that, “Unemployment is expected to decline further, though slowly over the next two years, reaching 4.2 percent in 2019,” (ibid). UCLA Anderson notes that, “California employment hit an all-time record high in January 2018,” (UCLA Anderson, March 2018, p. 46) and projects that the unemployment rate in California will fall to 4.5 percent in 2018 and 4.2 percent in 2019 (UCLA Anderson, March 2018, p. 77).

California residents also have seen modest real personal income gains, up 3.9 percent in 2017, “due to tight labor markets exerting upward pressure on wages,” according to the LAEDC (LAEDC, p. 10). “Over the next two years, additional wage gains of 2.9 percent in
2018 and 2.8 percent in 2019 are expected,” by the LAEDC (ibid). While UCLA Anderson projects an increase in real personal income in the State of 3.1 percent in 2018 and 3.6 percent in 2019 (UCLA Anderson, March 2018, p. 77).

The projected job growth and wage gains may be positive news for some California residents. Even with ongoing growth in the California economy, many residents face challenges from the State’s cost of living. “Two key factors help explain the economic challenges faced by many California families and individuals. First, the cost of living has been rising, particularly the cost of housing. Second, earnings generally have not kept pace with this increase in living expenses” states the California Budget & Policy Center (“Making Ends Meet,” Sacramento, CA, December 2017, p. 5).

Speaking about the State’s challenges in 2018, State Controller Betty T. Yee noted that, “…14 percent of Californians live in poverty and lack basic resources. According to federal guidelines, a family of four is considered living in poverty if its income is below $24,000. While many communities in north San Diego are more affluent... there are several areas that have double digit poverty rates.” Yee continued, “…30 percent of full-time workers are supplementing their income via a second source and now 1-in-5 jobs are held by contract or freelance workers. In the future that could grow to half the workforce.” (Elizabeth Marie Himchak, “Experts Discuss Economy at Annual 'State Of The Region,'” The San Diego Union-Tribune, February 28, 2018, http://www.sandiegouniontribune.com/rancho-bernardo/sd-cm-pow-news-state-region18-wrap-20180226-story.html, accessed on March 7, 2018.)

A strong employment sector can support continued consumer spending and taxable sales, with positive results for sales tax revenue. The accompanying chart presents the historical trend in taxable sales in California. UCLA Anderson projects real taxable sales in California will grow by 0.9 percent in 2018 and 1.7 percent in 2019 (UCLA Anderson, March 2018, p. 77).

In terms of housing in California, “Construction activity and employment in 2017 posted another increase after struggling in the years during and immediately following the recession,” concludes the LAEDC (LAEDC, p. 12). “The value of nonresidential construction permits in 2017 rose by 8.5 percent to $29.9 billion. The strongest gains by sector were retail and new industrial buildings, while office and hotels and motels declined over the year. New residential construction also showed a moderate gain in 2017 but, for a variety of reasons, remains at historically low levels, significantly outpaced by population growth, which has become a major economic development and social issue,” (ibid). UCLA Anderson estimates California’s total residential building permits will continue to increase from 111,200 units in 2017 to 123,900 units in 2018 and 132,100 units in 2019 (UCLA Anderson, March 2018, p. 79).

It remains to be seen what impacts California will face as a result of the shift in federal leadership on trade, immigration, taxes, regulation and economic stimulus spending. Gains in some industries may be offset by reductions in others and because federal programs generally have an effect on the economy after about 18 months, the results may not be immediately felt.

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### California Annual Taxable Sales Trend

2009 through 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual Taxable Sales</th>
<th>Estimated Taxable Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$456.5B</td>
<td>$503.7B</td>
</tr>
<tr>
<td>2010</td>
<td>$471.0B</td>
<td>$529.5B</td>
</tr>
<tr>
<td>2011</td>
<td>$503.7B</td>
<td>$549.3B</td>
</tr>
<tr>
<td>2012</td>
<td>$529.5B</td>
<td>$566.5B</td>
</tr>
<tr>
<td>2013</td>
<td>$549.3B</td>
<td>$574.2B</td>
</tr>
<tr>
<td>2014</td>
<td>$566.5B</td>
<td>$575.3B</td>
</tr>
<tr>
<td>2015</td>
<td>$575.3B</td>
<td>$572.6B</td>
</tr>
<tr>
<td>2016</td>
<td>$572.6B</td>
<td>$584.5B</td>
</tr>
<tr>
<td>2017</td>
<td>$584.5B</td>
<td>$597.6B</td>
</tr>
</tbody>
</table>

Note: Taxable sales are stated in calendar year 2009 dollars.  
Source: UCLA Anderson Forecast, December 2017
San Diego Economy

As of 2016, the San Diego region is home to more than 3.3 million residents, the second largest county in California in terms of population according to the U.S. Census Bureau (“Annual Estimates of the Resident Population for Counties,” July 1, 2016, https://www.census.gov/data/datasets/2016/demo/popest/counties-total.html, accessed on February 26, 2018). In 2016 the San Diego metropolitan region accounted for more than $190.6 billion, or 8.3 percent of California’s real GDP, based on data from the BEA and 8.5 percent of the State’s population, based on U.S. Census Bureau data.

The San Diego region includes 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 life sciences/biomedical and technology-oriented industries 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.

Overall, San Diego’s “outlook for the local economy is positive at least through the end of 2018,” according to the University of San Diego Burnham-Moores Center for Real Estate’s Index of Leading Economic Indicators for San Diego County (“Jan 18 Synopsis,” http://www.sandiego.edu/business/centers-and-institutes/burnham-moores-real-estate/industry/usdlei.php, accessed on March 6, 2018). Dr. Lynn Reaser, chief economist of Point Loma Nazarene University’s Fermanian Business & Economic Institute sees regional gains in a number of areas in the San Diego forecast, including, “The Navy’s presence will be increasing here. We will see the benefits of the overall biotech as that field continues to expand. More consumer spending will fuel travel, tourism, and entertainment. Exports will be growing. These tax cuts will basically benefit San Diego as well as the rest of the nation” (“Many Forces Driving Local Growth,” San Diego Business Journal, January 22, 2018, http://www.cbjonline.com/a3sdbj/resources/supplements/PDF/20180222_Eco_Trends.pdf, accessed on March 6, 2018).

However, the region’s growth could trail that of years past. Commenting on 2017’s results, Economist Kelly Cunningham with the National University System Institute for Policy Research sated, “San Diego’s economy slowed from 3 percent in 2013 to only 0.4 percent in 2015 and 0.3 percent in 2016, according to the latest Bureau of Economic Analysis estimates of metropolitan area GDP. Based on lagging job growth in 2017, the local economy is estimated to have further slowed to just 0.2 percent, nearly falling into recession and decidedly trailing California and the U.S” (Roger Showley, “Biggest Economic Surprise of 2017?” The San Diego Union-Tribune, December 24, 2017, <http://www.sandiegouniontribune.com/business/growth-development/sd-fi-econ24dec-20171224-story.html>, accessed on March 7, 2018). Likewise, local economist W. Erik Bruvold, “compared San Diego’s ‘slow and steady’ economy to that of a tortoise, which is unlikely to change in 2018,” (Himchak, Union-Tribune).

Slower growth could result in a slowdown of sales tax collection. According to State Controller Yee, while “The state is poised to have 15.8 percent revenue robust growth this year, and took in $75 billion — more than 4 percent than projected for the first seven months of the [2017-18] fiscal year... sales tax revenues are lower than anticipated,” (Himchak, Union-Tribune). Nonetheless, Bruvold’s forecast for 2018 projected, “taxable sales up 2.4 percent” (ibid). The accompanying chart presents a historical look at San Diego County’s taxable sales by category.

### San Diego County Taxable Sales by Category

**2009 through 2015**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Retail</td>
<td>$6,000M</td>
<td>$6,500M</td>
<td>$7,000M</td>
<td>$7,500M</td>
<td>$8,000M</td>
<td>$8,500M</td>
<td>$9,000M</td>
</tr>
<tr>
<td>Food Related</td>
<td>$1,000M</td>
<td>$1,200M</td>
<td>$1,400M</td>
<td>$1,600M</td>
<td>$1,800M</td>
<td>$2,000M</td>
<td>$2,200M</td>
</tr>
<tr>
<td>Building Materials</td>
<td>$1,500M</td>
<td>$1,700M</td>
<td>$1,900M</td>
<td>$2,100M</td>
<td>$2,300M</td>
<td>$2,500M</td>
<td>$2,700M</td>
</tr>
<tr>
<td>Automotive Related</td>
<td>$2,000M</td>
<td>$2,200M</td>
<td>$2,400M</td>
<td>$2,600M</td>
<td>$2,800M</td>
<td>$3,000M</td>
<td>$3,200M</td>
</tr>
<tr>
<td>All Other Outlets</td>
<td>$3,500M</td>
<td>$3,800M</td>
<td>$4,100M</td>
<td>$4,400M</td>
<td>$4,700M</td>
<td>$5,000M</td>
<td>$5,300M</td>
</tr>
</tbody>
</table>

Source: State Board of Equalization.
The region’s employment showed positive results in 2017 with an unemployment rate of 3.3 percent in the fourth quarter, “the lowest the region has seen in the last 17 years and down from 4.1 percent in Q3,” according to the San Diego Regional Economic Development Corporation (EDC), which continued, “…the 0.8 percentage point decrease placed the region as the 7th lowest unemployment rate among the 25 most populous [metropolitan areas],” (“Unemployment,” San Diego’s Quarterly Economic Snapshot, February 2018, p. 1). Looking toward the future, “Beacon Economics is forecasting total nonfarm employment in San Diego County to increase by 1.7 percent from the third quarter of 2017 to the third quarter of 2018, reaching about 1.5 million positions. During this same period, the unemployment rate is expected to remain stable at 3.7 percent” (“San Diego Employment Up, Home Prices Growing,” The Regional Outlook San Diego, Winter 2018, <https://beaconecon.com/products/regional_outlook_san_diego>, accessed on February 28, 2018). The accompanying charts present comparisons of unemployment data for select California regions as well as a historical look at local, State and national unemployment rates.

Unemployment Rate Comparison by Select California Regions
January 2017 and January 2018

Source: California Employment Development Department

Annual Average Unemployment Rate Comparison
U.S., California and San Diego County
2003 through 2017

Notes: Unemployment rates are measured by calendar year.
Coupled with the region's low unemployment, local residents have experienced some growth in personal income, although the distribution across income levels has changed. Economist Bruvold commented that, “...not that many science/tech jobs were lost during the Great Recession, and there has been a recovery in low-wage jobs. But there are 10,220 fewer middle-wage jobs than before the recession hit and only nominal gains in hourly wages” (Himchak, Union-Tribune).


Note: Median Household Income is measured by calendar year and is presented in inflation adjusted dollars.
Source: U.S. Census Bureau
San Diego housing is among the least affordable. The median price of a single family detached home in the region reached $610,000 in the fourth quarter of 2017, keeping San Diego’s housing market as the second most expensive in the nation according to the San Diego Regional EDC (San Diego Regional EDC, p. 3). Growth in home prices, “accelerated in 2017, ending the year up 6.5 percent compared to last year,” although, “Home sales fluctuated in Q4, ending 7.2 percent lower than a year ago,” (ibid). As of February 2018, it is estimated that a salary of more than $117,500 would be needed to afford the principal, interest, taxes and insurance payments on a local median priced single family detached home of $610,000 in the San Diego-Carlsbad metropolitan region (“The Salary You Must Earn to Buy a Home in the 50 Largest Metros,” February 22, 2018, <https://www.hsh.com/finance/mortgage/salary-home-buying-25-cities.html#san-diego>, accessed on March 8, 2018). The chart above compares the median price of all homes sold only in the month of January in each year since 2009.


While home sale prices have increased, overall sales activity has remained essentially unchanged. According to Beacon Economics, “…regional buying activity has barely increased, with overall home sales rising by just 0.1% between the third quarters of 2016 and 2017. This is indicative of the serious affordability issue that is challenging many regions across California as the demand for homes far outweighs the available supply” (Beacon, p. 2). Yet, “Despite the constraint that declining affordability places on home sales, Beacon Economics is forecasting San Diego County’s median home price to increase moderately over the next year, fueled by local job growth and income gains” (ibid). See the accompanying chart for the median price of existing homes sold in the region in recent years.

Dr. Reaser projects the region, “will see more building [in 2018]. We really dropped back to only about 9,000 units last year as multifamily took a tumble. We need at least 12,000 just to be keeping up with our population growth” (San Diego Business Journal, p. 31). She continued, “…home prices will continue to rise. After an 8-percent jump last year, prices will probably rise an additional 5 percent” (ibid). The National Association of Realtors projects a 2.51 percent increase in sales and 3.19 percent increase in prices in the San Diego metropolitan area in 2018 (Javier Vivas, “Realtor.com® 2018 National Housing Forecast,” November 29, 2017, <https://www.realtor.com/research/2018-national-housing-forecast/>, accessed on March 8, 2018).

Outside of the single family home sector, according to the first tuesday Journal, a resource for California real estate professionals, “Thus far, multi-family construction has experienced a quicker recovery than single family residential (SFR) construction. Expect the demand shift from SFRs to rentals to continue, injecting growth into multifamily construction in upcoming years, peaking around 2019-2020.
Vacancy rates will then increase, as tenants will increasingly go for homeownership,” (“San Diego Housing Indicators,” ftJournal, March 4, 2018, <http://journal.firsttuesday.us/san-diego-housing-indicators-2/29246/>, accessed on March 8, 2018). 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). According to the Assessor/Recorder/County Clerk, foreclosures compared to total deeds recorded averaged 0.3 percent over the three-year period of 2003 through 2005, then rose significantly reaching 16.9 percent in 2008 and has declined to 0.7 percent in 2017. Total deeds recorded in 2017 were 123,561, a decrease of 7.4 percent from the previous year. Notices from lenders to property owners that they were in default on their mortgage loans peaked at 38,308 in 2009, and foreclosures reached a high of 19,577 in 2008. In comparison, San Diego County saw 3,494 Notices of Default in 2017, down 19.7 percent from the 2016 level of 4,352. 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 since has declined to 23.2 percent in 2017, a decrease of 4.2 percent from 2016. The accompanying chart shows the historical levels of both Notices of Default and Foreclosures.

The visitor industry is the region’s second largest export industry and, “employs 194,000 residents in fields directly related to the hospitality industry, including lodging, food service, attractions, and transportation,” according to the San Diego Tourism Authority (“San Diego County 2018 Visitor Industry General Facts,” <https://www.sandiego.org/-/media/files/research/facts/2018-general-facts.pdf?la=en>, accessed on March 8, 2018). San Diego welcomes more than 35 million visitors annually who spend more than $10.8 billion at local businesses (ibid). The San Diego Travel Forecast indicates that total visits to the region are anticipated to grow 1.1 percent in 2018 and 1.6 percent in 2019 and attributes the sustained industry growth to, “Solid employment growth, gradually firming wage growth, and high confidence levels...along with positive growth in San Diego’s convention attendance and room nights...” (Tourism Economics, San Diego Travel Forecast: December 2017, San Diego Tourism Authority, <https://www.sandiego.org/-/media/files/research/forecast/sdcvb-forecast-dec-2017-update.pdf?la=en>, accessed on March 8, 2018). Nonetheless, total spending by visitors to the region is projected to grow by 4.1 percent and 4.0 percent in 2018 and 2019, respectively however, “uncertainty persists in both domestic and international markets, weighing on US hotel sector performance” (ibid).

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 following pages that summarize the expenditures, revenues, and staffing levels for Fiscal Years 2018–19 and 2019–20.
Governmental Structure

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

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

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

Board of Supervisors

The County of San Diego is governed by a five-member Board of Supervisors elected to four-year terms in district, nonpartisan elections. Each Board member is limited to no more than two terms and must reside in the district from which 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 non-elected 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

County 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 (ACAO/COO), 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:

- Building Better Health
- Living Safely
- Sustainable Environments/Thriving
- Operational Excellence

To ensure that the Strategic Plan incorporates a fiscal perspective, the CAO, 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 clear performance measures. Each department is required to measure performance in terms of outcomes, or how they affect people’s lives, not just a count of the activities they perform. The most significant measures are reflected in this document as part of the respective narrative section of each department’s budget presentation.

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.

**GMS “OWNERS MANUAL”**

<table>
<thead>
<tr>
<th>STRATEGIC PLANNING</th>
<th>OPERATIONAL PLANNING</th>
<th>MONITORING &amp; CONTROL</th>
<th>FUNCTIONAL THREADING</th>
<th>MOTIVATION, REWARDS &amp; RECOGNITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Brand Promise”</td>
<td>“Road Map”</td>
<td>“Check Points”</td>
<td>“Collaboration”</td>
<td>“Pay It Forward”</td>
</tr>
<tr>
<td>5 years</td>
<td>2 years</td>
<td>Quarterly</td>
<td>365 days</td>
<td>365 days</td>
</tr>
<tr>
<td>Where do we want to go?</td>
<td>How do we get there from here?</td>
<td>How is our performance?</td>
<td>Are we working together?</td>
<td>Are we encouraging excellence?</td>
</tr>
<tr>
<td>County Strategic Plan</td>
<td>County Operational Plan</td>
<td>County Annual Report</td>
<td>CAO Leadership Team meeting</td>
<td>CAO Coin of Excellence</td>
</tr>
</tbody>
</table>
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:

- **Building Better Health**—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.
- **Living Safely**—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/Thriving**—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 FRAMEWORK AND ALIGNMENT

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**—drive an outcome; the outcome may be 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 measure the individual department’s contribution.

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.

### Building Better Health: BBH

- 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 (BBH1)
  - 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 (BBH2)
    - Partner with producers, distributors and retailers to increase access to and purchase of healthy local foods in food desert areas (BBH3)

### Living Safely: LS

- 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 (LS1)
- 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 (LS2)
  - Identify and mitigate community threats that impact quality of life (LS3)
  - 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 (LS4)
- All San Diego children, youth and older adults are protected from neglect and abuse
  - Strengthen our prevention and enforcement strategies to protect our children, youth and older adults from 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 (LS5)
  - Identify and increase multi-agency collaboration to develop, support and enhance strategies with the biggest impact to protect youth and reduce recidivism (LS6)
- The regional criminal justice system and the juvenile justice system achieve 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
  - Use evidence-based prevention and intervention strategies to prevent youth from entering the juvenile justice system or progressing in delinquency or crime
  - Develop a universal assessment process that drives case planning, sentencing and linkage to appropriate services both in and out of custody (LS7)
STRATEGIC FRAMEWORK AND ALIGNMENT

Sustainable Environments/Thriving: SE/T

- San Diego is a vibrant region with planning, development, infrastructure and services that strengthen the local economy
  - Provide and promote services that increase the well-being of our residents and increase consumer and business confidence
    - Improve policies and systems across departments to reduce economic barriers for business to grow and consumers to thrive (SE/T1)
    - Anticipate customer expectations and demands in order to increase consumer and business confidence (SE/T2)
  - 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 (SE/T3)
  - 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 parks, open spaces and outdoor experiences by assessing policies and community needs throughout San Diego County (SE/T4)
    - Educate and engage residents of all ages by leveraging internal and external partnerships to promote physical activities and recreational interests (SE/T5)
  - 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 (SE/T6)

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)
    - 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 (OE7)
      - 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 (OE8)
Enterprise Performance Indicators

Strategic Alignment Update

In 2017, the organization began developing Enterprise Performance Indicators (EPIs) to measure the progress made towards achieving the Audacious Visions. These indicators will be formally integrated in the Fiscal Years 2019-21 Operational Plan.

The County of San Diego adopted Live Well San Diego as its vision in 2010. To better align to this vision, the County is adapting its strategic initiatives to reflect the cornerstones of Live Well San Diego. The initiatives will change from Healthy Families, Safe Communities, Sustainable Environment and Operational Excellence to Building Better Health, Living Safely, Sustainable Environments/Thriving and Operational Excellence.

Additionally, the third enterprise wide goal (EWG) currently under Healthy Families will move to Operational Excellence. Because policy impacts all that the organization does, the goal to “Pursue policy and program change for healthy, safe and thriving environments to positively impact residents” fits cohesively in with Operational Excellence.

An additional EWG was also added under Living Safely, “Use evidence-based prevention and intervention strategies to prevent youth from entering the juvenile justice system or progressing in delinquency or crime.”
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](http://LiveWellSD.org/make-an-impact)

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

<table>
<thead>
<tr>
<th>Collective Action for Collective Impact</th>
<th>Actions We Take Collectively Across Sectors</th>
<th>Results We Seek for Collective Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>County &amp; City Governments</td>
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<td>HEALTH</td>
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<tr>
<td>Business</td>
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<td>KNOWLEDGE</td>
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<td>Community- &amp; Faith-Based Organizations</td>
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<td>STANDARD OF LIVING</td>
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<td>Schools</td>
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<td>COMMUNITY</td>
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<td>Healthcare &amp; Technology Providers</td>
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<td>SOCIAL</td>
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<td>Law Enforcement &amp; Courts</td>
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<tr>
<td>Active Military/Veterans</td>
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<td>Other Local Jurisdictions</td>
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Awards and Recognition 2017–18

The County of San Diego workforce continually works to manage 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 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 2017, the County of San Diego received 56 NACo awards—the most awards given to any county in the nation. Learn more about the awards on County News Center at http://www.countynewscenter.com/county-wins-56-national-awards-for-programs-services/.

- Regional Fire Prevention Program (San Diego County Fire Authority): Through partnerships with other fire agencies, the San Diego County Fire Authority’s (SDCFA) Fire Prevention Division is able to provide prevention services across several jurisdictional boundaries spanning 2800 square miles and serving a combined population in excess of 150,000. By working across traditional jurisdictional boundaries, we are able to include other agencies and also provide regional consistency in the fire code regulations. This improves fire and life safety on a much larger scale and provides substantial processing efficiencies and cost savings for the county and several fire agencies.

- County Security Initiative (Office of Emergency Services): This project coordinates the County Security Initiative project which includes policy development, vulnerability assessments, site action plans, employee notification systems, training, and employee outreach for hostile situations.

- Spanish Public Information to Bridge a Crisis Communication Gap (Office of Emergency Services): This project developed Spanish versions of the Emergency Portal which includes ReadySanDiego.org, SDCountyEmergency.com, and SDCountyRecovery.com. Spanish versions of the SD Emergency mobile app and social media sites were also included.

- Advanced Recovery Initiative – Speeding Recovery from Disasters (Office of Emergency Services): This program trains County staff to fill important disaster response and recovery roles during disaster. This program includes training courses, both pre-training and refresher training, as well as a database of active members and activation procedures.

- Child Support Services Job Court Leads to Employment for Customers (Child Support Services): During 2016, the Department of Child Support Services held two job court hearings for customers who were facing driver license suspension based on failure to pay support. When they appeared for the hearing, customers had the option to enroll in a free job training service. Nearly 40 percent enrolled in the free employment training program, while another 46 percent of customers made a payment, which resulted in collections of $13,122 for local families. Based on the success of the job court hearings, similar hearings will be scheduled to connect customers with employment opportunities.

- Conviction Review Unit (District Attorney’s Office): Continuing the San Diego County District Attorney’s Office tradition of assuring post-conviction justice, the agency has established the Conviction Review Unit (CRU) to examine post-conviction claims of innocence where credible and verifiable evidence is identified or new technology exists to test or retest remaining evidence.

- Trauma Responsive Unit Protects Youth in Custody (San Diego County Probation): The Probation Department created a 20-bed Trauma Responsive Unit (TRU) in Juvenile Hall to provide evidence-based treatment to youth affected by traumatic experiences.

