

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

**MEETING DATE & AGENDA NO. 05/23/2023 #35**

**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

F

# Economic Update

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Third Quarter

Fiscal Year 2022-23

**May 23, 2023**

*Item #35*



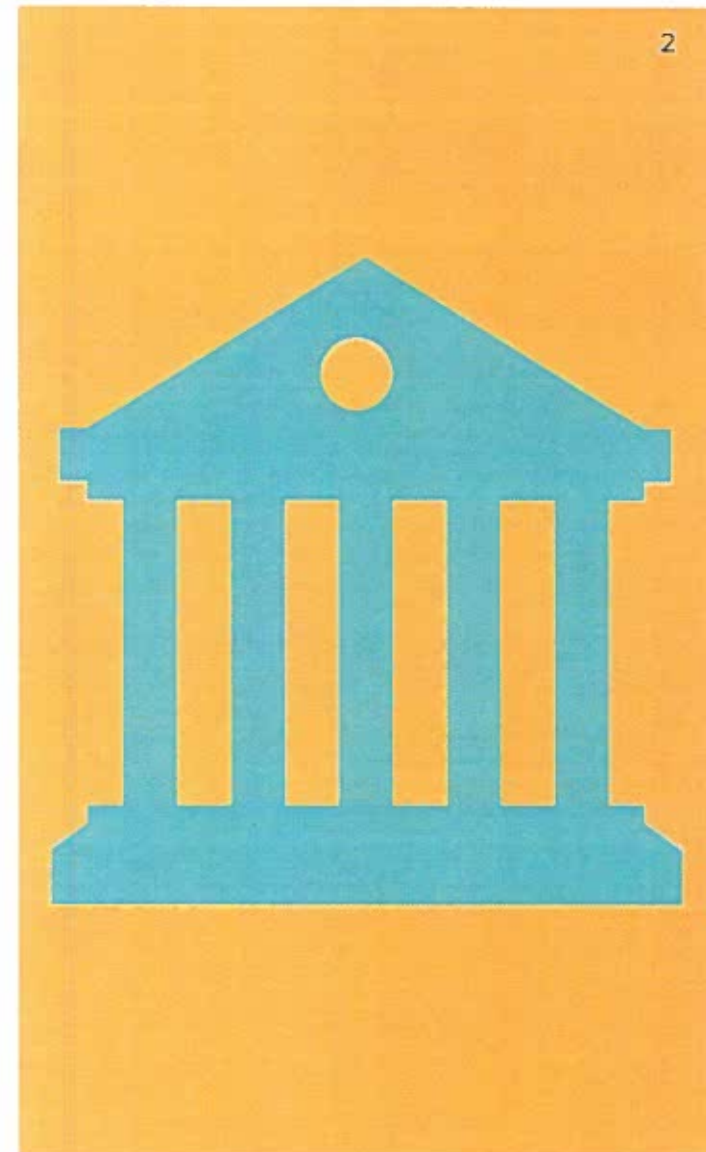
COUNTY OF SAN DIEGO

# San Diego County Economic Update

- Economic Indicators
