



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

DAVE ROBERTS
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: February 26, 2013

XX

TO: Board of Supervisors

SUBJECT: FISCAL YEAR 2012-13 SECOND QUARTER OPERATIONAL PLAN
STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: ALL)

SUMMARY

Overview

This report summarizes the status of the County's Fiscal Year 2012-13 Operational Plan, as measured by projected year-end fund balance from current year operations. The projected balance for the General Fund is \$116.7 million, and for all budgetary funds combined is \$140.4 million. In the General Fund, positive balances are projected for all five groups. In addition, the projected fund balance reflects the conservation of management and contingency reserves and projects that general purpose revenue will do better than estimated in the adopted budget. This letter also recommends budget adjustments to make resource reallocations to fund one-time projects and various technical adjustments.

In the Public Safety Group, recommendations include: appropriations for support costs for Sheriff's Civil Unit consultation services and software licenses, High Intensity Drug trafficking Area program (HIDTA), North County Gang Task Force, San Diego County Fire Authority communication and technology, fire and emergency medical equipment for volunteer fire companies, disaster planning equipment in the Office of Emergency Services, and returning unspent capital project funds to the Fire Mitigation Funds.

In the Land Use and Environment Group, requests include the following appropriation and other adjustments: establish appropriations in the Department of Public Works for equipment acquisitions to replace aging vehicles, establish appropriations in County Service Area 83A 4S Ranch for purchase of an electric vehicle, cancel appropriations for Lakeside Community Center Photovoltaic System project to provide funding for construction of infrastructure, sponsorship recognition, and picnic tables for the Lakeside Skate Park project, support stewardship activities for Knollwood and Diamond trails, due diligence costs for Santa Ysabel Preserve, correct the recording of design costs for Otay Valley Regional Park Trails and non-capital expenditures for signage and fencing at various County parks related to the 2007 Wildfires, and post-construction mitigation monitoring for the Sweetwater Trails and Bikeway project.

In Finance Other, recommendations will appropriate funds to close the Majestic Pines Debt Service Fund.

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Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the Fiscal Year 2012-13 second quarter report on projected year-end results.
2. Establish appropriations of \$12,287 in the Sheriff's Department, services and supplies, for consultation services and software licenses for the Civil Unit based on unanticipated revenue from the Sheriff's Civil Automation Trust Fund. **(4 VOTES)**
3. Establish appropriations of \$64,000 in the Sheriff's Department, salaries and benefits (\$54,000) and services and supplies (\$10,000), for the High Intensity Drug Trafficking Area (HIDTA) program based on unanticipated HIDTA revenue from the California Border Alliance Group. **(4 VOTES)**
4. Establish appropriations of \$300,000 in the Sheriff's Asset Forfeiture Fund, services and supplies (\$250,000) and Operating Transfer Out (\$50,000) to fund overtime in the Sheriff's Department associated with the North County Gang Task Force and for anticipated expenditures for the remainder of the fiscal year, based on fund balance available. **(4 VOTES)**
5. Establish appropriations of \$50,000 in the Sheriff's Department, salaries and benefits, for overtime associated with the North County Gang Task Force based on an operating transfer from the Sheriff's Asset Forfeiture Fund. **(4 VOTES)**
6. Transfer appropriations of \$200,000 from the Office of Emergency Services, other charges to the Public Safety Group Executive Office, San Diego County Fire Authority, services and supplies, for fire and emergency medical equipment for volunteer fire companies.
7. Establish appropriations of \$100,000 in the Public Safety Group Executive Office, San Diego County Fire Authority, services and supplies, for information technology based on unanticipated revenue from the San Diego Regional Fire and Emergency Services Foundation. **(4 VOTES)**
8. Establish appropriations of \$9,360 in the County Service Area (CSA) 107 Elfin Forest Fire Protection Fund, Operating Transfer Out, to transfer funds to CSA 107 Elfin Forest Fire Mitigation Fund based on fund balance available. **(4 VOTES)**
9. Establish appropriations of \$9,360 in County Service Area (CSA) 107 Elfin Forest Fire

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Mitigation Fund, services and supplies, based on an operating transfer from the CSA 107 Elfin Forest Fire Protection Fund. **(4 VOTES)**

10. Establish appropriations of \$21,699 in the County Service Area (CSA) 110 Mt. Palomar Fire Protection Fund, Operating Transfer Out, to transfer funds to CSA 110 Fire Mitigation Fund based on fund balance available. **(4 VOTES)**
11. Establish appropriations of \$21,699 in the County Service Area (CSA) 110 Fire Mitigation Fund, services and supplies, based on an operating transfer from the CSA 110 Fire Protection Fund. **(4 VOTES)**
12. Establish appropriations of \$42,821 in the County Service Area (CSA) 113 San Pasqual Fire Protection Fund, Operating Transfer Out, to transfer funds to the CSA 113 Fire Mitigation Fund based on fund balance available. **(4 VOTES)**
13. Establish appropriations of \$42,821 in the County Service Area (CSA) 113 Fire Mitigation Fund, services and supplies, based on an operating transfer from the CSA 113 Fire Protection Fund. **(4 VOTES)**
14. Establish appropriations of \$358,401 in the Office of Emergency Services, services and supplies (\$217,378), for purchase of disaster planning equipment and other charges (\$141,023) for pass-through to other agencies, based on unanticipated revenue from Fiscal Year 2010 State Homeland Security Program - California Emergency Management Agency. **(4 VOTES)**
15. Amend the Fiscal Year 2012-13 Department of Public Works Airports Equipment Acquisition Internal Service Fund Spending Plan by \$40,000, to provide funds for the purchase of a replacement vehicle, based on fund balance available. **(4 VOTES)**
16. Establish appropriations of \$2,000,000 in the Department of Public Works Road Fund, Operating Transfer Out, to provide funding to the Department of Public Works Road Fund Equipment Acquisition Internal Service Fund for the purchase of new vehicles, based on fund balance available. **(4 VOTES)**
17. Amend the Fiscal Year 2012-13 Department of Public Works Road Fund Equipment Acquisition Internal Service Fund Spending Plan by \$2,000,000, for the purchase of new vehicles based on an operating transfer from the Department of Public Works Road Fund. **(4 VOTES)**

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18. Establish appropriations of \$4,800 in County Service Area 83A 4S Ranch, capital asset equipment, to provide additional funding for the purchase of a new electric vehicle, based on County Service Area 83A fund balance available. **(4 VOTES)**
19. Cancel appropriations of \$21,018.44 and related Operating Transfer from the General Fund in the Capital Outlay Fund for Capital Project 1015178, Lakeside Community Center Photovoltaic System, to provide additional funding for the Lakeside Skate Park project.
20. Establish appropriations of \$21,018.44 in the Capital Outlay Fund for Capital Project 1017857, Lakeside Skate Park, for construction of an infrastructure that will support donated bricks, sponsorship recognition, as well the cost of replacing picnic tables, based on an Operating Transfer from the General Fund. **(4 VOTES)**
21. Establish appropriations of \$22,000 in the Department of Parks and Recreation, services and supplies, for one-time stewardship costs at Knollwood and Diamond Trails based on unanticipated revenue from The Environmental Trust, Inc. **(4 VOTES)**
22. Cancel appropriations of \$76,026 and related Operating Transfer from the General Fund in the Capital Outlay Fund for Capital Project, 1010977 Otay Valley Trails Mace Staging Area, to properly record design costs incurred for the Mace Staging Area to Capital Project 1009268, Otay Valley Regional Parks (OVRP) Trails project.
23. Establish appropriations of \$76,026 in the Capital Outlay Fund for Capital Project 1009268, Otay Valley Regional Parks (OVRP) Trails, to properly record design costs as part of the Otay Valley Regional Parks Trails project, based on an Operating Transfer from the General Fund. **(4 VOTES)**
24. Cancel appropriations of \$106,666.20 and related revenue in the Capital Outlay Fund for Capital Project 1015170, County Preserve Fire Recovery, to properly record non-capital expenditures related to the installation of gates and signage.
25. Establish appropriation of \$106,666.20 in the Department of Parks and Recreation, services and supplies, to properly record the installation of gates and signage based on unanticipated revenue from Firestorm 2007 Trust Fund. **(4 VOTES)**
26. Cancel appropriations of \$20,681.95 and related Operating Transfer from the General

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Fund in the Capital Multiple Species Conservation Program (MSCP) Acquisition Fund, to correctly reflect due diligence costs incurred for the possible acquisition of property located by the County's Santa Ysabel Preserve.

27. Transfer appropriation of \$20,681.95 from the Contributions to Capital Outlay Fund, Operating Transfer Out, to the Department of Parks and Recreation, services and supplies, to properly record due diligence costs related to the possible acquisition of property located by the County's Santa Ysabel Preserve.
28. Cancel appropriations of \$8,313.95 and related Operating Transfer from the General Fund in the Capital Outlay Fund for Capital Project 1005262, Sweetwater Trail and Bikeway Construction, to properly record non-capital expenditures related to post construction mitigation monitoring.
29. Transfer appropriations of \$8,313.95 from the Contributions to Capital Outlay Fund, Operating Transfer Out, to the Department of Parks and Recreation, services and supplies, for post-construction mitigation monitoring costs.
30. Establish appropriations of \$21,057 in the Majestic Pines Debt Service, other charges, to refund to property taxpayers in the Majestic Pines Community Services District amounts overpaid based on fund balance available. **(4 VOTES)**
31. Establish appropriations of up to \$9,146 in the Majestic Pines Debt Service, Operating Transfer Out, to transfer residual amounts in the Majestic Pines Debt Service fund to the General Fund due to the dissolution of the fund based on fund balance available. **(4 VOTES)**
32. Authorize the Auditor & Controller to take any action necessary to close out the Majestic Pines Community Service District.