- County Probation Officers Co-located with the City of Escondido Police Department (San Diego County Probation): This project embedded a San Diego County Probation Supervision Unit within the City of Escondido’s Police Department. With Probation Officers operating full-time out of the Escondido Police Department station, communication, intelligence gathering/sharing and collaboration has achieved new levels and has resulted in enhanced efficiencies for both agencies. This joint effort between the Escondido Police Department and the San Diego County Probation Department has resulted in a synergistic and efficient service delivery model for both agencies and the residents of San Diego County.

- Supporting Electric Vehicle Use by the Public, Employees and County Fleet (General Services): The County is leading the region with its multi-phase Electric Vehicle (EV) Charging network and vehicle program. In November 2014 the County initiated an innovative public/private partnership to provide a service to County motorists with electric vehicles. With a grant from the California Energy Commission to install electricity infrastructure, and an agreement with ChargePoint to place the EV supply equipment and manage the service to consumers, this project enhanced the EV charging network in the county with 37 charging ports at 10 different sites, and makes a significant contribution to the State of California’s
goal of supporting the growth of EV ownership. Since the opening of the first charging station, the project has avoided about 22 metric tons of greenhouse gas, the equivalent of 2,471 gallons of gasoline.

 Owner Controlled Insurance Program (General Services): The County of San Diego utilized an Owner Controlled Insurance Program (OCIP) in order to purchase general liability and workers’ compensation coverage for the general contractors and all sub-tier contractors for two major projects, the redevelopment of the COC and the Las Colinas Detention Facility. An OCIP is a centralized insurance and loss control program designed to provide protection to the Project Owner and all contractors and subcontractors for certain insurance coverage while they are on the Project site. The recognized benefits of an OCIP over the conventional approach to construction insurance and loss control programs include greater risk control and improved insurance coverage for all involved parties. In lieu of having the individual general (prime) contractor and their sub-contractors hold individual insurance policies, the County has entered into a large umbrella policy at substantially lower premiums. Savings for the two projects mentioned above are estimated a total of $1.5 million dollars.

 Encouraging Support and Inclusiveness with the LGBTQIA Community (County Library): The San Diego County Library created the LGBTQ committee to address gaps found in materials, programming and staff training. Through research, we learned that LGBTQ individuals can be hesitant to check out physical materials. Therefore, we purchased the majority of our new LGBTQ materials as e-books and audio e-books, so that any of our customers are able to find the resources they need and access them safely and comfortably. Within the first two weeks of having new materials available, over 80% were checked out. The SDCL Program Services Department brought in trainers and partnered with a local LGBTQ Center to train staff on homeless LGBTQ youth, as well as communication/language and definitions. SDCL piloted different programs such as Rainbow Storytime, and currently four branches offer monthly programs for LGBTQ youth (ages 14-18) to socialize in a safe and friendly atmosphere.

 Digital Literacy at San Diego County Library (County Library): SDCL recently introduced a new benchmark to target digital literacy. During the past fiscal year SDCL saw a 72% increase in eBook demand and a 97% increase in adult digital literacy programs. Staff were trained to be better prepared to serve customers with new technology. The Library offered digital literacy kits, particularly coding with “Ozobots” (toy robots that empower gamers and learners to code, play, create and connect the physical and digital worlds) and designing with 3D printers. By providing the adequate resources for staff, SDCL is better equipped to provide the exemplary digital literacy services to our communities.

 Mail Ballot Drop-Off Partnership (Registrar of Voters/County Library): The San Diego County Library, in partnership with the County’s Registrar of Voters, hosted 13 convenient mail-ballot drop-off locations and 20 polling sites for the General Election at various County Library branches from October 31st to November 8th. This partnership with the Registrar of Voters provided SDCL opportunities to encourage civic engagement and access, while increasing foot traffic across participating branches.

 Employee Resource Group Council (Chief Administrative Office): The Employee Resource Group Council is a forum for the County’s existing and developing employee resource groups (ERGs) to collaborate and communicate. The Council allows ERGs to come together to train and develop County leaders and to ensure that influential groups (the ERGs) align with County initiatives.

 Beating Zika to the Punch: Open Communications to Defuse a Health Scare (County Communications Office): San Diego County departments worked together to develop a comprehensive public outreach strategy in response to a potentially dangerous combination – local residents who had developed Zika while traveling who also had mosquitoes capable of transmitting the disease near their homes. The County Communications Office, Department of Environmental Health and Health and Human Services Agency worked together to educate the media and public about treatment and prevention through a variety of channels. The County’s consistent messaging through multiple channels provided transparency and an understanding of the need for treatment and prevention. Media coverage and public response was almost entirely positive.

 Active Shooter Drill (Human Resources): The Department of Human Resources conducted an active shooter drill to help employees recognize warning signs of an imminent critical incident and to provide employees the opportunity to practice in a drill. The exercise also helped to develop emergency action plans and to identify and improve department security practices. The employees had to determine if they were going to run, hide or fight. There was a specific scenario for each drill.

 Aging Backwards: Essentrics Fitness Class (Human Resources): The Aging Backwards employee fitness pilot program provides class participants an exercise method with very low impact. It is a full body workout that trains the participants’ muscles to be equally strong and flexible. This program was a request from employees. The class was developed and targeted toward employees who are 50+ years old and those with disabilities, but all age ranges are welcome to attend.

 Custom Medical Waiver Form in PeopleSoft (Human Resources): In an effort to streamline business processes and reduce manual effort, WIN developed a custom page in PeopleSoft to capture information from employees who waive
their benefits. Employees who waive are no longer are required to submit proof of other insurance. Employees simply click a button and confirm their selection. In doing this project the Department further enhanced the customer experience in the benefits open enrollment process.

- Diversity Dashboards (Human Resources): DHR developed custom diversity dashboards in Oracle Business Intelligence to allow executives to monitor the diversity of its employee population by the following factors: ethnicity, gender, veteran status, generation, and management level. These dashboards enable executives to ensure that the County continues to meet its commitment to a diverse workforce.

- Diversity & Inclusion Marketing and Branding (Human Resources): Developed the marketing plan for the Diversity & Inclusion Strategic Plan.

- Dynamic Out of Pocket Calculator in PeopleSoft (Human Resources): Due to the structure of County benefits, out-of-pocket cost calculation for employees during open enrollment was not possible in the out of the box PeopleSoft E-benefits module. In this project we developed a custom page to correctly provide out-of-pocket costs to County employees. This allowed employees to view their estimated out-of-pocket costs during the open enrollment process.

- Employee Bike Program Tour de San Diego (Human Resources): The bike program was launched to encourage another area of wellness and fitness for all employees regardless of their physical fitness level or abilities. The program provided employees, valuable resources and information for bike safety, bike safety tips for parents, bike repair tips and instructions, participation in the annual bike to work campaign and maps of various biking trails throughout the County featuring County parks. This year there was a Bike Challenge (Tour de County of San Diego) for all employees to participate.

- Healthy Cooking Demonstrations (Human Resources): As part of the Employee Wellness Program, the County offered healthy cooking classes for employees throughout the County. The classes consist of a cooking demonstration that teaches the participants cost-effective healthy ways to prepare food.

- Risk Assessment Collaboration (Human Resources): The Sheriff’s Threat Assessment Group (TAG) and Department of Human Resources Risk Assessment Team (RAT) have collaborated on various risk assessments to ensure our employees are safe. This partnership allows for the law enforcement expertise to get involved from a safety perspective and when appropriate a peace officer can go speak to a threatening party.

- Connect 2 Careers (Human Resources): The Department of Human Resources partnered with community organizations San Diego Workforce Partnership and Connect2Careers to pilot a paid internship program for at-risk youth. Fifty interns were hired and placed in 17 different County departments. After reviewing the results of the pilot internship program, the County is expanding the program.

- 401a Enrollment Communications (Human Resources): Without the option of automatic enrollment, the Deferred Compensation Program began exploring ways to boost millennial participation in the County’s 401a retirement plan. Using information gathered from millennial focus groups, the Deferred Compensation program revised its 401(a) procedures and communications materials. Print materials were eliminated in favor of electronic communications, lengthy text was reduced, images of County employees were incorporated, and Deferred Compensation Staff began making reminder phone calls prior to the enrollment deadline to convey a sense of urgency. Because of the efforts, millennial employee participation increased to 26%.

- San Diego County Continuity of Operations Plan (Treasurer-Tax Collector): The Treasurer-Tax Collector serves multiple County departments, school districts and municipal organizations. It is imperative the Treasurer-Tax Collector’s day-to-day operations continue, even in a disaster. The Treasurer-Tax Collector’s Continuity of Operations Plan (COOP) is designed to continue all essential functions immediately upon notice of emergency situations. To facilitate conducting ongoing business, key personnel are issued laptops to keep at home. Modems and Bloomberg B-UNIT® Biometric Authentication Devices are provided for access to the County’s network and connectivity to the Bloomberg Professional Service website. Using operational checklists, staff is able to confirm all essential systems are functioning at offsite locations. As a result of due diligence in adhering to the COOP checklist, the Treasurer-Tax Collector has proven it can conduct operations from anywhere outside of Treasurer-Tax Collector’s office headquarters.

- Leveraging Tablet Technology for Process Automation (Assessor Recorder County Clerk): The County is leveraging the use of mobile technology to automate the tracking and location of 12,000 boats docked at 70 marinas in San Diego County. The unsecured value assessment of boats is an annual event requiring the use of historical data, manual labor, and heavy dependency on paper. The purpose of the program was to automate this process to eliminate the manual efforts, user errors, and paper usage. The resulting application met all objectives.

- Online Grant Cost-Effectiveness Calculator (Air Pollution Control District): The San Diego County Air Pollution Control District created an online calculator to assist local businesses and public agencies that are applying to the District for incentive grants to purchase low-polluting engines and equipment. The grants are available for cleaner-than-required heavy-duty diesel trucks, construction equipment, marine vessels, locomotives, and agricultural
equipment. Grants are awarded to the most cost-effective projects, i.e., to projects reducing the most air pollutant emissions for each grant dollar. The online calculator allows applicants to easily evaluate the cost effectiveness of different equipment and grant amount scenarios to maximize their application competitiveness, an exercise previously conducted only with assistance by District staff. As a result, applicants are designing more cost-effective projects and seeking smaller grant amounts, on average. In turn, this has enabled additional projects to be funded, increasing the air quality benefits of the grant program while saving the District considerable staff time.

- San Diego Veterans Independence Services at Any Age (SD-VISA) (Aging & Independence Services): The SD-VISA program is partnership between Aging & Independence Services and the Veterans Administration San Diego Healthcare System (VASDHS) that affords Veterans suffering from chronic diseases and at risk of institutionalization, the opportunity to havelong 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.

- Automating Inspection Reports (Air Pollution Control District): The Air Pollution Control District (APCD) developed and implemented an automated digital inspection form for internal combustion engines that replaces an entirely manual form. The new system provides an inspection form that automatically self-populates with accurate information about the facility and device being inspected. The inspection report is automatically posted in the APCD’s database once approved. This gives customers easy access to their information. This project results in an estimated annual savings of 1,400 staff-hours and $160,000.

- Honey Bee Protection Program (Agriculture, Weights and Measures): This program allowed for effective honey bee management in San Diego, while maintaining community safety and also protecting the health of the bees. This program included an ordinance revision that reduced the minimum buffer zone around a hive from 600 feet to 35 feet from a neighboring residence, allowing for houses with modest yards in county jurisdictional areas to maintain up to two bee hives. Additional ordinance tiers specified greater buffer zones for more hives. The ordinance included mandatory Best Management Practices to help beekeepers understand their responsibilities to neighbors while having the opportunity to participate in the local agriculture movement and to learn about and care for bees.

- Maintenance Gardner Outreach Pilot Program (Agriculture, Weights and Measures): Maintenance gardeners are required to obtain a license prior to pesticide use and application. This Pilot Program has made the training and licensing process easier and more accessible for these gardeners. The pilot program, conducted in collaboration with the California Department of Pesticide Regulation, provided two workshops in Spanish and one in English, and proctored certification exams to the attendees online and on paper. This process ensures Maintenance Gardeners are more aware of the laws and regulations pertaining to the safe and effective use of pesticides and therefore more likely to apply pesticides in a safe manner thereby increasing the safety of San Diego County residents and protecting the environment.

- Certified Farmers’ Market Roadmap: Navigating the Journey (Agriculture, Weights and Measures): The Certified Farmers’ Market Roadmap was created out of a desire to improve the customer experience for those interested in starting a market in San Diego County. Six County departments/agencies formed the Roadmap Working Group to create a single map template, fillable application forms available uniformly online, an updated and improved website with a new URL (sdfarmersmarket.org) that contains a locator map to identify jurisdictions of potential locations for a market, and links to all market roadmap departments/agencies. The new website will also benefit customers looking to shop at a Certified Farmers’ Market in San Diego County.

- Compliance TEAM approach: Maximizing Our Collective Impact (Environmental Health): The Compliance Team approaches complex compliance issues and associated risks quickly, identifies and involves appropriate players inside and outside the county, and formulates one cohesive message for the public and management using a “One County” response plan. As a result, responses are quick, thorough and comprehensively vetted; require less overall staff time; utilize a “One County” voice; allow a better understanding of compliance roles inside and outside the county to address future issues; and ultimately maximizes the County’s collective impact on addressing compliance issues and improves customer service.

- Vector Control Response to Invasive Aedes Mosquitoes and Zika Virus (Environmental Health): The Vector Control Program with County Public Health Services and County Communications Office developed a comprehensive strategy for responding to confirmed or highly suspect cases of Zika and other diseases transmitted by invasive Aedes. This response includes: rapid investigation of cases referred to VCP by Public Health; prior to spraying events, multilingual communication and outreach to the public and residents in communities affected; coordination with other agencies including government officials, law enforcement, Agriculture, Weights and Measure, Animal Services, U.S. Postal Services, bee keepers, schools and others; and focused ultra-low volume applications of a public health insecticide to control adult mosquitoes in the affected area to reduce the risk of a local transmission.
• Ranger Academy (Parks and Recreation): The County Department of Parks and Recreation trained fifty Park Rangers. The eight-day academy covered a variety of topics including policy and procedures, enforcement, trends and best practices in the field, customer service, and field training comprised of interpretation, trail building, playground and tree inspections. The Academy also incorporated a career development panel that was mutually beneficial for rangers and Parks and Recreation to foster staff succession planning within the department.

• New Parks and Recreation Website (Parks and Recreation): The County Department of Parks and Recreation launched a new improved, mobile-friendly web site designed with customers in mind – organized by function, with simplified text and more intuitive navigation. An interactive park map was built allowing users to search by location, amenity and park type. A park alert banner was installed to highlight major notices and park closures. Rotating news articles, a YouTube video library and links to several social feeds are included. All pages were synced with top search engines for maximum exposure. Issues like broken links, missing assets and out-of-date content are nearly non-existent or managed within 72 hours thanks to a streamlined content management system.

• Nature Explorer Program (Parks and Recreation): The County of San Diego’s Nature Explorers Program is a five-year plan for increasing local awareness of resources and recreational opportunities through strategic intervention. Program curriculum is designed to inform and inspire young San Diegans through awareness of environmental issues by connecting school age children with their neighborhood parks. Next is the Nature Explorers group which includes comprehensive pre- and post-trip evaluation of on-site learning in an effort to increase environmental literacy among teen participants. As teens continue to engage with the program, the program provides opportunities for participants to progress into leadership roles that exemplify stewardship among their peers.

• Pedestrian Gap Analysis (Public Works): Active transportation has proven health benefits, can reduce vehicle miles traveled and benefit the environment. A precursor to promoting active transportation is to provide infrastructure that people can use. The County reviewed existing pedestrian facilities by walking over 800 miles to evaluate the condition and existence of sidewalks near pedestrian generators such as parks, schools, and community centers. The effort also involved prioritizing future improvements based on a new methodology that included factors like proximity to schools, community centers, libraries, etc.; health factors like juvenile diabetes and obesity; and socio-economic factors. The County developed an app used on a portable tablet with GIS gathering technology to capture data, store GIS information and to produce maps. The information collected provided a database to identify locations where new sidewalks are needed and resulted in creation of a priority project list of infrastructure needs.

• Watershed Protection Mobile Application (Public Works): Based on new requirements to survey residential areas, the County of San Diego developed a mobile application with access to real-time inspection data, photo documentation of violations, email of completed inspections to customers directly from the field, integration with the existing Accela database, and use of smart maps to pinpoint uninspected facilities. The app, while only in phase 1, has already proven to be a significant tool in improving the efficiency of the inspection program.

• Multi-Year Road Resurfacing Program (Public Works): County Public Works solicited input from all 26 Community Planning Groups to assist in identifying road resurfacing needs as part of its new Multi-Year Road Resurfacing Program. Each group provided the County a list of priority roads that need resurfacing based on community input. Staff used the priority lists and incorporated pavement management software information and field staff recommendations to determine the final list of roads to be treated. The information was placed on the County’s webpage with an interactive GIS layer the public could use.

• Expedited Hiring Event (Planning and Development Services/Human Resources): Planning and Development Services’ Human Resources team in partnership with the County Department of Human Resources planned and executed a full day of hiring events aimed at expediting the time between interviewing and hiring. Planning targeted two job classifications: Land Use Planner II and Land Use Planner III. Candidates were able to complete both first and second round interviews on the same day and if the candidate was successful in the interview process, they moved forward with background checks on the same day.

• Online Document Library (Planning and Development Services): Planning and Development Services’ Performance Improvement team has created a Document Library, an online tool to improve customer service and promote citizen engagement through an easy to use online search feature. This new tool provides convenient online public access to the Department’s digital records repository. Using the PDS Document Library’s simple online search interface, members of the public can now find and review content ranging from Environmental Impact Reports to Use Permits without visiting County offices. This results in a time savings and efficiency for both customers and for staff.

• LUEG Enterprise Asset Management System (LEAMS) (Public Works): DPW implemented a new asset management system, LEAMS, which optimizes daily operations by creating and
tracking work orders on each asset, creating a single set of data entry forms and data validation tools, with built-in reporting and GIS mapping tools.

- First 5 San Diego Offsite Oral Health Services (First 5 Commission): First 5 San Diego Offsite Oral Health Services provides preventative and restorative oral health services to an underserved population, from birth to 5 years of age, in a community setting. Services were provided at a First 5 San Diego Quality Preschool Initiative preschool setting and included screenings and treatment as well as dental health education.

- Social Worker Initial Training Simulation Day (Child Welfare Services): San Diego Simulation Day is designed to give new child welfare staff practice with applying knowledge and skills that they have gained during induction training. Simulations provide new staff opportunities for skill-based practice, which increases their transfer of learning. Trainees are given a scenario and have an opportunity to work in a triad to conduct the early stages of an investigation with actors who are portraying family members.

- Veteran Service Representative (VSR) Outreach Program (Health and Human Services/Library): The County of San Diego Veteran Service Representative (VSR) Outreach Program has partnered with County and City Libraries providing face-to-face VA benefits counseling to Veterans in County and City libraries. The program consists of a rotational schedule for County Veteran Service Representative to visit County and City libraries to provide VA benefits counseling and assistance with completing VA and State benefits claim forms.

- Military & Veterans Resource Centers (MVRC) (Health and Human Services): The County’s Military & Veterans Resource Centers (MVRC) in the Escondido North Inland Live Well Center houses 20 non-profit Veteran support organizations together with County staff. Veteran services within the center include benefits counseling, employment, housing, transitional services, finance, legal and hospice care, and because the center is located within a County Live Well Center, County social services are only steps away. It is the first of its kind in the State and provides a one-stop shop for veterans. The County’s MVRC’s have been recognized nationally as a model for Community and County collaboration to provide the best possible support and services to Veterans.

- Child Welfare Services Continuous Quality Improvement Implementation (Child Welfare Services): The Continuous Quality Improvement (CQI) model used by the County of San Diego Child Welfare Services utilizes a qualitative information gathering approach through case reviews and special projects to help identify positive practice trends and help spread and grow those practices throughout the child welfare system in order to improve outcomes for families. CQI employs a team approach that relies on shared responsibility for data and outcomes at all levels of staff. CQI increases transparency by partnering with families, youth, and other stakeholders to explore ways to improve our system and their feedback is used as another means to evaluate our work.

- Polinsky Children’s Center – 10-Day Temporary Shelter Care Facility Model (Child Welfare Services): Polinsky Children’s Center (PCC) implemented a 10-day temporary shelter care facility pilot in preparation for pending Continuum of Care Reform legislation. Through collaboration with internal and external stakeholders and partners, a creative approach was initiated with a plan to reduce each child’s stay to 10 days or less at Polinsky. Implementing innovative ideas resulted in the average length of stay of Polinsky children and youth decreasing from 11 days in Fiscal Year 2014/2015 to 9 days in Fiscal Year 2015/2016.

- Using Social Media to Promote SNAP/CalFresh Participation (Eligibility Operations) Social media posts on Facebook and Twitter inform the community about the benefits of proper nutrition and how CalFresh can help increase their healthy food buying power. Weekly Facebook and Twitter messages help to disseminate information regarding the process for submitting an application, program facts, changes in policy, as well as useful tips on how to comply with program rules when someone is already participating in the program.

- Utilizing YouTube for Public Assistance Training (Eligibility Operations) San Diego County utilizes YouTube to support staff in their continued learning of public assistance training and developed its very own Public Assistance YouTube training channel. Videos were also developed to share with the public in order to assist our customers with the application process. These short videos are intended to be a quick supplemental training resource for staff and an easy resource for our customers. The training video links are shared with staff and are also easily accessed in our Eligibility Operations SharePoint site. The customer-focused videos have been shared on the San Diego County Facebook page.

- Homelessness: Let’s Talk About It (Housing and Community Development) County employees can and often are the first line of intervention for the homeless. As a means to support staff in this role, the County of San Diego Housing and Community Development Services (HCDS) developed a robust training program to provide frontline staff with tools and techniques to improve engagement and interactions with people experiencing homelessness and connect them with community resources.

- Commercially Sexually Exploited Children – Services in Detention Facilities (Behavioral Health Services) The Commercially Sexually Exploited Children Component of the Breaking Cycles Program operates at Kearny Mesa Juvenile Hall and at the Girls Rehabilitation Facility. This program involves screenings conducted by staff of all females that enter these facili-
ties, in order to assess potential or clear risk of sexual exploitation. These services allow intervention and treatment to youth who would not otherwise be identified.

Probation Behavioral Health Running Program (Behavioral Health Services) The San Diego Juvenile Forensic Services STAT Team developed a Running Program at Camp Barrett Youth Correction as a way of providing innovative and community-based treatment. Since its implementation, the youth that he has partnered with have been able to run in the Silver Strand Half Marathon along with the Live Well San Diego 5k. This program allows youth to be involved in the community while promoting healthy life choices.

Vet-Connect Program (Health and Human Services/Library): The Vet-Connect Program uses a Video Teleconferencing system installed in County Libraries to allow County Veterans to connect with an accredited County Veteran Service Representative and receive benefits counseling and assistance with completing VA and State benefits claim forms. VA and CalVet forms can be filled out on screen, reviewed, electronically signed and submitted at the library kiosk. This provides a convenient way for Veterans to receive services and counseling, and provide increased Veteran outreach especially in the rural areas of the County.

