

**CLERK OF THE BOARD OF SUPERVISORS
EXHIBIT/DOCUMENT LOG**

MEETING DATE & AGENDA NO. 03/03/2026 #13

STAFF DOCUMENTS (Numerical)

No.	Presented by:	Description:
1	Staff	15 Page PowerPoint

2

3

4

5

PUBLIC DOCUMENTS (Alphabetical)

No.	Presented by:	Description:
A	N/A	

B

C

D

E

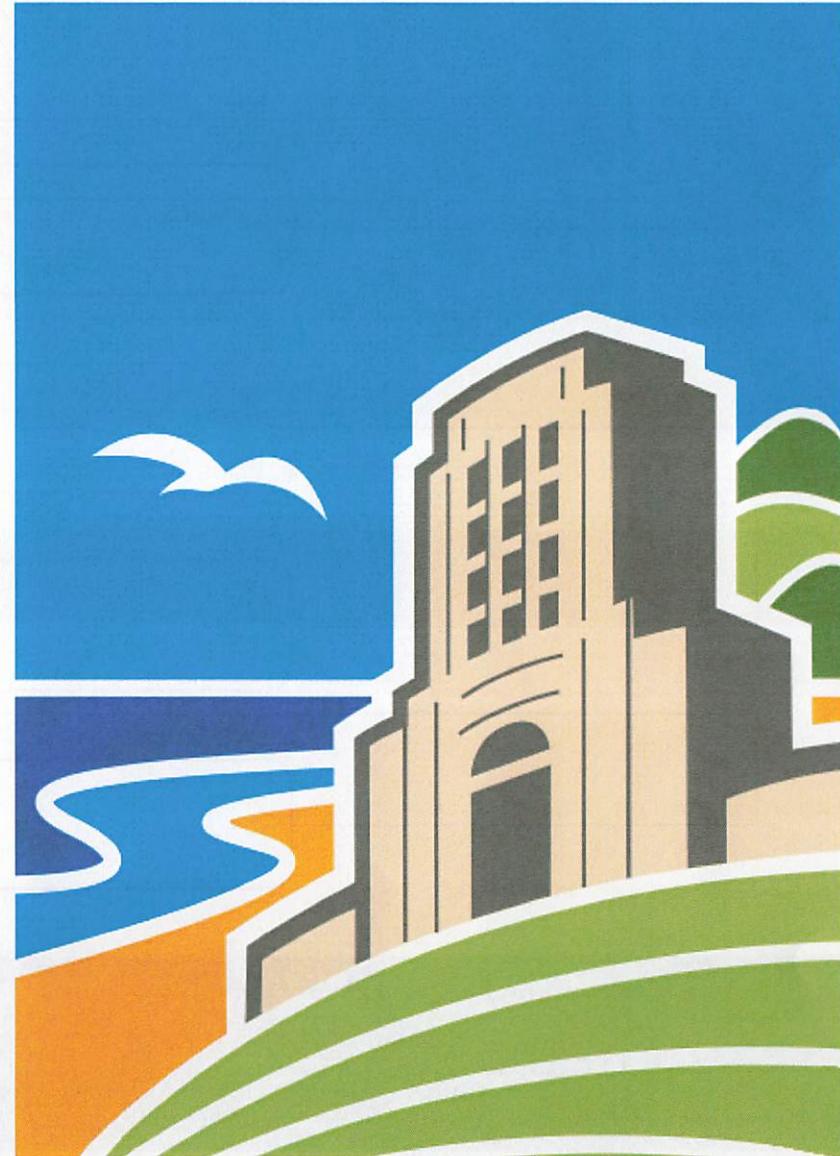
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COUNTY OF SAN DIEGO

