



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER-PRICE
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: December 9, 2008

TO: Board of Supervisors

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

SUMMARY:

Overview

This report summarizes the status of the County's Fiscal Year 2008-09 Operational Plan, as measured by projected year-end fund balance from current year operations. The projected balance for the General Fund is \$0.6 million, and for all budgetary funds combined, is \$16.4 million. These projected balances are significantly less than have been reported at this time in previous years and reflect the impact on the County of the struggling global economy. The significant declines in real estate values, construction activity, and consumer spending are affecting important funding streams used to pay for many services provided to County residents. An economic slowdown was anticipated as we developed the Fiscal Years 2008-10 Operational Plan last spring, but not of the magnitude we began experiencing in the summer and fall. Most severely affected are revenues from property taxes, sales tax, vehicle license fees, and recording fees, which are anticipated to be below budgeted levels by a combined \$90 million. This figure, and therefore the fund balance projections, could improve if the economy starts to recover in the next two to three months, but the picture may also worsen should the economy experience further deterioration. Compounding these economic issues for the County is the budget crisis being faced by the State. The State has announced a new shortfall of \$28 billion, the solution to which will have an as yet unknown impact on County-provided services that are dependent upon State funding. The County's fiscal and management discipline, however, has afforded us the ability to respond to this situation in a methodical, strategic manner.

With respect to the State budget impacts on the County, this letter recommends that a total of \$5.2 million in appropriations and revenues be canceled in the departments of the Alternate Public Defender, Public Defender, Probation, and Sheriff. This letter also recommends budget adjustments to make resource reallocations or to fund various one-time projects. In the Public Safety Group, adjustments are recommended to address indigent defense costs, law enforcement services and communications needs, and outdated information technology equipment and infrastructure.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

In the Land Use and Environment Group, significant adjustments include increasing appropriations for bridge preventative maintenance, amending the Airport Enterprise Fund Spending Plan related to Gillespie Field and Palomar Airport projects that are funded from unanticipated revenue from the Federal Aviation Administration and fund balance, and establishing appropriations in the Department of Planning and Land Use for hazardous fuels reduction activities based on federal grants and for fire protection projects, based on funding from the Fire Intervention Relief Effort Campaign. Other adjustments in the Land Use and Environment Group include establishing appropriations to offset the costs of fire rebuild permits, establishing appropriations in the Department of Planning and Land Use for continued work on the Business Case Management System, and reallocating resources among certain park projects.

In the Community Services Group, significant adjustments include a payment from the General Fund to the Library Fund, to correct a misallocation to the General Fund of revenues that should have gone to the County Library pursuant to the San Marcos III redevelopment agreement. It will be used to augment management reserves and to purchase additional Library materials. Other significant adjustments in the Community Services Group include establishing appropriations for the acquisition of fixed assets for various Library maintenance and remodeling projects, and amending the spending plan in the Fleet Management Internal Service Fund to address higher than anticipated fuel and parts/repair costs and to install mandatory vapor recovery fueling equipment.

Other recommended adjustments across the Groups include establishing appropriations to reimburse departments for Quality First payments made to employees. In addition, the Board is asked to ratify budget adjustments made by staff during Fiscal Year 2007-08 year-end closing for the General Fund, Public Works Internal Service Fund, Airport Enterprise Fund, and Campo Water and Sewer Funds.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the Fiscal Year 2008-09 first quarter report on projected year-end results.
2. Establish appropriations of \$160,000 in the Defense Attorney/Contract Administration organization, services and supplies, for costs associated with an agreement with the San Diego County Bar Association for conflict indigent defense services based on Public Safety Group's Fiscal Year 2007-08 fund balance available. (4 VOTES)
3. Transfer appropriations of \$164,025 from the District Attorney's Office, services and supplies, to the Sheriff's Department for costs associated with the

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

Gigabit Ethernet service, GigaMAN.

4. Transfer appropriations of \$59,900 from the District Attorney's Office, Contribution to Other Agencies, and related federal revenue to the Sheriff's Department (\$42,500), salaries and benefits, and the Probation Department (\$17,400), salaries and benefits, for expenditures associated with the Project Safe Neighborhood Grant.
5. Establish appropriations of \$150,000 in the District Attorney's Federal Seized Asset Forfeiture Fund, services and supplies (\$50,000) and Contributions to Other Agencies (\$100,000), based on fund balance available. (4 VOTES)
6. Establish appropriations of \$200,000 in the Sheriff's Department, salaries and benefits, for service of Bench Warrants Service Sweeps based on unanticipated revenue from the Sheriff's Warrant Automation Trust Fund. (4 VOTES)
7. Establish appropriations of \$61,921 in the Sheriff's Department, services and supplies, for 800 MHz Radios and the Network Operating Cost for the San Diego Regional Fugitive Task Force Members based on unanticipated revenue from the U.S. Marshall. (4 VOTES)
8. Establish appropriations of \$75,767 in the Sheriff's Department, salaries and benefits, for law enforcement services based on unanticipated revenue from the 22nd District Agricultural Association. (4 VOTES)
9. Establish appropriations of \$10,000 in the Sheriff's Department, salaries and benefits, for overtime costs related to the Organized Crime Drug Enforcement Task Force investigations based on unanticipated revenue from the Organized Crime Drug Enforcement Task Force. (4 VOTES)
10. Establish appropriations of \$1,900,000 in the District Attorney's Office, services and supplies (\$1,439,525) and capital assets (\$460,475) for the one-time purchase of information technology equipment to support the upgrade and enhancement of the network infrastructure and to address one-time facility improvements based on Public Safety Group's Fiscal Year 2007-08 fund balance available. (4 VOTES)
11. Authorize the Auditor and Controller to refund \$43,005 to the U. S. Department of Justice (DOJ) that was overpaid on a Community Oriented Policing Services (COPS) Grant.
12. Cancel appropriations of \$629,400 in salaries & benefits (\$607,263) and services and supplies (\$22,137) and related State revenue in the Alternate

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

Public Defender Department's Dependency Program due to the reduction of funds in the Fiscal Year 2008-09 State Budget.

13. Cancel appropriations of \$586,168 in salaries and benefits (\$570,326) and services and supplies (\$15,842) and related State revenue in the Public Defender Department for the Dependency Program due to the reduction of funds in the Fiscal Year 2008-09 State Budget.
14. Cancel appropriations of \$715,642 in salaries and benefits (\$95,858) and services and supplies (\$619,784) and related State revenue in the Probation Department, for Juvenile Justice Crime Prevention Act (JJCPA) programs due to the reduction of funds in the Fiscal Year 2008-09 State Budget.
15. Cancel appropriations of \$1,273,166 in salaries and benefits (\$292,054) and services and supplies (\$981,112) and corresponding State revenue in the Probation Department related to the Mentally Ill Offender Crime Reduction Grant due to the elimination of funds in the Fiscal Year 2008-09 State Budget.
16. Cancel appropriations of \$521,484 in salaries and benefits (\$461,484) and services and supplies (\$60,000) and related State revenue of \$521,484 in the Probation Department for the Juvenile Programs and Camps Funding due to the reduction of funds in the Fiscal Year 2008-09 State Budget.
17. Cancel appropriations of \$500,000 in salaries and benefits (\$400,000) and services and supplies (\$100,000), and related State revenue in the Probation Department for Prop 36/Offender Treatment Program due to the reduction of funds in the Fiscal Year 2008-09 State Budget.
18. Cancel appropriations of \$324,477 in services and supplies and related Mentally Ill Offender Crime Reduction revenue in the Sheriff's Department due to the elimination of funds in the Fiscal Year 2008-09 State Budget.
19. Cancel appropriations of \$290,000 in salaries and benefits and related Local Detention Facility revenue in the Sheriff's Department due to the reduction of funds in the Fiscal Year 2008-09 State Budget.
20. Cancel appropriations of \$191,738 in salaries and benefits and related Citizens Options for Policing (COPS) revenue in the Sheriff's Department due to the reduction of funds in the Fiscal Year 2008-09 State Budget.
21. Cancel appropriations of \$184,489 in salaries and benefits and related Trial Court revenue in the Sheriff's Department due to the reduction of funds in the Fiscal Year 2008-09 State Budget.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

22. Establish appropriations of \$16,233,007 in salaries and benefits for Quality First payments based on the Public Safety Group's Fiscal Year 2007-08 fund balance available as follows: District Attorney, \$4,138,459; Sheriff, \$7,969,292; Probation, \$1,016,046; Department of Child Support Services, \$1,322,484; Medical Examiner, \$231,795; Public Defender, \$1,343,727; Public Safety Group Executive Office, \$30,000; Office of Emergency Services, \$69,960; Citizens Law Enforcement Review Board, \$15,964; and Alternate Public Defender, \$95,280. (4 VOTES)
23. Establish appropriations of \$895,804 in the Department of Public Works Fiscal Year 2008-09 Detailed Work Program for bridge preventative maintenance based on unanticipated revenue from the Highway Bridge Program (\$793,055) and Road Fund fund balance available (\$102,749). (4 VOTES)
24. Establish appropriations of \$50,000 in the Department of Public Works Road Fund for interfund rental expenditures as reimbursement for a surveying vehicle based on fund balance available. (4 VOTES)
25. Amend the Fiscal Year 2008-09 Airport Enterprise Fund Spending Plan in the amount of \$286,208 for Rehabilitation of Terminal Apron, Transient Ramps and Connecting Taxiways Project at Gillespie Field based on unanticipated revenue from the Federal Aviation Administration (\$271,898), State matching funds (\$6,798) and fund balance available (\$7,512).
26. Amend the Fiscal Year 2008-09 Airport Enterprise Fund Spending Plan in the amount of \$281,000 to provide funding for the Palomar Airport North Ramp Taxiway Project relocation of electrical service based on unanticipated revenue from the Federal Aviation Administration (\$9,010) and fund balance available (\$271,990).
27. Amend the Fiscal Year 2008-09 Airport Enterprise Fund Spending Plan in the amount of \$150,792 to provide funding for the Palomar Airport Terminal Apron Project based on unanticipated revenue from the Federal Aviation Administration (\$130,000) and fund balance available (\$20,792).
28. Amend the Fiscal Year 2008-09 Airport Enterprise Fund Spending Plan in the amount of \$76,141 to provide funding for the Palomar Airport Reconstruction of Taxiway Charlie based on unanticipated revenue from the Federal Aviation Administration (\$70,000) and fund balance available (\$6,141).
29. Amend the Fiscal Year 2008-09 Airport Enterprise Fund Spending Plan in the amount of \$202,709 to provide funding for the Palomar Airport Runway Safety

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

30. Amend the Fiscal Year 2008-09 Airport Enterprise Fund Spending Plan in the amount of \$43,021 to provide funding for the Palomar Airport Blast Fence Project based on unanticipated revenue from the Federal Aviation Administration (\$25,000) and fund balance available (\$18,021).
31. Amend the Fiscal Year 2008-09 Airport Enterprise Fund Spending Plan in the amount of \$192,365 to provide funding for the Palomar Airport Passenger Movement Facility Project based on unanticipated revenue from the Federal Aviation Administration (\$150,000) and fund balance available (\$42,365).
32. Amend the Fiscal Year 2008-09 Airport Enterprise Fund Spending Plan in the amount of \$227,262 to provide funding for the Palomar Airport Auto Parking Lots Project based on unanticipated revenue from the Federal Aviation Administration (\$142,500) and fund balance available (\$84,762).
33. Amend the Fiscal Year 2008-09 Airport Enterprise Fund Spending Plan in the amount of \$797,232 to provide funding for the Palomar Airport Terminal Project based on unanticipated revenue from the Federal Aviation Administration (\$435,500) and fund balance available (\$361,732).
34. Transfer appropriations of \$400,000 from the Department of Parks and Recreation Development Division to the Contributions to Capital Outlay Fund, Operating Transfer Out, to provide funding for the San Dieguito Park ADA Ballfield Phase II (Miracle Field) project.
35. Establish appropriations of \$400,000 in the Capital Outlay Fund for Capital Project 1008292, San Dieguito Park ADA Ballfield Phase II (Miracle Field), based on an operating transfer from the General Fund. (4 VOTES)
36. Cancel appropriations of \$530,000 and related Operating Transfer from the General Fund in the Capital Outlay Fund for Capital Project 1006572, Spring Valley Community Center Expansion (Day Care Center), to provide funds for the Department of Parks and Recreation major maintenance projects.
37. Establish appropriations of \$530,000 in the Capital Outlay Fund for Capital Project 1006572, Spring Valley Community Center Expansion based on unanticipated revenue from a Community Development Block Grant (CDBG). (4 VOTES)
38. Transfer appropriations of \$530,000 from the Contributions to Capital Outlay

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

Fund, Operating Transfer Out, to the Department of Parks and Recreation Development Division for major maintenance projects.

39. Cancel appropriations of \$316,602.96 and related Operating Transfer from the General Fund for Capital Project 1000199, Tijuana Baseball Fields to provide funding for Capital Project 1010973, Tijuana Sports Complex Project.
40. Establish appropriations of \$316,602.96 in the Capital Outlay Fund for Capital Project 1010973, Tijuana Sports Complex Project, based on an operating transfer from the General Fund. (4 VOTES)
41. Cancel appropriations of \$240,000 and related Operating Transfer from the General Fund in the Capital Outlay Fund for Capital Project 1000019, Heritage Park Carousel, to provide funding to the Department of Parks and Recreation Operations Division for termite mitigation, roofing and environmental review of the Heritage Park Buildings.
42. Transfer appropriations of \$240,000 from the Contributions to Capital Outlay Fund, Operating Transfer Out, to the Department of Parks and Recreation Operations Division for termite mitigation, roofing and environmental review of the Heritage Park Buildings.
43. Establish appropriations of \$18,237.62 in the Crest PLDO Fund, Operating Transfer Out, for Capital Project 1005260, Nancy Jane Park Swings, based on fund balance available. (4 VOTES)
44. Establish appropriations of \$15,000 in County Service Area (CSA) 26, Rancho San Diego, Interdepartmental Expense, for playground rubberized surfacing replacement at Hilton Head Park and Steele Canyon Park based on fund balance available. (4 VOTES)
45. Establish appropriations of \$30,000 in the Landscape Maintenance Zone No. 1 Fund, Interdepartmental Expense, for playground sand replacement based on fund balance available. (4 VOTES)
46. Establish appropriations of \$30,000 in County Service Area (CSA) 83, San Dieguito Local Park, Interdepartmental Expense, for the installation of monument signs at the park based on fund balance available. (4 VOTES)
47. Establish appropriations of \$22,000 in County Service Area (CSA) 128, San Miguel Park District, Interdepartmental Expense, for security improvements at the Spring Valley Gym, Spring Valley Community Center and Goodland Acres Community Center based on fund balance available. (4 VOTES)

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

48. Establish appropriations of \$7,000 in County Service Area (CSA) 128, San Miguel Park District, Interdepartmental Expense, for lighting repairs at local parks based on fund balance available. (4 VOTES)
49. Cancel appropriations of \$1,350,000 in salaries and benefits and related building permit fee revenue in the Department of Planning & Land Use due to Board approved fee waivers.
50. Establish appropriations of \$1,350,000 in the Department of Planning & Land Use, salaries and benefits, to offset the costs of fire rebuild permits for the second year associated with the 2007 Wildfires based Fiscal Year 2007-08 General Fund fund balance available. (4 VOTES)
51. Establish appropriations of \$1,100,000 in the Department of Planning & Land Use, salaries and benefits, for the integration and software costs of the Business Case Management System based on Land Use and Environment Group's Fiscal Year 2007-08 fund balance available. (4 VOTES)
52. Establish appropriations of \$4,000,000 in the Department of Planning & Land Use, services and supplies, for hazardous fuels reduction activities based on unanticipated revenue from Federal grant funds. (4 VOTES)
53. Establish appropriations of \$1,072,000 in the Department of Planning & Land Use, services and supplies, for radios, wildland fire outfits, structure-fire outfits, laptop computers and equipment to upgrade the call center based on unanticipated revenue received from the Fire Intervention Relief Effort Campaign. (4 VOTES)
54. Establish appropriations of \$130,000 in the Department of Public Works General Fund, services and supplies, for outreach education efforts on pesticide reduction based on Land Use and Environment Group's Fiscal Year 2007-08 fund balance available. (4 VOTES)
55. Establish appropriations of \$50,000 in the Department of Public Works General Fund for the Integrated Regional Water Management Program based on Land Use and Environment Group's Fiscal year 2007-08 fund balance available. (4 VOTES)
56. Ratify the amendment to the Fiscal Year 2007-08 Department of Public Works Internal Service Fund - Equipment Operations Spending Plan in the amount of \$214,955.52, services and supplies, for operation and maintenance based on fund balance available.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