California State Association of Counties (CSAC)
The CSAC annual awards recognize the most innovative programs developed and implemented by California counties each year. In 2017, the County of San Diego won a Merit Award for a Parks and Recreation department and Sheriff’s Department Community Involved Vocational Inmate Crew Service (CIVICS) program in which nonviolent inmates from the Sheriff’s East Mesa Reentry Facility are taught landscaping and horticulture skills from a Grossmont College instructor. The inmates apply those lessons on both reentry facility grounds and in County parks and perform community service. The reliable work force helps Parks staff maintain trails and exceed customer expectations. Inmates in the program are taught job skills and the experience could lower the recidivism rate for participants.

Additional Honors

- The County has maintained 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 strength also benefits from stable and prudent management.
- The Edgemoor Distinct Part/Skilled Nursing Facility has earned a **Gold Award for “Excellence in Quality” from the American Health Care Association (AHCA)**. The Gold Award is the third award level progressing toward the Baldridge Award for Professional Excellence in Healthcare. In winning a Gold Award, Edgemoor demonstrated superior performance in the areas of leadership, strategic planning, and consumer and staff satisfaction. All levels of award are highly competitive and have a rigorous evaluation process. Edgemoor won a Bronze Award for “Commitment to Quality” in 2010 and a Silver Award for “Achievement in Quality” in 2014. Edgemoor is located in Santee.
- The County received the **Harry H. Mellon Award of Merit** for the North County Animal Shelter Water Conservation project. This statewide award considers all projects using the job order contracting method of procurement. They must be delivered on time, on budget and also provide a great public benefit. The North County Animal Shelter Water Conservation project converted multiple landscape areas to xeriscape and reduced potable water use by 40 percent. The entrance to the shelter was also renovated. The water guzzling planter area was transformed into an attractive focal point that now serves as an area for potential adopters to visit with pets.
- The County Communications Office (CCO) won the coveted **Overall Excellence Award** at the States of California and Nevada Chapter of the National Association of Telecommunications Officers and Advisors’ (SCAN-NATOA) annual conference in Anaheim on May 11. This is the fourth time in the past six years, CCO picked up this honor. The department also took the top prize in the Animation or Motion Graphics category for our ‘Earn the Perfect Ten’ series of videos for the Office of Emergency Services, as well as Best City (County) Services Information video for the 2016 Op Plan video. In addition, CCO won two second-place and two third-place honors.
- The California Association of Public Information Officials (CAPIO) awarded the County Communications Office with two awards for different information campaigns: Offering Hope to Families of Missing Persons in the category of Media-Focused Messaging with an **Award of Distinction** in the Media Focused Messaging category and Zika Virus Outreach Campaign in the category of Crisis Communications/Public Safety Education Campaign with an award of **Award of Merit** in the Crisis/Communications/Public Safety Education Campaign category. CAPIO honors outstanding public agency information and communications programs.
The California Department of Social Services gave the County’s In-Home Supportive Services staff an award for their timely completion of reassessments. For the last two years, IHSS staff has maintained a better than 99 percent timely completion rate for reassessments of their clients.

The County Health and Services Agency’s Aging & Independence Services (AIS) has received the “local innovator” award from the Society for Behavioral Medicine (SBM) for their Health Promotion work, including the Feeling Fit Club, Tai Chi: Moving for Better Balance, Chronic Disease Self-Management, Diabetes Self-Management, Diabetes Prevention Program and SNAP-Ed for Seniors. The SBM is a multidisciplinary organization with a vision of better health through behavior change. The award recognizes the contribution AIS is making in the lives of older adults by providing free, evidence-based health and wellness programming throughout the community.

The Child Abuse Prevention and Coordinating Council held its annual STARS event on April 20 to recognize social workers and community organizations for their accomplishments and commitment to the prevention of child abuse. STARS honors individuals who support children and parents in the community, take a positive perspective, address the issues, recognize that parenting can be challenging and offer support, and strengthen communities. East Region Senior Protective Services Worker Neda Rivera was nominated and won an award for the work she does with the Middle Eastern Community, developing and implementing community projects to serve the Middle Eastern refugees and refugees across the County. She founded a project to educate refugees and newcomers about child welfare laws in the US and conducts similar training for various community groups, schools and other County departments. In addition, the Alpine Kiwanis organization was recognized for their partnership with East Region Child Welfare Services. This organization utilizes their non-profit status to receive donations on behalf of abused and neglected children in the East County. They provide emergency placement caregivers with necessary items so that a child can be supported in a familiar environment with a relative or family friend.

The Department of Environmental Health won the Industrial Environmental Association (IEA) 2017 Environmental Excellence Award. The California Environmental Recording System (CERS) Help Desk Team’s hard work and dedication stood out. The award was given out at the Annual Environmental Training Symposium and Conference.

The Imperial Beach Library won the Engineering News-Record (ENR) California’s 2017 Best Small Project Award, for projects costing under $10 million, for the Southern California Region.
Financial Forecast and Budget Process

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 2017 Forecast results project that General Purpose Revenues and Program Revenues will be sufficient to meet base forecasted expenditure growth. Assumptions are discussed below.

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. Assessed value is analyzed in conjunction with Five-Year Financial Forecast activities and ongoing planning activities, which in turn provides direction for the budget. General Purpose Revenue is the only form of revenue which the Board of Supervisors has discretion on how to spend. Assessed Value is forecasted to grow at 4.75% in Fiscal Year 2018–19 and 3.00% annually during the remainder of the forecast period. 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

One of 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 SDCERA Board of Retirement’s anticipated assumed rate of return of 7.25% along with changes to other assumptions that were made during the 2016 triennial review of economic and demographic assumptions, including updating the mortality tables used to reflect longer life expectancy. Forecasted retirement expenditures also anticipate that SDCERA will continue to lower the assumed rate of return during future reviews of economic and demographic assumptions, which would result in higher annual retirement costs. The forecast also reflects negotiated Salary & Benefits increases in place at the time of the forecast.

Capital Projects

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

Results of the CINA and anticipated financing strategies are contemplated in the Five Year Financial Forecast. Select projects identified for funding in Fiscal Year 2018–19 are detailed in the Capital Program section of this document.

Debt

The County’s long-term financial obligations are issued and administered according to guidelines provided by the Board of Supervisors. For information on the County’s long-term obligations, including debt management policies, credit ratings and debt service payments, refer to the charts and narrative in the Debt Management Policies and Obligations section.

To support the annual payments related to the County taxable pension obligation bonds (POBs) in Fiscal Year 2017–18, the County began using fund balance committed specifically for the repayment of its POBs. Beginning in Fiscal Year 2016–17, General Fund fund balance, generated from unused funds for pension stabilization, was committed to help pay a portion of annual debt service for the POBs to assist with the funding of the County’s overall retirement costs. By using committed fund balance to help support payments of the pension obligation bonds, ongoing discretionary revenue will be made available to help absorb the anticipated rising annual costs of retirement, which are expected to be impacted by actual investment performance and anticipated changing economic and demographic assumptions.

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.

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. Board of Supervisors Budget Deliberations are 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 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 occurs in June.

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: 2018 Dates

**Calendar Year 2018**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td><strong>Feb 6</strong></td>
<td>Office of Financial Planning (OFP) issues Operational Plan instructions</td>
<td></td>
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<tr>
<td><strong>Feb 12</strong></td>
<td>Countywide Operational Plan Kickoff</td>
<td>County’s budgeting application, Performance Budgeting (PB), opens for Recommended Operational Plan development</td>
</tr>
<tr>
<td><strong>Feb 13</strong></td>
<td>Capital Appropriations spreadsheet open to Groups</td>
<td></td>
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<tr>
<td><strong>Mar 7</strong></td>
<td>PB closes to departments for Group review</td>
<td>Deadline for Groups and Departments to submit draft narratives to OFP, including: Anticipated Accomplishments, Objectives, Recommended Changes and Operational Impacts (from Year 1 to Year 2), and Performance Measures</td>
</tr>
<tr>
<td><strong>Mar 21</strong></td>
<td>PB closes to Groups for CAO Recommended Operational Plan</td>
<td>Deadline for Groups and Departments to complete financial and narrative information for Capital Section, including: Recommended Appropriations, Operational Impact (from Year 1 to Year 2), Photos of new projects, and Final Capital Improvement Needs Assessment report</td>
</tr>
<tr>
<td><strong>Mar 28</strong></td>
<td>Deadline for Groups to submit the following sections to OFP: All Funds: Total Appropriations; All Funds: Total Staffing; and Appendix D (Health and Human Services Agency only)</td>
<td></td>
</tr>
<tr>
<td><strong>Apr 4</strong></td>
<td>Deadline for Groups and Departments to submit Classification Activity Reports (CARs) for CAO Recommended Operational Plan to Department of Human Resources (DHR) in a package</td>
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<tr>
<td><strong>Apr 20</strong></td>
<td>Draft copy of balanced CAO Recommended Operational Plan sent to the Deputy Chief Administrative Officer/Auditor and Controller</td>
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<tr>
<td><strong>Apr 25</strong></td>
<td>Draft copy of balanced CAO Recommended Operational Plan sent to the Chief Administrative Officer</td>
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<tr>
<td><strong>May 1</strong></td>
<td>PB opens for Change Letter development</td>
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<tr>
<td><strong>May 8</strong></td>
<td>Run Legal Ad notifying public of hearing dates and the date/location that the budget document will be available</td>
<td>Budget document available to the public and distributed to Board Offices (no formal Board action)</td>
</tr>
<tr>
<td><strong>May 23</strong></td>
<td>PB closes to Groups and Departments (Change Letter)</td>
<td>Deadline for Groups and Departments to submit all final Change Letter and financial narratives to OFP</td>
</tr>
<tr>
<td><strong>May 25</strong></td>
<td>Deadline for Groups and Departments to submit CARs for Change Letter to DHR</td>
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## FINANCIAL PLANNING CALENDAR: 2018 DATES

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>Jun 11–20</td>
<td>Budget Hearings</td>
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<tr>
<td>Jun 11–12</td>
<td>Community Enhancement (CE) Hearings</td>
</tr>
<tr>
<td>Jun 13</td>
<td>Presentation and Public Hearings on CAO Recommended Operational Plan (9:00 AM)</td>
</tr>
<tr>
<td>Jun 18</td>
<td>File/docket Draft Board Letter to adopt the budget</td>
</tr>
<tr>
<td>Jun 19</td>
<td>Final CE Allocations to OFP</td>
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<tr>
<td>Jun 20</td>
<td>Last day for written testimony on budget to Clerk of the Board, including Change letter Budget board letter, resolution(s) to adopt budget, and any referrals to budget filed with the Clerk of the Board</td>
</tr>
<tr>
<td>Jun 26</td>
<td>Budget Deliberations (2:00 PM) &amp; Budget Adoption</td>
</tr>
<tr>
<td>Jul 25</td>
<td>Deadline for Groups and Departments to submit all final Adopted Operational Plan narratives to OFP</td>
</tr>
</tbody>
</table>
Total Appropriations by Group/Agency

Appropriations total **$6.26 billion in the Recommended Budget for Fiscal Year 2018–19** and **$5.63 billion for Fiscal Year 2019–20**. This is an increase of $469.5 million or 8.1% for Fiscal Year 2018–19 from the Fiscal Year 2017–18 Adopted Budget. Looking at the Operational Plan by Group/Agency, there are appropriation increases for all Groups.

The chart above shows each Group/Agency’s share of the Fiscal Year 2018–19 Recommended Budget, while the bar chart and table on the following page compare the Fiscal Years 2018–19 and 2019–20 appropriations to the two prior fiscal years. The percentage change is also calculated for the variance between the Fiscal Year 2018–19 Recommended Budget and the Fiscal Year 2017–18 Adopted Budget. An overview of the County’s Operational Plan for Fiscal Year 2018–19 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.
Public Safety Group (PSG)

A net increase of $71.6 million or 3.9% from the Fiscal Year 2017–18 Adopted Budget. The increase primarily relates to growth in Proposition 172, The Local Public Safety Protection and Improvement Act of 1993 funding, the planned use of one-time resources, an increase of 69.00 staff years, and required retirement contributions and negotiated labor agreements.

Major changes include:

- Increases in staff in the Sheriff’s Department, Public Defender, District Attorney, Probation, Office of Emergency Services, Public Safety Group Executive Office and CLERB to align operations with current workload, and to address the behavioral health needs of persons in the criminal justice system, including support for the implementation of the Drug Medi-Cal Organized Delivery System.

### Total Appropriations by Group/Agency (in millions)

<table>
<thead>
<tr>
<th>Group/Agency</th>
<th>Fiscal Year 2016–17 Adopted Budget</th>
<th>Fiscal Year 2017–18 Adopted Budget</th>
<th>Fiscal Year 2018–19 Recommended Budget</th>
<th>% Change</th>
<th>Fiscal Year 2019–20 Recommended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety</td>
<td>$1,761.0</td>
<td>$1,836.1</td>
<td>$1,907.7</td>
<td>3.9%</td>
<td>$1,891.5</td>
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<tr>
<td>Health and Human Services</td>
<td>1,869.6</td>
<td>1,914.4</td>
<td>2,103.7</td>
<td>9.9%</td>
<td>2,115.2</td>
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<tr>
<td>Land Use and Environment</td>
<td>455.2</td>
<td>511.8</td>
<td>535.7</td>
<td>4.7%</td>
<td>476.5</td>
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<tr>
<td>Community Services</td>
<td>307.3</td>
<td>328.6</td>
<td>330.2</td>
<td>0.5%</td>
<td>324.8</td>
</tr>
<tr>
<td>Finance and General Government</td>
<td>407.8</td>
<td>409.1</td>
<td>445.1</td>
<td>8.8%</td>
<td>407.5</td>
</tr>
<tr>
<td>Capital Program</td>
<td>74.2</td>
<td>154.1</td>
<td>274.9</td>
<td>78.3%</td>
<td>9.2</td>
</tr>
<tr>
<td>Finance Other</td>
<td>485.1</td>
<td>632.3</td>
<td>658.6</td>
<td>4.2%</td>
<td>405.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,360.1</strong></td>
<td><strong>$5,786.4</strong></td>
<td><strong>$6,255.9</strong></td>
<td><strong>8.1%</strong></td>
<td><strong>$5,630.6</strong></td>
</tr>
</tbody>
</table>
Amounts allocated for one-time expenditures to support negotiated one-time salary and benefit payments; major maintenance projects; various capital projects; helicopter and equipment purchases; electronic records storage; fire service enhancements; planned Sheriff’s academies, loss of revenue related to the elimination of juvenile fees and fees for decedent transportation costs; support for regional law enforcement services; and radio replacements.

- Increases in various facility, vehicle maintenance, information technology and self-insured liability costs.
- Increases in contracted services related to fire and emergency medical services, and for community programs providing behavioral health support and prevention, intervention, diversion, mentoring services and activities to support employment opportunities for youth.

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

Key areas of focus include:
- Promoting the implementation of a service delivery system that is sensitive to individuals’ needs by expanding the region’s substance use disorder treatment system, including bolstering services that address the root causes of criminal behavior and respond to individual needs; and by identifying those with mental health needs entering the criminal justice system and helping them to transition into community-based programs.
- Plan, build and maintain safe communities to improve the quality of life for all residents by continuing to practice the crime prevention and interruption strategies that helped us reach this milestone. And we will work to extend our 30 year low in local crime rates and historically low juvenile crime rates.
- Strengthening prevention and enforcement strategies to protect our children, youth and older adults from neglect and abuse by providing diversion and supportive community-based programs, meeting the mental health and other needs of youth in the juvenile justice system and developing innovative mentoring programs for at-risk and justice-involved youth.
- Provide and promote services that increase the well-being of our residents and increase consumer and business confidence by providing the best wildfire response in the nation.
- Providing modern infrastructure, innovative technology and appropriate resources to ensure superior service delivery to our customers by developing high quality facilities that improve public safety services. The Public Safety Group is planning several critical new facilities that will boost the efficiency and effectiveness of services.

Health and Human Services Agency (HHSA)

A net increase of $189.3 million or 9.9% from the Fiscal Year 2017–18 Adopted Budget. Over 60% of the increase, or $119.6 million, is directly tied to the implementation of the Drug Medi-Cal Organized Delivery System (DMC-ODS) in the Behavioral Health Services (BHS) department to expand access to high-quality care for Medi-Cal enrollees with substance use disorders (SUD). As part of this investment, 49.00 new staff years are added. Also included in Salaries & Benefits are 16.00 new staff years to support affordable housing developments and innovative housing strategies, and 18.00 new staff years to enhance the Agency’s capacity to prepare for and respond to public health emergencies. Additional appropriations are also included in the In-Home Supportive Services (IHSS) program for adjustments to the County’s Maintenance of Effort and negotiated health benefit contributions for IHSS home care workers, and in infrastructure spending to continue to build upon facilities projects and capital improvements that support building a better service delivery system. Lastly, the Agency continues to increase investments in services across HHSA departments to drive improved outcomes for the most vulnerable populations.

Major changes include:
- Increase for the DMC-ODS implementation, including enhancements to residential and outpatient treatment, withdrawal management, case management services, and infrastructure to support DMC-ODS service delivery expansion, oversight and monitoring.
- The addition of 49.00 staff years to support the DMC-ODS, 16.00 staff years in Housing and Community Development Services (HCDS), and 18.00 staff years in Public Health Services (PHS).
- Increases in resources addressing housing and homeless efforts across departments including short-term bridge housing, housing navigation services, the CalWORKs Housing Support Program, funding for the Housing and Disability Advocacy Program, and increases for Project One for All (POFA), a Board initiative that provides wraparound services to homeless individuals who are experiencing serious mental illness (SMI).
- Increases for additional Long Term Care (LTC) capacity in BHS and increases for mental health services, including innovative programs funded through the Mental Health Services Act (MHSA) to help address SMI, additional capacity for mobile family trauma counseling services to assist victims and their families in dealing with long term traumatic impacts of violence, and a new crisis response pilot pairing mental health clinicians with paramedical staff to respond to mental health crisis calls that do not require law enforcement intervention.
Increases in resources to strengthen families served across the Agency include: intensive case management services provided to CalWORKs recipients; child care support to resource families in Child Welfare Services (CWS); an expansion to the Cultural Broker Program which provides services to enhance child safety and family stability in CWS; an expansion of financial literacy programming throughout the region in support of economic self-sufficiency; the addition of mobile domestic violence support teams to connect individuals and families to needed resources.

Increase for hepatitis A related sustainability and preparedness activities, and grant funded prevention activities for Tobacco Control, the Local Oral Health Program (LOHP), Disaster Response, and Nutrition Education and Obesity Prevention (NEOP) programs.

Increase in various facilities costs including lease costs, one-time major maintenance projects and capital projects, and enhanced security guard services across multiple HHSA facilities.

Increase in one-time investments to support ambulance services for County Service Areas (CSA) such as replacement of defibrillators and IT related costs for the pre-hospital data collection and integration reporting requirements.

Decrease related to the process for recording the State’s Managed Care offset for inpatient fee for service costs, with no impact to services.

Decrease in Other Charges to align benefit payments with projected caseload trends, primarily in the CalWORKs cash assistance program.

Decreases associated with the completion of prior year one-time projects and commitment of one-time funds primarily for housing and community development projects.

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:

- Providing for the increasing aging population by ensuring the optimal mix of services are in place, including a continued focus on Alzheimer’s awareness and support projects and efforts to advance the Seniors in Crisis program, promote food security and senior nutrition, and access to home-based and caregiver services through the IHSS program.
- Strengthening the service delivery system for residents with serious mental illness and/or substance abuse disorders including investing significant resources to implement the DMC-ODS, building capacity at all levels of care, from prevention to long term support, appropriately resolving crisis situations through the continued use of Psychiatric Emergency Response Teams (PERT) to respond to 911 calls for individuals that may be experiencing a mental health crisis as well as piloting a new crisis response pilot pairing mental health and paramedical staff.
- Continuing efforts to improve integration of housing, health and human services for the homeless population by increasing investments in Project One For All, which serves homeless individuals who are seriously mentally ill through comprehensive wraparound services that are paired with housing. Participation in the Whole Person Wellness pilot program will improve service coordination for homeless Individuals who are high utilizers of hospital systems.
- Continuing investment in PHS to enhance the Agency’s ability to manage public health emergencies, focusing on prevention services, and prioritizing the Getting to Zero initiative which seeks to end the HIV epidemic over the next 10 years.
- Improving outcomes for children and families involved in the Child Welfare System through continued participation in the California Well-Being Demonstration Project, implementation of the State’s Continuum of Care Reform legislation, and overall increased housing and behavioral health supports.
- Enhancing service delivery by continuing to modernize facilities to promote a professional and trauma informed atmosphere, and by continuing to invest in information technology systems that support person centered service delivery and integrate systems to support coverage and care efforts that include treatment, assistance, protection and prevention. Streamlining information and access to services to ensure all residents are linked to the coverage and care needed so they can achieve health, security, and independence.

Land Use and Environment Group (LUEG)

A net increase of $23.9 million or 4.7% from the Fiscal Year 2017–18 Adopted Budget. The increase primarily relates to the addition of 56.00 staff years across all LUEG departments. Other increases relate to the San Diego County Flood Control District debris control facilities and maintenance program, the Watershed Protection Program to fund Total Maximum Daily Load (TMDL), the Strategic Plan to reduce waste in the Waste Planning and Recycling program, the San Diego County Sanitation District metro water transportation program, and the implementation of the Climate Action Program (CAP). This is partially offset by a net decrease in the Road Fund primarily due to a completion of one-time advance from the General Fund for future maintenance and road rehabilitation projects.

Major changes include:

- The addition of 56.00 staff years in the following departments: Agriculture, Weights and Measures; Air Pollution Control District; Environmental Health; Parks and Recreation; Planning & Development Services; and in the Department of Public Works.
Support of the San Diego County Flood Control District debris control facilities and maintenance program.

Continued investments 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.

Supporting the Strategic Plan to reduce waste in the Waste Planning and Recycling program.

Increases related to the San Diego County Sanitation District metro water transportation program and new capital projects.

The implementation of the Climate Action Program (CAP).

The expansion of the Summer Night Lights program, regional emerging pest and trail alignment study, and preparation of historical structure assessments reports and vegetation management.

Increases in the Air Quality Improvement Trust for the Carl Moyer VIP program, Car Scrapping program and an Electric Vehicle incentive.

Decrease in the Road Fund primarily due to a completion of one-time advance from the General Fund for future maintenance and road rehabilitation projects.

Decrease in the Air Quality Proposition 1B Goods Movement Emission Reduction Program fund due to decrease of one-time funding from the State for mobile incentives.

Key areas of focus include:

- Protecting San Diego County’s $1.7 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 public health and the environment from the harmful effects of air pollution by attaining and maintaining air quality standards throughout the county.

- Continuing to work with the University of California Cooperative Extension 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, safeguarding environmental quality, and helping to prevent disease through education and awareness of vector-borne diseases and proper disposal of household hazardous, electronic and universal waste.

- Expanding and protecting park resources, by acquiring additional parkland throughout the county to provide opportunities for high quality parks and recreation experiences and also expanding management, monitoring, maintenance, operations and on-going stewardship of existing and future land.

- Enhancing the quality of our communities and ensuring the health and safety of residents by facilitating high quality development, protecting natural resources and implementing the General Plan and land development ordinances in the unincorporated region.

- Maintaining County roadway infrastructure in good condition to provide for reduced impact to vehicles, enhanced road safety and improved transportation facilities for our customers. The Department of Public Works will work with the Office of Strategy and Intergovernmental Affairs to advocate at the federal level for additional funding to assist in meeting this goal.

- Protect a sustainable watershed by improving the health of local waters and minimizing downstream pollutants.