- Key Drivers
- Q3 Budget Performance
- Looking Ahead

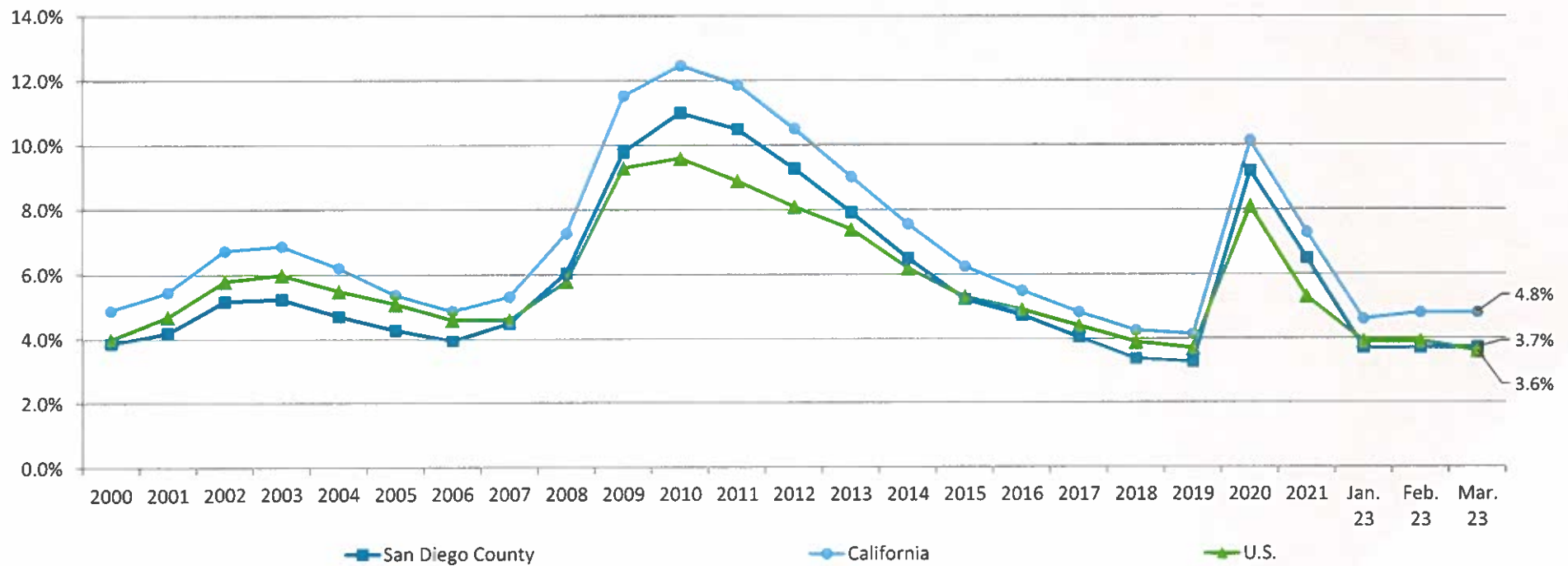


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# Economic Indicators :: Unemployment

Unemployment Rate Comparison  
2000 through March 2023

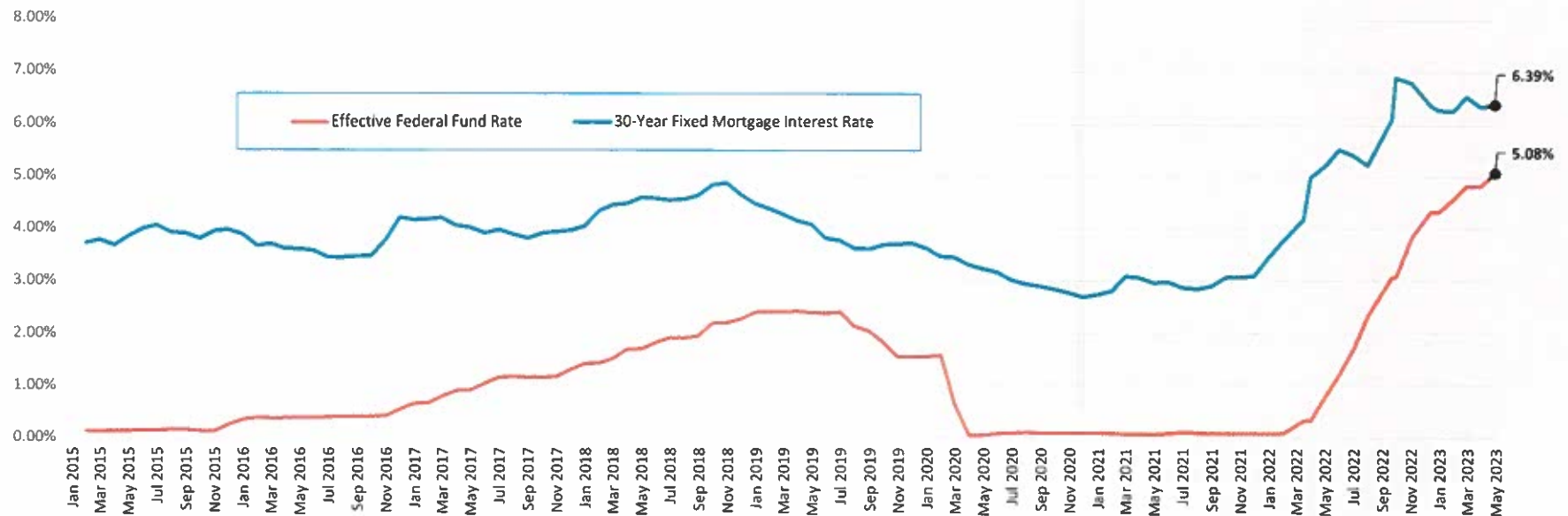


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Sources: California EDD, Bureau of Labor Statistics.

