



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

PALOMA AGUIRRE
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: June 25, 2026

08

TO: Board of Supervisors

SUBJECT

COUNTY OF SAN DIEGO FISCAL YEAR 2026-27 ADOPTED BUDGET RESOLUTION FOR COUNTY FAMILY OF FUNDS, ENTERPRISE FUNDS AND INTERNAL SERVICE FUNDS, AND PRIOR YEAR ENCUMBRANCES (DISTRICTS: ALL)

OVERVIEW

On June 11, 2026, the County of San Diego (County) Board of Supervisors (Board) concluded budget hearings for the Fiscal Years (FY) 2026-27 and 2027-28 Operational Plan. At these hearings, the Board received public testimony and a presentation of the Chief Administrative Officer (CAO) Recommended Operational Plan. Pursuant to California Government Code Section 29088, a resolution is submitted for adoption of the budgets for FY 2026-27 for the County Family of Funds, Enterprise Funds and Internal Service Funds. Also requested is authority to carry-forward prior year encumbrances and related funding. Today's actions request the Board to consider changes to the CAO Recommended Operational Plan and approve the resolutions adopting the budget and reimbursement of expenditures from the proceeds of indebtedness.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Approve the Chief Administrative Officer (CAO) Recommended Operational Plan Change Letter to revise the CAO Recommended Operational Plan.
2. Consider any Operational Plan change requests submitted after the close of the budget hearing, if applicable. **(4 VOTES)**

If additional time is needed to identify funding sources or otherwise balance the budget based on the Board's direction and recommendations above, this item may be continued to June 26, 2026, if necessary. If additional time is not needed, then take the following actions:

3. Adopt a resolution entitled: **ADOPTION OF THE BUDGET FOR THE COUNTY OF SAN DIEGO FOR THE FISCAL YEAR COMMENCING JULY 1, 2026.**
4. Authorize the Auditor and Controller to carry-forward appropriations and applicable estimated revenue for prior year encumbrances in all County funds. **(4 VOTES)**
5. Adopt a resolution entitled: **RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO SETTING FORTH THE OFFICIAL INTENT OF**

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THE COUNTY OF SAN DIEGO TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS.

EQUITY IMPACT STATEMENT

The County of San Diego (County) is committed to promoting a culture of equity, belonging, and racial justice. We serve all communities, including Black, Indigenous, People of Color, LGBTQIA+, people with disabilities, low-income individuals, the young, the elderly, immigrants, refugees, and those who have faced inequality.

The Chief Administrative Officer (CAO) Recommended Operational Plan aims to allocate resources to address inequities in County programs and services. This plan is based on community input, data analysis identifying disparities, and meaningful assessment of outcome indicators.

In 2021, the County introduced a Budget Equity Assessment Tool. This tool helps County departments prioritize services and allocate resources with equity in mind. Each year, departments must identify equity components to evaluate budget changes that impact their ability to deliver services and support their goals. The questions in this tool ensure that the County applies an equity lens when developing the budget.

SUSTAINABILITY IMPACT STATEMENT

The County of San Diego (County) is working towards a sustainable future for everyone. Our strategic plan guides our activities to ensure sustainability in the region's economy, climate, environment, and communities. We aim to strengthen communities by pursuing legislative policies and collaborating with stakeholders to enhance services that help residents become self-sufficient, increase economic sustainability, and reduce poverty.

County departments contribute by implementing their own sustainability plans, which reflect their priorities and inform financial planning and decision-making. This ongoing effort helps each department increase the overall sustainability of their operations. These collective efforts strengthen communities, ensure accountability, and protect public resources by aligning available resources through services and initiatives.

The proposed budgetary plans for the Fiscal Years 2026-27 in the Chief Administrative Officer Recommended Operational Plan support the County's Strategic Initiative of Sustainability. This aligns resources with services while maintaining fiscal stability and ensuring long-term solvency.

FISCAL IMPACT

The total Revised Recommended Operational Plan includes increased spending of \$522,542,448 for Fiscal Year 2026-27 totaling \$9,157,051,405. Recommendation 1 includes total spending authority of \$8,995,959,903, which includes:

- \$8,118,486,954 for the County of San Diego (County) Family of Funds (General Fund, Capital Outlay Funds, Debt Service Fund and Special Revenue Funds);
- \$58,146,490 for the Enterprise Funds; and
- \$819,326,459 for the Internal Service Funds.