Community Services Group (CSG)

A net increase of $1.6 million or 0.5% from the Fiscal Year 2017–18 Adopted Budget. The increase is primarily due to growth in staffing for several departments (20.50 staff years); asset depreciation expense; gas and electric utility expense; operating transfers for facility projects; contracted services for the operations and maintenance of County-owned facilities; and commitments for future elections. Partially offsetting decreases include a reduction of 68.00 staff years resulting from the expiration of animal services contracts with six local cities, lower projected management reserves for unanticipated groupwide expenses, reclassification of major maintenance projects as capital items, and completion of one-time facility needs budgeted in Fiscal Year 2017–18 for CSG departments.

Major changes include:

- A net decrease in personnel costs, including a net decrease of 47.50 staff years, with increases in negotiated labor agreements and retirement contributions for existing positions.

- An increase in major maintenance facility projects and contracted services to align with forecasted needs in Fiscal Year 2018–19.

- Expansion in one-time energy efficiency projects in various County facilities.

- An increase in vehicle depreciation costs paid by departments for future replacement of vehicles.

- Increases in utility costs such as electricity and natural gas based on projected usage and rates.
Key areas of focus include:

- Exploring outsourcing opportunities for animal services in the unincorporated area of the county through a managed competition process, in which County employees create a proposal designed to compete directly with an external service provider.
- Maintaining library hours to provide patron access to library materials and services, while exploring alternatives for a modern Integrated Library System (ILS).
- Planning for improved library facilities in Casa de Oro, Lakeside, and 4S Ranch.
- Increased focus on the marketing and use of County properties.
- Improving energy efficiency in existing County facilities, while incorporating efficiency technology in all new facility construction.
- Consolidation of all San Diego County area redevelopment successor agency oversight boards into a single oversight board, in accordance with California Health & Safety Code requirements, effective July 1, 2018.
- Implementing updated systems for contract award and management to decrease the amount of lead time for each procurement while increasing the percentage of competitively bid contracts.
- Continuing improvement of the infrastructure for processing a growing number of ballots submitted by permanent vote-by-mail voters in the November 2018 Gubernatorial General and March 2020 Presidential Primary elections, while successfully implementing conditional voter registration as required by California Elections Code.

Finance and General Government Group (FGG)

A net increase of $36.0 million or 8.8% from the Fiscal Year 2017–18 Adopted Budget. The increase is due primarily to the addition of 7.00 staff years, facility maintenance and operations costs, one-time information technology (IT) projects, and required retirement contributions and negotiated labor agreements.

Major changes include:

- A change in planned IT services for a number of County departments through the County’s information technology outsourcing contract, including:
  - Upgrade the County’s budgeting system.
  - Upgrade of the County’s timekeeping system.
  - Upgrade of core components and new tools within the County’s Enterprise Document Processing Platform environment.
  - One-time projects of multiple IT systems, including PeopleSoft Tools and Identity and Access Management system upgrades.

- Various IT updates including Justice Electronic Library System expansion, myRequests enhancement into Oracle Business Intelligence, and various security related enhancements.
- Increase in personnel costs associated with required retirement contributions, negotiated labor agreements and increase in staffing.

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 well-managed Treasurer's Investment Pool.
- Providing the highest quality legal services to the Board of Supervisors and County departments.
- Maintaining an investment in modern IT to support County operations.
- Strengthening the customer service culture by ensuring every customer has a positive experience.

Capital Program

A net increase of $120.7 million or 78.3% from the Fiscal Year 2017–18 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 2018–19 Capital Program includes $265.7 million for capital projects, which are listed below.

Funding in whole, or to support any remaining costs, for the following capital projects:

- $66.0 million for the Southeastern Live Well Center;
- $8.9 million for Ohio Street Renovation/Replacement;
- $6.3 million for Lindo Lake Improvements—East Basin, Phase 1;
- $3.5 million for the Mount Woodson Parking Lot;
- $1.4 million for project management of the Inmate Transfer Tunnel;
- $1.4 million for the Mt. Laguna Fire Station #49;
- $1.0 million for the Lindo Lake Photovoltaic;
- $0.7 million for the Borrego Springs Park;
- $0.6 million for design and construction of the Borrego Springs Shadeway;
- $0.5 million for the Otay Valley Regional Park Bike Skills Course;
- $0.5 million for Park Volunteer Pads at various parks;
$0.4 million for construction of camping cabins at Guajome County Park;
$0.3 million for construction of playground shade structures and San Dieguito, Patriot and Liberty Parks;
$0.1 million for the Borrego Springs Sheriff Office;
$18.8 million for 48 major maintenance projects to be capitalized;
$0.8 million Water Conservation and Sustainable Park Features at Patriot and Jess Martin Park; and
$0.6 million to replace playground equipment at Dos Picos and Heise Parks.

Funding in part for the below listed capital projects:
$84.0 million for the San Diego Juvenile Justice Campus;
$17.9 million for construction of the Lakeside Branch Library;
$4.1 million for the construction of the Lakeside Equestrian Facility;
$4.0 million for the Casa de Oro Library;
$0.2 million for Sage Hill Staging Area and Trail System Improvements;
$16.0 million for Phase 2 of the County Administration Center (CAC) Renovations;
$7.5 million for the Multiple Species Conservation Program (MSCP);
$6.5 million for acquisition of land in Alpine for the Department of Parks and Recreation;
$5.0 million for the County Live Well Campus at Rosecrans;
$4.0 million for the Tijuana River Valley Regional Park Campground and Education Center;
$1.8 million for San Luis Rey River Park Acquisition and Improvement;

$1.0 million for Sycuan Kumeyaay Village Dehesa Road/ Sloan Canyon Road Trail (Phase 1 & 4);
$0.7 million for Otay Primitive Campground;
$0.6 million for Sycamore Canyon Trails; and
$0.1 million for Stelzer Park Ranger Station and Visitor Center.

The Fiscal Year 2018–19 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 2018–19 total $274.9 million.

In Fiscal Year 2019–20, appropriations decrease by $265.7 million from Fiscal Year 2018–19 and the program includes funding of $9.2 million for the Edgemoor Development Fund.

**Finance Other**

A net increase of $26.3 million or 4.2% from the Fiscal Year 2017–18 Adopted Budget. Many of the appropriations in this group vary little from year to year, but some are one-time and can fluctuate significantly.

The majority of the increases in the Fiscal Year 2018–19 budget support capital projects as described above and an increase in Countywide Shared Major Maintenance for Countywide Security Assessments. These increases are offset by a decrease in Contingency Reserve due to the amendment of Administrative Code Section 113.1 General Fund Fund Balances and Reserves, decrease in the amount being set aside for the POB Commitment, and due to the completion of a one-time appropriation for the Innovative Housing Initiative in Fiscal Year 2017–18.
Total Appropriations by Categories of Expenditures

The chart below shows the CAO Recommended Budget detailed by categories of expenditures. As noted previously, the Fiscal Year 2018–19 CAO Recommended Budget is increasing overall by $469.5 million or 8.1% from the Fiscal Year 2017–18 Adopted Budget and decreasing by $625.3 million or 10.0% to $5.63 billion in Fiscal Year 2019–20.

### Total Appropriations by Categories of Expenditures
Fiscal Year 2018-19: $6.26 billion

- **Salaries & Benefits**: $2,230.3M (35.7%)
- **Services & Supplies**: $2,249.8M (36.0%)
- **Other Charges**: $710.0M (11.3%)
- **Operating Transfers Out**: $676.4M (10.8%)
- **Remaining Categories**: $389.4M (6.2%)

### Salaries & Benefits
Salaries & Benefits are increasing overall by a net of $106.0 million or 5.0% in Fiscal Year 2018–19. This change reflects a net staffing increase of 167.50 staff years, negotiated labor agreements and increased retirement contributions. This net increase is attributable to increased staffing in the Public Safety Group (PSG), the Health and Human Services Agency (HHSA), the Land Use and Environment Group (LUEG) and the Finance and General Government Group (FGG), partially offset by decreased staffing in the Community Services Group.

In Fiscal Year 2019–20, Salaries & Benefits are increasing by a net of $68.0 million or 3.0%, which reflects the estimated impact of labor agreements that have been negotiated through Fiscal Year 2019–20. There are no estimates included in Fiscal Year 2019–20 for employee organizations with agreements that are set to expire during Fiscal Year 2018–19. No change in staffing is recommended in Fiscal Year 2019–20.

See the All Funds: Total Staffing section for a summary of recommended staffing changes by business group.
Services & Supplies are increasing by a net of $168.8 million or 8.1%. This category accounts for expenditures for items such as office supplies, contracted services, facility leases, facility maintenance, minor equipment, utility usage, services provided by internal service funds (ISFs) and various other requirements.
While individual accounts are increasing or decreasing by varying amounts, the most significant increases include: $142.2 million in HHSA primarily in Behavioral Health Services (BHS) for the Drug Medi-Cal Organized Delivery System (DMC-ODS) implementation, for programs serving homeless individuals under Project One for All and new programs to help address serious mental illness, in Aging & Independence Services (AIS) related to In-Home Support Services (IHSS), and in Public Health Services for efforts to address hepatitis A, contracted services for the expansion of various programs including Nutrition Education and Obesity Prevention, Sexually Transmitted Disease (STD)/HIV, and the Local Oral Health Program, replacement of defibrillators and increased costs in ambulance services for County Service Areas; $25.8 million in PSG primarily in the Probation Department for the DMC-ODS, community transition services, the Alternatives to Detention Program and services for young people and families, in the Sheriff’s Department primarily due to increased costs for public liability insurance and facilities, and in the San Diego County Fire Authority primarily for one-time fire service enhancements; and $25.6 million in FGG primarily in the County Technology Office and FGG Executive Office for one-time and ongoing information technology expenditures, and in the Assessor/Recorder/County Clerk for the restoration and preservation of books and microfilm, and major maintenance costs for branch offices and the East County Operations and Archive building.

These increases are partially offset by a decrease of $26.2 million in Finance Other in Countywide General Expense primarily due to a one-time appropriation for the Innovative Housing Initiative in Fiscal Year 2017–18.

A decrease of $128.2 million or 5.7% in Fiscal Year 2019–20 is primarily due to the anticipated completion of one-time projects.

Other Charges

Other Charges are decreasing by $18.2 million or 2.5%. 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 overall decrease is largely driven by a decrease of $16.6 million in HHSA primarily in Self-Sufficiency Services due to declining caseload trends in various programs including CalWORKs and Welfare to Work, and in BHS related to a change in the recording of inpatient fee-for-service costs; and a decrease of $4.7 million in LUEG largely in the Air Pollution Control District due to a net reduction in one-time funding from the State.

A decrease of $4.6 million or 0.6% is projected in Fiscal Year 2019–20.

Operating Transfers Out

Operating Transfers Out, the accounting vehicle for transferring the resources of one fund to pay for activities in another, is increasing by $170.5 million or 33.7%. The most significant increases support the County’s capital program for Fiscal Year 2018–19 including an increase of $121.6 million in Finance Other for Contributions to the Capital Program, a net increase of $18.4 million in HHSA primarily in AIS to reflect annualized costs to the IHSS Public Authority for negotiated health benefit contributions for IHSS home care workers, and in Administrative Support due to capitalization of projects in the Major Maintenance ISF; a net increase of $16.1 million in LUEG largely in the Department of Public Works primarily for transfers to the Road Fund for various one-time projects and to the Flood Control District for debris control facilities and maintenance; and $7.9 million in PSG primarily in the Sheriff’s Department mainly for transfers between the Asset Forfeiture Fund, Jail Commissary Enterprise Funds, Inmate Welfare Fund and the General Fund.

A decrease of $290.8 million or 43.0% is projected for Fiscal Year 2019–20 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 increasing by $96.5 million or 52.7%.

Appropriations vary from year to year depending upon the cost of the projects being funded. See All Funds: Total Appropriations Capital Program for a list of planned capital projects.

A decrease of $179.4 million or 64.1% is projected for Fiscal Year 2019–20 due to the removal of appropriations to support one-time projects.

Capital Assets Equipment

Capital Assets Equipment is decreasing by $3.9 million or 9.9% 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 $11.1 million or 31.0% is expected for Fiscal Year 2019–20.

Expenditure Transfers & Reimbursements

Expenditure Transfers & Reimbursements are decreasing by $1.4 million or 4.1%. 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.

The Expenditure Transfers & Reimbursements 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 Bureau of Public Assistance Investigations services. The DCSS investigates suspected fraudulent public assistance cases for the 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 2018–19, two funds have a contingency reserve. The Employee Benefits ISF contingency reserve remains at $5.0 million and the Public Liability ISF contingency reserve is increasing by $0.8 million or 55.5% to $2.3 million, to address the ISF’s unfunded liability over a 10-year period. The General Fund contingency reserve is decreasing by $24.0 million to zero as a result of a change in how the County maintains fund balances and reserves that was adopted by the Board of Supervisors in Fiscal Year 2017–18. See the discussion of Reserves in the Summary of Financial Policies section for additional information.

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 2018–19, the most significant commitment of fund balance includes $75.0 million committed for an annual portion of the payment of the debt service costs of the County’s existing Pension Obligation Bonds (POBs). Established in Fiscal Year 2017–18, this funding source is being used over a ten-year period as an alternative funding source for POB costs that previously had been supported by General Purpose Revenue. More information about the committed fund balance for POBs can be found in the Finance Other section.

Group Management Reserves

Management Reserves are decreasing by $3.5 million or 11.3% in Fiscal Year 2018–19. 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.)

**Total Appropriations by Fund Type**

**Fiscal Year 2018-19: $6.26 billion**

- **General Fund**
  - $4,686.1M
  - 74.9%

- **Special Revenue Funds**
  - $545.9M
  - 8.7%

- **Internal Service Funds**
  - $505.8M
  - 8.1%

- **Debt Service Funds**
  - $81.5M
  - 1.3%

- **Capital Project Funds**
  - $274.9M
  - 4.4%

- **Enterprise Funds**
  - $39.4M
  - 0.6%

- **Special Districts and Successor Agency Funds**
  - $122.5M
  - 2.0%

**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) and capitalized major maintenance projects.
Total Appropriations by Fund Type
Fiscal Years 2016–17 through 2019–20

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 residents 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.

Effective on or after July 1, 2018, one consolidated seven-member successor agency oversight board will perform the functions of all other existing San Diego County area oversight boards. The County of San Diego will act as the administrator of the consolidated oversight board. For further information, see the County Successor Agency under Community Services Group.
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.

<table>
<thead>
<tr>
<th>Department Fund Relationship</th>
<th>GOVERNMENTAL</th>
<th>PROPRIETARY</th>
<th>FIDUCIARY</th>
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<tbody>
<tr>
<td></td>
<td>General Fund</td>
<td>Special Revenue Fund</td>
<td>Debt Service Funds</td>
</tr>
<tr>
<td>Public Safety Group (PSG)</td>
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<td></td>
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<tr>
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<tr>
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<td>✓</td>
<td>✓</td>
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<tr>
<td>Medical Examiner</td>
<td>✓</td>
<td></td>
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<td>Office of Emergency Services</td>
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<tr>
<td>Probation</td>
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<tr>
<td>Public Defender</td>
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<tr>
<td>Aging &amp; Independence Services</td>
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<td>Public Health Services</td>
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<td>Self-Sufficiency Services</td>
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<td>Agriculture, Weights &amp; Measures</td>
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<td>Air Pollution Control District</td>
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<tr>
<td>Environmental Health</td>
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<tr>
<td>University of California Cooperative Extension</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>LUEG Executive Office</td>
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</table>
### ALL FUNDS: TOTAL APPROPRIATIONS

#### Department Fund Relationship

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<thead>
<tr>
<th></th>
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<th>FIDUCIARY</th>
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<td>Planning &amp; Development Services</td>
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<tr>
<td>Public Works</td>
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</tr>
<tr>
<td><strong>Community Services Group (CSG)</strong></td>
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<tr>
<td>Animal Services</td>
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<td></td>
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<tr>
<td>County Library</td>
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<td>County of San Diego Successor Agency</td>
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<tr>
<td>CSG Executive Office</td>
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<tr>
<td>General Services</td>
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<tr>
<td>Purchasing and Contracting</td>
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<td>Registrar of Voters</td>
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<td><strong>Finance and General Government (FGG) Group</strong></td>
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<tr>
<td>Assessor/Recorder/County Clerk</td>
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<td>Auditor and Controller</td>
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<td>Board of Supervisors</td>
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<td>Clerk of the Board of Supervisors</td>
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<td>Chief Administrative Office</td>
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<tr>
<td>Civil Service Commission</td>
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<tr>
<td>County Counsel</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>County Communications Office</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>County Technology Office</td>
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<tr>
<td>FGG Group Executive Office</td>
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<tr>
<td>Grand Jury</td>
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<td>Human Resources</td>
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<td>Treasurer-Tax Collector</td>
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<tr>
<td><strong>Capital Program</strong></td>
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</tr>
<tr>
<td>Finance Other</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Appropriations Limits

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

The limit for each year is equal to the prior year’s spending with upward adjustments allowed for changes in population and the cost of living. Most appropriations are subject to the limit. However, Proposition 4 and subsequently Proposition 99 (1988), Tobacco Tax and Health Protection Act, Proposition 10 (1998), California Children and Families First Act and Proposition 111 (1990), Traffic Congestion Relief and Spending Limitations Act, exempt certain appropriations from the limit. These exemptions include 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 remain far below the Gann Limit.

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Gann Limit</td>
<td>$ 4,465</td>
<td>$ 4,509</td>
<td>$ 4,737</td>
<td>$ 5,030</td>
<td>$ 5,264</td>
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<tr>
<td>Appropriations subject to the limit</td>
<td>$ 1,683</td>
<td>$ 1,772</td>
<td>$ 1,727</td>
<td>$ 1,796</td>
<td>$ 1,967</td>
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</tbody>
</table>
Total Staffing by Group/Agency

Recommended staff years\(^1\) for **Fiscal Year 2018–19 increased by 167.5** from the Adopted Budget for Fiscal Year 2017–18, an increase of 1.0% to a total of 17,580.5 staff years.

This net increase is attributable to increased staffing in all Groups with the exception of the Community Services 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 2019–20 are expected to remain constant at 17,580.5.

---

\(^{1}\)One staff year is equivalent to one permanent employee working full-time for one year.
Public Safety Group (PSG)

PSG has a net increase of 69.0 staff years, or 0.9%, to align staffing with available revenues and to address key operational requirements.

- District Attorney: increases by 7.0 staff years to implement the Drug Medi-Cal Organized Delivery System. Staff will serve as liaisons in collaborative courts and provide support to victims.
- Sheriff's Department: increases by a net of 40.0 staff years.
- Net increase of 23.0 staff years in the Detention Services Bureau to provide round-the-clock mental health services in the detention facilities and to implement the Drug Medi-Cal Organized Delivery System as well as transfer of 1.0 staff year to the Sheriff’s Court Services Bureau.
- Net increase of 14.0 staff years in the Law Enforcement Services Bureau to suppress juvenile delinquency and gang violence, for investigative operations, to maintain supervisory span of control to the unincorporated areas, to operationally manage major events, to increase law enforcement services requested by the Pala Band of Mission Indians and to provide support for the Operation Stonegarden Grant Program.
Net increase of 1.0 staff year in the Sheriff's Court Services Bureau due to a transfer from the Detention Services Bureau.

Net increase of 2.0 staff years in the Management Services Bureau to support the High Intensity Drug Trafficking Areas (HIDTA) program and the Regional Communication System (RCS) radio network infrastructure.

Public Safety Group Executive Office: increases by 4.0 staff years for program coordination supporting the Drug Medi-Cal Organized Delivery System; for Proposition 47 Grant Program coordination; and due to a transfer of 1.0 staff year from the County Technology Office.

Probation Department: increases by a net of 7.0 staff years.

Adult Field Services – net decrease of 44.0 staff years due to transfers to Institutional Services, Juvenile Field Services, and Department Administration.

Institutional Services – net increase of 71.0 staff years due to transfers of functions and programs from Juvenile Field Services and Adult Field Services.

Juvenile Field Services – net decrease of 35.0 staff years due to transfer of functions to Institutional Services offset by transfer from Adult Field Services.

Department Administration – net increase of 15.0 staff years to implement the Drug Medi-Cal Organized Delivery System, the expansion of community transition center services, and professional standards activities.

Citizens’ Law Enforcement Review Board: increases by 1.0 staff year to increase the efficiency of caseload review.

Office of Emergency Services: increases by 2.0 staff years to address increased need for disaster prevention and response, emergency planning activities and mitigation efforts.

Public Defender: increases by 8.0 staff years to address activities supporting the Drug Medi-Cal Organized Delivery System and case review due to Proposition 64, which reduced the penalties for felony marijuana offenses.

In Fiscal Year 2019–20, no change in staffing is recommended.

Health and Human Services Agency (HHSA)

HHSA has a **net increase of 83.0 staff years or 1.3%**. The increase is comprised of 49.0 additional staff years to support the implementation of Drug Medi-Cal Organized Delivery System (DMC-ODS), 18.0 additional staff years to enhance the Agency’s capacity to prepare for and respond to public health emergencies, and 16.0 additional staff years to support planning, administering and monitoring of housing strategies and affordable housing development projects and programs.

Aging & Independence Services: decreases by 2.0 staff years due to internal HHSA transfers.

Behavioral Health Services: increases by a net of 41.0 staff years, 42.0 staff years due to implementation of DMC-ODS noted above, offset by a decrease of 1.00 staff year due to internal HHSA transfer.

Public Health Services: increases by 18.0 additional staff years, of which 12.0 are public health nurses, to enhance emergency preparedness and response capacity.

Administrative Support: increases by a net of 10.0 staff years, 7.0 staff years due to the implementation of DMC-ODS noted above, and 3.0 staff years due to internal HHSA transfers.

Housing & Community Development Services: increases by 16.0 staff years to support planning, administering and monitoring of housing strategies and affordable housing development projects and programs.

In Fiscal Year 2019–20, no change in staffing is recommended.

Land Use and Environment Group (LUEG)

LUEG has an **increase of 56.0 staff years or 3.7%**.

Agriculture, Weights and Measures: increases by 7.0 staff years. This includes an increase of 3.0 staff years in the Plant Health & Pest Prevention program to fulfill state dog team contract requirements and implement, monitor and enforce other state programs; an increase of 2.0 staff years in the Pesticide Regulation Program to manage the increased workload relating to pesticide use near school sites and structural fumigation enforcement; an increase of 1.0 staff year in the Pest Detection program to support anticipated workload; an increase of 1.0 staff year in Budget/Accounting to manage the overall increased workload in the unit.

Air Pollution Control District: increases by 3.0 staff years. This includes an increase of 2.0 staff years to support the BioWatch program and an increase of 1.0 staff year to support Climate Action Plan (CAP) program.

Environmental Health: increases by 10.0 staff years. This includes an increase of 9.0 staff years to support Food and Housing Division and an increase of 1.0 staff year to support Vector Control program.

Parks and Recreation: increases by 16.0 staff years. This includes an increase of 11.0 staff years in the Operations Division for various parks to support daily operations and maintenance of new and expanded parks facilities and programs including Summer Night Lights program; an increase of 3.0 staff years in the Resource Management Division and Development Division to support the Park Expansion program; and an increase of 2.0 staff years in Administration to provide office support and human resources.

Planning & Development Services: increases by 7.0 staff years. This includes an increase of 5.0 staff years in Advance Planning to support development of Groundwater Sustainability Plans and implementation of the Climate Action Plan;
an increase of 1.0 staff year in Code Compliance to support ongoing code compliance related work; and an increase of 1.0 staff year in Support Services to provide fiscal support to divisions due to increased workload.