Fiscal Impact

The funds for a portion of these requests are not included in the Fiscal Year 2012-13 Operational Plan. If approved, in the General Fund, this action will establish additional appropriations of \$713,354. The funding sources include unanticipated revenue from the San Diego Regional Fire and Emergency Services Foundation, unanticipated revenue from Fiscal Year 2010 State Homeland Security Program – California Emergency Management Agency, unanticipated revenue from The Environmental Trust, Inc., unanticipated revenue from Firestorm 2007 Trust Fund and miscellaneous other sources.

In all other funds combined, these actions will cancel budgeted appropriations and the related funding sources in the amount of \$232,706 and will establish additional appropriations of \$4,619,807 resulting in a net increase in appropriations of \$4,387,101. The funding sources

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include Sheriff Asset Forfeiture Fund fund balance, County Service Areas (CSAs) 107 Elfin Forecast Fire Protection Fund, 110 Mt. Palomar Fire Protection Fund, and 113 San Pasqual Fire Protection Fund fund balance, Road Fund fund balance, Majestic Pines Debt Service fund balance and miscellaneous other sources.

Business Impact Statement

N/A

Advisory Board Statement

N/A

Background

For the General Fund, the second quarter projection of year-end fund balance from current year operations is \$116.7 million. This projected one-time resource is a combination of expecting to end the year with General Purpose Revenue (GPR) above budget by \$14.0 million along with a net positive variance of \$59.4 million from operations and a positive variance of \$43.3 million in unspent contingency and management reserves. The projected \$14.0 million year-end GPR estimate is an increase compared to the First Quarter Status Report year-end GPR projection of \$0.9 million and is primarily due to the one-time increase in Aid from Redevelopment Successor Agencies with the one-time distribution of Low-and-Moderate Income Housing Fund Due Diligence Review Remittances and residual distributions offset by a projected decline in ongoing pass-through revenue compared to budget.

The projected balance for all other funds combined is \$23.7 million, of which \$10.5 million is projected for the Proposition 172 Special Revenue Fund. Schedule A summarizes the fund balance projection 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 December 2012 and expected expenditure and revenues through the end of the fiscal year.

As shown in Schedule A, the General Fund year-end fund balance projection of \$116.7 million is based on the estimate that expenditures will be approximately \$180.1 million less than the Fiscal Year 2012-13 Amended Budget and revenues will be a net \$63.4 million less than the Fiscal Year 2012-13 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 the Auditor and Controller under the direction of the Chief Administrative Officer.

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

- \$51.3 million in net positive salary and benefit appropriation variance, predominantly in the Public Safety Group (PSG) and Health and Human Services Agency (HHSA), but also in Land Use and Environment Group (LUEG), Community Services Group (CSG), and Finance and General Government Group (FGG), from lower than budgeted salaries and employee benefits costs due to staff turnover and department management of

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vacancies.

- \$26.6 million in net positive appropriation variance in services and supplies across the County.
 - In PSG, a positive variance is anticipated in the Public Safety Group Executive Office, San Diego County Fire Authority due to a spending delay for the tree removal grant. Savings in the Public Defender's Office are primarily associated with amounts budgeted for the defense of special circumstances cases which are projected to remain unspent due to current case requirements. Savings in Probation are associated with efforts to reduce overall expenditures as well as savings related to Public Safety Realignment activities pending the full implementation of certain substance abuse and mental health treatment services. Offsetting a portion of these projected positive variances are negative variances anticipated in the Sheriff's Department due to increases in household expenses in the detention facilities and automotive fuel.
 - In HHSA, a projected net positive variance of \$5.1 million includes various contracted services (e.g., in Behavioral Health Services related to un-awarded Mental Health Services Act, Alcohol and Drug Services contracts, Medi-Cal and San Diego County Office of Education contracts, Public Safety Realignment, California Department of Corrections and Rehabilitation (CDCR) and Narcotic Treatment Program (NTP) services); lower than estimated growth in In-Home Supportive Services (IHSS) Individual Provider costs; anticipated savings in emergency appropriations for bio-terrorism and appropriations to mitigate unanticipated State reductions. The primary anticipated negative variance offsetting the projected positive variances is in Strategic Planning and Operational Support due to increases in Low Income Health Program (LIHP) enrollees, partially offset by savings in welfare-to-work and refugee services and non-contract services and supplies savings. Additional negative variances are associated with Inpatient Health Services expenses for temporary contract help and in Child Welfare.
 - In LUEG, positive variances include savings in the Department of Environmental Health due to delays in implementation of the Vector Habitat Remediation Program and the East Otay Mesa Recycling Collection Center and Landfill as well as in the Department of Planning and Development Services due to closely monitoring spending activities to ensure costs do not exceed revenue.
 - In CSG, a positive variance in Housing and Community Development is anticipated due to the postponement of the data automation projects and managing discretionary expenses as well as from lower than anticipated expenditures on multi-year projects.
 - In FGG, projected positive variances are spread across several departments, including the County Communication Office and Human Resources. The most significant savings are in Human Resources and are due primarily to savings in medical standards contract services.
- A net positive appropriation variance of \$61.0 million in other charges reflects net variances from budgeted caseload and aid payments. Spending is projected to be over budget in Public Health Services because of a requirement for additional support and care

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costs in the California Children's Services (CCS) and TB Control programs. There is a positive variance in Regional Operations, mainly the result of revised caseload levels in CalWORKS and Child Care Stage 1, as well as savings in Child Welfare Services based on revised estimates of caseload levels, growth trends, and unit cost per case for Foster Care and Aid to Adoptive Parents. In CSG, a positive variance is projected in Housing and Community Development due to lower than anticipated expenditures on multi-year projects. In addition, positive variances are due to lower than budgeted tax and revenue anticipation note borrowing costs in Finance Other and various lease payment savings.

- \$1.3 million in appropriation savings for operating transfers out in HHS for the IHSS Public Authority related to salary and benefit costs being less than budgeted, savings in Purchasing and Contracting due to a delay in IT projects implementation, and savings in appropriations in Contributions to General Services Internal Service Fund that are no longer needed.
- \$20.0 million in contingency reserves that are projected to be unspent at year-end.
- \$23.3 million in management reserves in HHS (\$20.0 million) and in CSG (\$3.3 million) that are projected to be unspent at year-end.

The projected revenue under-realization to budget of \$63.4 million includes negative variances totaling \$73.3 million in various funding sources, with partially offsetting positive variances of \$9.9 million. Of the \$73.3 million in negative variances, a net \$70.4 million is within intergovernmental revenues and is largely the result of expenditure savings in caseload driven programs and contracted services mentioned above. The remaining negative variances reflect the combination of unrealized revenue due to operational savings and various revenue shortfalls in fines, forfeitures and penalties (\$1.5 million) largely in General Purpose Revenue related to current year penalties on late current secured and unsecured property tax payments, taxes other than current secured (\$1.1 million) including a projected decrease in Teeter revenue, and other financing sources (\$0.3 million).

A positive revenue variance of \$9.9 million is expected in the following categories: taxes current property (\$2.5 million) which includes an increase in projected Property Taxes Current Secured revenue (\$2.4 million) and an increase in Property Tax Current Supplemental revenue (\$0.1 million); licenses permits and franchises (\$1.8 million); revenue from use of money and property (\$2.0 million); charges for current services (\$1.4 million); and miscellaneous revenues (\$2.2 million).

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

Fiscal Year 2012-13 Budget Adjustments

The budget adjustments recommendations in this letter are explained below.

Recommendation 2

Revenues received in the Sheriff's Civil Automation Trust Fund are based on assessments made pursuant to Government Code Section 26731 and are to be used to implement and maintain the civil automation system, auxiliary equipment and furnishings or other non-automated operational equipment and furnishings deemed necessary by the Sheriff's Civil Unit. This request will

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establish appropriations of \$12,287 in the Sheriff's Department based on revenue from the Sheriff's Civil Automation Trust Fund. The funds will be used towards Civil Automated System (CAS) consultations and software licenses to support the Civil Unit.

Recommendation 3

On June 20, 2006 (3), the Board authorized the Sheriff's Department to serve as the fiscal agent for High Intensity Drug Trafficking Area (HIDTA) funding along the southwest border and accept funding of \$9,000,000. On September 19, 2012 and on November 21, 2012, the California Border Alliance Group (CBAG) Executive Board approved the additional funding for the Sheriff, which will be used for overtime (\$54,000) for Sheriff's personnel assigned to the HIDTA Unit and for travel expenses for a conference in April 2013 (\$10,000). This request will establish appropriations of \$64,000 in the Sheriff's Department based on unanticipated HIDTA revenue from CBAG.

Recommendation 4

This request will establish appropriations of \$300,000 in the Sheriff's Asset Forfeiture Fund to provide funding to the Sheriff's Department for overtime costs associated with the North County Gang Task Force for ongoing violent crime and narcotics investigations (\$50,000) and for additional expenditures anticipated for the remainder of the fiscal year in the Sheriff's Asset Forfeiture Fund (\$250,000).