57. Ratify the amendment to the Fiscal Year 2007-08 Airport Enterprise Fund Spending Plan in the amount of \$24 for the Palomar Airport North Side Ramp and Taxiway Project based on fund balance available.
58. Ratify an increase in appropriations of \$1,586 to the Fiscal Year 2007-08 budget for the Campo Sewer Area Fund for routine maintenance of structures based on fund balance available.
59. Ratify an increase in appropriations of \$410 to the Fiscal Year 2007-08 budget for the Rancho Del Campo Water (Zone A) Fund for routine maintenance of structures based on fund balance available.
60. Establish appropriations of \$2,095,339 in salaries and benefits for Quality First payments based on Land Use and Environment Group's Fiscal Year 2007-08 fund balance available as follows: Agriculture, Weights and Measures, \$340,776; Environmental Health, \$688,954; Farm and Home Advisor, \$12,096; Parks and Recreation, \$510,000; Planning and Land Use, \$489,141; and Land Use and Environment Group-Executive Office, \$54,372. (4 VOTES)
61. Establish appropriations of \$1,707,467 in Contribution to County Library, Operating Transfer Out, for transfer to the Library Fund pursuant to the San Marcos III Redevelopment Agreement based on Fiscal Year 2007-08 General Fund fund balance available. (4 VOTES)
62. Establish appropriations of \$957,467 in the Library Fund, Management Reserves, based on an operating transfer from the General Fund. (4 VOTES)
63. Establish appropriations of \$750,000 in the Library Fund, services and supplies, for acquisition of library materials, based on an operating transfer from the General Fund. (4 VOTES)
64. Establish appropriations of \$525,654 in the Library Fund, fixed assets, for equipment for the radio frequency identification (RFID) customer self service project, based on fund balance available. (4 VOTES)
65. Establish appropriations of \$700,000 in the Library Fund, salaries and benefits, for the Quality First payouts, based on fund balance available. (4 VOTES)
66. Establish appropriations of \$663,268 in salaries and benefits for Quality First payments based on Community Services Group's Fiscal Year 2007-08 fund balance available as follows: Animal Services (\$210,000), Community Services Group Office (\$34,320), Housing & Community Development

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

(\$283,948); and Registrar of Voters (\$135,000). (4 VOTES)

67. Amend the Fiscal Year 2008-09 Fleet Management ISF Fuel & Parts Spending Plan in the amount of \$3,755,000 to provide funding for increased costs of fuel and parts, based on Charges for Services.
68. Establish appropriations of \$442,000 in the Community Services Group Executive Office, services and supplies, for payment to the Fleet Internal Service Fund to pay for mandatory vapor recovery fuel site retrofits based on Community Services Group's Fiscal Year 2007-08 fund balance available. (4 VOTES)
69. Amend the Fiscal Year 2008-09 Fleet Management ISF Fuel & Parts Spending Plan in the amount of \$442,000 to provide funding for mandatory vapor recovery fuel site retrofits at 17 fuel sites based on Charges for Current Services.
70. Amend the Fiscal Year 2008-09 Fleet Management ISF Equipment Acquisition Spending Plan in the amount of \$1,100,000, based on Charges for Current Services.
71. Establish appropriations of \$200,000 in Board of Supervisors District 1 for one-time expenses in services and supplies based on Finance and General Government Group's Fiscal Year 2007-2008 fund balance available. (4 VOTES)
72. Establish appropriations of \$69,138 in Board of Supervisors District 3 for one-time expenses in services and supplies based on Finance and General Government Group's Fiscal Year 2007-08 fund balance available. (4 VOTES)
73. Establish appropriations of \$200,000 in Board of Supervisors District 4 for one-time expenses in services and supplies based on Finance and General Government Group's Fiscal Year 2007-08 fund balance available. (4 VOTES)
74. Establish appropriations of \$200,000 in Board of Supervisors District 5 for one-time expenses in services and supplies based on Finance and General Government Group's Fiscal Year 2007-08 fund balance available. (4 VOTES)
75. Establish appropriations of \$7,000 in the Contributions to Capital Outlay Fund, Operating Transfer Out, for Capital Project 1000193, Cactus Park Sports Field, based on Fiscal Year 2007-08 General Fund fund balance available. (4 VOTES)
76. Cancel appropriations of \$90,920.93 and related Operating Transfer from the

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

General Fund in the Capital Outlay Fund for Capital Project 1005176, Tijuana River Trail Crossing, due to project completion.

77. Ratify the cancellation of appropriations in the amount of \$1,303.50 and related revenue within the Fiscal Year 2007-08 budget for the Capital Outlay Fund for Capital Project 1000207, Sweetwater Summit Campground Improvements, due to project completion.
78. Ratify an increase in appropriations of \$76,732.80 within the Fiscal Year 2007-2008 budget for the Contributions to Capital Projects for the Alpine Library and Alpine Land Acquisition capital projects based on General Fund fund balance available.
79. Establish appropriations of \$3,547,193 in salaries and benefits for Quality First payments based on the Finance and General Government Group's Fiscal Year 2007-2008 fund balance available as follows: Assessor/Recorder/County Clerk, \$1,366,773; Auditor and Controller, \$743,183; Chief Administrative Office, \$96,063; Civil Service Commission, \$12,867; Clerk of the Board, \$107,199; County Counsel, \$285,344; County Technology Office, \$93,927; Finance and General Government Group Executive Office \$57,903; Human Resources, \$431,411; and Treasurer/Tax Collector, \$352,523. (4 VOTES)
80. Establish appropriations of \$71,679 in salaries and benefits for Quality First payments in the Media and Public Relations Fund based on fund balance available. (4 VOTES)
81. Establish appropriations of \$465,561 in salaries and benefits for Quality First payments in County Counsel based on Charges in Internal Service Funds revenue. (4 VOTES)
82. Amend the Fiscal Year 2008-09 Public Liability Internal Service Fund Spending Plan in the amount of \$465,561 for Quality First costs in County Counsel based on fund balance available.

Fiscal Impact

The funds for a portion of these requests are not budgeted. If approved, these actions will cancel budgeted appropriations and the related sources of funding in the amount of \$6,566,564 in the General Fund and will establish additional appropriations of \$35,939,661 in the General Fund, resulting in a net increase in appropriations of \$29,373,097 in the General Fund. Of the total increase in General Fund appropriations, \$23,004,368 million is related to Quality First payments. Funding sources include the General Fund Fiscal Year 2007-08 fund balance, federal grants to continue hazardous

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

fuels reduction activities, unanticipated revenue from the Fire Intervention Relief Effort Campaign, and miscellaneous other revenues.

In addition to the General Fund, these actions will cancel budgeted appropriations and the related funding sources in the amount of \$1,177,524 million in all other funds and will establish additional appropriations of \$13,488,736 resulting in a net increase in appropriations of \$12,311,212 in all the other funds combined. Funding sources include Library Fund fund balance, unanticipated revenue from the Federal Aviation Administration, charges for services to provide for increased funding for fuel and parts and fuel retrofits related to the Fleet Management ISF, and miscellaneous other sources.

Business Impact Statement

N/A

Advisory Board Statement

N/A

BACKGROUND:

Fiscal Year 2008-09 Fund Balance Projections

For the General Fund, the first quarter projection of year-end fund balance from current year operations is \$0.6 million. The projected balance is a combination of expecting to end the year with General Purpose Revenues below budget by \$25.4 million and a net shortfall of \$16.8 million from departmental operations, offset by a positive variance of \$42.8 million in unspent contingency and management reserves. The projected balance for all other funds combined is \$15.8 million. Schedule A summarizes the fund balance projections by Group and department. The Notes to Schedules A and B explain variances from budget by department. Schedule B shows the projected General Fund fund balance by Group split between operating and reserve balances. These projections are based on actual experience through September 2008 and expected expenditures and revenues through the end of the fiscal year.

As shown in Schedule A, the General Fund year-end fund balance projection of \$0.6 million is based on the estimate that expenditures will be a net \$175.0 million less than budgeted in the Fiscal Year 2008-09 Amended Budget and revenues will be a net \$174.4 million less than budgeted in the Fiscal Year 2008-09 Amended Budget. The Amended Budget consists of the Adopted Budget plus encumbrances carried over from the prior year, plus year to date changes that have been either approved by the Board or Chief Financial Officer where permitted.

The lower than budgeted projected expenditures in the General Fund are primarily attributable to the following:

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

- \$32.1 million in appropriation savings, primarily in the Public Safety Group, from lower than budgeted salaries and employee benefits costs due to staff turnover and department management of vacancies to mitigate revenue shortfalls.
- \$70.9 million in appropriation savings in services and supplies across the County. In the Public Safety Group, a net over expenditure in services and supplies of \$4.0 million is projected due to the increased costs for fuel, automotive maintenance, and food and pharmaceuticals in the jails in the Sheriff's Department and an unanticipated increase in the number and costs of witness protection and relocation cases in the District Attorney's Office. In the Health and Human Services Agency, savings are primarily projected in contracted services (e.g., in Behavioral Health Services for savings in un-awarded Mental Health Services Act Community Support & Services contracts; savings in Early Periodic Screening, Diagnosis and Treatment services, and savings in Alcohol and Drug Services), savings in emergency appropriations for bio-terrorism, savings associated with the Welfare Case Data Information System and CalWIN. In the Land Use and Environment Group, appropriation savings are anticipated in the Department of Environmental Health due to controlled spending in the Land and Water Quality Division to offset revenue shortfalls in State Coastal Water funding and savings in the Department of Planning and Land Use due to projected savings in consultant services related to the Fire Safety and Fuels Reduction Program.
- \$29.6 million in appropriation savings in other charges primarily reflects variances from budgeted caseload and aid payments in Health and Human Services Agency. Spending over budget is due to projected caseloads for Child Care, CalWORKs, Welfare to Work, and General Relief payments, offset by savings in Child Welfare Services due to reduced aid payments for Severely Emotionally Disturbed, Foster Care, Aid to Adoptive Parents, and KinGap, based on revised estimates of caseload levels, growth trends, and unit cost per case. In addition, savings occur from lower than budgeted TRANs borrowing costs.
- \$1.2 million in appropriation savings primarily from reduced operating transfers out to the In-Home Supportive Services Public Authority due to timely abatements received for Health Benefits.
- \$20.3 million in contingency reserves that are projected to be unspent at year-end.
- \$22.5 million in management reserves across the groups that are projected to be unspent at year-end.

The projected revenue under-realization to budget consists of primarily negative variances, with minor offsetting positive variances. A negative revenue variance of \$179.5 million is primarily within intergovernmental revenues (\$115.2 million) and is largely the result of expenditure savings in caseload driven programs mentioned above, as well as a projected reduction in Realignment revenues of \$31.2 million due to sales tax and vehicle license fees decreases. The negative revenue variance is also due to current year property taxes that are below budget by \$26.7 million, Proposition 172 sales tax revenues that are below budget by \$21.6 million, and a drop in recording fees and AB 2890 Recovered Costs in charges for current services. A positive revenue variance of \$5.1 million is expected in the following categories: fines, forfeitures and

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

penalties (\$1.9 million); revenue from use of money and property (\$1.1 million); taxes other than current secured (\$0.6 million), and miscellaneous revenue (\$1.6 million).

See the Notes to Schedule A for a description of significant variances by department.

FY 2008-09 Budget Adjustments

The budget adjustment recommendations in this letter are explained below.

Recommendation 2

On January 29, 2008 (6), the Board of Supervisors authorized sole source negotiations with the San Diego County Bar Association for the provision of conflict indigent defense services. The current contract was extended through October 31, 2008. A two month contract for the period of November 1, 2008 through December 31, 2008 includes a rate increase. This request will establish appropriations of \$160,000 for the increased cost of the two month contract with the San Diego County Bar Association.

Recommendation 3

This request is to transfer appropriations of \$164,025 from the District Attorney to the Sheriff to provide the District Attorney's contribution for costs associated with the Gigabit Ethernet service, GigaMAN. The District Attorney joined the Sheriff's existing GigaMAN network, a highly secure law and justice network infrastructure that links strategic County facilities throughout the County of San Diego. The Gigabit Ethernet service provides increased bandwidth and server capacity to accommodate electronic communication and data storage advancements made in the District Attorney's Office. In addition, the Gigabit Ethernet service will support the growing need for electronic communications between the District Attorney's outlying branch offices, as well as with other criminal justice partners.

Recommendation 4

This request will transfer appropriations of \$59,900 from the District Attorney's Office to the Sheriff's Department (\$42,500) and the Probation Department (\$17,400) for expenditures associated with the Project Safe Neighborhoods (PSN) Grant. On December 9, 2003 (8), your Board approved the application for and acceptance of PSN grant funds. The District Attorney's Office is the fiscal agent for the PSN Grant and was appropriated the grant funds. The PSN Executive Committee subsequently approved the transfer of grant funds to the Sheriff's Department to support their participation in the Regional Anti-Gun Violence Project whose goal is to combat street gang violence. Funds will be used for overtime costs.

Recommendation 5

This request is to establish appropriations of \$150,000 for various one-time services and supplies and contribution to other agencies based on unanticipated Federal Seized Asset Forfeiture Fund revenue. Approximately \$50,000 will be used for purchasing equipment to be used in the course of investigative and prosecutorial activities including the purchase of cameras, radios,

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

ammunition, safety vests, and other law enforcement equipment. An additional \$100,000 will be distributed to various community agencies that provide crime suppression, intervention and prevention services.

Recommendation 6

This request will establish appropriations of \$200,000 based on revenue from the Sheriff's Warrant Automation Trust Fund. The funds will be used for overtime costs to conduct thirteen Bench Warrant Service Sweeps within the County.

Recommendation 7

This request will establish appropriations of \$61,921 based on revenue from the U.S. Marshall. The funds will be used for the purchase of ten 800 MHz Radios and the Network Operating Cost for the San Diego Regional Fugitive Task force members.

Recommendation 8

This request will establish appropriations of \$75,767 based on revenue from the 22nd District Agricultural Association for overtime costs. Law enforcement services were provided upon request for a public hearing held on September 22, 2008, on the proposed Highway 241 toll road extension.

Recommendation 9

This request will establish appropriations of \$10,000 based on revenue from the Organized Crime Drug Enforcement Task Force (OCDETF). The funds will be used for overtime costs associated with specific OCDETF investigations.

Recommendation 10

This request will establish appropriations of \$1,900,000 in the District Attorney's Office based on Public Safety Group's Fiscal Year 2007-08 fund balance available, for one-time purchases and installation of IT network equipment to refresh and support current business requirements to upgrade network infrastructure equipment, modernize virus protection, increase storage capacity and network connections and replace the cooling system for the data center. This request supports a long term plan for information technology equipment refresh.

Recommendation 11

This request will authorize the refund of an overpayment to the U.S. Department of Justice (DOJ). On August 7, 2008, the Sheriff's Department submitted the fourth quarter 2007-08 Financial Status Report (claim) to the DOJ for reimbursement of qualified COPS grant expenditures. The report correctly reported the total expenditures of \$75,000 (\$31,995 reimbursable by the grant and \$43,005 matching funds). After the Financial Status Report is submitted, the DOJ process requires that the grant recipient call the Phone Activated Paperless Request System (PAPRS) and request (withdraw) the total amount reimbursable by the grant. Instead of \$31,995 being requested, \$75,000 was requested in error. The Sheriff's Department contacted DOJ, which requested the amount overpaid be refunded.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

Recommendations 12 & 13

The Dependency Program, providing legal services for those in juvenile dependency proceedings, is a fully State funded program provided by the County pursuant to a contract. Due to State budget constraints, the State has reduced their contract with the County by 5%. The impact to the Alternate Public Defender Department will be to reduce expenditures and services by \$629,400 and as result of this reduction the department will freeze four positions. The impact to the Public Defender will be to reduce expenditures and services by \$586,168 and as a result of this reduction the Public Defender Department will freeze three positions.