FISCAL YEAR 2025-26 • 2ND QUARTER ECONOMIC UPDATE

March 3, 2026
Item #13

Joan Bracci, Chief Financial Officer



Overview

Regional Economic Update

Quarter 2 Budget Performance

Challenges and Considerations

Looking Ahead



Interest Rates

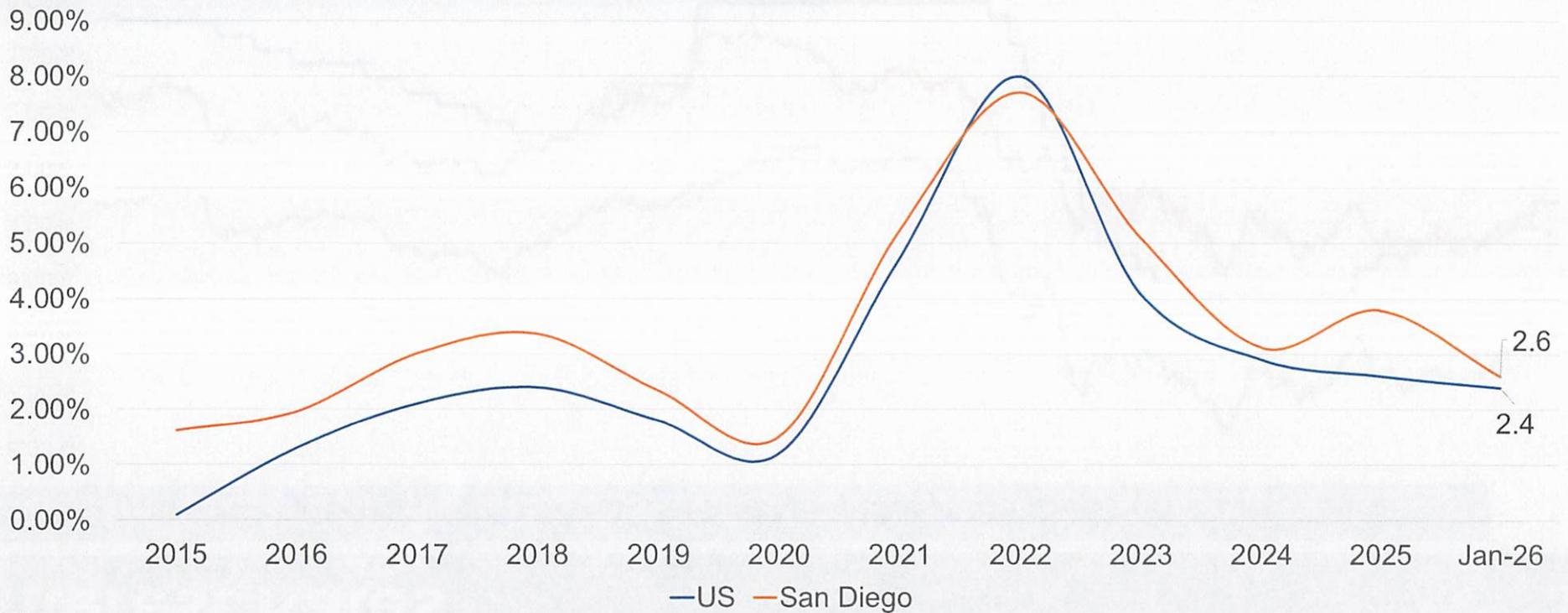
30-Year Fixed Mortgage vs 10-Year Treasury Yield vs Effective Fed Funds Rate



Source: Federal Funds Effective Rate, 10 Year Treasury Rate - Board of Governors of the Federal Reserve System (US) via FRED®
30-Year Fixed Mortgage - FreddieMac Primary Mortgage Market Survey®