♦ Public Works: increases by 13.0 staff years. This includes an increase of 12.0 staff years in the Road Fund: 7.0 staff to achieve an average Pavement Condition Index of 70 for the entire County road network in five years, 3.0 staff years to work on sanitation and cleanup programs to respond to emerging public health risk, 1.0 staff year to ensure compliance with the Bacteria Total Maximum Daily Load (TMDL) requirements, and 1.0 staff year to lead in development of policy updates and ordinance changes, and to support with emergency response and recovery efforts; and an increase of 1.0 staff year in the Waste Planning and Recycling Fund to implement the Strategic Plan to Reduce Waste by achieving 75% waste diversion by 2025.

In Fiscal Year 2019–20, no change in staffing is recommended.

Community Services Group (CSG)

CSG has a net decrease of 47.5 staff years or 5.1%.
- County Library: increases by 5.5 staff years to provide increased staffing levels at the new Borrego Springs library, and to support information technology activities at Library headquarters.
- Department of General Services: increases by 12.0 staff years:
  - Increase of 2.0 staff years for maintenance of detention facilities.
  - Increase of 2.0 staff years for facility analysis to identify and address needs of aging facilities.
  - Increase of 5.0 staff years in Project Management Division to keep pace with demands created by growing list of major maintenance and capital projects.
  - Increase of 1.0 staff year in Real Estate Services to manage growing workload driven by increase in planned uses of County property, including marketing of surplus property.
  - Increase of 1.0 staff year for expanded use of information system used to track facility condition and maintenance.
  - Increase of 1.0 staff year for administrative analysis needs in Facilities Management.
- Department of Purchasing and Contracting: increases by 3.0 staff years to keep pace with growing demand for procurement services as department increases overall percentage of competitively bid contracts.
- Department of Animal Services: decreases by 68.0 staff years to reflect expiration of service contracts with six cities (Carlsbad, Del Mar, Encinitas, San Diego, Santee, and Solana Beach) effective June 30, 2018.

In Fiscal Year 2019–20, no change in staffing is recommended.

Finance and General Government Group (FGG)

FGG has a net increase of 7.0 staff years or 0.6%.
- Auditor and Controller: increase of 1.0 staff year to support operational needs of the Projects, Revenue and Grants Accounting unit in the Controller division.
- County Communications Office: increase of 1.0 staff year to support county communication efforts to provide accurate and timely information to the public.
- County Technology Office: decrease of 2.0 staff years due to a transfer of 1.0 staff year to the Public Safety Group Executive Office for support of public safety information technology needs and transfer of 1.0 staff year to the Finance and General Government Group Executive Office for support of countywide data and performance analytics.
- Finance and General Government Group Executive Office: increase of 2.0 staff years to support countywide data and performance analytics due to increase of 1.0 new staff year and transfer of 1.0 staff year from the County Technology Office.
- Office of County Counsel: increase of 5.0 staff years.
  - Increase of 2.0 staff years to support program coordination between County Counsel and Health and Human Services Agency Child Welfare Services relating to juvenile dependency and mental health conservatorship matters.
  - Increase of 3.0 staff years to support the increase in tort liability and general litigation workload.

In Fiscal Year 2019–20, no change in staffing is recommended.
### 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.

<table>
<thead>
<tr>
<th>Total Staffing by Department within Group/Agency (staff years)</th>
<th>Fiscal Year 2016–17 Adopted Budget</th>
<th>Fiscal Year 2017–18 Adopted Budget</th>
<th>Fiscal Year 2018–19 Recommended Budget</th>
<th>% Change</th>
<th>Fiscal Year 2019–20 Recommended Budget</th>
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</thead>
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<td>Public Safety</td>
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<td><strong>Health and Human Services</strong></td>
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<td><strong>6,320.5</strong></td>
<td><strong>6,403.5</strong></td>
<td><strong>1.3</strong></td>
<td><strong>6,403.5</strong></td>
</tr>
<tr>
<td>Self Sufficiency Services</td>
<td>2,519.0</td>
<td>2,517.0</td>
<td>2,517.0</td>
<td>0.0</td>
<td>2,517.0</td>
</tr>
<tr>
<td>Aging &amp; Independence Services</td>
<td>427.0</td>
<td>420.0</td>
<td>418.0</td>
<td>(0.5)</td>
<td>418.0</td>
</tr>
<tr>
<td>Behavioral Health Services</td>
<td>818.0</td>
<td>823.0</td>
<td>864.0</td>
<td>5.0</td>
<td>864.0</td>
</tr>
<tr>
<td>Child Welfare Services</td>
<td>1,364.0</td>
<td>1,368.0</td>
<td>1,368.0</td>
<td>0.0</td>
<td>1,368.0</td>
</tr>
<tr>
<td>Public Health Services</td>
<td>645.5</td>
<td>648.5</td>
<td>666.5</td>
<td>2.8</td>
<td>666.5</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>442.0</td>
<td>443.0</td>
<td>453.0</td>
<td>2.3</td>
<td>453.0</td>
</tr>
<tr>
<td>Housing &amp; Community Development Services</td>
<td>102.0</td>
<td>101.0</td>
<td>117.0</td>
<td>15.8</td>
<td>117.0</td>
</tr>
<tr>
<td><strong>Land Use and Environment</strong></td>
<td><strong>1,487.0</strong></td>
<td><strong>1,531.0</strong></td>
<td><strong>1,587.0</strong></td>
<td><strong>3.7</strong></td>
<td><strong>1,587.0</strong></td>
</tr>
<tr>
<td>Land Use and Environment Executive Office</td>
<td>12.0</td>
<td>12.0</td>
<td>12.0</td>
<td>0.0</td>
<td>12.0</td>
</tr>
<tr>
<td>Agriculture, Weights and Measures</td>
<td>167.0</td>
<td>168.0</td>
<td>175.0</td>
<td>4.2</td>
<td>175.0</td>
</tr>
<tr>
<td>Air Pollution Control District</td>
<td>146.0</td>
<td>147.0</td>
<td>150.0</td>
<td>2.0</td>
<td>150.0</td>
</tr>
<tr>
<td>Environmental Health</td>
<td>280.0</td>
<td>287.0</td>
<td>297.0</td>
<td>3.5</td>
<td>297.0</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>180.0</td>
<td>189.0</td>
<td>205.0</td>
<td>8.5</td>
<td>205.0</td>
</tr>
<tr>
<td>Planning &amp; Development Services</td>
<td>195.0</td>
<td>216.0</td>
<td>223.0</td>
<td>3.2</td>
<td>223.0</td>
</tr>
<tr>
<td>Public Works</td>
<td>507.0</td>
<td>512.0</td>
<td>525.0</td>
<td>2.5</td>
<td>525.0</td>
</tr>
</tbody>
</table>
## Total Staffing by Department within Group/Agency (staff years)

<table>
<thead>
<tr>
<th>Department</th>
<th>Fiscal Year 2016–17 Adopted Budget</th>
<th>Fiscal Year 2017–18 Adopted Budget</th>
<th>Fiscal Year 2018–19 Recommended Budget</th>
<th>% Change</th>
<th>Fiscal Year 2019–20 Recommended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Services</td>
<td>910.0</td>
<td>923.0</td>
<td>875.5</td>
<td>(5.1)</td>
<td>875.5</td>
</tr>
<tr>
<td>Community Services Executive Office</td>
<td>8.0</td>
<td>8.0</td>
<td>8.0</td>
<td>0.0</td>
<td>8.0</td>
</tr>
<tr>
<td>Animal Services</td>
<td>128.0</td>
<td>128.0</td>
<td>60.0</td>
<td>(53.1)</td>
<td>60.0</td>
</tr>
<tr>
<td>County Library</td>
<td>274.0</td>
<td>278.0</td>
<td>283.5</td>
<td>2.0</td>
<td>283.5</td>
</tr>
<tr>
<td>General Services</td>
<td>378.0</td>
<td>383.0</td>
<td>395.0</td>
<td>3.1</td>
<td>395.0</td>
</tr>
<tr>
<td>Purchasing and Contracting</td>
<td>56.0</td>
<td>58.0</td>
<td>61.0</td>
<td>5.2</td>
<td>61.0</td>
</tr>
<tr>
<td>Registrar of Voters</td>
<td>66.0</td>
<td>68.0</td>
<td>68.0</td>
<td>0.0</td>
<td>68.0</td>
</tr>
<tr>
<td>Finance and General Government</td>
<td>1,191.5</td>
<td>1,195.5</td>
<td>1,202.5</td>
<td>0.6</td>
<td>1,202.5</td>
</tr>
<tr>
<td>Finance and General Government Group Executive Office</td>
<td>21.0</td>
<td>21.0</td>
<td>23.0</td>
<td>9.5</td>
<td>23.0</td>
</tr>
<tr>
<td>Board of Supervisors</td>
<td>56.0</td>
<td>56.0</td>
<td>56.0</td>
<td>0.0</td>
<td>56.0</td>
</tr>
<tr>
<td>Assessor/Recorder/County Clerk</td>
<td>410.5</td>
<td>410.5</td>
<td>410.5</td>
<td>0.0</td>
<td>410.5</td>
</tr>
<tr>
<td>Treasurer-Tax Collector</td>
<td>123.0</td>
<td>123.0</td>
<td>123.0</td>
<td>0.0</td>
<td>123.0</td>
</tr>
<tr>
<td>Chief Administrative Office</td>
<td>15.5</td>
<td>15.5</td>
<td>15.5</td>
<td>0.0</td>
<td>15.5</td>
</tr>
<tr>
<td>Auditor and Controller</td>
<td>235.5</td>
<td>237.5</td>
<td>238.5</td>
<td>0.4</td>
<td>238.5</td>
</tr>
<tr>
<td>County Technology Office</td>
<td>17.0</td>
<td>17.0</td>
<td>15.0</td>
<td>(11.8)</td>
<td>15.0</td>
</tr>
<tr>
<td>Civil Service Commission</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
<td>0.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Clerk of the Board of Supervisors</td>
<td>28.0</td>
<td>28.0</td>
<td>28.0</td>
<td>0.0</td>
<td>28.0</td>
</tr>
<tr>
<td>County Counsel</td>
<td>140.0</td>
<td>140.0</td>
<td>145.0</td>
<td>3.6</td>
<td>145.0</td>
</tr>
<tr>
<td>Grand Jury</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>0.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Human Resources</td>
<td>118.0</td>
<td>120.0</td>
<td>120.0</td>
<td>1.7</td>
<td>120.0</td>
</tr>
<tr>
<td>County Communications Office</td>
<td>22.0</td>
<td>22.0</td>
<td>23.0</td>
<td>4.5</td>
<td>23.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,396.0</strong></td>
<td><strong>17,413.0</strong></td>
<td><strong>17,580.5</strong></td>
<td><strong>1.0</strong></td>
<td><strong>17,580.5</strong></td>
</tr>
</tbody>
</table>
Total Funding by Source

Total resources available to support County services for Fiscal Year 2018–19 are $6.26 billion, an increase of $469.5 million or 8.1% from the Fiscal Year 2017–18 Adopted Budget. Total resources decrease by $625.3 million or 10.0% to $5.63 billion in Fiscal Year 2019–20. For Fiscal Year 2018–19, the combination of State Revenue ($1.7 billion), Federal Revenue ($811.5 million) and Other Intergovernmental Revenue ($108.9 million) supplies 41.8% of the funding sources for the County’s budget. Interfund Operating Transfers, Use of Money & Property, Miscellaneous Revenues, Residual Equity Transfers In and Other Financing Sources make up 12.2% of the funding sources ($760.7 million). Another 17.5% ($1.1 billion) comes from Charges for Current Services, Fees and Fines. Use of Fund Balance and Fund Balance Component Decreases supply 8.3% ($522.2 million) of the funding sources.

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 20.1% ($1.3 billion) of the financing sources for the County’s budget. The majority of the revenues in this category (95.1%) 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)

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2016–17 Adopted Budget</th>
<th>Fiscal Year 2017–18 Adopted Budget</th>
<th>Fiscal Year 2018–19 Recommended Budget</th>
<th>% Change</th>
<th>Fiscal Year 2019–20 Recommended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Revenue</td>
<td>$3,828.2</td>
<td>$4,071.2</td>
<td>$4,414.1</td>
<td>8.4</td>
<td>$4,118.1</td>
</tr>
<tr>
<td>Fund Balance Component Decreases/Use of Fund Balance</td>
<td>398.2</td>
<td>516.0</td>
<td>522.2</td>
<td>1.0</td>
<td>162.1</td>
</tr>
<tr>
<td>General Purpose Revenue</td>
<td>1,133.7</td>
<td>1,199.2</td>
<td>1,319.6</td>
<td>10.0</td>
<td>1,350.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,360.1</strong></td>
<td><strong>$5,786.4</strong></td>
<td><strong>$6,255.9</strong></td>
<td>8.1</td>
<td><strong>$5,630.6</strong></td>
</tr>
</tbody>
</table>

**Total Funding by Source**

**Fiscal Years 2016-17 through 2019-20**

- **State Revenue**
- **Federal Revenue**
- **Other Intergovernmental Revenue**
- **Charges for Services, Fees and Fines**
- **Property and Other Taxes**
- **Fund Balance Component Decreases/Use of Fund Balance**
- **Operating Transfers and Other Financing Sources, Use of Money & Property, Misc. Revenues**

- **FY 2016-17 Adopted**
- **FY 2017-18 Adopted**
- **FY 2018-19 Recommended**
- **FY 2019-20 Recommended**
All Funds: Total Funding Sources

Overall Change

In the Total Funding by Source table, the $469.5 million increase in the Fiscal Year 2018–19 Recommended Budget shows increases in total funding sources. The General Fund section addresses significant revenue changes by source in the General Fund. Changes other than those in the General Fund are highlighted below.

Change by Source

State Revenue

State Revenue increases by $92.4 million or 5.8% overall in Fiscal Year 2018–19. The increases in State Revenue are in the Health and Human Services Agency (HHSA) of $49.6 million, in the Land Use and Environment Group (LUEG) of $32.1 million, in the Public Safety Group (PSG) of $20.4 million and in the Community Services Group (CSG) of $0.2 million. These are offset by a decrease in the Capital Program of $9.9 million. The increase of $66.9 million in the General Fund is described in the next section.

State revenues outside of the General Fund increase by $25.5 million primarily in LUEG in the Department of Public Works (DPW) due to an increase of $35.2 million for increase in transportation funding from the Road Repair and Accountability Act of 2017 and for anticipated gas tax receipts from the Highway User Tax Account, in PSG due to an increase of $5.3 million in the Proposition 172 Fund, which supports regional law enforcement services and in CSG due to an increase of $0.2 million in the Department of General Services (DGS) for Courts facilities maintenance. These are offset by a $9.9 million decrease in the Capital Program for one-time expenditures and a $5.3 million decrease in LUEG in Air Pollution Control District for mobile incentives.
Federal Revenue

Federal Revenue increases by a net of $92.6 million or 12.9% overall in Fiscal Year 2018–19. Of the increases in Federal Revenue, $92.8 million are in the General Fund which is described in the next section.

The overall decrease of $0.2 million outside of the General Fund includes a $1.3 million increase in the Capital Program for one-time expenditures, offset by a $1.0 million decrease in LUEG for DPW due to completed construction work under the Federal Highway Planning and Construction for Federal Highway Administration projects in the Road Fund and a $0.5 million decrease in PSG for the Sheriff’s Department in the Asset Forfeiture Fund.

Other Intergovernmental Revenue

Other Intergovernmental Revenue increases by a net of $11.5 million or 11.8% overall in Fiscal Year 2018–19. Of the increases, $13.2 million are in the General Fund.

The overall decrease of $1.7 million outside the General Fund is due to a $2.9 million decrease in the Capital Program for one-time expenditures. This is partially offset by a $1.0 million increase in LUEG for APCD due to revenues received from the Department of Motor Vehicles in the Air Quality Improvement Trust Fund and a $0.2 million increase in HHSA in Public Health Services due to an increase in residential ambulance transport services.

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

Operating Transfers and Other Financing Sources, Use of Money & Property, Miscellaneous Revenues, and Residual Equity Transfers In increase by a net of $150.0 million or 24.5% overall in Fiscal Year 2018–19.

Other Financing Sources (primarily Operating Transfers between funds) increase by a net of $131.0 million or 25.0% of which $10.4 million is in the General Fund. The most significant change outside of the General Fund include increases of $132.2 million in the Capital Program for one-time projects. In CSG, the $1.7 million increase is primarily in DGS due to one-time projects and non-billable project management services provided to County departments. In PSG, the $0.5 million increase is due to an increase in funds to be transferred from the Sheriff’s Jail Commissary Enterprise Fund to the Inmate Welfare Fund. In FGG, the $0.1 million increase in Information Technology ISF is primarily due to increases in enterprise-wide license costs. The decrease of $13.9 million in LUEG is primarily in DPW due to the completed advance from the General Fund to the Road Fund for future maintenance and road rehabilitation projects.

Revenue from Use of Money & Property increases by $19.8 million or 53.3% in Fiscal Year 2018–19. The General Fund increases by $16.6 million. Outside of the General Fund, an increase of $1.8 million is in LUEG mainly for increases in rents and leases, parking lot use and landing fees in County Airports, vehicle usage rental revenue in the Equipment ISF program and interest on deposits in DPW, $1.0 million in Finance Other is due to anticipated higher interest earnings in the Employee Benefits ISF and Public Liability ISF, $0.3 million in the PSG Executive Office is due to increase in interest on deposits, and $0.1 million in the Edgemoor Development Fund is due to increase in renegotiated rents and leases.
Miscellaneous Revenues **decrease by a net of $0.9 million or 1.8%** in Fiscal Year 2018–19. The General Fund decreases by $4.0 million. An increase of $3.1 million outside of the General Fund primarily includes an increase of $1.7 million in PSG for Sheriff’s Jail Stores Commissary Enterprise Fund due to increased sales of commissary goods to inmates, an increase of $0.7 million in CSG primarily due to donations from fundraisers for the new Borrego Springs Library and an increase of $0.7 million in LUEG mainly due to increase in tribal grant funded projects in the Road Fund.

### Charges for Services, Fees and Fines

Charges for Services, Fees and Fines **increase by a net of $35.9 million or 3.4%** overall in Fiscal Year 2018–19.

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013–14</td>
<td>$1,000.0M</td>
</tr>
<tr>
<td>2014</td>
<td>$1,050.0M</td>
</tr>
<tr>
<td>2015</td>
<td>$1,100.0M</td>
</tr>
<tr>
<td>2016</td>
<td>$1,150.0M</td>
</tr>
<tr>
<td>2017</td>
<td>$1,200.0M</td>
</tr>
<tr>
<td>2018</td>
<td>$1,250.0M</td>
</tr>
<tr>
<td>2019</td>
<td>$1,300.0M</td>
</tr>
</tbody>
</table>

### Charges for Current Services

Charges for Current Services **increase by a net of $34.3 million or 3.6%** in Fiscal Year 2018–19. There is an overall decrease of $0.5 million in the General Fund. Outside of the General Fund, the overall increase is $34.8 million. An increase of $14.2 million is in CSG primarily for DGS due to an increase in cost of services provided to client departments, $12.1 million in FGG is due to increases in departmental IT operation and maintenance costs, $6.7 million is in LUEG primarily for DPW due to increases in sewer service charges in the Sanitation District and in solid waste tonnage fees, $1.2 million is in Finance Other primarily for the Public Liability ISF due to an increased in contingency reserve and $0.7 million is in HHSA for Public Health Services for increased non-residential ambulance transports fees. These are partially offset by a $0.1 million decrease in PSG for the San Diego County Fire Authority due to a decrease in collection of special taxes related to fire and emergency services.

### Licenses, Permits & Franchises

Licenses, Permits & Franchises **increase by a net of $0.9 million or 1.5%** in Fiscal Year 2018–19. There is an overall $0.8 million increase in the General Fund. A $0.1 million increase outside of the General Fund is in LUEG due to passenger facility charges in the Airport Enterprise Fund.

Fines, Forfeitures & Penalties **increase by a net $0.7 million or 1.6%** in Fiscal Year 2018–19. There is an overall $1.3 million increase in the General Fund. A $0.6 million decrease outside of the General Fund is in PSG for the Public Safety Group Executive Office due to decrease in penalty assessment revenue.

### Property and Other Taxes

Property and Other Taxes **increase by $80.9 million or 6.9%** in Fiscal Year 2018-19.

The overall increase of $79.1 million is in the General Fund. Outside of the General Fund, there is an increase of $1.8 million. The increase of $1.2 million in CSG is for the County Library due to increased property tax revenue, $0.4 million in LUEG is primarily for DPW due to projected taxes from property owners for the Street Lighting District and the Flood Control District, $0.1 million in HHSA is for Public Health Services to support services in CSA 17 and 69, and $0.1 million in PSG is for San Diego County Fire Authority due to an increase in property tax apportionments.

### Fund Balance Component Decreases

The Use of Fund Balance Component Decreases **increase by a net $26.2 million or 37.9%** in Fiscal Year 2018-19.

The increase of $39.3 million in the General Fund is primarily due to drawing on the fund balance committed to Capital Project Funding to be used for capital projects on the Capital Improvement Needs Assessment (CINA). The decrease of $13.0 million outside of the General Fund is in DPW due to major maintenance projects in the Road Fund.

The total Fund Balance Component Decrease of $95.6 million in Fiscal Year 2018–19 consists of $57.3 million for Capital projects approved the Board on the CINA, $25.4 million for Pension Obligation Bonds, $11.5 million draw on committed realignment, $0.8 million draw from Assigned to Hall of Justice Lease Payment and $0.7 million draw on the Sheriff’s Capital Projects commitment (see more detail in the General Fund Use of Fund Balance/Fund Balance Component Decreases section).
Use of Fund Balance

Finally, the Use of Fund Balance decreases by a net of $20.0 million or 4.5% in Fiscal Year 2018–19. There is an increase of $10.4 million in the General Fund as described in the next section.

Outside of the General Fund, there is a decrease of $30.4 million due to a $23.8 million decrease in LUEG primarily due to a decrease in DPW for the completion of an advance from the General Fund for road improvement projects, a $6.4 million decrease in CSG due to the Fleet Management ISF Countywide replacement acquisition program and a $0.2 million decrease in PSG primarily in the PSG Executive Office due to the completion of funding for one-time projects supporting regional law enforcement services in the Proposition 172 Special Revenue 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 Recommended Operational Plan, General Fund Financing Sources total $4.69 billion for Fiscal Year 2018–19, a $326.3 million or 7.5% increase from the Fiscal Year 2017–18 Adopted Budget. In comparison, the ten-year average annual growth rate through Fiscal Year 2017–18 was 2.2%. General Fund Financing Sources decrease by $318.1 million or 6.8% in Fiscal Year 2019–20 primarily due to reduction in the use of one-time resources.
General Fund Financing by Sources
Fiscal Years 2016-17 through 2019-20

General Fund Financing Sources (in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State Revenue</td>
<td>$ 1,188.9</td>
<td>$ 1,229.9</td>
<td>$ 1,296.8</td>
<td>5.4</td>
<td>$ 1,299.0</td>
</tr>
<tr>
<td>Federal Revenue</td>
<td>713.0</td>
<td>702.6</td>
<td>795.5</td>
<td>13.2</td>
<td>803.9</td>
</tr>
<tr>
<td>Other Intergovernmental Revenue</td>
<td>72.9</td>
<td>76.9</td>
<td>90.1</td>
<td>17.1</td>
<td>90.0</td>
</tr>
<tr>
<td>Operating Transfers and Other Financing Sources, Use of Money &amp;</td>
<td>334.9</td>
<td>359.3</td>
<td>382.3</td>
<td>6.4</td>
<td>373.8</td>
</tr>
<tr>
<td>Property &amp; Misc. Revenues</td>
<td>441.4</td>
<td>483.2</td>
<td>484.8</td>
<td>0.3</td>
<td>477.8</td>
</tr>
<tr>
<td>Charges for Services, Fees, &amp; Fines</td>
<td>1,061.4</td>
<td>1,118.6</td>
<td>1,197.7</td>
<td>7.1</td>
<td>1,226.6</td>
</tr>
<tr>
<td>Property &amp; Other Taxes</td>
<td>0.4</td>
<td>56.4</td>
<td>95.6</td>
<td>69.6</td>
<td>45.3</td>
</tr>
<tr>
<td>Fund Balance Component Decreases</td>
<td>304.2</td>
<td>332.9</td>
<td>343.3</td>
<td>3.1</td>
<td>51.7</td>
</tr>
<tr>
<td>Total</td>
<td>$ 4,117.1</td>
<td>$ 4,359.8</td>
<td>$ 4,686.1</td>
<td>7.5</td>
<td>$ 4,368.0</td>
</tr>
</tbody>
</table>
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 2018–19, Program Revenue increases by $156.1 million or 5.6%, the Fund Balance Component Decreases/Use of Fund Balance increases by $49.7 million or 12.8% and General Purpose Revenue (GPR) increases by $120.4 million or 10.0% from the Fiscal Year 2017–18 Adopted Budget.