Recommendation 5

This request will establish appropriations of \$50,000 in the Sheriff's Department for overtime costs associated with the North County Gang Task Force for ongoing violent crime and narcotics investigations, based on an operating transfer from the Sheriff's Asset Forfeiture Fund.

Recommendation 6

On September 28, 1999 (19), the Board first directed the allocation of \$200,000 to fund the capital improvement needs of fire agencies that rely heavily on volunteer firefighters. Each year since Fiscal Year 2000-2001, \$200,000 per year has been allocated to fire agencies in the unincorporated county. This recommendation will transfer appropriations of \$200,000 from the Office of Emergency Services to the Public Safety Group Executive Office, San Diego County Fire Authority. Funds will be used to support the procurement of fire and emergency medical equipment for volunteer fire companies.

Recommendation 7

On September 25, 2012 (12), the Board approved the acceptance of a \$100,000 donation from the San Diego Regional Fire and Emergency Services Foundation to be directed to the Public Safety Group Executive Office, San Diego County Fire Authority. On December 14, 2012, the San Diego Regional Fire and Emergency Services Foundation redirected the donation to support the San Diego County Fire Authority's information technology strategy. This recommendation will establish appropriations of \$100,000 in the Public Safety Group Executive Office, San Diego County Fire Authority to provide funds for the support and enhancement of communication and technology networks.

Recommendations 8 & 9

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These requested actions will transfer appropriations of \$9,360 from the County Service Area (CSA) 107 Elfin Forest Fire Protection Fund to the CSA 107 Elfin Forest Fire Mitigation Fund, based on fund balance available. Funds were inadvertently transferred to the CSA 107 Elfin Forest Fire Protection Fund. This is technical adjustment to transfer the funds to the CSA 107 Fire Mitigation Fund where it was originally intended.

Recommendations 10 & 11

On April 8, 2009 (2), the Board approved Capital Project 1013034 for the Mt. Palomar Fire/Medical Station Expansion based on funding from the Fire Mitigation Fee Program. This planned project was cancelled due to a change in priorities in capital projects. These requested actions will transfer appropriations of \$21,699 from the County Service Area (CSA) 110 Mt. Palomar Fire Protection Fund to the CSA 110 Fire Mitigation Fund based on fund balance available. This technical adjustment will transfer unspent funds to the CSA 110 Fire Mitigation Fund due to the cancellation of this project.

Recommendations 12 & 13

On February 24, 2010 (13), the Board approved the San Pasqual Capital Project Station Expansion based on funding from the Fire Mitigation Fee Program. This planned project was cancelled due to a change in scope and lack of total funds. These requested actions will transfer appropriations of \$42,821 from the County Service Area (CSA) 113 San Pasqual Fire Protection Fund to the CSA 113 Fire Mitigation Fund based on fund balance available. This technical adjustment will transfer unspent funds to the CSA 113 Fire Mitigation Fund due to the cancellation of this project.

Recommendation 14

On February 8, 2011 (2), the Board authorized the Department of Environmental Health, Department of Planning and Land Use, Department of General Services, Health and Human Services Agency, Department of Public Works, Sheriff's Department, Public Safety Group Executive Office, San Diego County Fire Authority and Office of Emergency Services (OES) to accept and appropriate the Fiscal Year 2010 State Homeland Security Program (SHSP) funds in the amount of \$7,394,761. Funds in the amount of \$194,462 were not spent in the Department of General Services (\$74,538) and the Health and Human Services Agency (\$119,924) and are available for allocation to OES. Additional SHSP funds in the amount of \$163,939 have been identified for allocation. This request will appropriate funds totaling \$358,401 to OES based on revenue from California Emergency Management Agency (Cal EMA). The funds will be used to contract for disaster planning to include hazard specific annexes to the operational plan, childcare disaster planning and vulnerable population pamphlets and pass through to other agencies.

Recommendation 15

This recommendation will amend the Department of Public Works Airports Equipment Acquisition Internal Service Fund Spending Plan by \$40,000 to provide funding for the purchase and outfitting of a new pickup truck to replace a 10-year-old vehicle that has substantial wear.

Recommendations 16 & 17

These recommendations will amend the Department of Public Works Road Fund Equipment

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Acquisition Internal Service Fund (ISF) Spending Plan by transferring \$2,000,000 from the Department of Public Works Road Fund to the Department of Public Works Road Fund Equipment Acquisition ISF to provide funding for the replacement of various fleet vehicles. The replacement costs of medium and heavy trucks and off-road equipment have increased substantially in the last 10 years, due mainly to equipment added to the vehicles to meet safety and emissions regulations. These additional environmental regulations imposed by the state necessitate replacing and/or upgrading equipment that could have otherwise been kept in service.

Recommendation 18

This request will establish appropriations of \$4,800 in County Service Area 83A (CSA 83A) 4S Ranch based on available fund balance, to provide additional funding for the purchase of an electric utility vehicle. The purchase price of the vehicle is \$24,800. CSA 83A 4S Ranch has budgeted \$20,000 toward the purchase. The new vehicle will support the operation and maintenance of six local parks and will replace an existing electric vehicle and continue to reduce the carbon footprint.

Recommendations 19 & 20

On May 17, 2009 (17), appropriations of \$300,000 were established and during the Fiscal Year 2010-11 Operational Plan appropriations of \$250,000 were established for a total of \$550,000 for Capital Project 1015178, Lakeside Community Center Photovoltaic System. This capital project is now complete. Today's recommendation will cancel remaining appropriations of \$21,018.44 to provide additional funding for Capital Project, 1017857, Lakeside Skate Park. Funding will provide for the construction of an infrastructure that will support donated bricks, sponsorship recognition, as well the cost of replacing picnic tables that will be displaced by construction at the skate park.

Recommendation 21

On December 12, 2006, the Board accepted 19 parcels as part of a bankruptcy case settlement with The Environmental Trust, Inc. Funds were received from The Environmental Trust, Inc. and placed in the Parks and Recreation Trust Fund for one-time stewardship costs such as vegetation management, fencing and signage for these parcels. Today's request will establish appropriations of \$22,000 in the Department of Parks and Recreation for one-time stewardship costs for the Knollwood trail located near Valley Center and the Diamond Trail located in the unincorporated San Marcos based on these funds.

Recommendations 22 & 23

On June 12, 2007 (9) appropriations of \$300,000 were established for Capital Project 1010977, Otay Valley Trails Mace Staging Area. These recommendations will properly record design costs of \$76,026 incurred in Capital Project 1010977, Otay Valley Trails Mace Staging Area correctly to Capital Project 1006268, Otay Valley Regional Parks Trails.

Recommendations 24 & 25

On February 24, 2009 (15), appropriations of \$247,993 were established in the Capital Outlay Fund for Capital Project 1012951, County Preserve Fire Recovery, for the installation of gates and signage at various parks and preserves damaged by the 2007 Wildfires. This adjustment will

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cancel appropriations of \$106,666.20 in the Capital Outlay Fund for Capital Project 1012951, County Preserve Fire Recovery, and transfer appropriations to the Department of Parks and Recreation, services and supplies, to properly record non-capital expenditures pursuant to County of San Diego Administrative Manual 0050-02-01, Control of Capital Assets and Minor Equipment.

Recommendations 26 & 27

Due diligence costs of \$20,681.95 were incurred for the possible acquisition of property located by the County's Santa Ysabel Preserve. It has been determined that it is not practical to pursue the acquisition of this parcel. These recommendations will cancel \$20,681.95 and related Operating Transfer from the General Fund in the Capital MSCP Acquisition Fund for the Multiple Species Conservation Program and transfer the appropriations to the Department of Parks and Recreation to comply County of San Diego Administrative Manual 0050-02-01 which provides guidance for the capitalization of intangible assets.

Recommendations 28 & 29

Total appropriations of \$2,600,000 were established for Capital Project 1005262, Sweetwater Trail and Bikeway Construction during the Fiscal Year 2002-03 Operational Plan (\$1,100,000), Fiscal Year 2006-07 Operational Plan (\$1,000,000) and during the Fiscal Year 2007-08 Operational Plan (\$500,000). This recommendation will cancel \$8,313.95 and related Operating Transfer from the General Fund in the Capital Outlay Fund for completed Capital Project 1005262, Sweetwater Trail and Bikeway Construction, and transfer these appropriations to the Department of Parks and Recreation for post construction environmental monitoring costs to properly record non-capital expenditures pursuant to County of San Diego Administrative Manual 0050-02-01, Control of Capital Assets and Minor Equipment.

Recommendations 30-32

The Majestic Pines Community Service Area (CSA) #4 was established in the 1960's. In 1973, a ballot measure was placed before the voters of the CSA to approve the issuance of \$440,000 in bonds. In 1993, the CSA was dissolved and became the Majestic Pines Community Service District (CSD). A special assessment tax was collected annually from the taxpayers of the district for the repayment of principal and interest due on the bond issued in 1973. The final payment was made on the bond in Fiscal Year 2011-12, with amounts in reserve for this purpose leaving a final fund balance of \$3,884. The County inadvertently continued the assessment in Fiscal Year 2011-12 and taxes of \$26,319 were collected for the Majestic Pines Community Service District. The Treasurer-Tax Collector has identified taxpayers to whom \$21,057 in refunds will be issued. The remaining funds of \$9,146 are due to inability to identify the payee or, pursuant to the Treasurer-Tax Collector's policy, an amount less than \$10.00 for which refunds are not issued. If approved, today's recommendation will establish appropriations of \$30,203 based on fund balance available in the Majestic Pines Community Service District for refunds and to transfer the remaining funds to the General Fund pursuant to CAO Administrative Policy 0030-18, and to allow the Auditor and Controller to dissolve the fund.