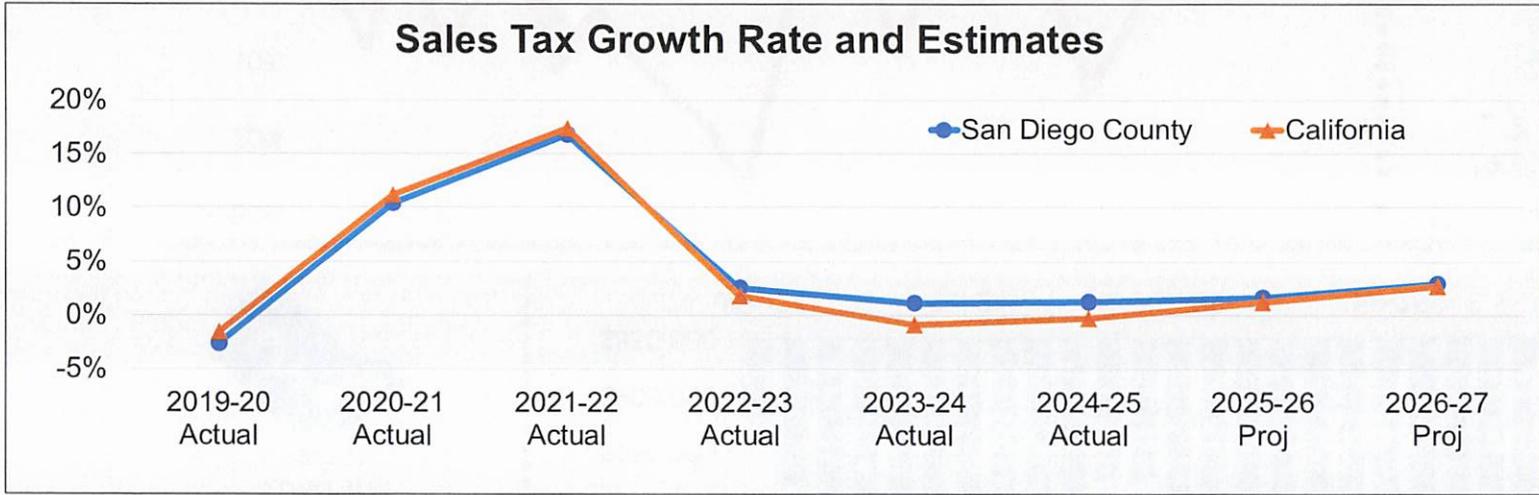
Inflation

Consumer Price Index – Annual Percent Change



Source: Bureau of Labor Statistics

Sales Tax Revenue Trend



San Diego County

FY 2024-25 Actual = 1.2%
FY 2025-26 Projection = 1.6%
FY 2026-27 Projection = 2.9%

California

FY 2024-25 Actual = -0.2%
FY 2025-26 Projection = 1.1%
FY 2026-27 Projection = 2.6%

Source: State Controller's Office Half-Percent Sales Tax for Public Safety for actuals from FY 2019-20 to FY 2024-25; HdL 2Q25 Prop 172 Report growth estimates for FY 2025-26 to FY 2026-27.

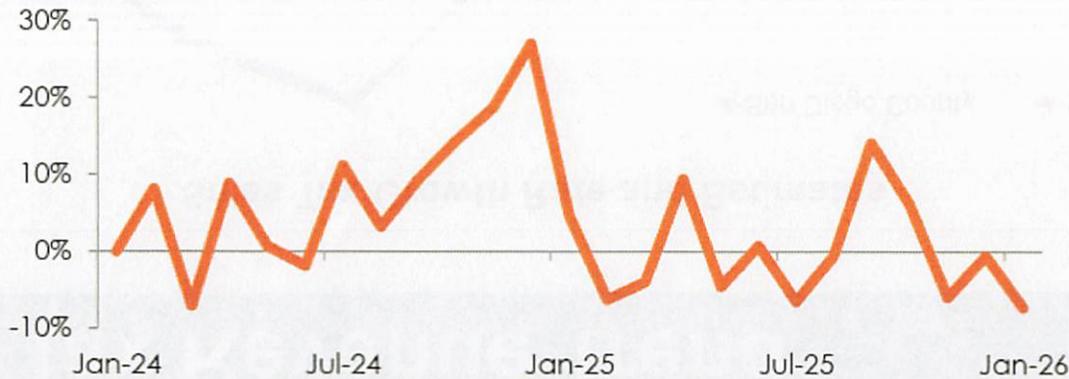
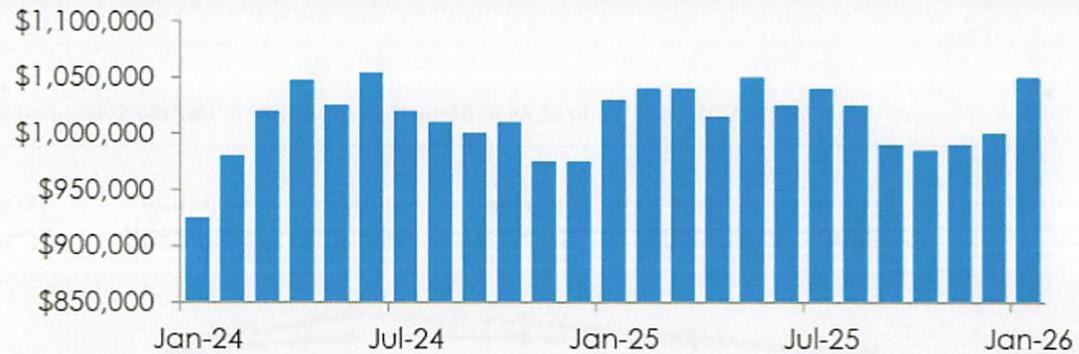
After a robust period, sales tax growth remains relatively flat.