# Economic Indicators :: United States

**30-Year Fixed Mortgage Interest Rate and Effective Federal Fund Rate  
2015 through April 2023**



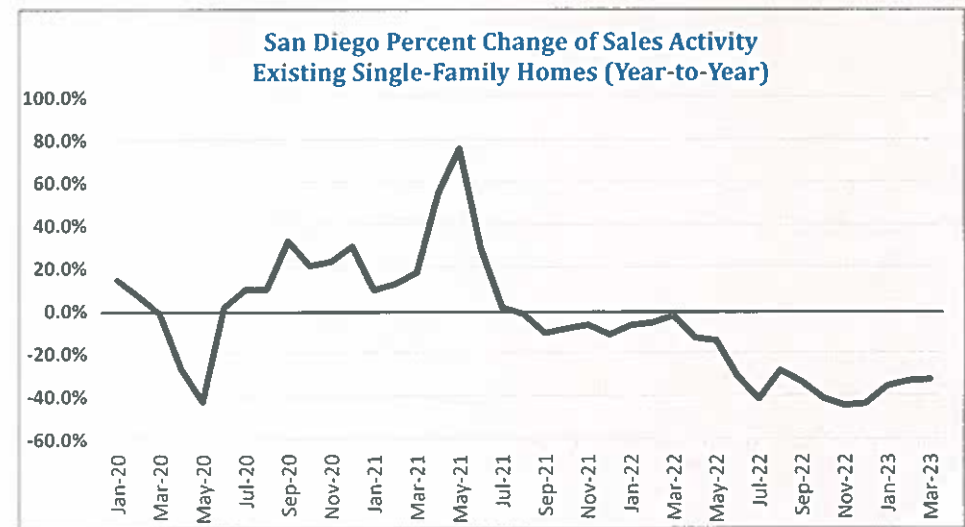
Source: Board of Governors of the Federal Reserve System and Freddie Mac accessed on May 8, 2023

Notes: The Effective Federal Funds Rate is the interest rate banks charge each other when lending large sums of money to help ensure overall bank liquidity. While this rate is agreed-upon between banks, it is influenced by the Federal Reserve (Federal Open Market Committee) and the federal funds rate target.



# Economic Indicators :: San Diego Housing Sales Activity

Month	Median Home Price (Single Family Home)
March 2020 <i>(COVID)</i>	\$655,000
April 2022 <i>(peak Median Home Price)</i>	\$975,000
January 2023 <i>(lowest since April 2022)</i>	\$824,950
March 2023 <i>(latest data)</i>	\$915,000