In Fiscal Year 2019-20, GPR increases by 2.3% ($30.8 million), Program Revenue decreases by 0.2% ($6.9 million) and the planned Use of Fund Balance declines by 77.9% ($341.9 million).

Uses of fund balance in Fiscal Year 2019-20 are tentative and subject to revision during the next Operational Plan development cycle.

General Fund Financing Sources by Category (in millions)

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2016–17 Adopted Budget</th>
<th>Fiscal Year 2017–18 Adopted Budget</th>
<th>Fiscal Year 2018–19 Recommended Budget</th>
<th>% Change</th>
<th>Fiscal Year 2019–20 Recommended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Revenue</td>
<td>$2,678.8</td>
<td>$2,771.4</td>
<td>$2,927.5</td>
<td>5.6</td>
<td>$2,920.6</td>
</tr>
<tr>
<td>Use of Fund Balance/Fund Balance Component Decreases</td>
<td>304.6</td>
<td>389.2</td>
<td>438.9</td>
<td>12.8</td>
<td>97.0</td>
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<tr>
<td>General Purpose Revenue</td>
<td>1,133.7</td>
<td>1,199.2</td>
<td>1,319.6</td>
<td>10.0</td>
<td>1,350.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,117.1</strong></td>
<td><strong>$4,359.8</strong></td>
<td><strong>$4,686.1</strong></td>
<td><strong>7.5</strong></td>
<td><strong>$4,368.0</strong></td>
</tr>
</tbody>
</table>
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 62.5% of General Fund financing sources in Fiscal Year 2018-19, 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 65.9%, the Public Safety Group manages 26.4% and the balance is managed across the County’s other business groups. Program Revenue is expected to increase by 5.6% ($156.1 million) from the Fiscal Year 2017-18 Adopted Budget compared to an average annual growth for the last ten years of 1.6%.
General Fund Change in Program Revenue

The $156.1 million increase in Program Revenue in the Fiscal Year 2018-19 Adopted Budget is the result of increases and decreases in various funding sources, as indicated in the General Fund Program Revenue by Source table. These changes are highlighted below.

General Fund Change in Program Revenue by Source

State Revenue increases by $66.8 million or 5.5%.

There is an overall net increase of $49.6 million in the Health & Human Services Agency (HHSA) primarily due to increases in Realignment revenue to fund the County’s statutory increase to the In-Home Supportive Services (IHSS) Maintenance of Effort; projected statewide sales tax receipts and vehicle license fees that are dedicated for health and human service programs to support Salaries & Benefits and increase to contracted services, due to the implementation of the Drug Medi-Cal Organized Delivery System; and Mental Health Services Act (MHSA) revenue to align with program needs. An overall net increase of $15.1 million is included in Public Safety Group (PSG) primarily in the Probation Department due to allocations from the Enhancing Law Enforcement Activities Subaccount (ELEAS) Fund for juvenile activities and the Youth Offender Block Grant to support youth rehabilitation programs and supervisory services, and in the Sheriff’s Department from the Local Revenue Fund 2011, Community Corrections Subaccount due to increased costs for required retirement contributions and negotiated labor agreements, costs for the housing and training of County inmates participating in State operated fire camps, and costs to suppress juvenile delinquency and gang violence. An overall net increase of $2.2 million is included in Land Use and Environmental Group (LUEG) primarily in Agriculture, Weights and Measures due to increased Unclaimed Gas Tax and Pesticide Mill Assessment revenue, and in the Department of Parks and Recreation due to an increase in grant revenue for the Tijuana River Valley Regional Park campground studies and the Brown fill restoration.
Federal Revenue

Federal Revenue increases by a net of $92.8 million or 13.2%.

General Fund Program Revenue: Federal Revenue History

The net increase of $94.3 million in HHSA is primarily associated with the implementation of the Drug Medi-Cal Organized Delivery System (DMC-ODS), in Short Doyle Medi-Cal revenue to align with program trends and increased rates for outpatient mental health services, and revenues tied to the negotiated health benefit contribution increase for IHSS home care workers.

The net decrease in PSG of $1.2 million includes a decrease of $1.0 million in the Probation department primarily due to a decrease in Foster Care Assistance revenue, a decrease of $0.4 million in District Attorney for the DUI Vertical Prosecution program to align with projected allocations, and a decrease of $0.2 million in San Diego County Fire Authority due to the expiration of the Community Development Block Grant program; offset by an increase of $0.4 million in the Sheriff’s Department mainly for the Urban Areas Security Initiative Grant, Homeland Security Grant Program and the Operation Stonegarden Grant Program.

The net decrease in LUEG of $0.2 million is primarily in the Department of Agriculture, Weights and Measures due to reduction in funding for various programs.

Other Financing Sources

Other Financing Sources (including Operating Transfers from Other Funds) increases by a net of $10.4 million or 3.3%.

The net increase of $10.4 million in PSG is primarily in the Sheriff’s Department ($11.5 million) due to projected receipts and an increase in Operating Transfers from the Proposition 172 Fund, to support regional law enforcement and detention services and from the Asset Forfeiture Fund and Inmate Welfare Fund. This is offset by a decrease of $1.3 million in the District Attorney’s use of the Proposition 172 Fund due to the completion of one-time projects. More information about Proposition 172 funding appears in the following section.

Charges For Current Services

Charges For Current Services decreases by a net of $0.5 million or 0.1%. Revenues decrease by $11.3 million in CSG and $2.5 million in HHSA, offset by increases of $7.7 million in FGG, $3.0 million in PSG and $2.6 million in LUEG.

- In CSG, the net decrease of $11.3 million includes a decrease of $12.7 million in the Department of Animal Services due to expiration of service agreements with six contract cities, and a $0.2 million decrease in Community Services Group Executive Office due to a reduction in Cost Allocation Plan revenue from billable departments; offset by an increase of $1.6 million in the Registrar of Voters as a result of a greater number of billable jurisdictions participating in the 2018 Gubernatorial General Election.

- In HHSA, the net decrease of $2.5 million is primarily in Administrative Support ($2.8 million) related to Intergovernmental Transfer (IGT) revenue funding one-time IT project costs and in Self-Sufficiency Services ($1.0 million) to align third party reimbursement revenue to current collection trends for the County Medical Services (CMS) program; partially offset by an increase in Behavioral Health Services ($1.0 million) due to additional IGT revenue to support increases in Salaries & Benefits in the Edgemoor Distinct Part Skilled Nursing Facility and an increase in Public Health Services ($0.3 million) in Emergency Medical Services (EMS) fees.

- In FGG, the net increase of $7.7 million includes an increase of $6.0 million in the Assessor/Recorder/County Clerk primarily due to anticipated costs in contracted services for restoration and preservation of old books and recorder microfilm and major maintenance costs for remodeling at various locations; increase of $1.2 million in County Counsel due to continued workload increases in real estate transactions, developer-related land use matters, constitutional claims, and child welfare matters; and a $0.4 million increase in Treasurer-Tax Collector due to re-categorization of revenues offset by decreases for the completion of one-time IT projects.

- In PSG, the net increase of $3.0 million includes a $6.4 million increase in the Sheriff’s Department primarily to recover costs of required retirement contributions and negotiated labor agreements and service adjustments for contracted law enforcement services, and in the Local Revenue Fund 2011, Trial Court Security Subaccount, Growth Special Account and Supplemental Account based on estimates included in the Fiscal Year 2018-19 Governor’s Proposed Budget; offset by a decrease of $1.8 million in the PSG Executive Office to align anticipated levels of revenue received in Contributions for Trial Courts; the $1.1 million decrease in Probation ($0.9 million) and Public Defender ($0.2 million) are due to state legis-
lation which eliminated juvenile fees as of January 1, 2018; and a $0.5 million decrease in Medical Examiner due to the elimination of the fees for decedent transportation.

In LUEG, the net increase of $2.6 million includes an increase of $1.2 million in the Department of Planning & Development Services due to increased demand for services, approved increase in charges for various land development projects in the county, building plan check fees and internal agreement charges to other non-General Fund county departments; $1.0 million in the Department of Environmental Health primarily in the Vector Control Program Benefit Assessment Funds; and $0.4 million in the Department of Parks and Recreation due to additional revenue from park services, camping and recreational programs.

Other Intergovernmental Revenue

Other Intergovernmental Revenue decreases by a net of $13.5 million or 39.7%. A net decrease of $6.3 million in PSG is a result of decreases in the Sheriff’s Department primarily from the re-categorization of the Poway Redevelopment Trust Fund and the Centre City Redevelopment Agreement Trust Fund to General Purpose Revenue. A net decrease of $4.5 million in Finance Other (FO) and $2.2 million in FGG (Executive Office) is due to the re-categorization of the Centre City Redevelopment Agreement Trust Fund to General Purpose Revenue. A net decrease of $0.5 million in HHSA is a result of a decrease in Housing & Community Development Services, primarily in Aid from Housing Authority, due to the elimination of funding for one-time projects.

Fines, Forfeitures & Penalties

Fines, Forfeitures & Penalties increases by a net of $0.5 million or 2.4%, primarily in PSG in the Sheriff’s Department ($0.8 million) due to an increase in planned expenditures for the Cal-ID program.

Licenses, Permits & Franchises

Licenses, Permits & Franchises increases by $0.8 million or 2.1%. A net increase of $3.4 million in LUEG is due to an increase of $2.0 million in the Department of Environmental Health from permit fee revenue, industry growth and the Fiscal Year 2018–19 Cost Recovery Proposal, $1.2 million in the Department of Planning & Development Services due to increased demand for services, and approved increases in building permit fees, partially offset by fee waiver permits, and a $0.3 million increase in the Department of Agriculture, Weights and Measures primarily in fee revenue from the Hazardous Materials program that was not included in Fiscal Year 2017-18 and adjustment fees in the Pest Exclusion and Weight & Measures programs. This is offset by a net decrease of $1.4 million in CSG in the Department of Animal Services due to loss of revenue from residents served under expiring contracts with local cities and a net decrease of $1.2 million in FGG in the County Communication Office from Public Educational Governmental (PEG) Access Fee revenue primarily due to the removal of one-time capital expenditures for CNC TV production equipment.

Miscellaneous Revenues

Miscellaneous Revenues decreases by a net of $2.0 million or 6.3%.

A net decrease of $2.0 million in PSG is related to a decrease of $1.9 million in the Sheriff’s Department primarily in the RCS Replacement Trust Fund for planned expenditures, and a decrease of $0.1 million in the San Diego County Fire Authority due to technical adjustment to align revenue with anticipated actuals.

Revenue from Use of Money & Property

Revenue from Use of Money & Property increases by $0.8 million or 20.1%. This is primarily due to increases in PSG in the Sheriff’s Department to realign revenue to the correct account and an increase in anticipated revenue in the RCS program.

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 ($655.7 million in Fiscal Year 2018-19 and $658.6 million in Fiscal Year 2019-20) 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 2018–19, it is projected that 31.5% of the HHSAs’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% ($36.3 million) compared to the Fiscal Year 2017–18 budget ($619.4 million) to align with projected statewide sales tax and vehicle license fees. This assumes an underlying statewide sales tax growth rate of 4.6% and vehicle license fees growth rate of 5.1% in Fiscal Year 2018–19 compared to anticipated Fiscal Year 2017-18 statewide receipts. A modest growth of 0.4% ($2.9 million) is anticipated for Fiscal Year 2019–20.

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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1991 Realignment</th>
<th>2011 HHSA Realignment</th>
<th>2011 PSG Realignment</th>
<th>Proposition 172</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>$75.0M</td>
<td>$125.0M</td>
<td>$175.0M</td>
<td>$225.0M</td>
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<tr>
<td>2009-10</td>
<td>$125.0M</td>
<td>$200.0M</td>
<td>$250.0M</td>
<td>$300.0M</td>
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<tr>
<td>2010-11</td>
<td>$200.0M</td>
<td>$250.0M</td>
<td>$275.0M</td>
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<tr>
<td>2011-12</td>
<td>$275.0M</td>
<td>$325.0M</td>
<td>$325.0M</td>
<td>$325.0M</td>
</tr>
<tr>
<td>2012-13</td>
<td>$325.0M</td>
<td>$375.0M</td>
<td>$375.0M</td>
<td>$375.0M</td>
</tr>
<tr>
<td>2013-14</td>
<td>$375.0M</td>
<td>$425.0M</td>
<td>$425.0M</td>
<td>$425.0M</td>
</tr>
<tr>
<td>2014-15</td>
<td>$425.0M</td>
<td>$475.0M</td>
<td>$475.0M</td>
<td>$475.0M</td>
</tr>
<tr>
<td>2015-16</td>
<td>$475.0M</td>
<td>$525.0M</td>
<td>$525.0M</td>
<td>$525.0M</td>
</tr>
<tr>
<td>2016-17</td>
<td>$525.0M</td>
<td>$575.0M</td>
<td>$575.0M</td>
<td>$575.0M</td>
</tr>
<tr>
<td>2017-18</td>
<td>$575.0M</td>
<td>$625.0M</td>
<td>$625.0M</td>
<td>$625.0M</td>
</tr>
<tr>
<td>2018-19</td>
<td>$625.0M</td>
<td>$675.0M</td>
<td>$675.0M</td>
<td>$675.0M</td>
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<tr>
<td>2019-20</td>
<td>$675.0M</td>
<td>$725.0M</td>
<td>$725.0M</td>
<td>$725.0M</td>
</tr>
</tbody>
</table>

Note: Fiscal Year 2008–09 to 2016–17 figures represent actual revenues. Fiscal Year 2017–18 through Fiscal Year 2019–20 figures represent projected revenue as included in the Fiscal Years 2018–20 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 ($180.3 million in Fiscal Year 2018–19 and $180.2 million in Fiscal Year 2019–20) 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 (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 2018–19 by 10.3% ($16.8 million) compared to Fiscal Year 2017–18. This increase is based on formulaic assumptions provided by the State of California and the use of prior years’ available funds. No significant change is anticipated for Fiscal Year 2019–20.

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 ($284.2 million in Fiscal Year 2018–19 and $288.2 million in Fiscal Year 2019–20) support regional public safety services provided by three Public Safety Group departments: Sheriff, District Attorney and Probation. The revenue source is a dedicated one-half cent of the Statewide sales tax that was approved by voters in 1993 and is distributed to counties based on the relative levels of tax-
Labor costs due to negotiated one-time salary and benefit County Security Initiative resources. One-time funding for various trainings, education and out-Assessments for Historic Structures and regional assessments DNA Testing. Temporary support for Sheriff Academies. Public Outreach projects (Alert SD, National Preparedness).


Tobacco Settlement Revenues

Tobacco Settlement Revenues ($10.4 million in Fiscal Year 2018–19 and $10.4 million in Fiscal Year 2019–20) as directed 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 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 deposited the net proceeds of $412.0 million into the Tobacco Securitization Endowment Fund from the 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 restructured this securitization and added $123.5 million to the Tobacco Securitization Endowment Fund. These proceeds were intended to enable the County to fund health care programs annually through approximately year 2034.

The $10.4 million budgeted in Fiscal Year 2018–19 reflects $4.4 million in non-securitized Tobacco Settlement funds to fund the Whole Person Wellness pilot project and $6.0 million in Securitized Tobacco funds for Operating Transfers to fund various Health and Social Services programs. No change is proposed from the prior year.

General Fund General Purpose Revenue

General Purpose Revenue (GPR) makes up 28.0% 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, ($438.95 million in Fiscal Year 2018–19 and $51.7 million in Fiscal Year 2019–20), represents 9.4% of General Fund Financing Sources in Fiscal Year 2018–19. Fund Balance is the result of careful management of resources Countywide in past years. It is both a resource that can be used for one-time expenses and one that serves as a mitigation for unexpected events or requirements. By its nature, fund balance is not suitable for the support of ongoing operations.

The Fund Balance Component Decrease of $95.6 million in Fiscal Year 2018-19 consists of a $57.3 million draw on fund balance committed to Capital Project Funding to be used for capital projects approved the Board on the Capital Improvement Needs Assessment (CINA), $25.4 million draw on fund balance committed for Pension Obligation Bonds to serve as an alternative funding source for a portion of existing POB costs that have been supported by GPR, $11.5 million draw on committed realignment of the Welfare to Work contracts for intensive case management services, for support of Alzheimer’s Project and Seniors in Crisis pilot project, for one-time negotiated labor agreements in Child Welfare Services and the Cultural Broker program, and to support one-time major maintenance and facilities projects throughout HHSA, $0.8 million draw from fund balance assigned to support a portion of the 2009 Justice Facilities Refunding lease payment attributable to the Hall of Justice and $0.7 million draw on the Sheriff’s Capital Projects commitment to support a portion of the cost to purchase a helicopter.

The following list details the various General Fund Use of Fund Balance budgeted for Fiscal Year 2018–19:

- Labor costs due to negotiated one-time salary and benefit payments.
- One-time funding for various trainings, education and outreach, supplies and support costs.
- Temporary support for Sheriff Academies.
- DNA Testing.
- Assessments for Historic Structures and regional assessments of emerging pests.
- Public Outreach projects (Alert SD, National Preparedness).
- County Security Initiative resources.
One-time funding to support the Comprehensive Strategy for Juvenile Justice.

Support related to the elimination of juvenile fees.

Temporary support for Southwest Border Prosecution Initiative.

Support due to loss of revenue for Sexual Violent Predator.

One-time staffing costs at various Fire Stations.

Fire Service Enhancements.

Support for Contributions to Trial Court.

One-time costs for Mentoring Youth Probationers.

Various one-time Agricultural events and programs.

Various one-time projects related to the Climate Action Plan (CAP).

Housing Affordability: Establishing a Density Transfer Credit Program, a Transfer of Development Rights, or an equivalent program in the County of San Diego.

Public Nuisance Abatements.

Sustainable Groundwater Management Act (Phase 2), advance planning division costs.

Polymerase Chain Reaction (PCR) Implementation.

Alternative Water Source Program Development.

LUEG Stakeholder and Customer Engagement Technology Strategy (SCETS).

Tree Replacement Program.

Startup costs for Borrego Springs Community Park and Horse Creek Ridge.

Otay Regional Trail Alignment Environmental Study.

Purchase of Agriculture Conservation Easements (PACE) program.

Various one-time projects related to the Total Maximum Daily Load/Stormwater Permit.

Interim funding for the Department of Animal Services, pending results of managed competition.

Grants provided to community organizations.

Commitment of General Fund fund balance to support Pension Obligation Bonds.

Temporary help in various departments.

Management reserves.

Various one-time information technology (IT) projects, including:

- Records and data storage.
- System acquisition, implementation, development, enhancements, and upgrades.
- IT Charges for Mainframe in various departments.
- Enterprise Information Technology contracts and system upgrades.

Various one-time facilities, maintenance and upgrades which include:

- ADA Accessibility Improvements.
- Emergency Operations Center break fix/upgrades.
- Facility Assessment (County Security Initiative).
- Flood Control District facilities condition assessment, debris control and Improvements to Flood Control facilities to address hepatitis A.
- Pedestrian Sidewalks at select locations.
- New Bike Lanes at select locations.
- Keyless Motor Pool System.

Various equipment purchase/replacement including:

- Regional Communications System Radio replacement.
- Security Cameras.
- Equipment replacement (X-Ray).
- Safety equipment acquisition and replacement.
- Vehicle acquisition.

Rebudgets:

- Vehicle acquisition.
- Various information technology initiatives.
- Electronic charging stations.
- Agricultural Unwanted & Hazardous Materials Collection Event.
- Tijuana River Valley (TJRV) – Water Testing.
- AB885 Onsite Wastewater Treatment.
- Tribal Liaison.
- Fire victim and Fire Rebuild fee waivers.
- Multiple Species Conservation Program funding.
- Community Plan, various General Plan updates, Resource Protection Ordinance, Zoning Ordinance, and adopt policies for Environmental Justice Element to comply with State mandate.
- Community Rating System Recertification.
- One time maintenance projects.
- Proctor Valley Road vacating for public road use.
General Purpose Revenue

General Purpose Revenue by Source

General Purpose Revenue (GPR) represents approximately 28.2% 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.