Regional Economic Update

Housing Market

Median Price
For SF Detached Homes
\$1,050,000
5.0% MTM
1.9% YTY



Home Sales
For SF Detached Homes
-7.3% YTY
-23.8% MTM
-7.3% YTD

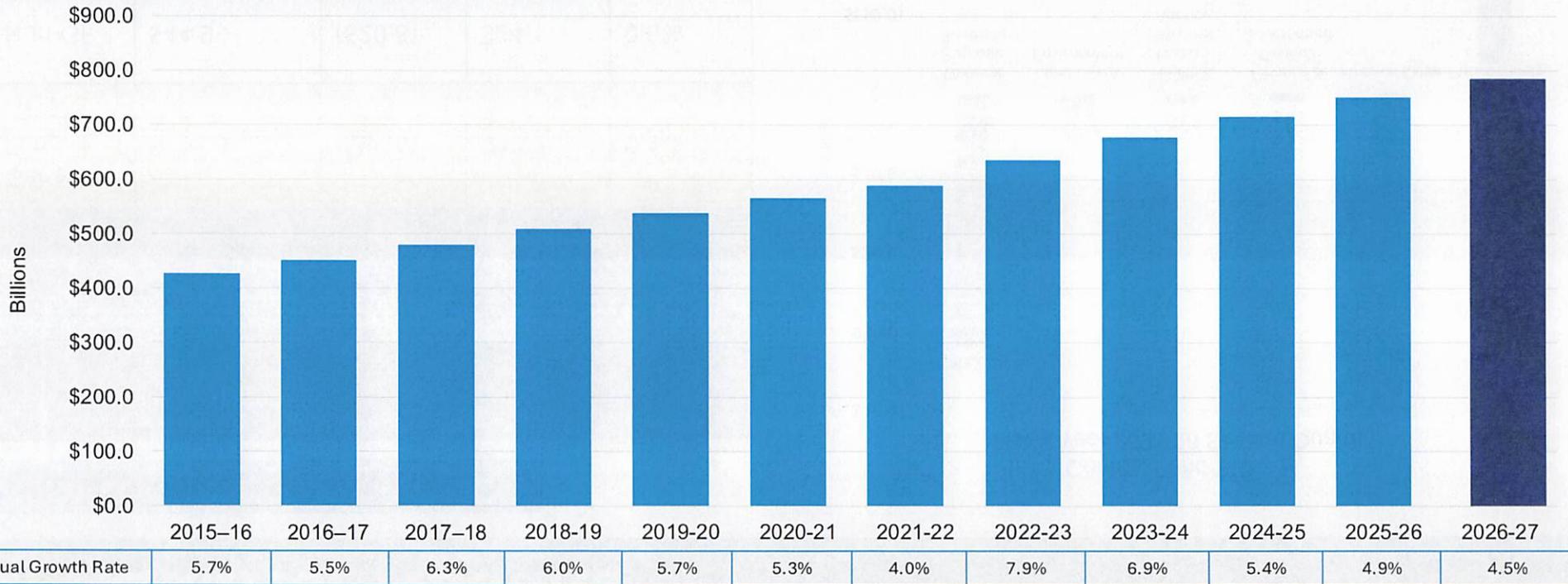


Source: California Association of REALTORS Research & Economics, San Diego County Market Update, January 2026

Regional Economic Update

Assessed Property Valuation

FY 2015-16 through FY 2026-27



■ Assessed Value

■ Projected Assessed Value

Source: Auditor & Controller, Property Tax Services annual report ending June 30, 2025 and Office of Financial Planning

Note: Projected Assessed Value based on historical data provided by Assessor/Recorder/County Clerk