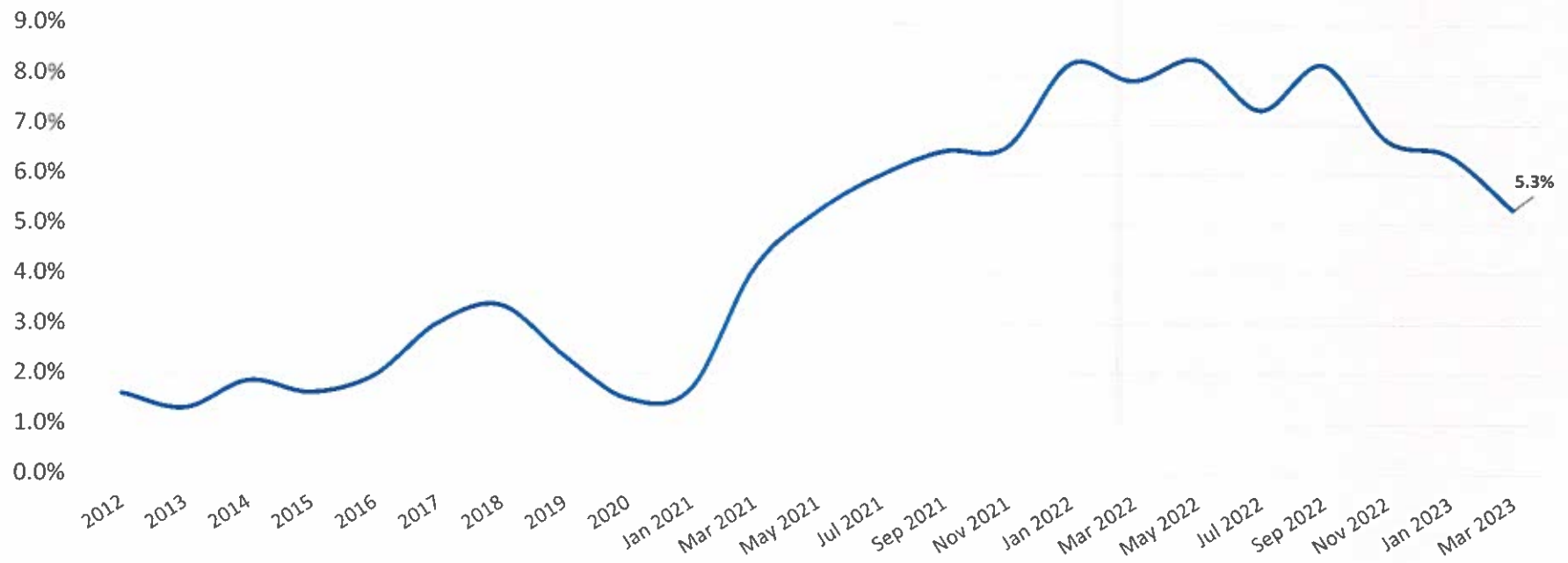


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Source: California Association of Realtors accessed on April 28, 2023

# Economic Indicators :: San Diego Inflation

San Diego CPI Annual Percent Change



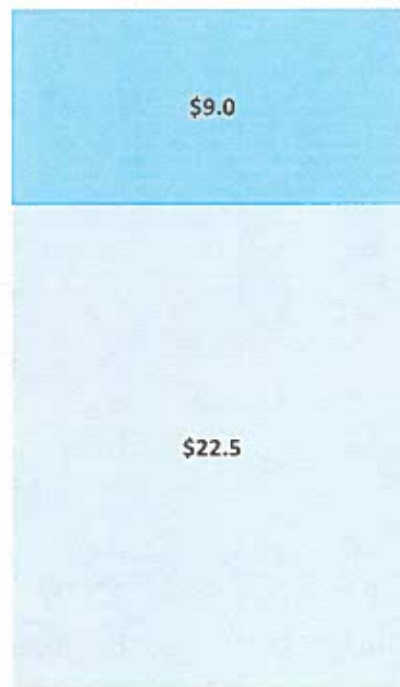
Source: Bureau of Labor Statistics



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## State Budget Outlook

FY 2023-24 State Budget Deficit (\$32 Billion) as of May Revision  
*in Billions*