Linkage to the County of San Diego Strategic Plan

Today's proposed actions support the Strategic Initiatives of Safe Communities, Sustainable

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Environments, and Healthy Families in the County of San Diego's 2012-2017 Strategic Plan by fully committing to utilize County resources to meet the highest priority needs of its residents.

Respectfully submitted,

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SIGNATURE

HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

Schedule A

Schedule B

Notes to Schedules A and B

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AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED

Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

December 4, 2012 (24), Fiscal Year 2012-13 First Quarter Operational Plan Status Report and Budget Adjustments; August 7, 2012 (18), County of San Diego Fiscal Year 2012-13 Adopted Budget Resolution for Family of Funds, Enterprise Funds and Internal Service Funds, Prior Year Encumbrances and Penalty Assessment Resolution

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

ORIGINATING DEPARTMENT: Auditor and Controller

OTHER CONCURRENCE(S): N/A

CONTACT PERSON(S):

Tracy M. Sandoval, General Manager, Finance and General Government Group, Auditor and Controller

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**FY 2012-2013 2nd Quarter
Projected Year-End Results**

(in thousands)

COUNTY SUMMARY

	Expenditure Variance	Revenue Variance	2nd Quarter FY12-13 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 37,279	\$ (11,515)	\$ 25,764
Health & Human Services Agency	84,598	(47,353)	37,245
Land Use & Environment	10,667	(6,475)	4,192
Community Services	16,777	(12,255)	4,522
Finance & General Government	3,492	120	3,612
Total Agency/Group	<u>152,813</u>	<u>(77,479)</u>	<u>75,334</u>
General Purpose Revenue	0	14,028	14,028
Finance Other	27,301	(10)	27,291
Total General Fund	<u>\$ 180,114</u>	<u>\$ (63,461)</u>	<u>\$ 116,653</u>
Special Revenue Funds			
Public Safety	\$ 1,500	\$ 9,742	\$ 11,242
Health & Human Services Agency	3,100	(3,100)	0
Land Use & Environment	2,633	(1,465)	1,169
Community Services	1,828	213	2,041
Total Special Revenue Funds	<u>\$ 9,061</u>	<u>\$ 5,390</u>	<u>\$ 14,452</u>
Capital Program			
Finance Other	\$ (0)	\$ 0	\$ 0
Internal Service Funds Departments			
Public Safety Group	\$ 5	\$ 0	\$ 5
Health & Human Services Agency	0	0	0
Land Use & Environment	0	8	8
Community Services	29,195	(25,926)	3,269
Finance & General Government	341	375	716
Finance Other	3,252	0	3,252
Total Internal Service Funds	<u>\$ 32,793</u>	<u>\$ (25,543)</u>	<u>\$ 7,250</u>
Enterprise Fund Departments			
Land Use & Environment	\$ 1,063	\$ (368)	\$ 695
Special District Funds Departments			
Public Safety Group	\$ 7	\$ 1	\$ 8
Health & Human Services Agency	0	0	0
Land Use & Environment	840	434	1,274
Total Special District Funds	<u>\$ 846</u>	<u>\$ 435</u>	<u>\$ 1,281</u>
Other County Funds Departments			
LUEG - Debt. Svc. Local Boards	\$ 0	\$ 0	\$ 0
Community Svcs. - Red./Redev. Successor Agency	64	0	64
Total Other County Funds	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ 64</u>
Debt Service - Pension Obligation Bonds	\$ 1	\$ 0	\$ 1
Total County Projected Operating Balance	<u>\$ 223,944</u>	<u>\$ (83,547)</u>	<u>\$ 140,397</u>

Prepared: 1/31/13

Numbers may not total due to rounding.

COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2012-13 2nd 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 established 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 fund.

PUBLIC SAFETY GROUP

General Fund

Department of Child Support Services

A positive variance of \$0.2 million is projected for the Department of Child Support Services.

A positive variance of \$2.7 million is projected in salaries and benefits due to salary savings from vacant and under-filled positions.

A negative revenue variance of \$2.5 million is projected in intergovernmental revenues associated with the salary and benefit savings noted above.

Contributions for Trial Courts

No overall variance is projected for Contributions for Trial Courts. In Fiscal Year 2011-12, fine and penalty revenues for this function declined by four percent. These revenues support County payments to the State as required by statute. Based on information available for the two quarters of the current fiscal year, no net variance is

projected. The Public Safety Group Executive Office will continue to monitor and report on the projected impact of revenue changes in the Third Quarter Operational Plan Status Report.

District Attorney

A positive variance of \$7.4 million is projected for the District Attorney's Office.

A positive expenditure variance of \$6.8 million is projected. This positive variance is primarily due to anticipated savings in salaries and benefits of \$8.3 million due to normal attrition, savings from modified positions, and savings from vacant positions. A negative expenditure variance of \$1.5 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 positive revenue variance of \$0.6 million is projected. This is comprised of over-realized revenue of \$0.8 million from the Southwest Border Prosecution Initiative, partially offset by a \$0.2 million reduction in the Child Abduction and Recovery State mandate reimbursement claim.

Medical Examiner

A positive variance of \$0.4 million is projected for the Medical Examiner's Department in salaries and benefits due to savings from vacant and modified positions.

Office of Emergency Services

A positive variance of \$0.3 million is projected for the Office of Emergency Services.

A positive expenditure variance of \$4.5 million is projected. This is comprised of a positive variance of \$0.5 million in salaries and benefits due to savings from vacant and under-filled positions, \$0.7 million savings in services and supplies as a result of savings from the Call When Needed program and spending delays associated with the Homeland Security Grants, and \$3.3 million in other charges due to spending delays associated with the Homeland Security Grants.

A negative revenue variance of \$4.2 million in intergovernmental revenue is projected due primarily to delayed expenditures related to the Homeland Security Grants noted above.

Probation

A positive variance of \$4.4 million is projected for the Probation Department.

A positive expenditure variance of \$9.5 million is projected. This is comprised of a \$4.2 million positive variance in salaries and benefits due to staff vacancies, \$5.3 million positive variance in services and supplies as a result of efforts made to reduce overall

expenditure and contracted services related to Public Safety Realignment. Certain services to offenders are in development and other substance abuse and mental health treatment services are pending full implementation.

A negative revenue variance of \$5.1 million is projected. This is comprised of over realized revenue of \$1.1 million in Juvenile Justice Crime Prevention Act (JJCPA), \$0.5 million in the Youthful Offender Block Grant (YOBG), and \$0.5 million in Federal Foster Care. This is offset by under realized revenue of \$6.1 million in the State of California, Local Revenue Fund allocated to the County Local Revenue Fund 2011, Local Community Corrections account related to Public Safety Realignment, primarily due to staff vacancies and services contracts under development awaiting full implementation, \$0.9 million in cost of supervision primarily due to economic condition, and \$0.2 million in miscellaneous revenue sources.

Public Defender

A positive variance of \$2.8 million is projected for the Public Defender.

A positive variance of \$1.8 million is projected in salaries and benefits due to vacant and modified positions. A positive variance of \$1.0 million is projected in services and supplies associated with the defense of special circumstances cases which are projected to remain unspent due to current case requirement.

Public Safety Group Executive Office

A positive variance of \$1.9 million is projected for the Public Safety Group Executive Office. This is primarily due to additional revenues in rents and concessions. These funds were not included in the budget as part of a multi-year plan to reduce budgeted revenues which will no longer be received when these properties transfer to the State.

San Diego County Fire Authority

No overall variance is projected for the San Diego County Fire Authority.

A positive expenditure variance of \$4.3 million is projected primarily in services and supplies due to spending delays for the tree removal grant.

A negative revenue variance of \$4.3 million in intergovernmental revenue is projected due to delayed expenditures related to the grant for tree removal noted above.

Sheriff

A positive variance of \$8.3 million is projected for the Sheriff's Department.

A positive expenditure variance of \$6.2 million is projected. Salaries and benefits are projected to be \$7.6 million under budget due to vacant positions. A negative variance

of \$1.4 million is projected in services and supplies primarily due to increases in household expense in the detention facilities and automotive fuel.

A positive revenue variance of \$2.1 million is projected. A positive variance \$2.9 million is projected due to over-realized revenue of \$1.5 million in booking fees based on projected State allocations through 2011 Realignment, \$0.3 million in state mandate reimbursement claims, \$0.7 million in recovered expenditures primarily due to Cal EMA reimbursement for a California Disaster Assistance Act claim and from reimbursement from CAL FIRE for firefighting helicopter responses on State lands, and \$0.4 million in Contract City revenue due to increased expenditures made in prior years increasing the pooled costs reimbursed by the contract cities. A negative variance of \$0.4 million is projected in State Criminal Alien Assistance Program (SCAAP) due to a decrease in the Federal allocation in this program. A negative variance of \$0.4 million is due to other miscellaneous revenue sources.

Special Revenue Funds

Sheriff's Inmate Welfare Fund

A positive variance of \$0.8 million is projected for the Inmate Welfare Fund. A positive revenue variance of \$0.8 million is projected primarily due to \$0.5 million in recovered expenditures from a reimbursement from the Grossmont Union High School District for contracted educational services, and \$0.3 million in rents and concessions due to the negotiated rates included in the new inmate telephone system contract.