Budget Performance

2nd Quarter Results

Fund Balance: General Fund

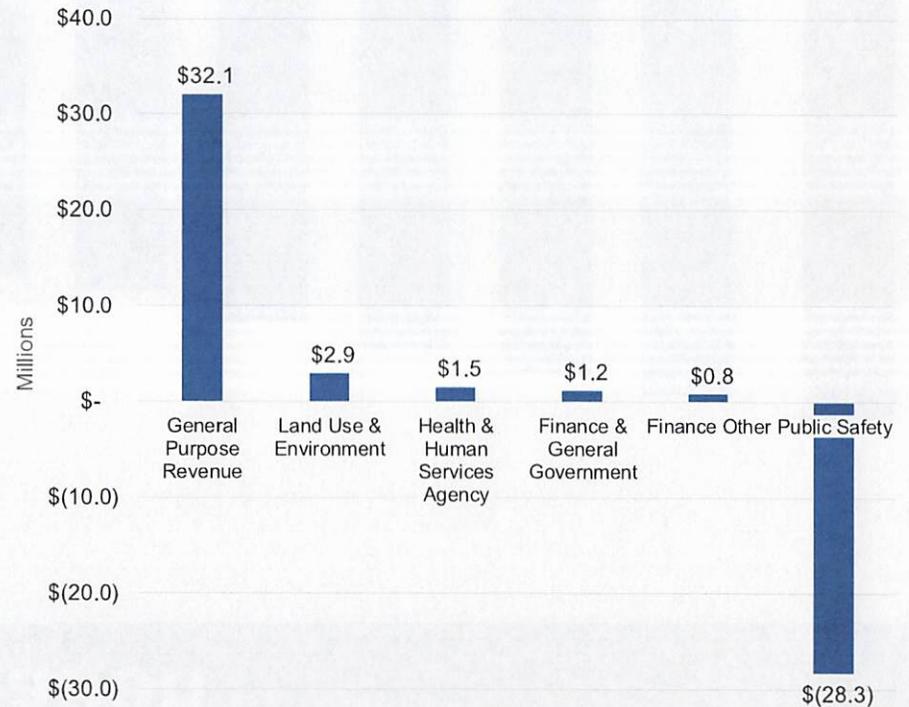
County Summary (in millions)

	Expenditures Variance	Revenues Variance	Projected Fund Balance (FB)	% of Projected FB to Budget
General Fund (GF)	\$108.8	(\$98.5)	\$10.2	0.1%
Non-GF	\$44.9	(\$20.8)	\$24.1	0.8%
TOTAL	\$153.7	(\$119.3)	\$34.3	0.3%