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The remaining amounts of the total revised recommended spending authority of \$9,157,051,405 Countywide are reflected in additional Fiscal Year (FY) 2026-27 Budget Board Letters for consideration, including the San Diego Sanitation District; County Service Areas, Community Facilities Districts, Certain Maintenance Districts and Permanent Road Divisions; San Diego County Fire Protection District; and County of San Diego Successor Agency to the County of San Diego Redevelopment Agency; and San Diego County Flood Control District.

Recommendation 3 provides spending authority of \$8,118,486,954 for the County Family of Funds for FY 2026-27. The recommendation also provides spending authority of \$58,146,490 for the Enterprise Funds and \$819,326,459 for the Internal Service Funds.

Recommendation 4 authorizes the Auditor and Controller to carry over appropriations and any related revenues from the prior year. The exact amount of carry-forward budget is not known at this time and will not be finalized until the accounting cycle for FY 2025-26 has been completed in August 2026.

Recommendation 5 has no fiscal impact associated with this action. The FY 2026-28 Operational Plan includes \$164,920,000 in capital expenditures, both infrastructure and Information Technology. If approved, the resolution serves solely to establish compliance with U.S. Treasury Regulations and does not obligate the County to expend funds, incur debt, or proceed with any specific project. Adoption of the proposed reimbursement resolution will provide the County with the flexibility to reimburse eligible expenses from proceeds of an executed financing currently expected in early calendar year 2027. The resolution identifies a maximum reimbursement amount of \$164,920,000, allowing for flexibility in structuring the final bond issuance. Any future actions regarding the amount, timing, or structure of financing will be brought forward for Board consideration at a later date.

The fiscal impact of Recommendation 2 will be determined prior to adoption of the budget if Operational Plan change requests are received after the close of budget hearings.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

The Debt Advisory Committee, composed of the Chief Financial Officer, the Auditor and Controller and the Treasurer-Tax Collector, concurs with today's recommendation.

BACKGROUND

Operational Plan Change Requests After Budget Hearings (Recommendation 2)

On May 18, 2026, the Fiscal Years (FY) 2026-27 and 2027-28 Chief Administrative Officer Recommended Operational Plan (CAO Recommended Operational Plan) was made available to the public for review. To further promote transparency and accessibility to the budget process, the release of the budget was accompanied by online tools which allowed the public to electronically submit written commentary on the budget and various community engagement efforts including

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pop-ups at various locations within the county about the budget process and how to be engaged, two community open house events and an additional virtual community budget meeting. Budget Hearings, which commenced on June 1, 2026 and concluded on June 11, 2026, also provided for further input and proposed revisions to the CAO Recommended Operational Plan. Proposed revisions made by the Chief Administrative Officer are reflected in the CAO Recommended Operational Plan Change Letter (CAO Change Letter), which provides updates based on information that became available after the publication of the CAO Recommended Operational Plan. The combined totals, which include the CAO Recommended Operational Plan and CAO Change Letter, are the basis for the budget recommended to the Board of Supervisors (Board) for adoption. Any written change letters filed by the Board and/or motions made to revise the budget recommended for adoption today must be acted on before adoption of the budget resolution. If the Board approves any revisions to the budget recommended for adoption, Recommendation 2 may be continued to June 26, 2026 to allow for revisions to the budget resolutions and/or additional recommendations from the CAO to balance the budget that may be necessary.

CAO Change Letter and Budget Adoption (Recommendations 1 and 3)

Recommendation 1 proposes the approval of the CAO Change Letter as currently presented and includes items determined by County of San Diego (County) staff.

Recommendation 3 proposes the Board adoption of the CAO Recommended Operational Plan with updates pursuant to the CAO Change Letter and any other Change Letters or revisions to the budget approved by the Board (collectively, the Operational Plan). The County's Operational Plan contains all funds over which the Board has budgetary authority, either as the Board of Supervisors or Board of Directors. For budget adoption purposes, components of the Operational Plan are grouped together based on the capacity in which the Board oversees the funds.

Carryforward Authorization (Recommendation 4)

California Government Code Section 29144 requires that all commitments not covered by the restricted, committed, and assigned fund balance encumbrances account at fiscal year-end be appropriated in the following fiscal year. Each year, the Adopted Budget is amended for these carry-forward encumbrances.