Proposition 172

The Proposition 172 Special Revenue Fund finished Fiscal Year 2011-12 with a \$37.7 million year-end fund balance. Pursuant to Board of Supervisor's Policy A-126, any positive variance at year end will be disbursed according to a public safety program plan agreed to by the Sheriff, the District Attorney and the Probation Department. A total of \$6.3 million of that amount has been appropriated to date through the adoption of the Fiscal Year 2012-13 Operational Plan.

A positive variance of \$10.5 million is projected for the Proposition 172 Special Revenue Fund.

A positive expenditure variance of \$1.5 million is projected due to operational cost savings in services and supplies.

A positive revenue variance of \$9.0 million is projected. Current year revenues are projected to be \$9.0 million greater than budget due to the combination of Fiscal Year 2011-12 revenue exceeding the budgeted estimate for Fiscal Year 2012-13 supporting a positive Fiscal Year 2012-13 projection and the current positive economic performance of sales tax revenues.

HEALTH AND HUMAN SERVICES AGENCY (HHS)

General Fund

Administrative Support

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

A positive variance of \$43.6 million is projected for Administrative Support. The variance is the result of \$34.4 million in expenditure savings and \$9.2 million in projected over-realized revenues.

The positive expenditure variance of \$34.4 million includes \$0.8 million in salaries and benefits due to vacant positions, \$13.6 million in services and supplies, and a projected year-end balance of \$20.0 million in management reserves which are held for operating contingencies during the year. The \$13.6 million savings in services and supplies is comprised of \$8.0 million budgeted for bio-terrorism emergencies, \$5.0 million budgeted as glide slope reserves that are not expected to be required, and \$0.6 million in various services and supplies categories.

The positive revenue variance of \$9.2 million includes an increase of \$17.2 million in administrative revenue, primarily associated with the receipt of prior year realignment, a prior year refund for the Community First Choice Option Program, unanticipated prior year institutional care revenue, unanticipated miscellaneous revenue due to a fraud case settlement and charges in other funds/special districts, offset by \$8.0 million of unsecuritized tobacco settlement revenue that is not projected to be recognized because the bio-terrorism appropriations are expected to be unspent.

Aging and Independence Services

A positive variance of \$1.1 million is projected for Aging & Independence Services, comprised of \$14.9 million in expenditure savings offset with \$13.8 million in projected under-realized revenues.

The positive expenditure variance of \$14.9 million includes savings of \$0.3 million in salaries and benefits due to vacant positions, \$13.9 million savings in services and supplies, and \$0.7 million in operating transfers out. The \$13.9 million savings in services and supplies is mainly the result of revised estimates of growth trends in In-Home Supportive Services (IHSS) Individual Provider (IP) costs. The \$0.7 million savings in operating transfers out for In Home Support Services-Public Authority is related to salary and benefit costs being less than anticipated.

The negative revenue variance of \$13.8 million is mainly due to lower projected expenditures in IHSS as discussed above.

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 Skilled Nursing Facility.

A zero variance is projected for Behavioral Health Services.

The positive expenditure variance of \$29.9 million includes savings of \$8.8 million in salaries and benefits throughout Behavioral Health Services due to vacant positions and \$23.2 million in services and supplies offset by a \$2.1 million negative variance in Expenditure Transfer & Reimbursements due to lower projected expenditures related to the AB 109 program. The \$23.2 million of savings in services and supplies includes \$10.7 million in un-awarded Mental Health Services Act (MHSA) contracts, \$6.5 million in Alcohol and Drug Services in contracts for Substance Abuse Prevention and Treatment (SAPT), Public Safety Realignment, California Department of Corrections and Rehabilitation (CDCR) and Narcotic Treatment Program (NTP), \$5.0 million in Medi-Cal and San Diego County Office of Education contracts, and \$2.5 million savings in other services and supplies, offset by a \$1.5 million negative variance for Inpatient Health Services expenses for temporary contract help.

The negative revenue variance of \$29.9 million is primarily associated with expenditure savings in MHSA, Medi-Cal, and SAPT services. The balance is due to under realized revenue resulting from savings as discussed above.

County Child Welfare Services

A zero variance is projected for County Child Welfare Services (CCWS).

The positive expenditure variance of \$13.2 million includes savings of \$1.8 million in salaries and benefits due to attrition and vacant positions and \$12.8 million in other charges due to revised estimates of caseload levels, growth trends and unit cost per case in aid payments for Foster Care and Aid to Adoptive Parents. The savings are offset by a \$1.4 million negative variance in services and supplies primarily associated with contract costs and transportation costs for clients and staff.

The negative revenue variance of \$13.2 million in under realized revenues are associated with the attrition, staff vacancies and expenditure savings due to revised caseload projections in assistance payments,.

Public Health Services

A positive variance of \$1.2 million is projected for Public Health Services. This is the result of expenditure savings of \$4.2 million offset by \$3.0 million in under-realized revenues.

The positive expenditure variance of \$4.2 million includes savings of \$2.4 million in salaries and benefits due to vacant positions, \$2.5 million in services and supplies savings primarily for various contracted services, offset by an increase of \$0.7 million in support and care costs in the California Children's Services (CCS) and TB Control programs. The \$2.5 million net savings in services and supplies is primarily related to the delayed start of contracts related to the Community Transformation Grant, projected savings in other contracts and \$0.7 million in other services and supplies.

The negative revenue variance of \$3.0 million is due to decreases of \$3.4 million related to the Community Transformation Grant, contract savings in SNAP-Ed Grant, fewer Early Periodic Screening, Diagnosis and Treatment Program allowable costs, Bioterrorism Public Health Emergency Preparedness grant, and \$0.6 million in State revenues supporting the CCS allocation and Childhood Lead Poisoning Prevention Programs offset by \$1.0 million increase in various grants and federal revenues including Ryan White Care Act and HIV Prevention funding, Bioterrorism allocations, CDC Infrastructure grant and increased Medi-Cal funding.

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 positive variance of \$1.9 million is projected for Regional Operations. The variance is the result of \$35.0 million in expenditure savings offset with \$33.1 million in under-realized revenue.

The positive expenditure variance of \$35.0 million includes savings of \$3.2 million in salaries and benefits due to vacant positions and savings of \$32.1 million in other charges that is mainly the result of revised caseload levels in CalWORKs and Child Care Stage 1. This is offset by a \$0.3 million negative variance in services and supplies due to increased IT costs in the Family Resource Centers for eligibility staff.

The negative revenue variance of \$33.1 million is associated with the projected expenditure savings as discussed above.

Strategic Planning and Operational Support

A negative variance of \$10.5 million is projected for Strategic Planning & Operational Support, comprised of \$47.1 million in increased expenditures, partially offset by \$36.6 million in projected over-realized revenues.

The negative expenditure variance of \$47.1 million includes \$0.7 million in salaries and benefits due to addition of positions and an increase of \$46.4 million in services and supplies. The increase of \$46.4 million in services and supplies is \$51.4 million of increased expenditures due to an increase of Low Income Health Program (LIHP) enrollees, offset by \$3.0 million in projected contract savings primarily in welfare to work and refugee services, and \$2.0 million in non-contract services and supplies savings. HHS will continue to monitor LIHP expenditures and will go to the Board for additional appropriations, if necessary.

The positive revenue variance of \$36.6 million is due to \$36.4 million increase in LIHP revenue, and \$0.2 million increase in CalWIN and CalWORKs revenues.

Special Revenue Funds

Tobacco Securitization Fund

A zero variance is projected in the Securitized Tobacco Settlement Fund. This aligns projected expenditures to anticipated revenue.

LAND USE AND ENVIRONMENT GROUP

General Fund

Land Use Executive Office

A positive variance of \$0.5 million is projected for the Land Use Executive Office.

A positive expenditure variance of \$0.5 million is projected. A savings of \$0.25 million is projected in salaries and benefits, mainly due to vacancies. Savings of \$0.25 million in services and supplies are due to projected savings in professional & specialized services related to various contracts.

There is no projected variance in revenue.

Agriculture, Weights & Measures

A positive variance of \$0.2 million is projected for the Department of Agriculture, Weights and Measures

A positive expenditure variance of \$0.7 million is projected. A savings of \$0.7 million in salaries and benefits is due to vacancies and under-filled positions to mitigate the reduction of state and federal contract revenue.

A negative revenue variance of \$0.5 million is projected. A negative revenue variance of \$0.6 million in intergovernmental revenue is due to a revenue shortfall of \$0.1 million in Pest Detection due to reduced services, a shortfall of \$0.2 million in Pest Exclusion is due to reduced contract revenue, a revenue shortfall of \$0.1 million is related to internal agreements for services provided to other County departments which are being posted as expenditure abatements, and \$0.2 million in other miscellaneous revenue accounts. This is offset by a \$0.1 million positive variance in licenses, permits and franchises

Environmental Health

A positive variance of \$2.9 million is projected for the Department of Environmental Health.

A positive expenditure variance of \$6.5 million is projected. A savings of \$1.9 million in salaries and benefits is due to vacancies, under-filling positions and freezing of positions. A savings of \$4.4 million in services and supplies is related to delays in implementation of the Vector Habitat Remediation Program (\$3.9 million) and the East Otay Mesa Recycling Collection Center and Landfill (\$0.5 million). The remaining savings of \$0.2 million is spread over capital asset equipment and expenditure transfer & reimbursement accounts due to closely monitoring spending activities to ensure costs do not exceed revenue.