Recommendation 14

This request will cancel appropriations and related revenue of \$715,642 in the Probation Department due to the reduction of funds in the State Budget. The State reduced funding by 10% for the Juvenile Justice Crime Prevention Act (JJCPA) programs. Reductions of 10% were allocated across the following programs: Breaking Cycles, which provides strength-based assessments, substance abuse counseling, and other services to assist youth transitioning from custody to non-custody; Community Assessment Teams, a collaborative program that includes HHS and five community-based organizations and serves youth ages six through 17 who are at risk of entering the juvenile justice system or re-offending while on probation; Drug Court serving wards with substance abuse issues who have been repeatedly non-compliant in drug treatment and their parents and Truancy Supervision including case management and youth services. As a result of this State reduction the Probation Department will freeze one position.

Recommendation 15

This request will cancel appropriations and related revenue of \$1,273,166 in the Probation Department due to the reduction of funds in the State Budget. In the Final State Budget, funding was eliminated for the Mentally Ill Offender Crime Reduction Grant (MIOCR). This adult program supported the implementation and evaluation of locally developed demonstration projects intended to reduce recidivism and promote long term stability among mentally ill adults. Support and supervision for high risk mentally ill offenders in the community will be eliminated due to the State funding reduction. The loss of this program will increase demand for placement and crisis services and may impact law enforcement costs. The juvenile program supported the implementation of an evaluation of locally developed demonstration projects intended to reduce recidivism and promote long term stability among mentally ill juveniles. The loss of this state resource changes may increase number of youth going to residential treatment programs, institutions and youth in need of mental health services. As a result of the elimination of this program the Probation Department will freeze three positions.

Recommendation 16

This request will cancel appropriations and related revenue of \$521,484 in the Probation Department due to the reduction of funds in the State Budget. The State reduced Juvenile Programs and Camps Funding (JPCF) by 10%. This program allocates funds to support a broad spectrum of county probation services targeting at-risk youth, juvenile offenders, and the

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

families of those youth and to support the operation of camps and/or ranches. As a result of this State reduction the Probation Department will freeze fourteen positions.

Recommendation 17

This request will cancel appropriations and related revenue of \$500,000 in the Probation Department due to the reduction of funds in the State Budget. The State reduced the funding for Prop 36/OTP by 10%. The reductions will result in increased work load for investigation and supervision staff performing mandated services under PC1210. As a result of this State reduction the Probation Department will freeze three positions.

Recommendation 18

This request will cancel appropriations and related revenue of \$324,477 in the Sheriff's Mentally Ill Offender Crime Reduction (MIOCR) Grant Program due to the elimination of funds in the State Budget. The MIOCR grant program supports local efforts to reduce recidivism and promote long-term stability among mentally ill offenders. The department contracted with an outside community based organization to provide intensive case management services including medication support and education, substance abuse intervention, and crisis intervention to mentally ill offenders under the grant program. The contract has been cancelled and the program operation has been suspended.

Recommendation 19

This request will cancel appropriations and related revenue of \$290,000 in the Sheriff's Department due to the reduction of funds in the State Budget. Funds in the local detention facility revenue account (booking fee subvention) are an allocation from the state and this subvention was the solution to the long-standing issue of payment of booking fees by local police agencies. Three deputy positions within the detentions bureau will be frozen as a result of this reduction.

Recommendation 20

This request will cancel appropriations and related revenue of \$191,738 in the Sheriff's Department due to the reduction of funds in the State Budget. COPS funding supports front-line law enforcement and jail operations. One deputy position that provides front-line law enforcement and one deputy position that performs detentions functions will be frozen as a result of this reduction.

Recommendation 21

This request will cancel appropriations and related Trial Court revenue of \$184,489 in the Sheriff's Department due to the reduction of funds in the State Budget. Two deputy positions that provide security services to Superior Court have been frozen as a result of this reduction.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

Recommendation 22

This request will establish appropriations of \$16,233,007 in salaries and benefits in various Public Safety Group departments to fund Quality First payments based on Public Safety Group's Fiscal Year 2007-08 fund balance available.

Recommendation 23

This request will increase appropriations by \$895,804 in the Department of Public Works Detailed Work Program for some bridge preventative maintenance projects detailed in the County's Bridge Preventative Maintenance Plan (BPMP) created in 2006. At that time the County had Federal authorization to develop the plan; however, design work was stalled until final authorization was obtained from the Highway Bridge Program. Program funding from the Highway Bridge Program is now available to execute the preventative maintenance for the highest priority projects. A local match of 11.47% is required and will be funded by fund balance available in the Road Fund. Projects include bridges along multiple roads in the County, including: Los Terrinetos Road, Old Highway 80, Sycamore Drive, Riverford Road, Willows Road, Mesa Grande Road, Lawson Valley Road, Honey Springs Road, Riverside Drive, Little Gopher Canyon Road and Steel Canyon Road.

Recommendation 24

This request will increase appropriations by \$50,000 to allow the Road Fund to reimburse the Department of Public Works Internal Service Fund - Equipment Acquisition for the purchase of a vehicle equipped for surveying requirements which will be used by a new staff person. Fixed assets are purchased for the Road Fund in the ISF Equipment Acquisition-Road Fund and new purchases require reimbursement in the year the purchase is made.

Recommendation 25

This request is a technical adjustment to amend the Fiscal Year 2008-09 Airport Enterprise Fund Spending Plan in the amount of \$286,208 for expenditures anticipated to be incurred by the end of the fiscal year. On May 14, 2008 (11) the Board approved the application and acceptance of Federal Aviation Administration (FAA) grant funds. The work is being performed through the County's Job Order Contract, and is currently underway. This budget adjustment is needed for unanticipated costs for this multiple year project that related to the dig-out and replacement of various sub-base and pavement sections of clay sub-grade. If approved, the estimated total project cost will be \$1,486,208, of which \$1,200,000 was previously budgeted.

Recommendation 26

This request is a technical adjustment to amend the Fiscal Year 2008-09 Airport Enterprise Fund Spending Plan in the amount of \$281,000 for expenditures anticipated to be incurred by the end of the fiscal year to relocate an electrical vault and line at the Palomar Airport. The cost has been adjusted upward due to a necessary realignment to avoid conflicts with existing leaseholds and utilities. On February 1, 2006 (14), the Board approved the application and acceptance of FAA grant funds, \$9,010 of which will be used toward this project. The total cost for the electrical vault relocation is estimated to be \$700,000, of which \$419,000 is budgeted.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

Recommendations 27 - 33

The multi-year Palomar Airport Redevelopment Project is 85% complete and is expected to be constructed with Board-approved construction funding. The FAA is awarding the County approximately \$17 million in grant funding for this major project, which is providing a new terminal building, parking and many other major upgrades for the traveling public. These amendments will add a total of \$1,689,522 to the project, \$1,105,000 in FAA revenue and \$584,522 in match. From the standpoint of the FAA, which provided grant monies for the project, this project is a group of 10 smaller projects. The recommendations reflect adjustments in these various smaller sub-projects that must be kept separate to satisfy FAA. Adjustments must be made within the sub-projects to ensure funding for each is maintained. These budget adjustments, for several components of the project, are for design support and construction management efforts during this fiscal year.

Recommendations 34 & 35

Construction of the San Dieguito Park ADA Ballfield - Phase I was completed in May 2007. Phase II of the Park construction will include the demolishing of an existing restroom and replacing it with a larger, ADA compliant restroom with integrated storage space. Construction of the new restroom will bring the facility into ADA compliance and will provide a storage area to be utilized by Parks staff, little leagues and other user groups. The recommendation to transfer \$400,000 from the Department of Parks and Recreation Development Division to the San Dieguito Park ADA Ballfield - Phase II (Miracle Field) project will fund construction costs, including contingency, for the new restroom.

Recommendations 36 - 38

On May 6, 2008 (8) the Board authorized the allocation of Community Development Block Grant funds of \$530,000 for Capital Project 1006572 - Spring Valley Community Center. The grant award provided for the expansion of the Spring Valley Community Center. The project will allow the Department of Parks and Recreation to expand the Community Center in order to meet the community's growing need for daycare services and computer access. Since the project scope and estimated costs have remained the same, \$530,000 of previously budgeted funds are now available and are proposed to be allocated to major maintenance projects at various Park sites within the County. These requests will transfer appropriations of \$530,000 from Capital Project 1006572 - Spring Valley Community Center to the Department of Parks and Recreation to fund major maintenance improvements, such as repaving and electrical and HVAC repairs, as identified in the Fiscal Year 2007-08 General Service's Facility Assessment Report .

Recommendations 39 & 40

The Tijuana Baseball Fields project has been completed and a balance of \$316,602.96 remains in this project. The requested action will transfer remaining funds from Capital Project 1000199, Tijuana Baseball Fields to Capital Project 1010973, Tijuana Sports Complex Project to fund the completion of project related environmental studies and the development of a concept plan for a 64-acre Active Recreation site within the Tijuana River Valley Regional Park.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

Recommendations 41 & 42

The historic buildings at Heritage Park are a recreation destination for tourists and local residents. The buildings are in need of routine maintenance and repair in order to bring the houses to standard condition. The Heritage Park Carousel capital project has not moved forward and the \$240,000 can be utilized to assist the Department of Parks and Recreation with completing improvements to the Heritage Park buildings as required by the new Master lease agreement. These requested actions will transfer \$240,000 from Capital Project 1000019 – Heritage Park Carousel to the Department of Parks and Recreation which will allow the structures to remain open to the public while completing necessary improvements required for the transfer of the building's operations and maintenance to a new Master Lessee.

Recommendations 43

This recommendation will establish appropriations of \$18,237.62 in the Crest PLDO Fund to align the budget with expenditures associated with Capital Project 1005260, Nancy Jane Park. On May 13, 2008 (9) the Board approved the cancellation of appropriations in the Capital Outlay Fund for Capital Project 1005260, Nancy Jane Park. After the project was closed more costs were incurred for this capital project and funds from the Crest PLDO Fund did not get transferred to the Capital Outlay Fund by year-end. This request will establish appropriations to reimburse the Capital Outlay Fund.

Recommendation 44

The rubber surface at Steele Canyon Park and Hilton Head Parks, in CSA 26 – Rancho San Diego, is damaged and no longer meets safety standards. This requested action will provide \$15,000 to replace the existing rubber surfacing so children can play without the threat of injuries due to uneven playing surfaces. The rubber surfacing system provides exceptional cushioning and is designed to withstand a wide range of weather conditions and impacts with a minimum of maintenance.

Recommendation 45

The playground sand at Hillsdale Park, in CSA 26 – Rancho San Diego is aged and no longer meets safety standards. Sand in play areas should be replaced at least every two years. The requested action will provide \$30,000 to replace existing sand with new specialized sand and will provide a safe play area.

Recommendation 46

Entry signs at park facilities have been converted to a new design with the intention to create an updated, consistent look at all County Park locations. Since 2004, the Department of Parks and Recreation has procured 52 entrance signs from Cylex, Inc. In an attempt to continue this effort, and to foster park identity, three monument signs were ordered for San Dieguito Park. This requested action will appropriate \$30,000 from CSA 83 – San Dieguito Local Park fund balance to pay for the installation of the new signs. The requested funding will be used to hire a contractor with the specialized tools and materials necessary to implement the park improvements.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

Recommendation 47

Due to an increased occurrence of graffiti, vandalism, metal theft and trash dumping in the five CSA 128 – San Miguel local parks, the purchase of three Q-Star Technology Digital Deterrent Systems is requested. Thousands of dollars have been spent on labor, materials and supplies for graffiti removal, repairs to vandalism, replacement of electrical wiring to pedestrian walkways or parking lot lights and trash removal. This requested action will provide \$22,000 for an electronic alarm, such as the one offered by Q-Star Technology in order to assist the Department of Parks and Recreation staff in preventing further vandalism in an efficient and economical manner.

Recommendation 48

As a result of vandalism and theft, the electrical wiring in the light fixtures of the parking lots at the Spring Valley Gym and Teen Center has been compromised. This requested action will increase appropriations by \$7,000 to replace the copper wiring to ensure the health and safety of Park patrons and customers using the Spring Valley Gym and Teen Center.

Recommendations 49 & 50

In response to the 2007 Wildfires, the County of San Diego provided fire rebuild permits at no cost to the fire victims as directed by the Board of Supervisors on October 24, 2007 (26). The amount estimated for the present fiscal year is \$1,350,000. Approval of these recommendations will result in building permit fee revenues being replaced with fund balance as the funding source to reflect the fee waivers.

Recommendation 51

This request will establish appropriations of \$1,100,000 in the department of Planning and Land Use based on Land Use and Environment Group's Fiscal Year 2007-08 fund balance available, for the integration and software costs for the Business Case Management System. This project will meet the needs of an upgraded technology system reducing clerical work, providing timely and accurate services and consolidating core reporting systems.

Recommendation 52

On April 23, 2008 (9), the Board authorized the acceptance of federal grant funds totaling up to \$4.5 million for hazardous fuels reduction activities. To prevent wildfires like those experienced in 2003 and 2007, the Department of Planning & Land Use has been awarded \$4,000,000 in federal grant funds to continue hazardous fuels reduction activities, including removing brush and dead, dying and diseased trees. On June 16, 2004 (4), the Board established the Fire Safety and Fuels Reduction Program resulting in the removal of approximately 417,166 dead, dying and diseased trees from 3,350 parcels. To date \$47 million (\$42 million in grant funds and \$5 million in County funds) has been spent on this important activity.

Recommendation 53

The Board passed a resolution (06-049) on April 5, 2006 (19), which authorized the Department of Planning and Land Use to "file for and accept other future related grant opportunities which

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

may become available to fund future projects which improve fire protection in the San Diego County unincorporated area.” The Department of Planning and Land Use applied for and was awarded a grant in the amount of \$1,072,000 from the Fire Intervention Relief Effort Campaign, a fund of the McCormick Foundation. This grant provides funding for the purchase of 148 radios, 200 wildland fire outfits and 200 structure-fire outfits to nine rural fire agencies. Additionally, funds are provided to purchase five laptop computers and equipment to upgrade the call center.

Recommendation 54

This request will increase appropriations by \$130,000 in the Department of Public Works General Fund based on Land Use and Environment Group Fiscal Year 2007-08 fund balance available, to support an education effort targeted at reducing the public's use of pesticides. This program will also sustain the Healthy Garden, Healthy Home Program by providing funds to the University of California Cooperative Extension for community workshops and nursery staff training as well as working with the Master Gardner Program.

Recommendation 55

This recommendation adds \$50,000 in the Department of Public Works General Fund Watershed Protection Program budget for the support of the Integrated Regional Water Management Program. On July 25, 2007 (7), the Board of Supervisors authorized the First Amendment to the Memorandum of Understanding between the San Diego County Water Authority and the City of San Diego, committing \$200,000 each, for consultant costs associated with the plan development and support of the Integrated Regional Water Management Program. The funding source identified was Land Use and Environment Group Management Reserves with \$150,000 for Fiscal Year 2007-08 costs and \$50,000 for Fiscal Year 2008-09 costs.

Recommendation 56

This recommendation ratifies the amendment to the Fiscal Year 2007-08 Department of Public Works Internal Service Fund Equipment Operations spending plan in the amount of \$214,956 based on fund balance available, for unanticipated costs which were incurred in June 2008. Expenditures charged at year-end related to auto operation and maintenance, fuel, and asset management fees. This was a technical adjustment to align appropriations with expenditures in Fiscal Year 2007-08.