**General Purpose Revenue by Source**

Fiscal Year 2018-19: $1,319.6 million

- **Property Tax Revenue** $702.2M (53.2%)
- **Property Tax In Lieu of VLF** $412.2M (31.2%)
- **Teeter Revenue** $16.6M (1.3%)
- **Sales & Use Tax / In Lieu of Sales Tax** $28.8M (2.2%)
- **Intergovernmental Revenue** $77.6M (5.9%)
- **Other Revenues including RPTT** $82.1M (6.2%)

For Fiscal Year 2018–19, the $1,319.6 million budgeted for GPR is an increase of $120.4 million or 10.0% from the Fiscal Year 2017–18 budgeted amount of $1,199.2 million. The majority of the growth is being driven by growth in assessed value, increased interest earnings on deposits and investments, recategorization of redevelopment pass-through revenues formerly recognized as program revenue and an increase in pass-through and residual redevelopment revenues. These resources are projected to increase to $1,350.4 million in Fiscal Year 2019–20. 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 2016-17 through 2019-20

General Purpose Revenue History
Fiscal Year 2008-09 to Fiscal Year 2019-20

Notes: General Purpose Revenue (GPR) for Fiscal Years 2008-09 through 2016-17 represents actual revenue. Fiscal Year 2017-18 represents the 2nd Quarter estimate produced in December 2017. For Fiscal Years 2018-19 and 2019-20, the projections are included in the Fiscal Years 2018-20 Recommended Operational Plan.
<table>
<thead>
<tr>
<th>General Purpose Revenue</th>
<th>Fiscal Year 2016–17 Adopted Budget</th>
<th>Fiscal Year 2017–18 Adopted Budget</th>
<th>Fiscal Year 2018–19 Recommended Budget</th>
<th>% Change</th>
<th>Fiscal Year 2019–20 Recommended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property Taxes Current Secured</strong></td>
<td>$594,913,295</td>
<td>$633,193,719</td>
<td>$675,375,815</td>
<td>6.7%</td>
<td>$692,282,112</td>
</tr>
<tr>
<td><strong>Property Taxes Current Supplemental</strong></td>
<td>4,652,939</td>
<td>4,699,460</td>
<td>8,889,993</td>
<td>99.2%</td>
<td>8,978,893</td>
</tr>
<tr>
<td><strong>Property Taxes Current Unsecured</strong></td>
<td>17,953,910</td>
<td>17,945,766</td>
<td>17,876,687</td>
<td>-0.4%</td>
<td>17,807,609</td>
</tr>
<tr>
<td><strong>Property Taxes Current Unsecured Supplemental</strong></td>
<td>53,068</td>
<td>53,864</td>
<td>54,672</td>
<td>1.5%</td>
<td>55,492</td>
</tr>
<tr>
<td><strong>Total Property Tax Revenue</strong></td>
<td>$617,573,212</td>
<td>$655,892,809</td>
<td>$702,197,167</td>
<td>7.1%</td>
<td>$719,124,106</td>
</tr>
<tr>
<td><strong>Total Property Tax In Lieu of VLF</strong></td>
<td>$362,195,423</td>
<td>$385,570,058</td>
<td>$412,221,092</td>
<td>6.9%</td>
<td>$424,254,808</td>
</tr>
<tr>
<td><strong>Teeter Tax Reserve Excess</strong></td>
<td>$13,100,000</td>
<td>$9,634,131</td>
<td>$12,339,590</td>
<td>28.1%</td>
<td>$11,842,954</td>
</tr>
<tr>
<td><strong>Teeter Property Tax All Prior Years</strong></td>
<td>7,028,400</td>
<td>3,684,815</td>
<td>4,287,788</td>
<td>16.4%</td>
<td>4,330,665</td>
</tr>
<tr>
<td><strong>Total Teeter Revenue</strong></td>
<td>$20,128,400</td>
<td>$13,318,946</td>
<td>$16,627,378</td>
<td>24.8%</td>
<td>$16,173,619</td>
</tr>
<tr>
<td><strong>Sales &amp; Use Taxes</strong></td>
<td>$27,595,633</td>
<td>$28,944,685</td>
<td>$28,823,419</td>
<td>-0.4%</td>
<td>$28,823,419</td>
</tr>
<tr>
<td><strong>Total Sales &amp; Use Tax/In Lieu of Sales Tax</strong></td>
<td>$27,595,633</td>
<td>$28,944,685</td>
<td>$28,823,419</td>
<td>-0.4%</td>
<td>$28,823,419</td>
</tr>
<tr>
<td><strong>State Aid Homeowner’s Property Tax Relief (HOPTR)</strong></td>
<td>$4,714,725</td>
<td>$4,714,725</td>
<td>$4,714,725</td>
<td>0.0%</td>
<td>$4,714,725</td>
</tr>
<tr>
<td><strong>Federal In-Lieu Taxes</strong></td>
<td>922,549</td>
<td>922,549</td>
<td>922,549</td>
<td>0.0%</td>
<td>922,549</td>
</tr>
<tr>
<td><strong>Local Detention Facility Revenue/State Aid Booking Fees</strong></td>
<td>2,460,342</td>
<td>2,460,342</td>
<td>2,460,342</td>
<td>0.0%</td>
<td>2,460,342</td>
</tr>
<tr>
<td><strong>Aid From City of San Diego</strong></td>
<td>2,500,000</td>
<td>2,500,000</td>
<td>2,500,000</td>
<td>0.0%</td>
<td>2,500,000</td>
</tr>
<tr>
<td><strong>Aid from Redevelopment Agencies/Aid from Redevelopment Successor Agencies</strong></td>
<td>38,238,216</td>
<td>40,316,499</td>
<td>66,997,299</td>
<td>66.2%</td>
<td>66,997,299</td>
</tr>
<tr>
<td><strong>Total Intergovernmental Revenue</strong></td>
<td>$48,835,832</td>
<td>$50,914,115</td>
<td>$77,594,915</td>
<td>52.4%</td>
<td>$77,594,915</td>
</tr>
<tr>
<td><strong>Property Taxes Prior Secured</strong></td>
<td>$400,000</td>
<td>$400,000</td>
<td>$400,000</td>
<td>0.0%</td>
<td>$400,000</td>
</tr>
<tr>
<td><strong>Property Taxes Prior Secured Supplemental</strong></td>
<td>5,800,142</td>
<td>5,858,218</td>
<td>7,897,097</td>
<td>34.8%</td>
<td>7,976,068</td>
</tr>
<tr>
<td><strong>Property Taxes Prior Unsecured</strong></td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
<td>0.0%</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>Property Taxes Prior Unsecured Supplemental</strong></td>
<td>400,000</td>
<td>400,000</td>
<td>400,000</td>
<td>0.0%</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>Other Tax Aircraft Unsecured</strong></td>
<td>2,715,492</td>
<td>2,756,225</td>
<td>2,797,568</td>
<td>1.5%</td>
<td>2,839,532</td>
</tr>
<tr>
<td><strong>Transit Occupancy Tax</strong></td>
<td>3,801,728</td>
<td>4,435,038</td>
<td>5,100,057</td>
<td>14.1%</td>
<td>5,100,057</td>
</tr>
<tr>
<td><strong>Real Property Transfer Taxes (RPTT)</strong></td>
<td>20,682,528</td>
<td>20,889,353</td>
<td>21,098,246</td>
<td>1.0%</td>
<td>21,309,229</td>
</tr>
<tr>
<td><strong>Franchises, Licenses, Permits</strong></td>
<td>5,469,355</td>
<td>5,469,355</td>
<td>5,469,355</td>
<td>0.0%</td>
<td>5,469,355</td>
</tr>
<tr>
<td><strong>Fees, Fines &amp; Forfeitures</strong></td>
<td>1,636,130</td>
<td>1,554,325</td>
<td>1,323,673</td>
<td>-15.0%</td>
<td>1,257,489</td>
</tr>
<tr>
<td><strong>Penalties &amp; Cost Delinquency Taxes</strong></td>
<td>11,634,533</td>
<td>15,920,048</td>
<td>16,916,448</td>
<td>6.3%</td>
<td>17,323,975</td>
</tr>
<tr>
<td><strong>Interest On Deposits &amp; Investments</strong></td>
<td>3,721,995</td>
<td>4,200,000</td>
<td>20,079,556</td>
<td>378.1%</td>
<td>21,716,309</td>
</tr>
<tr>
<td><strong>Interfund Charges/Miscellaneous Revenues</strong></td>
<td>1,000,000</td>
<td>2,500,000</td>
<td>500,000</td>
<td>(80.0)%</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Total Other Revenues including RPTT</strong></td>
<td>$57,411,903</td>
<td>$64,532,562</td>
<td>$82,132,000</td>
<td>27.3%</td>
<td>$84,442,014</td>
</tr>
<tr>
<td><strong>Total General Purpose Revenue</strong></td>
<td>$1,133,740,403</td>
<td>$1,199,173,175</td>
<td>$1,319,595,971</td>
<td>10.0%</td>
<td>$1,350,412,881</td>
</tr>
</tbody>
</table>
Property Tax Revenue

Property Tax Revenue, (\$702.2 million in Fiscal Year 2018–19 and \$719.1 million in Fiscal Year 2019–20), including current secured, current supplemental, current unsecured and current unsecured supplemental, represents 53.2% of the total General Purpose Revenue in Fiscal Year 2018–19 and 53.3% in Fiscal Year 2019–20.

The term “current” refers to those taxes that are due and expected to be paid in the referenced budget year. For Fiscal Year 2018–19, property tax revenue is budgeted to be \$46.3 million or 7.1% higher than the budget for Fiscal Year 2017–18. Property tax revenue is projected to increase 2.4% or \$16.9 million for Fiscal Year 2019–20. Property Tax Revenue in the State of California is a funding source for local governments and school districts and is based on ad valorem property taxation, whereby the amount due is calculated by applying a 1% tax rate to the assessed value of real property (land and improvements) and certain business personal property owned by tenants. The assessed value of property is tracked on the secured, unsecured and supplemental tax rolls. Counties generate the property tax bills and collect the tax payments on behalf of the taxing entities within their respective boundaries. In some cases, there are additional ad valorem taxes and special assessments approved by the voters, which are included on the tax bills as well. Property tax payment amounts received by counties are then distributed to the various taxing entities.

In 2014, improvement in the residential market and positive change in both ownership and new construction activity resulted in an increase of 6.2% in the assessed value of real property. For 2015, 2016 and 2017, the final growth rate was 5.7%, 5.6% and 6.35% respectively. For Fiscal Year 2018–19, an assumed rate of 4.75% is projected in overall assessed value of real property.

Locally Assessed Secured Property Values

Fiscal Year 2008-09 to Fiscal Year 2019-20

Note: The projected locally assessed secured values assume a 4.75% growth rate for Fiscal Year 2018–19 and 3.0% rate for Fiscal Year 2019–20. Source: San Diego County Auditor and Controller
Current Secured Property Tax Revenue

Current Secured property tax revenue ($675.4 million in Fiscal Year 2018–19 and $692.3 million in Fiscal Year 2019–20) is expected to increase by $42.2 million in Fiscal Year 2018–19 from the adopted level for Fiscal Year 2017–18.

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 2018–19 revenue amount assumes an increase of 4.75% in the local secured assessed value (gross less regular exemptions) compared to the actual current local secured assessed value amount for Fiscal Year 2017–18 of 6.35%, which was higher than the Fiscal Year 2017–18 current secured revenue budgeted assumption of a 4.0% increase in the local secured assessed value over the actual local secured assessed value amount for Fiscal Year 2016–17. For Fiscal Year 2019–20, 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 2018–19, refunds and corrections combined are projected at $5.8 million compared to the Fiscal Year 2010–11 high level of $19.4 million.

Current Supplemental Property Tax Revenue

Current Supplemental property tax revenue ($8.9 million in Fiscal Year 2018–19 and $9.0 million in Fiscal Year 2019–20) is expected to increase by $4.2 million in Fiscal Year 2018–19 from the adopted level for Fiscal Year 2017–18. 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. 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.

Current Unsecured Property Tax Revenue

Current Unsecured property tax revenue ($17.9 million in Fiscal Year 2018–19 and $17.8 million in Fiscal Year 2019–20) 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, there is no significant change in projection for the next two fiscal years.

Current Unsecured Supplemental Property Tax Revenue

Current Unsecured Supplemental property tax revenue ($0.1 million in Fiscal Year 2018–19 and $0.1 million in Fiscal Year 2019–20) 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 31.2% ($412.2 million) of the General Purpose Revenue amount in Fiscal Year 2018–19 and 31.4% of the projected amount ($424.3 million) in Fiscal Year 2019–20.
Teeter Revenue

Teeter Revenue ($16.6 million in Fiscal Year 2018–19 and $16.2 million in Fiscal Year 2019–20) represents approximately 1.3% of General Purpose Revenue in Fiscal Year 2018–19 and 1.2% of the projected amount in Fiscal Year 2019–20. Teeter Revenue is expected to increase by $3.3 million in Fiscal Year 2018–19 from the adopted level for Fiscal Year 2017–18.

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.

Sales and Use Tax Revenue

Sales & Use Tax Revenue ($28.8 million in Fiscal Year 2018–19 and $28.8 million in Fiscal Year 2019–20) represents approximately 2.2% of General Purpose Revenue in Fiscal Year 2018–19 and 2.1% in Fiscal Year 2019–20. This revenue is derived from taxable sales by retailers who sell or rent tangible personal property in unincorporated areas of the county, or from use taxes from consumers who purchase tangible personal property from out of State. Use taxes are also imposed on the storage, use, lease or other consumption of tangible personal property at any time a sales tax has not been paid by the retailer.

Sales & Use Tax Revenue in Fiscal Year 2018–19 is estimated to be flat compared to the Fiscal Year 2017-18 Adopted Operational Plan and is estimated to be flat in Fiscal Year 2019–20 as well.

Intergovernmental Revenue

Intergovernmental Revenue ($77.6 million in Fiscal Year 2018–19 and $77.6 million in Fiscal Year 2019–20) comprises 5.9% of the General Purpose Revenue amount in Fiscal Year 2018–19 and 5.7% of the projected amount in Fiscal Year 2019–20. For Fiscal Year 2018–19, the amount budgeted is $26.7 million or 52.4% higher than the Fiscal Year 2017–18 Adopted Operational Plan. This increase is attributable to the recategorization of redevelopment pass-through revenues formerly recognized as program revenue ($15.6 million), and an increase in pass-through (6.4 million) and residual redevelopment revenues ($4.7 million).

Funding for this revenue source comes from various intergovernmental sources including Redevelopment Successor Agencies, the City of San Diego (pursuant to a Memorandum of Understanding [MOU] related to the County’s Central Jail), the federal government (Payments in Lieu of Taxes [PILT] for tax-exempt federal lands administered by the Bureau of Land Management, the
National Park Service, and the U.S. Fish and Wildlife Service), and the State of California (reimbursement to the County for the Homeowner’s Property Tax Relief [HOPTR] program).

Under the HOPTR program, homeowners are exempted from paying property taxes on the first $7,000 of the assessed value of their personal residence and the State reimburses local taxing entities for the related loss of revenue. The largest portion of this funding is from aid from Redevelopment Successor Agencies generated by “pass-through” agreements in place prior to redevelopment dissolution.

Redevelopment agencies were dissolved by the California Legislature in ABx1 26 on June 28, 2011. The California Supreme Court upheld the constitutionality of the dissolution on December 29, 2011 and extended the date of dissolution to February 1, 2012. Based on Section 34183 of the Health and Safety Code, the county auditor-controller shall remit from the Redevelopment Property Tax Trust Fund to each affected taxing agency property tax revenues in an amount equal to that which would have been received under Section 33401, 33492.14, 33607, 33607.6, or 33676. These “residual funds” not allocated for specific purposes will be distributed to affected taxing agencies under Section 34183 of the Health and Safety Code. The County General Fund and Library Fund, as affected taxing entities, receive a share of this “residual fund” tax distribution, but this has not been included in the General Fund’s Fiscal Year 2018–20 Recommended Operational Plan.

Other Revenues

Other Revenues for Fiscal Year 2018–19 total $82.1 million and increase to $84.4 million in Fiscal Year 2019–20, and are approximately 6.2% of the total General Purpose Revenue amount in Fiscal Year 2018–19 and 6.3% in Fiscal Year 2019–20. The Fiscal Year 2018–19 amount represents a 27.3% or $17.6 million increase from the Fiscal Year 2017–18 Adopted Operational Plan. This increase is primarily attributable to growing interest rates and growth in average daily cash balance.

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 2018–19 is RPTT, a leading indicator of local economic strength. RPTT revenue for Fiscal Year 2018–19 is budgeted at $21.1 million, a 1.0% ($0.2 million) slight increase from the Fiscal Year 2017–18 Adopted Operational Plan, reflecting a continued improvement in receipts in Fiscal Year 2017–18. Revenues are projected to slightly increase by $0.2 million or 1.0% in Fiscal Year 2019–20. 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, $16.9 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 2018–19 ($1.0 million or 6.3%) and 2018–19 ($0.4 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 2018–19 budget for the Public Safety Group represents 30.5% of total County expenditures, the allocation of GPR for services in that Group equals 56.4% of the total GPR. By contrast, the Health and Human Services Agency’s budget represents 33.6% of total County expenditures, however due to significant amounts of funding from program revenues, it is allocated only about 8.5% of total GPR.

The allocation of GPR for Fiscal Years 2018–19 and 2019–20 reflects a multi-year strategy to manage County resources within the slowly growing 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 $1,319.6 million in Fiscal Year 2018–19, an increase from Fiscal Year 2017–18 budget of $1,199.2 million. While in Fiscal Year 2018–19 employer contributions to the retirement fund are budgeted to increase by 4.8%, the annual rate of increase beyond Fiscal Year 2018–19 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 2019–20.
The resource management strategy to address this issue over the next two years is summarized as follows:

- Fiscal Year 2018–19 Recommended Operational Plan allocates $92.2 million of GPR growth to the County’s five business groups to fund growth in salary and benefit costs including retirement and negotiated labor agreements ($20.8 million) as well as allocation for programs ($71.3 million). The remaining GPR growth will be appropriated to partially support one time capital and to support future salary and benefit growth.

- Fiscal Year 2019–20 Recommended Operational Plan allocates $34.1 million of GPR which includes $30.8 million of GPR growth and a portion of the prior year growth set aside for future salary and benefit to growth, to the County’s five business groups to fund increases in negotiated labor agreements.

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

Management Practices

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

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

Certain key management practices have been included in the San Diego County Administrative Code. Section 91.5, Deputy Chief Administrative Officer/Auditor and Controller Records and Reports calls for the provision of periodic updates related to fund status, General Fund cash flow, and budget status reports. Section 113.5, Management Practices provide guidelines for use on general purpose revenues that are
generated by maturing or refunded long-term financial obligations or by greater than anticipated assessed value growth.

Board Policy B-65 and Administrative Code Section 113.5 also provide guidelines for managing the County’s long-term financial obligations. More details on these can be found in the Debt Management sub-section.

Revenues
❖ As a political subdivision of the State of California, the County has all the powers specifically stated and necessarily implied in general law and the County Charter, including the power to assess, levy and collect fees and taxes. There are three basic categories of funding sources for County programs and services: Program Revenue, General Purpose Revenue and Fund Balance. Descriptions of major revenues policies are included in the section immediately following the definition of these revenue categories.
❖ Program Revenue may be received in the form of fees paid by customers for a particular service or may be received as a subvention or grant from the State or federal government based on qualifying services being provided to local residents. For purposes of constructing the Operational Plan, Program Revenue is defined to also include all revenue received by special funds.
❖ General Purpose Revenue may be used to provide for any service that is within the legal purview of the County. It is used to match federal or State program revenues where required and to fund mandated and discretionary services where either no program revenue or insufficient program revenue is received. General Purpose Revenue shall be budgeted only after all other funding sources for those services are taken into account.
❖ Fund Balance results from an excess of revenues over expenditures in prior fiscal years. Fund balance is used to support one-time projects only, not ongoing services.
❖ Devise and monitor the goals and objectives of a revenue management program within policy guidelines prescribed by the Board of Supervisors. This includes a periodic review of the County’s financial condition in order to ensure that the County’s financial sources (revenues) are sufficient to meet anticipated obligations.
❖ Develop annual revenue estimates for the development of the Operational Plan relating to revenues under control of the Chief Administrative Officer.
❖ Ensure that full cost is recovered from fees, grants and revenue contracts to the extent legally possible. If not, the reasons for recovery of less than full cost will be documented and disclosed.
❖ All revenues received by the County identified as “one-time” revenues will only be appropriated for “one-time” expenditures per the County of San Diego Administrative Manual 0030–14, Use of One-Time Revenues and San Diego County Administrative Code Section 113.4, Fund Balances and Use of One-time Revenues.
❖ County departments will seek to recover the full cost of all services provided to agencies or individuals outside the County of San Diego organization on a contractual or fee basis or when obtaining grant funding. Exceptions to this policy require specific Board of Supervisors approval for the non-reimbursed costs as set forth in Board of Supervisors Policy B-29, Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery.
❖ Full cost is defined as the sum of direct costs plus departmental overhead costs plus external indirect costs as calculated pursuant to the federal Office of Management and Budget Circular A-87 cost plan for the County.
❖ All proposed grant funding requests must be certified by the department head as being worthy of funding with County resources if external financing was unavailable.
❖ Funding sources that will require a revenue match from the County General Fund shall be limited to the designated match level mandated as a condition of funding.
❖ The establishment of fees, and subsequent changes to fees, will be done by ordinance at regularly scheduled meetings of the Board of Supervisors. Fees are to be deposited or paid in advance of delivery or completion of services. All fee schedules will be reviewed annually or more frequently if warranted, to allow for full cost recovery.
❖ The Chief Administrative Officer shall review all proposed new or changed fee schedules, grant applications and revenue contracts from an overall policy perspective before they are submitted to the Board of Supervisors for action. County Counsel shall review all revenue contracts to ensure that the County’s interests are protected.
❖ During the budget development process, selected departments may be asked to analyze services, either County operated or contracted, to determine if the quality, economy and productivity are equal to that of an alternative delivery method, including other government agencies, and to determine how the revenues can be maximized so the highest level or volume of services can be provided as set forth in Board of Supervisors Policy B-63, Competitive Determination of Optimum Service Delivery Method.
❖ Revenue received from the Tobacco Master Settlement Agreement (1998) shall be allocated to support a comprehensive tobacco control strategy, to increase funding for health care-based programs, and to supplement, but not replace,
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 programmatic funding eliminated by the State of California.
- Contracts for services, when properly issued and administered, are an approved method to accomplish County program objectives. Pursuant to the Charter of the County of San Diego §703.10 and §916, the County may employ an independent contractor if it is determined that the services can be provided more economically and efficiently than by persons employed in the Classified Service. The County may enter into contracts for services based upon conditions and methods set forth in Board of Supervisors Policy A-81, Procurement of Contract Services.
- The County shall procure items or services on a competitive basis unless it is in the County’s best interests not to use the competitive procurement process. The competitive procurement requirements may be satisfied through conducting either (a) formal bidding or (b) competitive negotiated procurement. Definitions and guidelines for exemptions and exceptions are outlined in Board of Supervisors Policy A-87, Competitive Procurement.
- The County will establish appropriations for the Community Enhancement Program at a level approximately equal to the amount of Transient Occupancy Tax revenues estimated to be collected each fiscal year. Each of the five Board of Supervisors office is allocated 20% of the total program amount for purposes of recommending grant awards to community organizations based on eligibility criteria and application guidelines included in Board of Supervisors Policy B-58, Funding of the Community Enhancement Program.

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 113.1 General Fund Balances and Reserves, as adopted by the Board of Supervisors on December 5, 2017, the County will maintain a portion of Unassigned Fund Balance as a reserve that equals a minimum of two months of audited General Fund expenses (which is equivalent to 16.7% of audited General Fund expenses). The General Fund Reserve will protect the County against expenditure and revenue volatility, natural disasters and other unforeseen emergencies, economic downturns, and other issues which impact fiscal health and stability.
- Appropriation of the General Fund Reserve minimum balance and/or transfers from the General Fund Reserve appropriation, requires a 4/5th vote of the Board of Supervisors.
- In the event the General Fund Reserve falls below established levels, the Chief Administrative Officer shall present a plan to the Board of Supervisors for restoration of those targeted levels within one to three years.
- In addition, the Administrative Code authorizes the Board of Supervisors to commit fund balance and the Chief Administrative Officer to assign fund balance for specific purposes that do not result in the General Fund Reserve falling below the minimum required balance.
Finaly, the Administrative Code recognizes the General Fund Reserve and all County fund balances as one-time funding sources. These sources of revenue should be appropriated for one-time uses or in conjunction with a long-term financial plan to cover short-term expenditure increases or revenue shortfalls to prevent budgetary imbalances. In general, fund balance is established when assets are greater than liabilities at the end of a year. In practice, fund balance can be generated when revenues exceed expenditures in any year.

One time revenues may include grants, revenue from the sale of assets, one-time expenditure savings, and revenue sources which may be available for more than one year but are either non-recurring or will be required to address future expenditure growth that is anticipated to exceed future revenue growth.

One-time expenditures may include the following: program startup costs, short-term expenditure increases or revenue shortfalls to prevent budgetary imbalances, early debt retirement, capital costs, or other one-time expenditures as recommended by the CAO.