A negative revenue variance of \$3.6 million is projected. This variance consists of over-realized revenue of \$0.6 million in Hazardous Materials Permit fees and \$0.9 million in Food and Housing Permit fees which include the cost of external overheads and are not part of budgeted revenue. This is offset by a shortfall of \$0.2 million in State funding due to fringe benefit and indirect cost limitations in the Radiological Health Program Revenue Agreement; a shortfall of \$0.5 million due to delays in implementation of the East Otay Mesa Recycling Center; a shortfall of \$3.9 million from the Vector Control Trust Fund primarily associated with salary and benefit and services and supplies savings in the Vector Control program because revenue is only drawn from the Trust Fund for actual costs incurred offset by an administrative adjustment of \$0.3 million to record revenue that was originally budget in the recovered expenditures category to the service to property owners category. A shortfall of \$0.6 million in Recovered Expenditures is due to the administrative adjustment described above (\$0.3 million), and a revised approach to implementation of the Government Without Walls Initiative (\$0.3 million). The remaining shortfall of \$0.2 million is spread over various accounts.

Planning and Development Services (formerly Planning and Land Use)

A positive variance of \$0.6 million is projected for the Department of Planning and Development Services.

A positive expenditure variance of \$3.0 million is projected. Savings of \$2.2 million is projected in salaries and benefits, mainly due to vacancies. Savings of \$0.8 million in services and supplies are due to closely monitoring spending activities to ensure costs do not exceed revenue.

A negative revenue variance of \$2.4 million is projected related to expenditure savings of \$3.0 million due to staff vacancies and \$0.6 million in over-realized revenue for building permit fees.

Special Revenue Funds

Road Fund

A positive variance of \$1.1 million is projected for the Road Fund.

A positive expenditure variance of \$2.5 million is projected. Projected savings of \$2.4 million in salaries and benefits is due to under-filling of positions, vacancies, and a reduction in cash overtime and temporary help. Savings of \$0.1 million is projected in services and supplies due to schedule revisions in the Detailed Work Program.

A negative revenue variance of \$1.4 million is projected. Under-realized revenue of \$0.2 million in intergovernmental revenues is due to schedule revisions in the Detailed Work Program. Under-realized revenue of \$0.1 million in use of money and property is projected due to lower than anticipated interest on developer deposits. Under-realized revenue of \$0.8 million in charges for current services is due to reduced services to property owners in Land Development (\$0.6 million), and reduced work for Special Districts, Flood Control, Airport, Liquid Waste, and Inactive Waste, and Traffic Impact Fees projects (\$0.4 million) partially offset by \$0.2 million over-realized revenue for increased work for Capital Outlay, Internal Service Funds and General Fund projects. Under-realized revenue of \$0.2 million in taxes other than current secured (TransNet) is projected and is due to savings from a completed project in the Detailed Work Program. Under-realized revenue of \$0.1 million in miscellaneous revenue is due to schedule revision of a Tribal grant funded project (\$0.2 million) offset by recovered expenditures from private insurance for damage to transportation property, and sales of survey records and maps (\$0.1 million).

Inactive Waste

No variance is projected for Inactive Waste.

A positive expenditure variance of \$0.1 million is projected. Savings of \$0.1 million in services and supplies is projected due to a groundwater contract that is not needed in the current year.

A negative revenue variance of \$0.1 million is projected. A negative variance of \$0.3 million is due to less reimbursement needed from the Environmental Trust Fund related to the savings in landfill activity noted above and less deferred revenue used for recycling operations due to unanticipated revenue from grants, deposit forfeitures, and recovered expenditures from an environmental settlement with CVS Pharmacy, offset with positive revenue of \$0.2 million from various accounts.

Enterprise Funds

Airports

A positive variance of \$0.7 million is projected for the Airport Enterprise Fund.

A positive expenditure variance of \$0.7 million is projected. Savings of \$0.2 million in salaries and benefits is due to partial year vacancies and under filling positions. Savings of \$0.1 million is due to cancellation of service contracts not needed this fiscal year. Savings of \$0.2 million in depreciation is due to completed projects capitalized later than anticipated. Capital Assets/Land Acquisition savings of \$0.2 million is due to various capital projects completed under budget.

There is no variance in projected in revenues.

Wastewater

No variance is projected in the Wastewater Management Enterprise Fund.

A positive expenditure variance of \$0.4 million is projected. Savings of \$0.4 million in salaries and benefits is due to staff vacancies, under-filled positions, and reduction in overtime.

A negative revenue variance of \$0.4 million is projected and is due primarily to reduced work and cost for maintenance in the San Diego County Sanitation District related to the reasons cited above.

Special District Funds

Air Pollution Control District

A positive variance of \$0.7 million is projected for the Air Pollution Control District.

A positive expenditure variance of \$0.2 million is projected. Salaries and benefits savings of \$0.2 million is projected due to staff vacancies and under-filled positions.

A positive revenue variance of \$0.5 million is projected. A positive variance of \$0.4 million in Air Pollution Control Fees is projected due to increase in time and materials application fees. A combined positive variance of \$0.1 million in Other Licenses and Permits and Miscellaneous Revenue is projected due to better than anticipated number of permits being issued and various permit fees.

Sanitation Districts

A positive variance of \$0.4 million is projected in the Sanitation Districts.

A positive expenditure variance of \$0.4 million is projected. Savings of \$0.4 million in services and supplies is due to staff vacancies and under-filled positions in Wastewater Enterprise Fund which provides staffing for the operation and maintenance of the Sanitation Districts.

There is no variance in projected in revenues.

COMMUNITY SERVICES GROUP

General Fund

Community Services Group Executive Office

A positive variance of \$3.3 million is projected for the Community Services Group Executive Office.

The favorable expenditure variance of \$3.3 million is due to \$0.1 million in salaries and benefits as a result of staff vacancy, and a year-end balance of \$3.2 million in Management Reserves, which are held in the Group Executive Office for departments' operating contingencies during the year.

Animal Services

A positive variance of \$0.3 million is projected for Animal Services.

A positive expenditure variance of \$0.1 million is due to anticipated savings of \$0.1 million in salaries and benefits as a result of staff turnover and vacancies and savings of \$0.2 million in services and supplies based on expenditure trends.

Housing and Community Development Department

A positive variance of \$0.5 million is projected for the Housing and Community Development (HCD) Department. The department is composed of two major activities, Housing and Community Development, which contains staff and operations, and Housing and Community Development Multi-Year Projects, which are funded through inter-governmental (mainly Federal) loans and grants for community development and affordable housing projects.

Housing and Community Development (Operations)

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

A positive expenditure variance of \$1.9 million includes anticipated savings of \$0.9 million in salaries and benefits due to vacancies from employee turnover, three positions held vacant to mitigate reductions in grant funding this year, one position held vacant pending approval of reclassification, and \$1.0 million in services and supplies. The positive variance in services and supplies is due to the postponement of data automation projects such as the Community Development division Documentum project (\$0.3 million), paper file conversion of Section 8 active participant files currently stored in Iron Mountain (\$0.1 million), under-spending in IT application upgrades (\$0.3 million) for projects anticipated to be completed next year, savings in various accounts (\$0.3 million) as a result of managing discretionary expenses.

A negative revenue variance of \$1.4 million is projected at the end of the year, and is tied to the expenditure savings in salaries and benefits and various services and supplies as noted above, resulting in decreased costs recovered.

Housing and Community Development Multi-Year Projects

No variance is projected for HCD Multi-Year Projects. The positive expenditure variance of \$10.6 million is offset by a projected negative revenue variance of \$10.6 million. Community Development projects eligible to receive funding are budgeted to facilitate the multi-year project cost expenditure request process. Revenues are projected to equal expenses as project costs are 100% revenue offset.

General Fund Contribution to Purchasing ISF

A positive variance of \$0.3 million is projected for the General Fund Contribution to Purchasing ISF.

A positive expenditure variance of \$0.3 million is projected. The savings in Operating Transfers Out reflects savings of \$0.2 million in Documentum upgrade and \$0.1 million in salaries and benefits from managed vacancies in Records.

No variance is projected for revenue.

Special Revenue Funds

San Diego County Library

A positive variance of \$2.0 million is projected for the San Diego County Library.

A positive expenditure variance of \$1.8 million is projected. This variance is a result of savings of \$1.3 million in salaries and benefits from anticipated vacated positions. Projected over-spending in services and supplies of \$0.5 million is due to an increase in books & library materials (\$0.8 million), offset by savings in major maintenance based on 2nd quarter spending (\$0.3 million). A positive variance of \$1.0 million is projected in management reserves, which are appropriated for operating contingencies.

A positive revenue variance of \$0.2 million is projected. This variance is due to unanticipated over-realized revenue related to redevelopment dissolution of \$0.8 million, offset by anticipated shortfalls of \$0.1 million in donations from private parties and \$0.5 million in interest, public printing and other library services.

Internal Service Funds (ISFs)

Facilities Management ISF

A positive variance of \$1.0 million is projected for the Facilities Management ISF.

A positive variance of \$5.8 million in expenses is projected. Savings of \$1.6 million in salaries and benefits is primarily due to modified positions and staff vacancies. Projected savings in services and supplies of \$1.8 million is due to a reduction in anticipated contract costs. Savings of \$2.4 million in Operating Transfers Out is due to fewer than anticipated qualified projects for On-Bill financing and California Energy Commission (CEC) financing which will also result in lower than anticipated expenditures.