Recommendation 57

This recommendation ratifies the amendment to the Fiscal Year 2007-08 Airport Enterprise Fund Spending Plan in the amount of \$24 for the Palomar Airport North Side Ramp and Taxiway Project based on fund balance available. The project exceeded the amount budgeted for the fiscal year due to higher than anticipated labor costs. This was a technical adjustment to align appropriations with expenditures in Fiscal Year 2007-08.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

Recommendations 58 & 59

These recommendations ratify increases in appropriations to the Campo Sewer Area Fund and Rancho Del Campo (Water Zone A) Fund Fiscal Year 2007-08 budgets to align appropriations with expenditures related to operation and maintenance. Additional and unexpected charges for emergency projects occurred at year-end.

Recommendation 60

This request will establish appropriations of \$2,095,339 in various departments in the Land Use and Environment Group for Quality First payouts based on Fiscal Year 2007-08 fund balance available.

Recommendations 61 - 63

These recommendations will establish appropriations in the Contribution to Library budget unit and in the Library Fund in the amount of \$1,707,467 for a one-time payment based on FY 2007-08 General Fund fund balance. These amounts are owed to the County library pursuant to the San Marcos III Redevelopment Agreement. Over the years amounts paid by the San Marcos Redevelopment Agency to the County were deposited into the General Fund. However, it has recently been determined that a portion of the funds should be allocated to the County Library as a taxing agency affected by the establishment of the San Marcos Redevelopment Agency. The cumulative amount owed to the County Library is \$1,707,467 for Fiscal Year 1997-98 through Fiscal Year 2007-08. In the future, the Library will receive approximately \$0.3 million annually pursuant to the San Marcos III Redevelopment Agreement.

The Library requests appropriation of the Operating Transfer to augment Management Reserves (\$957,467) held for operating contingencies and for additional Library materials (\$750,000). The materials to be purchased include not only books, videos, and CDs, but also electronic materials such as “e-books” that may be “checked-out” and downloaded to portable personal devices that are in demand by the public.

Recommendation 64

This request will appropriate funds in the amount of \$525,654 from Library fund balance for acquisition of fixed assets for implementation of the RFID (Radio Frequency Identification) customer self service project. These appropriations will be used to purchase equipment that will allow library staff to make changes to the check-out areas of the libraries into a modular self-service area that uses the same principles as a retail check-out area. The changes and equipment are needed to fulfill the first phase of the Library’s plan to meet increasing demand for services without increasing staffing.

Recommendation 65

This request will establish appropriations of \$700,000 in the Library Fund for Quality First payments for Library staff based on fund balance available. In order to receive these payments, staff achieved both qualitative goals such as customer service and quantitative savings that resulted in the fund balance available for the payments.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

Recommendation 66

This request will establish appropriations of \$663,268 for Quality First payments to Animal Services, Community Services Group Executive Office, Housing & Community Development, and Registrar of Voters. In order to receive these payments, staff achieved both qualitative goals such as customer service and quantitative savings that resulted in the fund balance available for the payments.

Recommendation 67

This recommendation amends the Fleet Management ISF Fuel & Parts Spending Plan in the amount of \$3,755,000 to provide continued funding for vehicle fuel and parts/repair services. When the budget for Fiscal Year 2008-09 was being developed, the full impact of escalating fuel and vehicle maintenance costs was not known nor anticipated. However, based on prior year-end expenses for fuel, parts and commercial repairs and current year trends, it is estimated that \$3,755,000 in additional spending authority is required to provide adequate funding in support of client departments program requirements. Client departments reimburse the ISF for fuel, parts and commercial repair costs with a nominal mark-up/surcharge.

Recommendations 68 & 69

These recommendations amend the Fleet Management ISF Fuel & Parts Spending Plan in the amount of \$442,000 based on Fiscal Year 2007-08 Community Services Group's fund balance available. These funds provide funding for mandatory fueling equipment which ensures compliance with the California Air Resources Board/Air Pollution Control District Enhanced Vapor Recovery-In-Station Diagnostics and related permitting program.

Newly adopted regulations for fuel station operations require additional vapor control devices be installed by April, 2009. Fleet Management operates 17 fuel sites that are affected by this recent legislation. The estimated cost to retrofit a fuel site is \$26,000 per site or a total cost of \$442,000 to the Parts and Fuel fund. The impact of non-compliance with any of the current or future regulatory requirements would be the closing of Fleet fuel sites and receiving fines and/or penalties from regulatory agencies. At the time the budget was being developed, the department believed the County fuel pumps could be eligible for a waiver from the requirements.

Recommendation 70

This recommendation amends the Fleet Management ISF Equipment Acquisition spending plan by \$1,100,000 to accommodate the increased posting of depreciation expense. Based on prior year-end depreciation expense and current year trends, it is estimated that \$1,100,000 in additional spending authority is required to provide adequate funding to accommodate current year depreciation expense. A significant portion of the County's vehicles are assets of the Fleet Management ISF Equipment Acquisition Fund, where the depreciation expense is recorded. Client departments reimburse the ISF for the depreciation expense.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

Recommendations 71 - 74

These recommendations appropriate \$669,138 to provide funding for one-time needs in the Board of Supervisors' offices for various services and supplies costs based on Finance and General Government Group's Fiscal Year 2007-2008 fund balance available.

Recommendation 75

During the end of Fiscal Year 2007-08, the internal agreement for Capital Project 1000193, Cactus Park Sports Field, was inadvertently reduced by \$7,000. This is a technical adjustment to align the budget with expenditures anticipated to be incurred.

Recommendation 76

On May 13, 2008 (9) the Board approved the cancellation of appropriations in the Capital Outlay Fund for Capital Project 1005176, Tijuana River Valley Regional Park Trail Crossing Project, as part of a total of 17 capital projects that were completed and capitalized. The Board also authorized an Accounts Receivable discharge in the amount of \$90,921. As a result of the Accounts Receivable discharge, this amount became available and remained in the capital project. The remaining balance of \$90,921 was inadvertently not calculated as part of the total amount to be cancelled and should therefore be cancelled at this time due to project completion.

Recommendation 77

On October 20, 2007 (8) the Board authorized the acceptance of a donation from Southbay Expressway to install rubberized matting on the equestrian bridge for Capital Project 1000207, Sweetwater Summit Campground Improvements, in the amount of \$10,000. The costs to complete this project totaled \$8,696.50, therefore, appropriations of \$1,303.50 should be cancelled to reflect the actual amount.

Recommendation 78

This request will ratify an increase in appropriations of \$76,732.80 in the Contributions to Capital Outlay, Operating Transfers Out, based on General Fund fund balance available. On February 26, 2008 (9), the Board approved the transfer of appropriations between the Alpine Library and the Alpine Library Land Acquisition capital projects. The internal agreement for the Alpine Library was inadvertently not revised to reflect the amended budget. This internal agreement was overstated by \$60,000 at the end of the fiscal year which resulted in the use of fund balance. The internal agreement for the Alpine Library Land Acquisition was inadvertently increased by \$16,732.80 which resulted in the use of fund balance. These two internal agreements have been corrected in the current fiscal year by reducing the internal agreements by the same amounts. This will result in the reinstatement of the use of fund balance.

Recommendation 79

This action will establish appropriations in various Finance and General Government Group departments to fund Quality First payments based on Fiscal Year 2007-2008 fund balance available.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

Recommendation 80

This action will establish appropriations in Media and Public Relations to fund Quality First payments based on fund balance available.

Recommendations 81 & 82

These requests will establish appropriations of \$465,561 in County Counsel and amend the Public Liability Internal Service Fund (ISF). County Counsel achieved its Quality First goals through savings in both the General Fund and the administration of the Public Liability ISF. Therefore, the funding for this recommendation will be from both the General Fund and the Public Liability Internal Service fund in proportion to the department's qualitative goals in the approved Quality First Plan.

Linkage to the County of San Diego Strategic Plan

The County of San Diego is fully committed to using its resources to meet the highest priority needs of its residents as identified in the Fiscal Year 2008-09 Budget and outlined by our three Strategic Initiatives – Kids, the Environment, and Safe and Livable Communities.

Respectfully submitted,

[SIGNATURE]

WALTER F. EKARD
Chief Administrative Officer

ATTACHMENT(S)

Schedule A
Schedule B
Notes to Schedule A and B

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS
REPORT AND BUDGET ADJUSTMENTS (District: All)

AGENDA ITEM INFORMATION SHEET

CONCURRENCE(S)

COUNTY COUNSEL REVIEW	<input checked="" type="checkbox"/> Yes	
Written Disclosure per County Charter Section 1000.1 Required	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
GROUP/AGENCY FINANCE DIRECTOR	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> N/A
CHIEF FINANCIAL OFFICER	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> N/A
Requires Four Votes	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
GROUP/AGENCY INFORMATION TECHNOLOGY DIRECTOR	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
COUNTY TECHNOLOGY OFFICE	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
DEPARTMENT OF HUMAN RESOURCES	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A

Other Concurrence(s): N/A

ORIGINATING DEPARTMENT: Chief Financial Officer

CONTACT PERSON(S):

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AUTHORIZED REPRESENTATIVE:

Donald F. Steuer, Chief Financial Officer

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN STATUS
REPORT AND BUDGET ADJUSTMENTS (District: All)

AGENDA ITEM INFORMATION SHEET

(continued)

PREVIOUS RELEVANT BOARD ACTIONS:

7/22/08 (16) County of San Diego Fiscal Year 2008-09 Final Budget for Family of Funds, Enterprise Funds and Internal Service Funds, Prior Year Encumbrances, Fleet Services Transfer and Penalty Assessment Resolution

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

**FY 2008-2009 1st Quarter
Projected Year-End Results**
(in thousands)

COUNTY SUMMARY

	Expenditure Variance	Revenue Variance	1st Quarter FY08-09 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 18,602	\$ (26,658)	\$ (8,057)
Health & Human Services Agency	108,174	(107,816)	358
Land Use & Environment	6,471	(3,173)	3,299
Community Services	2,294	(434)	1,860
Finance & General Government	9,185	(10,851)	(1,666)
Total Agency/Group	<u>144,726</u>	<u>(148,932)</u>	<u>(4,206)</u>
General Revenues	0	(25,435)	(25,435)
Finance Other	30,295	(67)	30,228
Total General Fund	<u>\$ 175,021</u>	<u>\$ (174,434)</u>	<u>\$ 587</u>
Special Revenue Funds			
Public Safety	\$ 21,607	\$ (21,191)	\$ 416
Health & Human Services Agency	3,300	0	3,300
Land Use & Environment	4,245	(3,853)	392
Community Services	24,832	(20,093)	4,739
Finance & General Government	72	57	129
Finance Other	0	(0)	(0)
Total Special Revenue Funds	<u>\$ 54,056</u>	<u>\$ (45,079)</u>	<u>\$ 8,976</u>
Internal Service Funds Departments			
Public Safety Group	\$ 164	\$ 0	\$ 164
Health & Human Services Agency	0	0	0
Land Use & Environment	0	0	0
Community Services	10,609	(10,553)	56
Finance & General Government	100	0	100
Finance Other	3,090	0	3,090
Total Internal Service Funds	<u>\$ 13,963</u>	<u>\$ (10,553)</u>	<u>\$ 3,410</u>
Enterprise Fund Departments			
Land Use & Environment	\$ 407	\$ (144)	\$ 264
Special District Funds Departments			
Public Safety Group	\$ 0	\$ 0	\$ 0
Health & Human Services Agency	0	0	0
Land Use & Environment	285	865	1,150
Total Special District Funds	<u>\$ 285</u>	<u>\$ 865</u>	<u>\$ 1,150</u>
Other County Funds Departments			
LUEG - Debt. Svc. Local Boards	\$ 0	\$ 0	\$ 0
Community Svcs. - Redevelopment Agencies	0	5	5
Finance Other - Majestic Pines	0	0	0
Total Other County Funds	<u>\$ 0</u>	<u>\$ 5</u>	<u>\$ 5</u>
Debt Service - Pension Obligation Bonds	\$ 19,045	\$ (17,035)	\$ 2,010
Total County Projected Operating Balance	<u>\$ 262,778</u>	<u>\$ (246,374)</u>	<u>\$ 16,403</u>

**FY 2008-2009 1st Quarter
Projected Year-End Results**

(in thousands)

PUBLIC SAFETY GROUP

	Expenditure Variance	Revenue Variance	1st Quarter FY08-09 Projected Fund Balance
	Favorable/(Unfavorable)		

General Fund Departments

Alternate Public Defender	\$ 764	\$ (629)	\$ 135
Child Support	346	0	346
Contributions for Trial Courts	615	(615)	0
Defense Attorney Contract Admin.	0	0	0
District Attorney	5,939	(5,159)	780
Emergency Services	46	0	46
Law Enforcement Review Board	0	0	0
Medical Examiner	39	0	39
Probation	6,176	(6,176)	0
Public Defender	963	(733)	230
Public Safety Executive Office	708	(11,121)	(10,413) *
Sheriff	3,005	(2,225)	779
Total General Fund	\$ 18,602	\$ (26,658)	\$ (8,057)

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	0	0	0
Probation - Asset Forfeiture	0	17	17
Probation - Inmate Welfare Program	0	1	1
Sheriff - Asset Forfeiture	0	4	4
Sheriff - Inmate Welfare Program	20	374	394
Public Safety - Proposition 172	21,587	(21,587)	0
Total Special Revenue Funds	21,607	(21,191)	416

Internal Service Funds Departments

Probation	0	0	0
Sheriff(Jail Stores)	164	0	164
Total Internal Service Funds	164	0	164

Special District Funds

Sheriff (Regional 800 MHz)	0	0	0
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Total Group Projected Fund Balance	\$ 40,372	\$ (47,849)	\$ (7,477)
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* Reduction in Operating Transfers In from Prop 172 Sp Rev Fund not fully allocated to departments

**FY 2008-2009 1st Quarter
Projected Year-End Results**

(in thousands)

HEALTH & HUMAN SERVICES AGENCY

Expenditure Variance	Revenue Variance	1st Quarter FY08-09 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Programs

Administrative Support	\$ 30,024	\$ (31,173)	\$ (1,149)
Aging & Independence Services	3,459	(3,208)	251
Behavioral Health Services	48,463	(48,463)	0
Child Welfare Services	22,830	(22,640)	191
Public Administrator/Public Guardian	61	85	145
Public Health Services	2,860	(2,563)	298
Regional Operations	(3,607)	3,949	342
Strategic Planning & Operational Support	4,084	(3,804)	280
Total General Fund	\$ 108,174	\$ (107,816)	\$ 358

Special Revenue Funds

Tobacco Securitization Fund	3,300	0	3,300
Total Special Revenue Funds	3,300	0	3,300

Internal Service Funds

DMI-Working Capital(Edgemoor Hospital)	0	0	0
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Special District Funds Departments

Ambulance Districts	0	0	0
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Other County Funds Departments

	0	0	0
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Total Health & Human Services Agency	\$ 111,474	\$ (107,816)	\$ 3,658
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**FY 2008-2009 1st Quarter
Projected Year-End Results**

(in thousands)

LAND USE & ENVIRONMENT GROUP

Expenditure Variance	Revenue Variance	1st Quarter FY08-09 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Agriculture, Weights & Measures	\$ 645	\$ (504)	\$ 141
Environmental Health	1,787	(956)	831
Farm Advisor	129	0	129
Land Use & Environment Group Exec Office	671	(78)	593
Parks & Recreation	232	92	324
Planning & Land Use	3,008	(1,728)	1,280
Public Works	0	0	0
Total General Fund	\$ 6,471	\$ (3,173)	\$ 3,299

Special Revenue Funds Departments

A, W & M (Grazing and Fish & Game Commission)	0	0	0
Parks & Recreation - PLDO	0	157	157
DPW - Aviation Funds	0	0	0
DPW - Road Funds	2,451	(2,316)	135
DPW - Inactive Waste	1,794	(1,694)	100
Total Special Revenue Funds	4,245	(3,853)	392

Internal Service Funds Departments

Public Works - DPW Equip. ISF Prg. (35525-35700)	0	0	0
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Enterprise Funds Departments