*Numbers may not add up due to rounding



General Fund \$10.2 M
Fiscal Year 2025-26 Second Quarter



Budget Performance

2nd Quarter Results

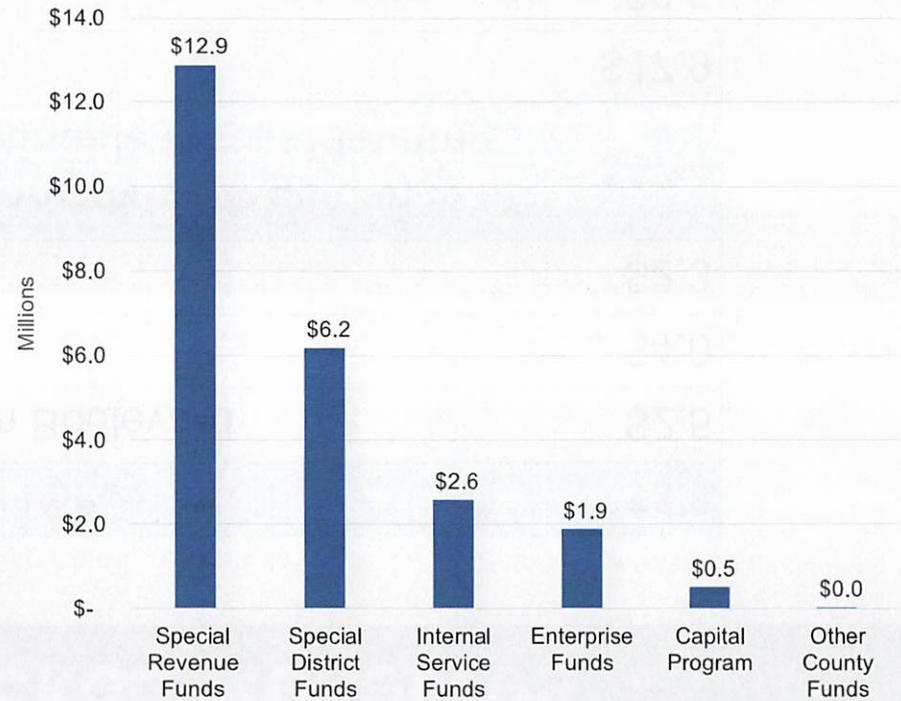
Fund Balance: Non-General Fund

County Summary (in millions)				
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Non-General Fund \$24.1 M
Fiscal Year 2025-26 Second Quarter



2nd Quarter Use of Unlocked Reserves *(in millions)*

Recommendation 17: Tijuana River Valley	\$8.8
Temporary pipe extension at Saturn Boulevard	\$2.5
Expansion of AIRE program	\$4.0
Health studies	\$2.3
Recommendation 19: Items based on advice & guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning	\$47.4
Housing	\$17.9
Vulnerable Populations	\$6.5
Sustainability	\$2.0
Infrastructure	\$21.0



Unlocked Reserves (in millions)

Total Unlocked Reserves* = \$381.6 million

Amount available in Fiscal Year 2025-26 (25% of total)*	\$95.4
1 st Quarter appropriation for lump sum payments to employees	(\$14.2)
2 nd Quarter appropriations to address conditions in the Tijuana River Valley <i>(Recommendation 17)</i>	(\$8.8)
2 nd Quarter appropriations for housing, support for vulnerable populations, sustainability, and infrastructure based on advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning <i>(Recommendation 19)</i>	(\$47.4)
Fiscal Year 2025-26 balance remaining	\$25.0



*San Diego County Administrative Code Section 113.1

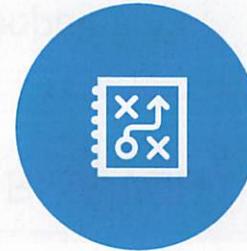
Looking Ahead



**Economic
Conditions**



**Federal & State
Government Impacts**

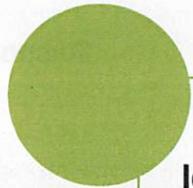


**Budget and
Mitigation Strategies
for upcoming
Operational Plan**



Looking Ahead

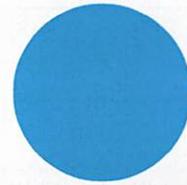
Maintaining Fiscal Stability



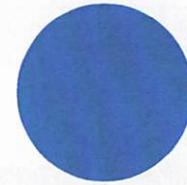
**Identify
phased
solutions for
some
long-term
challenges**



**Explore
stabilization
funding and
gradual
increases in
certain areas**



**Appropriations
are based only
on available
resources**



**Leverage all
available
resources**



Looking Ahead

General Purpose Revenue Projected One-Time Requests

Category	Examples	(\$ millions)				
		2026-27	2027-28	2028-29	2029-30	2030-31
Major Maintenance	Roof, HVAC, Camera system, Electrical	82.2	55.9	-	-	-
CINA	Stormwater, Ramona Sheriff station, BHS Wellness Campus, Heritage Park, Vista Detention Facility	81.6	173.0	201.4	241.5	331.2
Sustainability	Climate Action Plan, vehicle and equipment replacements	35.7	44.4	37.3	23.9	56.0
IT	Data center, IT license renewals and upgrades	26.0	39.9	15.2	14.0	19.0
Housing	Housing Blueprint, General Plan updates	0.5	14.4	5.7	-	-
Parks	ADA improvements, updates to existing parks	0.2	21.9	1.2	0.1	2.2
Stabilization Funding	H.R. 1 stabilization and other 1x transitional funding	58.2	-	-	-	-
Other 1x Operational Priorities	Labor agreements, public health including TJRV, emergency response fleet	39.3	17.7	13.1	39.0	3.7
	Total	323.7	367.2	273.9	318.5	412.1



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