COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, SEPTEMBER 30, 2025

MINUTE ORDER NO. 14

SUBJECT: PREPARING FOR FISCAL DISRUPTION THROUGH AN AD HOC SUSTAINABLE FISCAL PLANNING SUBCOMMITEE (DISTRICTS: ALL)

OVERVIEW
After months of public engagement and deliberation, the Board of Supervisors and Chief Administrative Officer (CAO) delivered a structurally balanced County budget. The Adopted Operational Plan for Fiscal Years 2025-26 and 2026-27 maintains essential functions, such as keeping deputies on patrol, firefighters on call, and home health aides supporting older adults. The Adopted Operational Plan also makes strategic investments, from behavioral health workforce expansion to emergency response infrastructure.

However, decisions in Washington D.C. and Sacramento are rapidly reshaping the fiscal landscape in ways that undermine local stability. The federal administration has withdrawn critical financial support, especially for the safety net programs that protect San Diego's most vulnerable. The recently passed "One Big Beautiful Bill Act" (OBBBA), introduced as H.R. 1, cuts federal spending by $1.4 trillion over the next 10 years, including $187 billion from SNAP and $917 billion from Medicaid. OBBA will cost the County at least $300 million per year in lost funding and increased administrative expenses alone, putting 400,000 San Diegans at risk of losing health insurance and 100,000 San Diegans at risk of losing food assistance. The Trump Administration's upcoming Fiscal Year 2026 budget proposal goes further, slashing non-defense spending by another $163 billion next year, including a devastating 44% cut to the Housing and Urban Development Department-affecting tens of thousands of older adults, veterans, and people with disabilities who rely on affordable housing and supportive services. The Department of Government Efficiency (DOGE), a sweeping federal downsizing initiative, has frozen billions in federal grants and contracts in San Diego with no timeline for resolution. The State of California closed a $12 billion budget deficit this year by scaling back Medi-Cal and homelessness investments, which are core pillars of County service delivery. At the same time, the cross-border sewage crisis in the Tijuana River Valley continues to threaten public health, tourism and local economies, creating new costs for County government and communities alike. With nearly half of the County's budget dependent on state and federal dollars, these cascading cuts represent a serious and immediate threat to local capacity.

Today's item proposes establishing an Ad Hoc Sustainable Fiscal Planning Subcommittee to assess emerging fiscal threats and opportunities and recommend a strategy for protecting essential services, funding strategic investments in key priorities, and preserving the County's strong financial standing and credit rating.

Key focus areas for the strategy include:
- **Fire Preparedness**
- **Healthcare**
- **Food Security and Food Assistance**
- **School Readiness and Childcare**
- **Mental Health and Substance Use Services**
- **In-Home Healthcare**

- **Public Safety**
- **Tijuana River Sewage Crisis**

To support the Subcommittee, this action recommends authorizing procurement of expert consulting services to assist in researching emerging fiscal threats and opportunities at the local, state, and federal levels and developing a sustainable funding strategy informed by the County's Strategic Plan, budget projections, public opinion, focus areas outlined in this Board letter, operational priorities, and financial impact estimates of various fiscal mechanisms.

San Diego County has a strong track record of responsible financial stewardship and strategic service delivery. This item protects that progress by equipping the Board with the research and tools to confront fiscal uncertainty head-on-preserving core services and safeguarding long-term investments despite federal divestment and state shortfalls.