Airport Enterprise Fund	356	(144)	213
Liquid Waste Enterprise Fund	51	0	51
Total Enterprise Funds:	407	(144)	264

Special District Funds Departments

Air Pollution Control District	223	865	1,088
Parks and Recreation	8	0	8
Planning and Land Use - CSAs	0	1	1
DPW - Sanitation Districts & Sewer Maintenance	42	(6)	36
DPW - CSAs	0	1	1
DPW - PRDs	0	0	0
DPW - Flood Control	13	3	16
DPW - Street Lighting Districts	0	0	0
Total Special Districts Funds:	285	865	1,150

Other County Funds Departments

Debt Service-Local Boards	0	0	0
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Total Land Use & Environment Group	\$ 11,409	\$ (6,304)	\$ 5,104
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**FY 2008-2009 1st Quarter
Projected Year-End Results**

(in thousands)

COMMUNITY SERVICES GROUP

Expenditure Variance	Revenue Variance	1st Quarter FY08-09 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Animal Services	\$ 273	\$ 31	\$ 304
Community Services Group Exec Office	1,820	0	1,820
General Services	0	0	0
Housing & Community Development	201	277	478
Purchasing & Contracting	0	0	0
Library Services	0	0	0
Registrar of Voters	0	(741)	(741)
Total General Fund	\$ 2,294	\$ (434)	\$ 1,860

Special Revenue Funds Departments

Library Services	5,320	(581)	4,739
Housing & Community Development	19,512	(19,512)	0
Total Special Revenue Funds	24,832	(20,093)	4,739

Internal Service Funds Departments

Facilities Management	15,227	(15,213)	14
Fleet Management	(4,864)	4,907	43
Purchasing & Contracting	246	(246)	0
Total Internal Service Funds	10,609	(10,553)	56

Other County Funds Departments

Redevelopment Agency	0	5	5
Total Community Services Group	\$ 37,735	\$ (31,075)	\$ 6,661

**FY 2008-2009 1st Quarter
Projected Year-End Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

Expenditure Variance	Revenue Variance	1st Quarter FY08-09 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Assessor/Recorder/County Clerk	\$ 2,045	\$ (10,068)	\$ (8,023)
Auditor & Controller	827	(422)	406
Board of Supervisors	296	0	296
CAC-Major Maintenance	-	-	-
Chief Administrative Officer	203	0	203
Civil Service Commission	33	0	33
Clerk of the Board of Supervisors	400	0	400
County Counsel	(46)	677	631
County Technology Office	347	(210)	137
Finance & GG Exec Office	4,500	0	4,500
Grand Jury	73	0	73
Human Resources	136	14	150
Treasurer-Tax Collector	370	(842)	(472)
Total General Fund	\$ 9,185	\$ (10,851)	\$ (1,666)

Special Revenue Funds Departments

Media & Public Relations	72	57	129
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Internal Service Funds Departments

CTO - Information Technology	100	0	100
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**Total Finance & General
Government Group**

\$ 9,357	\$ (10,794)	\$ (1,437)
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**FY 2008-2009 1st Quarter
Projected Year-End Results**

(in thousands)

**GENERAL REVENUES &
FINANCE OTHER**

Expenditure Variance	Revenue Variance	1st Quarter FY08-09 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

General Revenues:

All Current Property Taxes	\$ 0	\$ (26,692)	\$ (26,692)
All Other Taxes-Local	0	556	\$ 556
Licenses, Permits & Franchises	0	(187)	\$ (187)
Fines, Forfeitures & Penalties	0	979	\$ 979
Revenue for Use of Money & Property	0	0	\$ 0
Intergovernmental Revenue	0	(133)	\$ (133)
Charges for Current Services	0	0	\$ 0
Miscellaneous Revenue	0	42	42
Total General Revenues	\$ 0	\$ (25,435)	\$ (25,435)

General County Expenses:

Cash Borrowing Program	\$ 9,675	\$ 0	\$ 9,675
Community Enhancement	0	0	0
Contingency Reserve	20,294	0	20,294
Contributions to the Capital Outlay Fund	138	(67)	71
Contributions to Library Fund	0	0	0
Community Projects & Services	0	0	0
Countywide Expenses	188	0	188
Total Finance Other Expenses	\$ 30,295	\$ (67)	\$ 30,228
Total General Fund	\$ 30,295	\$ (25,502)	\$ 4,793

Special Revenue Funds Departments

Capital Program	\$ 0	\$ (0)	\$ (0)
Total Special Revenue Funds	\$ 0	\$ (0)	\$ (0)

Internal Service Funds Departments

Workers Compensation	\$ 4,000	\$ 0	\$ 4,000
Unemployment Insurance	0	0	0
Public Liability	(910)	0	(910)
Total ISF Funds	3,090	-	3,090

Other County Funds Departments

Majestic Pines	\$ 0	-	\$ 0
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Debt Service Funds Departments

Pension Obligation Bonds	\$ 19,045	\$ (17,035)	\$ 2,010
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Total General Revenues & Finance Other	\$ 52,430	\$ (42,537)	\$ 9,893
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**FY 2008-2009 1st Quarter
Projected Year-End Results**
(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	1st Quarter FY08-09 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 0	\$ (8,057)	\$ (8,057)
Health and Human Services Agency	15,000	(14,642)	358
Land Use and Environment	593	2,706	3,299
Community Services	1,750	110	1,860
Finance & General Government	5,130	(6,796)	(1,666)
Agency/Group Totals	\$ 22,473	\$ (26,678)	\$ (4,206)
General Revenues	0	(25,435)	(25,435)
General County Expenses	0	9,934	9,934
Contingency Reserve	20,294	0	20,294
Total Gen'l. Revs & Gen'l. County Exp.	\$ 20,294	\$ (15,501)	\$ 4,793
Total General Fund	\$ 42,767	\$ (42,179)	\$ 587

COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
FY 2008 - 09 1st QUARTER

GENERAL NOTES

Projected Fund Balance

Projected fund balance as presented in this report is defined as the projected excess of revenues over expenditures as a result of current fiscal year operations. Schedule A presents projections by Group and Department by fund or fund type.

Contingency Reserve and Management Reserves

The County's General Fund budget contains a Contingency Reserve each year to be used in the event of unforeseen expenses or to offset revenue shortfalls. Management Reserves are appropriations that are set-aside at the Group or department level for unanticipated needs or planned future one-time expenses. Schedule B shows a summary of the General Fund's projected fund balance by Group/Agency that distinguishes between projected contingency/management reserve balances and operating balances.

Variance Reporting

Departments project variances from their operational plans based either on revised expectations or on actual revenues or expenditures to date. The significant variances (greater than \$300,000) in total expenditure, total revenue, or net variances from plan are discussed below and categorized by funds.

Most County activities are carried out within the General Fund. The General Fund fund balance is considered to be the primary "equity" cushion of the County, authorized to be drawn upon by specific Board action and according to Board priorities and policies. Projected fund balances in all other funds are restricted to uses that are consistent with the purposes of the individual funds.

PUBLIC SAFETY GROUP

General Fund

Alternate Public Defender

A net positive variance of \$0.1 million is projected for the Alternate Public Defender.

A net positive expenditure variance of \$0.7 million is projected. This is comprised of \$0.9 million positive variance in salaries and benefits due to salary reductions based on State Budget reductions, offset by a negative variance of \$0.2 million in services and supplies.

A negative revenue variance of \$0.6 million is due to a State budget reduction and contract renegotiations in State Trial Court funding levels for the Dependency program.

The revenue shortfall will be mitigated by a request to cancel appropriations, included in the First Quarter Operational Plan Status Report.

Child Support Services

A net positive variance of \$0.3 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$0.3 million is projected in salaries and benefits due to higher than projected attrition at the beginning of the year. 24.00 FTE's will remain unfilled in anticipation of the reduced State revenue levels projected for Fiscal Year 2009-10. There is no net projected revenue variance.

Contribution for Trial Courts

No net variance is projected for Contribution for Trial Courts.

A net positive variance of \$0.6 million is projected for expenditures. This is comprised of a negative variance of \$0.1 million in services and supplies due to reduced Mental Health Attorney Service costs and savings of \$0.7 million in other charges, to recognize the level of expenditures required to support the revenue sharing requirements of Government Code 77205, related to Trial Court Funding.

A net negative variance of \$0.6 million is projected for revenues. This is comprised of a positive variance of \$0.6 million in fines, forfeitures & penalties to recognize the anticipated levels of revenues received, offset by a \$1.2 million decrease in charges for current services. The decrease in the charges for current services is comprised of an increase of \$1.0 million in Traffic School Fines and Other Court Costs and a reduction of \$2.2 million in Recording fees. As a result of the general economic slowdown in the national, state and local economy and the associated impacts on the housing market, revenues from Recording Fees allocated to the County to support statutory Contributions to Trial Courts have declined.

District Attorney

A net positive variance of \$0.8 million is projected for the District Attorney's Office.

A net positive variance of \$6.0 million is projected for total expenditures. This positive variance is primarily due to projected savings in salaries and benefits of \$8.3 million due to normal attrition, savings from modified positions, and savings from vacant positions that are filled only during the annual hiring cycle. A negative expenditure variance of \$1.0 million is projected in services and supplies comprised of \$0.6 million due to an unanticipated increase in the number and costs of witness protection and relocation cases, \$0.1 million in ISF vehicle fuel costs, \$0.1 million in ISF vehicle maintenance costs, \$0.1 million in Information Technology ISF costs for computing power and \$0.1 million in facilities maintenance costs. A negative expenditure variance of \$1.4 million is

projected in expenditure transfers and reimbursements due to normal attrition and delays in filling vacant positions in the Public Assistance Fraud Unit.

A net negative revenue variance of \$5.2 million is projected. This negative variance is primarily attributable to a projected shortfall of \$4.3 million in Proposition 172 revenue due to the national, state and local economic slowdown and reduced consumer spending. A negative variance of \$0.9 million in intergovernmental revenues is due to State budget reductions of \$0.6 million in State Grants (High Technology Prosecution Program, \$0.3 million; High Technology Identity Theft Program, \$0.1 million; Vertical Prosecution Block Grant, \$ 0.1 million; and the Spousal Abuser Prosecution Program, \$0.1 million), a reduction of \$0.2 million for the Parole Advocacy Program, and a reduction of \$0.1 million for the Citizen's Option For Public Safety program. These projected shortfalls are mitigated by the expenditure variances shown above. These reductions are also projected to be offset by an increase of \$0.9 million due to unanticipated revenue of \$0.3 million from the State Department of Insurance Workers' Compensation Insurance Fraud Grant, \$0.3 million in the Organized Automobile Fraud Activity Interdiction Program, and \$0.3 million in the Automobile Insurance Fraud Program. If the District Attorneys' Office does not obtain these projected increases, appropriation and revenue adjustments will be included in a subsequent operational plan status report.

Probation

No net variance is projected for the Probation Department.

A net positive expenditure variance of \$6.2 million is projected. This is comprised of a \$5.7 million positive variance in salaries and benefits due to salary reductions based on the revenue impacts discussed below, including the impact of the enacted State Budget. A \$0.9 million positive variance is projected in services and supplies due to savings in contracted services and various other services and supplies accounts, related to reductions in the enacted State Budget. A negative variance of \$0.4 million in Other Charges is primarily due to increased Foster Care costs.

A net negative revenue variance of \$6.2 million is projected. This is comprised of State Budget reductions related to Juvenile Justice Crime Prevention Act (\$0.7 million), Mentally Ill Offender Program (\$1.5 million), and Juvenile Probation Camps Funding (\$0.5 million). In addition, the Youthful Offender Block Grant is projected to be \$0.9 million under budget, due to revised allocations. Proposition 172 revenue is projected to be under budget by \$2.2 million due to the national, state and local economic slowdown and reduced consumer spending. An additional \$0.4 million will be under-realized in various other revenue sources, such as Other Court Costs. The shortfalls in Juvenile Justice Crime Prevention Act, Mentally Ill Offender Program Juvenile Probation Camps Funding and Youthful Offender Block Grant revenue will be mitigated by requests to cancel appropriations, included in the First Quarter Operational Plan Status Report.

Public Defender

A net positive variance of \$0.2 million is projected for the Public Defender.

A positive expenditure variance of \$1.0 million in salaries and benefits is due to salary reductions based on State Budget reductions.

A net negative revenue variance of \$0.8 million is due to the combination of reduced Dependency contract revenue and Court Appointed Attorney Fees. The Dependency contract deficit of \$0.6 million is due to a State budget reduction and contract renegotiations. The \$0.2 million negative revenue variance in Court Appointed Attorney Fees reflects a lower level of collections due to the current state of the economy. The shortfall in Dependency Program revenue will be mitigated by a request to cancel appropriations, included in the First Quarter Operational Plan Status Report.

Public Safety Group Executive Office

A net negative variance of \$10.4 million is projected for the Public Safety Group Executive Office.

A positive expenditure variance of \$0.7 million is projected primarily due to anticipated savings in contracted services and application services costs.

A net negative revenue variance of \$11.1 million is projected primarily due to the inclusion of a \$12.4 million negative variance for Proposition 172 revenues that will be under-realized throughout the Public Safety Group. Other revenue variances in the Executive Office include an additional \$0.9 million in revenues in rents and concessions and an additional \$0.4 million in miscellaneous revenues. In Fiscal Year 2008-2009, the severe nationwide economic slowdown, including the continuing decline in the housing market, is resulting in reduced consumer spending and reduced sales tax revenues which are the basis for Proposition 172 receipts. In addition, the San Diego region is generating a proportionately smaller share of sales tax revenues compared to other areas of the state. As a result, current year revenues are projected to be at least \$21.0 to \$35.0 million under budget. The public safety departments that receive Proposition 172 revenues, including the Sheriff, District Attorney and the Probation Department, have adjusted their current revenue projections to anticipate a portion of this shortfall. The planned mitigations for the entire amount of the shortfall of \$21.6 million include the projected operational savings shown in these departments, additional operating savings that may be generated during the balance of the fiscal year and future planned appropriations of group fund balance. Specific recommendations will be brought to your Board in the Second Quarter Operational Plan Status Report.

Sheriff

The Sheriff's Department projects a net positive variance of \$0.8 million.

A net positive expenditure variance of \$3.0 million is projected. Salaries and benefits are projected to be \$7.3 million under budget due to salary savings as a result of 101 vacant positions (43 sworn and 58 professional staff). This projection includes "Expected New Hires" of 203 sworn staff from forthcoming detention and law enforcement academies, 6 professional staff, and 148 retirements/departures, for a net increase of 61 sworn and professional staff by the end of the fiscal year. A negative expenditure variance of \$4.3 million is projected in services and supplies primarily due to additional expenditures for increased costs for fuel, automotive maintenance, and food and pharmaceuticals in the jails.

A net negative revenue variance of \$2.2 million is projected. A negative variance of \$2.7 million is projected in Operating Transfer from Proposition 172 Fund due to the national, state and local economic slowdown and reduced consumer spending. Miscellaneous revenue sources are projected to provide an additional combined positive variance of \$0.5 million. Although miscellaneous revenues combine for an overall positive variance, certain programs, including the Mentally Ill Offender Crime Reduction, Local Detention Facility Citizens Options for Policing and Trial Court programs will have shortfalls due to State budget reductions. These will be mitigated by requests to cancel appropriations, included in the First Quarter Operational Plan Status Report.

Special Revenue Funds

Sheriff's Inmate Welfare Fund

A net positive variance of \$0.4 million is projected for the Inmate Welfare Fund. This is due to a reimbursement from the Grossmont Union High School District for recovery of payments of contracted educational services.

Proposition 172

No net variance is projected for the Proposition 172 Special Revenue Fund.

The Proposition 172 Special Revenue Fund finished Fiscal Year 2007-2008 with no fund balance. Actual realized revenues for Fiscal Year 2007-2008 were \$22.4 million less than the Adopted Operational Plan amount.