A negative revenue variance of \$4.8 million is projected. A positive variance of \$0.4 million in intergovernmental revenues related to federal grant funding is offset by a projected negative variance in rents and concessions of \$0.7 million which is due primarily to the loss of lease revenue related to current construction projects including the previously leased Chesapeake properties and the Cedar-Kettner parking lot. A projected negative variance of \$1.0 million for charges for current services is due to lower than anticipated costs related to contracted services, which are reimbursed on a pass-through basis by client departments. A projected negative variance of \$3.5 million in other financing is related to the On-Bill financing and CEC financing for energy

related projects (\$2.4 million) and a reduction in operating transfers to reimburse for services provided to the Major Maintenance Internal Service Fund (\$0.9 million) and General Fund (\$0.2 million).

Major Maintenance ISF

No overall variance is projected in the Major Maintenance ISF.

A positive variance of \$17.3 million in expenses is projected. Savings of \$16.3 million in services and supplies and \$1.0 million in Operating Transfer Out is due to delays in commencing new projects. Since costs incurred in this fund are reimbursed by operating departments, these project delays will result in projected negative revenue variance of \$17.3 million, which includes a shortfall of \$17.7 million in charges for current services offset by over-realized intergovernmental revenue of \$0.4 million for reimbursement of grant activities and services provided to the Superior Courts.

Fleet Management ISF

A positive variance of \$1.8 million is projected for Fleet Management ISF.

A positive variance of \$5.2 million in expenses is projected. Savings of \$0.1 million in salaries and benefits is primarily due to modified and vacant positions; \$0.1 million in other charges due to depreciation costs; \$4.9 million in capital assets due to less than anticipated purchases for replacement vehicles, and \$0.1 million in unspent reserves.

A negative revenue variance of \$3.4 million is due primarily to overrealized revenue of \$0.2 for miscellaneous revenue and other financing sources offset by unfavorable variances of \$0.5 million due to lower interest earnings, \$3.1 million decrease for current services due to lower than anticipated acquisition of vehicles.

Purchasing and Contracting ISF

A positive variance of \$0.5 million is projected for the Purchasing and Contracting ISF.

A positive expenditure variance of \$0.9 million is projected, due to savings of \$0.2 million in salaries and benefits from vacancies and \$0.7 million in services and supplies due to the delay of IT projects implementation.

A negative revenue variance of \$0.4 million is projected based on \$0.3 million countywide spending and contracting hours projections below the budgeted level and the delay of \$0.5 million for IT projects implementation, offset by an increase of \$0.4 million in rebate revenues.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

A positive variance of \$0.8 million is projected for the Assessor/Recorder/County Clerk.

A positive expenditure variance of \$0.7 million is projected in salaries and benefits due to departmental vacancies.

A positive revenue variance of \$0.1 million is projected in charges for current services as a result of slightly elevated activity levels in various services.

Auditor and Controller

A positive variance of \$0.8 million is projected for the Auditor and Controller. A positive variance in salaries and benefits is due to staff vacancies and under-filled positions.

No variance is projected for revenue.

Clerk of the Board of Supervisors

A positive variance of \$0.3 million is projected for the Clerk of the Board of Supervisors.

A positive expenditure variance of \$0.05 million is projected in salaries and benefits due to departmental vacancies.

A positive revenue variance of \$0.25 million is projected in charges for current services as a result of continued high demand for passport services.

County Counsel

A positive variance of \$0.5 million is projected for the Office of County Counsel, including \$0.4 million in salaries and benefits due to unanticipated attrition and unfilled vacancies, and \$0.1 million in costs applied to Health and Human Services Agency (HHS) for higher than anticipated legal support staff services.

Human Resources

A positive variance of \$0.6 million is projected for the Department of Human Resources.

A positive expenditure variance of \$0.7 million is projected, including \$0.4 million in salaries and benefits primarily due to staff turnover and vacant positions, and \$0.3 million in services and supplies due primarily to savings in medical standards contract services.

A negative revenue variance of \$0.1 million is projected due to lower than anticipated services charged to internal service funds.

INTERNAL SERVICE FUNDS

Information Technology Internal Service Fund

A positive variance of \$0.7 million is projected for the Information Technology Internal Service Fund.

A positive expenditure variance of \$0.3 million is due to software maintenance expenditure appropriations carried forward from the prior fiscal year that will not be expended.

A positive revenue variance of \$0.4 million is due to the timing of departmental reimbursements for a software maintenance payment made in the prior fiscal year.

GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A positive variance of \$41.3 million is projected for these two categories combined, comprised of an estimated additional \$14.0 million in General Purpose Revenue (GPR) compared to budget (\$981.1 million projected vs. \$967.1 million budgeted) and a \$27.3 million net positive variance in General County Expense activities. Moreover, it is important to note that the projected amount of \$981.1 million is \$1.0 million above the actual GPR received in Fiscal Year 2011-12 (\$980.1 million) and \$6.5 million above the actual GPR received in 2010-11 (\$974.6 million). However, it is \$2.2 million below the actual GPR received in Fiscal Year 2009-10 (\$983.3 million), \$39.4 million below the actual GPR received in Fiscal Year 2008-09 (\$1.02 billion), and \$8.8 million below the actual for Fiscal Year 2007-08 (\$989.9 million).

General Purpose Revenue

Through December 2012 and into the first part of 2013, the U.S. economy continues to recover from the deep recession that began in December 2007 and ended in June 2009. The national recession, 2008 credit crises, and negative trends in the financial markets have had far reaching and long-term impacts on San Diego and the rest of Southern California. The County's GPR, particularly revenue related to property transactions, has been impacted by these conditions. Property tax revenues, including current secured, current supplemental and prior year supplemental, felt the impact of declining assessed values and weak construction activity. Sales and Use Tax revenue, although a smaller percentage of the County's GPR, was impacted substantially by the year over year decline in retail sales activity. In 2010, sales and use tax revenue showed signs of recovery with year-over-year quarterly increases in all four quarters. This improvement continued through all of 2011 and up through the third quarter of 2012 (the latest quarter with available data). Further, the county's diverse economic base and the area's population growth are seen as positive influences that will help stabilize locally generated general purpose revenue funding sources. For Fiscal Year 2012-13, the economic news continues to improve. Several economic trends are summarized below followed by a discussion by revenue account of significant variances from budget:

- San Diego's monthly average unemployment rate for the 12 month period between January 2012 and December 2012 was 8.9%, with a December 2012 rate of 8.1%. This compares to a State of California average unemployment rate of 10.5% for the same 12 month period, with a December 2012 rate of 9.7%.
- Unadjusted local point of sales tax revenues improved by 7.0% for the January through September 2012 period in the unincorporated area compared to the same time period in 2011. For that same time period, sales tax revenues improved at the statewide level by an estimated 5.1%, southern California region by 8.0% and San Diego regional level by 7.1%. Overall, the increase is attributed to the continuing recovery.
- There are positive signals in the housing market in the County:
 1. Improvement in deeds recorded (up 22.4% for January through December 2012 compared to the same time period for 2011);
 2. Increase in median housing prices (up 16.2% in the San Diego region for December 2012 compared to December 2011);
 3. Increase in the number of homes sold for January through December 2012 compared to January through December 2011 (San Diego region up 14.7%);
 4. Improvement in notices of default (24.9% fewer for January through December 2012 compared to the same time period for 2011);
 5. Improvement in foreclosure activity (the number of foreclosures has decreased 41.1% for January through December 2012 compared to the same time period for 2011).

Current Property Taxes – All Categories

The four categories of Current Property Taxes (i.e., Property Taxes Current Secured, Property Taxes Current Supplemental, Property Taxes Unsecured, and Property Taxes Current Unsecured Supplemental) combined are estimated to show a net positive variance to budget of \$2.5 million.

- *Property Taxes - Current Secured*
 Current Secured Property Taxes are projected to be a net \$2.4 million higher than budget. Several factors play a part in the overall projection, including the fact that the 2012 local secured assessed value declined less than anticipated in the budget, a forecasted improvement in the delinquency rate, an improvement in the State Unitary roll compared to the estimated amount used in the budget, partially offset by an anticipated increase in roll corrections and refunds. This change in refunds and corrections is based on an assessment of year-end activity (Fiscal Year 2011-12 - \$16.6 million) and information available through apportionment six leading to the projection of refunds and corrections close to \$12.7 million compared to a budgeted amount of \$7.5 million.

As mentioned above, in the 2012 local secured assessed value declined less than anticipated in the budget. The budgeted current secured property taxes assumed a local secured assessed value decline of 1.0%, but the actual assessed value (AV) declined by 0.31% (gross less regular exemptions). (Note:

The 0.31% decline stated above represents the change in the AV for only the secured roll. This is different than the countywide overall decline published by the Assessor/Recorder/County Clerk on June 29, 2012 of 0.14%, which includes all assessed value components - secured and unsecured). In addition, delinquency rates are anticipated to be better than budget based on Fiscal Year 2011-12 year-end experience and year-to-date trends.

- *Property Taxes - Current Supplemental*

Current Supplemental Property Taxes are projected to be \$0.1 million higher than the \$3.3 million that was budgeted. This projection is based on charges and collections through apportionment six and estimates related to new construction and anticipated low turnover rates through Fiscal Year 2012-13. In Fiscal Year 2011-12, these revenues totaled \$3.5 million. The highest amount recorded in this account was \$31.0 million in Fiscal Year 2004-05.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$1.1 million below budget.