For additional details on 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 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 Procedures, establishes procedures for developing the scope of capital projects, monitoring the expenditure of funds for capital projects, timely capitalization of assets and closure of capital projects within the Capital Program Funds.

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

Measurement Focus and Basis of Accounting

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

Proprietary Funds distinguish operating revenues and expenses from 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.

Basis of Budgeting

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

Governmental Funds

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

Proprietary Funds

The Board of Supervisors approves an annual spending plan for proprietary funds. Although the adopted expense estimates are not appropriations, their budgetary controls are the same as those of the governmental funds. Because these funds collect fees and revenues generally to cover the cost of the goods and services they provide, their accounting and budgeting bases are closer to commercial models, which is done on an accrual basis, reflecting both revenues and expenses when earned.
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 creation of a new capital fund named Major Maintenance Capital Outlay Fund was implemented for financial reporting purposes. This new fund enables the County to capitalize those projects that meet the capitalization requirement per accounting rules. Such projects which are considered routine maintenance but require capitalization are funded through the originating departmental operating budget. The Fiscal Year 2018-19 capital projects budget for the County is $265.7 million. This excludes the $9.2 million appropriated in Fiscal Year 2018-19 and 2019-20 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.

<table>
<thead>
<tr>
<th>Capital Project Appropriations</th>
<th>Dollar Amount</th>
<th>Number of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Outlay Fund</td>
<td>$51,562,000</td>
<td>29</td>
</tr>
<tr>
<td>Major Maintenance Outlay Fund</td>
<td>$18,806,981</td>
<td>48</td>
</tr>
<tr>
<td>Justice Facility Construction Fund</td>
<td>$94,417,000</td>
<td>4</td>
</tr>
<tr>
<td>County Health Complex Fund</td>
<td>$71,000,000</td>
<td>2</td>
</tr>
<tr>
<td>Library Construction Fund</td>
<td>$22,370,000</td>
<td>3</td>
</tr>
<tr>
<td>Multiple Species Conservation Program Fund</td>
<td>$7,500,000</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$265,655,981</strong></td>
<td><strong>87</strong></td>
</tr>
</tbody>
</table>

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.
General Fund Reserves and Resources

The County maintains a prudent level of resources to help protect fiscal health and stability. The following table reflects General Fund Balances as of June 30, 2017, as reported in the County’s most recent Comprehensive Annual Financial Report (CAFR).

General Fund Fund Balance Categories (in thousands)

<table>
<thead>
<tr>
<th>Category</th>
<th>CAFR (June 30, 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable</td>
<td>$19,894</td>
</tr>
<tr>
<td>Restricted</td>
<td>$266,904</td>
</tr>
<tr>
<td>Committed</td>
<td>$677,058</td>
</tr>
<tr>
<td>Assigned</td>
<td>$483,464</td>
</tr>
<tr>
<td>Unassigned</td>
<td>$697,293</td>
</tr>
<tr>
<td><strong>Total General Fund Balance</strong></td>
<td><strong>$2,144,613</strong></td>
</tr>
</tbody>
</table>

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

Restricted fund balance represents amounts with constraints placed on their use that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors. Amounts include commitments for capital project funding, pension obligation bond payments, and various other programs and services including realigned health and social service programs, the public safety regional communications system, and parks expansion and improvements.

Assigned fund balance represents amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. Amounts include one-time appropriations included in the Fiscal Year 2017–18 Operational Plan, amounts obligated under multi-year contracts, and assignments of fund balance for potential litigation exposure.

Unassigned fund balance represents the residual classification for the General Fund or amounts that have not been restricted, committed or assigned for specific purposes within the General Fund, and is used to maintain the minimum fund balance required pursuant to the General Fund Balance Policy described below. Over the last several years, unassigned fund balance has declined from $798.1 million to $697.3 million due to strategic investments made in one-time enhancements of service delivery, maintaining necessary infrastructure, and providing resource for long-term liabilities such as pension obligations. Unassigned fund balance also provides the funding for many of the one-time uses in Fiscal Year 2018-19, as listed in the General Fund Use of Fund Balance/Fund Balance Component Decreases section.

Minimum General Fund Balance Policy

The County provides a wide variety of services that are funded by a number of revenue sources. Expenditures for these services are subject to fluctuations in demand; 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, General Fund Balances and Reserves, a portion of Unassigned Fund Balances shall be maintained as a reserve (General Fund Reserve) at a minimum of two months of audited General Fund Expenses (which is the equivalent of 16.7% of audited General Fund expenses). The General Fund Reserve protects the County against expenditure and revenue volatility, natural disasters and other unforeseen emergencies, economic downturns, unfunded pension liabilities, and aging infrastructure. The $586.1 million set aside of General Fund Unassigned Fund Balance for Fiscal Year 2018–19 equates to 16.7% of audited General Fund expenses and is in compliance with the code.
Restoration of Fund Balances and Reserves

In accordance with the Code of Administrative Ordinance Sec. 113.3, *Restoration of General Fund Reserve Minimum Balance*, in the event that the General Fund Reserve balance falls below the minimum required balance, the Chief Administrative Officer shall present a plan to the Board for restoration of those targeted levels. The plan shall restore balances to targeted levels within one (1) to three (3) years, depending on the use, reasons for use, and severity of the event. In the event that the General Fund Reserve is used to serve as a short-term financing bridge, the plan shall include mitigation of long-term structural budgetary imbalances by aligning ongoing expenditures to ongoing revenues.

Fiscal Year 2018–19 Recommended Uses of Fund Balance

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, to support one-time costs, or to make scheduled payments over a limited period of time. The figures in the tables below do not reflect all General Fund balance component activity, but rather those with specific action being recommended in the budget.

**Increases to Fund Balance Commitments**

The Pension Obligation Bonds commitment was established in Fiscal Year 2016–17 to set aside funds to support existing Pension Obligation Bonds (POB). The total amount set aside in the POB commitment through Fiscal Year 2017–18 was $198.2 million. The additional $75.0 million commitment recommended in Fiscal Year 2018–19 will result in a total of $273.2 million committed for POBs. This fund balance commitment serves as an alternative funding source for existing POB costs currently supported by General Purpose Revenue. The first draw on this committed fund balance in the amount of $19.8 million was included in Fiscal Year 2017–18 as a Fund Balance Component Decrease, Fiscal Year 2018–19 draws will reflect the additional $5.6 million commitment and will total $25.4 million. Draws will continue until final maturity of the POBs, in Fiscal Year 2026–27.

A total of $1.0 million committed to the Registrar of Voters will be used in Fiscal Year 2019–20 to provide funding for the March 2020 Presidential Primary Election.

<table>
<thead>
<tr>
<th>Increases to Fund Balance Commitments (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed: Pension Obligation Bonds</td>
</tr>
<tr>
<td>Committed: Registrar of Voters</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

120 CAO RECOMMENDED OPERATIONAL PLAN FISCAL YEARS 2018–19 AND 2019–20
Decrees (Uses) in Fund Balance Commitments and Assignments

Fund Balance Component Decreases represent the recommended appropriation of fund balance components available as reported in the Fiscal Year 2016-17 CAFR. Fund Balance Component Decreases of $95.6 million in Fiscal Year 2018-19 consists of $57.3 million draw on fund balance committed to Capital Project Funding to be used for Capital projects approved the Board on the Capital Improvement Needs Assessment (CINA), $25.4 million draw on fund balance committed for Pension Obligation Bonds to serve as an alternative funding source for a portion of existing POB costs that otherwise would have been supported by GPR, $11.5 million draw on committed realignment for the Welfare to Work contracts for intensive case management services, for support of Alzheimer’s Project and Seniors in Crisis pilot project, for one-time negotiated labor agreements in Child Welfare Services and the Cultural Broker program, and to support one-time major maintenance and facilities projects throughout HHSA, $0.8 million draw from Assigned to Hall of Justice Lease Payment to pay the 2009 Justice Facilities Refunding and $0.7 million draw on the Sheriff’s Capital Projects commitment to support a portion of the cost to purchase a helicopter.

<table>
<thead>
<tr>
<th>Fiscal Year 2018–19 Recommended Budget</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed: Pension Obligation Bonds</td>
<td>$ 25.4 Committed</td>
</tr>
<tr>
<td>Committed: Capital Project Funding</td>
<td>$ 57.3 Committed</td>
</tr>
<tr>
<td>Committed: Realignment</td>
<td>$ 11.5 Committed</td>
</tr>
<tr>
<td>Assigned: Hall of Justice Lease Payment</td>
<td>$ 0.8 Assigned</td>
</tr>
<tr>
<td>Committed: Sheriff’s Capital Projects</td>
<td>$ 0.7 Committed</td>
</tr>
<tr>
<td>Total</td>
<td>$ 95.6</td>
</tr>
</tbody>
</table>

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

Group/Agency Management Reserves

Group/Agency Management Reserves are 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 minimum requirement for the General Fund Reserve, as defined in County ordinance.

<table>
<thead>
<tr>
<th>Fiscal Year 2018–19 Recommended Budget</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety</td>
<td>$ 1.3 Unassigned</td>
</tr>
<tr>
<td>Health and Human Services</td>
<td>$ 20.0 Unassigned</td>
</tr>
<tr>
<td>Land Use and Environment</td>
<td>$ 0.0 Unassigned</td>
</tr>
<tr>
<td>Community Services</td>
<td>$ 1.3 Unassigned</td>
</tr>
<tr>
<td>Finance and General Government</td>
<td>$ 3.5 Unassigned</td>
</tr>
<tr>
<td>Total</td>
<td>$ 26.0</td>
</tr>
</tbody>
</table>

Note: In the table, the sum of individual amounts may not total due to rounding.
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 Board of Supervisors adopted Board Policy B-65, Long-Term Obligations and Financial Management Policy, on August 11, 1998. The policy was most recently updated in 2017, expanding the scope to provide additional guidelines on general long-term financial management and the management of long-term obligations. In 2018, portions of Board Policy B-65 related to administering the County’s long-term financial obligations were incorporated into County Administrative Code Article VII, Section 113.5 to codify existing County practices and Board policy. See the “Summary of Financial Policies” section for more details on this policy. Policy B-65, along with Administrative Code Article VII, Section 113.5, are the foundation for managing the County’s debt program. For purposes of this policy and code, long-term financial obligations are those that exceed one fiscal year.

Long-Term Obligation Limits

- All long-term obligations shall comply with federal, State and County Charter requirements.
- All long-term obligations must be approved by the Board of Supervisors after approval and recommendation by the Debt Advisory Committee, established by the Chief Administrative Officer, 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(s) financed.
- Total annual principal and interest payments on all long-term obligations of the General Fund will not exceed 5% of General Fund revenue.

Long-Term Obligation Limits

- Long-term financial obligations shall not be used to finance current operations or recurring needs.
- The Board of Supervisors may consider long-term obligations for the purpose of providing office space or operational facilities to County departments or agencies, upon recommendation of the Debt Advisory Committee. Capital projects identified as candidates for long-term financing first should have been identified and prioritized during the development of the County’s multi-year Capital Improvement Needs Assessment. If the Debt Advisory Committee deems that the financing is feasible, financially and economically prudent, aligned with the County’s objectives and does not impair the County’s creditworthiness, then it will be forwarded to the Board of Supervisors for consideration.

Structuring Practices

- The County shall continually review outstanding obligations and aggressively initiate refinancings when economically feasible and advantageous pursuant to the Refunding Policy of the Debt Advisory Committee.
- Variable rate obligations shall not exceed 15% of the total amount of the County’s outstanding long-term obligations.
- Derivative products, such as interest rate swaps, may be considered only if they meet the economic goals and policy objectives of the County as outlined in the Swap Policy of the Debt Advisory Committee.
- 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 rat-
DEBT MANAGEMENT POLICIES AND OBLIGATIONS

Management Practices

- The County shall reinvest general purpose revenue savings generated by maturing long-term obligations and/or refinancings to accelerate repayment of outstanding obligations (including pension unfunded actuarial accrued liability and/or economic defeasance of outstanding debt obligations) and/or to avoid the issuance of new long-term obligations by cash financing of capital projects.
- The County shall invest one-time over-realized general purpose revenue generated by greater-than-anticipated assessed value growth to accelerate payment of pension unfunded actuarial accrued liability.
- The County shall encourage and maintain good relations with credit rating agencies, investors in the County’s long-term obligations and those in the financial community who participate in the issuance or monitoring of the County’s long-term obligations.

Use of Proceeds

- The County shall comply with the internal controls outlined in the Debt Advisory Committee Post Issuance Tax Certificate Policy, including those guidelines relating to the segregation of bond proceeds.
- The County shall employ the services of a Trustee for the disbursement of bond proceeds in accordance with the applicable financing documents.
- The County shall enforce the filing of notices of completion on all projects within five years of their financing.

Credit Ratings

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

The most recent full credit review of the County by the rating agencies was performed in February 2017 in accordance with Board Policy B-65.

In Spring of 2017, Fitch, Standard and Poor’s and Moody’s affirmed the County of San Diego’s ratings including its issuer rating of ‘AAA’ due to the County’s strong operating performance, supported by solid expenditure and revenue frameworks, as well as moderate long-term liabilities.

The County of San Diego’s credit ratings are presented in the table nearby.

<table>
<thead>
<tr>
<th>Credit Ratings</th>
<th>Moody’s Investors Service</th>
<th>Standard &amp; Poor’s</th>
<th>Fitch Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>County of San Diego (Issuer Rating)</td>
<td>Aaa</td>
<td>AAA</td>
<td>AAA</td>
</tr>
<tr>
<td>Certificates of Participation and Lease Revenue Bonds</td>
<td>Aa1</td>
<td>AA+</td>
<td>AA+</td>
</tr>
<tr>
<td>Pension Obligation Bonds</td>
<td>Aa2</td>
<td>AA+</td>
<td>AA+</td>
</tr>
</tbody>
</table>

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.

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### Authority to Finance

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Issuance Legal Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>County of San Diego</td>
<td>General: Government Code §5900 et seq. and §29900 et seq.</td>
</tr>
<tr>
<td>Nonprofit Public Benefit Corporation</td>
<td>Maximum Indebtedness: Government Code §29909</td>
</tr>
<tr>
<td>Joint Powers Authority</td>
<td>Short-Term TRANs: Government Code §53820 et seq.</td>
</tr>
<tr>
<td>Redevelopment Successor Agency</td>
<td>Pension Obligation Bonds: Government Code §53580 et seq.</td>
</tr>
<tr>
<td>Housing Authority</td>
<td>Corporations Code §5110 et seq.</td>
</tr>
<tr>
<td>Assessment Bonds</td>
<td>Government Code §6500 et seq.</td>
</tr>
<tr>
<td>Mello-Roos Community Facilities District</td>
<td>Health and Safety Code §34177.5 et seq.</td>
</tr>
<tr>
<td>Conduit Bonds</td>
<td>Health and Safety Code §34200 et seq.</td>
</tr>
<tr>
<td></td>
<td>Street and Highway Code §6400 et seq. and §8500 et seq.</td>
</tr>
<tr>
<td></td>
<td>Government Code §53311 et seq.</td>
</tr>
<tr>
<td></td>
<td>Government Code §26227</td>
</tr>
<tr>
<td></td>
<td>Education Code §15000 and following</td>
</tr>
<tr>
<td></td>
<td>Government Code §53500 and following</td>
</tr>
</tbody>
</table>
DEBT MANAGEMENT POLICIES AND OBLIGATIONS

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.

Population is based on population figures provided by the State of California Department of Finance.

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.

### Bond Ratios

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Bonded Debt (in millions)</td>
<td>$1,086.1</td>
<td>$1,016.9</td>
<td>$939.0</td>
<td>$878.0</td>
<td>$813.0</td>
</tr>
<tr>
<td>Net Bonded Debt per Capita</td>
<td>$344</td>
<td>$312</td>
<td>$286</td>
<td>$267</td>
<td>$245</td>
</tr>
<tr>
<td>Ratio of Net Bonded Debt to Assessed Value</td>
<td>0.25%</td>
<td>0.22%</td>
<td>0.20%</td>
<td>0.18%</td>
<td>0.15%</td>
</tr>
</tbody>
</table>

1Net 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.

2Population is based on population figures provided by the State of California Department of Finance.

3Assessed 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.

### Components of General Fund Debt Service Ratio (in millions)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Adopted Budget</th>
<th>Fiscal Year</th>
<th>Adopted Budget</th>
<th>Fiscal Year</th>
<th>Adopted Budget</th>
<th>Fiscal Year</th>
<th>Recommended Budget</th>
<th>Fiscal Year</th>
<th>Recommended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Revenue</td>
<td>$3,899.3</td>
<td>$3,812.6</td>
<td>$3,970.6</td>
<td>$4,625.6</td>
<td>$4,442.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Debt Service</td>
<td>$116.9</td>
<td>$112.6</td>
<td>$112.6</td>
<td>$111.8</td>
<td>$109.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratio of Total Debt Service to General Fund Revenue</td>
<td>3.00%</td>
<td>2.95%</td>
<td>2.84%</td>
<td>2.42%</td>
<td>2.47%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund Share of Debt Service Cost</td>
<td>$90.3</td>
<td>$86.0</td>
<td>$86.2</td>
<td>$86.2</td>
<td>$86.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratio of General Fund Share of Debt Service to General Fund Revenue</td>
<td>2.31%</td>
<td>2.25%</td>
<td>2.17%</td>
<td>1.86%</td>
<td>1.94%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

2Total Debt Service reflects amounts that are secured by the General Fund.

3Although 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.
Long-Term Obligations

The County’s outstanding General Fund secured long-term principal bonded debt as of June 30, 2018, and projected as of June 30, 2019, 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. As of June 30, 2018, the County is anticipated to have $273.2 million of COPs and LRBs outstanding.

Taxable Pension Obligation Bonds (POBs)

POBs are financing instruments typically used to pay some or all of a pension plan’s unfunded liability. The bond proceeds are transferred to the issuer’s pension system as a prepayment of all or part of the unfunded pension liabilities of the issuer, and the proceeds are invested as directed by the pension system. POBs have been issued on several occasions by the County to reduce the unfunded actuarial accrued liability (UAAL) of the San Diego County Employees Retirement Association (SDCERA) 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, 2018, the County is anticipated to have $558.5 million of taxable POBs outstanding.

To manage overall pension costs, the County has implemented a pension stabilization strategy, wherein a portion of General Purpose Revenue (GPR) is set aside each year to mitigate any significant changes in retirement costs. The unused amounts of these annual set aside are then committed in the subsequent fiscal year as fund balance specifically to support the portion of POB payments that had been paid by GPR in prior years. Portions of this fund balance commitment will be appropriated each year and will serve as an alternative to GPR as a funding source for POB costs. Fiscal Year 2017-18 is the first year that these committed amounts were used, and portions will be appropriated each year until the final maturity of the POBs.
Redevelopment Successor Agency Tax Allocation Bonds (TABs)

TABs are limited obligations issued by the former Redevelopment Agency of the County of San Diego (Agency) to help pay for improvements related to projects within its redevelopment areas. The Agency was formed on October 14, 1974, pursuant to Redevelopment Law, and effective February 1, 2012 was dissolved by the State legislature. Any outstanding TABs of the Agency are now limited obligations of the County of San Diego Successor Agency, which now manages the assets, repays the debts, and fulfills other obligations that were previously attributable to the Agency. An initial series of TABs was issued on September 12, 1995, as limited obligations of the Agency in the amount of $5.1 million for the construction of public improvements at the Gillespie Field Airport located on the Gillespie Field Redevelopment Project Area, which was one of the Agency’s two redevelopment project areas. On December 22, 2005, the Agency issued $16.0 million in TABs to refund all of the Agency’s outstanding 1995 bonds and to repay loans owed to the County’s Airport Enterprise Fund. These loans from the County Airport Enterprise Fund were used by the Agency to finance redevelopment activities in the Gillespie Field Redevelopment Project Area. In connection with the 2005 TABs, the County pledged to make limited payments to the Agency from the Airport Enterprise Fund. This pledge remains a limited obligation of the Successor Agency and is not secured by the County’s General Fund. This pledge, along with certain Redevelopment Property Tax Trust Fund revenues generated in the Gillespie Field Redevelopment Project Area, support annual principal and interest payments of approximately $1.1 million through Fiscal Year 2032–33; the final maturity of the 2005 TABs is in December 2032. Beginning in 2016, the Successor Agency began making accelerated principal redemption (“turbo”) payments on an annual basis for approximately $0.3 million, as required by the bond agreement when sufficient revenues exist.

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, 2018, 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

**Fiscal Years 2018–19 through 2041–42**

![Graph showing Long-Term Debt Obligations](image)

1Represent principal and interest due until final maturity on outstanding obligations of the County as of June 30, 2018. Details of these obligations are provided in the Outstanding County Financings table nearby.
Outstanding County Financings (in thousands)

<table>
<thead>
<tr>
<th>Bonds</th>
<th>Final Maturity Date</th>
<th>Original Principal Amount</th>
<th>Principal Amount Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Certificates of Participation &amp; Lease Revenue Bonds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009 Justice Facilities Refunding</td>
<td>2025</td>
<td>$80,940</td>
<td>$36,600</td>
</tr>
<tr>
<td>2011 MTS Tower Refunding</td>
<td>2019</td>
<td>19,260</td>
<td>3,880</td>
</tr>
<tr>
<td>2011 County Administration Center Waterfront Park</td>
<td>2042</td>
<td>32,665</td>
<td>28,955</td>
</tr>
<tr>
<td>2012 Cedar and Kettner Development Project</td>
<td>2042</td>
<td>29,335</td>
<td>26,255</td>
</tr>
<tr>
<td>2014 Edgemoor and RCS Refunding, issued September 2014</td>
<td>2029</td>
<td>93,750</td>
<td>78,330</td>
</tr>
<tr>
<td>2016 COC Refunding, issued March 2016</td>
<td>2035</td>
<td>105,330</td>
<td>99,200</td>
</tr>
<tr>
<td><strong>Total Certificates of Participation and Lease Revenue Bonds</strong></td>
<td>2025</td>
<td>$361,280</td>
<td>$273,220</td>
</tr>
<tr>
<td><strong>Taxable Pension Obligation Bonds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2004</td>
<td>2024</td>
<td>$454,113</td>
<td>$298,565</td>
</tr>
<tr>
<td>Series 2008</td>
<td>2027</td>
<td>343,515</td>
<td>259,960</td>
</tr>
<tr>
<td><strong>Total Pension Obligation Bonds</strong></td>
<td></td>
<td>$797,628</td>
<td>$558,525</td>
</tr>
<tr>
<td><strong>Redevelopment Successor Agency Tax Allocation Bonds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005 Gillespie Field Refunding</td>
<td>2032</td>
<td>$16,000</td>
<td>$11,475</td>
</tr>
<tr>
<td><strong>Total Tax Allocation Bonds</strong></td>
<td></td>
<td>$16,000</td>
<td>$11,475</td>
</tr>
</tbody>
</table>

1This table reflects the County’s outstanding financings as of June 30, 2018.

**Short-Term Obligations**

During the ordinary course of business, local governments, including the County, typically experience temporary mismatches in cash flow due to the timing of the County’s payment of expenditures, which is ongoing, and receipt of revenues, which is largely focused on months surrounding tax payment dates. To mitigate these cash flow imbalances, the County may borrow cash through the issuance of Tax and Revenue Anticipation Notes (TRANs). These notes mature within 12 to 13 months of the date of issuance and are, therefore, considered short-term obligations. The chart on the following page shows TRANs borrowing since 2009-10. The County has not issued TRANs on its own behalf for the past four fiscal years.

**Conduit Issuances**

Board of Supervisors Policy B-65 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.
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.