In Fiscal Year 2008-2009, the severe nationwide economic slowdown, including the continuing decline in the housing market, is resulting in reduced consumer spending and reduced sales tax revenues which are the basis for Proposition 172 receipts. In addition, the San Diego region is generating a proportionately smaller share of sales tax revenues compared to other areas of the state. As a result, current year revenues are projected to be between \$21.0 and \$35.0 million under budget. Expenditures from the Special Revenue Fund will be capped to match anticipated revenues and are therefore projected to be \$21.6 million under budget for no net variance in the fund. The public safety departments that receive Proposition 172 revenues, including the Sheriff, District

Attorney and the Probation Department, have adjusted their current revenue projections to anticipate a portion of this shortfall. The mitigations for the entire amount of the shortfall of \$21.6 million include current projected operational savings and the future planned appropriation of fund balance. Specific recommendations will be brought to your Board in the Second Quarter Operational Plan Status Report. At that time, appropriations of fund balance and/or transfers of appropriations within the General Fund may be required to sustain current service levels in the public safety departments that rely on Proposition 172 revenues. Revenues will continue to be closely monitored, projections will be updated and requests for mitigation actions will be included as noted above in future reports to your Board.

HEALTH AND HUMAN SERVICES

General Fund

Health and Human Services Agency is projecting an overall positive fund balance of \$0.4 million. This is a significant reduction from past year projections and is primarily due to a projected shortfall in Realignment revenues of \$31.2 million from budget. The weakened economy is having a serious negative impact on Realignment. Realignment revenues consist of Sales Tax and Vehicle License Fees (VLF). Early projections indicate that Sales Tax collections statewide could be down by 6% and VLF down by 11%. There continues to be great uncertainty as to the state of the economy and these forecasts are being adjusted monthly as more data becomes available. The Agency is working on a multi-phase "Economic Reality Plan" to bring spending into alignment with available funding for Fiscal Year 2008-09 and to prepare for the Fiscal Year 2009-10 Operational Plan. The 1st Quarter Fund Balance projection shows the loss of Realignment, which is reflected mainly in the Administrative Support Division. However, the mitigation strategy is still being developed and therefore not reflected. HHSA will show the results of the mitigation strategy efforts as part of the 2nd Quarter Operational Plan Status Report.

Administrative Support

The Administrative Support program consists of the following: Agency Executive Office, Agency Contract Support, Financial Services and Support Division, Human Resources, Management Support and First Five Commission.

A net negative variance of \$1.1 million is projected for Administrative Support. The variance is the result of \$30.0 million in expenditure savings and \$31.1 million in projected under-realized revenues.

The \$30.0 million expenditure savings includes \$0.1 million in salaries and benefits due to vacant positions, \$14.9 million in services and supplies and a projected year-end balance of \$15.0 million in management reserves. The \$14.9 million savings in services and supplies are comprised of \$8.0 million for pandemic or bio-terrorism emergency

appropriation savings associated with unsecuritized tobacco, \$5.0 million of savings in appropriations established to mitigate State budget and economic uncertainties, and \$1.9 million savings associated with various services and supplies.

The \$31.1 million under-realized revenue includes \$24.0 million of realignment revenue (as discussed above in the Agency summary), \$8.0 million of unsecuritized tobacco settlement revenue that will be under-realized and \$0.9 million shortfall in miscellaneous revenues. The \$0.9 million miscellaneous revenue includes \$0.8 million for San Pasqual trailers insurance reimbursement and \$0.1 million for SDG&E refund.

Aging and Independence Services

A net positive variance of \$0.3 million is projected for Aging and Independence Services. The variance is the result of \$3.5 million in expenditure savings and \$3.2 million in projected under-realized revenue.

The \$3.5 million expenditure savings includes an over-expenditure of \$0.6 million in salaries and benefits primarily in In-Home Supportive Services and Adult Protective Services offset by savings of \$2.9 million in services and supplies and \$1.2 million in operating transfers out for In-Home Supportive Services-Public Authority, due to timely abatements received for Health Benefits. The \$2.9 million savings in services and supplies is due to reductions in programs for the Aged associated with State budget cuts. The \$3.2 million of under-realized revenue is associated with the expenditure savings due to decreased funding.

Behavioral Health Services

Behavioral Health Services consists of the following: Mental Health Services, Alcohol and Drug Services, and Inpatient Health Services comprised of the San Diego County Psychiatric Hospital and Edgemoor Hospital.

No net variance is projected for Behavioral Health Services.

The \$48.5 million expenditure savings includes \$1.0 million in salaries and benefits throughout Behavioral Health due to vacancies and \$47.5 million in services and supplies. The \$47.5 million includes \$46.0 million in contracted services, and \$1.5 million savings in other services and supplies. The \$46.0 million savings in contracted services includes \$32.0 million of un-awarded Mental Health Services Act (MHSA) contracts – due to delayed implementation pending plan approval by the State; \$5.3 million in Early Periodic Screening, Diagnosis and Treatment (EPSDT) services – due to a decrease of EPSDT contractor spending associated with increased accessibility of MHSA funding and the termination of three contracts due to decrease of client needs; \$4.0 million in Alcohol and Drug Services – due primarily to aligning revenues to State allocations including cuts by the State to Prop 36 and the Offender Treatment program (OTP); \$3.2 million in savings associated with prior year encumbrances that are not

needed; and \$1.5 million in other miscellaneous contracts. The \$48.5 million in projected under-realized revenues is associated with the expenditure savings.

County Child Welfare Services

A net positive variance of \$0.2 million is projected for County Child Welfare Services. The net variance is the result of \$22.8 million in expenditure savings and \$22.6 million in projected under-realized revenues.

The \$22.8 million expenditure savings includes \$25.4 million savings in aid payments for Severely Emotionally Disturbed, Foster Care, Aid to Adoptive Parents and KinGap based on revised estimates of caseload levels, growth trends, and unit cost per case. The savings are offset by \$2.6 million over-expenditure in services and supplies primarily due to increased costs associated with court ordered travel, approved mobility project, hiring of temporary staff and facilities repair for Polinsky Children's Center and the San Pasqual Academy. The \$22.6 million in under-realized revenues is associated with the expenditure savings, primarily for assistance payments. Of the \$22.6 million in under-realized revenues, \$6.5 million is Social Services Realignment. Realignment is used to partially cover the local match requirement for assistance payments; since there is a \$25.4 million projected savings in assistance payments, the match is not required and is reflected as under-realized Realignment – which helps mitigate the overall Realignment shortfall the Agency is experiencing.

Public Health Services

A net positive variance of \$0.3 million is projected for Public Health Services. The variance is a result of \$2.9 million in expenditure savings and \$2.6 million in projected under-realized revenues.

The \$2.9 million projected expenditure savings consists of \$0.3 million in salaries and benefits due to vacant positions and \$2.6 million in services and supplies. The \$2.6 million savings in services and supplies is the result of: \$1.7 million in contracted services and \$0.9 million in various service and supply accounts. The \$1.7 million savings in contracted services includes \$1.0 million in Bioterrorism contracts due to funding reductions, \$0.3 million in various Maternal, Child and Family Health Services contracts due to a delay in contract procurement process, and savings of \$0.4 million in Immunizations, Emergency Medical Services, and HIV contracts. The \$2.6 million of under-realized revenue is associated with the expenditure savings.

Regional Operations

Regional Operations consist of the following: Central, East, North Central, North Coastal, North Inland, and South regions, Community Action Partnership, Regional Self-Sufficiency and Regional Child Welfare Services.

A net positive variance of \$0.3 million is projected for Regional Operations. The variance is a result of a \$3.6 million negative expenditure variance and \$3.9 million in projected over-realized revenue.

The net negative expenditure variance of \$3.6 million includes a \$1.1 million savings in salaries and benefits due to vacant positions and a \$1.4 million savings in services and supplies, offset by a \$5.0 million over-expenditure in other charges based on projected caseloads for CalWORKs, Welfare to Work, Child Care and General Relief payments, and a \$1.1 million increase in Support and Care in California Children's Services. The \$3.9 million in projected over-realized revenues is associated with the over-expenditure in other charges and social service administrative revenue for external A-87 costs.

Strategic Planning and Operational Support

A net positive variance of \$0.3 million is projected for the Strategic Planning and Operational Support Division. The variance is the result of \$4.1 million in expenditure savings and \$3.8 million in projected under-realized revenues.

The \$4.1 million expenditure savings includes \$0.6 million in over-expenditures in salaries and benefits due to additional staff that are necessary to address assessment and eligibility activities for County Medical Services (CMS) offset by \$4.7 million in expenditures savings in services and supplies (\$2.5 million associated with the Welfare Case Data Information System and CalWIN – due to efficiencies in work processes and being over appropriated for applications and other service & supplies for these case data systems/programs; \$1.2 million in CalWORKs employment pay for performance contracts – due to contractors not achieving their maximum performance pay-out levels; and \$1.0 million for the CMS Administrative Services Organization contract – due to lower than expected retro-active CMS payments for prior year claims). The \$3.8 million projected under-realized revenue is associated with the expenditure savings. Of the \$3.8 million in under-realized revenues, \$0.7 million is Social Services Realignment, which is associated with SPOS Administration service and supply savings such as for Welfare Case Data Information and CalWIN.

Special Revenue Funds

Tobacco Securitization Fund

A net positive variance of \$3.3 million is projected in the Securitized Tobacco Settlement Fund. This represents the difference between the projected annual available amount of Tobacco funds and what the Board of Supervisors has approved, based on an annual draw of \$27.5 million.

LAND USE AND ENVIRONMENT GROUP

General Fund

Agriculture, Weights & Measures

A net positive variance of \$0.1 million is projected for the Department of Agriculture, Weights and Measures. There is a positive expenditure variance of \$0.6 million. Projected savings of \$0.5 million in salaries and benefits is mainly due to effectively managing vacancies to reduce the impact from the anticipated loss of state and fee revenue. Projected net savings in services and supplies is \$0.1 million primarily due to an abatement of expenditures that had been budgeted as revenue.

There is a negative revenue variance of \$0.5 million due to a loss of \$0.2 million in the Pest Detection and Pest Exclusion State contracts, \$0.1 million in Unclaimed Gas Tax state subvention, \$0.1 million in fees for Veterinarian services, and \$0.1 million that is reflected above as an abatement of expenditures for services provided to other County departments.

Environmental Health

A net positive variance of \$0.8 million is projected for the Department of Environmental Health.

There is a positive expenditure variance of \$1.8 million. A projected savings of \$0.8 million in salaries and benefits is due to vacancies, delays in hiring and under-filling of positions. A projected \$1.0 million savings in services and supplies is primarily associated with closely monitoring spending activities to ensure costs do not exceed revenue.

A net negative revenue variance of \$1.0 million is projected. This variance consists primarily of under-realized revenue of \$0.3 million in State Coastal Water funding due to State budget cuts affecting this program. The remaining variance is spread over various other revenue accounts that are used for licenses and permits and charges for services, and is due to the downturn in economy.

Land Use & Environment Group – Executive Office

A net positive variance of \$0.6 million is projected in the Land Use and Environment Group Executive Office. The majority of these savings is due to a projected year-end balance of \$0.6 million in management reserves. These funds are being held in reserve, to be budgeted as needed over a span of several years for the Group's Business Case Management System, which will improve our financial abilities and customer service.

Parks and Recreation

A net positive variance of \$0.3 million is projected in the Department Of Parks and Recreation. A positive expenditure variance of \$0.2 million in salaries and benefits is primarily due to vacancies. A net positive variance of \$0.1 million in revenue is due to over-realized revenue for survey work done for the City of Chula Vista.

Planning and Land Use

A net positive variance of \$1.3 million is projected for the Department of Planning and Land Use.

A positive expenditure variance of \$3.0 million is split between salaries and benefits and services and supplies. Savings of \$1.5 million in salaries and benefits is the result of an average vacancy rate of 7.3% from July 2008 – September 2008. Planning and Land Use currently has 14 vacancies and will keep all but three or four of the positions vacant due to the economic downturn. Savings of \$1.5 million in services and supplies is due to a projected savings of \$1.2 million in consultant services related to the Fire Safety and Fuels Reduction Programs (negotiations and issuance of contracts is taking longer than anticipated). The remaining projected savings of \$0.3 million is in various services and supplies accounts.

The net negative revenue variance of \$1.7 million is comprised of several accounts. The main sources of variance are Building Construction Permits and Services to Property Owners and both are being affected by the downturn in the economy. Requests for Building Permits are \$0.6 million lower than anticipated as a result of lower than normal construction projects in the unincorporated area. Services to property owners revenue relates to Discretionary Permitting and is \$1.5 million lower than anticipated. These negative revenue variances are partially offset by projected positive revenue variances in fines, forfeitures, & penalties (\$0.3 million) and intergovernmental revenues (\$0.1 million).

Special Revenue Funds

Department of Public Works

Road Fund

A net positive variance of \$0.1 million is projected for the Road Fund.

A positive expenditure variance of \$2.4 million includes \$1.2 million of projected savings in salaries and benefits due to retirements, under-filling positions, turnover and vacancies pending recruitment, \$1.1 million of projected savings in services and supplies due to savings in completed projects and \$0.1 million savings in capital assets equipment due to changes in equipment specifications.

A net negative revenue variance of \$2.3 million is projected and is related to the expenditure savings noted above. Intergovernmental revenue is projected to be under-realized by \$0.1 million due to savings in Federal Highway Administration funded projects. Charges for current services are projected to be under-realized by \$2.1 million due to a decrease in work for others. \$0.1 million in other minor revenue variances is spread over various other accounts.

Inactive Waste

A net positive variance of \$0.1 million is projected for Inactive Waste.

A positive variance of \$1.7 million in services and supplies is due to savings from delayed Groundwater, Storm water, and Gas contract projects, including Capital Improvement Projects. A positive variance of \$0.1 million in operating transfers out is due to cancellation of the purchase of the Fallbrook burnsite. The offsetting negative revenue variance of \$1.7 million is due to decreased contributions from the Environmental Trust Fund (\$1.2 million) and grant revenue (\$0.5 million) due to the reduced expenditures noted above.

ENTERPRISE FUNDS

Airports

A net positive variance of \$0.2 million is projected for the Airport Enterprise Fund.

A net positive expenditure variance of \$0.4 million includes a \$0.1 million projected savings in salaries and benefits due to turnover and vacancies and pending recruitments and \$0.3 million of savings in services and supplies due to lower than anticipated expenses for as-needed consultant contracts.

A net negative revenue variance of \$0.2 million includes a negative variance of \$0.3 million in charges for current services due to a decrease in services provided to General Services and Inactive Waste, offset by \$0.1 million in over-realized lease equity payments.

SPECIAL DISTRICTS

Air Pollution Control District

A net positive variance of \$1.1 million is projected by year-end for the Air Pollution Control District (APCD). A net positive variance of \$0.8 million is projected in Operations and the eight incentive program funds are projected to have a \$0.3 million positive variance.

A net positive expenditure variance of \$0.2 million results from savings of \$0.5 million in salaries and benefits, \$0.1 million in services and supplies, and \$0.2 million in capital

assets equipment, offset by a \$0.6 million increase in expenditures for incentive program matches.

A net positive revenue variance of \$0.9 million results from \$0.3 million in interest earnings in the incentive program funds and \$0.6 million in over-realized revenue from incentive program.

COMMUNITY SERVICES GROUP

General Fund

Animal Services

A net positive variance of \$0.3 million is projected for year-end.

A positive expenditure variance of \$0.2 million is primarily due to anticipated savings of \$0.1 million in salaries and benefits from vacancies that are in the process of being filled and \$0.1 million in services and supplies. A net positive revenue variance of \$0.1 million is projected due to an increase in impound/claims and shelter revenue offset by a decrease in license revenue.

Community Services Group Executive Office

A net positive variance of \$1.8 million is projected for the Community Services Group Executive Office.

A positive expenditure variance of \$1.8 million is due to anticipated savings in salaries and benefits of \$0.1 million and a projected year-end balance of \$1.7 million in management reserves, which are held in the Group Executive Office for departments' operating contingencies during the year.

Housing and Community Development

A net positive variance of \$0.5 million is projected for the Housing and Community Development Department.