- *In Lieu Local Sales and Use Taxes*

A positive revenue variance of \$0.8 million is estimated for In Lieu Local Sales and Use Taxes based on a higher growth rate calculated by the California Department of Finance (DOF) for Fiscal Year 2012-13 and a true-up for Fiscal Year 2011-12 as identified in DOF's August 31, 2012 letter to California counties.

- *Property Taxes Prior Unsecured*

Property Taxes Prior Unsecured is estimated to be \$0.2 million above budget. This projection is based on the projected rate of collections of unsecured property taxes related to prior year activity that are due and payable in Fiscal Year 2012-13.

- *Real Property Transfer Taxes*

A positive revenue variance of \$2.0 million is estimated for Real Property Transfer Taxes, a substantial improvement in revenues is projected compared to actual revenues realized for the last four years, based on revenues for the first six months of Fiscal Year 2012-13 as well as data regarding current year change in ownership and the anticipated level of new construction.

- *Teeter Tax Reserve Excess*

The Teeter Tax Reserve Excess is estimated to be approximately \$3.2 million below the \$21.0 million budgeted, based on current penalty and interest collections and available data on the outstanding receivables and projections through the end of the fiscal year.

This estimate is also 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&T

section 4703.2). The 2012 Teeter buy-out of \$47.5 million was lower than the 2011 Teeter buy-out of \$58.4. The 2010 Teeter buy-out amount was \$88.8. For Fiscal Year 2012-13, the reserve requirement is \$11.9 million, a \$2.7 million decrease from the Fiscal Year 2011-12 requirement of \$14.6 million. This represents additional revenue not previously anticipated in the budget. Moreover, all penalty and interest collections in Fiscal Year 2012-13 will be in excess of the reserve requirement resulting in a one-time revenue surplus. However, projections for the first half of Fiscal Year 2012-13 include a substantial negative adjustment in collections based on the trends experienced in Fiscal Year 2011-12 and anticipated to continue in Fiscal Year 2012-13. Further, knowing that the Teeter buy-out has dropped the last four years and outstanding Teeter receivables have dropped substantially the last three years, and factoring in data through apportionment six, it is anticipated that collections will continue to decline. The negative projection of \$3.2 million therefore anticipates collections coming in below budget partially offset by a one-time positive adjustment of \$2.7 million related to the decrease in the reserve requirement in Fiscal Year 2012-13.

- *Property Tax in Lieu of VLF*
Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$2.0 million above the budgeted amount of \$301.7 million. The actual assessed value adjustment factor of negative 0.32% (which includes unsecured, local secured, current State non-unitary, and aircraft property tax components) for Fiscal Year 2012-13 is 0.68% better than the adjustment rate used to calculate the budgeted revenue (negative 1.0%).
- *Teeter Property Tax Prior Year and Cumulative Prior Years*
A negative revenue variance of \$2.9 million is projected for collections from taxes receivable from the prior fiscal years because the delinquency rate in Fiscal Year 2011-12 was less than what was anticipated at the time the Fiscal Year 2012-13 budget was developed. The delinquency rate changes have led to continued declines in the Teeter buyout outlined in the Teeter Tax Reserve Excess above. Moreover, collection trends through apportionment six have not improved and are lower than what was estimated in the budget. These trends are anticipated to continue through the end of the fiscal year. Taxes paid after the fiscal year in which they are due are subject to both penalty and interest charges.

Licenses, Permits, and Franchises

Licenses, Permits and Franchise payments are projected to be approximately \$0.1 million below budget.

Based on a review of current revenues and projected revenues through year-end, cable and video licenses are expected to exceed the budgeted figure by \$0.2 million.

This increase is offset by an approximately \$0.3 million decrease in franchise payments related to a drop in revenue from municipal surcharges.

Fines, Forfeitures and Penalties

A negative variance of \$1.2 million is projected. Penalties and Cost Delinquency Taxes are projected to be approximately \$1.2 million below budget. Revenues in this account reflect the 10% penalty that is assessed on late current secured and unsecured property tax payments. A significant reason for the lower than budgeted revenue is the lower than expected delinquency rate as noted above in the paragraph regarding current secured property taxes. The lower than budgeted projection is also based on the current outstanding open charges and current collection trends through apportionment six.

Intergovernmental Revenues

A positive variance of \$13.9 million is projected for intergovernmental revenues.

In September 2012, the State Controller's Office issued a back payment for Vehicle License Fee Collection in Excess per R&T section 11001.5 2 b 1 for Fiscal Years 2011-12. The County's share was \$1.4 million. This payment was not budgeted. Although the funds had been on deposit in the State Treasury, no information had been provided as to the annual amounts in excess or timing of when these outstanding payments would be made.

Additionally, a positive variance of \$12.5 million is reflected in Aid from Redevelopment Successor Agencies. In Fiscal Year 2012-13 one-time revenues have been distributed for Low-and-Moderate Income Housing Fund Due Diligence Review remittances as well as an additional residual distribution. These increased revenues are offset by a projected decline in pass-through revenues for Fiscal Year 2012-13 compared to budget.

General County Expenses

Cash Borrowing Program

A positive expenditure variance of \$6.5 million is projected. The one-time savings is due to lower borrowing costs associated with the issuance of the Tax and Revenue Anticipation Note (TRAN). The current low interest rate environment and the County's strong credit rating contributed to the lower cost of borrowing. The County's higher than expected year-end cash balance resulted in lower than anticipated amount to be borrowed for Fiscal Year 2012-13 which resulted in a lower than anticipated size of the TRAN. At the time the Fiscal Year 2012-13 budget was prepared, the size and terms of the TRAN borrowing had not been finalized.

Contingency Reserve

The entire \$20.0 million budgeted in the Contingency Reserve in Fiscal Year 2012-13 is expected to be unspent at year-end.

Lease Payments

A positive variance of \$0.8 million is projected. Total lease payments were lower than budgeted due to interest credits being higher than anticipated, thereby reducing the net expense.

Internal Service Funds*Public Liability Internal Service Fund*

A positive variance of \$3.2 million is projected for the Public Liability Internal Service Fund.

A negative variance of \$0.6 million in services and supplies is due primarily to expenses related to a legal dispute over alleged construction site contamination. A positive variance of \$3.8 million is projected for settlement expenses that are no longer expected to materialize in the current fiscal year due primarily to court delays.



Air Pollution Control Board

San Diego County Air Pollution Control District

GOVERNING BODY

GREG COX
First District

DIANNE JACOB
Second District

DAVE ROBERTS
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

AGENDA ITEM

DATE: February 26, 2013

XX

TO: Air Pollution Control Board

SUBJECT: FISCAL YEAR 2012-13 SECOND QUARTER OPERATIONAL PLAN
STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: ALL)

SUMMARY

Overview

This report recommends budget adjustments to the Air Pollution Control District Funds.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Establish appropriations of \$323,305 in the Air Pollution Control District, services and supplies, to fund major maintenance projects, based on fund balance available. **(4 VOTES)**
2. Establish appropriations of \$100,000 in the Air Pollution Control District, fixed assets, for the purchase of compliance operations equipment based on fund balance available. **(4 VOTES)**

Fiscal Impact

If approved, this request will establish appropriations of \$423,305 in the Air Pollution Control District based on fund balance available. There will be no change in net General Fund cost and no additional staff years.

Business Impact Statement

N/A

Advisory Board Statement

N/A

Background

Recommendation 1

This request will establish appropriations of \$323,305 in the Air Pollution Control District (APCD) based on fund balance available. The funds will be used for major maintenance projects including the replacement of an access control system, a fire alarm system, sealing windows and a backup generator for emergency operations. These projects will be managed by the

**SUBJECT: FISCAL YEAR 2012-13 SECOND QUARTER OPERATIONAL PLAN
STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)**

Department of General Services to correct deficiencies in the APCD building. The backup generator will allow APCD to continue monitoring and chemical analysis functions in the event of a power outage rather than depending on laboratories in other air pollution control districts. In addition, the available power could provide an additional location for APCD and County of San Diego staffs to work in the event of an emergency.

Recommendation 2

This request will establish appropriations of \$100,000 in the Air Pollution Control District Fund based on fund balance available. The funds will be used for the purchase of new Combustion and Volatile Organic Compound (VOC) analysis equipment for Compliance operations. This equipment will be used for assessing emissions for various furnaces and to assess out-gassing of VOC's in landfills and will significantly streamline Compliance operations by providing immediate confirmation of the presence of unacceptable emissions.

Linkage to the County of San Diego Strategic Plan

Today's proposed actions support the Strategic Initiatives of Safe Communities, Sustainable Environments, and Healthy Families in the County of San Diego's 2012-2017 Strategic Plan by fully committing to utilize County resources to meet the highest priority needs of its residents.

Respectfully submitted,

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HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

None

SUBJECT: FISCAL YEAR 2012-13 SECOND QUARTER OPERATIONAL PLAN
STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)

AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED
 Yes No

PREVIOUS RELEVANT BOARD ACTIONS:
N/A

BOARD POLICIES APPLICABLE:
N/A

BOARD POLICY STATEMENTS:
N/A

MANDATORY COMPLIANCE:
N/A

**ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION
NUMBER(S):**
N/A

ORIGINATING DEPARTMENT: Auditor and Controller

OTHER CONCURRENCE(S): N/A

CONTACT PERSON(S):

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