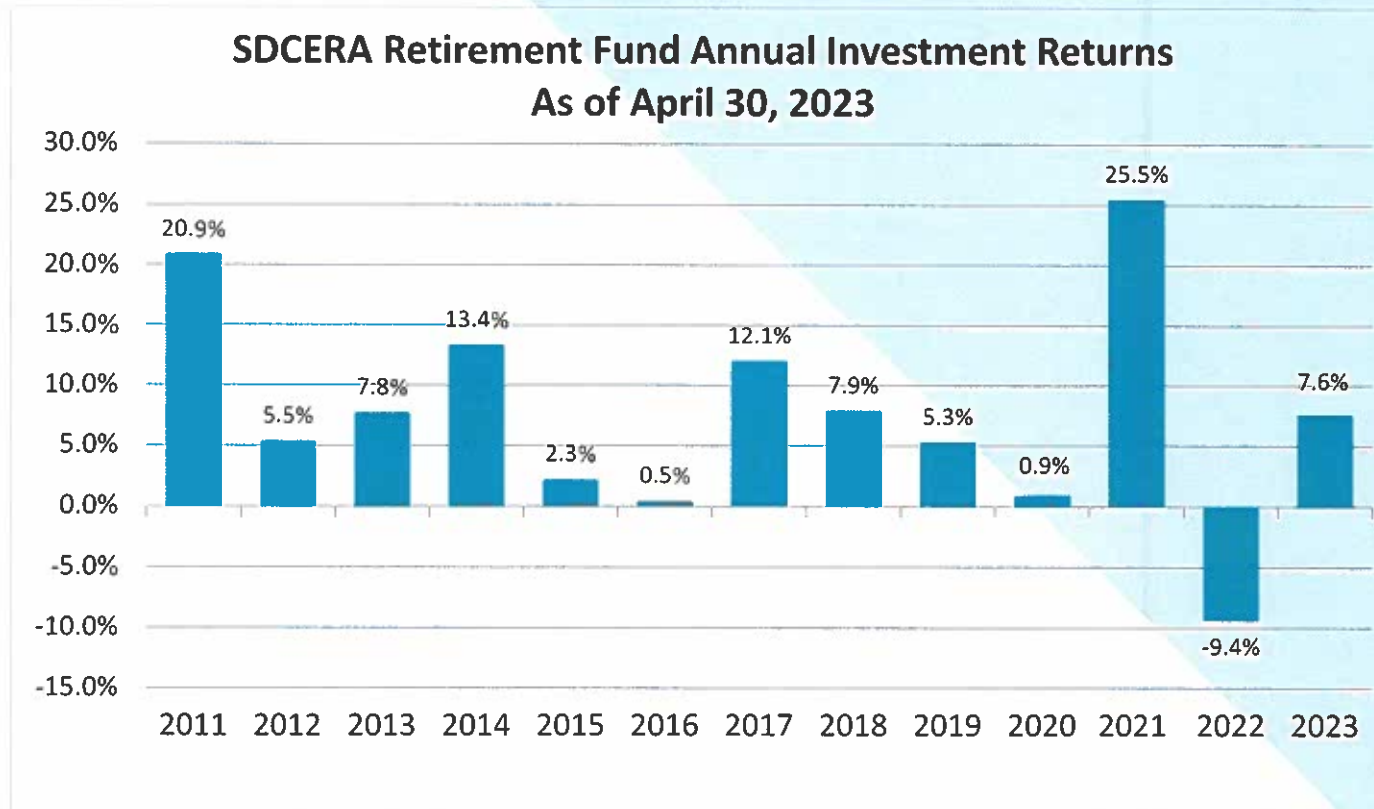
■ Governor's Proposed Budget (January) ■ May Revision



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# Retirement



Note: Investment Returns are as of the Fiscal Year ending on June 30 except current Fiscal Year 2023 which is as of April 30, 2023

Sources: SDCERA Actuarial Valuation and Review as of June 30, 2022; FY 2023 based on SDCERA Monthly Risk-Return Report as of April 30, 2023, SDCERA 2022 Q3 Quarterly Investment Review.

## Return Summary

10 Years: 6.6%

5 Years: 6.0%



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## COVID-19 Finance Update

### Spending Estimates for COVID-19 Response Effort (in Millions)

- Vaccinations ..... \$0.0
- T3 ..... \$0.2
- County Response ..... \$0.1

**\$0.3 Million  
Weekly Spend Rate**

## FEMA Reimbursement Status

<b>Total Estimated Costs</b>	<b>\$423 million</b>
Less Obligated Amount	(\$198 million)
<b>Balance Remaining</b>	<b>\$225 million</b>

- For the \$225 million remaining, the following assumptions are made in the Q3 projections:
  - \$35 million accrued for FY 2022-23
  - \$190 million deferred to future years