A net positive expenditure variance of \$0.2 million is projected. Projected savings in salaries and benefits of \$0.1 million is a result of staff turnover and two positions held vacant to help mitigate the decrease in Community Development federal grant revenue for program administration cost. Projected savings in services and supplies of \$0.1 million is the result of controlling spending to offset decreases in federal grant revenue.

A net positive revenue variance of \$0.3 million is projected. The positive variance is due to the combination of projected \$0.6 million over-realized revenue in Housing and Urban Development - Section 8 (Housing Assistance) for program administration cost offset by a decrease of \$0.3 million of revenue from various Community Development federal grants.

Registrar of Voters

A net negative variance of \$0.7 million is projected for the Registrar of Voters.

No expenditure variance is projected.

A net negative revenue variance of \$0.7 million is projected. This variance is primarily due to an estimated \$1.1 million budgeted for SB90 revenues for Absentee Voters for the February 2008 Special Presidential Primary, which was approved for full-cost reimbursement in the Fiscal Year 2008-09 State budget and was funded by the General Fund in the meantime. In November 2008 a claim was filed with the State to recover the \$8.5 million total cost of this Election. When these funds are received they will be repaid to the General Fund. As a result, the budgeted departmental SB90 Absentee Voter revenues for this election will not be realized in the department. This shortfall is offset in part by over-realized revenues of \$0.3 million in charges for current services for the August 26, 2008 Special Election for the Tri-City Healthcare District and \$0.1 million in other miscellaneous revenues. The Registrar of Voters will mitigate the variance by cost control measures during the year; any negative variance at the end of the year will be covered by Group management reserves.

Special Revenue Funds

San Diego County Library

A net positive variance of \$4.7 million is projected for the Library.

The positive expenditure variance is projected to be \$5.3 million. A net savings of \$0.4 million is projected in salaries and benefits based on vacancies in positions that are in the process of recruitment. A net savings of \$3.0 million is anticipated in services and supplies as a result of delays in current one-time automation projects (\$2.2 million), savings in ongoing information technology costs due to these delays (\$0.4 million) and savings of \$0.4 million in miscellaneous costs due to delays in various maintenance projects, fuel savings and other program costs. There is a projected year-end balance of \$1.9 million in management reserves.

A net negative revenue variance of \$0.6 million is projected. This variance is due to a projected increase of \$0.3 million in current year property tax revenues, offset by a prior year property tax revenue decrease of \$0.4 million. Additional revenue variances include a decrease of \$0.1 million in intergovernmental revenues as a result of State budget-balancing cuts, \$0.2 million less than budget in charges for current services and \$0.2 million less in miscellaneous revenues associated with donations.

Housing and Community Development Special Revenue Fund

There is no net variance projected for the Housing and Community Development Multi-Year Projects Fund.

The net positive expenditure variance of \$19.5 million is offset by projected under-realized revenue of \$19.5 million related to direct cost variance. Community Development projects eligible to receive funding sources are budgeted to facilitate the multi-year project cost expenditure request process. Revenues are projected to equal expenses as project costs budgeted are 100% revenue offset.

Internal Service Funds

Facilities Management

No net variance is projected for the Facilities Management ISF.

A positive expenditure variance of \$15.2 million is offset by a negative revenue variance of \$15.2 million. Facilities Management consists of two funds - the Major Maintenance ISF and the Facilities Management ISF.

The Major Maintenance ISF projects no net variance as a result of a positive expenditure variance of \$14.6 million, offset by a negative revenue variance of \$14.6 million. There is a positive expenditure variance of \$12.1 million in services and supplies due to delays in new projects and a positive variance of \$2.5 million in operating transfers out (used to pay the Facilities Management ISF for project management services) that is due to an inadvertent duplication of appropriations that were included in the adopted budget, but also carried forward from the prior year. The Major Maintenance ISF receives revenue from operating departments to cover all maintenance project costs; therefore, the revenue associated with these projects will be under-realized as a result of the expenditure variances explained above.

The Facilities Management ISF projects no net variance as a result of a positive expenditure variance of \$0.6 million offset by a negative revenue variance of \$0.6 million. The positive expenditure variance is the result of savings of \$0.5 million in salaries and benefits primarily associated with unfilled new positions and staff vacancies and \$0.1 million in combined savings in the services and supplies and other charges accounts.

The \$0.7 million negative revenue variance is the result of reduced charges for services primarily due to contract compliance monitoring resulting in reduced customer costs for services, insufficient revenue recovery associated with greater than budgeted cost assignment for specific lease properties that are not sponsored by a client department and the reassignment of rents and leases revenues to the Department of Parks and Recreation. The negative revenue variance is partially offset by a positive variance of \$0.1 million in miscellaneous revenues associated with miscellaneous real estate services deposits.

Fleet Management

There is no net variance projected for the Fleet Management ISF. A net negative expenditure variance of \$4.9 million is offset by a net positive revenue variance of \$4.9 million.

The negative expenditure variance of \$4.9 million is comprised of \$4.1 million of excess costs in services and supplies due to greater than anticipated costs associated with fuel and parts purchases, \$1.0 million of excess costs in other charges due to a greater than anticipated booking of depreciation expenses, offset by savings of \$0.1 million in salaries and benefits and a projected year-end balance of \$0.1 million in contingency reserves. To mitigate the expenditure variance, requests for appropriations based upon projected over-realized charges are included in the First Quarter Operational Plan Status Report.

The positive revenue variance of \$4.9 million is due to offsetting projections in several categories. Charges for services are projected to be \$4.9 million over budget, which includes \$4.0 million in General Fund charges, \$0.7 million in charges in the Internal Service Funds, \$0.1 million in Capital Outlay Funds and \$0.1 million in charges to various other funds, all due to variances from anticipated vehicle fuel and maintenance/repair requirements by clients.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

An overall net negative variance of \$8.0 million is projected for the Assessor/Recorder/County Clerk.

A net positive expenditure variance of \$2.0 million is projected. A positive variance of \$2.8 million is projected in salaries and benefits savings due to 31 vacant positions that will remain unfilled. A negative variance of \$0.9 million is projected in services and supplies primarily due to anticipated increases in data storage costs; a negative variance of \$ 0.1 million in fixed assets due to the unanticipated replacement of obsolete production scanners and copiers that are beyond repair and a projected year-end balance of \$0.2 million in management reserves.

A net negative revenue variance of \$10.0 million is projected. Current economic conditions impacted by a slowdown in housing sales and refinancing activity are projected to result in revenue shortfalls. There is an anticipated shortfall of \$5.3 million in revenues generated by recording document activities and a projected shortfall of \$4.0 million in AB 2890 Recovered Cost revenues associated with a significant slowdown in

the real estate market. A net negative revenue variance of \$0.7 million is projected due to shortfalls and surpluses in various other revenue categories.

Staff will continue to closely monitor expenditures and revenues and attempt to align actual expenditures with actual revenues to the extent possible. Staff will return to the board with recommendations to adjust the budget in a future board action if necessary.

Auditor and Controller

An overall net positive variance of \$0.4 million is projected for the Auditor and Controller.

A net positive expenditure variance of \$0.8 million is projected due to a \$0.1 million anticipated savings in salaries and benefits primarily from staff turnover and normal delays in recruiting and hiring and \$0.7 million savings in contracted services, information technology costs, and the use of contra-accounts to record pass thru tax intercept expenditures in Revenue and Recovery.

A net negative revenue variance of \$0.4 million is projected due to an anticipated shortfall of \$0.1 million of AB 2890 Recovered Costs revenues due to a decline in activity in the housing market and a revenue shortfall of \$0.3 million associated with the use of contra-accounts described above.

Clerk of the Board

An overall net positive variance of \$0.4 million is projected for the Clerk of the Board's Office.

A net positive expenditure variance of \$0.4 million is primarily due to projected savings of \$0.2 million in services and supplies due to lower than anticipated contract and utility costs and a year-end balance of \$0.2 million in management reserves.

County Counsel

An overall net positive variance of \$0.6 million is projected for the Office of County Counsel.

A negative expenditure variance of \$0.1 million is primarily due to unanticipated administrative information technology cost overruns associated with changes made to the case management application.

A positive revenue variance of \$0.7 million is projected primarily due to increases in workloads associated with Road Fund litigation cases and land use matters.

Staff will continue to monitor this projected negative expenditure variance and will make recommendations to appropriate over-realized revenues in future board action, if necessary.

County Technology Office

An overall net positive variance of \$0.1 million projected for the County Technology Office.

A net positive expenditure variance of \$0.3 million is comprised of a \$0.1 negative variance in salaries and benefits offset by savings of \$0.2 million in services and supplies and a projected year-end balance of \$0.2 million in management reserves.

A net negative revenue variance of \$0.2 million is projected primarily due to a decrease in information technology services utilized by the Courts.

Finance & General Government Group Executive Office

A net positive expenditure variance of \$4.5 million is projected in the Finance and General Government Group Executive Office due to a projected year-end balance of \$4.5 million in management reserves.

Treasurer-Tax Collector

An overall net negative variance of \$0.5 million is projected for the Treasurer-Tax Collector.

A net positive expenditure variance of \$0.4 million is projected due to a \$0.2 million savings in salaries and benefits as a result of turnover and anticipated savings of \$0.2 million in services and supplies due to reduced travel and training costs and general operational savings.

A net negative revenue variance of \$0.9 million is projected due to under-realized revenue for AB2890 Recovered Costs as a result of the declining activity in the housing market (\$1.0 million) and anticipated \$0.1 million in over-realized revenue in property tax system administration fees.

Staff will continue to closely monitor expenditures and revenues and attempt to align actual expenditures with actual revenues to the extent possible. Staff will return to the board with recommendations to adjust the budget in a future board action, if necessary.

GENERAL PURPOSE REVENUES & COUNTYWIDE EXPENSES

General Purpose Revenues & General County Expenses

A net positive variance of \$4.8 million is projected for these two categories combined, comprised of an estimated shortfall of \$25.4 million in General Purpose Revenues and a \$30.2 million net positive variance in General County activities.

General Purpose Revenues

The San Diego economy, overall, is seeing the impact of broad statewide and national trends in the financial markets, housing and construction, consumer and business to business sales, consumer confidence, and interest rates changes.

In mid-September, 2008, after several months of economic uncertainty, the financial markets in the U.S. began experiencing considerable turmoil to which the federal government has responded with a plan to restore liquidity and unlock the credit markets that was set in motion on October 3, 2008. The liquidity and credit crisis has spread to the international market as well. The County's general purpose revenues, particularly those related to property transactions, are impacted by these conditions. Further, economic growth has slowed considerably as evidenced by the indicators below:

- San Diego's monthly average unemployment rate for the 12 month period between October 2007 and September 2008 was 5.5%. This compares to a State of California unemployment rate of 6.5% for the same 12 month period. San Diego's unemployment rate continues to compare favorably to the State rate (6.8% projected for 2008) and it is expected to remain close to the US rate (5.4% projected for 2008).
- Adjusted local sales tax transactions dropped by 1.7% for the unincorporated area and 3.5% for the county as a whole for April through June 2008 compared to the same time period for 2007, according to HdL Companies. Statewide unadjusted sales tax transactions dropped by 3.1%, with Los Angeles dropping 2.8%, Orange County dropping 4.5%, San Bernardino dropping 3.7%, and Riverside dropping 8.8%. The consensus of economists is that retail sales will remain sluggish during 2009 with some recovery in 2010.
- The demand for housing in the County has slowed. This is evidenced by the following changes:
 1. Slowing in deeds recorded (down 16.1% for January through September 2008 compared to the same time period for 2007);
 2. Declining median housing prices (down 30.2% in the San Diego region for September 2008 compared to September 2007);
 3. Drop in number of homes sold for January through September 2008 compared to January through September 2007 (San Diego region down 10.3%);
 4. Continued increase in the notices of default (up 79.6% for January through September 2008 compared to the same time period for 2007);
 5. Increase in foreclosure activity (foreclosures up 176.8% for January through September 2008 compared to the same time period for 2007).

Consequently, property tax growth is slowing considerably, but the Federal Reserve's recent interest rate reductions, the county's diverse economic base, and the area's population growth will likely mitigate the possibility of an overall decline in property taxes.

All Current Property Taxes

All Current Property taxes are estimated to show a net negative variance of \$26.7 million.

- *Property Taxes - Current Secured*

Current Secured Property Taxes are projected to be \$15.3 million lower than budget. This projection is based on actual assessed value (A.V) growth of 4.46% compared to the projected A.V growth of 6.0% that was used to calculate budgeted current secured General Fund revenue. (Note: The 4.46% growth figure above represents only the net current secured property tax growth, which is different than the countywide overall growth published by the Assessor/Recorder/County Clerk on June 30, 2008 of 4.59%, which includes all assessed value components (secured, unsecured, airplanes, and boats)). Moreover, based on year to date countywide apportionment factor calculations and projected calculations through year-end, as well as anticipated increases in delinquency rates, the estimated amount of year-end current secured revenues has been adjusted to reflect a combined \$15.3 million decrease to the Fiscal Year 2008-09 Adopted Budget.

- *Property Taxes - Current Supplemental*

Current Supplemental Property Taxes are projected to be \$11.8 million lower than budget. This projection is based on revised A.V. growth, current billing through apportionment 3 and anticipated revenues, cautious estimates related to new construction and anticipated low turnover rates through Fiscal Year 2008-09.

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$0.4 million above budget. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base. The final roll was actually 4.06% higher than the roll for Fiscal Year 2007-08. This projection also incorporates anticipated refunds and tax roll corrections.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$0.6 million above budget.

- *Property Taxes Prior Secured Supplemental*

Property Taxes Prior Secured Supplemental is estimated to be \$2.1 million above budget. This projection is based on a combination of the amount of Fiscal Year 2007-08 Current Secured Supplemental escapes uncollected at year-end and the projected rate of collections of prior secured supplemental property taxes in Fiscal Year 2008-09.

- *Sales and Use Tax*

A negative revenue variance of \$0.8 million is projected for Sales and Use Tax revenue based on advances through October 2008 and anticipated lower than budgeted actuals for the remainder of Fiscal Year 2008-09. Adjusted sales tax activity in the unincorporated area was down 1.7% for the second quarter of calendar year 2008 compared to the second quarter of calendar year 2007. Moreover, the State Controller's receipts and disbursements data through October 2008 show that sales tax revenues are down approximately 5% year to date compared to July through October 2007. Sales tax receipts generally lag sales activity by about one quarter year.

- *Transient Occupancy Tax*

A positive revenue variance of \$0.1 million is estimated for Transient Occupancy Tax revenue based on current year collections and trends over the past two years.

- *Real Property Transfer Taxes*

A negative revenue variance of \$8.6 million is estimated for Real Property Transfer Taxes based on realized revenues for the first 3 months of Fiscal Year 2008-09. This projection also factors in the projected assessed value growth including the anticipated level of new construction and turnover, and the cumulative impact this has on estimated revenue. This slowing is due to the overall slowing in real estate and slowing in the credit markets and the impact this is having on real property transfers.

- *Teeter Tax Reserve Excess*

The Teeter Tax Reserve Excess is estimated to be approximately \$7.5 million above budget, based on current available data on penalty and interest collections. This projection is based on a review of total reserves available to meet the Revenue and Taxation Code requirement of maintaining a reserve of not less than 25% of the total teetered delinquent secured taxes and assessments (R&C section 4703.2). For Fiscal Year 2008-09, the reserve requirement is \$32.0 million, an \$8.3 million increase from the Fiscal Year 2007-08 requirement of \$23.7 million.

- *Other Tax Aircraft Unsecured*

A positive revenue variance of \$0.4 million is estimated for Other Tax Aircraft Unsecured based on current activity through apportionment 3 for Fiscal Year

2008-09 and projected adjustments and corrections through the end of the year.

- *In Lieu Local Sales and Use Taxes*

A negative revenue variance of \$0.6 million is estimated for In Lieu Local Sales and Use Taxes based on a lower growth rate calculated by the California Department of Finance (DOF) as identified by their August 29, 2008 letter to the County of San Diego (supported by the slowing in sales and use tax revenues), combined with a negative true-up for Fiscal Year 2007-08.