Reimbursement of expenditures from the proceeds of indebtedness (Recommendation 5)

On March 3, 2026 (14), the Board approved the Capital Improvement Needs Assessment (CINA) that includes all planned projects over a five-year period that require funding, and the FY 2026-27 Major Maintenance Implementation Plan (MMIP). The approved CINA and MMIP included the following projects to be funded with bond proceeds: (a) the costs for the Stormwater Program design and construction of large-scale (regional) green infrastructure projects and other stormwater projects in the amount of \$20.1 million identified to meet statewide stormwater mandates; (b) Ramona Sheriff Station for \$34.3 million; (c) Heritage Park Building for \$5.5 million; (d) East County Road Maintenance Station & Fleet Garage for \$1.0 million; (e) the costs of various Major Maintenance Capital Outlay Fund projects in the amount of \$32.1 million, and (f) the costs of various Major Maintenance Internal Service Fund projects in the amount of \$6.9 million for a total of \$99.9 million for both CINA and MMIP projects. Lastly, on November 18, 2025 (25), the Board

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authorized the Department of Purchasing and Contracting to issue a competitive solicitation for the provision of modernized County applications and direct the CAO to conduct a cost feasibility study of the new ERP system if a new system replacement is found; budgeted for bond funding is (g) the contract for the Enterprise Resource Planning (ERP) Software Product and System Integration Service in the amount of \$65.0 million. All the above projects totaling \$164.9 million are planned to be funded and financed through the delivery of long-term financial obligations (Lease Revenue Bonds). Due to project schedules, some of these projects need to be started before the financing is completed, which will require assembly of a finance team and drafting of documents and other activities in order to execute the financing. It is expected that the County will pay certain expenditures related to some or all these capital projects prior to the execution of the Lease Revenue Bonds (Reimbursement Expenditures). Any future actions regarding the amount, timing, or structure of financing will be brought forward for Board consideration at a later date. Today's recommendation, to adopt a Reimbursement Resolution will allow the County to reimburse itself for the Reimbursement Expenditures from the proceeds of long-term financings.

Summary of Action Items

In summary, the budget adoption resolution (Budget Resolution) in this request covers the County Family of Funds, the Internal Service Funds, and the Enterprise Funds. The operations and staff within the County Family of Funds deliver most of the core goods and services of County government to San Diego County residents. The General Fund, Capital Outlay Funds, Debt Service Fund and all Special Revenue Funds, including the Library Fund and the Road Fund, comprise the County Family of Funds. The County has several Internal Service Funds to account for services between departments, including major maintenance, fleet operations, facilities management, information technology, public liability, workers' compensation and unemployment insurance. Additionally, there are three enterprise funds to account for business-type activities: Airport, Wastewater, and Sheriff's Jail Stores Commissary.

California Government Code Section 29088 requires the Board to adopt the budget no later than October 2, 2026. If approved, the actions recommended herein would adopt a budget for FY 2026-27 of \$8,118,486,954 for the County Family of Funds. The actions also adopt the Enterprise Funds' Spending Plans of \$58,146,490 and the Internal Service Funds' Spending Plans of \$819,326,459. The Budget Resolution for the Family of Funds, Enterprise Funds and the Internal Service Funds is attached to this letter.

Separate Board Letters and Resolutions are on today's agenda to adopt \$161,091,502 in combined FY 2026-27 budgets for the County Service Areas, Community Facilities Districts, Maintenance Districts, Permanent Road Divisions, San Diego County Flood Control District, County of San Diego Successor Agency, the San Diego County Sanitation District, and San Diego County Fire Protection District.

If adopted as recommended, the Operational Plan for FY 2026-27 will total \$9,157,051,405. For FY 2027-28, the Operational Plan totals \$8,647,939,457. Because counties adopt budgets annually for one year at a time, the amount for FY 2027-28 is for general planning purposes only and is

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RESOLUTION FOR COUNTY FAMILY OF FUNDS, ENTERPRISE
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subject to revision in the next Operational Plan cycle. Staff years total 20,389.25 and 20,389.25 for the respective fiscal years.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Equity, Sustainability, Community, Empower, and Justice initiatives in the County of San Diego's (County) 2026-2031 Strategic Plan by planning and fully committing to use County resources to meet the highest priority needs of residents.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Note: Due to the size of the attachments, the documents are available online through the Clerk of the Board's website at www.sandiegocounty.gov/content/sdc/cob/bosa.html.

1. Resolution – Adoption of the Budget for the County of San Diego for the Fiscal Year Commencing July 1, 2026
2. Resolution of the Board of Supervisors of the County of San Diego setting forth the official intent of the County of San Diego to reimburse certain expenditures from proceeds of indebtedness
3. CAO Recommended Operational Plan Change Letter Fiscal Years 2026-27 and 2027-28