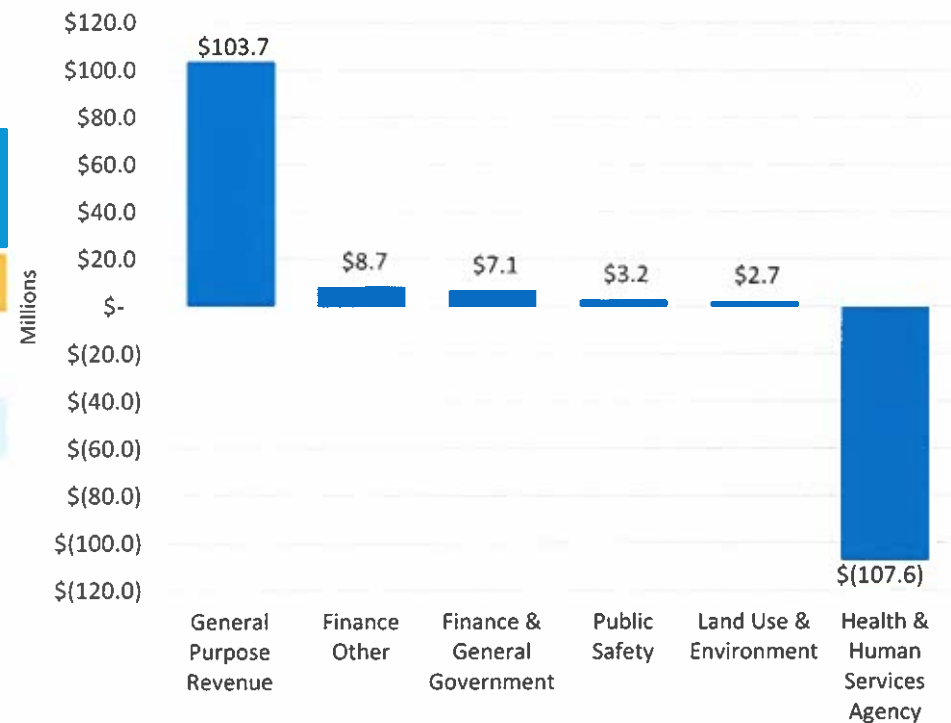


# Budget Performance 3rd Quarter Results

(in millions)

County Summary	Expenditures Variance	Revenues Variance	Projected Fund Balance	% of Projected FB to Budget
General Fund	\$137.3 M	(\$119.5 M)	<u>\$17.8 M</u>	0.2%
Non-General Fund	\$104.6 M	(\$6.5 M)	<u>\$98.1 M</u>	3.4%
TOTAL	\$241.9 M	(\$126.0 M)	<u>\$115.9 M</u>	1.2%

General Fund (\$17.8M)  
Fiscal Year 2022-23 Third Quarter



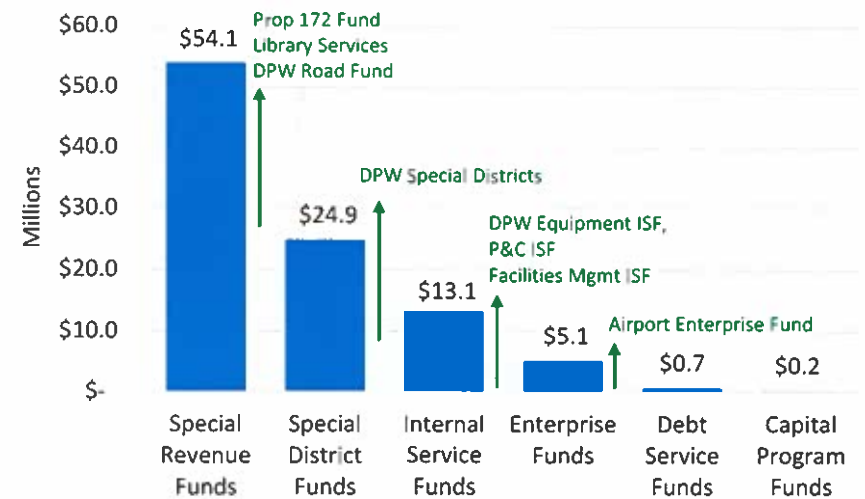
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Other Funds (\$98.1M)  
Fiscal Year 2022-23 Third Quarter



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## General Fund Reserve Ordinance

- Requires set aside of 2 months of operating expenses
  - Estimated minimum \$885.7 million
  - FY 22/23 Q3 projection \$139.0 million below minimum requirement\*
- Restoration anticipated in FY 23-24: \$148.0M anticipated FEMA receipts
- Draws on General Fund Reserve below minimum require 4/5<sup>th</sup> vote of the Board of Supervisors.
  - An unanticipated revenue shortfall or expenditure increase.
  - A legally declared emergency.
  - To absorb unforeseen changes in pension liability.
  - To help mitigate risk due to maintaining aging infrastructure.
  - To promote the long-term fiscal health and stability of the County.



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\*Actual amounts will be determined by fiscal year end results and will be subject to required financial statement adjustments.

## Looking Ahead

- Economic Conditions
- State Budget
- Monitor FEMA reimbursements



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# Thank You



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