- *Property Tax in Lieu of VLF*

Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$4.0 million under the budgeted amount of \$320.95 million. The actual assessed value growth factor of 4.47% (which includes unsecured, local secured, current State non-unitary, and aircraft property tax components) for Fiscal Year 2008-09 is 1.33% lower than the growth rate used to calculate the budgeted revenue.

- *Teeter Property Tax Prior Year*

A positive revenue variance of \$4.5 million is projected based on a higher (2008) Teeter year-end final buyout than projected. Collections in Fiscal Year 2008-09 on the higher-than-anticipated taxes receivable are projected to generate the positive revenue variance.

Licenses, Permits, and Franchises

Franchise payments are projected to be approximately \$0.2 million lower than budget. The 2008 payment was lower than projected, and the 2009 projection has been revised to account for a small increase over the 2008 realized amount. The anticipated payment, however, is estimated to be \$0.2 million lower than the Fiscal Year 2008-09 budgeted amount. The 2009 payment from San Diego Gas and Electric will likely be processed at the end of March 2009.

Fines, Forfeitures and Penalties

A net positive variance of \$1.0 million is projected. Penalties and Cost Delinquency Taxes are projected to be approximately \$0.2 million above budget. Staff will be monitoring the installment data closely and will be tracking collections through the end of the fiscal year. Revenues in this account reflect the 10% penalty that is assessed on late current year property tax payments.

A positive variance of \$0.8 million is projected from fines and forfeitures collected through various code violations.

General County Expenses

Cash Borrowing Program

A positive expenditure variance of \$9.7 million is projected. The savings is due to reduced TRANS borrowing costs in Fiscal Year 2008-09. At the time the budget was prepared, the size of the TRANS borrowing had not been finalized. The reduced borrowing amount has led to projected expenditure savings for Fiscal Year 2008-09.

Contingency Reserve

The entire \$20.3 million budgeted in the Contingency Reserve in Fiscal Year 2008-09 is expected to be unspent at year-end.

Lease Purchase Payments - ERP

A savings of \$0.2 million in the Enterprise Resource Planning (ERP) lease purchase payment is projected. \$6.7 million was budgeted for the ERP system lease-purchase payment, but only \$6.5 million was required this year, net of various credits.

Internal Service Funds

Employee Benefits ISF - Workers Compensation

A net positive variance of \$4.0 million is projected for the fund. The \$4.0 million contingency reserve appropriations are not anticipated to be spent in Fiscal Year 2008-09 and this is anticipated to improve the fund's year-end cash balance, which will help ensure that the ISF is sufficiently reserved to meet the actuarially determined liability levels. As of June 30, 2008, the estimated liability was \$86.8 million and the cash balance was \$82.9 million.

Public Liability ISF

An overall net negative variance of \$0.9 million is projected.

A net negative expenditure variance of \$0.9 million is projected primarily due to a \$0.6 million settlement of a jail related fatality claim filed in July 2008, \$0.1 million in litigation expenses for a free speech related litigation case, and over \$0.2 million in reserves for additional new claims filed. The projected negative variance will be monitored closely throughout the year and appropriations will be established if necessary based on the available reserves in the ISF. As of June 30, 2008 the actuarially estimated liability was \$19.4 million and the cash balance was \$26.6 million. Any further negative variances will be mitigated by aggressively pursuing potential liability exposures in the early claims stage.

Debt Service Funds

Pension Obligation Bonds (POBs)

A net positive variance of \$2.0 million is projected. The positive expenditure variance of \$19.0 million is from interest expense savings resulting from the refunding of the outstanding 2002 Taxable Pension Obligation Bonds Series B. A portion of the outstanding Series B bonds (\$485.1 million) were prepaid with a \$44.0 million cash contribution made by the County, and the remaining Series B bonds were replaced with \$343.5 million of fixed rate bonds and \$100 million of variable rate demand bonds (reducing the County's exposure to volatile interest rates, mitigating the collapse of the Auction Rate Securities market, providing future opportunities for early principal payments, as well as locking in fixed interest payments for a significant portion of the bonds). The refunding of the 2002 Taxable Pension Obligation Bonds Series B2-4 also resulted in the decreased amount of swap related payments to be made by the County due to the early termination of the swap agreements. A negative revenue variance of \$17.0 million is also due to the cessation of swap related receipts.



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER-PRICE
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: December 9, 2008

TO: Board of Directors: Alpine, Julian, Pine Valley, and Spring Valley Sanitation Districts

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN BUDGET ADJUSTMENTS (District: All)

SUMMARY:

Overview

This report recommends budget adjustments and ratifications to budget adjustments made by staff during Fiscal Year 2007-08 year-end closing.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Establish appropriations of \$23,000 in the Spring Valley Sanitation Maintenance District for Capital Improvement Project 1000120, SR 125 Sewer Relocation based on fund balance available. (4 VOTES)
2. Establish appropriations of \$11,000 in the Julian Sanitation Maintenance District, other charges, for SANCAL loan payoff expense based on fund balance available. (4 VOTES)
3. Establish appropriations of \$5,000 in the Pine Valley Sanitation Maintenance District, other charges, for SANCAL loan payoff expense based on fund balance available. (4 VOTES)
4. Ratify the transfer of appropriations of \$7,895 within the Fiscal Year 2007-08 budget for the Alpine Sanitation Maintenance District from services and supplies to Capital Improvement Project 1006580 Galloway Pump Station Improvement.
5. Ratify transfer of appropriations of \$207,400 within the Fiscal Year 2007-08 budget for the Alpine Sanitation Maintenance District from Major Maintenance (\$145,629) and Contracted Services (\$61,771) to Capital Improvement Project 1006580 Galloway Pump Station Improvement.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN BUDGET ADJUSTMENTS (District: All)

6. Ratify an increase in appropriations of \$79,243 within the Fiscal Year 2007-08 budget for the Spring Valley Sanitation District for Capital Improvement Project 1000108, Jamacha Blvd. 8" Sewer based on fund balance available.

Fiscal Impact

Funds for this request are not budgeted. If approved, these actions will establish additional appropriations of \$39,000.

Business Impact Statement

N/A

Advisory Board Statement

N/A

BACKGROUND:

Recommendation 1

This recommendation will increase appropriations in Spring Valley Sanitation Maintenance District, Capital Improvement Project. This project was not budgeted in Fiscal Year 2008-09 because the project was expected to be completed last fiscal year. This project is a cooperative agreement between the Spring Valley Maintenance District and Caltrans for Wastewater Management staff inspection services of Caltrans work within the district boundaries.

Recommendations 2 & 3

These recommendations increase appropriations in the Sanitation Districts to retire March 1, 1993 loans from the San Diego County Capital Asset Leasing Corporation (SANCAL) to the Julian Sanitation District for improvement of its water pollution control facility and to Pine Valley Sanitation District for purchase of leased site of its water pollution control facility.

Recommendation 4

This recommendation ratifies transfer of appropriations in the Alpine Sanitation District Fiscal Year 2007-08 budget from services and supplies, contracted services, to Capital Improvement Project 1006580 Galloway Pump Station Improvement to align appropriations with Fiscal Year 2007-08 year end expenditures for unanticipated increases due to labor costing issues resolved at year end.

Recommendation 5

This recommendation was a technical adjustment at year end to align appropriations with expenditures, to correspond to actual construction support schedule for Capital Improvement Project 1006580 Galloway Pump Station Improvement project.

Recommendation 6

**SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN BUDGET
ADJUSTMENTS (District: All)**

This recommendation ratifies an increase in appropriations to the Spring Valley Sanitation District Fund Fiscal Year 2007-08 budget to align appropriations with expenditures for operation and maintenance. Additional and unexpected charges for Capital Improvement Project 1000108 Jamacha Blvd 8" Sewer was accelerated late in Fiscal Year 2007-08 creating an unanticipated cost of \$79,243 at year end.

Linkage to the County of San Diego Strategic Plan

The County is fully committed to using its resources to meet the highest priority needs of its residents as identified in the Fiscal Year 2008-09 Budget and outlined by our three Strategic Initiatives – Kids, the Environment, and Safe and Livable Communities.

Respectfully submitted,

[SIGNATURE]

WALTER F. EKARD
Chief Administrative Officer

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN BUDGET
ADJUSTMENTS (District: All)

AGENDA ITEM INFORMATION SHEET

CONCURRENCE(S)

COUNTY COUNSEL REVIEW	<input checked="" type="checkbox"/> Yes	
Written Disclosure per County Charter Section 1000.1 Required	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
GROUP/AGENCY FINANCE DIRECTOR	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> N/A
CHIEF FINANCIAL OFFICER	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> N/A
Requires Four Votes	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
GROUP/AGENCY INFORMATION TECHNOLOGY DIRECTOR	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
COUNTY TECHNOLOGY OFFICE	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
DEPARTMENT OF HUMAN RESOURCES	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A

Other Concurrence(s): N/A

ORIGINATING DEPARTMENT: Chief Financial Officer

CONTACT PERSON(S):

Donald F. Steuer, Chief Financial Officer

Janel Pehau, Director, Office of Financial
Planning

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AUTHORIZED REPRESENTATIVE:

Donald F. Steuer, Chief Financial Officer

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN BUDGET
ADJUSTMENTS (District: All)

AGENDA ITEM INFORMATION SHEET

(continued)

PREVIOUS RELEVANT BOARD ACTIONS:

7/22/08 (1) Sanitation District Board: Adoption of Final Fiscal Year 2008-09 Budget for the Sanitation Districts.

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

CONTRACT AND/OR REQUISITION NUMBER(S):

N/A



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER-PRICE
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: December 9, 2008

TO: Board of Directors, County of San Diego Redevelopment Agency

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENTS (District: All)

SUMMARY:

Overview

This letter recommends budget adjustments to make a payment mandated by the State of California on September 23 2008, from the redevelopment agencies to the Educational Revenue Augmentation Fund (ERAF) and to ratify budget adjustments made by staff during Fiscal Year 2007-08 year-end closing.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Establish appropriations of \$163,177 in Gillespie Field Special Revenue Fund for a one time contribution to the county Educational Revenue Augmentation Fund (ERAF) based on fund balance available. (4 VOTES)
2. Ratify an increase in appropriations of \$101,728 to the Fiscal Year 2007-08 budget for the Gillespie Field Special Revenue Debt Service Fund, Operating Transfer Out, for contractual payments to four school districts (\$100,097) and for an operating transfer to the Housing Fund (\$1,631), based on fund balance available.
3. Ratify a transfer in appropriations of \$20,255 to the Fiscal Year 2007-08 budget for the Upper San Diego River Improvement Project Capital Projects (USDRIP) Fund, Operating Transfer Out, for a transfer to the Housing Fund, from unused appropriations for services and supplies.

Fiscal Impact

The funds for these requests are not budgeted. If approved, these actions will establish additional appropriations of \$163,177.

Business Impact Statement

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN BUDGET ADJUSTMENTS

N/A

Advisory Board Statement

N/A

BACKGROUND:

Recommendation 1

The California state budget, signed by the Governor on September 23, 2008, imposes redevelopment agencies to make contributions to the county Educational Revenue Augmentation Fund (ERAF). The required San Diego Redevelopment Agency Gillespie Field Project payment of \$163,177 is based on tax increment received in Fiscal Year 2006-07. This recommendation appropriates fund balance available for the payment.

Recommendations 2 and 3

Redevelopment project areas are required to transfer 20% of tax increment to their respective housing funds to provide affordable housing that is geographically related to the project areas. Both Gillespie Field and USDRIP project areas transferred housing funds in excess of budgeted amounts. These actions will ratify the transfers. The sources are fund balance (Gillespie Field) and from available appropriations in services and supplies (USDRIP).

Linkage to the County of San Diego Strategic Plan

The County is fully committed to using its resources to meet the highest priority needs of its residents as identified in the Fiscal Year 2008-09 Budget and outlined by our three Strategic Initiatives – Kids, Environment and Safe and Livable Communities.

Respectfully submitted,

[SIGNATURE]

WALTER F. EKARD
Chief Administrative Officer

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN BUDGET ADJUSTMENTS

AGENDA ITEM INFORMATION SHEET

CONCURRENCE(S)

COUNTY COUNSEL REVIEW	<input checked="" type="checkbox"/> Yes	
Written Disclosure per County Charter Section 1000.1 Required	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
GROUP/AGENCY FINANCE DIRECTOR	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> N/A
CHIEF FINANCIAL OFFICER	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> N/A
Requires Four Votes	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
GROUP/AGENCY INFORMATION TECHNOLOGY DIRECTOR	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
COUNTY TECHNOLOGY OFFICE	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
DEPARTMENT OF HUMAN RESOURCES	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A

Other Concurrence(s): N/A

ORIGINATING DEPARTMENT: Chief Financial Officer

CONTACT PERSON(S):

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AUTHORIZED REPRESENTATIVE:

Donald F. Steuer, Chief Financial Officer

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN BUDGET
ADJUSTMENTS

AGENDA ITEM INFORMATION SHEET

(continued)

PREVIOUS RELEVANT BOARD ACTIONS:

7/22/08 (1) Board of Directors, County of San Diego Redevelopment Agency: Adoption of Final Fiscal Year 2008-09 Budget for the County of San Diego Redevelopment Agency.

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

CONTRACT AND/OR REQUISITION NUMBER(S):

N/A



COUNTY OF SAN DIEGO
AIR POLLUTION CONTROL DISTRICT

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER-PRICE
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: December 9, 2008
TO: San Diego County Air Pollution Control Board
SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENT (DISTRICT: ALL)

SUMMARY:

Overview

This report recommends a budget adjustment to reimburse the Air Pollution Control District for Quality First Program payments made to employees.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Establish appropriations of \$335,000 in salaries and benefits for Quality First Program payments in the Air Pollution Control District based on fund balance available. (4 VOTES)

Fiscal Impact

The funds for this request are not included in the Fiscal Year 2008-09 Operational Plan. If approved, this action will establish additional appropriations of \$335,000.

Business Impact Statement

None

Advisory Board Statement

None

BACKGROUND:

This request will establish appropriations in the Air Pollution Control District for Quality First payments based on Fiscal Year 2007-08 fund balance available.

Linkage to the County of San Diego's Strategic Plan

The County is fully committed to using its resources to meet the highest priority needs of its residents as identified in the Fiscal Year 2008-09 Budget and outlined by our three Strategic Initiatives – Kids, the Environment, and Safe and Livable Communities.

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN BUDGET
ADJUSTMENT (DISTRICT: ALL)

Respectfully submitted,

WALTER F. EKARD
Chief Administrative Officer

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN BUDGET
ADJUSTMENT (DISTRICT: ALL)

AGENDA ITEM INFORMATION SHEET

CONCURRENCE(S)

COUNTY COUNSEL REVIEW	<input checked="" type="checkbox"/> Yes	
Written disclosure per County Charter §1000.1 required?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
GROUP/AGENCY FINANCE DIRECTOR	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> N/A
CHIEF FINANCIAL OFFICER	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> N/A
Requires Four Votes	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
GROUP/AGENCY INFORMATION TECHNOLOGY DIRECTOR	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
COUNTY TECHNOLOGY OFFICE	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
DEPARTMENT OF HUMAN RESOURCES	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
Other Concurrence(s):	N/A	

ORIGINATING DEPARTMENT: Chief Financial Officer

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AUTHORIZED REPRESENTATIVE:

Donald F. Steuer, Chief Financial Officer

SUBJECT: FISCAL YEAR 2008-09 FIRST QUARTER OPERATIONAL PLAN BUDGET
ADJUSTMENT (DISTRICT: ALL)

AGENDA ITEM INFORMATION SHEET
(continued)

PREVIOUS RELEVANT BOARD ACTIONS:

July 22, 2008 (APCB #1) Adoption of Final Fiscal Year 2008-09 Budget for the Air Pollution Control District; December 11, 2007(APCB #1) Fiscal Year 2007-08 First Quarter Operational Plan Budget Adjustments

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

CONTRACT AND/OR REQUISITION NUMBER(S):

N/A