RECOMMENDATION(S)
CHAIR LAWSON-REMER AND VICE-CHAIR MONTGOMERY STEPPE

1. Establish an ad hoc subcommittee of this Board, entitled the Ad Hoc Subcommittee on Sustainable Fiscal Planning (Subcommittee), and appoint Supervisor Terra Lawson-Remer and Supervisor Monica Montgomery Steppe for the purpose of exploring, studying, planning, and developing a strategy to address emerging fiscal threats in order to sustain County services and invest in the well-being of all San Diegans.
    a. To advance the purposes described above, the activities of the Subcommittee may include, but will not be limited to, the following: (i) working with the Chief Administrative Officer (CAO) to undertake fiscal scenario planning; and (ii) working with the CAO and contracted parties to explore fiscal opportunities at the local, state, and federal levels, assess the financial impact and public support for fiscal mechanism design options, and recommend a viable fiscal strategy to the Board.
    b. The Chief Administrative Officer shall make available County staff with relevant expertise to inform the work of the Subcommittee as needed. It is anticipated that the following Departments and Offices may have information and advice on relevant topics:
        1. Chief Financial Officer
        2. County Fire Chief
        3. Aging & Independence Services
        4. Behavioral Health Services
        5. Child & Family Well-Being
        6. Economic Development & Government Affairs
        7. Environmental Health & Quality
        8. IHSS/Public Authority
        9. Homelessness Solutions
        10. Public Health Services
        11. Public Works
        12. Self-Sufficiency Services
        13. Housing & Community Development
        14. County Communications Office
    c. The Subcommittee members will report back and bring forth recommendations for approval by the full Board as needed.

2. In accordance with Section 401, Article XXIII of the County Administrative Code, authorize the Director, Department of Purchasing and Contracting, to issue a competitive solicitation or solicitations, and upon successful negotiations and determination of a fair and reasonable price, award a contract or contracts for consulting services to support the work of the Subcommittee as set forth in Recommendation #1 and to include a contract option for implementing recommendations as approved by the full Board. Waive Board Policy A-87 to the extent necessary to allow for the use of Simplified Procurement Procedures. The CAO shall prepare the Statement of Work and evaluation criteria in accordance with this Board letter and in consultation with the Subcommittee, which will include, but not be limited to, fiscal research, public opinion research, fiscal mechanism design, and financial impact estimation. The Subcommittee shall bring forward any recommendations requiring Board action to the full Board for consideration and approval, as required.

3. Direct the CAO to add to the County's Legislative Program, Sponsorship Proposals section, legislation needed to advance fiscal stability and funding options, as recommended by the Subcommittee, the CAO, and EDGA, consistent with Board Policy M1.

4. Once the purposes outlined above have been achieved, the Subcommittee will conclude its work.

EQUITY IMPACT STATEMENT

By developing a sustainable funding strategy, this item aims to ensure that essential food, heath, fire preparedness, public safety, and housing services remain accessible to all residents and support the Board's recent efforts to address the inequitable health burdens of the Tijuana Reiver sewage crisis and close service gaps that disproportionately affect marginalized and underserved communities across San Diego County.

SUSTAINABILITY IMPACT STATEMENT

This proposal advances the County's commitment to environmental sustainability by developing a fiscally responsible solution to supporting investments in mitigating and cleaning up the sewage crisis in the Tijuana River Valley and buffering the County's ongoing sustainability efforts from deep cuts. By aligning these efforts with the Board's adopted sustainability goals, this item will allow the Board to ensure the County is poised to meet regulatory requirements and maintain critical environmental services without compromising its financial health or future obligations.

FISCAL IMPACT

Funds for this request are partially included in the Fiscal Year 2025-26 Operational Plan as existing staff time in the Finance and General Government Group supported by General Purpose Revenue. In order to support the one-time costs related to the review and recommendation of options to explore revenue opportunities and to address emergent financial pressures, $500,000 will be reallocated within Finance Other. This reallocation will impact amounts set aside to respond to year-over-year fluctuations in information technology and other operational costs, and is supported by General Purpose Revenue. There will be no change in net General Fund cost, and no additional staff years. Based on the recommendations of the Ad Hoc Subcommittee on Sustainable Fiscal Planning, there may be future fiscal impacts which would be presented to the Board for consideration and approval.

BUSINESS IMPACT STATEMENT

N/A

ACTION:
ON MOTION of Supervisor Lawson-Remer, seconded by Supervisor Montgomery Steppe, the Board of Supervisors took action as recommended.

AYES: Aguirre, Lawson-Remer, Montgomery Steppe
NOES: Anderson, Desmond

State of California)
County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER
Clerk of the Board of Supervisors

Signed
by Andrew Potter